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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)**

### **MAJOR TRANSACTION**

**Acquisition of an 80% interest in  
Nanjing Everyday Buy Trading Co., Ltd.**

### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

**AND**

### **RESUMPTION OF TRADING**

**Financial Adviser to China Chief Cable TV Group Limited**

***Hercules***

**Hercules Capital Limited**

#### **THE ACQUISITION**

On 17 September 2007, Sparkle View, the Company and the Vendors entered into the Agreement to acquire from the Vendors an 80% interest in the Target. The aggregate consideration is RMB350 million which will be satisfied as to RMB30 million by cash, as to RMB48 million by the issue of the Consideration Shares and as to RMB272 million by the issue of the Convertible Bonds, the terms of which are summarised below.

The Acquisition constitutes a major transaction for the Company under the GEM Listing Rules and is conditional upon approval by the Shareholders at the SGM.

#### **INCREASE IN AUTHORISED SHARE CAPITAL**

The Board proposes to seek the approval by way of an ordinary resolution at the SGM by the Shareholders of an increase in the authorised share capital of the Company from HK\$7,000,000 divided into 700,000,000 Shares to HK\$20,000,000 divided into 2,000,000,000 Shares by creating an additional 1,300,000,000 unissued Shares.

\* *For identification purpose only*

## **GENERAL**

A circular of the Company containing, *inter alia*, details of the Agreement, financial information relating to the Target and the Group, a valuation report of the entire issued share capital of the JV Company, details of the increase in authorised share capital of the Company, together with a notice of the SGM will be despatched to the Shareholders as soon as practicable.

## **SUSPENSION AND RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended with effect from 9:40 a.m. on 17 September 2007 at the request of the Company pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 24 September 2007.

Reference is made to the announcement of the Company dated 6 August 2007 regarding the Exclusive Agreement and the possible acquisition by the Company from the Vendors of an 80% equity interest in the Target. The Board is pleased to announce that negotiations between the parties to the Exclusive Agreement have led to positive results, and that on 17 September 2007, the Company and the Vendors entered into the Agreement.

## **THE AGREEMENT**

Date: 17 September 2007

Parties: (1) Sparkle View (as purchaser);  
(2) the Vendors (as vendors); and  
(3) the Company

To the best of the knowledge, information and belief of the Board and having made all reasonable enquiries, the Vendors are third parties independent of the Company and its connected persons and the Company and its connected persons had no prior relationship or transactions with the Vendors.

### **Interest to be acquired:**

80% equity interest in the Target

### **Consideration:**

The consideration for the Acquisition is RMB350 million (equivalent to HK\$364 million). The Consideration was negotiated between the parties at arm's length on normal commercial terms and represents a discount of approximately 8.9% to the fair market value of a 39.2% equity interest in the JV Company of RMB384.16 million. The fair market value was determined by BMI which has in its valuation applied the market approach by making reference to the price multiples of comparable listed companies as available in the relevant market.

The Consideration shall be satisfied in the following manners:

- (i) a refundable deposit of RMB30 million (equivalent to HK\$31.2 million) shall be paid within 7 days from the date of signing of the Agreement;
- (ii) as to RMB48 million (equivalent to HK\$49.92 million) by procuring the Company to allot and issue the Consideration Shares to the Vendors credited as fully paid at the Issue Price upon Completion; and
- (iii) as to RMB272 million (equivalent to HK\$282.88 million) by procuring the Company to issue the Convertible Bonds to the Vendors upon Completion.

The cash consideration shall be funded by the internal resources of the Group.

### **Consideration Shares:**

Based on the closing price of HK\$1.70 per Share as quoted on the Stock Exchange on 14 September 2007, being the last trading day prior to the suspension of trading in the Shares on 17 September 2007 pending the release of this announcement, the market value of the Consideration Shares amounts to HK\$265.2 million.

Based on the average of the closing prices of approximately HK\$1.70 per Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including 14 September 2007, the market value of the Consideration Shares amounts to HK\$265.2 million.

The Consideration Shares represents approximately 40.52% of the existing issued share capital and approximately 28.84% of the enlarged issued share capital of the Company as enlarged by the issue of the Consideration Shares (but before issue of any Conversion Shares).

### **Terms of the Convertible Bonds**

#### ***Issue size***

In the aggregate principal amount of HK\$282,880,000.

#### ***Interest***

The Convertible Bonds do not bear any interest.

