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 **新世界發展有限公司**  
New World Development Company Limited  
(Incorporated in Hong Kong with limited liability)  
(Stock Code: 17)

**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)

## JOINT ANNOUNCEMENT

### DISCLOSURE PURSUANT TO RULE 13.09 OF THE LISTING RULES

#### SUMMARY

- (1) On 25th May 2004 (U.S. time), NW TMT filed the NW TMT Complaint against Jianping Tony Qu (the president and founder of the PrediWave Companies) and the PrediWave Companies at the Superior Court of the State of California for the County of Santa Clara. NW TMT seeks recovery of investments and damages in excess of US\$700 million (equivalent to approximately to HK\$5,460 million) made to Jianping Tony Qu and the PrediWave Companies as well as other reliefs (including punitive damages). NW TMT complains of various breaches by Jianping Tony Qu and the Prediwave Companies relating to the parties' agreements. The NW TMT Complaint is being duly served on Jianping Tony Qu and the PrediWave Companies.
- (2) On 19th May 2004 (U.S. time), PrediWave filed the Prediwave Complaint against Mr. Li and Mr. Fu at the Superior Court of the State of California for the County of Los Angeles for breach of fiduciary duty and unfair competition. Mr. Li and Mr. Fu are appointed by NW TMT on the board of a number of the PrediWave Companies. The PrediWave Complaint follows actions by Mr. Li and Mr. Fu, as directors of the PrediWave Companies to act in the best interests of certain of the PrediWave Companies to preserve the assets of such companies by preventing improper withdrawal from the various bank accounts of such PrediWave Companies. On 31st December 2003, based on the unaudited financial statements of the Prediwave Companies, there was a balance of in excess of US\$344 million (equivalent to approximately HK\$2,683 million) under their bank accounts. Mr. Li was duly served with the PrediWave Complaint and informed NW TMT on or about 21 May 2004. Mr. Fu has not been properly served with the PrediWave Complaint. Accordingly, there is no jurisdiction over Mr. Fu. It is not certain if Mr. Fu would be served with the PrediWave Complaint. Unless this is done, there is no "live" action against Mr. Fu.
- (3) The PrediWave Complaint disclosed that there was a Further Complaint filed on 13th May 2004 (U.S. time) by PrediWave against NW TMT. PrediWave claimed damages of not less than US\$58 million (equivalent to approximately HK\$452 million) relating to certain purchases of goods relating to the Technology and other unspecified damages and reliefs. The Further Complaint has not been served upon NW TMT. Accordingly, there is no jurisdiction over NW TMT. It is not certain if NW TMT would be served with the Further Complaint. Unless this is done, there is no "live" action against NW TMT.

\* For identification purposes only

- (4) Mr. Li has appointed U.S. attorneys to defend the PrediWave Complaint. NW TMT has appointed U.S. attorneys to seek recovery under the NW TMT Complaint. In the event that the PrediWave Complaint is served on Mr. Fu, Mr. Fu intends to appoint U.S. attorneys to defend the PrediWave Complaint. In the event that the Further Complaint is served on NW TMT, NW TMT intends to appoint U.S. attorneys to defend, dismiss and file cross-complaints to the Further Complaint (depending on the legal advice of U.S. attorneys). The directors of NW TMT are of the view that the PrediWave Complaint and the Further Complaint currently have no material impact on the operations of NW TMT.

Shareholders of NWD and NW TMT and holders of other securities of NWD and NW TMT are reminded to exercise caution when dealing in the securities of NWD and NW TMT.

NWD and NW TMT will keep shareholders of NWD and NW TMT and holders of other securities of NWD and NW TMT posted on any new development.

## INTRODUCTION

It is announced that:

- (1) on 25th May 2004 (U.S. time), NW TMT filed the NW TMT Complaint against Jianping Tony Qu (the president and founder of the PrediWave Companies) and the PrediWave Companies at the Superior Court of the State of California for the County of Santa Clara. NW TMT seeks recovery of investments and damages in excess of US\$700 million (equivalent to approximately to HK\$5,460 million, representing approximately 55.8% of the total assets of NW TMT as at 31st December 2003) made to Jianping Tony Qu and the PrediWave Companies as well as other reliefs (including punitive damages). NW TMT complains of various breaches by Jianping Tony Qu and the Prediwave Companies relating to the parties' agreements. The NW TMT Complaint is being duly served on Jianping Tony Qu and the PrediWave Companies;
- (2) on 19th May 2004 (U.S. time), PrediWave filed the Prediwave Complaint against Mr. Li and Mr. Fu at the Superior Court of the State of California for the County of Los Angeles for breach of fiduciary duty and unfair competition. Mr. Li and Mr. Fu represent NW TMT on the board of directors of a number of the PrediWave Companies. The PrediWave Complaint follows actions by Mr. Li and Mr. Fu, as directors of the PrediWave Companies to act in the best interests of certain of the PrediWave Companies to preserve the assets of such companies by preventing improper withdrawal from the various bank accounts of such PrediWave Companies, namely CyberLancet Corporation, CyberNova Corporation, TechStock, Inc., WarpEra Corporation and Visionaire Technology Corporation. On 31st December 2003, based on the unaudited financial statements of the Prediwave Companies, there was a balance of in excess of US\$344 million (equivalent to approximately HK\$2,683 million) under their bank accounts. Mr. Li was duly served with the PrediWave Complaint and informed NW TMT on or about 21st May 2004. Mr. Fu has not been properly served with the PrediWave Complaint. Accordingly, there is no jurisdiction over Mr. Fu. It is not certain if Mr. Fu would be served with the PrediWave Complaint. Unless this is done, there is no "live" action against Mr. Fu;
- (3) the PrediWave Complaint disclosed that there was a Further Complaint filed on 13th May 2004 (U.S. time) by PrediWave. PrediWave claimed damages of not less than US\$58 million (equivalent to approximately HK\$452.40 million, representing approximately 4.6% of the total assets of NW

