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If you have sold or transferred all your shares in Silverman Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular is for your information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the shares or other securities of Silverman Holdings Limited.

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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)

**(1) PROPOSED ISSUANCE OF CONVERTIBLE BONDS UNDER
SPECIFIC MANDATE
(2) RE-ELECTION OF DIRECTORS
AND
(3) NOTICE OF GENERAL MEETING**

A notice convening the EGM (as defined herein) of Silverman Holdings Limited to be held at Building A10, 50 Anjialou, Chaoyang District, Beijing, the People's Republic of China on 6 February 2017 at 2:00 p.m. is set out on pages 33 to 34 of this Circular. Whether or not you are able to attend the meeting, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of Silverman Holdings Limited in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time fixed for the holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should you so wish.

17 January 2017

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DEFINITIONS

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

“Affiliate(s)”	with respect to a person, any and all other person(s) that, directly or indirectly through one or more intermediaries, control, is controlled by, or is under common control with, such person
“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

DEFINITIONS

“Bondholder”	a person who is for the time being 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 open 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” in this circular
“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 of the Bonds
“Conversion Share(s)”	the Share(s) to be issued and allotted 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 and the re-election of Directors

DEFINITIONS

“First CB”	the issuance of convertible bonds with an aggregate principal amount of HK\$200.00 million under general mandate by the Company on 14 October 2016 as disclosed in the announcements of the Company dated 3 October 2016 and 14 October 2016, respectively
“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 a 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
“Latest Practicable Date”	21 December 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein

DEFINITIONS

“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 of the Bonds), 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 of the Bonds), 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 of the Bonds), 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

DEFINITIONS

“PRC”	The People’s Republic of China, which for the purpose of this circular excludes Hong Kong, Taiwan and the Macau Special Administrative Region
“Premium”	such additional amount which would make up a return of 12% per annum on the principal amount of any outstanding Bonds, calculated from the Issue Date to the date of redemption of the same, taking into account all interest paid on the Bonds prior to or on the date of such redemption
“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 an 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
“%”	per cent.

* In this circular, the English names of the PRC entities are translations of their Chinese names and included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. LIU Dong (*Chairman*)

Mr. LIU Zongjun (*Chief Executive Officer*)

Ms. CHEN Chen

Mr. HE Han

Mr. TAN Bin

Registered office:

P.O. Box 309

Ugland House

Grand Cayman KY1-1104

Cayman Islands

Independent Non-executive Directors:

Mr. PAN Hongye

Mr. LAM Kai Yeung

Mr. GAO Gordon Xia

Principal place of business

in Hong Kong:

18/F, Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

17 January 2017

To the Shareholders

Dear Sir/Madam,

**(1) PROPOSED ISSUANCE OF CONVERTIBLE BONDS UNDER
SPECIFIC MANDATE**

(2) RE-ELECTION OF DIRECTORS

AND

(3) NOTICE OF GENERAL MEETING

INTRODUCTION

Reference is made to the Company's announcement dated 22 December 2016. As disclosed in the said announcement, the Company has entered into the Subscription Agreement with the Subscriber, Aim Right and Mr. Liu Zhihua, pursuant to which, among other things, the Subscriber has agreed to subscribe for the Bonds in an aggregate principal amount of HK\$300.00 million on

LETTER FROM THE BOARD

the terms and subject to the conditions set out therein. 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.

The purpose of this circular is to provide you with further details of the proposed Subscription, the Specific Mandate, the re-election of Directors, the notice convening the EGM, and other information as required under the Listing Rules.

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 Latest Practicable Date and approximately 19.16% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares.

LETTER FROM THE BOARD

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 the Subscription Agreement, 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;

LETTER FROM THE BOARD

- (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 Obligor 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.

Each and every one of the above Conditions Precedent may only be waived by the Subscriber. As at the date hereof, the Company has no intention to negotiate with or seek indulgence from the Subscriber for the waiver of any of the above Conditions Precedent.

LETTER FROM THE BOARD

As at the Latest Practicable Date, 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.

LETTER FROM THE BOARD

Completion of the Subscription

Completion of the Subscription 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. In any event, the Company shall procure that the Completion will take place within one month after the date of the EGM if the Specific Mandate is approved at the EGM.

In the event that the Completion does not take place within one month after the date on which the Specific Mandate is approved, the Company will, and the Board shall procure that the Company will, re-comply with the relevant requirements of the Listing Rules, including but not limited to obtaining Shareholders' approval again.

