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CHINA CHIEF CABLE TV GROUP LIMITED

中國3C集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 8153)

VERY SUBSTANTIAL ACQUISITION AND RESUMPTION OF TRADING

Financial adviser to China Chief Cable TV Group Limited



粵海證券有限公司

GUANGDONG SECURITIES LIMITED

THE ACQUISITION

On 30 November 2009 (after trading hours), the Company (as the purchaser) entered into the Sale and Purchase Agreement with the Vendor to acquire the Sale Shares at the Consideration of HK\$1,398,000,000.

Pursuant to the Sale and Purchase Agreement, the Consideration will be settled by the Company by a combination of cash of not exceeding HK\$350,000,000 and the issue of the Convertible Bonds or by the issue of the Convertible Bonds only, subject to the Company's sole discretion.

The Sale Shares represent the entire issued share capital of the Target Company which in turn holds 100% equity interest in the PRC Company. The PRC Company is principally engaged in the production of tobacco drying machines in the PRC.

* *For identification purpose only*

IMPLICATION UNDER THE GEM LISTING RULES

As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are more than 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 20 of the GEM Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the GEM Listing Rules.

The SGM will be held to consider and, if thought fit, pass the ordinary resolutions to approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder. As no Shareholder has material interest in the Sale and Purchase Agreement, no Shareholder is required to abstain from voting at the SGM in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, among other things, (i) further details of the Acquisition; (ii) a notice of SGM; and (iii) other information as required under the GEM Listing Rules, will be despatched to the Shareholders as soon as practicable.

As the completion of the Acquisition is subject to the fulfillment of a number of conditions precedent, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 1 December 2009 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 9 December 2009.

INTRODUCTION

On 30 November 2009 (after trading hours), the Company (as the purchaser) entered into the Sale and Purchase Agreement with the Vendor to acquire the Sale Shares at a total consideration of HK\$1,398,000,000.

THE SALE AND PURCHASE AGREEMENT

Set out below are the major terms of the Sale and Purchase Agreement:

Date:

30 November 2009 (after trading hours)

Parties involved:

Purchaser

The Company

Vendor

Cyberland (China) Limited, which is an investment holding company incorporated in Hong Kong. As at the date of this announcement, Cyberland (China) Limited is legally and beneficially owned as to 45%, 40% and 15% by Rise Enterprises Limited, Stepwise International Holdings Limited and Wealth Way Investment Limited, respectively.

The Vendor was introduced to the Company by an acquaintance of a general manager of the Company. The Company started the negotiations regarding the Acquisition with the Vendor in early November 2009, after it was introduced to the business of the Target Company and began to contemplate the Acquisition.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor, its shareholders and their ultimate beneficial owners, and their respective associates are (i) Independent Third Parties; and (ii) not a party acting in concert (as defined under the Takeovers Code) with any substantial shareholders of the Company.

In addition, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, (i) the Vendor, its shareholders and their ultimate beneficial owners, and their respective associates do not hold any Shares or other convertible securities in the Company as at the date of this announcement; and (ii) there were no previous transactions or business relationship between the Company, and the Vendor, its shareholders and their ultimate beneficial owners, and their respective associates which would result in aggregation under Rule 19.22 of the GEM Listing Rules.

Vendor's guarantor

Mr. Shan, being the sole director and shareholder of Stepwise International Holdings Limited and one of the directors and shareholders of Rise Enterprises Limited.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Mr. Shan is (i) an Independent Third Party; and (ii) not a party acting in concert (as defined under the Takeovers Code) with any substantial shareholders of the Company.

Mr. Shan has unconditionally and irrevocably agreed to guarantee the due performance of the Vendor's obligations under the Sale and Purchase Agreement.

Assets to be acquired:

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Shares at the Consideration. The Sale Shares represent the entire issued share capital of the Target Company. The shareholding structure of the Target Group is included under the section headed "Shareholding Charts" of this announcement.