TMT as at 31st December 2003) relating to certain purchases of goods relating to the Technology and other unspecified damages and reliefs. The Further Complaint has not been served upon NW TMT. Accordingly, there is no jurisdiction over NW TMT. It is not certain if NW TMT would be served with the Further Complaint. Unless this is done, there is no “live” action against NW TMT; and

- (4) Mr. Li has appointed U.S. attorneys to defend the PrediWave Complaint. NW TMT has appointed U.S. attorneys to seek recovery under the NW TMT Complaint. In the event that the PrediWave Complaint is served on Mr. Fu, Mr. Fu intends to appoint U.S. attorneys to defend the PrediWave Complaint. In the event that the Further Complaint is served on NW TMT, NW TMT intends to appoint U.S. attorneys to defend, dismiss and file cross-complaints to the Further Complaint (depending on the legal advice of U.S. attorneys).

## **NW TMT COMPLAINT**

Under the NW TMT Complaint, NW TMT as plaintiff mainly alleged that in reliance of the representations of Jianping Tony Qu and PrediWave, NW TMT entered into various agreements with the PrediWave Companies and placed various purchase orders for their goods and services relating to the Technology. NW TMT has paid about US\$700 million (equivalent to approximately HK\$5,460 million) to the PrediWave Companies for, among others, the investments costs, the purchase orders and others. NW TMT complains of various breaches in relation to goods and services relating to the Technology by Jianping Tony Qu and the PrediWave Companies relating to the parties’ agreements.

Under the NW TMT Complaint, NW TMT claims for damages in an amount to be determined at trial together with interest, rescission of all agreements, restitution of all monies obtained from NW TMT, punitive and exemplary damages, costs of legal proceedings and other injunctive and declaratory relief and equitable relief. The total monetary amount sought by NW TMT in the law suit exceeds US\$700 million (equivalent to approximately to HK\$5,460 million).

## **PREDIWAVE COMPLAINT**

The PrediWave Complaint follows actions by Mr. Li and Mr. Fu, as directors of certain of the PrediWave Companies, to act in the best interests of such PrediWave Companies by preventing improper withdrawal from the various bank accounts of such PrediWave Companies, namely CyberLancet Corporation, CyberNova Corporation, TechStock, Inc., WarpEra Corporation and Visionaire Technology Corporation. On 31st December 2003, based on the unaudited financial statements of the Prediwave Companies, there was a balance of in excess of US\$344 million (equivalent to approximately HK\$2,683 million) under such bank accounts. It is alleged that as a result of the assertion of rights by Mr. Li and Mr. Fu, some of the banks have frozen the accounts of the above-mentioned PrediWave Companies.

Under the PrediWave Complaint, PrediWave claims for damages in an amount to be determined at trial together with interest, costs of legal proceedings and other injunctive and declaratory relief and equitable relief.

Mr. Li is currently seeking legal advice in preparing a defence to the PrediWave Complaint. In the event that the PrediWave Complaint is properly served on Mr. Fu, Mr. Fu intends to appoint U.S. attorneys to defend the PrediWave Complaint. It is not certain if Mr. Fu would be served with the PrediWave Complaint. Unless this is done, there is no “live” action against Mr. Fu.

PrediWave is engaged in businesses relating to the Technology.

## **FURTHER COMPLAINT**

The PrediWave Complaint disclosed that a Further Complaint has been filed. Under the Further Complaint, PrediWave as plaintiff alleged that NW TMT has failed to make full payments under three purchase orders and one agreement for goods and services delivered or licenses granted by PrediWave to NW TMT relating to the Technology with an outstanding amount of approximately US\$58.87 million (equivalent to HK\$459.20 million). In the event that the Further Complaint is properly served on NW TMT, the directors of NW TMT are of the view that there are valid defences of the Further Complaint.

