

IMPORTANT

If you are in any doubt as to any aspect of this circular, you should consult a 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 New World TMT Limited, you should at once hand this circular to the purchaser or the transferee or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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 TRANSACTION

DISPOSAL OF INTERESTS IN LINKAIR COMMUNICATIONS, INC.

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context otherwise requires:

“associate”	has the meaning ascribed to it under the Listing Rules
“Beijing Founder LinkAir”	Beijing Founder LinkAir Communications, Inc., a Sino-foreign equity joint venture majority owned by LinkAir
“Board”	The board of directors of the Company
“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
“Completion”	completion of the Transaction pursuant to and in accordance with the Share Purchase Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Founder Purchase Agreement”	the stock purchase agreement dated 15 September 2004 entered into between LinkAir, Founder Group Corp. (an existing shareholder of LinkAir) and its wholly owned subsidiary Founder Information (Hong Kong) Limited
“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
“Latest Practicable Date”	4 October 2004, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“LinkAir”	LinkAir Communications, Inc., a company incorporated in the British Virgin Islands with limited liability
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Milestone”	Milestone Overseas Limited, a company incorporated in the British Virgin Islands with limited liability and a 66.66% subsidiary of the Company

DEFINITIONS

“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers
“NWCL”	New World China Land Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“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
“NWSH”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Series A Sale Shares”	515,159 shares of Series A preferred shares of US\$0.01 each held by Milestone in LinkAir
“Series B Sale Shares”	35,994 shares of Series B preferred shares of US\$0.01 each held by Supreme View in LinkAir
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share Purchase Agreement”	the share purchase agreement dated 15 September 2004 made between Milestone, Supreme View and LinkAir regarding the sale and purchase of Series A Sale Shares and Series B Sale Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supreme View”	Supreme View Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Transaction”	the transactions contemplated under the Share Purchase Agreement
“US\$”	United States dollars, the lawful currency of the United States of America

LETTER FROM THE BOARD



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)

Directors:

Executive Directors:

Dr. CHENG Kar-Shun, Henry (*Chairman*)
Mr. WONG Chi-Chiu, Albert (*Chief Executive Officer*)
Dr. WAI Fung-Man, Norman

Non-executive Directors:

Mr. FU Sze-Shing
Mr. KAFFENBERGER, Wilfried Ernst
Mr. LEE Sean, Sammy
Mr. YEUNG Kun-Wah, David
(*alternate director to Mr. KAFFENBERGER,
Wilfried Ernst*)
Mr. LAI Hing-Chiu, Dominic

Independent Non-executive Directors:

Dr. LAM Man-Kit, Dominic
The Honourable SHEK Lai-Him, Abraham
Mr. KONG Chi-How, Johnson

Registered Office:

P.O. Box 309
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

Head office and principal place of business in Hong Kong:

21st Floor, Office Tower
Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

7 October 2004

To the shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION DISPOSAL OF INTERESTS IN LINKAIR COMMUNICATIONS, INC.

INTRODUCTION

On 15 September 2004, the Board announced that Milestone (a subsidiary of the Company) and Supreme View (a wholly owned subsidiary of the Company) entered into a conditional Share Purchase Agreement with LinkAir regarding the disposal of the Series A Sale Shares and Series B Sale Shares by Milestone and Supreme View respectively to LinkAir for a total consideration of US\$6.5 million (HK\$50.7 million).

The purpose of this circular is to provide you with further information on the Transaction.

* For identification purposes only

LETTER FROM THE BOARD

THE SHARE PURCHASE AGREEMENT

Date: 15 September 2004

Parties: (i) Milestone
(ii) Supreme View
(iii) LinkAir

LinkAir and its shareholders are independent third parties not connected with the directors, chief executive and substantial shareholders of the Company and any of its subsidiaries or any of their respective associates.

Transaction

Pursuant to the Share Purchase Agreement which is subject to the conditions set out below, LinkAir agreed to purchase from (i) Milestone, Series A Sale Shares and (ii) Supreme View, Series B Sale Shares, at a consideration of US\$5.0 million (HK\$39.0 million) and US\$1.5 million (HK\$11.7 million) respectively.

