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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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  
RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to the Independent Board Committee**



**CIMB-GK Securities (HK) Limited**

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A letter from the Board is set out on pages 4 to 12 of this circular and a letter from the Independent Board Committee is set out on page 13 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 14 to 17 of this circular.

A notice convening the EGM to be held at 9th Floor, One Harbourfront, 18-22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Friday, 23 March 2007 at 3:00 p.m. is set out on pages 26 to 27 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](http://www.hkgem.com) for at least 7 days from the date of its posting.*

27 February 2007

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## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

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**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

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

“Articles”	the articles of association of the Company
“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 New 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
“Current Contract”	the advertising contract entered into between Shenzhou and CNHK Media dated 26 December 2006 relating to the purchase of advertising airtime by CNHK Media for the period from 1 January 2007 to 31 March 2007
“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
“Director(s)”	the director(s) of the Company, including independent non-executive director(s)

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## DEFINITIONS

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“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the 2007 Contract and the transaction contemplated thereunder
“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 comprising all the independent non-executive Directors
“Independent Shareholders”	the Shareholders other than CMCC and its associates
“Latest Practicable Date”	23 February 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“New Transaction”	the transaction contemplated under the 2007 Contract for the period from 1 April 2007 to 31 December 2007
“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

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## DEFINITIONS

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“STAR” STAR Group Limited, a wholly-owned subsidiary of News Corporation

“Stock Exchange” The Stock Exchange of Hong Kong Limited

*In this circular, amounts in RMB have been translated, for illustration purposes, into HK\$ at the exchange rate of RMB1.00 to HK\$1.00.*

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Liu Changle (*Chairman*)

Chui Keung

Wang Jiyan

*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

Hunghom

Kowloon

Hong Kong

27 February 2007

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION  
AND  
RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

#### **I. INTRODUCTION**

On 6 February 2007, the Company announced that on 2 February 2007, Phoenix HK through Shenzhou entered into the 2007 Contract with CNHK Media. CNHK Media has entered into the 2007 Contract for the ultimate benefits of the CMCC Group. The New 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.

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## LETTER FROM THE BOARD

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Further, Mr. Wang Jiyan has been appointed as executive Director, and Mr. Lu Xiangdong, Mr. Gao Nianshu and Mr. Paul Francis Aiello, have been appointed as non-executive Directors all with effect from 29 September 2006. Mr. Gong Jianzhong has also been appointed as non-executive Director with effect from 12 January 2007. Pursuant to A.4.2 of the provisions of Appendix 15 of the GEM Listing Rules and Article 86(3), the above appointments are subject to re-election by the Shareholders at the EGM.

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

### II. THE 2007 CONTRACT

Reference is made to the announcement of the Company dated 3 January 2007 relating to the Current Contract. As the transaction contemplated under the Current Contract will expire by 31 March 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 2007 Contract with CNHK Media on 2 February 2007. Pursuant to the 2007 Contract, CNHK Media shall purchase advertising airtime at and/or sponsoring the programme “Phoenix News Express” for the period from 1 April 2007 to 31 December 2007 for the sum of RMB23,350,000 (equivalent to HK\$23,350,000) for promoting the CMCC Group.

To the best of the Directors’ knowledge, information and belief 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” by CMCC’s said advertising agent for the benefit and on behalf of the CMCC Group. As such, CNHK Media has entered into the 2007 Contract for the ultimate benefits of the CMCC Group.

Under the 2007 Contract, CNHK Media shall pay such sum of RMB23,350,000 (equivalent to HK\$23,350,000) in cash by three instalments of RMB9,000,000 (equivalent to HK\$9,000,000), RMB9,000,000 (equivalent to HK\$9,000,000) and RMB5,350,000 (equivalent to HK\$5,350,000) on or before 15 March 2007, 15 June 2007 and 14 September 2007 respectively. If the 2007 Contract and the transaction contemplated thereunder have not been approved by the Independent Shareholders by 31 March 2007, the New Transaction shall be terminated immediately. In such event, any sum paid by CNHK Media under the 2007 Contract will be refunded to it without interest. The 2007 Contract also provides that CNHK Media is entitled to reduce the actual advertising airtime to be purchased thereunder by not more than 18% of the original contracted sum.

Shenzhou, CNHK Media and CMCC’s said advertising agent, 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.



