

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA CHIEF CABLE TV GROUP LIMITED

中國3C集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 8153)

PLACING OF EXISTING SHARES, SUBSCRIPTION OF NEW SHARES AND RESUMPTION OF TRADING

On 17 March 2010, the Vendors entered into (i) the Placing Agreement with the Placing Agent and the Company; and (ii) the Subscription Agreement with the Company. Pursuant to the Placing Agreement, the Placing Agent has agreed to place, on a best effort basis, to not less than six independent Placings for up to 440,000,000 existing Shares at the price of HK\$0.58 per Placing Share, for and on behalf of the Vendors. The Placing Agent further agreed, at the option of the Placing Agent, to place up to an additional 160,000,000 existing Shares at the Placing Price for and on behalf of Mr Au Yeung. Pursuant to the Subscription Agreement, the Vendors have conditionally agreed to subscribe for such number of new Shares as is equal to the number of Placing Shares successfully placed by the Placing Agent at a price of HK\$0.58 per Subscription Share. In the event the Option is exercised by the Placing Agent, the number of Subscription Shares subscribed by Mr. Au Yeung under the Subscription Agreement will not be increased accordingly.

The Placing is unconditional, but the completion of Subscription is subject to (i) the completion of the Placing; (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Subscription Shares. If such conditions are not fulfilled, the Subscription will not proceed.

The maximum number of 440,000,000 Placing Shares represents approximately 19.98% of the entire issued share capital of the Company of 2,202,298,244 Shares as at the date of this announcement and approximately 16.65% of the Company's entire issued share capital as enlarged by the Subscription. The net proceeds from the Subscription of approximately HK\$246.9 million (assuming the Placing Shares are fully placed and after all relevant expenses) will be used as up to approximately HK\$156 million for financing the Acquisition and the balance for general working capital.

* *For identification purpose only*

At the request of the Company, trading of the Shares have been suspended on the Stock Exchange from 2:30 p.m. on 17 March 2010 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:30 a.m. on 18 March 2010.

THE PLACING AGREEMENT

- Date: 17 March 2010.
- Vendors: Mr Au Yeung Kai Wah, Mr Lee Yuk Lun and Keenway Holdings Limited. Mr Au Yeung is beneficially interested in 290,625,000 Shares, representing approximately 13.19% of the issued share capital of the Company as at the date of this announcement. Mr Lee is beneficially interested in 219,298,244 Shares, representing approximately 9.96% of the issued share capital of the Company as at the date of this announcement. Keenway is beneficially interested in 104,520,000 Shares, representing approximately 4.75% of the issued share capital of the Company as at the date of this announcement.
- Placing Agent: Piper Jaffray Asia Securities Limited. To the best of the Company's knowledge, information and belief, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.
- Placees: The Placing Shares will be placed to not less than six Placees (which will be independent individual, corporate and/or institutional investors) and their ultimate beneficial owners will be Independent Third Parties. It is expected that no Placee will become a substantial Shareholder (as such term is defined in the GEM Listing Rules) immediately following completion of the Placing and the Subscription.
- Number of Placing Shares: Up to 440,000,000 existing Shares (of which up to 130,000,000 Shares by Mr. Au Yeung, up to 210,000,000 Shares by Mr. Lee and up to 100,000,000 Shares by Keenway), to be placed by the Placing Agent on a best effort basis. Assuming the Placing Shares are fully placed, the Placing Shares represents approximately 19.98% of the entire issued share capital of the Company of 2,202,298,244 Shares as at the date of this announcement and approximately 16.65% of the Company's entire issued share capital as enlarged by the Subscription.
- Pursuant to the Placing Agreement, the Placing Agent has also agreed, at the option of the Placing Agent, to place up to an additional 160,000,000 existing Shares for and on behalf of Mr Au Yeung at the Placing Price.

- Placing Price: HK\$0.58 per Placing Share. The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to, among other things, the recent trading price of the Shares on GEM. The Placing Price represents:
- (a) a discount of approximately 10.77% to the closing price of HK\$0.65 per Share as quoted on the GEM on 16 March 2010, being the last full trading date prior to the date of the Placing Agreement;
 - (b) a discount of approximately 11.04% to the average closing price of approximately HK\$0.652 per Share as quoted on the GEM for the last 5 full trading days of the Shares immediately before 17 March 2010 being the date of the Placing Agreement.
- Placing Commission: The Placing Agent will receive a placing commission of 3% on the gross proceeds of the Placing.
- Completion of the Placing: The Placing is unconditional and completion of the Placing is expected to take place on or before 22 March 2010 (or such other time or date as the Vendors and the Placing Agent may agree in writing).
- Lock up: The Company undertakes to the Placing Agent that save for the issue of the Subscription Shares under the Subscription Agreement or the issue of new Shares pursuant to the exercise of the subscription rights attached to the outstanding options granted pursuant to the share option scheme of the Company or the grant of options pursuant to the share option scheme of the Company or the issue of the convertible bonds pursuant to the Acquisition and the issue of new Shares pursuant to the exercise of the conversion rights attached to the convertible bonds, it shall not for a period of 45 days after completion of the Placing, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interest in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares.

