

**THE CLASH OF THE TITANS :  
TAIWAN GIANT SUES PCCW-HKT LTD FOR \$HK92 MILLION**

Mr Li Ka Shing's Pacific Century CyberWorks Ltd (Code: 8, Main Board, The Stock Exchange of Hongkong Ltd) has been sued for more than \$HK92 million.

New Century Infocomm Tech Company Ltd, an investment company, located in Taiwan, which is, also, known as SPARQ, has laid claims against Pacific Century CyberWorks's wholly owned subsidiary, PCCW-HKT Ltd (formerly known as Cable and Wireless HKT Ltd, the old name of Pacific Century CyberWorks, prior to Mr Li Ka Shing, buying out the interests of Cable and Wireless plc), demanding \$NT417,708,369.37 (about \$HK91,905,031), plus interest and damages.

SPARQ, which was established on February 14, 2000, has an Issued and Fully Paid-Up Share Capital of \$NT47.50 billion (about \$HK10.45 billion) and is backed up by some pretty fancy names in Taipei, according to TARGET's information.

SPARQ alleges that it came into an agreement with a 56.56-percent subsidiary of Pacific Century CyberWorks, Taiwan Telecommunication Network Services Company Ltd (TTNS), whereby SPARQ agreed to buy 6,522,000 New Shares in TTNS.

It is alleged that, on July 24, 2000, the same day of the investment agreement, SPARQ entered into an option agreement with PCCW-HKT Ltd whereby SPARQ agreed *'on how their (PCCW-HKT and SPARQ) rights and obligations would be regulated when TTNS shares commenced trading on a recognised stock exchange'* and on how and when a put option could be exercised by SPARQ in respect of the TTNS New Shares.

Some of the details of the investment agreement included:

Clause 1.1 of the investment agreement stipulated that the Issue Price of the New Shares would be \$NT60 per New Share.

Clause 1.2 of the investment agreement stipulated that SPARQ would pay \$NT391,320,000 (about \$HK86.10 million) for the New Shares in TTNS.

Clause 2.1 of the investment agreement stipulated that the New Shares would be paid for by July 24, 2000.

Clause 3.1 of the investment agreement stipulated that SPARQ would hold onto the shares of TTNS for a period of not less than one year and that, thereafter, *'it shall first offer all such shares to Cable and Wireless HKT Limited'* should SPARQ desire to transfer any or all of the New Shares to any third party.

SPARQ alleges that it paid \$NT391,320,000 to TTNS on July 24, 2000 *'as consideration for the subscription of the New Shares and was allotted with the New Shares.'*

Paragraph 10 of the Statement of Claim in respect of this case then continues:

*'On 7<sup>th</sup> December 2001, the Defendant (PCCW-HKT Ltd) issued a letter to the Plaintiff (SPARQ) referring to...*

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