The Consideration:

The Consideration of HK\$1,398,000,000 will be settled by the Company in the following manner:

- (i) up to HK\$350,000,000 will be satisfied in cash and the remaining balance will be satisfied by the issue of the Convertible Bonds in the principal amount equivalent to the balance of the Consideration after deducting the cash Consideration payable thereof by the Company to the Vendor (or its nominee(s)) on the date of Completion. The exact amount of the cash Consideration to be paid is subject to the Company's sole discretion; or
- (ii) the total Consideration will be satisfied entirely by the issue of the Convertible Bonds in the principal amount of HK\$1,398,000,000 by the Company to the Vendor (or its nominee(s)) on the date of Completion.

Basis of the Consideration:

The Consideration was determined after arm's length negotiations between the Company and the Vendor, with reference to the prospects of the PRC Company as detailed in the paragraph headed "Reasons for and benefit of the Acquisition" below, which is equivalent to the price to earnings ratio of approximately 13.9 times based on the audited consolidated net profit after tax of the PRC Company of approximately RMB88.76 million (equivalent to approximately HK\$100.74 million) for the year ended 31 December 2008 as compared to the price to earnings ratio of approximately 22 times of a profitable Hong Kong listed company which is engaged in businesses relating to the tobacco industry.

In light of (i) that the Acquisition will provide an opportunity for the Group to gain access to the modern tobacco drying industry so as to broaden its income base, and thereby enhancing its future financial performance and profitability; and (ii) the latest market statistics on tobacco consumption in the PRC and the future prospects of the modern tobacco drying industry as set forth in the latter section of this announcement, the Board considers that the Consideration, which was arrived at after arm's length negotiations, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Conditions precedent:

Completion of the Sale and Purchase Agreement is conditional upon certain conditions being fulfilled or waived in writing, including but not limited to:

- (i) the Company being satisfied with the results of the due diligence review on the assets, operations, financial positions, prospects and other affairs of the Target Group, including but not limited to (a) the receipt of a legal opinion (in such form and substance to the satisfaction of the Company) issued by lawyers on Hong Kong laws covering matters on, among other things, the due incorporation and subsistence of the Target Company, and legal and transferability of the Sale Shares; (b) the receipt of a legal opinion (in such form and substance to the satisfaction of the Company) issued by the PRC lawyers covering matters on, among other things, the due establishment and subsistence, the legality of ownership of assets and business operations of the Target Company and the PRC Company which are established in the PRC; and (c) the receipt of the audited accounts of each of the Target Company and the PRC Company for the last three years or such other period of time as approved by the Company in such form and substance to the satisfaction of the Company;
- (ii) the Directors having approved at a Board meeting and the Shareholders having approved at a special general meeting of the Company the Sale and Purchase Agreement, the allotment and issue of the Conversion Shares upon exercise of the conversions rights attached to the Convertible Bonds and all transactions contemplated thereunder;
- (iii) the approval from the relevant authorities in Bermuda to allot and issue the Conversion Shares by the Company (if required);
- (iv) the Company having obtained the duly executed non-competition undertaking (in such form and substance to the satisfaction of the Company) set out in the Sale and Purchase Agreement from the Vendor, Mr. Shan and 井泉瑛孜 (who is a director of the Target Company);
- (v) the Target Group having obtained all the licences required for the operation of the Target Group and all the relevant fees or expenses being paid on time and/or fully paid, and all licences relating to the operation of the business of the Target Group being legally registered under the name of the relevant member of the Target Group and such licences being validly subsistence upon Completion;

