
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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)

CONTINUING CONNECTED TRANSACTION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent financial adviser to the Independent Board Committee



CIMB

CIMB-GK Securities (HK) Limited

A letter from the Board is set out on pages 4 to 8 of this circular and a letter from the Independent Board Committee is set out on page 9 of this circular. A letter from CIMB-GK, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 10 to 12 of this circular.

A notice convening the EGM to be held at 9th Floor, One Harbourfront, 18-22 Tak Fung Street, Hunghom, Kowloon, Hong Kong on Thursday, 20 December 2007 at 3:00 p.m. is set out on pages 21 to 22 of this circular. Whether or not you intend to attend the meeting, you are requested to complete and return the form of proxy to the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for the meeting or any adjournment thereof (as the case may be). The completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

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 and on the website of the Company at www.phoenixtv.com.

3 December 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:

“associates”	has the meaning ascribed to it under the GEM Listing Rules
“CIMB-GK”	CIMB-GK Securities (HK) Limited, a licensed corporation under the SFO to carry out types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction
“CMCC”	中國移動通信集團公司 (China Mobile Communications Corporation), a state-owned company established under the laws of the PRC
“CMCC Group”	the group of companies comprising CMCC and its subsidiaries
“CMHKG”	China Mobile (Hong Kong) Group Limited, a company incorporated in Hong Kong with limited liability and is a subsidiary of CMCC
“CNHK Media”	中港傳媒有限公司 (CNHK Media Limited), a company established under the laws of the PRC
“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
“2007 Contract”	the advertising contract entered into between Shenzhou and CNHK Media dated 2 February 2007 relating to the purchase of advertising airtime by CNHK Media for the period from 1 April 2007 to 31 December 2007
“2008 Contract”	the advertising contract entered into between Shenzhou and CNHK Media dated 15 November 2007 relating to the purchase of advertising airtime by CNHK Media for the period from 1 January 2008 to 31 December 2008
“Director(s)”	the director(s) of the Company, including independent non-executive director(s)
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the 2008 Contract and the transaction contemplated thereunder

DEFINITIONS

“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 Board Committee”	the independent board committee of the Company
“Independent Shareholders”	the Shareholders other than CMCC and its associates
“Latest Practicable Date”	26 November 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Phoenix HK”	Phoenix Satellite Television Company Limited, a company incorporated in Hong Kong with limited liability and is a 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
“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 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 incorporated under the laws of the PRC and is the PRC advertising agent of Phoenix HK
“STAR”	STAR Group Limited, a wholly-owned subsidiary of News Corporation
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business:

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

3 December 2007

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION AND NOTICE OF EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

On 15 November 2007, the Company announced that on the same date, Phoenix HK through Shenzhen entered into the 2008 Contract with CNHK Media. CNHK Media has entered into the 2008 Contract for the ultimate benefits of the CMCC Group. The Transaction constitutes a continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements of the GEM Listing Rules.

LETTER FROM THE BOARD

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

II. THE 2008 CONTRACT

Reference is made to the announcement of the Company dated 6 February 2007 relating to the 2007 Contract. As the transaction contemplated under the 2007 Contract will expire by 31 December 2007 and CNHK Media would like to continue to purchase advertising airtime at and/or sponsoring the programme “Phoenix News Express” being broadcasted on the Phoenix Chinese Channel operated by the Group thereafter, Phoenix HK through Shenzhou entered into the 2008 Contract with CNHK Media on 15 November 2007.

Pursuant to the 2008 Contract, CNHK Media shall purchase advertising airtime at and/or sponsoring the programme “Phoenix News Express” for the period from 1 January 2008 to 31 December 2008 for the sum of RMB28,050,000 (equivalent to HK\$29,452,500) for promoting the CMCC Group. Further, under the 2008 Contract, the parties will negotiate and agree on the terms for purchasing advertising airtime at and/or sponsoring programme(s) being broadcasted on the Phoenix InfoNews Channel for promoting the CMCC Group for the period from 1 January 2008 to 31 December 2008 the contract sum of which will be up to RMB10,950,000 (equivalent to HK\$11,497,500). Therefore, the total contract sum payable by CNHK Media under the 2008 Contract will not exceed RMB39,000,000 (equivalent to HK\$40,950,000).