#### ***Maturity***

On the 5th anniversary of the date of issue of the Convertible Bonds.

### ***Conversion price***

HK\$0.32 per Share, subject to the usual provisions for adjustments arising from events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and subsequent issue of securities at substantial discount.

### ***Conversion***

Holders of the Convertible Bonds have the right to convert the whole or part of the outstanding principal amount of the Convertible Bonds (in the amount of HK\$5,000,000 or integral multiples thereof) on any business day after the date of issuance of the Convertible Bonds up to the maturity date, provided always that (i) the holders of the Convertible Bonds and parties acting in concert (as defined in the Takeovers Code) with it will not become obliged to make a mandatory offer under Rule 26 of the Takeovers Code; and (ii) the holders of the Convertible Bonds shall not exercise the conversion rights if such conversion would result in the Company's non-compliance with the minimum public shareholding requirement stipulated under Rule 8.08 of the GEM Listing Rules or other requirements under the GEM Listing Rules. These restrictions on conversion will apply throughout the term of the Convertible Bonds. Accordingly, any subsequent conversion of the Convertible Bonds would not result in any holder of the Convertible Bonds and parties acting in concert (as defined in the Takeovers Code) with it having 30% or more shareholding in the Company and therefore would not result in a change in control of the Company. When a holder of the Convertible Bonds exercises the conversion rights attached to any Convertible Bonds, such holder of Convertible Bonds will be required to confirm in the conversion notice that the aforesaid restriction is complied with and the Company will not proceed with the issue of any Conversion Shares if the restriction is not complied with.

The Company shall from time to time monitor the shareholding interest of holders of the Convertible Bonds and shall ensure compliance with the minimum shareholding requirement and other requirements of the GEM Listing Rules.

### ***Conversion Shares***

On the basis of the principal amount of HK\$282,880,000 and the Conversion Price of HK\$0.32 per Conversion Share, a total of 884,000,000 Conversion Shares will be issued upon full conversion of the Convertible Bonds.

The total of 884,000,000 Conversion Shares to be issued upon full conversion of the Convertible Bonds represent (i) approximately 229.61% of the existing share capital of the Company; (ii) approximately 163.40% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares; and (iii) approximately 62.04% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Conversion Shares.

## **Ranking of Conversion Shares**

Conversion Shares will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of such Shares and accordingly shall entitle the holders to participate in all dividends or other distributions declared, paid or made on or after the relevant conversion date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant conversion date. A holder of Shares issued on conversion of the Convertible Bonds shall not be entitled to any rights the record date for which precedes the relevant conversion date.

### ***Transferability***

The Convertible Bonds are transferable in denominations of the principal amount of HK\$5,000,000 subject to prior notification to the Company. The Company will disclose to the Stock Exchange any dealings by a connected person of the Company in the Convertible Bonds from time to time immediately upon the Company becoming aware of it.

### ***Redemption at Maturity***

115% of the principal amount of the outstanding Convertible Bonds on the maturity date.

### ***Status***

The Convertible Bond constitutes direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

### ***Listing***

No application will be made for the listing of the Convertible Bonds.

## **The Issue Price and the Conversion Price**

The Issue Price and the Conversion Price of the Convertible Bonds are the same at HK\$0.32 per Share which represents:

- (a) a discount of approximately 81.18% to the closing price of HK\$1.70 per Share as quoted on the Stock Exchange on 14 September 2007, being the last trading day prior to the suspension of trading in the Shares on 17 September 2007 pending the release of this announcement;
- (b) a discount of approximately 81.18% to the average of the closing prices of approximately HK\$1.70 per Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including 14 September 2007;

- (c) a discount of approximately 78.81% to the average of the closing prices of approximately HK\$1.51 per Share as quoted on the Stock Exchange over the last ten consecutive trading days up to and including 14 September 2007; and
- (d) a premium of approximately 14.29% over the average of the closing prices of the Share for the sixty-two trading days in the first quarter of 2007 of HK\$0.28 per Share.

