

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



LABIXIAOXIN SNACKS GROUP LIMITED

蠟筆小新休閒食品集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1262)

DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTIES

The Board announces that on 10 November 2020:

- (1) the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the First Provisional Agreement with the First Purchaser, pursuant to which the Vendor has agreed to sell, and the First Purchaser has agreed to purchase, the First Property at a consideration of HK\$11,500,000 (equivalent to approximately RMB10,000,000); and
- (2) the Vendor entered into the Second Provisional Agreement with the Second Purchaser, pursuant to which the Vendor has agreed to sell, and the Second Purchaser has agreed to purchase, the Second Property at a consideration of HK\$11,500,000 (equivalent to approximately RMB10,000,000).

As the applicable percentage ratio (as defined under the Listing Rules) in respect of the First Disposal and the Second Disposal, when aggregated, exceeds 5% but is lower than 25%, the Company considers that the First Disposal and the Second Disposal, when aggregated, constitute a discloseable transaction for the Company and are subject to notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 10 November 2020:

The First Disposal

- (1) the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the First Provisional Agreement with the First Purchaser, pursuant to which the Vendor has agreed to sell, and the First Purchaser has agreed to purchase, the First Property at a consideration of HK\$11,500,000 (equivalent to approximately RMB10,000,000) (the “**First Disposal**”); and

The Second Disposal

- (2) the Vendor entered into the Second Provisional Agreement with the Second Purchaser, pursuant to which the Vendor has agreed to sell, and the Second Purchaser has agreed to purchase, the Second Property at a consideration of HK\$11,500,000 (equivalent to approximately RMB10,000,000) (the “**Second Disposal**”).

Details of the First Disposal and Second Disposal are set out below:

THE FIRST DISPOSAL

The First Provisional Agreement

The principal terms of the First Provisional Agreement are as follows:

Date : 10 November 2020

Parties

Vendor : Labixiaoxin Holdings Company Limited, an indirect wholly-owned subsidiary of the Company

Purchaser : Maze Technology Holdings Limited, a company incorporated in Hong Kong with limited liability and is principally engaged in investment-holding

The ultimate beneficial owner of Maze Technology Holdings Limited is Mr. Xu Wenze. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Maze Technology Holdings Limited and its ultimate beneficial owner are Independent Third Parties. The First Purchaser and the Second Purchaser are not connected or otherwise associated with one another.

Property to be disposed

The First Property is situated at Office 1 on 7th Floor, No. 180 Electric Road, Hong Kong.

Sale and purchase of the First Property

Pursuant to the First Provisional Agreement, upon completion of the First Disposal, the First Property will be sold on an "as is" basis. The Vendor shall deliver vacant possession of the First Property to the First Purchaser upon completion of the First Disposal.

As at the date of this announcement, the First Property is legally and beneficially owned by the Vendor.

Consideration for the First Disposal

The consideration for the First Disposal is HK\$11,500,000 (equivalent to approximately RMB10,000,000) which will be settled in cash in the following manner:

- (a) the First Purchaser shall, upon signing of the First Provisional Agreement, pay HK\$575,000 (equivalent to approximately RMB500,000) to the Vendor as initial deposit;
- (b) the First Purchaser shall, further pay a sum of HK\$4,025,000 (equivalent to approximately RMB3,500,000) on or before 23 November 2020 to the Vendor as further deposit; and
- (c) the remaining balance of the consideration in the sum of HK\$6,900,000 (equivalent to approximately RMB6,000,000) shall be payable by the First Purchaser to the Vendor upon completion of the First Disposal.

Basis of consideration for the First Disposal

The consideration for the First Disposal was arrived after arm's length negotiations between the Vendor and the First Purchaser with reference to the prevailing property market in Hong Kong and the market price of the similar properties in the vicinity of the First Property.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the First Disposal are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Completion

Completion of the First Disposal shall take place on or before 29 January 2021.

Agency fee

In consideration of the services rendered by a property agency company, the Vendor shall pay to the property agency company an agency fee of HK\$57,500 (equivalent to approximately RMB50,000) (representing 0.5% of the consideration of the First Disposal) upon completion of the First Disposal. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, such property agency company and its ultimate beneficial owner(s) are Independent Third Parties.

THE SECOND DISPOSAL

The Second Provisional Agreement

The principal terms of the Second Provisional Agreement are as follows:

Date : 10 November 2020

Parties

Vendor : Labixiaoxin Holdings Company Limited, an indirect wholly-owned subsidiary of the Company

Purchaser : Maple Trading Holding Limited, a company incorporated in Hong Kong with limited liability and is principally engaged in investment-holding

The ultimate beneficial owner of Maple Trading Holding Limited is Mr. Ji Xuejun. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Maple Trading Holding Limited and its ultimate beneficial owner(s) are Independent Third Parties. The First Purchaser and the Second Purchaser are not connected or otherwise associated with one another.

Property to be disposed

The Second Property is situated at Office 2 on 7th Floor, No. 180 Electric Road, Hong Kong.

Sale and purchase of the Second Property

Pursuant to the Second Provisional Agreement, upon completion of the Second Disposal, the Second Property will be sold on an "as is" basis. The Vendor shall deliver vacant possession of the Second Property to the Second Purchaser upon completion of the Second Disposal.

As at the date of this announcement, the Second Property is legally and beneficially owned by the Vendor.

