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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 TRANSACTION

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.

4 October 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.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	4
Approval by the Corporation	5
Sale and Purchase Agreement	5
Reasons for the Transaction	7
Financial Effects of the Transaction	7
Information on the Group and Freescale	8
Discloseable Transaction	8
Additional Information	8
Appendix – General Information	9

DEFINITIONS

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

“Approval Letter”	a letter dated 19 July 2006 from the Corporation to Phoenix Centre whereby the Corporation agreed in principle to give consent to the assignment of Freescale’s interest in the Lease to Phoenix Centre
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“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
“Chattels”	Various fittings, chattels, equipment, electrical appliances, etc. more particularly described in the Schedule to the Sale and Purchase Agreement including air-conditioning system, fire services system, electrical system, compressed air system, vacuum system, DI system, Waste Water Recycling System, Waste Water Treatment System, Security System, Public Address System and Exhaust System
“Completion Date”	31 May 2007 or such other day as may from time to time be agreed in writing between Phoenix Centre, Phoenix HK and Freescale
“Corporation”	the Hong Kong Science and Technology Parks Corporation (formerly known as the Hong Kong Industrial Estates Corporation), a body corporate established under the Hong Kong Science and Technology Parks Corporation Ordinance, Cap. 565 of the Laws of Hong Kong, which is the lessor under the Lease
“Director(s)”	the director(s) of the Company, including independent non executive director(s)
“Freescale”	Freescale Semi-conductor Hong Kong Limited, (飛思卡爾半導體香港有限公司) formerly known as Motorola Semiconductors Hong Kong, Limited (萬力半導體香港有限公司), a company incorporated in Hong Kong with limited liability.
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

DEFINITIONS

“Government Grant”	an Agreement and Conditions of Grant dated the 2 day of March 1983 and registered in the Land Registry as New Grant No. 11981 as modified and supplemented by (i) a Modification Letter dated the 15 day of December 1987 and registered in the Land Registry by Memorial No. TP277747, (ii) certain Particulars and Conditions of Extension of Lease Term dated the 4 day of May 1990 and registered in the Land Registry by Memorial No. TP321046, (iii) a Modification Letter dated the 18 day of October 1990 and registered in the Land Registry by Memorial No. TP336012, (iv) an Extension Letter dated the 14 day of June 1991 and registered in the Land Registry by Memorial No. TP363519 relating to the grant of an Extension to Tai Po Town Lot No.13, (v) an Extension Letter dated the 3 day of March 1993 and registered in the Land Registry by Memorial No. TP414921 relating to the grant of a further Extension to Tai Po Town Lot No.13 and (vi) a Modification Letter dated the 28 day of June 2002 and registered in the Land Registry by Memorial No. TP688930
“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”	an independent third party which is (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”	29 September 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lease”	a lease dated 22 April 1997 made between the Corporation and Freescale and registered in the Land Registry by Memorial No. TP525315 and the Deed of Extension of Lease Term and Modifications dated 22 April 1997 also made between the Corporation and Freescale and registered in the Land Registry by Memorial No. TP528462;
“Phoenix Centre”	Phoenix Centre (Hong Kong) Limited (鳳凰中心(香港)有限公司), formerly known as New Concord Group Limited (宜德集團有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

DEFINITIONS

“Phoenix HK”	Phoenix Satellite Television Company Limited (鳳凰衛視有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“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”	No. 2 Dai King Street, Section I of Tai Po Town Lot No. 13 and the Extensions thereto, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong and any factory and other erections and buildings erected or built thereon (with a gross floor area of approximately 38,442 square metres (413,788 square feet))
“Sale and Purchase Agreement”	the agreement dated 14 September 2006 entered into between Phoenix Centre, Phoenix HK and Freescale in relation to the purchase of the Property (including Freescale’s interest in the Lease and the Chattels)
“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
“Transaction”	the transaction contemplated under the Sale and Purchase Agreement
“US\$”	United States dollars, the lawful currency of the United States of America

For use in this circular and for illustration purposes only, conversion of US\$ into HK\$ is based on the exchange rate of HK\$7.8 to US\$1. No representation is made that any amount in US\$ or HK\$ could be converted at such rate or any other rates.