Consideration

The total consideration payable in cash by LinkAir to Milestone and Supreme View would be in US\$, RMB or a combination thereof upon Completion. For any portion of the consideration paid in RMB, the currency exchange rate shall be RMB8.3 to US\$1.0.

Conditions

Completion is conditional upon:

- (a) the approval by the Ministry of Commerce of the PRC of the injection of funding equivalent to the total consideration into Beijing Founder LinkAir by Founder Group Corp. as set forth in the Founder Purchase Agreement;
- (b) the receipt by Beijing Founder LinkAir of funding under the Founder Purchase Agreement that is equivalent to the total consideration;
- (c) the approval by LinkAir's board of directors and preferred shareholders of the transactions contemplated in the Share Purchase Agreement and the Founder Purchase Agreement; and
- (d) the amendment or re-execution of the shareholders' agreement made between LinkAir and certain of its shareholders.

LETTER FROM THE BOARD

Completion

Completion shall occur within 60 calendar days following the delivery of notice of satisfaction of all the above conditions by LinkAir to Milestone and Supreme View, but no later than 15 November 2004.

BASIS FOR DETERMINATION OF THE CONSIDERATION

The total consideration payable under the Share Purchase Agreement has been arrived at after arm's length negotiations with reference to the financial prospect of LinkAir and having regard to relevant factors including the prevailing business conditions and environment in which LinkAir operates. The Transaction is on normal commercial terms which are considered by the directors of the Company (including the independent non-executive directors) to be fair and reasonable insofar as the shareholders of the Company are concerned and in the best interests of the Company taken as a whole.

INFORMATION ON LINKAIR

LinkAir focuses its business to develop, manufacture, market and distribute wireless LAS-CDMA chipset equipment, software products and related services in the PRC.

The Series A Sale Shares (representing approximately 19.8% of LinkAir's issued share capital) comprise the entire interest of Milestone in LinkAir.

The Series B Sale Shares (representing approximately 1.4% of LinkAir's issued share capital) comprise part of the interest of Supreme View in LinkAir.

There is no difference between Series A Sale Shares and Series B Sale Shares except for the difference in issue price.

After Completion, Supreme View will hold a remaining interest of approximately 5% in LinkAir as strategic investment. There is no current intention to dispose of the remaining 5% interest.

The aggregate carrying value of Series A Sale Shares and Series B Sale Shares as at 30 June 2003 was HK\$66.6 million. There was no revenue attributable to these shares for the financial years of 2002 and 2003 as LinkAir is still in its early stage of development of a patented technology.

REASONS FOR THE TRANSACTION

The Series A Sale Shares and Series B Sale Shares were subscribed by the Group in January 2000 and July 2000 respectively at the aggregate cost of HK\$66.6 million. It was decided to dispose of the Series A Sale Shares and Series B Sale Shares since LinkAir is in the early stage of developing patented technology and does not fit into the current business strategy of the Group to focus on projects with cash flow. The disposal will provide capital for investments more in line with the Group's business direction.

LETTER FROM THE BOARD

On Completion, the Group will incur a net loss of approximately HK\$15.9 million based on the total consideration less the aggregate carrying value of the Series A Sale Shares and Series B Sale Shares as at 30 June 2003. There will be no significant impact on the Group's assets and liabilities position. The net sale proceeds will be used for internal working capital of the Group.

DISCLOSEABLE TRANSACTION

Applying the consideration test to the Transaction, the percentage ratio computed exceeds 5% but is less than 25% of the total market capitalization of the Company determined in accordance with Rule 14.07(4) of the Listing Rules. Accordingly, the Transaction constitutes a discloseable transaction for the Company under the Listing Rules.

