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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.

17 July 2007

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:

“Articles”	the new articles of association of JV Co. to be entered into by the parties to the Capital Increase Contract
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Beijing TV”	北京中視天地文化開發有限責任公司 (Beijing Chinese Television Tiandi Cultural Development Co. Ltd.), a company established under the laws of the PRC
“Capital Increase Contract”	the capital increase contract relating to the increase in registered capital of JV Co. and subscription of the enlarged registered capital by Phoenix Pictures and others
“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
“JV Co.”	鳳凰東方(北京)置業有限公司 (Phoenix Oriental (Beijing) Properties Company Limited), a company established under the laws of the PRC
“JV Contract”	the joint venture contract of JV Co. to be entered into by the parties (excluding JV Co.) to the Capital Increase Contract
“Land”	the site situated at South-Western corner of Chaoyang Park, Chaoyang District, Beijing, the PRC which comprises a site area of approximately 18,821.83 sq.m.
“Latest Practicable Date”	13 July 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Mr. Gu”	Mr. Gu Deyu, a PRC national
“Mr. Tian”	Mr. Tian Guoping, a PRC national

DEFINITIONS

“Mr. Zhao”	Mr. Zhao Zhiqiang, a PRC national
“Phoenix International Media Centre”	鳳凰國際傳媒中心(Phoenix International Media Centre), a building to be built on the Land which will contain theatres and television production studios to be used by the Group
“Phoenix Pictures”	Phoenix Pictures Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
“Project”	the development of the Land into Phoenix International Media Centre
“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
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	holder(s) of Shares
“Shares”	ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Shenzhou”	神州電視有限公司 (Shenzhou Television Company Limited), a company established under the laws of the PRC
“sq.m.”	square meters
“STAR”	STAR Group Limited, a wholly-owned subsidiary of News Corporation
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the proposed subscription of 50% of the enlarged registered capital of JV Co. by Phoenix Pictures in accordance with the Capital Increase Contract

In this circular, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1 to HK\$1.02. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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 Ji Yan

Non-executive Directors:

LU Xiangdong
GAO Nianshu
Paul Francis AIELLO
LAU Yu Leung John
GONG Jianzhong

Independent non-executive Directors:

LO Ka Shui
LEUNG Hok Lim
Thaddeus Thomas BECZAK

Registered Office:

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Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
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Principal Place of Business:

9th Floor, One Harbourfront
18-22 Tak Fung Street
Hung Hom
Kowloon
Hong Kong

17 July 2007

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

INTRODUCTION

The Directors announce that on 27 June 2007, Phoenix Pictures entered into the Capital Increase Contract pursuant to which Phoenix Pictures has conditionally agreed to subscribe for 50% of the enlarged registered capital of JV Co. The Subscription constitutes a discloseable transaction 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 Subscription and other information, as required by the GEM Listing Rules.

LETTER FROM THE BOARD

CAPITAL INCREASE CONTRACT

Date

27 June 2007

Parties

- (1) Phoenix Pictures
- (2) Shenzhou
- (3) Beijing TV
- (4) Mr. Gu, Mr. Zhao and Mr. Tian
- (5) JV Co.

Shenzhou is the PRC advertising agent of the Group. Beijing TV is engaged in investment in television broadcasting business and has no relationship with the Company.

Mr. Gu, Mr. Zhao, Mr. Tian, Shenzhou and Beijing TV and their respective ultimate beneficial owners, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, are independent third parties which 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.

Capital Increase and Subscription of Enlarged Registered Capital

The parties agree that the registered capital of JV Co. shall be increased from RMB10,000,000 (HK\$10,200,000) to RMB300,000,000 (HK\$306,000,000). The increased registered capital of RMB290,000,000 (HK\$295,800,000) of JV Co. shall be contributed as to RMB150,000,000 (HK\$153,000,000) by Phoenix Pictures, RMB20,500,000 (HK\$20,910,000) by Shenzhou, RMB84,500,000 (HK\$86,190,000) by Beijing TV, RMB11,600,000 (HK\$11,832,000) by Mr. Gu, RMB11,700,000 (HK\$11,934,000) by Mr. Zhao and RMB11,700,000 (HK\$11,934,000) by Mr. Tian. The capital contribution to be made by Phoenix Pictures will be financed by the internal resources of the Group.

