

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.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.



銀仕來

Silverman Holdings Limited

銀仕來控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1616)

**PROPOSED ISSUANCE OF CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE**

PROPOSED ISSUANCE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

The Board is pleased to announce that on 21 December 2016 (after trading hours), the Company has entered into the Subscription Agreement with the Subscriber, Aim Right and Mr. Liu Zhihua, pursuant to which the Subscriber has agreed to subscribe for the Bonds in an aggregate principal amount of HK\$300.00 million, on the terms and subject to the conditions set out therein. The Bonds are convertible into Shares at the initial Conversion Price of HK\$1.21 per Conversion Share (subject to adjustments). Both Aim Right and Mr. Liu Zhihua have agreed to guarantee the due and punctual observance and performance by the Obligors of their obligations under the Transaction Documents.

Based on the initial Conversion Price of HK\$1.21 per Conversion Share, a maximum number of 247,933,884 Conversion Shares will be allotted and issued upon exercise of all Conversion Rights, which represent: (i) approximately 23.71% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 19.16% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares to be issued and allotted upon the exercise of all Conversion Rights.

The Conversion Shares to be issued upon the exercise of the Conversion Rights shall rank *pari passu* in all respects among themselves and with all other fully paid Shares in issue on the conversion date of the Bonds.

The estimated net proceeds of the Subscription after deduction of expenses, will amount to approximately HK\$295.35 million. The proceeds are currently intended to be applied towards the production of a number of the Group's television dramas.

The Conversion Shares to be issued upon the exercise of the Conversion Rights attached to the Bonds at the Conversion Price (subject to adjustments) will be issued and allotted pursuant to the Specific Mandate to be sought from the Shareholders at the EGM.

No application will be made for the listing of the Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may be issued and allotted upon the exercise of the Conversion Rights attached to the Bonds.

Completion of the Subscription is subject to the satisfaction and/or waiver of the Conditions Precedent.

WARNING: As the Subscription may or may not proceed, and the Bonds and/or the Conversion Shares may or may not be issued, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

IMPLICATIONS UNDER THE LISTING RULES

Both Aim Right and Mr. Liu Zhihua are each a substantial shareholder of the Company and therefore a connected person of the Company. The Guarantees to be provided by Aim Right and Mr. Liu Zhihua, respectively, would each be a form of financial assistance to the Company, and accordingly, constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the Guarantees would be provided for the benefit of the Company on normal commercial terms or better and no security over the assets of the Group would be granted in respect of the Guarantees, the Guarantees would therefore be exempted from the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

GENERAL

The EGM will be held for the Shareholders to consider and, if thought fit, approve the ordinary resolutions in respect of the grant of the Specific Mandate. To the best of the Directors' knowledge, information and belief, no Shareholder has an interest in the Specific Mandate that is materially different from the other Shareholders. Therefore, no Shareholder is required to abstain from voting at the EGM in respect of the Specific Mandate.

A circular containing, among other things, (i) details of the Specific Mandate; (ii) a notice of the EGM; and (iii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 30 December 2016.

The Board is pleased to announce that on 21 December 2016 (after trading hours), the Company has entered into the Subscription Agreement with the Subscriber, Aim Right and Mr. Liu Zhihua, pursuant to which the Subscriber has agreed to subscribe for the Bonds in an aggregate principal amount of HK\$300.00 million, on the terms and subject to the conditions set out therein and summarised below.

THE SUBSCRIPTION AGREEMENT

Date

21 December 2016 (after trading hours)

Parties

- (1) The Company (as the issuer);
- (2) Dragon Capital (as the Subscriber);
- (3) Aim Right; and
- (4) Mr. Liu Zhihua (together with Aim Right, the Guarantors and each a Guarantor).

To the best of the knowledge, information and belief of the Board, the Subscriber is an Independent Third Party.

Aim Right and Mr. Liu Zhihua are each a substantial shareholder of the Company and therefore a connected person of the Company. Pursuant to the Subscription Agreement, Mr. Liu Zhihua and Aim Right will each execute a Guarantee in favour of Dragon Capital to guarantee the punctual observance and performance by the Obligors of their obligations under the Transaction Documents.

The Subscription

Subject to the fulfilment or waiver by Dragon Capital (as the case may be) of the Conditions Precedent, the Company has agreed to issue and Dragon Capital has agreed to subscribe for the Bonds in an aggregate principal amount of HK\$300.00 million.

The Bonds shall carry the rights to convert into Conversion Shares at the Conversion Price of HK\$1.21 per Conversion Share (subject to adjustments). Assuming the Conversion Rights attached to the Bonds are exercised in full at the Conversion Price of HK\$1.21 per Conversion Share, 247,933,884 Conversion Shares will fall to be issued to the Bondholder, representing approximately 23.71% of the issued capital of the Company as at the date of this announcement and approximately 19.16% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares.