- (vi) the PRC Company and Jiangsu Yucheng Agricultural Co., Ltd. (a company which is indirectly controlled by Mr. Shan) having entered into a trademark licence agreement, patent licence agreement and all relevant intellectual property rights transfer agreements in respect of all intellectual property rights (including trademarks and patents) owned by Jiangsu Yucheng Agricultural Co., Ltd. as at the date of signing of the Sale and Purchase Agreement, and that all relevant statutory filing procedures (if required) and applications to the relevant PRC authorities in respect of the transfer of such intellectual property rights having been completed;
- (vii) all the relevant third-party consents and approvals (including but not limited to consents and approvals of creditors of the Target Company and the PRC Company) and obligation to serve notice on such creditors (if applicable) in respect of the sale and purchase of the Sale Shares under the Sale and Purchase Agreement having been obtained and fulfilled;
- (viii) all the representations and warranties contained in the Sale and Purchase Agreement remain true, accurate and not misleading in all respects;
- (ix) the Company not having discovered or come to its knowledge that from 30 June 2009, there being any abnormal operations or any material adverse change in the business, positions (including assets, financial and legal status), operations, performance or assets, or any undisclosed material potential risks in respect of the Target Group; and
- (x) the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares.

The Company shall have the right to waive in writing the conditions as mentioned above (save as and except for conditions (ii), (iii), (viii) and (x)). Save as aforesaid, if the conditions precedent as set out in the Sale and Purchase Agreement have not been fulfilled (or, where applicable, waived by the Company in writing) on or before the Long Stop Date, the Sale and Purchase Agreement will terminate.

With respect to condition (vi) above, the trademark licence agreement, the patent licence agreement and other relevant intellectual property rights transfer agreements are to be entered into for the purpose of transferring certain intellectual property rights (including trademarks and patents) which are currently owned by Jiangsu Yucheng Agricultural Co., Ltd. and used by the PRC Company in its business operations, to the PRC Company. Those trademarks and patents are related to the production and the subsequent sales of the tobacco drying machines. The terms of each of the trademark licence agreement, the patent licence agreement and other relevant intellectual property rights transfer agreements are still in negotiation between the Company and the Vendor. Further information in relation to such agreements will be disclosed in the circular in the event that such agreements are entered into before the despatch of the circular.

As advised by the Company's legal counsel, Jun He Law Office, there are no other approvals or permits (other than the business licence) which are required for the PRC Company to conduct the business of the production of tobacco drying machines in the PRC.

Completion:

Completion shall take place on the third Business Day after the day on which the last condition precedent is fulfilled or waived or such other date as the Company and the Vendor may agree, subject to the conditions precedent being fulfilled or waived in accordance with the Sale and Purchase Agreement.

The Convertible Bonds:

Pursuant to the Sale and Purchase Agreement, an amount of not exceeding HK\$1,398,000,000 of the Consideration (subject to the Company's sole discretion) is to be satisfied by the issue of the Convertible Bonds at the initial Conversion Price of HK\$0.43 per Conversion Share by the Company to the Vendor (or its nominee(s)).

Assuming full conversion of all Convertible Bonds at the initial Conversion Price, 3,251,162,790 Conversion Shares will be issued, representing (i) approximately 175.71% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 63.73% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds with the principal amount of HK\$1,398 million at the initial Conversion Price.

The principal terms of the Convertible Bonds are summarised as follows:

Issuer

The Company

Bondholder(s)

The Vendor (or its nominee(s))

Principal amount

Up to HK\$1,398,000,000

Maturity date

The 5th anniversary from the date of issue of the Convertible Bonds

Interest

1% per annum payable semi-annually in arrear on 30 June and 31 December in each year

Transferability

The Convertible Bonds may be transferable or assigned to any third party (whether he/she/it is a connected person of the Company), subject only to compliance of the conditions hereunder and further subject to the conditions, approvals, requirements and any other provisions of or under: (i) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or their rules and regulations (including any approval that may be required from the Stock Exchange in case the Convertible Bonds (or part thereof) are transferred or assigned to a connected person of the Company); (ii) the approval for listing in respect of the Conversion Shares; and (iii) all applicable laws and regulations.

Voting rights

The Bondholder(s) shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being a Bondholder.