Phoenix Pictures shall make its capital contribution in foreign currency within (i) seven days after the issuance of the new business licence of JV Co. upon its conversion into a Sino-foreign equity joint venture enterprise or (ii) seven days after all the conditions set out in the sub-section headed "Conditions Precedent" below have been satisfied, whichever is later. For the other relevant parties to the Capital Increase Contract, they shall make their respective capital contributions in RMB within seven days after the issuance of the new business licence of JV Co. upon its conversion into a Sino-foreign equity joint venture enterprise.

LETTER FROM THE BOARD

The equity interest of the relevant parties in JV Co. before and after the capital increase under the Capital Increase Contract are illustrated in the table below:

Parties	Before Capital Increase			After Capital Increase		
	Registered Capital contribution		Percentage of equity interest	Registered Capital contribution		Percentage of equity interest
	RMB'000	(HK\$'000)		RMB'000	(HK\$'000)	
Phoenix Pictures	–	–	–	150,000	(153,000)	50%
Shenzhou	6,500	(6,630)	65%	27,000	(27,540)	9%
Beijing TV	2,500	(2,550)	25%	87,000	(88,740)	29%
Mr. Gu	400	(408)	4%	12,000	(12,240)	4%
Mr. Zhao	300	(306)	3%	12,000	(12,240)	4%
Mr. Tian	300	(306)	3%	12,000	(12,240)	4%
Total	<u>10,000</u>	<u>(10,200)</u>	<u>100%</u>	<u>300,000</u>	<u>(306,000)</u>	<u>100%</u>

Conditions Precedent

The capital contribution to be made by Phoenix Pictures under the Capital Increase Contract shall be conditional, among others, on the satisfaction of the following conditions:

- (a) the approval by the PRC competent authorities for the Project to be constructed for cultural, entertainment and office uses with a permitted total gross floor area of 50,000 sq.m. or more;
- (b) the passing of the resolutions by JV Co. relating to the capital increase under the Capital Increase Contract;
- (c) the passing of the resolutions by the Shareholders at an extraordinary general meeting of the Company to approve the Capital Increase Contract and the transactions contemplated thereunder (if applicable);
- (d) the necessary approvals by the regulatory authorities of the Company and Phoenix Pictures (including but not limited to the Stock Exchange's approval for the announcements and circular relating to the Capital Increase Contract and the transactions contemplated thereunder);
- (e) Phoenix Pictures' completion, and acceptance of the results, of the due diligence reviews (including legal and financial reviews) on JV Co.;
- (f) all the necessary approvals by the approval and examination authorities relating to the capital increase under the Capital Increase Contract (including the approvals by the Ministry of Commerce and/or its local branches for the Subscription and the conversion of JV Co. into a Sino-foreign equity joint venture enterprise); and

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- (g) all the representations and warranties given by each party shall remain true and accurate.

If any of the above conditions is not fulfilled within six months from the date of the Capital Increase Contract (or such later date as the parties to the Capital Increase Contract may agree), Phoenix Pictures shall be entitled to unilaterally terminate the Capital Increase Contract, the JV Contract and the Articles. In the event that Phoenix Pictures exercises its right to terminate the Capital Increase Contract, the JV Contract and the Articles, Phoenix Pictures shall be released from all its obligations under the Capital Increase Contract, the JV Contract and the Articles, and Phoenix Pictures shall not be liable to pay any damages thereunder.

Representations, Warranties and Undertakings

Shenzhou, Beijing TV, Mr. Gu, Mr. Zhao, Mr. Tian and JV Co. have represented, warranted and undertaken, among other things, the following to Phoenix Pictures:

- (a) JV Co. has good and complete title to the lands (including the Land) owned by JV Co. which are free from encumbrances. JV Co. has obtained the relevant land approval documents and land use certificates, and has paid the relevant land premiums (other than any additional land premiums resulting from adjustment of permitted gross floor area); and
- (b) the land premiums payable by JV Co. in its approval for increasing the permitted total gross floor area of the Project to 50,000 sq.m. or more shall not be higher than the rate of RMB1,700 per square meter or such other rate as promulgated by the PRC government from time to time. Apart from such land premiums, JV Co. shall not be obliged to pay any substantial fees, charges and expenses to any competent authorities or parties.