Conditions Precedent to the Subscription

Completion of the Subscription pursuant to the Subscription Agreement is conditional upon the following conditions:

- (a) all corporate and other proceedings in connection with the transactions contemplated under the Transaction Documents and all documents and instruments incidental to such transactions being satisfactory in substance and form to Dragon Capital;
- (b) the current listing of the Shares on the Stock Exchange not having been cancelled or withdrawn, the Shares having been traded on the Stock Exchange at all times from the date of the Subscription Agreement to and including the Completion Date (save for any temporary suspension for not more than ten consecutive Business Days or such other period as agreed between the Company and Dragon Capital) and neither the Stock Exchange nor the SFC has indicated that it will or may qualify, object to, suspend, cancel or withdraw such listing and/or dealings in the Shares;
- (c) the Stock Exchange having granted the listing of, and the permission to deal in, the Conversion Shares with respect to the Bonds, and all requirements, if any, imposed by the Stock Exchange and the SFC, in connection with the contemplated transactions under the Transaction Documents, shall have been obtained and/or complied with in full;
- (d) all warranties being true, correct, accurate, complete in all aspects and not misleading in any aspect at the date of this announcement, and remaining true, correct, accurate, complete in all aspects and not misleading in any aspect at the Completion Date;
- (e) each of the Obligors having performed and complied with all covenants, agreements, obligations and conditions contained in the Transaction Documents that are required to be performed or complied with by him/it on or before the Completion Date, and obtained and delivered to Dragon Capital all Approvals necessary to complete the transactions contemplated under the Transaction Documents;
- (f) the Obligors having delivered to Dragon Capital each of the Transaction Documents duly executed by the parties thereto;
- (g) the Obligors having obtained any and all Approvals or other document, opinion or assurance which Dragon Capital reasonably considers to be necessary for consummation of the transactions contemplated under the Transaction Documents on or prior to the Completion Date;
- (h) there shall not have been Governmental Authority or other person that has:
 - (i) requested any information in connection with or instituted or to the knowledge of the Obligors, threatened any action or investigation to restrain, prohibit or otherwise challenge the issue of the Bonds to Dragon Capital or the other transactions contemplated by the Transaction Documents to which Dragon Capital is a party;

- (ii) threatened to take any action as a result of or in anticipation of the issue of the Bonds to Dragon Capital or the other transactions contemplated by the Transaction Documents to which Dragon Capital is a party; or
 - (iii) proposed or enacted any applicable laws or issued any injunction, restraining order or other order or any other legal or regulatory restraint or prohibition which would prohibit, restrict or materially delay the issue of the Bonds to Dragon Capital, the other transactions contemplated by the Transaction Documents to which Dragon Capital is a party, or the operation of the Company after the Completion;
- (i) there shall not have occurred (i) any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions or currency exchange rates or foreign exchange controls, (ii) a general moratorium on commercial banking activities in Hong Kong, Cayman or the PRC by any Governmental Authority, or (iii) an outbreak or escalation of hostilities or act of terrorism, in each case that has had a material adverse effect;
 - (j) there shall not, since the date of the Subscription Agreement, have been any adverse change to the condition (financial or otherwise), results of operations, assets, regulatory status, business and prospects of the Company, any other Obligors or the Group taken as a whole or the financial markets or economic conditions in general that has had a material adverse effect;
 - (k) there shall not have occurred any event that would (had any Bonds already been issued) constitute an event of default;
 - (l) the net asset value (by reference to the Company's latest interim or annual reports) of the Company is not less than RMB1,000,000,000 (without taking into account any of the direct or indirect effects of the Subscription);
 - (m) the liability to asset ratio (by reference to the Company's latest interim or annual reports) of the Company is not higher than 50% (without taking into account any of the direct or indirect effects of the Closing);
 - (n) all Aim Right Shares remaining beneficially owned by Aim Right without subject to any encumbrance except for the encumbrances which are permitted under the Subscription Agreement; and
 - (o) the Subscriber having obtained all internal approvals (including that from its limited partners) for entering into the Subscription Agreement and the other Transaction Documents, and consummation of the transactions proposed therein.

As at the date of this announcement, all the conditions precedent to the Subscription are yet to be satisfied and/or (as the case may be) waived.

Undertakings to Dragon Capital

Pursuant to the Subscription Agreement, Aim Right would, among other things, make sure that no encumbrance exists over all or any of the Aim Right Shares other than any encumbrance expressly permitted under the Transaction Documents or with prior written consent of Dragon Capital.

The Guarantees

Pursuant to the Subscription Agreement, Aim Right and Mr. Liu Zhihua will each execute a Guarantee. Pursuant to the Guarantees, Aim Right and Mr. Liu Zhihua would each, among other things:

- (a) guarantee to Dragon Capital the due and punctual observance and performance by each Obligor of all moneys, obligations and liabilities owing or payable or expressed to be owing or payable by the Obligors to Dragon Capital under or in connection with the Subscription Agreement or any other Transaction Documents;
- (b) undertake to pay Dragon Capital from time to time, upon demand by Dragon Capital, any and all sums of money which any Obligor is at any time liable, or expressed to be liable, to pay to Dragon Capital under or pursuant to any or all of the Transaction Documents and which have become, or are expressed to have become, due and payable but have not been paid at the time such demand is made as if it/he was the principal obligor in respect of that amount; and
- (c) agree with Dragon Capital that if, for any reason, any amount claimed by Dragon Capital pursuant to the Subscription Agreement and/or any other Transaction Documents is not recoverable from it/him on the basis of a guarantee, then it/he will be liable as principal debtors and primary obligors to indemnify Dragon Capital in respect of any loss it incurs as a result of any Obligor failing to pay any amount expressed to be payable by it under a Transaction Document on the date when it ought to have been paid.

