

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)

PROFIT WARNING

This announcement is made by Labixiaoxin Snacks Group Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of unaudited management accounts of the Company for the six months ended 30 June 2014, the sales and net profit of the Group for the six months ended 30 June 2014 is expected to be not more than approximately RMB620 million and RMB12 million, respectively, representing a significant decrease as compared to the corresponding period in 2013. Such significant decrease was primarily attributable to (i) a sales return of the Group’s products, amounted to approximately RMB133.3 million, as a result of, among others, the reporting of certain media in the PRC including the CCTV news in relation to the supply of toxic gelatin by certain enterprises in food production in mid-March 2014 (the “**Gelatin Scandal**”); (ii) additional one-off sales discounts given to distributors as a result of the Gelatin Scandal, which reduced the gross profit margin of the Group; and (iii) increase in marketing and promotional expenses by over 20% as compared to the corresponding period in 2013 in order to enhance consumption sentiment and re-shape the Group’s brand image.

The information contained in this announcement is only based on the preliminary assessment by the management with reference to the information currently available and is not based on any figures or information that has been audited or reviewed by the auditors or the audit committee of the Company. Shareholders and investors should read carefully the results announcement of the Company for the six months ended 30 June 2014, which is expected to be published in mid-August 2014.

Shareholders and investors are advised to exercise caution when dealing in the shares of the Company.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Labixiaoxin Snacks Group Limited
Zheng Yu Long
Chairman

Hong Kong, 25 July 2014

As at the date of this announcement, the executive directors of the Company are Zheng Yu Long, Zheng Yu Shuang and Zheng Yu Huan; the non-executive director of the Company is Li Hung Kong; and the independent non-executive directors of the Company are Li Zhi Hai, Sun Kam Ching and Chung Yau Tong.