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## LETTER FROM THE BOARD

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### **Reasons for the New 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 contract sum under the Current Contract is RMB9,450,000 (equivalent to HK\$9,450,000). CNHK Media has also paid a total sum of RMB25,608,800 (equivalent to HK\$25,608,800) for purchasing advertising airtime at and/or sponsoring the programme "Phoenix News Express" for the year ended 31 December 2006. The 2007 Contract was entered into by the parties after arm's length negotiation such that the advertising airtime under the 2007 Contract will be provided at rate no more favourable than other customers of the Group. The maximum aggregate cap amount under the Current Contract and the 2007 Contract is RMB32,800,000 (equivalent to HK\$32,800,000) 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 2006, and the expected growth in the marketing and promotional activities of the CMCC Group for 2007.

The Directors (including the independent non-executive Directors) consider that the 2007 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 19.89 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. The New Transaction constitutes a continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules. All the applicable percentage ratios for the New Transaction are less than 2.5%. However, pursuant to Rule 20.27 of the GEM Listing Rules, the transactions contemplated under the Current Contract and the 2007 Contract are aggregated for the purpose of calculating the applicable percentage ratios. As the aggregate revenue ratio for the Current Contract and the 2007 Contract is more than 2.5%, the New 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 New 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 New 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 New Transaction.

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## LETTER FROM THE BOARD

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### 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. 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 2007 Contract set out on page 13 and pages 14 to 17 of this circular, respectively.

The Independent Board Committee, having taken into account the advice of CIMB-GK, is of the opinion that the 2007 Contract has been 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. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the 2007 Contract to be proposed at the EGM.

### III. RE-ELECTION OF DIRECTORS

On 28 September 2006, the Company announced that Mr. Wang Jiyang has been appointed as executive Director, and Mr. Lu Xiandong, Mr. Gao Nianshu and Mr. Paul Francis Aiello, have been appointed as non-executive Directors all with effect from 29 September 2006. Mr. Gao has also been appointed as a member of the remuneration committee of the Company with effect from 29 September 2006. Further, on 11 January 2007, the Company announced that Mr. Gong Jianzhong has been appointed as non-executive Director with effect from 12 January 2007.

Pursuant to A.4.2 of the provisions of Appendix 15 of the GEM Listing Rules and Article 86(3), the above appointments are subject to re-election by the Shareholders at the EGM. Mr. Wang, Mr. Lu, Mr. Gao, Mr. Aiello and Mr. Gong shall retire at the EGM and being eligible, offer themselves for re-election. Ordinary resolutions for the re-election of Mr. Wang, Mr. Lu, Mr. Gao, Mr. Aiello and Mr. Gong will be proposed at the EGM for the consideration of the Shareholders. The biographies of Mr. Wang, Mr. Lu, Mr. Gao, Mr. Aiello and Mr. Gong are as follows:

**Mr. Wang Jiyang**, aged 58, joined Phoenix HK in March 1996 and is currently the executive vice president of Phoenix HK and the Company and Head of the Phoenix Chinese Channel. Mr. Wang has taught in Beijing Broadcasting Institute for more than twenty years. Mr. Wang is one of the leading television programme producers in China and participated in the direction and production of a number of television programmes in early years. His television programme productions have won numerous domestic

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## LETTER FROM THE BOARD

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and overseas awards. Mr. Wang is also a scholar in the television industry and has been the panelist of various international television festivals. He is also a renowned media educator and enjoys a professor title. During the two decades of teaching in the Beijing Broadcasting Institute, he was the head of the television department for over ten years and was the deputy dean of the Beijing Broadcasting Institute for six years.

Save as disclosed above, Mr. Wang has not previously held and is not holding any other position with the Group. Save as disclosed above, Mr. Wang does not hold any other directorships in any listed public companies in the last three years and other major appointments and qualifications. Save as disclosed above, he does not have any relationships with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company for the purpose of the GEM Listing Rules. As at the Latest Practicable Date, Mr. Wang is interested in share options granted by the Company for 3,990,000 underlying Shares representing approximately 0.08 per cent. of the issued share capital of the Company. Save as disclosed above, Mr. Wang is not interested in any Shares within the meaning of Part XV of the SFO.

There is no service contract entered into between the Company and Mr. Wang. Mr. Wang is not appointed for a specific term and is subject to retirement by rotation and re-election in accordance with the provision of the Articles. Mr. Wang will not receive any director's emolument.