Conversion rights and conversion period

The Bondholder(s) shall have the right to convert the whole or part of the outstanding principal amount of the Convertible Bonds (in the amount of HK\$1,000,000 or integral multiples thereof) into Conversion Shares at any time during the period commencing from the expiry of the 2nd anniversary of the date of issue of the Convertible Bonds until the Business Day before (and excluding) the date of maturity at the initial Conversion Price of HK\$0.43 per Conversion Share, subject to adjustments, provided that the Bondholder(s) shall not exercise the conversion rights attached to the Convertible Bonds (i) if such conversion would result in the Company's non-compliance with the minimum public shareholding requirement stipulated under Rule 11.23 of the GEM Listing Rules or other relevant requirements under the GEM Listing Rules; and (ii) if the Bondholder(s) and parties acting in concert with it/them will trigger a change in control under the Takeovers Code.

Conversion Price

The initial Conversion Price of HK\$0.43 per Conversion Share (subject to customary anti-dilutive adjustments upon the occurrence of the dilutive events including any alteration to the nominal value of the Shares as a result of subdivision or consolidation of Shares, any issue of Shares to the Shareholders by way of capitalisation of profits or reserves and other dilutive events) represents:

- (i) a discount of approximately 15.69% to the closing price of HK\$0.510 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a discount of approximately 12.60% to the average closing price of HK\$0.492 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 8.12% to the average closing price of HK\$0.468 per Share for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 157.26% over the consolidated net asset value of the Group per Share of approximately HK\$0.167 as at 30 September 2009 (based on the unaudited consolidated net asset value of the Group of approximately HK\$309,276,000 as at 30 September 2009 and 1,850,298,244 issued Shares as at the date of the Sale and Purchase Agreement).

The Board confirmed that the Conversion Price was arrived at after arm's length negotiations between the Company and the Vendor, after taking into account the prevailing market price of the Shares and the recent condition of the financial market in Hong Kong.

Redemption

Unless previously converted, the Convertible Bonds shall be redeemed by the Company at its principal amount outstanding on the maturity date.

At any time up to (and excluding) the commencement of the seven calendar day period ending on the maturity date, the Company may, by written notice to the Bondholder(s), redeem all or part of the then outstanding principal amount of the Convertible Bonds at a redemption price equal to 100% of the principal amount of the Convertible Bonds.

Ranking of the Conversion Shares

The Convertible Bonds constitute direct, unsubordinated and unconditional obligations of the Company, and shall at all time rank pari passu and without any preference or priority among themselves.

Application for listing

No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Bonds. The Conversion Shares shall be allotted and issued under a specific mandate.

Non-competition undertakings

Under the Sale and Purchase Agreement, the Vendor, Mr. Shan and 井泉瑛孜 have undertaken to the Company that each of them and their respective associates and affiliates would not directly or indirectly engage in businesses which would compete with the businesses of the Target Group in the PRC.

INFORMATION ON THE TARGET GROUP

The Target Company

The Target Company is an investment holding company incorporated in Hong Kong with limited liability on 2 April 2002 and is beneficially and wholly-owned by the Vendor as at the date of this announcement. The principal asset of the Target Company is its 100% equity interest in the PRC Company.

The PRC Company

The PRC Company is incorporated in the PRC on 20 June 2006 with limited liability and is wholly-owned by the Target Company. The PRC Company is principally engaged in the production of tobacco drying machines in the PRC. The management of the PRC Company advised that the production scale of the PRC Company is capital intensive in nature.

Based on the information provided by the Vendor, the PRC Company has a standard production factory with approximately 20,000 square meters and a complex building with approximately 10,000 square meters in Jiangsu Province, the PRC. The current production capacity of the PRC Company is approximately 1,000 units per day. In 2008, the PRC Company produced around 78,000 tobacco drying machines, representing approximately 35% of the total production of tobacco drying machines in the PRC during the same year. The PRC Company has set up a research team of 12 professionals to develop new unique technology for the production of tobacco drying machines and employed 165 staff specialising in marketing and the provision of after-sale services.

Currently, the products of the PRC Company are sold to various provinces in the PRC, such as Yunnan Province, Sichuan Province and Hunan Province. Given the sizable and increasing demand for cigarettes in the PRC, the Directors expected that the prospects of the PRC Company would be promising in the future.

