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

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

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鳳凰衛視

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

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8002)

**DISCLOSEABLE TRANSACTION**

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

7 November 2005

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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, the following expressions have the following meanings, unless the context otherwise requires:*

“Agreement”	the Agreement dated 29 October 2003 entered into by Phoenix and Oasiscity
“Associate(s)”	shall have the meaning ascribed thereto in Rule 1.01 of the GEM Listing Rules
“ATV”	Asia Television Limited, a television broadcaster operating in Hong Kong
“Building”	The building (which includes a production centre) to be built on the Land
“Charge”	the share charge executed by Oasiscity in favour of Phoenix pursuant to the Agreement
“Company”	Phoenix Satellite Television Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company, including independent non-executive directors
“GEM”	the Growth Enterprises Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange
“Group”	the Company and its Subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hongda”	北京市宏達建設工程有限責任公司 (Beijing Hongda Construction Company Limited) <sup>1</sup>
“Joint Venture”	深圳鳳凰置業有限公司 (Shenzhen Phoenix Real Estate Co., Ltd.) <sup>1</sup> , a Sino-foreign co-operative joint venture company incorporated in the PRC
“Land”	a parcel of land situated at 深圳市內編號為B205-0012 (Lot B205-0012, Shenzhen City Centre District), Shenzhen, the People’s of Republic of China
“Latest Practicable Date”	3 November 2005

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## DEFINITIONS

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Oasiscity	Oasiscity Limited, a wholly-owned subsidiary of Neo-China Group (Holdings) Limited (formerly known as “Neo-Tech Global Limited”), the shares of which are listed on the Main Board of The Stock Exchange
“Phoenix”	Phoenix Satellite Television Company Limited, a wholly-owned subsidiary of the Company
“Real Properties”	Phoenix Real Properties Limited
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shareholders”	the shareholders of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subsidiary”	shall have the meaning ascribed thereto in Rule 1.01 of the GEM Listing Rules
“Supplementary Agreement”	the supplementary agreement dated 12 May 2005 between Phoenix, Oasiscity and Real Properties

*Note:* The RMB amounts shown in this circular have been translated into HK\$ based on the exchange rate of RMB1.00 to HK\$1.075.

<sup>1</sup> name translated for reference only



鳳凰衛視

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

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8002)

*Executive Directors:*

LIU, Changle (*Chairman*)  
CHUI, Keung

*Non-executive Directors:*

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

*Independent non-executive Directors:*

Thaddeus Thomas BECZAK  
LEUNG, Hok Lim  
LO, Ka Shui

*Registered Office:*

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

*Principal Place of Business:*

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

7 November 2005

*To Shareholders of the Company*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION**

**BACKGROUND**

On 11 June 2001, Phoenix entered into an agreement with 深圳市規劃國土局 (The Shenzhen National Land Planning Bureau)<sup>1</sup>, being third parties independent of the Company and connected persons (as defined in the GEM Listing Rules) of the Company, to acquire a land use right on the Land for the development of the Building. The total consideration for the acquisition was approximately HK\$57,354,000 which had been fully paid by Phoenix. Details of the transaction and updates on the development project had been disclosed in the 2000-2001 Annual Report and subsequent reports of the Company. The above transaction did not constitute a notifiable transaction under the GEM Listing Rules at the material time.

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## LETTER FROM THE BOARD

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During the year ended 30 June 2002, Phoenix transferred the interest of the land use right valued as US\$7,354,000 (HK\$57,354,000) together with cash, totaling US\$8,854,000 (HK\$69,012,000) as capital investment to the Joint Venture, a Sino-foreign co-operative joint venture company incorporated in the PRC in which 90% equity interest were held by Phoenix and the remaining 10% equity interest was and is still held by Hongda. Hongda and the ultimate beneficial owner of Hongda are third parties independent of the Company and connected persons (as defined in GEM Listing Rules) of the Company. The Joint Venture was then treated as a 90% non-wholly owned subsidiary of the Company basing on the percentage of equity interest. The injection of the land and the cash into the Joint Venture did not constitute a notifiable transaction under the GEM Listing Rules at the material time.