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.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
Dr. CHENG Kar-Shun, Henry
Chairman

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

DIRECTORS' DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares (within the meaning of Part XV of the SFO) or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(A) The Company*Long positions in shares*

Name of Director	Number of shares held			Approximate percentage of issued share capital of the Company as at the Latest Practicable Date
	Personal interests	Family interests	Total	
Dr. Cheng Kar-Shun, Henry	-	1,000,000	1,000,000	0.11

Long positions in underlying shares – share options

Name of Director	Grant date	Number of share options outstanding with exercise price per share of	
		HK\$10.20 ⁽¹⁾	HK\$12.00 ⁽²⁾
Mr. Fu Sze-Shing	23 September 1999	240,000	960,000

Notes:

(1) Exercisable from 1 July 2000 to 1 June 2005.

(2) Divided into 3 tranches exercisable from 1 July 2001 to 1 June 2005, from 1 July 2002 to 1 June 2005 and from 1 July 2003 to 1 June 2005 respectively.

(B) Associated Corporations**NWSH**

Long positions in shares of NWSH

Name of Director	Number of shares held			Approximate percentage of issued share capital of NWSH as at the Latest Practicable Date
	Personal interests	Family interests	Total	
Dr. Cheng Kar-Shun, Henry	1,000,000	587,000	1,587,000	0.09

Long positions in underlying shares of NWSH – share options

Name of Director	Grant date	Exercisable period (Notes)	Number of share options outstanding	Exercise price per share
Dr. Cheng Kar-Shun, Henry	21 July 2003	(1)	2,000,000	HK\$3.725
Mr. Wilfried Ernst Kaffenberger	21 July 2003	(2)	600,000	HK\$3.725
Mr. Lai Hing-Chiu, Dominic	21 July 2003	21 July 2005 to 20 July 2008	200,000	HK\$3.725

Notes:

- (1) Divided into 2 tranches exercisable from 21 July 2004 and 21 July 2005 respectively to 20 July 2008.
- (2) Divided into 3 tranches exercisable from 21 January 2004, 21 July 2004 and 21 July 2005 respectively to 20 July 2008.

NWCL

Long positions in underlying shares of NWCL – share options

Name of Director	Grant date	Exercisable period <i>(Note)</i>	Number of share options outstanding with exercise price per share of HK\$1.955
Dr. Cheng Kar-Shun, Henry	7 February 2001	8 March 2001 to 7 March 2006	5,000,000

Note: The share options are exercisable during a period of five years commencing from the expiry of one month after the dates of each grant when the offers of the share options were accepted, provided that the maximum number of share options that can be exercised during a year is 20% of the total number of the share options granted together with any unexercised share options carried forward from the previous year(s).

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares (within the meaning of Part XV of the SFO) or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) 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 were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

(a) Interests to be disclosed under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons had an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in shares

Name	Number of shares held			Approximate percentage of issued share capital of the Company
	Beneficial interests	Corporate interests	Total	
Chow Tai Fook Enterprises Limited (Note 1)	-	519,919,085	519,919,085	54.60
NWD (Note 2)	-	519,919,085	519,919,085	54.60
Sea Walker Limited ("SWL") (Note 3)	-	516,561,485	516,561,485	54.25
Mombasa Limited	516,561,485	-	516,561,485	54.25
AIG Asian Infrastructure Management II Ltd. as general partner of AIG Asian Infrastructure Management II LP as general partner of AIG Asian Infrastructure Fund II LP	-	96,848,750	96,848,750	10.17
Mr. Steven Shmuel Gross (Note 4)	-	53,691,200	53,691,200	5.64
World Link Development Limited ("World Link")	41,361,000	12,330,200	53,691,200 (Note 5)	5.64

Notes:

- (1) Chow Tai Fook Enterprises Limited and its subsidiaries have interests in more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares deemed to be interested by NWD.
- (2) This interest represents 516,561,485 shares deemed to be held by SWL and 3,357,600 shares directly held by Financial Concepts Investment Limited ("FCIL"). SWL is a wholly owned subsidiary of NWD and FCIL is a non-wholly owned subsidiary of NWD. NWD is deemed to have interest in the shares held by SWL and FCIL.
- (3) Mombasa Limited is a wholly owned subsidiary of SWL and its interests in the Company is deemed to be held by SWL.
- (4) Mr. Steven Shmuel Gross owns 100% interest in World Link and he is accordingly deemed to have an interest in the shares held by World Link.
- (5) This interest represents 41,361,000 shares held by World Link and 12,330,200 shares held by Long Victory Group Limited which is a wholly owned subsidiary of World Link. World Link is deemed to be interested in the shares held by Long Victory Group Limited.