The Guarantees would each be a continuing guarantee and indemnity, and would each be extended to the ultimate balance of all sums payable by the Obligors under the Transaction Documents, regardless of any intermediate payment or discharge in part, until all moneys, obligations and liabilities owing or payable or expressed to be owing or payable by the Obligors to Dragon Capital under or in connection with the Subscription Agreement or any other Transaction Documents have been irrevocably repaid and discharged in whole.

Completion of the Subscription

Completion of the Subscription Agreement shall take place on a date no later than five Business Days after the fulfilment or waiver of the Conditions Precedent (other than those conditions which can be satisfied at the Completion or with respect to actions the relevant party shall take at the Completion itself) or at such other place and time as the Company and Dragon Capital may mutually agree.

Termination

If any of the Conditions Precedent to the Subscription is not fulfilled or waived, within six months from the date of the Subscription Agreement, the Subscriber may:

- (i) defer the Completion to a later date at its discretion;

- (ii) proceed to the Completion in respect of purchase of the Bonds so far as practicable or subject to such conditions as the Subscriber may determine at its sole discretion; or
- (iii) terminate the Subscription Agreement in accordance with the Subscription Agreement.

PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds were arrived at after arm's length negotiations between the Company and the Subscriber and are summarised below:

Aggregate principal amount	:	HK\$300.00 million.
Maturity Date	:	The second anniversary of the Issue Date (unless extended pursuant to their terms).
Conversion Price	:	HK\$1.21 per Conversion Share (subject to adjustment).
Interests	:	5% per annum payable in advance every three calendar months.
Default interests	:	If an event of default occurs, interest shall accrue on the then outstanding principal amount of the Bonds from and including the date of occurrence of such event of default at an interest rate of 25% per annum and shall be payable on demand.
Conversion Period	:	The period from the date of issuance of the Bonds up to the Maturity Date (both days inclusive).
Conversion Rights	:	Subject to the terms and conditions of the Bonds, a Bondholder shall have the right, exercisable during the Conversion Period, to convert the whole or any part (in integral multiples of HK\$5.00 million) of the outstanding principal amount of the Bonds held by such bondholder into such number of Conversion Shares as will be determined by dividing the principal amount of the Bonds to be converted by the Conversion Price in effect on the date of conversion.

If a Mandatory Conversion Event Trigger occurs, the Company shall issue a conversion notice to the Bondholder to, subject to the terms and conditions of the Bonds, require the Bondholder to convert all or part of the outstanding Bonds held by the Bondholder at that time. The Bondholder shall at all times have the discretion to determine the amount of Bonds to be converted (provided that such amount is more than HK\$5.00 million and is an integral multiple of HK\$5.00 million). Each conversion following a Mandatory Conversion Event Trigger may only occur once a year.

- Ranking : Shares converted upon the exercise of the Conversion Rights shall rank *pari passu* in all respects with all other Shares in issue at the date of conversion and all Conversion Shares shall include rights to participate in all dividends and other distributions.
- Transferability : The Bonds may be transferred to an affiliate of the Bondholder without consent from the Company and may be transferred to any other person after receiving prior written consent from the Company.
- Adjustment of the Conversion Price : The Conversion Price shall from time to time be adjusted upon:
- (i) consolidation or sub-division;
 - (ii) capitalisation of profits or reserves;
 - (iii) capital distributions;
 - (iv) rights issues of Shares or options over Shares;
 - (v) issuance of Shares or any options, warrants or other rights to subscribe for or purchase Shares wholly for cash at less than 90% of the Current Market Price; or
 - (vi) other issues of Shares at less than 90% of the Current Market Price.
- Listing : No application has been or will be made for the listing of the Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in the Conversion Shares.
- Redemption : **Maturity:** Unless (i) the maturity of the Bonds is accelerated upon the occurrence of an event of default, or (ii) the Bonds are redeemed prior to the Maturity Date, the Company shall redeem all outstanding Bonds on the Maturity Date in the following manners:
- (1) if the Bondholder has not exercised any of the Conversion Rights before the Maturity Date, the Bondholder shall redeem all of the outstanding Bonds at the Base Redemption Amount; or
 - (2) if the Bondholder has exercised all or a portion of the Conversion Rights before the Maturity Date, the Bondholder shall redeem all such outstanding Bonds at the Base Redemption Amount (but excluding the Premium).

No redemption: The Bonds may not be redeemed by the Company at any time at the Company's discretion prior to the Maturity Date.

Mandatory redemption: Notwithstanding the other provisions of the conditions of the Bonds, if either of the Guarantors:

- (1) deceases or is incapacitated;
- (2) becomes of unsound mind, or is or becomes a patient for any purpose of any applicable laws relating to mental health; or
- (3) becomes insolvent or is unable to pay its debts as they mature or applies for or consents to the appointment of any administrator, liquidator or receiver of the whole or any material part of its undertaking, property, assets or revenues or enters into a general assignment or compromise with or for the benefit of its creditors,

the Company shall redeem all of the outstanding Bonds at the Base Redemption Amount after prior notice has been given by the Bondholder not less than 20 Business Days prior to the intended date of redemption.

Extension of maturity: The Maturity Date may be extended three times, each time by one year at the Bondholder's unilateral absolute discretion with prior one month written notice to the Company provided that, at the time of each extension, the Company has sufficient mandate, on the basis of the then effective general mandate granted by the Shareholders at the then most recent annual general meeting of the Company, to issue such number of new Shares to cover all of the then outstanding Conversion Rights. For the avoidance of doubt, no consent of the Company is required for such extension.