On 23 September 2003, Phoenix transferred its 90% interest in the Joint Venture to Real Properties, which was at that time a wholly-owned subsidiary of Phoenix. Since at that time both Phoenix and Real Properties were wholly-owned subsidiaries of the Company, the Joint Venture was then treated as a 90%-owned subsidiary of the Company based on the percentage of equity interest.

Pursuant to the agreement dated 29 October 2003, Oasisicity acquired from Phoenix 60% interest in Real Properties at par value of US\$1 each (which had been fully-paid).

Pursuant to the Agreement, Oasisicity shall be responsible to provide and/or procure all required financing to Real Properties for the development of the Building and share some of Phoenix's expenses incurred for the development of the Building. In this respect, Oasisicity had injected cash (which shall be treated as shareholder's loan to Real Properties) and facilitated bank borrowings extended to the Joint Venture using, inter alia, the Land and the Building as security to finance the construction of the Building.

Pursuant to the Agreement, the Group shall not be required to provide any further financing to Real Properties or to the Joint Venture for the development of the Building but on completion of the development, the Group should be entitled to 20,000m<sup>2</sup> of the non-saleable area of the Building, including a production centre and offices. Phoenix nominated two representatives to act as directors of Real Properties which has a total of five board seats. All shares of Real Properties carry the same rights (including voting rights and rights to receive dividend).

Oasisicity had also executed the Charge in favour of Phoenix, under which it charged 30% equity interest in Real Properties, as security provided to the Group for the due performance of its obligations under the Agreement. In addition, Neo-China Group (Holdings) Limited has given a guarantee in favour of Phoenix guaranteeing the performance of Oasisicity's obligations under the Agreement and the Charge.

The issue of shares at par value to Oasisicity was part of the commercial arrangement that Oasisicity shall be responsible to provide and/or procure all required financing to Real Properties for the development of the Building and share some of Phoenix's expenses incurred for the development of the Building and that Phoenix shall be entitled to 20,000m<sup>2</sup> in the Building after completion for its use. Oasisicity and Phoenix, being the shareholders of Real Properties, which in turn is the substantial shareholder of the Joint Venture, will procure that amount of area in the Building to be allocated to Phoenix. The acquisition was completed on 13 January 2004. Since then, Real Properties was no longer a wholly-owned subsidiary as the Group is only holding 40% interest in it. As the only economic benefit of the Group's 40% shareholding in Real Properties is the entitlement of the 20,000m<sup>2</sup> in the Building, the Group considered, and so confirmed by its auditors, that the investment should be recorded as property deposit and development costs.

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## LETTER FROM THE BOARD

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The carrying value of the 20,000m<sup>2</sup> non-saleable area to which Phoenix would be entitled as at 31 December 2004 amounted to approximately HK\$62,515,000, being the cost of the land use rights totaling HK\$57,354,000 plus other relevant costs incurred by Phoenix in connection with the development of the Building less the amount reimbursed by Oasisicity to Phoenix.

Using HK\$62,515,000 (being the cost of the land use rights totaling HK\$57,354,000 plus other relevant costs incurred by Phoenix in connection with the development of the Building) as a basis and given that the number of shares held by Phoenix in Real Properties remain the same, pursuant to the Agreement, Oasisicity may, provided that it continues to provide and/or procure all required financing to Real Properties for the development of the Building, increase its shareholding in Real Properties (by way of allotment of new shares at par value) from time to time to the extent that the respective number of shares held by Oasisicity and Phoenix in Real Properties are proportional to the amount of financing provided and/or procured by them to Real Properties for the development of the Building that Oasisicity may ultimately increase its percentage of shareholding in Real Properties up to 80%.

The reason for entering into the Agreement was to secure a partner whom has the expertise in property development to construct the Building and ultimately Phoenix will get a designated area in the Building to house its production centre.

### THE SUPPLEMENTARY AGREEMENT

**Date:** 12 May 2005

**Parties:** (1) Phoenix  
(2) Oasisicity  
(3) Real Properties, then a 40% owned associated company of the Company

**Subject Matter:** Phoenix's entitlement of 10,000m<sup>2</sup> non-saleable area of the Building currently under construction.

