
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 LIVING COLOURS LIMITED

3 February 2005

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DEFINITIONS

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

“Agreement”	the agreement dated 20 January 2005 between the Vendor and the Purchaser in relation to the Disposal
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday) on which banks are open for ordinary banking business in Hong Kong
“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 Disposal pursuant to and in accordance with the Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Disposal”	The disposal by the Vendor of its entire interest in the issued share capital of Living Colours pursuant to the Agreement
“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”	27 January 2005, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Living Colours”	Living Colours Limited, a wholly owned subsidiary of the Vendor immediately before Completion, incorporated in the British Virgin Islands with limited liability and issued share capital of US\$1.00 divided into 1 share of US\$1.00
“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
“Purchaser”	北京曉通潤合寬頻網絡技術服務有限公司 (unofficial translation being Beijing Xiao Tong Run He Broadband Network Technology Services Co. Ltd.), a company incorporated in the PRC with limited liability
“RMB”	Renminbi yuan, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Lotsgain Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“US\$”	United States dollars, the lawful currency of the United States of America

In this circular, except as otherwise indicated, RMB has been translated into HK\$ at the rate of HK\$1.00 = RMB1.07 for reference purpose.

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 LAI Hing-Chiu, Dominic
Mr YEUNG Kun-Wah, David
(*alternate director to Mr KAFFENBERGER,
Wilfried Ernst*)

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

3 February 2005

To the shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

DISPOSAL OF INTERESTS IN LIVING COLOURS LIMITED

INTRODUCTION

On 20 January 2005, the Board announced that the Vendor (a wholly owned subsidiary of the Company) entered into the Agreement, which is not subject to any conditions precedent, with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the entire interest in the issued share capital of Living Colours for a total consideration of RMB55 million (approximately HK\$51.4 million).

* For identification purposes only

LETTER FROM THE BOARD

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

THE AGREEMENT

Date: 20 January 2005

Parties:

(i) Vendor: Lotsgain Limited, a wholly owned subsidiary of the Company

(ii) Purchaser: 北京曉通潤合寬頻網絡技術服務有限公司 (unofficial translation being Beijing Xiao Tong Run He Broadband Network Technology Services Co. Ltd.),

The Purchaser is an independent third party not connected with the directors, chief executive and substantial shareholders of the Company and any of its subsidiaries or any of their respective associates. To the best knowledge of the Company, the Purchaser engages in various business activities including the provision of broadband network technology services.

Interest to be disposed

Pursuant to the Agreement which is not subject to any conditions precedent, the Vendor agreed to sell and the Purchaser agreed to purchase the entire interest in the issued share capital of Living Colours for a total consideration of RMB55 million (approximately HK\$51.4 million).

On Completion, the Vendor will waive the shareholder's loan due from Living Colours amounting to approximately HK\$190.4 million.

Living Colours will cease to be subsidiary of the Company upon Completion.

Consideration

The total consideration shall be payable in cash by the Purchaser to the Vendor in US\$ at the rate of US\$1 to RMB8.25 within 14 Business Days from the date of the Agreement.

The total consideration was arrived at after arm's length negotiations with reference to the financial prospect of Living Colours and having regard to relevant factors including the prevailing business conditions and environment in which Living Colours operates.

LETTER FROM THE BOARD

The unaudited consolidated net liabilities of Living Colours after taking into account of its coal mines investments as at 30 June 2003 and 2004 were approximately HK\$186.3 million and HK\$190.1 million respectively. The unaudited consolidated loss before tax of Living Colours for the years ended 30 June 2003 and 2004 were approximately HK\$165.6 million and HK\$3.8 million respectively. The unaudited consolidated loss after tax of Living Colours for the years ended 30 June 2003 and 2004 were the same as the above before tax figures.

The Disposal is on normal commercial terms which are considered by the Board (including the independent non-executive directors) to be fair and reasonable insofar as the shareholders of the Company are concerned and in the interests of the Company taken as a whole.

Completion

Completion shall occur on the eighth Business Day after the payment of the consideration or on such other date as the Vendor and the Purchaser may agree in writing.

INFORMATION ON LIVING COLOURS

The principal business of Living Colours is investment in 46% interest in Datong New World High Quality Coal Co. Ltd., a Sino-foreign cooperative joint venture incorporated in the PRC. The principal business activity of Datong New World High Quality Coal Co. Ltd. is the operation of certain coal mines located in Shanxi, the PRC.

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.

REASONS FOR THE DISPOSAL

The Disposal is consistent with the Group's business strategy as the principal business of Living Colours is not in line with the Group's core business.

FINANCIAL EFFECT OF THE DISPOSAL

On Completion, the Group will incur a net gain of approximately HK\$46.2 million based on the net sales proceeds less the unaudited consolidated net liabilities of Living Colours and the shareholder's loan due from Living Colours at 30 June 2004. The impact on the Group's assets and liabilities position will not be significant.

USE OF PROCEEDS

The net sales proceeds from the Disposal of RMB49.4 million (approximately HK\$46.2 million) (after deducting relevant expenses) will be used for internal working capital of the Group.

LETTER FROM THE BOARD

DISCLOSEABLE TRANSACTION

Applying the consideration test to the Disposal, 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 Disposal constitutes a discloseable transaction for the Company under the Listing Rules.

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	2,000,000	587,000	2,587,000	0.14

Long positions in underlying shares of NWSH – share options

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

Note: 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 (Note)	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

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.

(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%
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%

Name of subsidiary	Name of shareholder	Approximate percentage of interest held
Shanghai Xintong Culture & Media Development Co., Ltd.	Ms Xu Xiaoluo	10%
Shanghai Xintong Culture & Media Development 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%
New World ZGM Limited	Merino Holdings Limited	20%
New World ZGM Limited	Wellington Equities Inc.	15%

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 Lui Sai Kit, Eddie, AICPA.
- (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.