Event of default redemption: Upon the occurrence of any of the events of default, the Company shall have a period of one month starting from the date of receipt by the Bondholder of the notice of event of default to remedy such event of default. If such event of default is not remedied within such period or if such event of default is incapable of remedy, the Bondholder shall be entitled to require the Bonds registered in its name to be redeemed at the Base Redemption Amount.

- Event of default : If any event of default set out in the terms and conditions of the Bonds occurs and (if such event of default is capable of remedy) the relevant period for the Company to remedy such event of default expires, the Bondholder may give notice to the Company that the Bonds together with any amount payable by the Company pursuant to the terms of the Bonds will become immediately due and repayable.
- Other undertakings : (a) the Company will notify the Bondholder in writing immediately upon becoming aware of the occurrence of any event of default;
- (b) the Company shall at all times use its reasonable endeavours to ensure that the minimum public shareholding requirement of the Listing Rules is complied with;
- (c) the Company shall at all times maintain its net asset value (by reference to the Company's latest interim or annual reports) at not less than RMB1,000,000,000 (without taking into account any of the direct or indirect effects of the Subscription);
- (d) the Company shall at all times maintain its liability to asset ratio (by reference to the Company's latest interim or annual reports) at a level not higher than 50% (without taking into account any of the direct or indirect effects of the Subscription); and
- (e) Aim Right shall not, without the prior consent of the Bondholder, dispose any of the Aim Right Shares.

Conversion Price:

The initial Conversion Price of HK\$1.21 per Conversion Share, represents:

- (1) a premium of approximately 4.31% to the closing price of HK\$1.16 per Share as quoted at 4:00 p.m. on the Stock Exchange on the Last Trading Day;
- (2) a premium of approximately 11.21% to the average closing price of HK\$1.088 per Share as quoted on the Stock Exchange for the last five trading days immediately to and including the Last Trading Day; and
- (3) a premium of approximately 12.77% to the average closing price of HK\$1.073 per Share as quoted on the Stock Exchange for the last ten trading days immediately to and including the Last Trading Day.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market prices of the Shares as shown above. The Directors consider that the Conversion Price and the terms and conditions of the Subscription Agreement are fair and reasonable based on the current market conditions and in the interests of the Company and Shareholders as a whole.

SPECIFIC MANDATE TO ISSUE THE CONVERSION SHARES

The Conversion Shares to be issued upon exercise of the Conversion Rights at the Conversion Price (subject to adjustments) will be issued and allotted pursuant to the Specific Mandate to be sought from the Shareholders at the EGM.

INFORMATION ABOUT THE GROUP AND ITS TELEVISION MEDIA BUSINESS

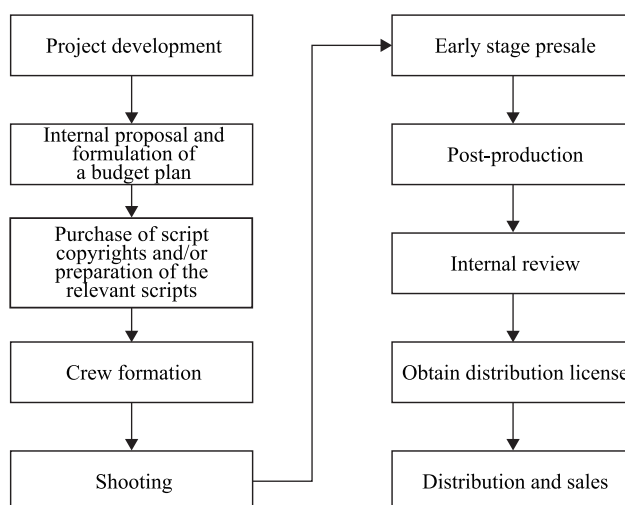
General

The principal business of the Company is investment holding. The Group is principally engaged in the business of (i) manufacturing of textile products and provision of related processing service; and (ii) television drama series production and distribution.

Production of television dramas

The Group commenced its television media business with the acquisition of Huasheng Media in December 2015. As at the date of this announcement, the Group's television media business comprises (1) upstream production which generally covers script preparation, shooting, acting, photography, arts and other ancillary services; and (2) sales to downstream customers such as television stations, websites and other media companies. The Group obtains copyright income mainly through the sale of (1) television broadcast rights to various television stations; (2) audio and video products distribution rights to audio and video products distribution enterprises; and (3) network publication rights of television series to internet video service enterprises.

Set out in the diagram below are the key stages of the Group's television drama production:



Unlike other industries which may rely heavily on fixed assets such as production lines and factories for production, the main expenditures of television drama production are generally specific to each production project and the amount of resources which can be shared between different production projects are therefore limited. Most of these expenditure items are incurred on an on-going basis after the Group has committed to a production project.

The Group's main expenditures in relation to the production of television dramas generally include script preparation fees, crew and film directors' remuneration fees, actors' fees, shooting consumables, costumes, cosmetics, props, post-production services as well as special facilities, equipment and operation expenses and expenses involved in the leasing of filming sites.

As the backbone of all television dramas, the quality of drama scripts is one of the most important factors which determines the success of a television drama series. The Group generally acquires scripts through either the direct purchase of script copyrights or the engagement of scriptwriters to prepare the relevant scripts. The Group generally would engage scriptwriters to prepare scripts when the Group (i) purchased television series adaptation rights of novels and comics with a view to develop the same into television dramas; or (ii) has plans to develop dramas based on ideas or topics developed by the Group.