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 (i.e. no later than 21 June 2017 and that the Completion shall take place before 28 June 2017), 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 its terms.

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.

LETTER FROM THE BOARD

- 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 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.

LETTER FROM THE BOARD

To the best of the Company's knowledge and belief, having made all reasonable enquires, each of the Subscriber and its Affiliates (i.e. the permitted transferees of the Bonds under the bond instrument), is an Independent Third Party. The Subscriber also confirmed that, to the best of its knowledge and belief, having made all reasonable enquiries, none of its Affiliates is a connected person of the Company and that the Subscriber will not, and shall procure that its Affiliates will not, transfer any of the Bonds to a connected person of the Company. In addition, the Board shall not, and shall procure that the Company will not, consent to a transfer of any of the Bonds to any of the Company's connected persons.

With the above safeguards in place, the Board believes that it would be unlikely for any permitted transfers of the Bonds to trigger any implications under Chapter 14A of the Listing Rules. Should any transfer of the Bonds constitute connected transaction(s) under Chapter 14A of the Listing Rules, the Company shall use its best endeavours to ensure its compliance with the relevant requirements of the Listing Rules in respect of such transfer.

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.
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LETTER FROM THE BOARD

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

LETTER FROM THE BOARD

- (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 if agreed between the Company and the Bondholder 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.

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.

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| 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; |

LETTER FROM THE BOARD

- (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 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.

LETTER FROM THE BOARD

Amendments to the terms of the Bonds

After the date of the Subscription Agreement, the Company and the Subscriber have agreed to amend certain terms and conditions of the Bonds (the revised terms and conditions of the Bonds shall be referred to herein as the “**Revised Terms**”). As disclosed in the Company’s announcement dated 22 December 2016, the Maturity Date of the Bonds may, among other things, be extended at the Bondholder’s unilateral absolute discretion. Pursuant to the Revised Terms, the Maturity Date of the Bonds shall only be extended if such extension is agreed by both the Company and the Subscriber. Save for such amendment, no other changes were made to the terms and conditions of the Bonds as disclosed in the said announcement.

The Company has no intention to negotiate for or allow any further variation of the terms and conditions of the Bonds as disclosed in this circular. In the unlikely event that further variation is made to the terms and conditions of the Bonds, the Company shall make further announcement(s) and comply with all relevant requirements of the Listing Rules.

Extension of Maturity Date

The Maturity Date may be extended three times, each time by one year if agreed between the Company and the Bondholder 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.

The Company has not prepared any forecast or predictions as to whether the aggregate amount of the then outstanding Bonds at the time of the extension of the Maturity Date would fall within the then effective general mandate.

In the event that the Board considers that an extension of the Maturity Date is in the interest of the Company, the Board will consider whether the then effective general mandate is sufficient to cover all of the then outstanding Bonds. If insufficient, the Company shall comply with all relevant requirements under the Listing Rules in respect of such extension, including but not limited to obtaining Shareholders’ approval at a general meeting of the Company for the grant of a specific mandate for such extension.

As the extension of the Maturity Date shall be subject to agreement by the Company, the Board shall, and shall procure that the Company will, only agree to an extension of the Maturity Date if and only if:

- (i) such extension would not lead to a breach of any Listing Rules or applicable laws in Hong Kong by the Company;
- (ii) the Company has satisfied all relevant requirements of the Listing Rules in respect of such extension; AND
- (iii) the Board considers that it is in the interest of the Company to extend the Maturity Date.

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In the event that all of the above conditions have been met and that the Board considers that it is in the interest of the Company to extend the Maturity Date, the Company will, and the Board shall procure that the Company will, comply with all relevant requirements of the Listing Rules, including the requirements of Chapter 14A of the Listing Rules if such extension constitutes connected transaction(s).