The Target Group

Upon Completion, the PRC Company will become a wholly-owned subsidiary of the Target Company and therefore the Company will in turn be indirectly interested in the entire equity interest in the PRC Company. The financial results of the Target Group will hence be fully consolidated into the financial statements of the Group.

Financial information of the Target Group

The Target Group comprises the Target Company and the PRC Company, the financial information of which are illustrated below respectively.

Set out below is a summary of the unaudited financial information of the Target Company for each of the two years ended 31 December 2008 and the latest management accounts of the Target Company for the six months ended 30 June 2009 prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 December 2007 HK\$	For the year ended 31 December 2008 HK\$	For the six months ended 30 June 2009 HK\$
Income Statement			
Turnover	—	—	—
Operating loss	(1,865)	(491)	(8,501)
Net loss	(1,865)	(491)	(8,501)
	As at 31 December 2007 HK\$	As at 31 December 2008 HK\$	As at 30 June 2009 HK\$
Balance Sheet			
Total assets	68,981,069	90,535,546	90,535,550
Total liabilities	(68,934,030)	(90,544,480)	(90,552,985)
Net liabilities	(8,443)	(8,934)	(17,435)

Set out below is a summary of the audited financial information of the PRC Company for each of the two years ended 31 December 2008 and the latest management accounts of the PRC Company for the six months ended 30 June 2009 prepared in accordance with the International Financial Reporting Standards:

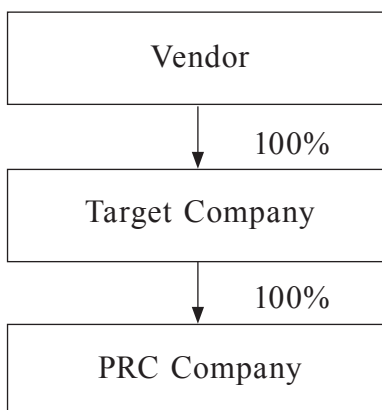
	For the year ended 31 December 2007 (audited) RMB	For the year ended 31 December 2008 (audited) RMB	For the six months ended 30 June 2009 (unaudited) RMB
Consolidated Income Statement			
Revenue	—	234,802,000	324,834,717
Net profit/(loss) before taxation	(994,000)	88,761,000	93,592,421
Net profit/(loss) after taxation	(994,000)	88,761,000	93,592,421

	As at 31 December 2007 (audited) RMB	As at 31 December 2008 (audited) RMB	As at 30 June 2009 (unaudited) RMB
Consolidated Balance Sheet			
Total assets	74,404,000	233,803,000	821,616,269
Total liabilities	(7,391,000)	(59,142,000)	(553,364,381)
Net assets	67,013,000	174,661,000	268,251,888

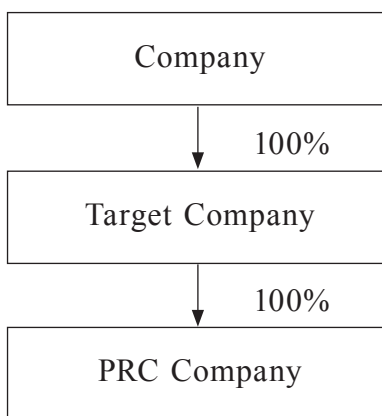
SHAREHOLDING CHARTS

The following charts show (i) the shareholding structure of the Target Group as at the date of this announcement; and (ii) the shareholding structure of the Enlarged Group immediately upon Completion:

Simplified shareholding structure as at the date of this announcement



Simplified shareholding structure immediately after the Completion



REASONS FOR THE ACQUISITION

The Group is principally engaged in the provision of pre-mastering and other media services, the provision of audiovisual playout services in Hong Kong and the development of digital television system platform and provision of related service, sales and rental of set-top boxes, development of program database, design and manufacture of digital television equipment and facilities, direct television sales and cordyceps-related business in the PRC.