Save as disclosed above, the Board is not aware of any other matters in relation to the re-election of Mr. Wang as executive Director that need to be brought to the attention of the Shareholders and there is no information relating to Mr. Wang that is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

**Mr. Lu Xiangdong**, aged 46, is currently a director of CMHKG. Mr. Lu is also the executive director and vice president of China Mobile Limited. Mr. Lu has also been holding the post of vice president of CMCC since April 2000. Mr. Lu is also a director of China Mobile Communication Co., Ltd. and chairman of Aspire Holdings Limited. He previously served as the director general of the Fujian Wireless Telecommunications Administration and the deputy director general of the Mobile Telecommunications Bureau of the Ministry of Posts and Telecommunications. Mr. Lu graduated from the Academy of Posts and Telecommunications of the Ministry of Posts and Telecommunications with a Master's degree in wireless communications in 1985 and received a doctoral degree in Economics from Peking University in 2004. He has nearly 24 years of management experience in the telecommunications industry.

Save as disclosed above, Mr. Lu has not previously held and is not holding any other position with the Group. Save as disclosed above, Mr. Lu does not hold any other directorships in any listed public companies in the last three years and other major appointments and qualifications. Save as disclosed above, he does not have any relationships with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company for the purpose of the GEM Listing Rules. As at the Latest Practicable Date, Mr. Lu does not have any interest in the Shares within the meaning of Part XV of the SFO.

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## LETTER FROM THE BOARD

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There is no service contract entered into between the Company and Mr. Lu. Mr. Lu is not appointed for a specific term and is subject to retirement by rotation and re-election in accordance with the provision of the Articles. Mr. Lu will not receive any director's emolument.

Save as disclosed above, the Board is not aware of any other matters in relation to the re-election of Mr. Lu as non-executive Director that need to be brought to the attention of the Shareholders and there is no information relating to Mr. Lu that is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

**Mr. Gao Nianshu**, aged 43, is currently the deputy general manager of data service department of CMCC. Mr. Gao previously served as assistant to president of Beijing Mobile Communication Company Limited, deputy general manager and general manager of business supporting system department and deputy general manager of marketing department of Beijing Mobile Communication Company Limited. Mr. Gao graduated from Jilin University and received a Master's degree in engineering from Institute of Computing Technology, Chinese Academy of Science and an EMBA degree from Peking University. Mr. Gao has many years of experience in the telecommunications industry. He has also been appointed as a director of Phoenix HK with effect from 29 September 2006.

Save as disclosed above, Mr. Gao has not previously held and is not holding any other position with the Group. Save as disclosed above, Mr. Gao does not hold any other directorships in any listed public companies in the last three years and other major appointments and qualifications. Save as disclosed above, he does not have any relationships with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company for the purpose of the GEM Listing Rules. As at the Latest Practicable Date, Mr. Gao does not have any interest in the Shares within the meaning of Part XV of the SFO.

There is no service contract entered into between the Company and Mr. Gao. Mr. Gao is not appointed for a specific term and is subject to retirement by rotation and re-election in accordance with the provision of the Articles. Mr. Gao will not receive any director's emolument.

Save as disclosed above, the Board is not aware of any other matters in relation to the re-election of Mr. Gao as non-executive Director that need to be brought to the attention of the Shareholders and there is no information relating to Mr. Gao that is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

**Mr. Paul Francis Aiello**, aged 42, was appointed to head STAR as chief executive officer in January 2007, effective from 1 March 2007. Mr. Aiello is also acting chief executive officer of STAR India. He joined STAR as president in July 2006 and is responsible for developing strategic and business directions for STAR while overseeing overall corporate functions. Prior to joining STAR, Mr. Aiello worked for Morgan Stanley for more than nine years. He joined Morgan Stanley as vice president in 1997 and subsequently advanced his career to executive director, mergers and acquisitions of Asia Pacific; chief operating officer of Asia Pacific investment banking and finally, managing director and head of telecom, media and technology group, Asia Pacific in 2000. Before joining Morgan Stanley, Mr. Aiello was vice president, mergers and acquisitions, investment banking department of CS First Boston Limited, Hong Kong. He has also worked as a senior consultant, Central and East European Telecom Group of the World Bank, Washington, DC and was the assistant to the chief financial officer at the

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## LETTER FROM THE BOARD

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Beijing Jeep Corp, Beijing, China. Mr. Aiello has a Ph. D. degree in Economics from the University of Cambridge and a B.A. degree in Economics and International Relations from the University of Notre Dame, Indiana.

Save as disclosed above, Mr. Aiello has not previously held and is not holding any other position with the Group. Save as disclosed above, Mr. Aiello does not hold any other directorships in any listed public companies in the last three years and other major appointments and qualifications. Save as disclosed above, he does not have any relationships with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company for the purpose of the GEM Listing Rules. As at the Latest Practicable Date, Mr. Aiello does not have any interest in the Shares within the meaning of Part XV of the SFO.