Board Representation

JV Co.'s board of directors shall consist of seven members, of which four shall be appointed by Phoenix Pictures and the remaining three shall be jointly appointed by Shenzhou, Beijing TV, Mr. Gu, Mr. Zhao and Mr. Tian. One of the directors appointed by Phoenix Pictures shall be the chairman of the board.

Business Scope

After Phoenix Pictures has made its capital contribution under the Capital Increase Contract, JV Co. shall only engage in the business relating to the development and management of Phoenix International Media Centre but not otherwise.

Allocation of Gross Floor Area of the Project

Upon completion of the Project, the gross floor area of Phoenix International Media Centre shall be allocated and distributed among the parties in proportion to their respective equity interest in JV Co. Phoenix Pictures shall have priority in selecting the floors and locations in Phoenix International Media Centre for constructing the theatres and television production studios, and installing professional facilities. Upon completion of the transfers of titles of the allocated area to the respective parties to the Capital Increase Contract, the parties shall proceed to liquidate JV Co.

LETTER FROM THE BOARD

JV CONTRACT AND ARTICLES

All the parties (except JV Co.) shall enter into the JV Contract and the Articles to incorporate the relevant agreed terms of the Capital Increase Contract. Further, the Articles shall also specify that the total investment amount of JV Co. will be RMB600,000,000 (HK\$612,000,000). The difference between the total investment amount and the enlarged registered capital of JV Co. will be financed by bank borrowings of JV Co.

INFORMATION ON JV CO. AND THE PROJECT

JV Co. is a domestic limited liability company established under the laws of the PRC on 10 May 2006 with a registered capital of RMB10,000,000 (HK\$10,200,000). The current business scope of JV Co. includes, among other things, real estate development and sale of self-developed commercial housing.

In or about May 2006, JV Co. entered into a land and project transfer contract with 北京朝陽公園開發經營公司 (Beijing Chaoyang Park Development & Management Co.) pursuant to which Beijing Chaoyang Park Development & Management Co. agreed to transfer the land use rights of the Land to JV Co. for development of the Project. The Land comprises a site area of approximately 18,821.83 sq.m. and a permitted total gross floor area above ground of approximately 35,000 sq.m. and is for cultural, entertainment and office uses. The land use term of the Land is 50 years from 10 October 2001.

The Project involves the development and construction of a building on the Land which will contain theatres and television program studios to be used by the Group such building is currently referred to as Phoenix International Media Centre. The Project is now in an early development stage, construction design work is still in progress. Since its date of establishment, JV Co. has been involved in the development of the Land. Accordingly, no revenue has been generated by JV Co. so far. The net asset value of JV Co. as at 31 December 2006 was RMB9,262,177.40 (HK\$9,447,420.95). The loss before and after tax and extraordinary items of JV Co. for the period from 10 May 2006 to 31 December 2006 was RMB737,822.60 (HK\$752,579.05).

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

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

With the expected growth of the Group's business, the Group intends to increase its production of television programmes. The Project is in line with the business development of the Group. Phoenix International Media Centre, once completed, will become the Group's programme production complex in Beijing. It will also increase the operational efficiency of the Group by consolidating the different operational functions and activities and the important service providers in the PRC into the same complex.

The Capital Increase Contract was entered into by the parties after arm's length negotiation taking into account the preliminary valuation of the Land of RMB282,000,000 (HK\$287,640,000) by an independent valuer. The Directors consider that the terms of the Contract are normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE SUBSCRIPTION

Upon completion of the Subscription, the Company will have 50% equity interest in JV Co. and will control a majority of its board of directors. Accordingly, JV Co. will be accounted for as a subsidiary of the Company after completion of the Subscription. The financial results of JV Co. will be consolidated into the accounts of the Company. The Directors do not expect the Subscription to have any material adverse impact on the earnings and the assets and liabilities of the Group.

DISCLOSEABLE TRANSACTION

The Subscription 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 1)	Corporate interest	Long	37.47%
LO Ka Shui	4,630,000 (Note 2)	Personal/ Other interest	Long	0.09%

Notes:

1. As at the Latest Practicable Date, Mr. LIU Changle was the beneficial owner of approximately 93.3% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 37.47% of the issued share capital of the Company.
2. As at the Latest Practicable Date, Dr. LO Ka Shui was the beneficial owner of 500,000 Shares and 4,130,000 Shares were held for a discretionary trust of which Dr. LO was the founder.