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

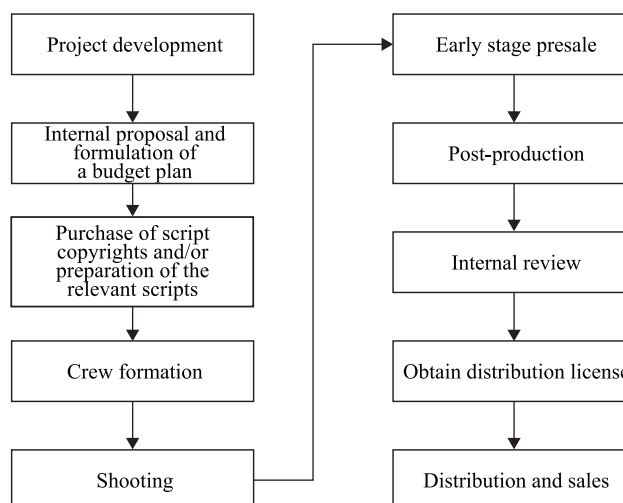
The principal business of the Company is investment holding. The Group is principally engaged in the business of (i) manufacturing of textile products and provision of related processing service; and (ii) television drama series production and distribution.

Production of television dramas

The Group commenced its television media business with the acquisition of Huasheng Media in December 2015. As at the Latest Practicable Date, 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 broadcasting 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.

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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.

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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 drama 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 and the Group's current plans for the funding of the production of these television dramas as at the Latest Practicable Date:

Title	Theme	Shooting commencement date (or expected)	Status	Source of funding
The Great Eastern Battlefield (東方戰場)	Historical drama	—	Broadcasting	The Group's internal resources
The Adoption (領養)	Urban emotional drama	—	Broadcasting	The Group's internal resources

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Title	Theme	Shooting commencement date (or expected)	Status	Source of funding
Yichang Defense (宜昌保衛戰)	Historical story drama	—	Broadcasting	The Group's internal resources
The Unforgettable Years (念念不忘的歲月)	Urban drama	September 2015	In post-production	The Group's internal resources
Qiao's Grand Courtyard 2 (喬家大院2)	Historical story drama	6 March 2016	In post-production	The Group's internal resources
Goddess From the Future (燃血女神)	Youth web drama	July 2016	In post-production	The Group's internal resources
March in River City (江城三月)	Modern urban drama	August 2016	Shooting in progress	The First CB
Wudang Yijian (武當一劍)	Kung fu drama	February 2017	Script completed	The First CB
Those Voices (幻聽者)	Science fiction web drama	March 2017	Script completed	The Subscription
When Love Fades Away (當愛已成往事)	Science fiction romance web drama	May 2017	Script completed	The Subscription
Boyfriend Upgrade (男友升級站)	Science fiction romance web drama	June 2017	Script completed	The Subscription
The Echoes of Xibaipo (西柏坡的回聲)	Crime thriller	June 2017	Script completed	The Subscription

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Title	Theme	Shooting commencement date (or expected)	Status	Source of funding
One Vessel, One Town, One Master (一鼎一鎮一夫子)	Legend story drama	Second half of 2017	Script completed	The Group's internal resources
Detectives for Shiling (食靈神探)	Science fiction thriller	August 2017	Script completed	The Subscription
Ma Beier (馬背兒)	Republic period drama	September 2017	Script completed	The Subscription
Wudang (天下武當)	Republic period drama	2018	Script completed	The Group's internal resources
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	The First CB
Jigong Mountain 1938 (雞公山 1938)	Espionage thriller	Third quarter of 2017	Preparing script	The Group's internal resources
The Myth of Wudang (神話武當)	Mythology and fantasy drama	November 2017	Preparing script	The Subscription
The Financial Empire (金融帝國)	Historical drama	2017/2018	Preparing script	The Subscription
Qiao's Grand Courtyard 3 (喬家大院3)	Historical story drama	2018	Preparing script	The Group's internal resources

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Title	Theme	Shooting commencement date (or expected)	Status	Source of funding
The Army in Qikou (兵臨磧口)	War legend drama	2018	Preparing script	The Group's internal resources

As at the Latest Practicable Date, the Group did not have any intention to make any adjustments to its plans in respect of the sources of funding for the production of the above television dramas. However, despite the Group's stringent controls over the production budgets, there is no guarantee that the production cost of any of the above television dramas will not exceed its initial budget. In the event that the production cost of any of the above television dramas exceeds its initial budget, adjustments may be made to the relevant budget plans. If the Board considers that further external financing is necessary for the production of any of the above television dramas, the Company shall use its best endeavours to comply with all applicable Listing Rules and all applicable laws and regulations in respect of such financing activities.

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

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Title	Theme	Shooting commencement date (or expected)	Status	Percentage of the net proceeds from the Subscription	
				Amount to be allocated <i>(approximate HK\$' million)</i>	Subscription <i>(approximate %)</i>
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 dramas should any of these production projects exceeds its initial budget plan.

