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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

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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)

### REFRESHMENT OF GENERAL MANDATE TO ISSUE AND ALLOT SHARES

Financial Adviser to China Chief Cable TV Group Limited



Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders



WALLBANCK BROTHERS  
Securities (Hong Kong) Limited

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A notice convening the special general meeting of the Company to be held at Conference Room, 19th Floor, CMA Building, 64-66 Connaught Road Central, Hong Kong on Friday, 12 March 2010 at 5:00 p.m. or any adjournment is set out from pages 21 to 23 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy to the Company's branch registrar in Hong Kong, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the special general meeting of the Company. Completion and return of the form of proxy shall not preclude you from attending and voting at the special general meeting of the Company should you so wish.

This circular will remain on the "Latest Company Announcements" page of the GEM's website for 7 days from the date of its publication and on the Company's website at [www.m21.com.hk](http://www.m21.com.hk) from the date of its publication.

24 February 2010

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## CHARACTERISTICS OF GEM

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### CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“AGM”	the annual general meeting of the Company held on 2 September 2009 for the then independent shareholders of the Company to approve, among other things, the Existing General Mandate
“associate(s)”	has the meaning as ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company
“Company”	China Chief Cable TV Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“Existing General Mandate”	the general mandate granted at the AGM to the Directors by the Shareholders to issue, allot and deal with up to 366,859,648 Shares, representing 20% of the issued share capital of the Company as at 2 September 2009, being the date of the AGM
“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 dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“Independent Board Committee”	an independent committee of the Board, comprising all of the independent non-executive Directors, to advise the Independent Shareholders in respect of the refreshment of the Existing General Mandate
“Independent Financial Adviser” or “Wallbanck Brothers”	Wallbanck Brothers Securities (Hong Kong) Limited, a licensed corporation for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the refreshment of the Existing General Mandate
“Independent Shareholder(s)”	Shareholder(s) other than Mr. Feng Xiao Ping and his associates
“Latest Practicable Date”	22 February 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“New General Mandate”	the general mandate proposed to be granted to the Directors at the SGM to issue, allot and deal with new Shares not exceeding 20% of the entire issued share capital of the Company as at the date of the SGM
“SGM”	the special general meeting of the Company to be convened on Friday, 12 March 2010 at 5:00 p.m., to consider and, if thought fit, approve the refreshment of the Existing General Mandate
“Share(s)”	ordinary shares(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

*In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.*

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Wong Man Hung Patrick  
Mr. Law Kwok Leung  
Mr. Feng Xiao Ping  
Mr. Stephen William Frostick

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent non-executive Directors:*

Mr. Sousa Richard Alvaro  
Mr. Lee Chi Hwa Joshua  
Ms. Chan Mei Bo Mabel

*Head office and principal place  
of business in Hong Kong:*

19/F., CMA Building  
64-66 Connaught Road Central  
Hong Kong

24 February 2010

*To the Shareholders*

Dear Sir or Madam,

**REFRESHMENT OF GENERAL MANDATE  
TO ISSUE AND ALLOT SHARES**

**INTRODUCTION**

The purposes of this circular are to (i) provide you with the information relating to the refreshment of the Existing General Mandate; (ii) set out the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the refreshment of the Existing General Mandate; (iii) set out the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the refreshment of the Existing General Mandate; and (iv) provide the Shareholders with the notice of SGM, at which ordinary resolution will be proposed to the Independent Shareholders and the Shareholders to consider and, if thought fit, approve the refreshment of the Existing General Mandate.

\* For identification purpose only

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## LETTER FROM THE BOARD

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### THE EXISTING GENERAL MANDATE

At the AGM, the then independent shareholders of the Company approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to issue, allot and deal with not more than 366,859,648 Shares, being 20% of the entire issued share capital of the Company of 1,834,298,244 Shares as at the date of the AGM.

### REASONS FOR THE REFRESHMENT OF THE EXISTING GENERAL MANDATE

The Group is principally engaged in the production of drying machines, mainly the tobacco drying machines, and 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 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.

