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**Silverman Holdings Limited**

**銀仕來控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1616)**

**MAJOR TRANSACTION IN RELATION  
TO THE DISPOSAL OF THE ENTIRE ISSUED  
SHARE CAPITAL OF SWIFT POWER LIMITED**

**THE DISPOSAL**

The Board is pleased to announce that on 5 July 2017 (after trading hours), the Company entered into the Agreement with the Purchaser, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire, the entire issued share capital of the Target at the total consideration of RMB145.2 million. The Consideration will be settled by the Purchaser in full in cash.

**LISTING RULES IMPLICATION**

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed 25% but are less than 75%, the Disposal constitutes a major transaction for the Company under the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

**THE EGM AND CIRCULAR**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Disposal.

To the best of the Directors' knowledge, information and belief, no Shareholder has a material interest in the Disposal. Therefore, no Shareholder is required to abstain from voting at the EGM to approve the ordinary resolutions in respect of the Agreement and the transactions contemplated thereunder.

A circular containing, amongst other matters, further details of the Disposal and the notice of the EGM will be dispatched to the Shareholders on or before 1 August 2017.

**WARNING:**

**As Completion is subject to the fulfilment of the conditions precedent as set out in the Agreement, the Disposal may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the securities of the Company.**

**THE DISPOSAL**

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A summary of the major terms of the Agreement is set out below.

**The Agreement**

**Date:** 5 July 2017

**Parties:** (1) The Company, being the vendor; and  
(2) Eastfield Developments Limited, being the purchaser.

The Purchaser is principally engaged in investment holding. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are Independent Third Parties not connected with the Company and its connected persons (as defined in the Listing Rules).

**Subject matter of the Disposal**

Pursuant to the Agreement, the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the entire issued share capital of the Target.

**Consideration for the Disposal and the payment schedule**

Pursuant to the Agreement, the Consideration shall be RMB145.2 million, which shall be settled in full by payment in cash in the following manner:

- (a) First installment — within 10 days after the Completion Date (the “**First Payment Date**”), the Purchaser shall pay the first part of the Consideration, being an amount denominated in RMB which equals to 20% of the Consideration;

- (b) Second installment — the second part of the Consideration, being an amount denominated in RMB which equals to 40% of the Consideration, shall be paid by the Purchaser within three months after the First Payment Date; and
- (c) Third installment — the remaining part of the Consideration, being an amount denominated in RMB which equals to 40% of the Consideration, shall be paid by the Purchaser within six months after the First Payment Date.

### **Intercompany Liabilities**

Set out below are the Intercompany Liabilities between the Target Group and the Post-close Group which were outstanding as at 31 December 2016:

- (a) a total of approximately RMB145.7 million payable by the Target Group to the Post-close Group;
- (b) guarantees in the aggregate amount of approximately RMB50.0 million given by the Post-close Group in favour of third parties in respect of certain liabilities of the Target Group (the “**Company’s Guarantees**”);
- (c) a total of approximately RMB163.7 million payable by the Post-close Group to the Target Group;
- (d) guarantees in the aggregate amount of approximately RMB110.0 million given by the Target Group in favour of third parties in respect of certain liabilities of the Post-close Group (the “**Target’s Guarantees**”); and
- (e) other guarantees (together with the Company’s Guarantees and the Target’s Guarantees, the “**Intercompany Guarantees**”) given by the Target Group and the Post-close Group in favour of third parties in respect of other liabilities of the Post-close Group and the Target Group, respectively.

It is estimated that, upon Completion, the remaining net liability (the “**Net Liability**”) of the Post-close Group towards the Target Group would amount to a total of approximately RMB18.0 million. The Parties have agreed to settle all such Net Liability within six months after the Completion Date.

As regards Intercompany Guarantees, the Company has undertaken to the Purchaser that the Company shall use reasonable efforts to settle, waive and/or procure the waiver of the Intercompany Guarantees before the Completion Date, but the fulfilment by the Company of such undertaking shall not be a condition to the Disposal.

To the extent that any of the Intercompany Guarantees remain outstanding on the Completion Date:

- (a) the Company shall procure the waiver or release of all remaining Target's Guarantees (if any) within one year after the Completion Date; and
- (b) the Purchaser shall procure the waiver or release of all remaining Company's Guarantees (if any) within six calendar months after the Completion Date.

### **Basis of Consideration**

The Consideration of RMB145.2 million was determined after arm's length negotiations between the Company and the Purchaser with reference to the unaudited net assets of the Target Group as at 31 December 2016 of approximately RMB133.7 million and the past performance of the Target Group's business.