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiry, CNHK Media is engaged in the advertising agency business and it has entered into a contract with CMCC’s advertising agent in the PRC relating to and including the purchase of advertising airtime at and/or sponsoring “Phoenix News Express” being broadcasted on the Phoenix Chinese Channel and program(s) being broadcasted on the Phoenix InfoNews Channel (if applicable) by CMCC’s said advertising agent for the benefit and on behalf of the CMCC Group. As such, CNHK Media has entered into the 2008 Contract for the ultimate benefits of the CMCC Group.

Under the 2008 Contract, CNHK Media shall pay such sum of RMB28,050,000 (equivalent to HK\$29,452,500) relating to the purchase of advertising airtime at and/or sponsoring “Phoenix News Express” in cash by six instalments: (a) the 1st instalment of RMB7,012,500 (equivalent to HK\$7,363,125) (including an earnest deposit of RMB1,402,500 (equivalent to HK\$1,472,625)) on or before 31 December 2007; and (b) the 2nd to 6th instalments of RMB4,488,000 (equivalent to HK\$4,712,400) each on or before 20 February 2008, 18 April 2008, 20 June 2008, 20 August 2008 and 20 October 2008 respectively. The earnest deposit will be applied to partially set off against the amount of the 6th instalment payable by CNHK Media. The parties will negotiate and agree on the contract sum and term of payment relating to purchase of advertising airtime at and/or sponsoring programme(s) being broadcasted on the Phoenix InfoNews Channel. Completion of the 2008 Contract is conditional upon the approval of the Independent Shareholders.

Shenzhou, CNHK Media and CMCC’s said advertising agent, to the best of the Directors’ knowledge, information and belief after 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.

LETTER FROM THE BOARD

Reasons for the Transaction

The Group sells advertising airtime on its satellite television channels in its ordinary course of business. Income from sale of advertising airtime forms the major part of the Group's turnover. By selling advertising airtime to the CMCC Group indirectly through CNHK Media, the Group is able to generate more income for its operation and business.

The aggregate contract sums for purchasing advertising airtime at and/or sponsoring the programme "Phoenix News Express" by CNHK Media for the period from 1 January 2007 to 31 December 2007 are RMB32,800,000 (equivalent to HK\$34,440,000). The aggregate contract sums for purchasing advertising airtime at and/or sponsoring the programme "Phoenix Horizons" being broadcasted on the Phoenix InfoNews Channel by CNHK Media for the period from 1 July 2007 to 31 December 2007 are RMB4,713,675 (equivalent to HK\$4,949,359).

The 2008 Contract was entered into by the parties after arm's length negotiation such that the advertising airtime provided by the Group to other customers will be at rates no less favourable than that of the 2008 Contract. The maximum aggregate cap amount under the 2008 Contract is RMB39,000,000 (equivalent to HK\$40,950,000) which was agreed between the parties with reference to the rate card published by the Group from time to time which contains the pricing structure for the sale of advertising airtime on its satellite television channels, the advertising airtime purchased by CNHK Media in 2007, and the expected growth in the marketing and promotional activities of the CMCC Group for 2008.

The Directors (including the independent non-executive Directors) consider that the 2008 Contract was entered into in the ordinary and usual course of business of the Group and the terms thereof are normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Implications under the GEM Listing Rules

As CMHKG is a substantial shareholder of the Company holding approximately 19.86 per cent. issued share capital of the Company through its wholly-owned subsidiary namely Extra Step Investments Limited, CMCC being the ultimate holding company of CMHKG is a connected person of the Company under the GEM Listing Rules. As at the Latest Practicable Date, CMCC and its associates were entitled to exercise control over the voting right in respect of the approximately 19.86 per cent. issued share capital of the Company held by Extra Step Investments Limited. The Transaction constitutes a continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules. As the revenue ratio for the 2008 Contract is more than 2.5%, the Transaction is subject to the reporting, announcement and independent shareholders' approval requirements of the GEM Listing Rules.