From the date of the granting of the Existing General Mandate up to the Latest Practicable Date, the Existing General Mandate had been utilised as to 316,000,000 Shares, representing approximately 86.14% of the aggregate number of Shares which may be issued and allotted under the Existing General Mandate. The following table summarises the use of the Existing General Mandate since the AGM:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
9 September 2009	Top up placing of 16,000,000 Shares at HK\$0.25 each	Approximately HK\$3.8 million	General working capital	Used as intended
27 January 2010	Top up placing of 300,000,000 Shares at HK\$0.52 each	Approximately HK\$150.9 million	Approximately HK\$140 million for financing the acquisition relating to a tobacco drying machines production business (the “ <b>Acquisition</b> ”) and/or redemption of any outstanding convertible bonds to be issued pursuant to the Acquisition and the balance for general working capital	Used as intended

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## LETTER FROM THE BOARD

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Since the granting of the Existing General Mandate at the AGM, there has been no refreshment of general mandate. Therefore, after the fund raising activities as summarised in the above table, only 50,859,648 additional Shares can be issued under the Existing General Mandate. The Directors consider that there are possibilities that the Group would identify suitable investment opportunities before the next annual general meeting which may require for equity financing and the issue of additional Shares exceeding the amount as allowed under the Existing General Mandate. For avoidance of doubt, as at the Latest Practicable Date, the Board had not identified or been negotiating on any investment opportunities which may require equity financing.

In view of the possible future funding needs of the Group for future development and possible investment when opportunities arise, the Board considers equity financing to be an important avenue of resources to the Group since equity financing does not create any interest paying obligations on the Group and is relatively less time consuming. The Board will also consider other financing methods such as debt financing or internal cash resources to fund its future business development in appropriate circumstances.

The Directors will in any event exercise due and careful consideration when choosing the best method of financing for the Group. Given that (i) the Group may miss any funding opportunities if it cannot respond promptly to market conditions; (ii) the New General Mandate will provide the Group with an additional alternative and the flexibility in deciding the best financing method for its future business development, the Directors consider that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole. Although the Directors have no concrete plan for exercising the New General Mandate to issue and allot Shares at the moment, the Board believes that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole by virtue of maintaining the financial flexibility for the Group's future business development and opportunities of funding which may be urgent and may arise at any time.

### THE NEW GENERAL MANDATE

As at the Latest Practicable Date, the issued share capital of Company consisted of 2,202,298,244 Shares. An ordinary resolution will be proposed to the Independent Shareholders to approve the granting of the New General Mandate to authorise the Directors to issue, allot and deal with 440,459,648 new Shares, being the number of Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM for passing such resolution, assuming no further issue or repurchase of Shares from the Latest Practicable Date up to the date of the SGM.



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## LETTER FROM THE BOARD

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The New General Mandate will, if granted at the SGM, remain effective until the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held in accordance with Bermuda law or the Bye-Laws; and (iii) its revocation or variation by ordinary resolution of the Shareholders in general meeting.

The Independent Board Committee comprising Mr. Sousa Richard Alvaro, Mr. Lee Chi Hwa Joshua and Ms. Chan Mei Bo Mabel, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders on the proposed refreshment of the Existing General Mandate. Wallbanck Brothers has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. The text of the letter from the Independent Board Committee is set out on page 9 of this circular and the letter from Wallbanck Brothers containing its advice is set out from pages 10 to 20 of this circular.

### GENERAL

Pursuant to Rule 17.42A(1) of the GEM Listing Rules, the refreshment of the Existing General Mandate requires the approval of the Independent Shareholders at the SGM at which any controlling Shareholders and their associates or, where there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution to be proposed for the approval of such grant, and under Rule 17.47(4) of the GEM Listing Rules, any vote of the Shareholders at a general meeting must be taken by way of poll.

As at the Latest Practicable Date, the Company did not have any controlling Shareholder. Mr. Feng Xiao Ping, being the executive Director, was beneficially interested in an aggregate of 41,718,750 Shares, representing approximately 1.89% of the issued share capital of the Company. Accordingly, Mr. Feng Xiao Ping, together with his associates, shall abstain from voting in favour of the ordinary resolution to approve the refreshment of the Existing General Mandate at the SGM. As at the Latest Practicable Date, none of Mr. Feng Xiao Ping and his associates had indicated that they would vote against the resolution for the refreshment of the Existing General Mandate at the SGM.