### **Conditions precedent to the Disposal**

Completion shall be conditional upon the fulfilment of the following Conditions:

- (a) the board of directors of the Company and the Shareholders (if required under the Listing Rules) having approved the terms and authorised the execution of and performance by the Company of its obligations under the Agreement;
- (b) the board of directors of the Purchaser having approved the terms and authorised the execution of and performance by the Purchaser of its obligations under the Agreement;
- (c) all necessary consents and approvals from the Stock Exchange in relation to the transactions contemplated under the Agreement having been obtained; and
- (d) all other necessary consents, approvals, licences and permits from governmental and regulatory bodies in Hong Kong, the PRC and the British Virgin Islands in relation to the transactions contemplated under the Agreement having been obtained and made.

Each of the conditions set out above is not waivable under any circumstances. If the Conditions are not fulfilled within two months after the date of the Agreement (or such other date as the Parties may agree in writing) (the "**Long Stop Date**"), the Agreement shall terminate and neither Party shall have any obligations or liabilities under the Agreement except for antecedent breaches.

## **Completion of the Disposal**

Completion of the Disposal shall take place within three Business Days after the fulfilment of the Conditions or at such other time and place as designated by the Company. If Completion does not take place within two months after the date of the Agreement, the Company shall make further announcement(s) and comply with the requirements of the applicable Listing Rules in respect of the extension (if any) of the Long Stop Date.

## **INFORMATION ON THE TARGET GROUP**

The Target Group is principally engaged in the production of dobby fabrics in the PRC. Dobby fabrics are used for manufacturing a broad range of home textile products such as bed-linen as well as apparel textile products such as garment.

As at the date hereof, the Target Group comprise the Target, HK Huiyin and Huiyin Textile.

### **The Target**

The Target is a limited liability company incorporated under the laws of British Virgin Islands principally engaged in investment holding. As at the date hereof, the entire issued share capital of the Target is held by the Company.

### **HK Huiyin**

HK Huiyin is a limited liability company incorporated under the laws of Hong Kong principally engaged in investment holding. As at the date hereof, the entire issued share capital of HK Huiyin is held by the Target.

### **Huiyin Textile**

Huiyin Textile is a limited liability company established under the laws of PRC principally engaged in the production of dobby fabrics in the PRC. As at the date hereof, the entire equity interests in Huiyin Textile is held by the HK Huiyin.

## Financial information of the Target Group

Set out below is the financial information of the Target Group for the two years ended 31 December 2016:

	<b>For the year ended 31 December 2015 RMB'000 (unaudited)</b>	<b>For the year ended 31 December 2016 RMB'000 (unaudited)</b>
Profit/(loss) before taxation	(4,577)	102
Profit/(loss) after taxation	(5,264)	(1,077)

The Target Group recorded a decrease in loss after taxation for the year ended 31 December 2016. Such decrease was the result of various cost control measures which the Group applied to its textile business as a whole. These cost control measures include technical transformation, reduction of energy consumption, staff downsizing and improvement of the overall production efficiency of the Group's textile business. Despite such measures, the Target Group still recorded loss after taxation of approximately RMB1.1 million for the year ended 31 December 2016 and the Board considers such results to be unsatisfactory for the Company.

Set out below is the financial position of the Target Group as at 31 December 2015 and 2016:

	<b>As at 31 December 2015 RMB'000 (unaudited)</b>	<b>As at 31 December 2016 RMB'000 (unaudited)</b>
Net assets	134,876	133,725

## FINANCIAL EFFECT OF THE DISPOSAL

Upon completion, members of the Target Group will cease to be subsidiaries of the Company and the financial results of the Target Group will no longer be consolidated into the financial statements of the Group.

Based on (i) the unaudited net assets of the Target Group as at 31 December 2016 of approximately RMB133.7 million; and (ii) the estimated net proceeds of approximately RMB144.2 million from the Disposal, it is expected that the Group will recognise a gain of approximately RMB10.5 million as a result of the Disposal.

It is expected that upon completion of the Disposal (and after receiving all of the Consideration), the total assets of the Group will be decreased by approximately RMB52.5 million and the total liabilities of the Group will be decreased by approximately RMB63.0 million.

**Shareholders should note that the above figures are for illustrative purpose only. The actual gain on the Disposal may be different from the above and will be determined based on the financial position of the Target Group on the date of completion of Disposal and review by the Group's auditors upon finalisation of the consolidated financial statements of the Group.**

## **USE OF PROCEEDS**

It is expected that the net proceeds from the Disposal of approximately RMB144.2 million will be used for general working capital purpose as well as for future business development. However, the Directors have not identified any target for acquisition or any concrete investment plan as at the date of this announcement.

