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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)**

### **ANNOUNCEMENT ON EXPECTED DECLINE IN PROFIT DUE TO SEASONAL FACTORS**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that the unaudited interim results of the Group for the six-month period ended 30th September 2009 may record a decline in profit as compared to that of the corresponding period in 2008. The decline was mainly attributable to a higher comparison base in the same period last year as a result of significant increases in sales volume and price increases of the Group's products on seasonal factors.

The Company wishes to state that its product supply, operations, sales and marketing activities are progressing according to the management's expectation.

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

This announcement is made by Silver Base Group Holdings Limited (the "**Company**" together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The board (the "**Board**") of directors of the Company wishes to inform shareholders of the Company (the "**Shareholders**") and potential investors that the unaudited interim results of the Group for the six-month period ended 30th September 2009 may record a decline in profit as compared to that of the corresponding period in 2008. The decline was mainly attributable to a higher comparison base in the same period last year as a result of significant increases in sales volume and price increases of the Group's products on seasonal factors.

Demand for the Group's products in our markets usually tends to be stronger during the months starting around Mid-Autumn Festival till around the end of Chinese New Year. The Mid-Autumn Festival in 2008 fell in September whereas the same was in October this year. The early timing of the high season for the six months ended 30th September 2008 led to (1) higher demand for the Group's products and hence price increases took place earlier; and (2) the Group's major distributors placed their orders with the Group earlier than usual to replenish their inventories so as to beat a price increase which was notified to all our distributors in advance. Consequently, the Group recorded a comparatively higher growth in turnover and net profit in the six months period ended 30th September 2008.

For the year ended 31st March 2010, with Mid-Autumn Festival falling in October 2009, that was in the second half of our financial year, the same high season did not happen in the first half and all the above mentioned seasonal factors did not co-incidentally exist at the same time. As a result, with higher comparative figures in the corresponding period last year, net profit for the six months ended 30th September 2009 is expected to be lower than that of the corresponding period in 2008. On a sequential basis, the Group's expects net profit for the period under review to show significant increase over the six-month period from 1st October 2008 to 31st March 2009.

The Company wishes to state that its product supply, operations, sales and marketing activities are progressing according to the management's expectation.

As the Company is still in the process of finalizing its interim results for the six months ended 30th September 2009, the information contained in this announcement is only based on the preliminary assessment by the Group's management and such information has not been audited or reviewed by the Company's auditors. The unaudited interim results of the Group for the six-month period ended 30th September 2009 are expected to be announced in mid November 2009.

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

By order of the Board  
**Silver Base Group Holdings Limited**  
**Mr. Chen Sing Hung Johnny**  
*Executive Director*

Hong Kong, 23rd October 2009

*As at the date of this announcement, the executive Directors are Mr. Liang Guoxing, Mr. Chen Sing Hung Johnny, Mr. Chung Wai Man and Ms. Cheung Mei Sze; the non-executive Director is Mr. Wu Jie Si; and the independent non-executive Directors are Mr. Hung Sui Kwan, Mr. Guan Huanfei and Mr. Ma Lishan.*