The Issue Price and the Conversion Price of HK\$0.32 per Share is at substantial discounts to the current and recent market prices of the Shares. However, the Directors note that the price of the Shares has increased from the low range of about HK\$0.24 per Share at the beginning of 2007 to its last closing price of HK\$1.70 per Share on 14 September 2007. The Directors are not aware of the reasons for such surge in Share price, but consider that the surge could be speculative due to the prevailing high liquidity of the stock market. In view of (i) the Company had an audited consolidated net deficit of HK\$21.5 million as at 31 March 2007 representing a net deficit per Share of approximately HK\$0.06 (based on 385,000,000 Shares in issue as at the date of this announcement); (ii) the consecutive losses made by the Company in recent years; (iii) the allotment and issue of the Consideration Shares is the most cost efficient and beneficial way to financing the Acquisition as it saves the costs of borrowing and eliminates the burden of the Company arising through the usage of cash; and (iv) the Consideration Shares and the Conversion Shares will be subject to lock-up arrangement of 18 months, the Directors therefore consider the Issue Price as well as the Conversion Price to be fair and reasonable.

The Consideration Shares and the Conversion Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Consideration Shares and the Conversion Shares which may fall to be issued upon conversion of the Convertible Bonds.

### **Lock-up on disposal of Shares**

The Vendors have undertaken that they shall not sell, transfer or otherwise dispose of the Consideration Shares and the Conversion Shares (if any) for a period of 18 months commencing from the date of Completion unless with the prior written consent of Sparkle View and the Company.

### **Conditions and Completion**

Completion of the Acquisition is conditional upon:

- (a) Sparkle View being satisfied with the results of the due diligence review of the assets, liabilities, operations and affairs of the Target and the JV Company;

- (b) all necessary consents and approvals required to be obtained on the part of the Vendors and Sparkle View in respect of the Agreement and the transactions contemplated thereunder having been obtained;
- (c) all necessary consents and approvals required to be obtained from all relevant PRC government authorities in respect of the Agreement and the transactions contemplated thereunder having been obtained;
- (d) Shareholders' approval of the Agreement and the transactions contemplated thereunder having been obtained at the SGM;
- (e) the obtaining of a PRC legal opinion (in form and substance satisfactory to Sparkle View) in relation to the transactions contemplated under the Agreement;
- (f) the warranties by the Vendors under the Agreement remaining true and accurate in all respects;
- (g) the GEM Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares; and
- (h) the GEM Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares.

Completion shall take place on the date falling two business days after the date on which all the conditions under the Agreement are satisfied or waived, or such later date as the Vendors and Sparkle View may agree in writing.

If all the conditions have not been satisfied or waived (provided that conditions (b), (c), (d), (g), and (h) cannot be waived) on or before 17 January 2008 (or such other date as the Vendors and Sparkle View may agree in writing) then the Vendors shall forthwith refund all moneys paid under this Agreement to Sparkle View (without interest or compensation) and the Agreement will lapse and no party shall make any claim against the other, save for any antecedent breach.

#### **INFORMATION ON THE TARGET**

The Target is a wholly foreign-owned enterprise incorporated in the PRC on 2 June 2006 with registered capital of US\$1.35 million. The Target is beneficially owned as to 33% by Mr. Lin Fang Chih and 67% by Mr. Law Kwok Keung. The Target has not carried on any business since its incorporation except entering into the legally binding JV Agreement on 28 July 2007 with Jiangsu Digital for the joint investment and operation of the JV Company.

The Target has not prepared audited consolidated financial statements since its incorporation. The following financial information is extracted from the management accounts of the Target for the period from 2 June 2006 (being the date of incorporation) to 31 August 2007.

	<b>Period from 2 June 2006 (date of incorporation) to 31 August 2007</b>
	<i>RMB</i>
Revenue	—
Loss before taxation	(93,547)
Loss for the period	(93,547)

The loss for the aforesaid period was attributable to the start up-costs during the relevant period.

The unaudited net liabilities of the Target as at 31 August 2007 was RMB52,052.

#### **INFORMATION ON THE JV COMPANY**

The JV Company has not yet been established as at the date of this announcement. Upon its establishment, the registered capital of the JV Company shall be RMB10 million and shall be owned as to 49% by the Target and 51% by Jiangsu Digital.

The total investment amount by the Target in the JV Company shall be RMB40 million in cash (including the registered capital), of which RMB20 million shall be contributed before 31 December 2008 and the balance shall be contributed before 31 December 2010. The RMB10 million registered capital of the JV Company shall be paid prior to Completion and would not be contributed by the Company or Sparkle View.