Under the Further Complaint, PrediWave claims damages in an amount to be proved at trial, but not less than US\$58 million (equivalent to approximately HK\$452 million) together with interest, costs of legal proceedings, and a declaration that NW TMT should pay PrediWave the profits PrediWave would have received had NW TMT performed its obligations under the said agreement and purchase orders and that PrediWave should be entitled to retain the deposit payments made by NW TMT thereunder.

In the event that the Further Complaint is served on NW TMT, NW TMT intends to appoint U.S. attorneys to defend, dismiss and file cross-complaints to the Further Complaint (depending on the legal advice of U.S. attorneys). It is not certain if NW TMT would be served with the PrediWave Complaint. Unless this is done, there is no “live” action against NW TMT.

Shareholders of NWD and NW TMT and holders of other securities of NWD and NW TMT are reminded to exercise caution when dealing in the securities of NWD and NW TMT.

NWD and NW TMT will keep shareholders of NWD and NW TMT and holders of other securities of NWD and NW TMT posted on any new development.

## **DIRECTORSHIPS OF NWD AND NW TMT**

As at the date of this announcement:

- (1) the board of directors of NWD comprises (i) four executive directors, namely Dato’ Dr. Cheng Yu Tung, Dr. Cheng Kar Shun, Henry, Dr. Sin Wai Kin, David and Mr. Liang Chong Hou, David; (ii) five non-executive directors, namely Mr. Cheng Yue Pui, Mr. Cheng Kar Shing, Peter, Mr. Leung Chi Kin, Stewart, Mr. Chan Kam Ling and Mr. Chow Kwai Cheung and (iii) five independent non-executive directors, namely The Honourable Lee Quo Wei, Lord Michael, Sandberg, Dr. Ho Tim (alternate director to Dr. Ho Tim: Mr. Ho Hau Hay, Hamilton), Mr. Yeung Ping Leung, Howard, Dr. Cha Mou Sing, Payson (alternate director to Dr. Cha Mou Sing, Payson: Mr. Cha Mou Zing, Victor); and
- (2) the board of directors of NW TMT 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.

## DEFINITIONS

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

“Further Complaint”	the complaint filed in the U.S. District Court of Northern District of California, San Jose Division against NW TMT as defendant by PrediWave as plaintiff;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of The People’s Republic of China;
“Mr. Fu”	Fu Sze Shing, NW TMT’s appointee to the board of directors of PrediWave and non-executive director of NW TMT and director of a number of subsidiaries and associated companies of NW TMT, and one of the two defendants under the PrediWave Complaint;
“Mr. Li”	Jimmy Li, NW TMT’s appointee to the board of directors of PrediWave and a director of a number of unlisted associated companies of NW TMT, and one of the two defendants under the PrediWave Complaint;
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on The Stock Exchange of Hong Kong Limited and the holding company of NW TMT;
“NW TMT”	New World TMT Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on The Stock Exchange of Hong Kong Limited and a subsidiary of NWD;
“NW TMT Complaint”	the complaint filed in the Superior Court of the State of California for the County of Santa Clara against Jianping Tony Qu (the president and founder of the PrediWave Companies), PrediWave and the PrediWave Companies by NW TMT as plaintiff;
“PrediWave”	PrediWave Corporation, the defendant under the NW TMT Complaint, the plaintiff under the PrediWave Complaint and the Further Complaint and an associated company of NW TMT in which NW TMT holds approximately 30% interest;
“PrediWave Companies”	collectively PrediWave, CyberLancet Corporation, CyberNova Corporation, TechStock, Inc., WarpEra Corporation, Visionaire Technology Corporation, S.T.U.B. SATertainment Inc., Athena Database, Inc. and Pine Global Marketing Limited, each of which is an associated company of each of NW TMT and NWD;

- “PrediWave Complaint” the complaint filed in the Superior Court of the State of California for the County of Los Angeles against Mr. Li and Mr. Fu as defendants by PrediWave as plaintiff;
- “Technology” the technology that NW TMT had invested under various agreements with the PrediWave Companies relating to video-on-demand and other digital broadcasting and related technology and added value services and the amount of such investment is approximately US\$516 million (equivalent to approximately HK\$4,025 million);
- “U.S.” the United States of America;
- “US\$” U.S. dollars, lawful currency of the U.S.

For the purpose of this announcement, translation of U.S.\$ into HK\$ or vice versa has been calculated by using an exchange rate of US\$1.00 = HK\$7.80.

By order of the Board  
**New World Development Company Limited**  
**Leung Chi Kin, Stewart**  
*Company Secretary*

By order of the Board  
**New World TMT Limited**  
**Chow Oi Wah, Fergus**  
*Company Secretary*

Hong Kong, 27th May 2004

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