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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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Phoenix Satellite Television Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED
鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8002)

DISCLOSEABLE TRANSACTIONS

This circular will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting.

14 July 2006

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

In this circular, unless the context requires otherwise, the following terms shall bear the meanings opposite them:

“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Barter Agreement”	the barter agreement dated 23 June 2006 entered into between Phoenix HK and Mission Hills in relation to exchange of the Property with airtime for advertisements to be placed by the Mission Hills Group on satellite television channels operated by the Group
“Company”	Phoenix Satellite Television Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM
“Director(s)”	the director(s) of the Company, including independent non-executive director(s)
“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 PRC
“Independent Third Party(ies)”	an independent third party(ies) which is(are) (i) not connected with any of the directors, chief executives, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; and (ii) not a connected person of the Company as defined in the GEM Listing Rules
“Latest Practicable Date”	11 July 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Mission Hills”	Mission Hills Group Limited, a company incorporated in Hong Kong with limited liability
“Missions Hills Group”	the group of companies comprising Mission Hills, its holding companies, subsidiaries, associated companies, and fellow subsidiaries and associated companies of its holding companies
“Phoenix HK”	Phoenix Satellite Television Company Limited, a company incorporated in Hong Kong with limited liability

DEFINITIONS

“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Property”	Villa (V5) E3, Mayfair District, Mission Hills in Residence, Mission Hills Golf Club, Shenzhen, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shares”	ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Cooperation Agreement”	the strategic cooperation agreement dated 23 June 2006 entered into between Phoenix HK and Mission Hills in relation to assisting Mission Hills in the planning and promotion of the corporate image and branding of the Mission Hills Group and its projects
“Transactions”	the transactions contemplated under the Strategic Cooperation Agreement and the Barter Agreement

In this circular, amounts in RMB have been translated, for illustration purposes, into HK\$ at the exchange rate of RMB1.00 to HK\$0.9709.

LETTER FROM THE BOARD



鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED 鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8002)

Executive Directors:

LIU Changle (*Chairman*)
CHUI Keung

Non-executive Directors:

CHEUNG Chun On, Daniel
CHEUNG San Ping
Michelle Lee GUTHRIE
LAU Yu Leung, John
XU Gang

Independent non-executive Directors:

Thaddeus Thomas BECZAK
LEUNG Hok Lim
LO Ka Shui

Registered Office:

Century Yard, Cricket Square
Hutchins Drive
P.O. Box 2681GT, George Town
Grand Cayman
British West Indies

Principal Place of Business:

9/F, One Harbourfront
18-22 Tak Fung Street
Hung Hom
Kowloon
Hong Kong

14 July 2006

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTIONS

INTRODUCTION

On 23 June 2006, Phoenix HK and Mission Hills entered into the Strategic Cooperation Agreement pursuant to which Phoenix HK shall through its resources and leading position in the media industry assist Mission Hills in the planning and promotion of the corporate image and branding of the Mission Hills Group and its projects.

On the same day, pursuant to the Strategic Cooperation Agreement, Phoenix HK and Mission Hills entered into the Barter Agreement whereby Mission Hills shall transfer the Property to Phoenix HK or its associated company at the price of HK\$98,044,669 in return for airtime for advertisements to be placed by the Mission Hills Group on satellite television channels operated by the Group for the sum of HK\$98,044,669.

LETTER FROM THE BOARD

The Transactions constitute discloseable transactions for the Company under Chapter 19 of the GEM Listing Rules.

The purpose of this circular is to provide the Shareholders with further information regarding the Transactions and other information as required by the GEM Listing Rules.