### THE SGM

A notice for convening the SGM is set out from pages 21 to 23 of this circular. The SGM will be convened for the purpose of considering and, if thought fit, passing the ordinary resolution to approve the refreshment of the Existing General Mandate. A form of proxy for use at the SGM is enclosed with this circular.

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## LETTER FROM THE BOARD

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Whether or not you are able to attend the SGM in person, you are requested to complete and return the accompanying form of proxy to the Company's branch registrar in Hong Kong, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM (or any adjourned meeting thereof) should you so wish. The voting at the SGM will be taken by way of poll. An announcement will be made by the Company following the conclusion of the SGM to inform you the results.

### RECOMMENDATION

Your attention is drawn to the letter from Wallbank Brothers set out from pages 10 to 20 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the refreshment of the Existing General Mandate and the principal factors and reasons it has taken into account in arriving at its recommendation.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole and the terms of the New General Mandate are fair and reasonable so far as the Independent Shareholders are concerned, and accordingly recommends the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the SGM for approving the refreshment of the Existing General Mandate. The full text of the letter from the Independent Board Committee is set out on page 9 of this circular.

The Directors consider that the refreshment of Existing General Mandate is in the interests of the Company and the Shareholders as a whole and the terms of the New General Mandate are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the SGM to approve the refreshment of the Existing General Mandate.

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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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: (1) the information contained in this circular is accurate and complete in all material respects and is not misleading; (2) there are no other matters the omission of which would make any statement in this circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

For and on behalf of the Board of  
**China Chief Cable TV Group Limited**  
**Wong Man Hung Patrick**  
*Chairman*



**CHINA CHIEF CABLE TV GROUP LIMITED**

**中國3C集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 8153)**

24 February 2010

*To the Independent Shareholders*

Dear Sirs,

**REFRESHMENT OF GENERAL MANDATE  
TO ISSUE AND ALLOT SHARES**

We refer to the circular of the Company dated 24 February 2010 (the “**Circular**”) of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole and whether the terms of the New General Mandate are fair and reasonable so far as the Independent Shareholders are concerned.

Having considered the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice from pages 10 to 20 of the Circular, we are of the opinion that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole and the terms of the New General Mandate are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the refreshment of the Existing General Mandate.

Yours faithfully

the Independent Board Committee

**Mr. Sousa Richard Alvaro      Mr. Lee Chi Hwa Joshua      Ms. Chan Mei Bo Mabel**

*Independent non-executive Directors*

\* For identification purpose only

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## LETTER FROM WALLBANCK BROTHERS

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*The following is the full text of a letter of advice from Wallbanck Brothers, the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the grant of the New General Mandate, for the purpose of incorporation into this circular.*



**WALLBANCK BROTHERS  
Securities (Hong Kong) Limited**

2310, Tower 2, Lippo Centre,  
89 Queensway, Central,  
Hong Kong

24 February 2010

*To the independent board committee and  
the independent shareholders of  
China Chief Cable TV Group Limited*

Dear Sirs,

**REFRESHMENT OF GENERAL MANDATE  
TO ALLOT AND ISSUE SHARES**

**INTRODUCTION**

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the grant of the New General Mandate, details of which are set out in the letter from the Board (the “Letter from the Board”) contained in the circular to the Shareholders dated 24 February 2010 (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires the otherwise.

Pursuant to the GEM Listing Rules, the grant of the New General Mandate is subject to the approval of the Independent Shareholders at the SGM by way of poll. Accordingly, the Independent Board Committee comprising Mr. Sousa Richard Alvaro, Ms. Chan Mei Bo Mabel and Mr. Lee Chi Hwa Joshua, being all the independent non-executive Directors has been established to advise on the grant of the New General Mandate, and we have been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders to advise on the grant of the New General Mandate.