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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 Airmidia 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

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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 circular, 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 circular 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.

LETTER FROM THE BOARD

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 Latest Practicable Date, 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 Latest Practicable Date; (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 Latest Practicable Date		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				
Liu Dong (<i>Note 1</i>)	273,609,836	26.16	273,609,836	21.15
Liu Zhihua (<i>Notes 2 and 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, a limited liability company incorporated in the BVI 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 which Mr. Liu Zhihua is interested under the Securities and Futures Ordinance (Cap. 571).

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

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	The First CB	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 the Company’s announcement dated 22 December 2016.

The Company currently does not have any plans for further equity fund raising in the near future. Having said that, the Company will continue to, from time to time, look for investment opportunities to maximise its profits and to bring value to its Shareholders. If any suitable opportunities arise and further external financing is needed, the Company may raise funds through equity financing. If the Company decides to conduct further equity financing activities, the Company shall use its best endeavours to comply with all applicable Listing Rules and all applicable laws and regulations in respect of such financing activities.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

The Subscription

Pursuant to Rule 13.36(1)(a) of the Listing Rules, the issue of securities convertible into shares is subject to approval by the Shareholders. The EGM will be held for the purpose of, among other matters, considering, and if thought fit, approving the Specific Mandate. The notice of the EGM of the Company is set out on pages 33 to 34 of this circular. If you do not intend to attend and vote at the EGM in person, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, on Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

The register of members of the Company will be closed from Thursday, 2 February 2017 to Monday, 6 February 2017, both days inclusive, during which period no share transfers can be registered. In order to be eligible for attending and voting at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 1 February 2017.

The voting in respect of the resolution (as set out in the notice of the EGM) at the EGM will be conducted by way of a poll. To the best knowledge of the Company having made all reasonable enquiries, save for the issue of the Bonds, none of our substantial Shareholders has entered, or contemplated to enter into any other arrangements, agreements or understanding (whether formal or informal and whether express or implied) with the Subscriber and their associates which will confer any of our substantial Shareholders a benefit (whether economic or otherwise) not available to the other Shareholders of the Company. As at the Latest Practicable Date, to the extent that the Company was aware having made all reasonable enquiries, no Shareholder has any material interests in the Bonds or the Specific Mandate, and therefore no Shareholder is required to abstain from voting on the resolution as set out in the notice of the EGM.

The Guarantees

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.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

Mr. He Han and Mr. Tan Bin have been appointed as executive Directors with effect from 8 November 2016 and they would like to offer themselves for re-election at the EGM.

Biographical information of Mr. He Han and Mr. Tan Bin are set out in the Appendix to this circular.

VOTING BY POLL

The resolution set out in the notice of the EGM would be decided by poll in accordance with the Listing Rules and the articles of association of the Company.

On a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy shall have one vote for every Share held. A Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy who is entitled to more than one vote need not use all his/its votes or cast all his/its votes in the same way.

After the conclusion of the EGM, the poll results will be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Subscription Agreement, the terms of the Bonds and the transactions contemplated thereunder are fair and reasonable, and that the issue of the Bonds, the grant of the Specific Mandate and the entering into of the Subscription Agreement are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend that all Shareholders should vote in favour of the resolution proposed at the EGM.

In addition, the Directors consider that the re-elections of Mr. He Han and Mr. Tan Bin as Directors are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the proposed resolutions to approve the re-elections of Mr. He Han and Mr. Tan Bin as Directors at the EGM.

By order of the Board
Silverman Holdings Limited
LIU Dong
Chairman

The following are the biographical details on the retiring Directors who have offered themselves for re-election at the EGM:

Mr. He Han

Mr. He Han, aged 45, is an experienced filmmaker and a member of 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 Airmidia 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 Han graduated from the Beijing Film Academy with a Bachelor’s degree in public service administration (film and television).

Save as disclosed above, Mr. He Han does not hold any other position in the Group and has not held any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Mr. He Han does not have any relationship with any of the other directors, senior management, substantial shareholders and controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. He Han is interested in 14,008,000 Shares, representing 1.34% of the issued share capital of the Company. Save as disclosed, Mr. He Han does not have any interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. He Han has entered into a service contract with the Company for an initial term of three years with effect from 8 November 2016, and is entitled to a director’s fee of HK\$10,000 per month pursuant to the service contract which is determined with reference to the director’s responsibilities and the Company’s operations as well as remuneration benchmark in the industry and prevailing market conditions. Mr. He Han’s appointment is also subject to retirement by rotation and re-election at general meeting of the Company in accordance with the articles of association of the Company.