STRATEGIC COOPERATION AGREEMENT

Date

23 June 2006

Parties

- (1) Phoenix HK, wholly-owned subsidiary of the Company
- (2) Mission Hills, which is and whose beneficial owners are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Independent Third Parties. Mission Hills is engaged in the businesses of golf, real estate development, hotel and leisure sports

Strategic Cooperation

Mission Hills shall transfer the title, rights and interests in the Property to Phoenix HK or its associated company at the price of HK\$98,044,669 in accordance with the terms of the Barter Agreement. In consideration of the aforesaid, Phoenix HK shall provide airtime for advertisements to be placed by the Mission Hills Group on satellite television channels operated by the Group for the sum of HK\$98,044,669 at rate no more favourable than other customers of the Group. Phoenix HK shall also through its resources and the leading position in the media industry assist Mission Hills in the planning and promotion of the corporate image and branding of the Mission Hills Group and its projects. The parties will enter into more specific agreement(s) pursuant to the Strategic Cooperation Agreement relating to the more detailed advertising and promotional arrangement and cooperation. The term of the Strategic Cooperation Agreement shall be 5 years from the date thereof.

BARTER AGREEMENT

Pursuant to the Strategic Cooperation Agreement, Phoenix HK and Mission Hills have entered into the Barter Agreement.

Date

23 June 2006

Parties

- (1) Phoenix HK
- (2) Mission Hills

LETTER FROM THE BOARD

Barter Arrangement

Mission Hills shall transfer the title, rights and interests in the Property to Phoenix HK or its associated company at the price of HK\$98,044,669. In consideration of the aforesaid, Phoenix HK shall provide airtime for advertisements to be placed by the Mission Hills Group on satellite television channels operated by the Group for a period of 5 years from the date of the Barter Agreement for the sum of HK\$98,044,669 at rate no more favourable than other customers of the Group. The phase of development of the Mission Hills in Residence in which the Property forms part thereof was offered for sale in or about end of 2005 before which the Property had not been occupied by anyone. Therefore, the Property has not generated any income and/or profits for the last two years. The consideration under the Barter Agreement was arrived at after arm's length negotiation between Phoenix HK and Mission Hills and with reference to the prevailing market value of the Property.

According to a valuation of the Property conducted by J & M Real Estate Appraise Trade Co., Ltd., the open market value of the Property in its existing state as at 30 June 2006 is RMB105,130,067 (equivalent to approximately HK\$102,070,782). J & M Real Estate Appraise Trade Co., Ltd. was established in or about 1996 and is one of the top ten ranking real estate valuers in Shenzhen, the PRC.

Other Terms

The parties shall enter into a separate real estate transfer contract and to conduct the relevant registration and approval procedures at the competent governmental authorities in Shenzhen, the PRC. Phoenix HK shall be entitled to nominate its associated company to enter into such real estate transfer contract with Mission Hills.

Phoenix HK shall pay HK\$2,451,117 to Mission Hills, being 50% of the business tax incurred by Mission Hills in relation to the transfer of the Property on condition that Mission Hills shall deliver vacant possession of the Property to Phoenix HK or its associated company before 30 July 2006.

REASONS FOR THE TRANSACTIONS

The Mission Hills Group owns the Mission Hills Golf Club which has 10 world-class golf courses with 180 holes. The Mission Hills Group also engages in the businesses of real estate development, hotel and leisure sports. The Mission Hills Group will be a valuable customer to the Group. Under the Strategic Cooperation Agreement and the Barter Agreement, Phoenix HK will provide airtime for advertisements to be placed by the Mission Hills Group on satellite television channels operated by the Group for the sum of HK\$98,044,669. Instead of paying such amount in cash to Phoenix HK, Mission Hills will settle the same by transferring its title, rights and interests in the Property to Phoenix HK or its associated company. By virtue of the rapid development of the real estate market in the Guangdong Province of the PRC, the Property will be a good long term investment for the Group. There is also no substantial cash outflow for the Group in the arrangement. As such, the Group agrees to the barter arrangement. Further, the capacity of the airtime for advertisements on the satellite television channels of the Group is not yet saturated. The entering into of the Strategic Cooperation Agreement and the Barter Agreement will maximize the benefits and return to the Shareholders. This is in line with the core business, business objective and strategies of the Company. The Property can also be used as a venue for marketing

LETTER FROM THE BOARD

activities to be carried out by the Group from time to time. The Directors consider the terms of the Strategic Cooperation Agreement and the Barter Agreement as being fair and reasonable and in the interests of the Shareholders as a whole.