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## LETTER FROM WALLBANCK BROTHERS

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### **BASIS OF OUR OPINION**

In formulating our opinion and recommendations, we have relied on the accuracy of the information, opinions and representations provided to us by the Directors and management of the Company, and have assumed that all information, opinions and representations contained or referred to in the Circular were true and accurate at the time when they were made and will continue to be accurate at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry. We have no reasons to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We consider that we have received sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular to provide a reasonable basis for our opinions and recommendations. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted an independent investigation into the business and affairs of the Company.

In formulating our opinion, we have relied on the financial information provided by the Company, particularly, on the accuracy and reliability of financial statements and other financial data of the Company. We have not audited, compiled nor reviewed the said financial statements and financial data. We shall not express any opinion or any form of assurance on them. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. The Directors have also advised us that no material facts have been omitted from the information to reach an informed view, and we have no reason to suspect that any material information has been withheld. We have not carried out any feasibility study on any past, and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Company. Our opinion has been formed on the assumption that any analysis, estimation, forecast, anticipation, condition and assumption provided by the Company are valid and sustainable. Our opinions shall not be constructed as to give any indication to the validity, sustainability and feasibility of any past, existing and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Company.

In formulating our opinion, we have not considered the taxation implications on the Independent Shareholders arising from the grant of the New General Mandate as these are particular to the individual circumstances of each Shareholder. It is emphasized that we will not accept responsibility for any tax effect on or liability of any person resulting

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## LETTER FROM WALLBANCK BROTHERS

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from his or her decision to the grant of the New General Mandate. In particular, the Independent Shareholders who are overseas residents or are subject to overseas taxation or Hong Kong taxation on securities dealings should consult their own tax positions, and if in any doubt, should consult their own professional advisers.

Our opinions are necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of the Latest Practicable Date. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein which may come or be brought to our attention before and after the SGM.

Our opinions are formulated only and exclusively for the purpose of the grant of the New General Mandate and shall not be used for any other purpose in any circumstance nor for any comparable purpose with any other opinions.

Our opinions are based on the Directors' confirmation of receipt of our advice that the Directors and the management of the Company are responsible to take all reasonable steps to ensure that the information and representations provided in any press announcement, circular and prospectus concerning the New General Mandate are true, accurate, complete and not misleading, and that no material information or facts have been omitted or withheld.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion to the Independent Board Committee in respect of the grant of the New General Mandate, we have taken into consideration the following principal factors and reasons:

#### **1. Background to the Grant of the New General Mandate**

The Group is principally engaged in the production of drying machines, mainly the tobacco drying machines, and 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 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.

Based on the AGM held on 2 September 2009, the Directors were granted the Existing General Mandate to allot and issue up to 366,859,648 Shares, representing 20% of the entire issued share capital of the Company of 1,834,298,244 Shares as at the date of the AGM.

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## LETTER FROM WALLBANCK BROTHERS

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According to the Letter from the Board and the two announcements of the Company dated 9 September 2009 and 27 January 2010 respectively regarding the top-up subscription of 16,000,000, new shares (the “First Top-Up Subscription”) and top-up subscription of 300,000,000 new shares (the “Second Top-Up Subscription”) respectively, 316,000,000 new Shares were issued after the completion of the First Top-up Subscription and the Second Top-Up Subscription.

Therefore, from the date of the granting of the Existing General Mandate to the Latest Practicable Date, the Existing General Mandate had been utilised as to 316,000,000 Shares, representing approximately 86.14% of the aggregate number of Shares which may be issued and allotted under the Existing General Mandate.

The total number of issued Shares was then increased from 1,834,298,244 as at the AGM to 2,202,298,244 as at the Latest Practicable Date. Subject to the passing of the ordinary resolutions for the approval of the New General Mandate and assuming that no Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the AGM, the Company would be allowed to allot and issue up to 440,459,648 Shares under the New General Mandate.

Given the Existing General Mandate has mostly been utilized as at the Latest Practicable Date, the Directors propose to seek the approval of the Independent Shareholders at the SGM for the grant of the New General Mandate to maintain the financial flexibility necessary for the future investment and business development of the Group.