THE SUBSCRIPTION AGREEMENT:

| | |
|---------------------------------|---|
| Date: | 17 March 2010. |
| Subscriber: | The Vendors. |
| Number of Subscription Shares: | The Company will issue such number of new Shares to the Vendors as is equal to the number of Placing Shares successfully placed by the Placing Agent pursuant to the Placing Agreement. Assuming the Placing Shares are fully placed, the Company will issue 440,000,000 Subscription Shares to the Vendors (of which up to 130,000,000 Shares by Mr. Au Yeung, up to 210,000,000 Shares by Mr. Lee and up to 100,000,000 Shares by Keenway), representing approximately 19.98% of the entire issued share capital of the Company of 2,202,298,244 Shares as at the date of this announcement and approximately 16.65% of the Company's entire issued share capital as enlarged by the Subscription. The nominal value of the Subscription Shares is HK\$4,400,000. |
| Subscription Price: | HK\$0.58 per Subscription Share. Subject to the Subscription being completed, the Company will bear the costs and expenses in connection with the Placing (only in relation to the Placing Shares but not the Option Shares, the costs and expenses of which will be borne by Mr. Au Yeung) and the net proceeds from the Subscription is estimated to be approximately HK\$246.9 million (assuming the Placing Shares are fully placed). As a result, the net price per Subscription Share will be approximately HK\$0.56. |
| General Mandate: | The Subscription Shares will be issued pursuant to the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the Company's special general meeting held on 12 March 2010 up to 440,459,648 Shares. As at the date of this Announcement, no Share has been issued pursuant to the general mandate. |
| Ranking of Subscription Shares: | The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Subscription Shares. |

Conditions to the
Subscription:

The Subscription is conditional upon the following conditions:

- (a) the listing of and permission to deal in all the Subscription Shares being granted by the Listing Committee of the Stock Exchange;
- (b) completion of the Placing having occurred pursuant to the terms of the Placing Agreement.

Application will be made to the Stock Exchange to grant approval for the listing of and permission to deal in the Subscription Shares. The Subscription is not subject to Shareholders' approval.

Completion of the
Subscription:

Subject to the satisfaction of all the conditions set out above, the Subscription is expected to be completed within fourteen days from the date of the Subscription Agreement, i.e. 31 March 2010 or such later time and/or such other date as the Vendors and the Company may agree in writing. If the Subscription is to be completed after 31 March 2010, it will constitute a connected transaction under the GEM Listing Rules and require compliance with all the relevant requirements under Chapter 20 of the GEM Listing Rules, including but not limited to the issue of a separate announcement and approval of the independent Shareholders.

EFFECT OF THE PLACING AND THE SUBSCRIPTION ON SHAREHOLDING

The shareholdings in the Company (a) immediately before the completion of the Placing; (b) immediately after completion of the Placing but before completion of the Subscription; (c) immediately after completion of the Placing and Subscription; (d) immediately after completion of the Placing, Subscription and placing of the Option Shares are and will be as follows:

| Shareholders | Immediately before Placing and Subscription | | Immediately after Placing but before Subscription | | Immediately after Placing and Subscription | | Immediately after Placing, Subscription and placing of Option Shares | |
|---------------------------|--|---------------|---|---------------|---|---------------|---|---------------|
| | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Au Yeung Kai Wah | 290,625,000 | 13.19 | 160,625,000 | 7.29 | 290,625,000 | 11.00 | 130,625,000 | 4.94 |
| Lee Yuk Lun | 219,298,244 | 9.96 | 9,298,244 | 0.42 | 219,298,244 | 8.30 | 219,298,244 | 8.30 |
| Law Kwok Keung (note 1) | 104,520,000 | 4.75 | 4,520,000 | 0.21 | 104,520,000 | 3.96 | 104,520,000 | 3.96 |
| Feng Xiao Ping (note 2) | 41,718,750 | 1.89 | 41,718,750 | 1.89 | 41,718,750 | 1.58 | 41,718,750 | 1.58 |
| Public Shareholders | 1,546,136,250 | 70.21 | 1,546,136,250 | 70.21 | 1,546,136,250 | 58.51 | 1,546,136,250 | 58.51 |
| Placees | 0 | 0.00 | 440,000,000 | 19.98 | 440,000,000 | 16.65 | 440,000,000 | 16.65 |
| Placees for Option Shares | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 160,000,000 | 6.06 |
| Total | <u>2,202,298,244</u> | <u>100.00</u> | <u>2,202,298,244</u> | <u>100.00</u> | <u>2,642,298,244</u> | <u>100.00</u> | <u>2,642,298,244</u> | <u>100.00</u> |

Notes:

- the shares are held by Keenway Holdings Limited, a company wholly owned by Mr Law Kwok Keung.
- 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

REASONS FOR AND BENEFITS OF THE PLACING AND SUBSCRIPTION AND USE OF THE PROCEEDS

The Group is principally engaged in tobacco drying machines production, 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 related services, sales and rental of set-top boxes, design and manufacture of digital television equipment and facilities, direct television sales and cordyceps related business.