As for crew personnel, such as directors, cameramen, actors and other support personnel, the supply within the PRC television drama production industry is limited. The remuneration of these crew personnel is therefore one of the largest components of Group's television drama production costs. The Group's production crews are generally organised into filmmaking departments, directing departments, shooting departments, recording departments, arts departments and styling departments.

In order for the crews hired by the Group to prepare various settings for filming, various filming sites would be selected by the project planners and leased by the crews after gaining the Group's approval. The rental fees for filming sites are generally calculated based on the number of days the site was used by the Group.

For post-production processes such as video editing and dubbing, the Group would generally rely on the expertise of external professional teams engaged by the Group.

To reduce project costs and enhance management efficiency, the Group would also engage professional crew management service providers to provide the Group with services such as the casting and recruitment of non-leading actors, the procurement of shooting consumables, costumes, cosmetics and props, the selection and arrangement of filming sites, and post-production services.

Key expenditures involved in television dramas production

Remuneration fees of crew personnel and the expenses associated with film shooting are generally the largest components of the Group's expenditures in relation to the production of television dramas. As soon as the Group is committed to a television drama production project, the Group has to allocate a sizeable amount of funds to the production of such television drama in order to settle the abovementioned expenses which are incurred on an on-going basis until the end of the production process.

Based on the past experiences of the Group, the aggregate production cost of a 40-episode television drama series in the PRC generally ranges from around RMB60 million to RMB80 million. The actual cost may vary depending on, among others, the nature of the drama and the choice of the production crew. In comparison to modern urban dramas, production costs are generally higher for historical, mythology or fantasy dramas which would require customised costumes, props and scenic settings as well as special effects.

On-going television drama productions of the Group

Set out below are the statuses of the Group's television dramas as at the date of this announcement:

Title	Theme	Shooting commencement date (or expected)	Status
The Great Eastern Battlefield (東方戰場)	Historical drama	—	Broadcasting
The Adoption (領養)	Urban emotional drama	—	Broadcasting
Yichang Defense (宜昌保衛戰)	Historical story drama	—	Broadcasting
The Unforgettable Years (念念不忘的歲月)	Urban drama	September 2015	In post-production
Qiao's Grand Courtyard 2 (喬家大院2)	Historical story drama	6 March 2016	In post-production
Goddess From the Future (燃血女神)	Youth web drama	July 2016	In post-production

Title	Theme	Shooting commencement date (or expected)	Status
March in River City (江城三月)	Modern urban drama	August 2016	Shooting in progress
Wudang Yijian (武當一劍)	Kung fu drama	February 2017	Script completed
Those Voices (幻聽者)	Science fiction web drama	March 2017	Script completed
When Love Fades Away (當愛已成往事)	Science fiction romance web drama	May 2017	Script completed
Boyfriend Upgrade (男友升級站)	Science fiction romance web drama	June 2017	Script completed
The Echoes of Xibaipo (西柏坡的回聲)	Crime thriller	June 2017	Script completed
One Vessel, One Town, One Master (一鼎一鎮一夫子)	Legend story drama	Second half of 2017	Script completed
Detectives for Shiling (食靈神探)	Science fiction thriller	August 2017	Script completed
Ma Beier (馬背兒)	Republic period drama	September 2017	Script completed
Wudang (天下武當)	Republic period drama	2018	Script completed
The New Big Head Son and The Little Head Father (新大頭兒子和小頭爸爸)	Situation comedy	First half of 2017	Preparing script
Jigong Mountain 1938 (雞公山 1938)	Espionage thriller	Third quarter of 2017	Preparing script
The Myth of Wudang (神話武當)	Mythology and fantasy drama	November 2017	Preparing script
The Financial Empire (金融帝國)	Historical drama	2017/2018	Preparing script
Qiao's Grand Courtyard 3 (喬家大院3)	Historical story drama	2018	Preparing script
The Army in Qikou (兵臨磧口)	War legend drama	2018	Preparing script

USE OF PROCEEDS FROM THE SUBSCRIPTION

After deducting the professional fees and other costs involved in the Subscription, the net proceeds from the Subscription are expected to be HK\$295.35 million. The net proceeds are expected to be allocated for the Group's television dramas in the following manner:

Title	Theme	Shooting commencement date (or expected)	Status	Amount to be allocated (approximate HK\$' million)	Percentage of the net proceeds from the Subscription (approximate %)
Those Voices (幻聽者)	Science fiction web drama	March 2017	Script completed	19.70	6.67
When Love Fades Away (當愛已成往事)	Science fiction romance web drama	May 2017	Script completed	14.00	4.74
Boyfriend Upgrade (男友升級站)	Science fiction romance web drama	June 2017	Script completed	18.00	6.09
The Echoes of Xibaipo (西柏坡的回聲)	Crime thriller	June 2017	Script completed	46.00	15.57
Detectives for Shiling (食靈神探)	Science fiction thriller	August 2017	Script completed	21.00	7.11
Ma Beier (馬背兒)	Republic period drama	September 2017	Script completed	43.00	14.56
The Myth of Wudang (神話武當)	Mythology and fantasy drama	November 2017	Preparing script	62.00	21.00
The Financial Empire (金融帝國)	Historical drama	2017/2018	Preparing script	55.50	18.79
Total				<u>279.20</u>	<u>94.53</u>

In addition, approximately HK\$16.15 million or 5.47% of the net proceeds from the Subscription are expected to be used as contingency reserve for the above mentioned television series should any of these production projects exceeds its initial budget plan.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group commenced the development of its television media business in December 2015. To support such development, the Group has formed a team of well experienced television media professionals (the “**Professional Media Team**”) headed by Mr. He Han (now an executive Director) and Mr. Meng Fanyao to oversee the Group’s television media business.