The Company will convene the EGM for the purpose of seeking the approval of the Independent Shareholders for the Transaction. The vote of the Independent Shareholders on such resolution will be taken by poll.

The Independent Board Committee comprising all the independent non-executive Directors has been constituted to advise the Independent Shareholders in relation to the Transaction. CIMB-GK has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Transaction.

LETTER FROM THE BOARD

Information on the Group and the CMCC Group

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

CMCC is the ultimate controlling shareholder of China Mobile Limited which in turn is a leading mobile telecommunications service provider in the PRC, providing mobile telecommunications and related services in all 31 provinces, directly-administered municipalities and autonomous regions in the PRC and in Hong Kong. The ordinary shares of China Mobile Limited are listed on the Stock Exchange and its American depositary shares are listed on the New York Stock Exchange.

Recommendation

Your attention is drawn to the letter of advice from the Independent Board Committee and the letter from CIMB-GK containing its recommendations to the Independent Board Committee and the Independent Shareholders in relation to the terms of the 2008 Contract set out on page 9 and pages 10 to 12 of this circular, respectively.

The Independent Board Committee, having taken into account the advice of CIMB-GK, is of the opinion that the 2008 Contract has been entered into in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole and the terms thereof are on normal commercial terms, and are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution in relation to the 2008 Contract to be proposed at the EGM.

III. EXTRAORDINARY GENERAL MEETING

The EGM will be held at 9th Floor, One Harbourfront, 18-22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 20 December 2007 at 3:00 p.m. is set out on pages 21 to 22 of this circular at which ordinary resolution will be proposed to seek the Independent Shareholders' approval of the Transaction. **CMCC and its associates will abstain from voting in respect of the resolution relating to the Transaction at the EGM.**

A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the meeting, you are requested to complete and return the form of proxy to the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for the meeting or any adjournment thereof (as the case may be). The completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

LETTER FROM THE BOARD

IV. RIGHT TO DEMAND A POLL

Pursuant to Articles 66, 66A and 67 of the Articles of Association of the Company, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Notwithstanding any other provisions in the Articles of Association of the Company, if the chairman of a particular meeting and/or the Directors individually or collectively hold proxies in respect of shares holding five (5) per cent. or more of the total voting rights at that meeting, and if on a show of hands in respect of any resolution, the meeting votes in the opposite manner to that instructed in those proxies, the chairman of the meeting and/or any Director holding proxies as aforesaid shall demand a poll, unless it is apparent from the total proxies held by those persons that a vote taken on a poll will not reverse the vote taken on a show of hands. If a poll is required under such circumstances, the chairman of the meeting should disclose to the meeting the total number of votes represented by all proxies held by Directors indicating an opposite vote to the votes cast at the meeting on a show of hands.

V. 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
Phoenix Satellite Television Holdings Limited
LIU Changle
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

3 December 2007

To the Independent Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTION

We refer to the circular dated 3 December 2007 of the Company (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider and to advise the Independent Shareholders as to whether, in our opinion, the terms of the 2008 Contract are fair and reasonable so far as the Independent Shareholders are concerned. CIMB-GK has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the 2008 Contract.

We wish to draw your attention to the “Letter from the Board” set out on pages 4 to 8 of the Circular which contains, *inter alia*, information of the 2008 Contract, as well as the letter from CIMB-GK set out on pages 10 to 12 of the Circular which contains its advice in respect of the terms of the 2008 Contract.

Having taken into account the advice of CIMB-GK, we consider that the 2008 Contract has been entered into in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole and the terms thereof are on normal commercial terms, and are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in respect of the 2008 Contract.