There is no service contract entered into between the Company and Mr. Aiello. Mr. Aiello is not appointed for a specific term and is subject to retirement by rotation and re-election in accordance with the provision of the Articles. Mr. Aiello will not receive any director's emolument.

Save as disclosed above, the Board is not aware of any other matters in relation to the re-election of Mr. Aiello as non-executive Director that need to be brought to the attention of the Shareholders and there is no information relating to Mr. Aiello that is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

**Mr. Gong Jianzhong**, aged 44, is currently a director of certain of the Company's subsidiaries. Mr. Gong is a non-executive director of China Merchants China Direct Investments Limited, and a non-executive director and vice-chairman of the board of directors of Jilin Qifeng Chemical Fiber Co., Ltd. He is also a director and vice-chairman of the board of directors of Shanghai Airlines Co., Ltd. In addition, Mr. Gong is a director and chief executive officer of Bank of China Group Investment Limited ("BOCGI") and a director of a number of companies controlled by BOCGI or in which BOCGI has an interest. From 2002 to 2005, Mr. Gong was an alternate director and deputy chief executive officer of BOCGI. Mr. Gong has over 15 years of experience in banking, administration and management. He graduated from Dongbei University of Finance and Economics in the PRC in April 1991 with a master degree in economics.

Save as disclosed above, Mr. Gong has not previously held and is not holding any other position with the Group. Mr. Gong does not hold any other directorships in any listed public companies in the last three years and other major appointments and qualifications. Save as disclosed above, he does not have any relationships with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company for the purpose of the GEM Listing Rules. As at the Latest Practicable Date, Mr. Gong does not have any interest in the Shares within the meaning of Part XV of the SFO.

There is no service contract entered into between the Company and Mr. Gong. Mr. Gong is not appointed for a specific term and is subject to retirement by rotation and re-election in accordance with the provision of the Articles. Mr. Gong will not receive any director's emolument.

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## LETTER FROM THE BOARD

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Save as disclosed above, the Board is not aware of any other matters in relation to the re-election of Mr. Gong as non-executive Director that need to be brought to the attention of the Shareholders and there is no information relating to Mr. Gong that is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

### **Recommendation**

Having taken into account the expertises and experiences of Mr. Wang, Mr. Lu, Mr. Gao, Mr. Aiello and Mr. Gong, the Directors consider that it is in the interests of the Company and the Shareholders as whole to obtain the Shareholders' approval of the re-election of Mr. Wang as executive Director, Mr. Lu, Mr. Gao, Mr. Aiello and Mr. Gong as non-executive Directors. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM relating to their re-elections.

### **IV. EXTRAORDINARY GENERAL MEETING**

The EGM will be held at 9th Floor, One Harbourfront, 18-22 Tak Fung Street, Hunghom, Kowloon, Hong Kong on Friday, 23 March 2007 at 3:00 p.m. is set out on pages 26 to 27 of this circular at which ordinary resolutions will be proposed to seek the Independent Shareholders' approval of the New Transaction. **CMCC and its associates will abstain from voting in respect of the resolutions relating to the New Transaction at the EGM.** Ordinary resolutions will also be proposed to seek the Shareholders' approval of the re-election of Directors.

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.

### **V. RIGHT TO DEMAND A POLL**

Pursuant to Articles 66, 66A and 67 of the Articles, 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

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## LETTER FROM THE BOARD

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- (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, 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.

### VI. 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*

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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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)

27 February 2007

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION**

We refer to the circular dated 27 February 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 2007 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 2007 Contract.

We wish to draw your attention to the “Letter from the Board” set out on pages 4 to 12 of the Circular which contains, inter alia, information of the 2007 Contract, as well as the letter from CIMB-GK set out on pages 14 to 17 of the Circular which contains its advice in respect of the terms of the 2007 Contract.

Having taken into account the advice of CIMB-GK, we consider that the terms of the 2007 Contract are fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Independent Shareholders as a whole to enter into the same. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in respect of the 2007 Contract.

Yours faithfully,

For and on behalf of

**Independent Board Committee**

**Lo Ka Shui**

**Leung Hok Lim**

**Thaddeus Thomas Beczak**

*Independent Non-executive Directors*



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## LETTER FROM CIMB-GK

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*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 27 February 2007 prepared for the purpose of inclusion in this circular.*



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

27 February 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 New Transaction. Details of the terms of the 2007 Contract are set out in the letter from the Board as contained in the circular of the Company to the Shareholders dated 27 February 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 taken all reasonable steps pursuant to Rule 17.92 of the GEM Listing Rules (including the notes thereto) and 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 2007 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.