**Consideration:** RMB60,000,000 (equivalent to approximately HK\$55,800,000) payable by 3 installments. Phoenix received the first installment of RMB20,000,000 on 3 June 2005, the second installment of RMB20,000,000 shall be receivable upon the topping out of the main structures which is estimated to be in or about November 2005 and the third installment of RMB20,000,000 shall be receivable upon the final completion of the construction of the Building which is estimated to be in or about July 2006.

As at 12 May 2005, the book value of the assets disposed (i.e. 10,000m<sup>2</sup> non-saleable area of the Building) is approximately HK\$33,201,000, being half of the cost of the land use rights plus other relevant costs (e.g. the writing-off of the whole amount of the design fee) incurred by Phoenix in connection with the development of the Building. The consideration is determined based on the arm's length negotiation between the parties with reference to the market value of similar premises in the vicinity.



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## LETTER FROM THE BOARD

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Pursuant to the Supplementary Agreement, Oasiscity would also be allotted an additional 33 shares in Real Properties at par value (so that after the allotment Oasiscity should hold approximately 70% interest therein) and the share increased provision as referred in the second paragraph on page 5 was amended such that Oasiscity may ultimately increase its percentage of shareholding in Real Properties up to 90%.

The transaction was completed on 12 May 2005, being the date of the execution of the Supplementary Agreement. The Group's entitlement to the relevant portion of the non-saleable area of the Building would then be reduced from 20,000m<sup>2</sup> to 10,000m<sup>2</sup> after this transaction. The remaining portion would mainly be used for locating the production centre. After the allotment to Oasiscity, Phoenix's percentage of shareholding in Real Properties would drop from 40% to 30%. Despite the drop in percentage of Phoenix's shareholding in Real Properties, its rights as a shareholder of Real Properties, such as the number of directors it is entitled to nominate to the board and voting rights in the shareholders meetings remain the same since it had become a minority shareholder after the entering into the Agreement. A gain, before and after providing for estimated taxes arising from this transfer of entitlement of 10,000m<sup>2</sup> of non-saleable area is approximately HK\$22,599,000 and approximately HK\$19,299,000 respectively. The gain after providing for estimated taxes has been recorded in "*other income, net*" in the unaudited condensed consolidated income statement for the three months ended 30 June 2005. The Company's auditors had reviewed the 2005 half-yearly report of the Company and agreed to record the gain at the time of the transaction rather than until the completion of the Building. Since Phoenix had already transferred, at the time of the transaction, its entitlement of 10,000m<sup>2</sup> of the Building to Oasiscity whom should be responsible for the construction of the Building, it is more appropriate to record the gain at the time of the transaction rather than until the completion of the Building.

In addition, according to the Charge document, the Charge shall be released, among other things, after Oasiscity has paid RMB90,000,000 for or related to the construction of the Building. As at 12 May 2005, Oasiscity had already injected more than RMB130,000,000 into Real Properties as shareholder's loan for the construction of the Building and therefore the charge was released.

As a result of the Supplementary Agreement, Real Properties issued 33 new shares to Oasiscity on 12 May 2005 and the shareholdings in Real Properties of the Group and Oasiscity are 30% and 70%, respectively, as at 30 June 2005. The gain after providing for estimated taxes was approximately HK\$19,299,000.

### **Reasons for entering into the Supplementary Agreement**

The transaction was the consequence of the Company assessing that it would not require as much space as originally thought in Shenzhen in the near future. The Group recorded a one-off gain of approximately HK\$19,299,000 for the disposal. The sales proceeds will be used as general working capital of the Group. The directors of the Company believe that the terms of the transaction are fair and reasonable and in the interests of the Company and the shareholders as a whole.

### **Information on the Company**

The Company, is a Hong Kong-based television broadcaster. Phoenix's channels include Phoenix Chinese, Phoenix Movies, Phoenix InfoNews, Phoenix Chinese News and Entertainment and Phoenix

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## LETTER FROM THE BOARD

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North America Chinese channels, which together broadcast to audiences in the Asia Pacific, as well as in Europe, North America and North Africa, covering more than 100 countries and regions. The Company also operates [www.phoenixtv.com](http://www.phoenixtv.com) website and Phoenix weekly magazine to diversify its business to non broadcast media.