FINANCIAL EFFECTS OF THE TRANSACTIONS

Upon completion of the transfer of title, rights and interests in the Property by Mission Hills to Phoenix HK or its associated company, the fixed assets of the Group will be increased by HK\$98,044,669. The liabilities of the Group will also be increased by the same amount. The amount of the contract sum HK\$98,044,669 will be recognized as revenue upon rendering of the designated services by Phoenix HK to Mission Hills. The Directors do not expect the Transactions to have any material adverse impact on the earnings of the Group.

INFORMATION ON THE GROUP AND MISSION HILLS

The Group is a satellite television operator and, through its subsidiaries, is a leading satellite television operator broadcasting into the PRC. Mission Hills is a member of the Mission Hills Group which in turn is the owner of the Mission Hills Golf Club which has 10 world-class golf courses with 180 holes. The Mission Hills Group also engages in the businesses of real estate development, hotel and leisure sports.

DISCLOSEABLE TRANSACTIONS

The Transactions constitute discloseable transactions for the Company under Chapter 19 of the GEM Listing Rules.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,
By order of the Board
LIU Changle
Chairman

1. 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 Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) 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.

2. DIRECTORS' INTERESTS

2.1 Interests in securities

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which such Director or chief executive is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange, were as follows:

(1) Shares

Name of Director	No. of Shares held	Nature of interest	Position	Approximate shareholding percentage
LIU Changle	1,854,000,000 (Note)	Corporate	Long	37.53%
LO Ka Shui	3,200,000	Personal	Long	0.06%

Note: Mr. LIU Changle is the beneficial owner of approximately 93.3% of the issued share capital of Today's Asia Limited, which in turn is interested in approximately 37.53% of the issued share capital of the Company as at the Latest Practicable Date.

(2) *Share options*

Name of Director	Date of grant	Exercise period	Exercise price per Share HK\$	Underlying Shares pursuant to the share options as at the Latest Practical Date
LIU Changle	14 June 2000	14 June 2001 to 13 June 2010	1.08	5,320,000
CHUI Keung	14 June 2000	14 June 2001 to 13 June 2010	1.08	3,990,000

The share options were granted under the pre-IPO share option scheme approved by the Shareholders on 7 June 2000 as amended on 14 February 2001 and 10 December 2004 respectively. No such options have been exercised during the period from the date of grant to the Latest Practicable Date.

Save as disclosed above, so far as the Directors are aware, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Director or chief executive is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

2.2 Interests in service contracts

On 29 June 2006, each of the executive Directors of the Company has entered into a new service contract with the Company for a fixed term of three years commenced from 1 July 2006.

Save as disclosed herein, none of the Directors has entered or proposed to enter into any service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS DISCLOSEABLE UNDER PART XV OF THE SFO

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the following persons, other than a Director or chief executive of the Company, had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or held any option in respect of such capital:

(i) Substantial shareholders of the Company

Name of substantial shareholder	Number of Shares	Approximate shareholding percentage
Today's Asia Limited (<i>Note 1</i>)	1,854,000,000	37.53%
China Mobile (Hong Kong) Group Limited (<i>Note 2</i>)	983,000,000	19.90%
Xing Kong Chuan Mei Group Co., Ltd (<i>Notes 2 and 3</i>)	871,000,000	17.63%

Notes:

1. Today's Asia Limited is beneficially owned by Mr. LIU Changle and Mr. CHAN Wing Kee as to approximately 93.3% and 6.7% interests, respectively.
2. The Directors have been notified by Xing Kong Chuan Mei Group Co., Ltd that on 8 June 2006, Xing Kong Chuan Mei Group Co., Ltd and China Mobile (Hong Kong) Group Limited entered into a share purchase agreement (the "Share Purchase Agreement") pursuant to which Xing Kong Chuan Mei Group Co., Ltd shall sell Shares representing 19.9% of the issued share capital of the Company to China Mobile (Hong Kong) Group Limited. Completion of the Share Purchase Agreement is subject to, amongst others, the obtaining of relevant PRC regulatory approvals. Upon completion of the Share Purchase Agreement, China Mobile (Hong Kong) Group Limited will own 983,000,000 Shares. As at the Latest Practicable Date, the Directors have not been informed by Xing Kong Chuan Mei Group Co., Ltd on the completion of the Share Purchase Agreement.

China Mobile (Hong Kong) Group Limited is a wholly-owned subsidiary of China Mobile Communications Corporation. By virtue of the SFO, China Mobile Communications Corporation is deemed to be interested in the 983,000,000 Shares held by China Mobile (Hong Kong) Group Limited upon completion of the Share Purchase Agreement.
3. Xing Kong Chuan Mei Group Co., Ltd is a subsidiary of STAR Group Limited. News Cayman Holdings Limited holds 100% of the ordinary voting shares of STAR Group Limited. News Publishers Investments Pty, Limited holds 100% of the ordinary voting shares of News Cayman Holdings Limited. News Publishers Investments Pty, Limited is a wholly-owned subsidiary of STAR LLC Australia Pty Limited, which in turn is a wholly-owned subsidiary of New STAR US Holdings Subsidiary, LLC. New STAR US Holdings Subsidiary, LLC is a wholly-owned subsidiary of STAR US Holdings Subsidiary, LLC, which in turn is a wholly-owned subsidiary of STAR US Holdings, Inc.. STAR US Holdings, Inc. is a wholly-owned subsidiary of News Publishing Australia Limited, which is an indirect wholly-owned subsidiary of News Corporation.

By virtue of the SFO, News Corporation, News Publishing Australia Limited, STAR US Holdings, Inc., STAR US Holdings Subsidiary, LLC, New STAR US Holdings Subsidiary, LLC, STAR LLC Australia Pty Limited, News Publishers Investments Pty, Limited, News Cayman Holdings Limited and STAR Group Limited are all deemed to be interested in the 871,000,000 Shares held by Xing Kong Chuan Mei Group Co., Ltd.

(ii) Other person which is required to disclose its interests

Name of other person who has more than 5% interest	Number of Shares	Approximate shareholding percentage
China Wise International Limited (<i>Note</i>)	412,000,000	8.34%

Note: China Wise International Limited is a wholly-owned subsidiary of Cultural Developments Limited, which in turn is a wholly-owned subsidiary of Bank of China Group Investment Limited. Bank of China Group Investment Limited is a wholly-owned subsidiary of Bank of China Limited, which in turn is a subsidiary of Central SAFE Investments Limited. By virtue of the SFO, Central SAFE Investments Limited, Bank of China Limited, Bank of China Group Investment Limited and Cultural Developments Limited are all deemed to be interested in the 412,000,000 Shares held by China Wise International Limited.

Save as disclosed above, there was no person known to the Directors or the chief executive of the Company, other than the Directors or the chief executive of the Company, who, as at the Latest Practicable Date, had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

4. MATERIAL CHANGES

The Directors are not aware of any material adverse change in the financial position or trading prospects of the Group since 31 December 2005, the date to which the latest audited financial statements of the Group were made up.

