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Silver Base Group Holdings Limited

銀基集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 886)

FRAMEWORK AGREEMENT

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

Reference is made to the announcement of the Company dated 28 June 2011. The Company and Guangzhou Pan Gao Shou did not enter into any formal agreement in relation to the possible acquisition by the Group of equity interests in Natural Healthcare upon the expiry of the Letter of Intent.

The Board is pleased to announce that on 23 July 2012 (after trading hours), the Company entered into the Framework Agreement with Guangzhou Pan Gao Shou in relation to the Acquisition.

The Board wishes to emphasise that the cooperation under the Framework Agreement is subject to the entering into of the Formal Agreement. The parties to the Framework Agreement will further discuss and determine details terms of cooperation and further announcement will be made by the Company as and when required in accordance with the Listing Rules.

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

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To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Guangzhou Pan Gao Shou and its ultimate beneficial owner are not connected persons of the Company and are independent third party not connected with the Company and its connected persons.

Principal terms of the Framework Agreement

Under the Framework Agreement, it is proposed that Silver Base Healthcare will acquire from Guangzhou Pan Gao Shou 50% equity interests in Pan Gao Shou Food Beverage for a total consideration of RMB4,900,000 if the Acquisition materialises and upon completion of the Acquisition, the Company and Guangzhou Pan Gao Shou will hold the same percentage of the equity interests of Pan Gao Shou Food Beverage.

It is also proposed that Pan Gao Shou Food Beverage will appoint Shenzhen Silver Base Trading as an exclusive distributor to sell its products including herbal tea, turtle jelly, loquat beverage and throat lozenge products under the "Pan Gao Shou" brand.

Under the Framework Agreement, the Company and Guangzhou Pan Gao Shou will proceed to the negotiation for a Formal Agreement within six months from the date of the Framework Agreement (or such later date to be agreed by the parties thereto).

Reasons for entering into the Framework Agreement

The Group is principally engaged in the distribution of the Wuliangye Liquor Series, Yongfu Jiangjiu, National Cellar 1573, Shanxi Xinghuacun Fen Wine Series, Guizhou Yaxi Baijiu Liquor Series, other liquor products and Chinese cigarettes.

The Group has well-established distribution channels in the PRC and has been looking for further investment opportunities in order to broaden the Group's business and maximise the return of the Shareholders.

Guangzhou Pan Gao Shou is principally engaged in the production of Chinese patent medicine in the PRC.

Pan Gao Shou Food Beverage is principally engaged in the wholesale of pre-packaged food.

"Pan Gao Shou" is a national brand in the PRC with a history of over a hundred years.

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Acquisition”	the proposal acquisition by the Group of 50% equity interests in Pan Gao Shou Food Beverage for a total consideration of RMB4,900,000
“Board”	the board of Directors
“Company”	Silver Base Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange (stock code: 886)
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the legally binding agreement in relation to the Acquisition
“Framework Agreement”	The framework agreement entered into between the Company and Guangzhou Pan Gao Shou dated 23 July 2012 in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Guangzhou Pan Gao Shou”	Guangzhou Baiyunshan Pan Gao Shou Pharmaceutical Co., Ltd.(廣州白雲山潘高壽藥業股份有限公司) (formerly known as Guangzhou Pan Gao Shou Pharmaceutical Co., Ltd.(廣州潘高壽藥業股份有限公司)), a company incorporated in the PRC and is a subsidiary of Guangzhou Pharmaceutical

“Guangzhou Pharmaceutical”	Guangzhou Pharmaceutical Company Limited (廣州藥業股份有限公司), a joint stock company with limited liability established in the PRC, the shares of which are listed on the Stock Exchange (H share stock code: 874) and the Shanghai Stock Exchange (stock code: 600332)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Letter of Intent”	the non-legally binding letter of intent dated 28 June 2011 entered into between the Company and Guangzhou Pan Gao Shou setting out the cooperation framework in relation to the possible acquisition by the Group of less than 50% equity interests in Natural Healthcare as disclosed in the announcement of the Company dated 28 June 2011
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Natural Healthcare”	Guangzhou Pan Gao Shou Natural Healthcare Products Company Limited (廣州市潘高壽天然保健品有限公司), a company incorporated in the PRC, which is a 90% owned subsidiary of Guangzhou Pan Gao Shou
“Pan Gao Shou Food Beverage”	Guangzhou Pan Gao Shou Food Beverage Company Limited (廣州市潘高壽食品飲料有限公司), a company incorporated in the PRC which is a wholly-owned subsidiary of Guangzhou Pan Gao Shou
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Shenzhen Silver Base Trading”	Silver Base Trading and Development (Shenzhen) Co. Limited (銀基貿易發展(深圳)有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Silver Base Healthcare”	Silver Base Healthcare Products Investment Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Liang Guoxing
Chairman

Hong Kong, 23 July 2012

As at the date of this announcement, the Board comprises Mr. Liang Guoxing (Chairman), Mr. Guan Huanfei, Mr. Wang Jindong, Mr. Joseph Marian Laurence Ozorio and Ms. Cheung Mei Sze as executive Directors; Mr. Wu Jie Si and Mr. Chen Sing Hung Johnny as non-executive Directors; and Mr. Hung Sui Kwan, Mr. Ma Lishan and Mr. Zhang Min as independent non-executive Directors.