Yours faithfully,

For and on behalf of

Independent Board Committee

LO Ka Shui

LEUNG Hok Lim

Thaddeus Thomas BECZAK

Independent Non-executive Directors

LETTER FROM CIMB-GK

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from CIMB-GK, the independent financial adviser dated 3 December 2007 prepared for the purpose of inclusion in this circular.



CIMB-GK Securities (HK) Limited

25/F Central Tower
28 Queen's Road Central
Hong Kong

3 December 2007

*To the Independent Board Committee and
the Independent Shareholders of
Phoenix Satellite Television Holdings Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction. Details of the terms of the 2008 Contract are set out in the letter from the board as contained in the circular of the Company to the Shareholders dated 3 December 2007 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular. We have also assumed that the information and representations contained or referred to in the Circular were true and accurate at the time they were made and continue to be so at the date of the dispatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information and documents to satisfy ourselves that we have a reasonable basis to assess the fairness and reasonableness of the terms of the 2008 Contract in order to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Group, the CMCC Group, Shenzhou, CNHK Media or any of their respective associates.

LETTER FROM CIMB-GK

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion for the Transaction, we have considered the following principal factors and reasons:

Background and reasons

The Group is a satellite television operator and, through its subsidiaries, is a leading satellite television operator broadcasting into the PRC. As stated in the letter from the board of the Circular, the Group in its ordinary course of business sells advertising airtime on its satellite television channels, which forms the major part of the Group's turnover.

The Group has been engaged in similar transaction with CNHK Media, the advertising agent of CMCC under the 2007 Contract, which will expire on 31 December 2007. The Directors advised that CNHK Media would like to continue to purchase advertising airtime at and/or sponsoring the programme "Phoenix News Express" being broadcasted on the Phoenix Chinese Channel operated by the Group after the expiry of the 2007 Contract, to cover the period from 1 January 2008 to 31 December 2008, thus caused the Group to enter into the 2008 Contract with CNHK Media on 15 November 2007. Further, under the 2008 Contract, the parties will negotiate and agree on the terms for purchasing advertising airtime at and/or sponsoring programme(s) being broadcasted on the Phoenix InfoNews Channel for promoting the CMCC Group for the period from 1 January 2008 to 31 December 2008.

Given the above and the fact that (i) the nature of the Transaction relates to the Group's principal business and operations; (ii) the Transaction will be based on market and normal commercial terms or no less favourable terms than those quoted by independent third parties (as discussed below), we consider the entering into of the 2008 Contract is in the interests of the Company and the Shareholders as a whole.

Terms

Pursuant to the 2008 Contract, CNHK Media shall purchase advertising airtime at and/or sponsoring (i) the programme "Phoenix News Express" for the period from 1 January 2008 to 31 December 2008 for the sum of RMB28,050,000 (equivalent to HK\$29,452,500), and (ii) subject to agreement by CNHK Media and Shenzhou, programme(s) to be broadcasted on Phoenix InfoNews Channel for the period from 1 January 2008 to 31 December 2008 for a maximum sum of RMB10,950,000 (equivalent to HK\$11,497,500), all of which will ultimately be utilised by the CMCC Group.

The Directors advised that the 2008 Contract was entered into by the parties after arm's length negotiation such that the advertising airtime provided by the Group to other independent customers will be at rates no less favourable than that of the 2008 Contract, by reference to the latest rate card (the "Rate Card") published by the Group from time to time.