Mr. Tan Bin

Mr. Tan Bin, aged 35, has worked in the investment banking and capital markets sectors for many years, and is experienced in corporate finance and merger and acquisitions matters. He has been involved in numerous corporate finance projects. Mr. Tan Bin joined the Group in August 2016 and served as a senior finance officer of the Group prior to his appointment as an executive Director. Prior to joining the Group, he served as a director of Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司) from 2015 to 2016. During the period from 2008 to

2014, he held several positions in BOC International Holdings Limited (中銀國際亞洲有限公司) including analyst, manager and associate director. Mr. Tan Bin graduated from the Beijing University of Technology with a Bachelor's degree in applied physics. He has also obtained a Master's degree in telecommunication engineering and a Master's degree in digital communications from Monash University in Australia.

Save as disclosed above, Mr. Tan Bin does not hold any other position in the Group and has not held any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Mr. Tan Bin does not have any relationship with any of the other directors, senior management, substantial shareholders and controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Tan Bin does not have any interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Tan Bin has entered into a service contract with the Company for an initial term of three years with effect from 8 November 2016, and is entitled to a director's fee of HK\$10,000 per month pursuant to the service contract which is determined with reference to the director's responsibilities and the Company's operations as well as remuneration benchmark in the industry and prevailing market conditions. Mr. Tan Bin's appointment is also subject to retirement by rotation and re-election at general meeting of the Company in accordance with the articles of association of the Company.

Save as disclosed above, there is no other information relating to Mr. He Han or Mr. Tan Bin which is required to be disclosed pursuant to the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. There is also no further information that needs to be brought to the attention of the shareholders of the Company in relation to the aforesaid appointments.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that a general meeting (the “**Meeting**”) of Silverman Holdings Limited (the “**Company**”) will be held at Building A10, 50 Anjialou, Chaoyang District, Beijing, the People’s Republic of China on 6 February 2017 at 2:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following ordinary resolution of the Company:

ORDINARY RESOLUTION

“1. THAT:

- (a) the subscription agreement dated 21 December 2016 entered into between the Company and Dragon Investment Advisory Company Limited (the “**Subscriber**”) in relation to the issue of the unlisted bonds in an aggregate principal amount of HK\$300,000,000 (the “**Bonds**”) by the Company to the Subscriber and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the directors of the Company be and are hereby granted a specific mandate to exercise powers of the Company to issue and allot such number of shares of the Company as may be required to be issued and allotted upon exercise of the conversion rights attached to the Bonds at the conversion price of the Bonds (subject to adjustments in accordance with the terms of the Bonds) (including, for the avoidance of doubt, such additional number of shares of the Company that may be required to be issued and allotted upon the exercise of the conversion rights attached to the Bonds following adjustments to the conversion price of the Bonds); and
- (c) any one or more directors of the Company be and are hereby authorised to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be, as they may in their discretion consider necessary, desirable or expedient in connection with (1) the performance of the rights and/or obligations under the Subscription Agreement and in accordance with the terms of the Bonds

NOTICE OF EXTRAORDINARY GENERAL MEETING

and (2) the issue and allotment of the shares of the Company upon exercise of the conversion rights attached to the Bonds at the conversion price of the Bonds (subject to adjustments in accordance with the terms of the Bonds).”

2. “**THAT**, each as a separate resolution:

- (a) Mr. He Han be and is hereby re-elected as an executive director of the Company; and
- (b) Mr. Tan Bin be and is hereby re-elected as an executive director of the Company.”

By order of the Board
Silverman Holdings Limited
Liu Dong
Chairman

Shandong, the PRC, 17 January 2017

Notes:

- (1) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised to sign the same.
- (3) In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof (as the case may be).
- (4) Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoke.
- (5) Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.
- (6) The register of members of the Company will be closed from Thursday, 2 February 2017 to Monday, 6 February 2017, both days inclusive, during which period no share transfers can be registered. In order to be eligible for attending and voting at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 1 February 2017.

NOTICE OF EXTRAORDINARY GENERAL MEETING

As at the date of this notice, 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.