### **2. Reasons for the Grant of the New General Mandate**

According to the Letter from the Board, since the granting of the Existing General Mandate at the AGM, there has been no refreshment of general mandate. Therefore, after the aforementioned fund raising activities, only 50,859,648 additional Shares can be issued under the Existing General Mandate. The Directors consider that there are possibilities that the Group would identify suitable investment opportunities which may require for equity financing and the issue of additional Shares exceeding the amount as allowed under the Existing General Mandate before the next annual general meeting. According to the Letter from the Board, for avoidance of doubt, the Board had not identified or been negotiating for any investment opportunities which may require equity financing as at the Latest Practicable Date.



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## LETTER FROM WALLBANCK BROTHERS

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In view of the possible future funding needs of the Group for future development and possible investment when opportunities arise, the Board considers equity financing to be an important avenue of resources to the Group since equity financing does not create any interest paying obligations on the Group and is relatively less time consuming. The Board will also consider other financing methods such as debt financing or internal cash resources to fund its future business development in appropriate circumstances.

The Directors will in any event exercise due and careful consideration when choosing the best method of financing for the Group. Given that (i) the Group may miss any funding opportunities if it cannot respond promptly to market conditions; (ii) the New General Mandate will provide the Group with an additional alternative and the flexibility in deciding the best financing method for its future business development, the Directors consider that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole. Although the Directors have no concrete plan for exercising the New General Mandate to issue and allot Shares at the moment, the Board believes that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole by virtue of maintaining the financial flexibility for the Group's future business development and opportunities of funding which may be urgent and may arise at any time.

### 3. Fund raising activities of the Company in the past twelve months

Set out below is the fund raising activities conducted by the Company in the past twelve months prior to the Latest Practicable Date:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
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

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## LETTER FROM WALLBANCK BROTHERS

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<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
19 May 2009	Placing of 8,500,000 new Shares	Approximately HK\$2.74 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	Financing acquisition and balance for general working Capital	Used as intended

Save and except for the above, the Company had not conducted any other fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

#### **4. Status of Utilization of the Existing General Mandate**

According to the announcement of the Company dated 2 September 2009, the Directors were granted the Existing General Mandate to allot and issue new Shares of the Company not exceeding 366,859,648 (being 20% of the entire issued share capital as at the date of the AGM.)

The Company had in issue an aggregate of 2,202,298,244 Shares as at the Latest Practicable Date. Subject to the passing of the proposed resolution for the approval of the grant of the New General Mandate and the basis that no Shares would be issued and/or repurchased by the Company from the Latest Practicable Date up to the date of the SGM, the New General Mandate would allow the Directors to allot and issue up to a maximum of 440,459,648 Shares, representing 20% of the aggregate nominal amount of the issued Shares at the SGM. The New General Mandate to issue Shares will, if granted, remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by Bermuda law or Bye-laws; and (iii) its revocation or variation by ordinary resolutions of the Shareholders in general meeting.

**5. Financial Flexibility**

Given that equity financing is interest free and security free by nature, the Directors consider that equity financing serves as a cost effective means of raising additional capital for the Group as general working capital and to fund any additional investment requirements of existing or other new project development opportunities that may be identified in the future. In addition, the Directors are of the view that equity financing has merits over bank/debt financing to fund the Group's capital needs as the former could broaden the shareholder base of the Company without creating any additional interest burden to the Company. When comparing various equity financing methods, the Directors perceive that placing of new Shares would enable the Company to raise funds in a more commercially expedient time frame and would preserve shareholders' value due to the relatively small dilution effect on the shareholdings of the existing Shareholders.

**6. Other Alternatives of Financing**

We are represented that it is the Directors' belief that the New General Mandate will provide the Company with an additional alternative of equity funding when there is funding requirement or when any business opportunities arise in the future. It is reasonable to suggest that the New General Mandate could enhance the financing flexibility of the Company to raise equity funds, if and when required, by way of the issuance of new Shares and/or convertible instruments for further development of the Group.