### **Information on Oasiscity**

Oasiscity is a wholly-owned subsidiary of Neo-China Group (Holdings) Limited, the shares of which are listed on the Stock Exchange. Its major business is property investment and development in the PRC.

### **Information on Real Properties, the Joint Venture and Land & Building**

Real Properties is an investment holding company incorporated in the British Virgin Islands on 30 May 2003. No account has been made up since its date of incorporation. Its sole asset is its 90% shareholding interest in the Joint Venture. The Joint Venture is a Sino-foreign cooperative joint venture company established in the PRC on 9 January 2002 by Phoenix and Hongda for the development of the Building.

Based on the latest management account of Real Properties (not consolidated balances) provided by Oasiscity to us, its total assets as at 30 June 2004 and 30 June 2005 were approximately HK\$69,066,000 and HK\$70,256,000 respectively. The increase in total assets was mainly due to the increase in investment in the Joint Venture of approximately HK\$1,170,000. The net asset value of Real Properties as at 30 June 2004 was approximately HK\$1,000 and the net liability value of Real Properties as at 30 June 2005 was approximately HK\$10,000. The decrease was due to operating expense of HK\$11,000 incurred during the year. There was no revenue for both year ended 30 June 2004 and 30 June 2005. There was no profit before tax and after tax for the year ended 30 June 2004. The loss before tax and after tax for 30 June 2005 were HK\$11,000.

Based on the latest management account of the Joint Venture provided by Oasiscity to us, its total assets as at 30 June 2004 and 30 June 2005 were approximately RMB81,702,851 and RMB337,019,696 respectively. The net asset value as at 30 June 2004 and 30 June 2005 were approximately RMB65,557,000 and RMB71,556,000 respectively. The increase in net asset was due to capital injected by Oasiscity to the Joint Venture directly of RMB8,236,891. There was no revenue for both year ended 30 June 2004 and 30 June 2005. The loss before tax and after tax for the year ended 30 June 2004 and 30 June 2005 were RMB704,000 and RMB1,469,000 respectively.

The Building will be a complex of office building, service apartments and shopping arcade with a gross floor area of 80,000m<sup>2</sup> consisting of around 48,700m<sup>2</sup> for public sale and around 31,300m<sup>2</sup> for self-use. Construction began on 30 April 2004 and it is expected that the development will be completed by July 2006.

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## LETTER FROM THE BOARD

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### General Information

The Company confirms that to the best of the directors' knowledge, information and belief having made all reasonable enquiries, Oasiscity and the ultimate beneficial owner of Oasiscity are third parties independent of the Company and connected persons as defined in the GEM Listing Rules of the Company.

The transactions constituted a discloseable transaction under rule 19.06 of the GEM Listing Rules. On 17 October 2005, the Board announced the entering into the Supplementary Agreement. This circular is to provide additional information pursuant to rule 19.38 of the GEM Listing Rules.

Yours faithfully,  
On behalf of the Board  
**Phoenix Satellite Television Holdings Limited**  
**Liu Changle**  
*Chairman*

<sup>1</sup> *name translated for reference only*

## 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:–

- (1) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (2) there are no other matters the omission of which would make any statement in this circular misleading; and
- (3) 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. DISCLOSURE OF DIRECTOR'S INTERESTS

### 2.1 Interests in securities

As at the Latest Practicable Date, the interests of the Directors and chief executives in the shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were 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 they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

#### (1) Ordinary shares

Name	Personal interest	Family interest	Corporate interest	Other interest	Total number of shares	Percentage of shareholding
LIU, Changle <sup>1</sup>	–	–	1,854,000,000	–	1,854,000,00	37.5%
LO, Ka Shui <sup>2</sup>	3,200,000	–	–	–	3,200,000	0.06%

*Note:* Mr. LIU, Changle is the beneficial owner of approximately 93.3% of the issued share capital of Today's Asia Limited, which in turn is interested in approximately 37.5% of the issued share capital of the Company as at the Latest Practicable Date.

<sup>1</sup> Being an Executive Director of the Company.