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
Wang Jiyan

Non-executive Directors:

LU Xiangdong
GAO Nianshu
Paul Francis AIELLO
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

4 October 2006

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

INTRODUCTION

On 14 September 2006, Phoenix Centre as purchaser and Phoenix HK as Phoenix Centre's guarantor entered into the Sale and Purchase Agreement with Freescale as Vendor, whereby Phoenix Centre agreed to purchase the Property, Freescale's interest in the Lease and the Chattels from Freescale at the purchase price and upon the terms and conditions set out in the Sale and Purchase Agreement.

The Transaction constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

LETTER FROM THE BOARD

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.

APPROVAL BY THE CORPORATION

Under the terms of the Lease, the assignment of Freescale's interest in the Lease to Phoenix Centre requires the prior approval of the Corporation. By the Approval Letter, the Corporation agreed in principle to give consent to the proposed assignment of Freescale's interest in the Lease to Phoenix Centre subject to the conditions that (i) the form of the assignment of Freescale's interest in the Lease to Phoenix Centre shall be approved by the Corporation's solicitors; (ii) Phoenix Centre shall execute a deed of variation of the Lease on or before the Completion Date. The deed of variation of the Lease shall be in such form as determined by the Corporation but shall contain the conditions that the use of the Property as stipulated in the Lease shall be changed to "television, programme and film production, broadcasting, programme distribution, publication, multi-media, entertainment and other related business", that Phoenix Centre shall undertake to install in the Property new machinery and equipment of a value of not less than HK\$105,000,000 and commence operation within 18 months, and complete within 48 months, of the Completion Date and that Phoenix Centre and Freescale shall be jointly and severally responsible for the payment of the Corporation's legal costs and disbursements incurred in approving the assignment of Freescale's interest in the Lease to Phoenix Centre. The legal costs of the Corporation in preparing the deed of variation of the Lease and the stamp duty thereon, if any, shall be borne by Phoenix Centre. Phoenix paid HK\$50,000 to the Corporation pursuant to the Approval Letter, which shall be applied as part payment of the Corporation's legal costs in preparing the deed of variation of the Lease but if Phoenix Centre fails to execute the deed of variation of Lease on or before the Completion Date, it will be wholly forfeited to the Corporation and the agreement in principle of the Corporation to give consent to the proposed assignment of Freescale's interest in the Lease to Phoenix Centre shall be null and void.

SALE AND PURCHASE AGREEMENT

Date

14 September 2006

Parties

Vendor: Freescale, an Independent Third Party

Purchaser: Phoenix Centre

Guarantor: Phoenix HK

Property

No. 2 Dai King Street, Section I of Tai Po Town Lot No. 13 and the Extensions thereto, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong and any factory and other erections and buildings erected or built thereon (with a gross floor area of approximately 38,442 square metres (413,788 square feet)), together with Freescale's interest in the Lease and the Chattels.

LETTER FROM THE BOARD

Purchase Price

The aggregate purchase price of the Property (including Freescale's interest in the Lease and the Chattels) of US\$15,500,000 (equivalent to approximately HK\$120,900,000) was arrived at after arm's length negotiation between Phoenix Centre and Freescale, having regard to the prevailing market conditions and values of similar properties in Hong Kong and a valuation report prepared by Knight Frank Petty dated 8 August 2006, according to which the market value of the Property was in the sum of HK\$178,000,000 as at 8 August 2006.

Payment of Purchase Price

- (a) The sum of US\$775,000 (equivalent to approximately HK\$6,045,000) has been paid as earnest money by Phoenix HK to Freescale's solicitors (who held the same as stakeholders) upon signing a non-legally binding memorandum of understanding on 26 June 2006, which sum shall be appropriated as initial deposit and released to Freescale on the signing of the Sale and Purchase Agreement and the initial deposit shall form part of the purchase price of the Property;
- (b) The sum of US\$775,000 (equivalent to approximately HK\$6,045,000) as further deposit shall be paid by Phoenix Centre to Freescale on or before 25 September 2006;
- (c) The sum of US\$1,550,000 (equivalent to approximately HK\$12,090,000) as part payment of the purchase price shall be paid by Phoenix Centre to Freescale on or before 25 September 2006; and
- (d) The balance of the purchase price being US\$12,400,000 (equivalent to approximately HK\$96,720,000) shall be paid by Phoenix Centre to Freescale on the Completion Date.