5. LITIGATION

No member of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

6. COMPETING INTERESTS

Xing Kong Chuan Mei Group Co., Ltd., together with its ultimate parent company, News Corporation, are active in the television broadcasting industry worldwide. News Corporation's diversified global operations in the United States, Canada, the United Kingdom, Australia, Latin America and the Pacific Basin include the production of motion pictures and television programming; television, satellite and cable broadcasting; the publication of newspapers, magazines and books; the production and distribution of promotional and advertising products and services; the development of digital broadcasting; the development of conditional access and subscriber management systems; and the creation and distribution of popular on-line programming. Currently, STAR Group Limited, the holding company of Xing Kong Chuan Mei Group Co., Ltd., owns and operates multimedia digital platforms, including satellite television, in the Asia Pacific region and engages in programme licensing and advertising agency

business throughout the world, including China. STAR Group Limited and its subsidiaries (including Xing Kong Chuan Mei Group Co., Ltd.) operate and broadcast a range of channels, such as STAR Movies and STAR Chinese Channel (which presently only broadcasts in Taiwan) and Channel [V]. The broadcasting coverage of Channel [V] includes China, Taiwan, Hong Kong, countries in South East Asia, the Indian sub-continent and the Middle East. STAR Group Limited announced on 19 December 2001 that it was granted landing rights for a new 24-hour Mandarin – language general entertainment channel, Xing Kong Wei Shi, in southern China by virtue of an agreement signed among STAR (China) Limited (STAR Group Limited’s wholly-owned subsidiary), China International Television Corporation (“CITVC”), Guangdong Cable TV Networks Co. Ltd. and Fox Cable Networks Services, L.L.C., an affiliate of STAR Group Limited. STAR Group Limited further announced on 15 January 2003 that it signed an agreement with CITVC, enabling Xing Kong Wei Shi to be viewed nationally in hotels with three-stars and above, and in foreign and overseas Chinese compounds.

Mr. LIU Changle and Mr. CHAN Wing Kee beneficially own 93.3% and 6.7% respectively of Today’s Asia Limited, which holds 100% of Vital Media Holdings Limited, which in turn holds 46% indirect interest in Asia Television Limited (“ATV”), a Hong Kong based television broadcasting company. Mr. CHAN Wing Kee also owns 95% of Dragon Sheen Holdings Limited which holds 16.25% indirect interest in ATV as at 31 March 2006. He also owns 80% of Dragon Goodwill International Limited, which completed its acquisition of 32.75% interests in ATV on 25 July 2003. ATV is deemed to be a connected person of the Company pursuant to the GEM Listing Rules. Primarily aiming at audiences in Hong Kong, ATV broadcasts its programmes via terrestrial transmission through two channels, one in Cantonese and the other in English. Signals of such two channels can also be received in certain parts of Guangdong Province of the PRC. ATV announced in August 2002 that it received the approval from the authorities in China to broadcast its Cantonese and English channels through the cable system in Guangdong. ATV is also granted a non-domestic television programme service license in May 2004, in addition to its existing domestic free television programme service license.

Save as disclosed above, none of the Directors or the substantial shareholders of the Company (as defined under the GEM Listing Rules) has any interests in a business which competes or may compete with the business of the Group.

7. MISCELLANEOUS

- (a) Save as disclosed, none of the Directors is materially interested in any contracts or arrangements subsisting at the date of this circular which are significant in relation to the business of the Group.
- (b) The registered office of the Company is at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, British West Indies.
- (c) The head office and principal place of business of the Company is at 9th Floor, One Harbourfront, 18 Tak Fung Street, Hunghom, Kowloon, Hong Kong.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

- (e) The compliance officer of the Company is Mr. CHUI, Keung. Mr. CHUI is the executive Director and deputy chief executive officer of the Company. He graduated from the department of journalism of Fudan University of Shanghai.
- (f) The company secretary and qualified accountant of the Company is Mr. YEUNG Ka Keung. Mr. YEUNG is the executive vice president and chief financial officer of the Company. He graduated from the University of Birmingham and is a chartered accountant. He is also a member of the Hong Kong Institute of Certified Public Accountants.
- (g) The Company has established an audit committee with written terms of reference based upon the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. The primary duties of the audit committee are to review the Company's annual report and accounts, half-year reports and quarterly reports and to provide advice and comments thereon to the board of Directors. The audit committee meets at least four times a year to review with management the accounting principles and practices adopted by the Group and to discuss auditing, internal control and financial reporting matters. The audit committee comprises one non-executive Director, namely Mr. LAU Yu Leung, John and three independent non-executive Directors, namely Dr. LO Ka Shui, Mr. LEUNG Hok Lim and Mr. Thaddeus Thomas BECZAK (chairman of the audit committee). Further details of each member of the audit committee are set out below.