Given the above, we consider the terms of the 2008 Contract are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

LETTER FROM CIMB-GK

Cap

The cap under the 2008 Contract is RMB39,000,000 (equivalent to HK\$40,950,000) (the “Cap”), which consist of a sum of RMB28,050,000 (equivalent to HK\$29,452,500) relating to purchase of advertising airtime at and/or sponsoring “Phoenix News Express”, and a maximum sum of RMB10,950,000 (equivalent to HK\$11,497,500) relating to purchase of advertising airtime at and/or sponsoring programme(s) to be broadcasted on Phoenix InfoNews Channel. The Cap was agreed between the parties with reference to i) the Rate Card which contains the pricing structure for the sale of advertising airtime on the Group’s satellite television channels; ii) the duration of advertising airtime purchased by CNHK Media in 2007; and iii) the expected growth in the marketing and promotional activities of the CMCC Group in 2008.

We have reviewed (i) the latest published Rate Card; ii) the discount schedule applied to the Rate Card offered by the Group to its customers including the CMCC Group (“Discount Schedule”), which sets out the maximum discount rate which can be offered by the Group to its customers; iii) similar contracts entered into by the Group with other customers; and iv) the breakdown of advertising airtime to be beneficially purchased and sponsored by the CMCC Group in 2008. We noted that the advertising rates chargeable to the CMCC Group are consistent with the advertising rates as quoted on the Rate Card, after taking account of the discounts in accordance with the Discount Schedule. The Company advised that the discounts to the Rate Card offered to its customers are principally determined by considering the background and scale of business of the customer, the amount of contract sum and the years of relationship with each particular customer. As advised by the Company, similar rate of discounts was offered to other independent customers with similar contract sum and background of the CMCC Group.

Views

Based on the above, we consider the Cap to be fair and reasonable so far as the Company and the Independent Shareholders are concerned. However, as the Cap relates to future events and are based on assumptions which may or may not remain valid for the entire period up to 31 December 2008, consequently, we express no opinion as to how closely the actual amount to be incurred under the Transaction will correspond with the Cap.

RECOMMENDATION

Having considered the principal factors and reasons referred to the above, we consider that the Transaction is in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole and the terms thereof, together with the Cap, are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Transaction contemplated under the 2008 Contract.

Yours faithfully,

For and on behalf of

CIMB-GK Securities (HK) LIMITED

Alex Lau

Executive Vice President

Flavia Hung

Senior Vice President

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 was 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	37.45%
LO Ka Shui	4,630,000 (Note 2)	Personal/ Other interest	Long	0.09%

Note 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 37.45% of the issued share capital of the Company.

Note 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 Ka Shui 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 was 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, as at the Latest Practicable Date, 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	37.45%
Extra Step Investments Limited (<i>Note 2</i>)	983,000,000	19.86%
Xing Kong Chuan Mei Group Co., Ltd. (<i>Note 3</i>)	871,000,000	17.59%

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 CMHKG which in turn is a subsidiary of CMCC. By virtue of the SFO, CMCC and CMHKG 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 an indirect 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 in the Company

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	8.32%

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.

(iii) Substantial shareholders of subsidiaries of the Company

Name of subsidiary of the Company	Name of substantial shareholder	Interest in the share capital/equity interest	Approximate shareholding percentage
PCNE Holdings Limited	Techvast Limited	300 shares	30%
Hong Kong Phoenix Weekly Magazine Limited	Zhao Shuli	14 shares	14%
鳳凰影視(深圳)有限公司 (Phoenix Film and Television (Shenzhen) Co. Ltd.)	深圳市藍天空電視 廣播有限公司	HK\$2,500,000	25%
鳳凰影視(深圳)有限公司 (Phoenix Film and Television (Shenzhen) Co. Ltd.)	深圳市龍領實業 發展有限公司	HK\$1,000,000	10%
深圳市梧桐山電視廣播 有限公司 (Shenzhen Wutong Shan Television Broadcasting Limited)	深圳市藍天空電視 廣播有限公司	RMB500,000	10%
Phoenix Media and Broadcast Sdn. Bhd.	Tan Sri Lee Kim Tiong	300,000 shares	30%
Phoenix Outdoor Media Company Limited	Regal Fame Investments Ltd.	25 shares	25%

Save as disclosed above, as at the Latest Practicable Date, 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

As at the Latest Practicable Date, the Directors were 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

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, Today's Asia Limited had interest in approximately 37.45% of the share capital of the Company. Today's Asia Limited, together with its shareholder, Mr. LIU Changle, were 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 owned 93.3% and 6.7%, respectively of Today's Asia Limited, which held 100% of Vital Media Holdings Limited. Vital Media Holdings Limited held 100% of Dragon Viceroy Limited, which in turn held 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, as at the Latest Practicable Date, none of the Directors or the management shareholders of the Company or their respective associates had any interests in a business which competes or may compete with the business of the Group.