(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 Ji Yan	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 Mr. LIU Changle and Mr. CHUI Keung, executive Directors, entered into a service contract with the Company commencing from 1 July 2006. The term of each contract is for a term of three years commencing from 1 July 2006 and thereafter may be terminated by either party giving to the other not less than three months' written notice. Subject to review by the Company from time to time, under his service contract Mr. LIU is entitled to a monthly salary of HK\$370,680, discretionary bonus and other fringe benefits. Subject to review by the Company from time to time, under his service contract Mr. CHUI is entitled to a monthly salary of HK\$151,870, monthly housing allowance of HK\$80,900, discretionary bonus and other fringe benefits.

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	37.47%
Extra Step Investments Limited (<i>Note 2</i>)	983,000,000	19.87%
Xing Kong Chuan Mei Group Co., Ltd. (<i>Note 3</i>)	871,000,000	17.60%

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 which in turn is a 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. News Cayman Holdings Limited holds 100% of the ordinary voting shares of STAR. 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 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	8.33%

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 2006, 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

Today's Asia Limited has interest in approximately 37.47% of the share capital of the Company. Today's Asia Limited, together with its shareholder, Mr. LIU Changle, are deemed to be the management shareholders of the Company as defined under the GEM Listing Rules. As at the Latest Practicable Date, 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. Vital Media Holdings Limited holds 100% of Dragon Viceroy Limited, which in turn holds approximately 26.85% of Asia Television Limited ("ATV"), a Hong Kong based television broadcasting company. 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 management shareholders of the Company or their respective associates have 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 Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The head office and principal place of business of the Company is at 9th Floor, One Harbourfront, 18-22 Tak Fung Street, Hungom, 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.
- (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 44, appointed on 5 June 2000, holds the position of group chief financial officer of STAR. Mr. LAU oversees all financial operations of STAR. He is responsible for developing STAR's financial strategies, spearheading financial planning and reporting, internal audit, treasury and taxation. 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 60, appointed on 5 June 2000, is the chairman and managing director of Great Eagle Holdings Limited and the non-executive chairman of Eagle Asset Management (CP) Limited (Manager of Champion Real Estate Investment Trust). He is a non-executive director of The Hongkong and Shanghai Banking Corporation Limited, Shanghai Industrial Holdings Limited, China Mobile Limited and some other publicly listed companies in Hong Kong and was non-executive director of Hong Kong Exchanges and Clearing Limited. He is also 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. 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 27 years' experience in property and hotel development and investment both in Hong Kong and overseas.

Mr. LEUNG Hok Lim, aged 72, 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, Accountants and Business Advisers. Mr. LEUNG obtained his fellowship with Hong Kong 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 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 56, 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) Limited and non-executive chairman of Nomura Asia Holding N.V., an independent non-executive director and member of the audit committee of Nam Tai Electronic and Electrical Products Limited as well as an independent non-executive director of Arnhold Holdings Limited (companies listed on the Stock Exchange). He is also the non-executive chairman of ACR Capital Pte. Limited and Latitude Capital Group. 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. From November 1997 until December 2002, Mr. BECZAK was chairman of the Listing Committee of the Stock Exchange and a member of the Stock Exchange and a member of board of directors of the Stock Exchange from 1998 until 2001. Currently, he is a member of the Advisory Committee of the Securities and Futures Commission in Hong Kong and a member of the international advisory committee of the China Securities Regulatory Commission (CSRC). Prior to joining the Kerry group, Mr. BECZAK was a managing director of J.P. Morgan Inc., and president of J.P. Morgan Inc., and president of J.P. Morgan Securities Asia from 1990 until 1997. While at J.P. Morgan, Hong Kong, he was a director of the Bank of the Philippine Islands and a committee member of the Hong Kong Association of Banks. He joined J.P. Morgan in 1974. Mr. BECZAK has over 20 years of experience in Asia. Mr. BECZAK is a graduate of Georgetown University (B.S.F.S.) and Columbia University (M.B.A.). He is a member of the Board of Advisors of the School of Foreign Service at Georgetown.

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