The term of the JV Company shall last for an initial period of 20 years. The Board of the JV Company will consist of a total of five directors including three appointees of Jiangsu Digital and two appointees of the Target. The chairman of the JV Company will be appointed by Jiangsu Digital. Profits of the JV Company will be distributed in accordance with the proportion of the equity interest held by the Target and Jiangsu Digital in the ratio of 49% and 51% respectively.

The JV Company will be principally engaged in direct TV sales, programmes production, advertising agency, design and production. Jiangsu Digital has been authorised by Jiang Su Broadcasting Corporation (江蘇省廣播電視總台) to operate Channel Dressy (江蘇靚妝頻道). Jiangsu Digital agreed to grant to the JV Company the sole and exclusive right for the supply of television programmes and all revenues deriving from Channel Dressy (江蘇靚妝頻道) for 20 years.

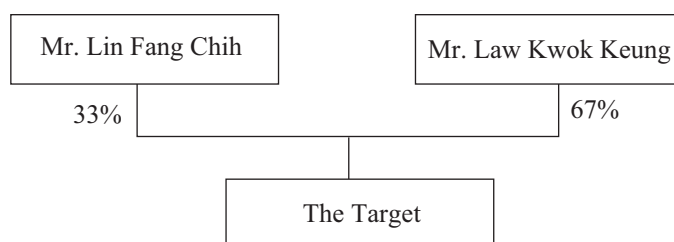


The principal business activities of Jiangsu Digital comprise the development of digital new media for the Jiang Su Broadcasting Corporation (江蘇省廣播電視總台), the operations of all digital channels for the Jiang Su TV group, including Channel Dressy (江蘇靚妝頻道). Pursuant to the JV Agreement, Jiangsu Digital shall be responsible for the specification, programming, editing and broadcast of television programmes on Channel Dressy (江蘇靚妝頻道). In addition, Jiangsu Digital guaranteed that Channel Dressy (江蘇靚妝頻道) has over 2 million free subscribers nationwide.

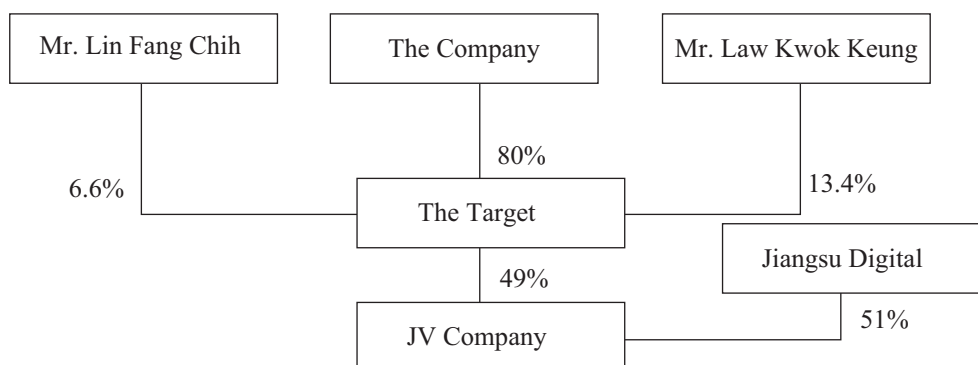
To the best of the knowledge, information and belief of the Board and having made all reasonable enquiries, the Company had no prior business relationship with Jiangsu Digital.

## SHAREHOLDING STRUCTURE OF THE TARGET BEFORE AND UPON COMPLETION

The diagram below shows the shareholding structure of the Target before Completion:



The diagram below shows the shareholding structure of the Target upon Completion:



## SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a summary of the shareholding in the Company (i) as at the date of this announcement; (ii) immediately after the issue of the Consideration Shares upon Completion; (iii) after Completion and upon full conversion of the Conversion Bonds, each prepared on the basis that there would be no changes in the issued share capital of the Company after the date of this announcement other than as stated in each scenario. Shareholders should nevertheless note that the analysis under scenario (iii) is shown for illustration purpose only and will not materialise, for the reason that the Vendors would otherwise hold approximately 72.98% of the enlarged issued share capital of the Company in that scenario, thus exceeding the threshold of 30% triggering a mandatory general offer obligation under the present provisions of the Takeovers Code. However, the terms and conditions of the Convertible Bonds stipulate that holders of the Convertible Bonds have the right to convert the whole or part of the outstanding principal amount of the Convertible Bonds provided that the holders of the Convertible Bonds and parties acting in concert (as defined in the Takeovers Code) with it will not become obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