Mr. He Han is an experienced filmmaker and a member of the board of directors of the Beijing Film Academy. He has been the president of Beijing Starrise Pictures Co., Ltd. (北京星宏影視文化有限公司) (formerly known as Beijing Yingsheng Cultural Investments Co., Ltd. (北京瀛晟文化投資有限公司)) since October 2015. Beijing Starrise Pictures Co., Ltd. became a wholly-owned subsidiary of the Company following its acquisition in July 2016. Prior to joining the Group, Mr. He Han served as the vice president of CITIC Culture Media Group (中信文化傳媒集團) and as the chief director of the planning division of Century Heroes Film Investment Co., Ltd. (世紀英雄電影投資有限公司) from 2001 to 2005. Mr. He Han also acted as the general manager of Beijing Airmedia Corporation Limited (北京航美影視文化有限公司), as the president of Beijing Xinghe Lianmeng Entertainment Co., Ltd. (北京星河聯盟影視發行有限公司) and as the publisher of the “Cinema World (電影世界)” magazine between 2005 and 2015. Mr. He graduated from the Beijing Film Academy with a Bachelor’s degree in public service administration (film and television).

Mr. Meng Fanyao has been the general manager of Huasheng Media since it was acquired by the Group. He has more than thirty years of experience in the film and television industry and is a well-known film and television series producer in the PRC. He is the only producer in the PRC who has been awarded the title of “Top Ten Producers” of national television drama series thrice. He was also awarded the title of “The State’s Most Influential Producer” in 2010. Some of his most influential works include Qiao’s Grand Courtyard (喬家大院), Passion-burning Years (激情燃燒的歲月), The Wild Duck 1 (野鴨子1), The Wild Duck 2 (野鴨子2), The Moon Opera (青衣), TiandiMinxin (天地民心), Mazu (媽祖) and the Legend of a Hong’an General (鐵血紅安). Many of his works have won the “Flying Apsaras Award”, the “Golden Eagle Award” and the national “Five ‘One’ Project Award”.

Since its formation, the Professional Media Team has helped the Group identify a number of television dramas with high potential. The Group had seized the opportunity to invest in these television dramas and achieved positive results. Among these television dramas were The Great Eastern Battlefield (東方戰場) and Yichang Defense (宜昌保衛戰). According to the statistics of a nationwide satellite television channel based in Jiangsu, the popularity rating of The Great Eastern Battlefield (東方戰場) was ranked top three nationally within the PRC. As for Yichang Defense (宜昌保衛戰), according to the statistics of the largest state-owned media in the PRC, the television drama series recorded an average Audience Share of 5.81% and ranked number one throughout the entire duration of the period of which it was broadcasted on such state-owned media.

Given such success, the Directors believed that the Group should seize the opportunity to further develop its television media business and have therefore directed the Professional Media Team to identify more television dramas with high potential. The Professional Media Team has identified a

number of such dramas and the Group has been utilising the cash flows generated from The Great Eastern Battlefield (東方戰場) and Yichang Defense (宜昌保衛戰) to develop the new television dramas identified by the Professional Media Team.

However, as further particularised in the paragraph headed “Key expenditures involved in television drama production” in this announcement, the production of television dramas can be very capital intensive and as soon the Group is committed to the production of a particular television drama series, the Group is required to from time to time make available certain funds to support such production. Although the Group has an established business model for its television media business, as proven by the success of its broadcasted television dramas, the Group’s television media business is still at the early stage of its development. As a majority of the Group’s television dramas with high potential are still in the pipeline for development, the funds generated from the Group’s television media business so far cannot fully cover the capital needs of the development of its new television dramas.

Having said that, based on the advice of the Group’s well experienced Professional Media Team, the Directors understand that each of the new television dramas identified by them does have a high potential and the Directors believe that, based on historical data, the budget plans formulated by the Professional Media Team are fair and reasonable. As such, the Directors believe that it is in the interests of the Group to rely on further external financing to supplement the Group’s capital needs for the development of these television dramas.

The Group intends to commit a specific amount of funds from the net proceeds of the Subscription to each of the television dramas listed above to support their productions in accordance with the budget plans formulated by the Professional Media Team. Please refer to the section headed “Use of proceeds from the Subscription” in this announcement for further details of the Company’s specific plan for the allocation of the net proceeds from the Subscription to each television drama production project.

The Directors believe that, once the Group’s television dramas are generating a steady flow of income the Group will be less reliant on external financing for the development of its television dramas.

Based on the budget plans formulated by the Professional Media Team, the Directors are of the view that the Subscription can supplement the capital needs for the Group to meet its commitments towards the television dramas listed above. Having considered that the terms of the Subscription Agreement (including the Conversion Price) are on normal commercial terms or better and are fair and reasonable, the Directors (including the independent non-executive Directors) believe that the Subscription is in the interests of the Company and its Shareholders as a whole.

