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**NEW
WORLD
TMT**

新世界信息科技有限公司*

New World TMT Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 301)

DISCLOSEABLE AND CONNECTED TRANSACTIONS

The directors of the Company announce that on 5 July 2004, NWIC entered into the Tian's Agreement and the Hainan Agreement with Mr. Tian and Hainan Company respectively, pursuant to which NWIC has conditionally agreed to purchase, in aggregate, a further 19.1% interest in the registered capital of Beijing Xintong for a total consideration of RMB21,030,000 (approximately HK\$19,654,000) from Mr. Tian and Hainan Company.

On the same day, NWIC and Mr. Tian entered into the Capital Increase Agreement pursuant to which the registered capital of Beijing Xintong will, conditional upon the completion of the Tian's Agreement and the Hainan Agreement, increase from RMB30,000,000 (approximately HK\$28,037,000) to RMB100,000,000 (approximately HK\$93,458,000), and such increase of RMB70,000,000 (approximately HK\$65,421,000) in the registered capital of Beijing Xintong will be contributed as to RMB49,070,000 (approximately HK\$45,860,000) by NWIC and as to RMB20,930,000 (approximately HK\$19,561,000) by Mr. Tian and is in proportion to the then percentage of shareholding in Beijing Xintong held by NWIC and Mr. Tian. The Capital Increase Agreement is also subject to the approvals by the relevant PRC governmental authorities.

The principal activities of Beijing Xintong is the provision of billboard advertising and advertising agency services, and business consultancy services in the PRC. As at the date of this announcement, Beijing Xintong is owned as to 51% by NWIC, 30% by Mr. Tian and 19% by Hainan Company (a company wholly owned by Mr. Tian's spouse and son).

Accordingly, the Transactions constitute connected transactions for the Company under the Listing Rules and are subject to the approval of the shareholders of the Company. No shareholder will be required to abstain from voting in respect of the Transactions. NWD (through its wholly owned subsidiary), with an interest in more than 50% of the issued share capital of the Company, has no interest in the Transactions and has agreed to give its written approval for the Transactions. The Company has applied to the Stock Exchange for a waiver from the requirement under the Listing Rules for the Company to hold a shareholders' meeting to approve the Transactions.

Given the aggregate value of the Transactions, the Transactions in aggregate also constitutes a discloseable transaction for the Company under the Listing Rules.

A circular containing, inter alia, details of the Tian's Agreement, the Hainan Agreement and the Capital Increase Agreement, the opinion of the Independent Board Committee and the letter of advice from an independent financial adviser will be dispatched to the shareholders of the Company as soon as practicable.

THE TRANSACTIONS

(A) The Tian's Agreement and the Hainan Agreement both dated 5 July 2004

1. The Tian's Agreement

Parties: (i) NWIC

(ii) Mr. Tian

Subject matter: NWIC has conditionally agreed to purchase 0.1% interest in the registered capital of Beijing Xintong from Mr. Tian.

Consideration: RMB30,000 (approximately HK\$28,000), to be paid in cash (which will be funded by the Group's internal resources) within 5 business days upon satisfaction of all the conditions precedent set out below.

2. The Hainan Agreement

Parties: (i) NWIC

(ii) Hainan Company

Subject matter: NWIC has conditionally agreed to purchase 19% interest in the registered capital of Beijing Xintong from Hainan Company.

Consideration: RMB21,000,000 (approximately HK\$19,626,000), to be paid in cash (which will be funded by the Group's internal resources) within 5 business days upon satisfaction of all the conditions precedent set out below.

3. Conditions precedent of each of the Tian's Agreement and the Hainan Agreement

(a) the due execution of the agreement by the parties to the agreement;

(b) the obtaining of the approval of the agreement by the shareholders of the Company as required under Chapter 14A of the Listing Rules;

- (c) the obtaining of other shareholders' waiver of pre-emptive rights for the subject matter under the agreement;
- (d) the obtaining of the approvals of the agreement by the relevant PRC governmental authorities; and
- (e) the filing and registration of the agreement with, and the obtaining of the approval by 北京市工商行政管理局 (Beijing Administration for Industry and Commerce).

It is expected that all the above conditions will be satisfied approximately within one month from the date of the agreements.

(B) The Capital Increase Agreement dated 5 July 2004

Pursuant to the Capital Increase Agreement, NWIC and Mr. Tian have agreed that conditional upon the completion of the Tian's Agreement and the Hainan Agreement, the registered capital of Beijing Xintong will increase from RMB30,000,000 (approximately HK\$28,037,000) to RMB100,000,000 (approximately HK\$93,458,000), and such increase of RMB70,000,000 (approximately HK\$65,421,000) in the registered capital of Beijing Xintong will be contributed as to RMB49,070,000 (approximately HK\$45,860,000) by NWIC and as to RMB20,930,000 (approximately HK\$19,561,000) by Mr. Tian and is in proportion to the then percentage of shareholding in Beijing Xintong held by NWIC and Mr. Tian.

The Capital Increase Agreement is also subject to the approvals by the relevant PRC governmental authorities.

The contribution from NWIC will be funded by the Group's internal resources.

INFORMATION ON BEIJING XINTONG

Beijing Xintong commenced its business in October 2001 and is now principally engaged in the provision of billboard advertising and advertising agency services, and business consultancy services in the PRC. Prior to the Transactions, NWIC acquired 51% of the registered capital of Beijing Xintong from Mr. Tian and others (who, together with Mr. Tian, were at that time independent third parties not connected with any of the directors, chief executive and substantial shareholders of the Company and its subsidiaries or any of their respective associates) in January 2002.