(b) Interests in 10% or more of the nominal value of share capital carrying voting rights of any subsidiary of the Company

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company and save as otherwise disclosed in this circular, the persons (other than a Director or chief executive of the Company or a member of the Group) who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any subsidiary of the Company were as follows:

Name of subsidiary	Name of shareholder	Approximate percentage of interest held
Milestone Overseas Limited	Infinity Regent Inc.	16.67%
Milestone Overseas Limited	Sparkle Spirit Limited	16.67%
Two-Way Communications Limited	Stanford Ocean Limited	10%
Two-Way Communications Limited	Magic Pioneer Limited	10%
Apex-Pro Systems Limited	Mr. Li Chau-Ming, Peter	14.9%
NoveMed Group Ltd.	Dr. Ren Keyong	20%
NoveMed Group Ltd.	Panion Holdings Ltd.	15%
北京新世界威邁特高新技術有限公司	Grand Business Development Limited	45%

Name of subsidiary	Name of shareholder	Approximate percentage of interest held
Beijing Xintong New-Vision Media & Advertising Co., Ltd.	Ms. Yao Baozhen	20%
Beijing Xintong Sinologue Advertising Co., Ltd.	Ms. Yao Baozhen	35%
Beijing Xintong Sinologue Advertising Co., Ltd.	Beijing Zirancao Advertising Co., Ltd.	25%
Beijing Xindu Fengfan Advertising Co., Ltd.	Ms. Yao Baozhen	20%
Beijing Xindu Fengfan Advertising Co., Ltd.	Mr. Wang Jiquan	10%
Shanghai Xintong Culture & Media Co., Ltd.	Ms. Xu Xiaoluo	10%
Shanghai Xintong Culture & Media Co., Ltd.	Ms. Sun Li	10%
Shanxi Xintongda Culture Propagation Co., Ltd.	Easin Technology Co., Ltd.	40%
Shanxi Xintongda Culture Propagation Co., Ltd.	Mr. Huang Xiaogang	20%
Shanghai Aumedia Culture Propagation Co., Ltd.	Mr. Chen Shangwu	13.5%
Hainan Yangpu Xintong Culture Development Co., Ltd.	Ms. Yao Baozhen	40%
Beijing Jingdun Xintong Movie and TV Culture Co., Ltd.	Huasheng Audio & Video Publishing House	10%

LITIGATION

Save as the litigation involving the Company relating to the investment in PrediWave Corporation and certain of its associated companies as disclosed in the joint announcements with NWD dated 27 May 2004 and 22 July 2004, no member of the Group is engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened against any member of the Group.

SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which is not determinable by the relevant member of the Group within one year without payment of compensation, other than statutory compensation.

COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, each of the following Directors were considered by the Company to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules as set out below:

Name of Director	Name of entity which businesses are considered to compete or likely to compete with the businesses of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the businesses of the Group	Nature of interest of the Director in the entity
Dr. Cheng Kar-Shun, Henry	New World Telephone Holdings Limited group of companies	Telecom services	Director
Mr. Wong Chi-Chiu, Albert	New World Telephone Holdings Limited group of companies	Telecom services	Director

As the Board is independent from the boards of the aforesaid companies and none of the above Directors can control the Board of the Company, the Group is capable of carrying its businesses independently of, and at arm's length from the businesses of such companies.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and his associates was considered to have interests in any business, apart from his interest in the Company, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

MISCELLANEOUS

- (a) The secretary of the Company is Mr. Chow Oi-Wah, Fergus, *FCCA, CPA*.
- (b) The registered office of the Company is at P.O. Box 309, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies and its head office and principal place of business is at 21st Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.
- (c) The branch registrar and transfer office of the Company in Hong Kong is Standard Registrars Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (d) The English text of this circular will prevail over the Chinese text.