7. EXPERT

CIMB-GK has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter(s) and/or references to its name in the form and context in which they respectively appear.

CIMB-GK is a licensed corporation under the SFO to carry out types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) regulated activities.

As at the Latest Practicable Date, CIMB-GK had no shareholding in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, CIMB-GK did not have any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, any member of the Group or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2006, the date to which the latest published audited financial statements were made up.

8. MISCELLANEOUS

- (a) Save as disclosed in this circular, 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) Save as disclosed in this circular, none of the Directors is interested in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2006, the date to which the latest published audited accounts of the Company were made up.
- (c) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (d) The head office and principal place of business of the Company is at 9th Floor, One Harbourfront, 18-22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong.
- (e) 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.
- (f) 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.
- (g) 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.

- (h) 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 and the mandatory provisions of the Code on Corporate Governance Practices issued by the Stock Exchange. 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 45, 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 57, 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 21 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.

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

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during the normal business hours at the Company's principal place of business in Hong Kong from the date of this circular up to and including 20 December 2007:

- (1) the service agreements referred to in the section headed "Interests in service contracts" in this Appendix;
- (2) the 2007 Contract; and
- (3) the 2008 Contract.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Phoenix Satellite Television Holdings Limited (the “Company”) will be held at 9th Floor, One Harbourfront, 18-22 Tak Fung Street, Hungghom, Kowloon, Hong Kong on Thursday, 20 December 2007 at 3:00 p.m. for the following purposes:

“THAT:

- (a) the conditional contract (a copy of which marked “A” has been produced to the meeting and signed by the Chairman for the purpose of identification) made between 神州電視有限公司 (Shenzhou Television Company Limited) (“Shenzhou”) and 中港傳媒有限公司 (CNHK Media Limited) dated 15 November 2007 (the “2008 Contract”) in relation to the purchase of advertising airtime at and/or sponsoring the programme “Phoenix News Express” being broadcasted on the Phoenix Chinese Channel and programme(s) being broadcasted on the Phoenix InfoNews Channel for the period from 1 January 2008 to 31 December 2008 (details of which are set out in the circular of the Company dated 3 December 2007 to its shareholders, a copy of which marked “B” has been produced to the meeting and signed by the Chairman for the purpose of identification) and all transaction contemplated thereby be and are hereby approved, ratified and confirmed, and **THAT** the entering into of the 2008 Contract and all other agreements, deeds and any other documents in relation thereto by Shenzhou and/or the Company be approved, ratified and confirmed; and
- (b) the directors of the Company be and are hereby authorized to do all such things and execute all such documents as they in their absolute discretion deem fit or appropriate to give effect to the 2008 Contract and the implementation of all transaction contemplated thereunder.”

By Order of the Board

YEUNG Ka Keung

Company Secretary

Hong Kong, 3 December 2007

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business:

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

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be lodged at the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting (or the adjourned meeting as the case may be).
3. Where there are joint holders of any Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Shares as if he/she were solely entitled thereto, but if more than one of such joint holders present at the meeting personally or by proxy, the most senior shall alone be entitled to vote, whether in person or by proxy, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members in respect of joint holding.
4. The register of members of the Company will be closed from Monday, 17 December 2007 to Thursday, 20 December 2007, both days inclusive, during which period no transfer of Shares will be effected. All transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 14 December 2007.
5. A form of proxy for use at the meeting is enclosed.