As at the date of this announcement, Beijing Xintong is an indirect subsidiary of the Company with fully paid-up registered capital of RMB30,000,000 (approximately HK\$28,037,000) and is owned as to 51%, 30% and 19% by NWIC, Mr. Tian and Hainan Company respectively.

The audited profit before and after taxation and extraordinary items of Beijing Xintong for the year ended 31 December 2003 were RMB20,363,000 (approximately

HK\$19,031,000) and RMB20,071,000 (approximately HK\$18,758,000) respectively, compared to RMB2,682,000 (approximately HK\$2,507,000) and RMB1,263,000 (approximately HK\$1,180,000) respectively for the year ended 31 December 2002. The audited net asset value of Beijing Xintong as at 31 December 2003 was RMB49,996,000 (approximately HK\$46,725,000).

INFORMATION ON THE COMPANY

The Company is principally engaged in the development, investment, operation and/or management of telecommunications, media and technology businesses in Hong Kong and the PRC.

As at the date of this announcement, the board of directors of the Company comprises (i) four executive directors, namely Dr. Cheng Kar-Shun, Henry, Mr. Chan Wing-Tak, Douglas, Mr. Wong Chi-Chiu, Albert and Dr. Wai Fung-Man, Norman; (ii) three non-executive directors, namely Mr. Wilfried Ernst Kaffenberger (alternate director to Mr. Wilfried Ernst Kaffenberger: Mr. Yeung Kun-Wah, David), Mr. Fu Sze-Shing and Mr. Lee Sean, Sammy; and (iii) two independent non-executive directors, namely Mr. Lai Hing-Chiu, Dominic and Dr. Lam Man-Kit, Dominic.

REASONS FOR THE TRANSACTIONS

Upon completion of the Transactions, the Company's indirect interest in the registered capital of Beijing Xintong will increase from 51% to 70.1%.

The total consideration of RMB21,030,000 (approximately HK\$19,654,000) for the 19.1% interest in the registered capital of Beijing Xintong has been arrived at after arm's length negotiation between the relevant parties and with reference to the financial performance of Beijing Xintong.

The proposed increase in the registered capital of Beijing Xintong is to provide additional working capital for the development of its current businesses and the amount of increment was arrived at after arm's length negotiation between NWIC and Mr. Tian and having taken into consideration the capital requirement of Beijing Xintong.

The directors of the Company believe that the Transactions are in line with the Company's business strategy and will further enhance the Group's profit generating ability.

Also, the directors of the Company (including the independent non-executive directors) are of the view that the terms of the Transactions are on normal commercial terms and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

CONNECTION BETWEEN THE PARTIES

Mr. Tian, being a substantial shareholder owning 30% interest in the registered capital of Beijing Xintong and director of most of the subsidiaries of Beijing Xintong, is a connected person of the Company under the Listing Rules.

Hainan Company, which is owned by Mr. Tian's spouse and son, is an associate of Mr. Tian under the Listing Rules.

Apart from the Beijing Xintong group of companies, Mr. Tian and his associates are not otherwise connected with any of the directors, chief executive and substantial shareholders of the Company and NWD and their subsidiaries or any of their respective associates.

Accordingly, the Transactions constitute connected transactions for the Company under the Listing Rules and are subject to the approval of the shareholders of the Company. No shareholder will be required to abstain from voting in respect of the Transactions. NWD (through its wholly owned subsidiary), with an interest in more than 50% of the issued share capital of the Company, has no interest in the Transactions and has agreed to give its written approval for the Transactions. The Company has applied to the Stock Exchange for a waiver from the requirement under the Listing Rules for the Company to hold a shareholders' meeting to approve the Transactions.

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DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules
“Beijing Xintong”	北京信通傳之媒文化發展有限公司 (Beijing Xintong Media & Cultural Development Co. Ltd.), a company incorporated in the PRC and an indirect subsidiary of the Company
“Capital Increase Agreement”	the agreement dated 5 July 2004 entered into between NWIC and Mr. Tian regarding the increase in registered capital of Beijing Xintong
“Company”	New World TMT Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules

“Group”	the Company and its subsidiaries
“Hainan Agreement”	the share transfer agreement dated 5 July 2004 entered into between NWIC and Hainan Company
“Hainan Company”	海南曉越文化發展有限公司 (Hainan Xiao Yue Cultural Development Co. Ltd.), a company incorporated in the PRC with limited liability and is wholly owned by Mr. Tian’s spouse and son
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent committee of the board of directors of the Company comprising Mr. Lai Hing-Chiu, Dominic and Dr. Lam Man-Kit, Dominic established to review and consider the Transactions
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange
“Mr. Tian”	Mr. Tian Tao, a director and a substantial shareholder of Beijing Xintong
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“NWIC”	New World Infrastructure (China) Investment Limited, a wholly foreign owned enterprise incorporated in the PRC and a wholly owned subsidiary of the Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tian’s Agreement”	the share transfer agreement dated 5 July 2004 entered into between NWIC and Mr. Tian

“Transactions”

the transactions under the Tian’s Agreement, the Hainan Agreement and the Capital Increase Agreement

By Order of the Board
Dr. Cheng Kar-Shun, Henry
Chairman

Hong Kong, 5 July 2004

Exchange rate: HK\$1 = RMB1.07

** For identification purposes only*

“Please also refer to the published version of this announcement in The Standard”.