In view of the Acquisition and the current market conditions, the Directors consider that the Placing and the Subscription enables the Company to raise capital to finance the Acquisition and for future business development. It also represents a good opportunity to broaden the shareholders base and capital base of the Company. The Directors consider the terms of the Placing Agreement and the Subscription Agreement to be fair and reasonable and in the interest of the Group and the Shareholders as a whole.

The Company will bear all costs and expenses of approximately HK\$8.3 million in connection with the Placing and the Subscription. The net proceeds of approximately HK\$246.9 million from the Subscription will be used as up to approximately HK\$156 million for financing the Acquisition and the balance for general working capital.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following table summaries the capital raising activities of the Group for the 12 months immediately before the date of this announcement:

| Date of announcement | Event | Net proceeds | Intended use of proceeds | Actual use of proceeds as at the date of this announcement |
|-----------------------------|--------------------------------------|---------------------------------|---|---|
| 16 March 2009 | Placing of 12,000,000 new shares | Approximately HK\$1.49 million | General working capital | Used as intended |
| 11 May 2009 | Top-up placing of 50,000,000 shares | Approximately HK\$13.7 million | General working capital | Used as intended |
| 15 May 2009 | Placing of 16,500,000 new shares | Approximately HK\$5.2 million | General working capital | Used as intended |
| 19 May 2009 | Top up placing of 8,500,000 shares | Approximately HK\$2.7 million | General working capital | Used as intended |
| 9 September 2009 | Top up placing of 16,000,000 shares | Approximately HK\$3.8 million | General working capital | Used as intended |
| 27 January 2010 | Top up placing of 300,000,000 shares | Approximately HK\$150.9 million | Approximately HK\$140 million for financing the Acquisition and/or redemption of any outstanding convertible bonds to be issued pursuant to the Acquisition and the balance for general working capital | HK\$142 million was used for financing the Acquisition and the balance as general working capital |

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading of the Shares have been suspended on the Stock Exchange from 2:30 p.m. on 17 March 2010 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:30 a.m. on 18 March 2010.

DEFINITIONS:

Unless the context otherwise requires, the following terms shall have the meanings set out below:

| | |
|--------------------------------|--|
| “Acquisition” | The acquisition relating to a tobacco drying machines production business as set out in the Company’s announcement dated 8 December 2009 and circular dated 28 December 2009 |
| “associate(s)” | has the meaning ascribed thereto under the GEM Listing Rules |
| “Board” | board of Directors |
| “Business Day” | any day (excluding Saturdays, Sundays and public holidays) on which banks generally are open for business in Hong Kong |
| “Company” | China Chief Cable TV Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on GEM |
| “connected person(s)” | has the meaning ascribed to it under the GEM Listing Rules |
| “Director(s)” | director(s) of the Company |
| “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 |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party(ies)” | an independent third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons (as defined under the GEM Listing Rules) |

| | |
|--------------------------|---|
| “Keenway” | Keenway Holdings Limited, a company incorporated in British Virgin Islands and is wholly owned by Mr Law Kwok Keung |
| “Mr Au Yeung” | Mr Au Yeung Kai Wah |
| “Mr Lee” | Mr Lee Yuk Lun |
| “Option” | means the option exercisable by the Placing Agent to place up to an additional 160,000,000 Shares owned by Mr. Au Yeung |
| “Option Shares” | a maximum of 160,000,000 Shares beneficially owned by Mr Au Yeung and to be placed pursuant to the Placing Agreement |
| “Placee” | any individual, institutional or other professional investor procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agreement |
| “Placing” | the placing of the Placing Shares by the Vendors, through the Placing Agent, pursuant to the Placing Agreement |
| “Placing Agent” | Piper Jaffray Asia Securities Limited |
| “Placing Agreement” | the placing agreement entered into between the Vendors and the Placing Agent dated 17 March 2010 in relation to the placing of the Placing Shares and Option Shares |
| “Placing Price” | HK\$0.58 per Share |
| “Placing Shares” | a maximum of 440,000,000 Shares beneficially owned by the Vendors and to be placed pursuant to the Placing Agreement |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the issued share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription” | the subscription for the Subscription Shares by the Vendors pursuant to the Subscription Agreement |
| “Subscription Agreement” | the conditional subscription agreement entered into between the Company and the Vendors dated 17 March 2010 in relation to the Subscription |

| | |
|-----------------------|---|
| “Subscription Price” | HK\$0.58 per Subscription Share |
| “Subscription Shares” | Shares to be subscribed by the Vendors pursuant to the Subscription Agreement |
| “Vendors” | Mr Au Yeung, Mr Lee and Keenway |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |

By Order of the Board of
China Chief Cable TV Group Limited
Wong Man Hung Patrick
Chairman

Hong Kong, 17 March 2010.

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

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for 7 days from the date of its posting and on the website of the Company.

This announcement, for which the directors of China Chief Cable TV Group Limited 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, 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.