<sup>2</sup> Being an Independent Non-Executive Director of the Company.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executives of the Company, had any interest or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have 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 they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which 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) *Share options*

(A) Share option schemes of the Company

On 7 June 2000, two share option schemes of the Company were approved by the Shareholders, namely Pre-IPO Share Option Scheme and Share Option Scheme. In order to enhance the flexibility in the implementation of the Pre-IPO Share Option Scheme and the Share Option Scheme, the committee of two and four Directors established for the administration of the Pre-IPO Share Option Scheme and the Share Option Scheme respectively approved certain amendments to the terms of the Pre-IPO Share Option Scheme on 14 February 2001 and 10 December 2004 and the Share Option Scheme on 14 February 2001, 6 August 2002 and 10 December 2004, respectively.

The details of share options granted by the Company under the Pre-IPO Share Option Scheme to the Directors to acquire shares were as follows:

Type and number of remaining grantees	Date of grant	Vesting period	Exercise price per share HK\$	Number of share options as at the Latest Practical Date
<i>2 Executive Directors:</i>				
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

No such options have been exercised during the period from the date of grant to the Latest Practicable Date

There has been no outstanding share option held by the Directors under the Share Option Scheme as at 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 or chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of

Part XV of the SFO) which would have 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 they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which 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 10 September 2003, each of the Executive Directors of the Company has entered into a new service contract with the Company commencing from 1 July 2003. The term of each contract will be for a term of three years commencing from 1 July 2003 and thereafter may be terminated by either party giving to the other not less than three months' written notice.

Save as disclosed herein, none of the Directors has any existing or proposed service contracts with the Group, excluding contracts expiring or terminable by the Company or any of its subsidiaries within one year without payment of compensation other than statutory compensation.

## 2.3 Interests in assets

Save as disclosed in the Prospectus and the Annual Report 2004 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 31 December 2004, the date to which the latest published audited financial statements were made up.

## SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the Latest Practicable Date, the interest of the Shareholders (not being Directors and the chief executive of the Company) in the Shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO or entered in the register kept by the Company pursuant to Section 352 of the SFO were as follows:

### (i) Substantial shareholders

Name of substantial shareholders	Number of ordinary shares	Percentage of shareholding
Xing Kong Chuan Mei Group Co., Ltd ( <i>Note 1</i> )	1,854,000,000	37.5%
Today's Asia Limited ( <i>Note 2</i> )	1,854,000,000	37.5%

*Notes:*

1. Xing Kong Chuan Mei Group Co., Ltd is a subsidiary of STAR Group Limited. News Cayman Holdings Limited holds 100% of the ordinary voting shares of STAR Group Limited. News Publishers Investments Pty, Limited holds 100% of the ordinary voting shares of News Cayman Holdings Limited. News Publishers Investments Pty, Limited is a wholly-owned subsidiary of STAR LLC Australia Pty Limited, which in turn is a wholly-owned subsidiary of New STAR US Holdings Subsidiary, LLC. New STAR US Holdings Subsidiary, LLC is a wholly-owned subsidiary of STAR US Holdings Subsidiary, LLC, which in turn is a wholly-owned subsidiary of STAR US Holdings, Inc.. STAR US Holdings, Inc. is a wholly-owned subsidiary of News Publishing Australia Limited, which is an indirect wholly-owned subsidiary of News Corporation.

By virtue of the SFO, News Corporation, News Publishing Australia Limited, STAR US Holdings, Inc., STAR US Holdings Subsidiary, LLC, New STAR US Holdings Subsidiary, LLC, STAR LLC Australia Pty Limited, News Publishers Investments Pty, Limited, News Cayman Holdings Limited, STAR Group Limited are all deemed to be interested in the 1,854,000,000 shares held by Xing Kong Chuan Mei Group Co., Ltd.

2. Today's Asia Limited is beneficially owned by Mr. LIU, Changle and Mr. CHAN, Wing Kee as to 93.3% and 6.7% interests, respectively.

**(ii) Other person who is required to disclose his interests**

Name of other person who has more than 5% interest	Number of ordinary shares	Percentage of shareholding
China Wise International Limited ( <i>Note 1</i> )	412,000,000	8.3%

*Note:*

1. 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 wholly-owned subsidiary of Central Huijin Investment Company Limited. By virtue of the SFO, Central Huijin Investment Company 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, no other shareholders or other persons had interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, was directly or indirectly, interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group, or any options in respect of such capital.

**3. 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 2004, the date to which the latest audited financial statements of the Group were made up.