Industry overview

Based on information available to the Company, the PRC is the largest cigarette consumption country, accounting for approximately one-third of the total consumption in the world. In 2008, the PRC has approximately 400 million smokers, consuming over 2.2044 trillion cigarette sticks which represented a growth of approximately 3.1% as compared to 2007. In view of the foregoing, the Directors are of the view that the substantial demand for tobacco in the PRC would lead to constant demand for the tobacco drying machines produced by the PRC Company. Furthermore, the PRC government has been introducing policies of encouraging tobacco drying from using the traditional method by tobacco farmers to the modern drying method in recent years. The PRC Company thus considers that its tobacco drying machines which possess modern tobacco drying technique would catch up with and benefit from such national policies.

The Directors consider that it is beneficial for the Group to seek suitable investment opportunities from time to time to diversify its existing business portfolio and to broaden its source of income. In light of (i) that the market trend is shifting from drying tobacco by tobacco farmers using traditional method to modern tobacco drying; and (ii) the substantial demand for tobacco in the PRC, the Directors are optimistic about the modern tobacco drying industry and the future prospects of the Target Group. The Directors consider that the Acquisition will provide an opportunity for the Group to gain access to the modern tobacco drying industry with an aim to broaden the income base of the Group and enhance its future financial performance and profitability.

With reference to the interim report of the Company for the six months ended 30 June 2009, the PRC government has announced a new broadcasting regulation under which the TV sales program is considered as advertisement and is prohibited from broadcasting on pay TV channels. The Group owns a pay TV channel with program that is used for promoting consuming products. Given the new regulation, the Group is conducting under an impairment investment. Due to these reasons, the Group will slow down the activities in TV sale business and intends to scale down the overall direct TV business of the Group in year 2009. Save as disclosed above, the Directors intend to continue with the existing business of the Group and confirmed that there is no intention to change the existing business of the Group significantly.

Save for the Acquisition, the Company has not entered into and does not intend to enter into any agreement, arrangement, understanding or negotiation about any acquisitions of company or assets (whether concluded or not) as at the date of this announcement.

As disclosed above, the Acquisition constitutes an investment in a new business sector to the Group. The Enlarged Group may therefore not be able to control the related operational risks (such as sudden breakdown of the production lines and shortage in supply of raw materials for the production process) of this new business. In this regard, the Enlarged Group will establish an experienced management team to oversee the operations of the PRC Company and the Enlarged Group will also retain the existing management of the PRC Company to continue with its normal operations. As such, the Directors expect that the Enlarged Group shall have sufficient expertise in the management and operations of the PRC Company after Completion.

Moreover, the modern tobacco drying industry is subject to various PRC government policies and regulations, including but not limited to, development, production, taxation, labour standards, vocational health and safety, environment monitoring, protection and control, operation management and other problems. Any changes to those policies may increase the operating costs of the PRC Company and hence, adversely affect the operating results of the Enlarged Group.

The modern tobacco drying industry is also competitive. Should the PRC Company fail to cope with the changing market conditions or satisfying the needs of the customers by improving its competitiveness, the Target Group's profitability could be adversely affected. In this regard, the Directors expect that the future experienced management team of the PRC Company will be able to tackle the related problems and sustain the competitiveness of the PRC Company.

Having balanced the risks associated with the Acquisition and the prospects of the Target Group, the Board is of the view that the terms of the Sale and Purchase Agreement (including the Consideration and the terms of the Convertible Bonds) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose only, set out below is a summary of the shareholdings in the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds with principal amount of HK\$1,048 million at the initial Conversion Price assuming that the Company elects to settle part of the Consideration of HK\$350 million by cash; (iii) immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds with principal amount of HK\$1,398 million at the initial Conversion Price assuming that the Company elects to settle the entire Consideration by the issue of the Convertible Bonds; and (iv) immediately after the allotment and issue of the Conversion Shares upon conversion of the Convertible Bonds, subject to the conversion restrictions under the Sale and Purchase Agreement and the terms of the Convertible Bonds:

Shareholder	As at the date of this announcement		Immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds with principal amount of HK\$1,048 million at the initial Conversion Price		Immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds with principal amount of HK\$1,398 million at the initial Conversion Price		Immediately after the allotment and issue of the Conversion Shares upon conversion of the Convertible Bonds, subject to the conversion restrictions under the Sale and Purchase Agreement and the terms of the Convertible Bonds	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Mr. Au Yeung Kai Wah	290,625,000	15.71	290,625,000	6.78	290,625,000	5.70	290,625,000	11.01
Mr. Feng Xiao Ping (Note 1)	41,718,750	2.25	41,718,750	0.97	41,718,750	0.82	41,718,750	1.58
Mr. Law Kwok Keung (Note 2)	104,520,000	5.65	104,520,000	2.44	104,520,000	2.05	104,520,000	3.96
Mr. Lee Yuk Lun	219,298,244	11.85	219,298,244	5.11	219,298,244	4.30	219,298,244	8.31
Vendor	—	—	2,437,209,302	56.85	3,251,162,790	63.73	789,214,229	29.90
Other Public Shareholders	1,194,136,250	64.54	1,194,136,250	27.85	1,194,136,250	23.40	1,194,136,250	45.24
Total	1,850,298,244	100	4,287,507,546	100	5,101,461,034	100	2,639,512,473	100

Notes:

- (1) 31,718,750 Shares are held by Sino Unicorn Technology Limited, a company Mr. Feng Xiao Ping has an indirect interest of 51% therein. In addition, 10,000,000 Shares are held by Sky Dragon Digital Television and Movies Holdings Limited, a company which is 99% indirectly-owned by Mr. Feng Xiao Ping.

- (2) The Shares are held by Keenway Holdings Limited, a company controlled by Mr. Law Kwok Keung.
- (3) Pursuant to the Sale and Purchase Agreement, the Company has the sole discretion to settle the Consideration of HK\$1,398,000,000 by a combination of cash of not more than HK\$350,000,000 and the issue of the Convertible Bonds. In the event that the Company elects to settle the entire Consideration by the issue of the Convertible Bonds, the principal amount of the Convertible Bonds to be issued will be HK1,398,000,000. Nevertheless, the two scenarios as illustrated above are shown for illustrative purpose only given the conversion restrictions as stated in Note (4) below.
- (4) The shareholding structure is shown for illustration purpose only and may not be exclusive. Pursuant to conversion restrictions under the Sale and Purchase Agreement and the terms of the Convertible Bonds, the Bondholder(s) shall have the right to convert the Convertible Bonds into Conversion Shares provided that (i) holder(s) of the Convertible Bonds shall not exercise the conversion rights attached to the Convertible Bonds if such conversion would result in the Company's non-compliance with the minimum public shareholding requirement stipulated under Rule 11.23 of the GEM Listing Rules or other relevant requirements under the GEM Listing Rules; and (ii) holder(s) of the Convertible Bonds and parties acting in concert with it/them will trigger a change in control under the Takeovers Code.

Given the terms and conditions of the Sale and Purchase Agreement and the terms of the Convertible Bonds as mentioned above, there will not be a change in control of the Company as a result of the Acquisition. In addition, the Company does not intend to change the composition of the Board upon Completion.

The Company shall comply with the public float requirements, being not less than 20% of the total issued share capital of the Company under Rule 11.23 of the GEM Listing Rules, at all times and take appropriate steps/measures to ensure sufficient public float of the Shares (if necessary).

DILUTION EFFECT OF THE SHAREHOLDERS

The Company is required make disclosure relating to change in its issued share capital (including any conversion of the Convertible Bonds) in the Next Day Disclosure Return(s) and Monthly Return(s) in compliance with Rules 17.27A and 17.27B of the GEM Listing Rules as and when required.

IMPLICATION UNDER THE GEM LISTING RULES

As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are more than 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 20 of the GEM Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the GEM Listing Rules.