INFORMATION ABOUT THE SUBSCRIBER

Dragon Capital Entertainment Fund One LP

Dragon Capital Entertainment Fund One LP is an exempted limited partnership registered in the Cayman Islands. It is part of an independent fund which focuses on investment opportunities in the technology, media and telecommunications sector, and China Huarong International Holdings Limited is the largest limited partner of this fund.

CHANGES IN SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 1,045,749,656 Shares in issue. Set out below is a breakdown of the shareholding interests in the Company of the Shareholders as at (i) the date of this announcement; (ii) immediately after the completion of the issue of the Conversion Shares assuming the Conversion Rights are exercised in full at the Conversion Price of HK\$1.21:

	As of the date of this announcement		Immediately after the completion of the issue of the Conversion Shares assuming the Conversion Rights are exercised in full at the Conversion Price of HK\$1.21	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Substantial Shareholders				
Excel Orient Limited (<i>Note 1</i>)	273,609,836	26.16	273,609,836	21.15
Liu Dong (<i>Note 1</i>)	273,609,836	26.16	273,609,836	21.15
Aim Right (<i>Note 2</i>)	202,472,656	19.36	202,472,656	15.65
Liu Zhihua (<i>Note 2</i>)	202,472,656	19.36	202,472,656	15.65
Zou Guoling (<i>Note 3</i>)	202,472,656	19.36	202,472,656	15.65
Bondholders			247,933,884	19.16
Public Shareholders	<u>569,667,164</u>	<u>54.48</u>	<u>569,667,164</u>	<u>44.04</u>
Total	<u>1,045,749,656</u>	<u>100.00</u>	<u>1,293,683,540</u>	<u>100.00</u>

Notes:

- 273,609,836 Shares are held in the name of Excel Orient Limited, which is wholly owned by Mr. Liu Dong.
- 202,472,656 Shares are held in the name of Aim Right, a limited liability company incorporated in the BVI wholly owned by Mr. Liu Zhihua.
- Ms. Zou Guoling is the spouse of Mr. Liu Zhihua and is therefore deemed to be interested in all shares in which Mr. Liu Zhihua is interested under the Securities and Futures Ordinance (Cap. 571).

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of first announcement	Event	Net proceeds and intended use	Actual use of proceeds
4 February 2016	Placing of new shares under specific mandate	HK\$215.9 million (i) HK\$200 million for settlement of the promissory note issued as partial consideration for the acquisition of Huasheng Media; and (ii) Approximately HK\$15.9 million for general working capital.	All being used as intended
3 October 2016	Issue of convertible bonds under general mandate	HK\$199.5 million (i) HK\$42.0 million for the television drama series titled “March in River City (江城三月)”; (ii) HK\$48.0 million for the television series titled “The New Big Head Son and The Little Head Father (新大頭兒子和小頭爸爸)”; (iii) HK\$49.5 million for the television series titled “Wudang Yijian (武當一劍)”; (iv) Approximately HK\$59.9 million as working capital for the development of the above mentioned television series should additional funding be required.	All being used as intended

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

Both Aim Right and Mr. Liu Zhihua are each a substantial shareholder of the Company and therefore a connected person of the Company. The Guarantees to be provided by Aim Right and Mr. Liu Zhihua, respectively, would each be a form of financial assistance to the Company, and accordingly, constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the Guarantees would be provided for the benefit of the Company on normal commercial terms or better and no

security over the assets of the Group is granted in respect of the Guarantees, the Guarantees would therefore be exempted from the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

GENERAL

The EGM will be held for the Shareholders to consider and, if thought fit, approve the ordinary resolutions in respect of the grant of the Specific Mandate. To the best of the Directors' knowledge, information and belief, no Shareholder has an interest in the Specific Mandate that is materially different from the other Shareholders. Therefore, no Shareholder is required to abstain from voting at the EGM in respect of the Specific Mandate.

A circular containing, among other things, (i) details of the Specific Mandate; (ii) a notice of the EGM; and (iii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 30 December 2016.

WARNING: As the Subscription may or may not proceed, and the Bonds and/or the Conversion Shares may or may not be issued, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Aim Right”	Aim Right Ventures Limited, a company incorporated in the British Virgin Islands with limited liability wholly-owned by Mr. Liu Zhihua
“Aim Right Shares”	all Shares registered in the name and/or otherwise held by Aim Right Ventures Limited as at the date of the Subscription Agreement
“Approvals”	any approval, license, authorisation, release, order or consent required to be obtained from, or any registration, qualification, designation, declaration, filing, notice, statement or other communication required to be filed with or delivered to, any Governmental Authority or any other person, or any waiver of any of the foregoing
“Audience Share”	the percentage of television sets tuned to a particular channel within the PRC market during a given period