**4. SPONSORS' INTERESTS**

As at 30 June 2002, BOCI Asia Limited and Merrill Lynch Far East Limited ceased to be the sponsors of the Company upon expiration of the terms of contract after two years of service. The Company has no sponsors as at and up to the Latest Practicable Date. Accordingly, no additional disclosure is made.

## 5. LITIGATION

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

## 6. COMPETING INTERESTS

Today's Asia Limited, Xing Kong Chuan Mei Group Co., Ltd. and China Wise International Limited have interests in approximately 37.5%, 37.5% and 8.3% of the share capital of the Company, respectively. Today's Asia Limited, together with its shareholders, Mr. LIU, Changle and Mr. CHAN, Wing Kee, Xing Kong Chuan Mei Group Co., Ltd. and China Wise International Limited are deemed to be the initial management shareholders of the Company as defined under the GEM Listing Rules.

Xing Kong Chuan Mei Group Co., Ltd., together with its ultimate parent company, News Corporation, are active in the television broadcasting industry worldwide. News Corporation's diversified global operations in the United States, Canada, the United Kingdom, Australia, Latin America and the Pacific Basin include the production of motion pictures and television programming; television, satellite and cable broadcasting; the publication of newspapers, magazines and books; the production and distribution of promotional and advertising products and services; the development of digital broadcasting; the development of conditional access and subscriber management systems; and the creation and distribution of popular on-line programming. Currently, STAR Group Limited, the holding company of Xing Kong Chuan Mei Group Co., Ltd., owns and operates multimedia digital platforms, including satellite television, in the Asia Pacific region and engages in programme licensing and advertising agency business throughout the world, including China. STAR Group Limited and its subsidiaries (including Xing Kong Chuan Mei Group Co., Ltd.) operate and broadcast a range of channels, such as STAR Movies and STAR Chinese Channel (which presently only broadcasts in Taiwan) and Channel [V]. The broadcasting coverage of Channel [V] includes China, Taiwan, Hong Kong, countries in South East Asia, the Indian sub-continent and the Middle East. STAR Group Limited announced on 19 December 2001 that it was granted landing rights for a new 24-hour Mandarin – language general entertainment channel, Xing Kong Wei Shi, in southern China by virtue of an agreement signed among STAR (China) Limited (STAR Group Limited's wholly-owned subsidiary), China International Television Corporation, Guangdong Cable TV Networks Co. Ltd. and Fox Cable Networks Services, L.L.C., an affiliate of STAR Group Limited. STAR Group Limited further announced on 15 January 2004 that it has signed an agreement with China International Television Corporation, enabling Xing Kong Wei Shi to be viewed nationally in hotels with three-stars and above, and in foreign and overseas Chinese compounds.

Mr. LIU, Changle and Mr. CHAN, Wing Kee beneficially own 93.3% and 6.7%, respectively of Today's Asia Limited, which holds 100% of Vital Media Holdings Limited, which in turn holds 46% indirect interest in ATV. 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



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

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

## 7. MISCELLANEOUS

- (a) Save as disclosed, none of the Directors is materially interested in any contracts or arrangements subsisting at the date of this circular which are significant in relation to the business of the Group.
- (b) The registered office of the Company is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, British West Indies.
- (c) The head office and principal place of business of the Company is 9th Floor, One Harbourfront, 18 Tak Fung Street, Hunghom, Kowloon, Hong Kong.
- (d) 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.
- (e) The Company Secretary and Qualified Accountant of the Company is Mr. YEUNG, Ka Keung. Mr. YEUNG is the Executive Vice President and Chief Financial Officer of the Company. He graduated from the University of Birmingham and is a chartered accountant. He is also a member of the Hong Kong Institute of Certified Public Accountants.
- (f) 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-yearly reports and quarterly reports and to provide advice and comments thereon to the Board of Directors. The audit committee has met regularly to review with management the accounting principals 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. Details of the personal particulars of the Directors are set out in the section headed "Directors and Senior Management Profile" of the Annual Report 2004 and details of the personal particulars of Mr. Thaddeus Thomas BECZAK, a Director who was appointed after the publication of the Annual Report 2004, was set out on the announcement dated 10 March 2005.