Shareholders	As at the		After issue of		After issue of	
	date of this		Consideration Shares		Consideration	
	announcement		but before conversion		Shares and conversion of all	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Sino Regal Holding Limited <sup>(1)</sup>	80,000,000	20.78	80,000,000	14.79	80,000,000	5.61
Law Kwok Leung <sup>(2)</sup>	7,380,500	1.92	7,380,500	1.36	7,380,500	0.52
Feng Xiao Ping <sup>(2)</sup>	41,718,750	10.83	41,718,750	7.71	41,718,750	2.93
Tong Hing Chi <sup>(2)</sup>	7,812,500	2.03	7,812,500	1.44	7,812,500	0.55
<b>Vendors</b>						
Law Kwok Keung (羅國強先生)	0	0.00	104,520,000	19.32	696,800,000	48.90
Mr. Lin Fang Chih (林芳智先生)	0	0.00	51,480,000	9.52	343,200,000	24.08
Public Shareholders	<u>248,088,250</u>	<u>64.44</u>	<u>248,088,250</u>	<u>45.86</u>	<u>248,088,250</u>	<u>17.41<sup>(4)</sup></u>
<b>Total</b>	<b><u>385,000,000</u></b>	<b><u>100.00</u></b>	<b><u>541,000,000</u></b>	<b><u>100.00</u></b>	<b><u>1,425,000,000</u></b>	<b><u>100.00</u></b>

*Notes:*

1. Sino Regal Holding Limited is owned by Mr. Law Kwok Leung and Mr. Chan Kwok Sun, Dennis as to 70% and 30% respectively, both being the Directors.
2. Being an executive Director.
3. To the best of the knowledge, information and belief of the Board and having made all reasonable enquiries:
  - (i) other than being the Directors, there is no relationship between Mr. Law Kwok Leung, Mr. Feng Xiao Ping and Mr. Tong Hing Chi;
  - (ii) other than being the shareholders of the Target, there is no relationship between the Vendors;
  - (iii) the Vendors are not acting in concert with Sino Regal Holding Limited, Mr. Law Kwok Leung, Mr. Chan Kwok Sun, Dennis or Mr. Feng Xiao Ping; and
  - (iv) each of the Vendors has no relationship with Sino Regal Holding Limited, Mr. Law Kwok Leung, Mr. Chan Kwok Sun, Dennis or Mr. Feng Xiao Ping.
4. This scenario is shown for illustration purpose only and will not materialise for the reason that the terms and conditions of the Convertible Bonds stipulate that holders of the Convertible Bonds have the right to convert the whole or part of the outstanding principal amount of the Convertible Bonds provided always that (a) the holders of the Convertible Bonds and parties acting in concert (as defined in the Takeovers Code) with it will not become obliged to make a mandatory offer under Rule 26 of the Takeovers Code, and (b) the holders of the Convertible Bonds shall not exercise the conversion rights if such conversion would result in the Company's non-compliance with the minimum public shareholding requirement stipulated under Rule 8.08 of the GEM Listing Rules or other requirements under the GEM Listing Rules.

## **REASONS FOR THE ACQUISITION**

The Company is an investment holding company. The principal activities of the Company's subsidiaries comprise 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 services, sales and rental of set-top boxes, development of program database, design and manufacture of digital television equipment and facilities in the PRC.

The Board believes that the Acquisition will present the Group with an opportunity to leverage on its expertise and network in the PRC television market and to form a strategic alliance with Jiangsu Digital, a leading Chinese television operator, to tap into the growth potential of the television advertising and direct TV sales market in the PRC. Taking into account the market potentials of the JV Company in direct TV sales, television advertising and programme production in the increasingly affluent PRC market, the Board is of the view that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

Upon Completion, the Target will become a subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group. Currently the Vendors are the only directors of the Target. The Company intends to appoint at least three directors into the board of the Target upon Completion.

There is no provision contained in the Agreement which gives the right for the Vendors to nominate Directors as a result of the Acquisition. Upon Completion, the Group will continue its existing businesses and diversify into television advertising and direct TV sales business. The Board is given to understand that the Vendors have no present intention of (i) changing the composition of the Board; (ii) nominating themselves to serve as Directors; or (iii) changing the principal activities of the Group mentioned above.