In addition, although the Directors have no concrete plan for exercising the New General Mandate to issue and allot Shares at the moment, the Board believes that the grant of the New General Mandate is in the interests of the Company and the Shareholders as a whole by virtue of maintaining the financial flexibility for the Group's future business development and opportunities which may arise at any time. Given that, should any of such prospective investment opportunities arise that would require the issuance of new Shares and a specific mandate has to be sought, the Directors are uncertain as to whether the requisite approval from Shareholders or Independent Shareholders, as the case may be, could be obtained in a timely manner. In addition, the New General Mandate offers an opportunity for the Directors to capture the current optimistic market sentiment to raise funds by issuing new Shares and/or convertible instruments.

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## LETTER FROM WALLBANCK BROTHERS

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The Existing General Mandate has been materially utilized and the next annual general meeting of the Company is likely to be convened in late 2010, the Directors considered that there are possibilities that the Group would identify suitable investment opportunities before the next annual general meeting which may require for equity financing and the issue of additional Shares exceeding the amount as allowed under the Existing General Mandate. According to the Letter from the Board, the Board had not identified or been negotiating for any investment opportunities which may require equity financing as at the Latest Practicable Date.

On the above basis, it is fair and reasonable for the Directors to hold the view that the New General Mandate would offer the Group greater flexibility to capture investment opportunities which may arise at any time and require prompt investment decision by the Group. Accordingly, there are reasonable grounds for the Directors to propose the grant of the New General Mandate at the SGM.

### 7. Potential dilution to shareholding interests of the Independent Shareholders

Based on information available from the public domain and the Directors, we set out below a table depicting the shareholding structure of the Company as at the Latest Practicable Date and upon full utilization of the New General Mandate:

Shareholders	As at the Latest Practicable Date#		Upon full utilization of the New General Mandate	
	(No. of Shares)	(%)	(No. of Shares)	(%)
Feng Xiao Ping (Note 1)	41,718,750	1.89	41,718,750	1.58
Au Yeung Kai Wah	290,625,000	13.20	290,625,000	11.00
Lee Yuk Lun	219,298,244	9.96	219,298,244	8.30
Public Shareholders	1,650,656,250	74.95	1,650,656,250	62.45
Subtotal	2,202,298,244	100.00	2,202,298,244	83.33
Shares issued under the New General Mandate	—	—	440,459,648	16.67
Total	<u>2,202,298,244</u>	<u>100.00</u>	<u>2,642,757,892</u>	<u>100.00</u>

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## LETTER FROM WALLBANCK BROTHERS

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*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.

*#Source: the record from the Company.*

Assuming that (i) the grant of the New General Mandate will be approved at the SGM; (ii) no Shares will be repurchased and no new Shares will be issued from the Latest Practicable Date up to the date of the SGM (both dates inclusive); and (iii) upon full utilization of the New General Mandate, 440,459,648 Shares are to be issued, representing approximately 20% of the existing issued share capital as at the Latest Practicable Date. The aggregate shareholding of the existing public Shareholders will be diluted from approximately 74.95% to approximately 62.45% upon full utilization of the New General Mandate.

Taking into consideration that the New General Mandate will increase the amount of capital which may be raised thereunder and provides more options to the Group for financing further development of its business as well as other investments/acquisitions as and when such opportunities arise and the fact that the shareholding of all the Shareholders will be diluted to the same extent upon any utilization of the New General Mandate. It is fair and reasonable to infer that the potential dilution to the shareholding of the Shareholders may be fair and reasonable.

### **8. Implication of the GEM Listing Rules**

Pursuant to Rule 17.42A(1) of the GEM Listing Rules, the refreshment of the Existing General Mandate requires approval of the Shareholders taken on a vote by way of poll whereby any controlling Shareholders and their associates or, where there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution to be proposed at the SGM to approve the refreshment of the Existing General Mandate.