“Base Redemption Amount”	in respect of any principal amount of the outstanding Bonds and to be redeemed by the Company (other than in an early redemption due to the occurrence of an event of default), an amount equal to the aggregate of: (1) 100% of the principal amount of the outstanding Bonds; (2) interest accrued and unpaid under the conditions of the Bonds (including any interest accruing on overdue but unpaid amounts); (3) the Premium; (4) any default interest accrued and outstanding to the Bondholder pursuant to the conditions of the Bonds; and (5) any other payment accrued and outstanding to the Bondholder pursuant to the conditions of the Bonds
“Board”	the board of Directors
“Bondholder”	a person who is the registered holder of a Bond
“Bonds”	the unlisted convertible bonds in an aggregate principal amount of HK\$300.00 million to be issued by the Company in accordance with the terms of the Subscription Agreement
“Business Day”	a day other than a Saturday or Sunday on which commercial banks are opened for business in Hong Kong
“Company”	Silverman Holdings Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Subscription in accordance with the terms of the Subscription Agreement
“Completion Date”	the date of Completion
“Conditions Precedent”	the conditions precedent to the Subscription, details of which are set out in the paragraph headed “Conditions Precedent to the Subscription” of this announcement
“Conversion Price”	the conversion price per Conversion Share and initially at HK\$1.21 per Conversion Share (subject to adjustments)

“Conversion Rights”	the right(s) of a Bondholder to convert the whole or part of the principal amount of any Bond into Shares subject to and in accordance with the terms and conditions thereof
“Conversion Share(s)”	the Share(s) to be allotted and issued upon conversion of the Bonds
“Current Market Price”	in respect of a Share on a particular date, the average of the closing price for the five consecutive trading days ending on the trading day immediately preceding such date
“Directors”	the directors of the Company
“Dragon Capital”	Dragon Capital Entertainment Fund One LP, an exempted limited partnership registered in the Cayman Islands
“EGM”	the extraordinary general meeting of the Company to be held for considering and, if thought fit, approving the Specific Mandate
“Governmental Authority”	any nation or government or any federation, province or state or any other political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission, instrumentality, securities exchange, supervisory or regulatory body of any country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organisation
“Group”	the Company and its subsidiaries from time to time
“Guarantees”	the guarantee deeds to be executed by Aim Right and Mr. Liu Zhihua, respectively, on the Completion Date in respect of the continuing guarantee over all sums due and payable to Dragon Capital under the Subscription Agreement and other Transaction Documents
“Guarantors”	Aim Right and Mr. Liu Zhihua
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huasheng Media”	北京華晟泰通傳媒投資有限公司 (Beijing Huasheng Taitong Media Investment Company Limited*), a company established in the PRC with limited liability

“Independent Third Party(ies)”	a person independent of the Company and its connected person (as defined in the Listing Rules)
“Issue Date”	the date of issue of the Bonds
“Last Trading Day”	20 December 2016, being the last trading day preceding the date of signing of the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mandatory Conversion Event Trigger ”	shall occur if: (a) during the first year after the Issue Date, the Closing Price of the Shares for 30 consecutive trading days ending on and including the trading day last preceding such date at any time is at or above HK\$2.00; (b) during the second year after the Issue Date, the Closing Price of the Shares for 30 consecutive trading days ending on and including the trading day last preceding such date at any time is at or above HK\$2.50; (c) during the third year after the Issue Date (if the Maturity Date has been extended pursuant to the conditions herein), the Closing Price of the Shares for 30 consecutive trading days ending on and including the trading day last preceding such date at any time is at or above HK\$3.30; (d) during the fourth year after the Issue Date (if the Maturity Date has been extended pursuant to the conditions herein), the Closing Price of the Shares for 30 consecutive trading days ending on and including the trading day last preceding such date at any time is at or above HK\$4.30; or (e) during the fifth year after the Issue Date (if the Maturity Date has been extended pursuant to the conditions herein), the Closing Price of the Shares for 30 consecutive trading days ending on and including the trading day last preceding such date at any time is at or above HK\$5.60
“Maturity Date”	the second anniversary of the Issue Date (unless extended pursuant to the terms of the Bonds)

“Mr. He Han”	Mr. He Han (何漢), an executive Director of the Company
“Mr. Liu Zhihua”	Mr. Liu Zhihua (劉志華), a substantial shareholder of the Company
“Mr. Meng Fanyao”	Mr. Meng Fanyao (孟凡耀)
“Obligors”	the Company, Aim Right and Mr. Liu Zhihua
“PRC”	The People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Taiwan and the Macau Special Administrative Region
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the EGM for the allotment and issue of the Conversion Shares upon full conversion of the Bonds at the Conversion Price (subject to adjustments)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Dragon Capital Entertainment Fund One LP
“Subscription”	the issue of the Bonds by the Company to the Subscriber in the aggregate principal amount of HK\$300.00 million pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 21 December 2016 entered into between the Company and the Subscriber in relation to the Subscription
“Transaction Documents”	collectively, the Subscription Agreement, the Guarantees, the Warning Notice, the bond instrument, the bond certificate and any other documents relating to the transactions contemplated therein which may be entered into from time to time

“Warning Notice”

the warning notice from the Subscriber and addressed to Mr. Liu Zhihua in relation to the Guarantee to be given by him

By Order of the Board
Silverman Holdings Limited
LIU Dong
Chairman

Shandong, the PRC, 22 December 2016

As at the date of this announcement, the Board comprises eight Directors, namely Mr. LIU Dong, Mr. LIU Zongjun, Ms. CHEN Chen, Mr. HE Han and Mr. TAN Bin as executive Directors; and Mr. PAN Hongye, Mr. LAM Kai Yeung and Mr. GAO Gordon Xia as independent non-executive Directors.

This announcement is prepared in both Chinese and English. In the event of inconsistency, the English text of this announcement shall prevail over the Chinese text.

** for purpose of identification only*