Mr. LAU Yu Leung, John, aged 43, appointed on 5 June 2000, holds the position of chief financial officer and executive vice president, Business Development of STAR. Mr LAU has overall responsibility for all financial matters of STAR, including corporate strategy, management and financial reporting, internal audit, treasury and tax. In addition, he heads the business development division, identifying and developing growth opportunities for the company. Prior to joining STAR, Mr LAU was the chief financial officer of San Miguel Brewing International Ltd, responsible for the company's financial operations throughout Asia Pacific. Before this role, Mr LAU also held senior financial positions at GE Information Services, Philip Morris Asia Inc and Deloitte & Touche in Los Angeles, USA. Mr LAU graduated from Brigham Young University in Utah in August 1988, with a Master's degree in Accountancy and Information Systems and a Bachelor of Science degree in Accounting. He is a member of the California Institute of Certified Public Accountants.

Dr. LO Ka Shui, aged 59, appointed on 5 June 2000, is the deputy chairman and managing director of Great Eagle Holdings Limited. He is a non-executive director of The Hongkong and Shanghai Banking Corporation Limited, Shanghai Industrial Holdings Limited and China Mobile (Hong Kong) Limited. He is also a director of Hong Kong Exchanges and Clearing Limited (also a past chairman of the listing committees of the Main Board and Growth Enterprise Market), a vice president of The Real Estate Developers Association of Hong Kong, a Trustee of the Hong Kong Centre for Economic Research and a member of the Airport Authority, and a past chairman of the Hospital Authority. He graduated with a Bachelor of Science degree from McGill University and M.D. from Cornell University. He is certified in Cardiology. He has more than 25 years' experience in property and hotel development and investment both in Hong Kong and overseas.

Mr. LEUNG Hok Lim, aged 71, is a fellow member of CPA Australia, a member of the Macau Society of Certified Practising Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the taxation institute of Hong Kong. Mr. LEUNG is the founding and senior partner of PKF, Certified Public Accountants. Mr. LEUNG obtained his fellowship with Institute of Certified Public Accountants in 1973. He is a non-executive director of Beijing Hong Kong Exchange of Personnel Centre Limited. Mr. LEUNG is the independent non-executive director of a number of listed companies namely YangtzeKiang Garment Manufacturing Company Limited, YGM Trading Limited, S E A Holdings Limited, Bright International Group Limited, Fujian Holdings Limited and High Fashion International Limited.

Mr. Thaddeus Thomas BECZAK, aged 55, is the independent non-executive director and a member of the audit committee of the Company since 11 March 2005. Mr. Beczak is currently a senior advisor to Nomura International (Hong Kong) Ltd. and an independent non-executive director of a number of listed companies namely Arnhold Holdings Limited and Namtai Electronic and Electrical Products Limited. He is also the non-executive chairman of Lahtide Capital. From September 1997 until December 2003, Mr. Beczak was a director of Kerry Holdings Limited. During this time he also held various board and operating positions within the group. Most recently, he was deputy chairman of SCMP Holdings Limited and publisher of South China Morning Post Publishers Limited. Previously, he had been deputy chairman of Shangri-La Asia Limited, deputy chairman of Kuok Philippines Properties, a director of China World Trade Center Limited and a director of Kerry Properties Limited.

- (h) The English text of this circular will prevail over the Chinese text.