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## LETTER FROM CIMB-GK

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion for the New 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 this 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.

We note that the Group has been engaged in similar transaction with CNHK Media, the advertising agent of CMCC under the Current Contract, which will expire on 31 March 2007, for the ultimate benefits of the CMCC Group. The Directors advised that CNHK Media would like to continue purchasing 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 Current Contract, to cover the period from 1 April 2007 to 31 December 2007, thus caused the Group to enter into the 2007 Contract with CNHK Media.

Given the above and the fact that (i) the nature of the New Transaction relates to the Group's principal business and operations; (ii) the New 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 2007 Contract is in the interests of the Company and the Shareholders as a whole.

#### Terms

Pursuant to the 2007 Contract, CNHK Media shall purchase advertising airtime at and/or sponsoring the programme "Phoenix News Express" for the period from 1 April 2007 to 31 December 2007 for the sum of RMB23,350,000 (equivalent to HK\$23,350,000) which will ultimately be utilised by the CMCC Group.

The Directors advised that as in the Current Contract, the advertising airtime in the "Phoenix News Express" will be ultimately provided to the CMCC Group under the 2007 Contract at a rate no more favourable than those offered to the other independent customers of the Group by reference to the rate card (the "Rate Card") published by the Group from time to time.

Under the 2007 Contract, CNHK Media is entitled to reduce the actual advertising airtime to be purchased thereunder by not more than 18% of the original contracted sum. We have discussed the contract sum reduction arrangement with the senior management of the Company and have been given to understand that such reduction arrangement is a common market practice noted in the advertising industry. The Directors represented and we also note that similar contract sum reduction arrangements were also made available to other independent customers of the Group.

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## LETTER FROM CIMB-GK

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Given the above, we consider the terms of the 2007 Contract are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

### Cap

The contract sum under the 2007 Contract is RMB 23,350,000 (equivalent to HK\$23,350,000), when aggregated with the Current Contract sum of RMB9,450,000 (equivalent to HK\$9,450,000), the maximum aggregate cap amount will be RMB32,800,000 (equivalent to HK\$32,800,000) (the “Cap”). 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 advertising airtime purchased by CNHK Media in 2006; and (iii) the expected growth in the marketing and promotional activities of the CMCC Group in 2007.

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) 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. We noted that the advertising rates chargeable to the CMCC Group are consistent with the advertising rates as quoted on the Rate Card, after applying the discounts in accordance with the Discount Schedule. The Company advised that the discounts to the Rate Card offered to its customers are determined by principally 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 (being the total contract sum of the Current Contract and the 2007 Contract) 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 2007, consequently, we express no opinion as to how closely the actual amount to be incurred under the New Transaction will correspond with the Cap.

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## LETTER FROM CIMB-GK

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### RECOMMENDATION

Having considered the principal factors and reasons referred to above, we consider that the New 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 resolutions to be proposed at the EGM to approve the New Transaction contemplated under the 2007 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 is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange, were as follows:

(1) *Shares*

Name of Director	No. of Shares held	Nature of interest	Position	Approximate shareholding percentage
Liu Changle	1,854,000,000 (Note)	Corporate	Long	37.51%
Lo Ka Shui	4,630,000	Personal	Long	0.09%

*Note:* Mr. Liu Changle is the beneficial owner of approximately 93.3% of the issued share capital of Today's Asia Limited, which in turn has an interest in approximately 37.51% of the issued share capital of the Company as at the Latest Practicable Date.

(2) *Share options*

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

Each of the executive Directors (other than Mr. Wang Jiyan) has entered into a service contract with the Company for a fixed term of three years commenced from 1 July 2006.

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

### 2.3 Interests in asset

Save as disclosed in the prospectus of the Company dated 21 June 2000 and the 2005 Annual Report of the Company, none of the Directors has 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 are proposed to be acquired or disposed of by or leased to any member of the Group since 14 March 2006, the date to which the latest published audited financial statements were made up.

### 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	37.51%
Extra Step Investments Limited ( <i>Note 2</i> )	983,000,000	19.89%
Xing Kong Chuan Mei Group Co., Ltd ( <i>Note 3</i> )	871,000,000	17.62%

*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 2005, the date to which the latest audited financial statements of the Group were made up.