The Directors (including independent non-executive Directors) consider the terms of the Agreement to be on normal commercial terms and fair and reasonable insofar as the Shareholders are concerned and that the Agreement is in the interests of the Company and its Shareholders as a whole.

## **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The Board proposes to seek the approval by way of an ordinary resolution at the SGM by the Shareholders of an increase in the authorised share capital of the Company from HK\$7,000,000 divided into 700,000,000 Shares to HK\$20,000,000 divided into 2,000,000,000 Shares by creating an additional 1,300,000,000 unissued Shares. Such new Shares, upon issue, shall rank *pari passu* in all respects with the existing Shares of the Company.

## **GENERAL**

The Acquisition constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules. The Agreement and transactions which it contemplates are therefore subject to approval by the Shareholders at the SGM. No Shareholder would be required to abstain from voting at the SGM.

A circular of the Company containing, *inter alia*, details of the Agreement, financial information relating to the Target and the Group, a valuation report of the entire equity interest of the JV Company, details of the increase in authorised share capital of the Company, together with a notice of the SGM will be despatched to the Shareholders as soon as practicable.

## SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:40 a.m. on 17 September 2007 at the request of the Company pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 24 September 2007.

## DEFINITIONS

“Acquisition”	the acquisition of an 80% equity interest in the Target by Sparkle View from the Vendors
“Agreement”	the conditional sale and purchase agreement entered into on 17 September 2007 between the Company, Sparkle View and the Vendors in relation to the Acquisition
“BMI”	BMI Appraisals Limited, an independent professional valuer
“Board”	the board of Directors
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Company”	China Chief Cable TV Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on GEM
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Consideration”	the consideration of RMB350 million (equivalent to HK\$364 million) payable by Sparkle View for the Acquisition and to be satisfied in the manner as described in this announcement
“Consideration Shares”	156,000,000 new Shares to be issued by the Company at the Issue Price as part of the Consideration pursuant to the Agreement
“Conversion Price”	the price at which holder(s) of the Convertible Bonds may convert the principal amount outstanding under the Convertible Bonds into Shares, at HK\$0.32 per Conversion Share (subject to adjustment)
“Conversion Shares”	new Shares falling to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the convertible bonds in the principal amount of HK\$282,880,000 to be issued by the Company in favour of the Vendors at Completion to satisfy part of the Consideration

“Directors”	the directors of the Company
“Exclusive Agreement”	the exclusive agreement entered into on 3 August 2007 between the Vendors and Sparkle View in relation to the possible Acquisition
“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 PRC
“Issue Price”	the issue price of HK\$0.32 per Consideration Share
“Jiangsu Digital”	江蘇廣電數字傳媒有限公司 (Jiangsu Digital Media Company Limited), a company incorporated in the PRC
“JV Agreement”	the joint venture agreement entered into on 28 July 2007 between the Target and Jiangsu Digital in relation to the joint investment and operation of the JV Company
“JV Company”	a joint venture company to be established and tentatively named as 江蘇廣電時尚傳媒有限公司 (JiangSu BCTV Fashion Media Limited Company) in the PRC
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SGM”	the special general meeting of the Company to be held
“Share(s)”	the share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholders”	holders of the Shares
“Sparkle View”	Sparkle View Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers

“Target”	南京天天購貿易有限公司 (Nanjing Everyday Buy Trading Co., Ltd.) (formerly know as 度量衡 (南京) 商品管理諮詢服務有限公司 (Precision (Nanjing) Commodity Inspection & Consulting Co. Ltd.)), a company incorporated in the PRC and wholly-owned by the Vendors
“Vendors”	Mr. Lin Fang Chih (林芳智先生) and Mr. Law Kwok Keung (羅國強先生)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

For the purpose of this announcement, conversion of RMB into HK\$ is calculated at the exchange rate of RMB1.0 to HK\$1.04 according to the Agreement.

The English translations of the Chinese names are included for information purpose only and should not be regarded as their official English translations.

By Order of the Board  
**Tong Hing Chi**  
 Chairman

*As of the date of this announcement, the executive directors of the Company are Mr. Tong Hing Chi, Mr. Law Kwok Leung and Mr. Feng Xiao Ping, the non-executive director is Mr. Chan Kwok Sun, Dennis and the independent non-executive directors are Mr. Sousa Richard Alvaro, Mr. Chang Carl and Mr. Ngai Wai Fung.*

Hong Kong, 21 September 2007

*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.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website for 7 days from the date of its publication.*