## **REASONS FOR THE DISPOSAL**

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 and film production and distribution.

Over the recent years, the Board saw trends of weakening demand and increasingly fierce competition within the textiles industry. The sluggish global economy, declining market demand for textile products both within and outside of PRC, and increasing domestic production costs have together created severe challenges for the PRC textiles industry. With a view to overcome such challenges, the Group implemented various cost control measures including technical transformation, reduction of energy consumption, staff downsizing and improving the overall production efficiency of the Group's textile business. Despite the implementation of such measures, due to the increasing raw material price and other costs such as staff and logistics costs, the Group's textile business had consistently underperformed as compared to the Group's media business. The adjusted earnings before taxes of the Group's textile segment recorded a decline of approximately RMB9.6 million, from approximately RMB9.9 million for the year ended 31 December 2015 to approximately RMB0.3 million for the year ended 31 December 2016, representing a decrease of approximately 97.0%.

In contrast, the Group has made good progress on its television media business since the commencement of such business in 2015. For the year ended 31 December 2016, the Group generated revenue of approximately RMB120.3 million and gross profit of approximately RMB64.3 million from its television and film media segment.



Since the commencement of the television media business, the Group identified 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 12-day period from the start to the end of its broadcasting.

Given such success, the Directors believed that the Group should seize the opportunity to further develop its television and film media business. The Board is of the view that it is necessary to restructure and/or downsize loss-making business and place more emphasis on businesses with positive prospects. Given the consistently poor performance of the Target Group, the results of the Target Group are no longer satisfactory for the Company. Having considered the uncertainties and negative prospects of the PRC textiles industry as a whole, the Board is of the view that the Disposal is in the interests of the Company and its shareholders as a whole. Further, the Board also believes that the net proceeds from the Disposal can further assist the Group's television drama production activities, which are generally capital intensive in nature.

## **LISTING RULES IMPLICATION**

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are greater than 25% but are less than 75%, the Disposal constitutes a major transaction for the Company under the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

## **THE EGM AND CIRCULAR**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Disposal.

To the best of the Directors' knowledge, information and belief, no Shareholder has a material interest in the Disposal and therefore no Shareholder is required to abstain from voting at the EGM to approve the ordinary resolution in respect of the Agreement and the transactions contemplated thereunder.

A circular containing, amongst other matters, further details of the Disposal and the notice of the EGM will be dispatched to the Shareholders on or before 1 August 2017.



## **WARNING:**

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## **DEFINITIONS**

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

“Agreement”	the sale and purchase agreement dated 5 July 2017 entered into between the Company and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Company”	Silverman Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal
“Completion Date”	the date of Completion
“Conditions”	the conditions precedent to the Disposal, details of which are set out in the paragraph headed “Conditions precedent to the Disposal” of this announcement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	an aggregate sum of RMB145.2 million payable by the Purchaser to the Company pursuant to the Agreement as consideration for the Disposal
“Directors”	the directors of the Company
“Disposal”	the disposal of the entire issued share capital of the Target pursuant to the Agreement
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Disposal
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HK Huiyin”	Huiyin (HK) Limited (匯銀(香港)有限公司), a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company as at the date hereof and a member of the Target Group
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huiyin Textile”	Zibo Huiyin Textile Co., Ltd. (淄博匯銀紡織有限公司), a limited liability company established under the laws of the PRC, an indirectly wholly-owned subsidiary of the Company as at the date hereof and a member of the Target Group
“Independent Third Party(ies)”	person(s) or company(ies) which is or are independent of and is not connected with the Company and its connected persons (as defined under the Listing Rules)
“Intercompany Liability(ies)”	intercompany liability(ies) between the Target Group and the Post-close Group
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parties”	the parties to the Agreement, being the Company and the Purchaser
“Post-close Group”	members of the Group other than the Target Group
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	Eastfield Developments Limited, a company incorporated in the British Virgin Islands with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of shares in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target”	Swift Power Limited
“Target Group”	the Target and its subsidiaries
“%”	per cent

By Order of the Board  
**Silverman Holdings Limited**  
**LIU Dong**  
*Chairman*

Shandong, the PRC, 5 July 2017

*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. WANG Liangliang, Mr. LAM Kai Yeung and Mr. GAO Gordon Xia as independent non-executive Directors.*