The SGM will be held to consider and, if thought fit, pass the ordinary resolutions to approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder. As no Shareholder has material interest in the Sale and Purchase Agreement, no Shareholder is required to abstain from voting at the SGM in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, among other things, (i) further details of the Acquisition; (ii) a notice of SGM; and (iii) other information as required under the GEM Listing Rules, will be despatched to the Shareholders as soon as practicable.

As the completion of the Acquisition is subject to the fulfillment of a number of conditions precedent, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

SUSPENSION AND RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 1 December 2009 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 9 December 2009.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“Acquisition”	the proposed acquisition of the Sale Shares by the Company from the Vendor pursuant to the terms and conditions set out in the Sale and Purchase Agreement
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Business Day(s)”	a day (excluding Saturday and Sunday) on which banks are generally open for business in Hong Kong
“Company”	China Chief Cable TV Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on GEM
“Completion”	the completion of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration of HK\$1,398,000,000 payable by the Purchaser to the Vendor for the Acquisition pursuant to the Sale and Purchase Agreement

“Conversion Price”	HK\$0.43 per Conversion Share, subject to adjustments in accordance with the terms and conditions of the Sale and Purchases Agreement and the terms of the Convertible Bonds
“Conversion Share(s)”	a maximum of 3,251,162,790 new Shares to be allotted and issued by the Company upon exercise of the conversion rights attached to all Convertible Bonds at the initial Conversion Price
“Convertible Bonds”	the convertible redeemable bonds in the principal amount of not exceeding HK\$1,398,000,000 to be issued by the Company to the Vendor (or its nominee(s)) in accordance with the terms and conditions of the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Enlarged Group”	the Group (including the Target Group) immediately after the Completion
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Part(ies)”	third part(ies) and their ultimate beneficial owner(s) which are independent of the Company and its connected persons
“Mr. Shan”	Mr. Shan Xiao Chang 單曉昌先生, being the guarantor to the Vendor’s obligations under the Sale and Purchase Agreement
“Last Trading Day”	30 November 2009, being the last day on which the Shares were traded on the Stock Exchange prior to the suspension of trading in the Shares pending the publication of this announcement
“Long Stop Date”	30 June 2010
“PRC”	the People’s Republic of China
“PRC Company”	江蘇科地現代農業有限公司 (Jiangsu Kedi Modern Agriculture Company Limited*), a company incorporated in the PRC on 20 June 2006 and a wholly-owned subsidiary of the Target Company

“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement in relation to the Acquisition entered into between the Company and the Vendor on 30 November 2009
“Sale Share(s)”	10,000 share(s) of HK\$1 each in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened to consider and approve by the Shareholders, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder, and the issue of the Convertible Bonds
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholders(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases of the Securities and Futures Commission of Hong Kong
“Target Company”	Kang Yuan Universal Investment Limited, a limited company incorporated in Hong Kong on 2 April 2002 and is beneficially and wholly-owned by the Vendor
“Target Group”	the Target Company and the PRC Company
“Vendor”	Cyberland China Limited, being the vendor of the Acquisition under the Sale and Purchase Agreement
“%”	per cent.

By order of the Board
Wong Man Hung Patrick
Chairman

Hong Kong, 8 December 2009

For the purpose of this announcement, all amounts denominated in RMB have been translated (for information only) into HK\$ using the exchange rate of RMB1.00:HK\$1.135. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

If there is any inconsistency between the Chinese names of the PRC entities mentioned in this announcement and their English translations, the Chinese names shall prevail.

As of the date of this announcement, the executive directors of the Company are Mr. Wong Man Hung Patrick, Mr. Law Kwok Leung, Mr. Feng Xiao Ping and Mr. Stephen William Frostick, the independent non-executive directors of the Company are Mr. Sousa Richard Alvaro, Mr. Lee Chi Hwa Joshua and Ms. Chan Mei Bo Mabel.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to China Chief Cable TV Group Limited. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:—(1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for 7 days and on the Company’s website at www.m21.com.hk from the date of its publication.