As at the Latest Practicable Date, the Company did not have any controlling Shareholder. Mr. Feng Xiao Ping, being the executive Director, was beneficially interested in an aggregate of 41,718,750 Shares (as to 31,718,750 Shares were held by Sino Unicorn Technology Limited, a company which is indirectly owned as to

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## LETTER FROM WALLBANCK BROTHERS

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51% by Mr. Feng Xiao Ping, and as to 10,000,000 Shares were held by Sky Dragon Digital Television and Movies Holdings Limited, a company which is 99% indirectly owned by Mr. Feng Xiao Ping), representing approximately 1.89% of the issued share capital of the Company. Accordingly, Mr. Feng Xiao Ping, together with his associates, shall abstain from voting in favour of the ordinary resolution to approve the refreshment of the Existing General Mandate at the SGM. As at the Latest Practicable Date, none of Mr. Feng Xiao Ping and his associates had indicated that they would vote against the resolution for the refreshment of the Existing General Mandate at the SGM.

### **9. Terms of the New General Mandate**

As mentioned before, it is further stipulated that upon approval of the grant of the New General Mandate at the forthcoming SGM, the Existing General Mandate will be revoked and the New General Mandate will be and continue to be effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by Bermuda law or Bye-Laws; and (iii) the revocation or variation of the authority given under the relevant resolution to be proposed by ordinary resolution of the Shareholders in general meeting. Such duration is in compliance with Rule 17.42 of the GEM Listing Rules.

In view of the said stringent provisions and requirements of the GEM Listing Rules, we have reasons to believe that there to be sufficient control and measures to guide the refreshment of the Existing General Mandate and the continuity of the New General Mandate. In this respect, it is fair and reasonable for the Directors to hold the view that the terms of the granting of the New General Mandate are fair and reasonable so far as the Independent Shareholders are concerned.

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## LETTER FROM WALLBANCK BROTHERS

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### RECOMMENDATION

Having considered the above principal factors and reasons and Directors' representations, on balance, we are of the opinion that in such circumstance the grant of the New General Mandate are fair and reasonable so far as the Independent Shareholders are concerned and the grant of the New General Mandate is in the interest of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, and also recommend the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution approving the grant of the New General Mandate at the SGM.

Yours faithfully,

For and on behalf of

**WALLBANCK BROTHERS**

**Securities (Hong Kong) Limited**

**Phil Chan**

*Chief Executive Officer*



**CHINA CHIEF CABLE TV GROUP LIMITED**

**中國3C集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 8153)**

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**Meeting**”) of China Chief Cable TV Group Limited (the “**Company**”) will be held at 5:00 p.m., on Friday, 12 March 2010 to consider and, if thought fit, to pass, with or without amendments, the following resolution:

**ORDINARY RESOLUTION**

“**THAT**, to the extent not already exercised, the mandate to issue and allot shares of the Company given to the directors of the Company (the “**Directors**”) at the annual general meeting of the Company held on 2 September 2009 be and is hereby revoked and replaced by the mandate **THAT**:

1. (a) subject to paragraph (c) of this resolution, and pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the exercise by the Directors during the Relevant Period (as hereafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which might require the exercise of such powers after the end of the Relevant Period;

\* For identification purpose only



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## NOTICE OF SGM

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- (c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereafter defined); (ii) any Share Option Scheme (as hereafter defined) of the Company; (iii) the exercise of rights of conversion under the terms of any securities which are convertible into shares of the Company or warrants to subscribe for shares of the Company; or (iv) any scrip dividend or other similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company pursuant to the bye-laws of the Company, shall not exceed 20 per cent. of the issued share capital of the Company as at the date of passing of this resolution and the approval in paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purpose of this resolution, “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and
  - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange applicable to the Company); and

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## NOTICE OF SGM

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“Share Option Scheme” means a share option scheme or similar arrangement for the time being, as varied from time to time, adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries and/or other eligible person of shares or rights to acquire shares of the Company.”

For and on behalf of the Board of  
**China Chief Cable TV Group Limited**  
**Wong Man Hung Patrick**  
*Chairman*

Hong Kong, 24 February 2010

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place of business:*

19/F., CMA Building  
64-66 Connaught Road Central  
Hong Kong

*Notes:*

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited with the share registrar of the Company, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong together with any power of attorney or other authority, under which is signed, or a certified copy of that power or authority, not less than 48 hours before the time for the holding of the meeting.
2. As of the date of this notice, 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.