**5. LITIGATION**

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

**6. COMPETING INTERESTS**

Mr. Liu Changle is a Director and management shareholder of the Company whilst Mr. Chan Wing Kee is an initial management shareholder of the Company, for the purposes of the GEM Listing Rules. Mr. Liu Changle and Mr. Chan Wing Kee beneficially own 93.3% and 6.7%, respectively of Today's Asia Limited, which holds 100% of Vital Media Holdings Limited, which in turn holds 46% indirect interest in Asia Television Limited ("ATV"), a Hong Kong based television broadcasting company. Mr. Chan Wing Kee also owns 95% of Dragon Sheen Holdings Limited which holds 16.25% indirect interest in ATV as at the Latest Practicable Date. He also owns 80% of Dragon Goodwill International Limited, which completed its acquisition of 32.75% interests in ATV on 25 July 2003. ATV is deemed to be a connected person of the Company pursuant to the GEM Listing Rules. Primarily aiming at audiences in Hong Kong, ATV broadcasts its programmes via terrestrial transmission through two channels, one in Cantonese and the other in English. Signals of such two channels can also be received in certain parts of



Guangdong Province of the PRC. ATV announced in August 2002 that it received the approval from the authorities in China to broadcast its Cantonese and English channels through the cable system in Guangdong. ATV is also granted a non-domestic television programme service license in May 2004, in addition to its existing domestic free television programme service license.

Save as disclosed above, none of the Directors or the 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. 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 has no shareholding in any member of the Group and does 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.

CIMB-GK does 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 are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2005, the date to which the latest published audited financial statements were made up.

## **8. 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 Tak Fung Street, Hunghom, Kowloon, Hong Kong.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Hong Kong Registrars Limited at Rooms 1806-1807, 18th 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, 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 71, is a fellow member of CPA Australia, a member of the Macau Society of Certified Practising Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the taxation institute of Hong Kong. Mr. Leung is the founding and senior partner of PKF, Certified Public Accountants. Mr. Leung obtained his fellowship with Institute of Certified Public Accountants in 1973. He is

a non-executive director of Beijing Hong Kong Exchange of Personnel Centre Limited. Mr. Leung is the independent non-executive director of a number of listed companies namely Yangtzekiang Garment 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.

## **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 16 March 2007:

- (1) the service agreements referred to in the section headed "Interests in Service Contracts" in this Appendix;
- (2) the Current Contract;
- (3) the 2007 Contract;

- (4) the letter from CIMB-GK to the Independent Board Committee and the Independent Shareholders in relation to the New Transaction as set out on pages 14 to 17 of this circular;
- (5) the written consent from CIMB-GK as referred to in the section headed “Expert” above; and
- (6) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 13 of this circular.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)

**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, Hunghom, Kowloon, Hong Kong on Friday, 23 March 2007 at 3:00 p.m. for the following purposes:

1. **“THAT** 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 2 February 2007 (the “Contract”) in relation to the purchase of advertising airtime at and/or sponsoring the programme “Phoenix News Express” for the period from 1 April 2007 to 31 December 2007 (details of which are set out in the circular of the Company dated 27 February 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 thereunder be and are hereby approved, ratified and confirmed, and **THAT** the entering into of the Contract and all other agreements, deeds and any other documents in relation thereto by Shenzhou and/or the Company be approved, ratified and confirmed.”
2. **“THAT** the directors of the Company (the “Directors”) 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 Contract and the implementation of all transaction contemplated thereunder.”
3. “To re-elect Mr. Wang Jiyan as executive Director and to authorize the board of Directors to fix his remuneration.”
4. “To re-elect Mr. Lu Xiangdong as non-executive Director and to authorize the board of Directors to fix his remuneration.”
5. “To re-elect Mr. Gao Nianshu as non-executive Director and to authorize the board of Directors to fix his remuneration.”
6. “To re-elect Mr. Paul Francis Aiello as non-executive Director and to authorize the board of Directors to fix his remuneration.”

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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7. “To re-elect Mr. Gong Jianzhong as non-executive Director and to authorize the board of Directors to fix his remuneration.”

By Order of the Board  
**Yeung Ka Keung**  
*Company Secretary*

Hong Kong, 27 February 2007

*Registered Office:*

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

*Principal Place of Business:*

9th, 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 shares, 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 Tuesday, 20 March 2007 to Friday, 23 March 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 branch share registrar of the Company in Hong Kong, Hong Kong Registrars Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queens's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 19 March 2007.
5. A form of proxy for use at the meeting is enclosed.