It is intended that the purchase price of the Property shall be financed by the Company's internal funds and resources.

Principal Terms

The Property is sold for the residue of the term of years referred to in the Lease (i.e. until 27 June 2047) and subject to and with the benefit of the Lease and the Government Grant and all rights of way, easements, other rights, privileges and covenants adversely or beneficially affecting the Property.

Upon signing the Sale and Purchase Agreement, Phoenix Centre is deemed to have accepted Freescale's title to the Property and the Property shall be as between Freescale and Phoenix Centre at Phoenix Centre's risk.

Freescale shall deliver vacant possession of the Property to Phoenix Centre on the Completion Date. The Chattels shall be given and handed over by Freescale to Phoenix Centre in their present state and condition (fair wear and tear excepted) on the Completion Date.

LETTER FROM THE BOARD

All stamp duties payable on the assignment of the Property under the Stamp Duty Ordinance shall be paid by Phoenix Centre absolutely. The amount of such stamp duties is estimated to be HK\$4,533,750. Freescale shall pay all premium (if any) and consent fee and such other fees as may be imposed by the Corporation for approving the transfer of the Property and the assignment of the Property and Freescale's interest under the Lease to Phoenix Centre.

Guarantee

In consideration of Freescale entering into the Sale and Purchase Agreement with Phoenix Centre, Phoenix HK irrevocably guarantees under the Sale and Purchase Agreement to Freescale that Phoenix HK will comply with its covenants and agreements in the Sale and Purchase Agreement and if Phoenix Centre shall (not due to the default of the Freescale) be in breach or default of the Sale and Purchase Agreement, Phoenix HK will indemnify Freescale against all loss and damage suffered by the Freescale arising as a result of such breach or default as if it were Phoenix Centre under the terms of the Sale and Purchase Agreement.

REASONS FOR THE TRANSACTION

With continuing expansion of the Group's business activities and operations, the Group needs more spacious premises to house its production facilities and personnel in Hong Kong. The current office and production premises of the Group at Harbourfront, Hung Hom, Hong Kong cannot offer sufficient space for the Group's further expansion at an economical rental. The acquisition of the Property not only warrants sufficient room and space for the future expansion of the Group's business and operational activities in Hong Kong, but also has the effect of saving regular rental payments by the Group. After the Group completes moving its office and productions facilities into Property, it is expected that the Group may not renew its existing tenancies at Harbourfront, Hung Hom or that it may surrender such tenancies or any of them to the landlord before their expiration. Under the preliminary agreement between the Group and the landlord of the premises at Harbourfront, the term of the existing tenancies of the premises at Harbourfront is three years commencing from 15 July 2006 and the Group shall have a contractual right to surrender some of such tenancies to the landlord on or after 15 January 2008 by giving to it 6 months' prior written notice. Should the Group elect to surrender such tenancies or part thereof to the landlord before their expiration, it is expected that no substantial compensation needs to be paid by the Group.

The Directors (including the independent non-executive Directors) believe that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interest of the Company and the shareholders of the Company as a whole.

FINANCIAL EFFECTS OF THE TRANSACTION

Upon completion of the Transaction, the non-current assets of the Group will be increased by US\$15,500,000 (equivalent to approximately HK\$120,900,000) while the current assets will be decreased by the same amount. The Directors do not expect the Transactions to have any material adverse impact on the earnings and the assets and liabilities of the Group.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP AND FREESCALE

The Group is a satellite television operator and, through its subsidiaries, is a leading satellite television operator broadcasting into the PRC.

Freescale is a designer and manufacturer of semi-conductors or related products.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Freescale and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company as defined in the GEM Listing Rules.

DISCLOSEABLE TRANSACTION

The Transaction constitutes a discloseable transaction 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
WANG Jiyang	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, Mr. LIU Changle and Mr. CHUI Keung, both are executive directors of the Company have 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%
Extra Step Investments 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. Extra Step Investments Limited is a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited. China Mobile (Hong Kong) Group Limited is a wholly-owned subsidiary of China Mobile Communications Corporation. By virtue of the SFO, China Mobile (Hong Kong) Group Limited and China Mobile Communications Corporation are deemed to be interested in the 983,000,000 Shares held by Extra Step Investments Limited.
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 ADVERSE 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 will meet 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, appointed on 21 January 2005, 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.