Consideration for the Second Disposal

The consideration for the Second Disposal is HK\$11,500,000 (equivalent to approximately RMB10,000,000) which will be settled in cash in the following manner:–

- (a) the Second Purchaser shall, upon signing of the Second Provisional Agreement, pay HK\$575,000 (equivalent to approximately RMB500,000) to the Vendor as initial deposit;
- (b) the Second Purchaser shall, further pay a sum of HK\$4,025,000 (equivalent to approximately RMB3,500,000) on or before 23 November 2020 to the Vendor as further deposit; and
- (c) the remaining balance of the consideration in the sum of HK\$6,900,000 (equivalent to approximately RMB6,000,000) shall be payable by the Second Purchaser to the Vendor upon completion of the Second Disposal.

Basis of consideration for the Second Disposal

The consideration for the Second Disposal was arrived after arm's length negotiations between the Vendor and the Second Purchaser with reference to the prevailing property market in Hong Kong and the market price of the similar properties in the vicinity of the Second Property.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Second Disposal are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Completion

Completion of the Second Disposal shall take place on or before 29 January 2021.

Agency fee

In consideration of the services rendered by a property agency company, the Vendor shall pay to the property agency company an agency fee of HK\$57,500 (equivalent to approximately RMB50,000) (representing 0.5% of the consideration of the Second Disposal). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, such property agency company and its ultimate beneficial owner(s) are Independent Third Parties.

INFORMATION OF THE FIRST PROPERTY AND THE SECOND PROPERTY

The First Property is situated at Office 1 on 7th Floor, No. 180 Electric Road, Hong Kong. As at 31 December 2019, the unaudited carrying value of the First Property was approximately RMB3,221,000. The First Property is currently be used as the Company's office. For the years ended 31 December 2018 and 2019, there was no rental income attributable to the First Property.

The Second Property is situated at Office 2 on 7th Floor, No. 180 Electric Road, Hong Kong. As at 31 December 2019, the unaudited carrying value of the Second Property was approximately RMB3,221,000. The Second Property is currently be used as the Company's office. For the years ended 31 December 2018 and 2019, there was no rental income attributable to the Second Property.

FINANCIAL EFFECTS OF THE FIRST DISPOSAL AND THE SECOND DISPOSAL AND THE USE OF PROCEEDS

Upon completion of the First Disposal, the Group is expected to record an unaudited gain of approximately RMB5,849,000, being the difference between (i) the consideration of the First Disposal; and (ii) the unaudited carrying value of the First Property as at 31 December 2019 and the estimated transaction costs and taxes of approximately RMB930,000.

Upon completion of the Second Disposal, the Group is expected to record an unaudited gain of approximately RMB5,849,000, being the difference between (i) the consideration of the Second Disposal; and (ii) the unaudited carrying value of the Second Property as at 31 December 2019 and the estimated transaction costs and taxes of approximately RMB930,000.

The Company will apply the net proceeds from the First Disposal and the Second Disposal for the Group's general working capital.

REASONS FOR AND BENEFITS OF THE FIRST DISPOSAL AND THE SECOND DISPOSAL

In view of the recent development of property market in Hong Kong and uncertainty created by recent political and social events and the outbreak of COVID-19, it is uncertain whether the First Property and the Second Property will enjoy any further capital appreciation. The Board is of the opinion that the First Disposal and the Second Disposal represent a good opportunity to realise the value of the First Property and the Second Property respectively and to enhance the liquidity of the Group.

Based on the above, the Directors consider that the terms of the First Disposal and the Second Disposal (including the respective consideration of the First Property and the Second Property) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY AND THE VENDOR

The Company is an investment holding company and the Group is principally engaged in the manufacturing and sales of jelly products, confectionary products, beverages products and other snacks products in the People's Republic of China. The Vendor is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio (as defined under the Listing Rules) in respect of the First Disposal and the Second Disposal, when aggregated, exceeds 5% but is lower than 25%, the Company considers that the First Disposal and the Second Disposal, when aggregated, constitute a discloseable transaction for the Company and are subject to notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Labixiaoxin Snacks Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“First Disposal”	the disposal of the First Property by the Vendor to the First Purchaser
“First Property”	a property situated at Office 1 on 7th Floor, No. 180 Electric Road, Hong Kong
“First Provisional Agreement”	the provisional agreement dated 10 November 2020 and entered into between the Vendor and The First Purchaser in relation to the sale and purchase of the First Property

“First Purchaser”	Maze Technology Holdings Limited (華新科貿控股有限公司), a company incorporated in Hong Kong with limited liability
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, third party(ies) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Second Disposal”	the disposal of the Second Property by the Vendor to the Second Purchaser
“Second Property”	a property situated at Office 2 on 7th Floor, No. 180 Electric Road, Hong Kong
“Second Provisional Agreement”	the provisional agreement dated 10 November 2020 and entered into between the Vendor and The Second Purchaser in relation to the sale and purchase of the Second Property

“Second Purchaser”	Maple Trading Holding Limited (華普科貿控股有限公司), a company incorporated in Hong Kong with limited liability
“Share(s)”	ordinary share(s) of US\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Labixiaoxin Holdings Company Limited (蠟筆小新控股有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

By Order of the Board
Labixiaoxin Snacks Group Limited
Mr. Zheng Yu Huan
Chairman

Hong Kong, 10 November 2020

As at the date of this announcement, the Board comprises seven members of which Mr. Zheng Yu Long, Mr. Zheng Yu Shuang and Mr. Zheng Yu Huan are the executive Directors; Mr. Li Hung Kong is the non-executive Director; and Mr. Li Biao, Ms. Sun Kam Ching and Mr. Chung Yau Tong are the independent non-executive Directors.