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enewmedia

e-New Media Company Limited

(Incorporated in Hong Kong with limited liability)

Connected Transaction

The board of directors (the "Board") of e-New Media Company Limited (the "Company") announces that Wintalent International Limited ("Wintalent"), a wholly-owned subsidiary of the Company, entered into a subscription agreement on 16 December, 2002 (the "Subscription Agreement") with Genovate Biotechnology Co., Ltd., ("Genovate") a company incorporated under the laws of Taiwan with limited liability in relation to the subscription of up to 12 million new shares (the "Transaction") out of the 20.1 million new shares to be issued by Genovate ("Capital Increase"). As the controlling shareholder of the Company is also a substantial shareholder of Genovate, the Transaction constitutes a connected transaction for the Company under Rule 14.23(1)(b) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Board announces that Wintalent, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement on 16 December, 2002 with Genovate, a company incorporated under the laws of Taiwan with limited liability in relation to the subscription of up to 12 million new ordinary shares (the "Subscription Shares") out of the 20.1 million new shares to be issued by Genovate under a private placement. The Subscription Shares shall form 14.4% of the enlarged total issued share capital of Genovate, and the balance of the said newly issued shares not subscribed by Wintalent will be subscribed by the existing shareholders of Genovate. After completion of the Transaction ("Completion"), Wintalent shall hold up to 14.4% of the equity interest in the enlarged issued share capital of Genovate. The principal terms of the Subscription Agreement are as follows:

Name of company in which the Subscription Shares are to be subscribed:	Genovate Biotechnology Co., Ltd.
Subscriber:	Wintalent International Limited
Number of shares to be subscribed:	up to 12 million new ordinary shares of par value at NTS\$10 each in Genovate
Subscription price of each share:	NTS\$10 per share (approximately HK\$2.15 per share)
Consideration:	a lump sum cash payment of up to NTS\$120 million (approximately HK\$25.8 million) (the "Consideration") to be paid on or before 24 December, 2002 through the internal resources of the Company
Completion Date:	On or before 31 January, 2003 or such later date as the parties may agree

The terms of the Subscription Agreement had been reached after arm's length negotiation between the parties thereto, and the consideration of the Transaction was based on the par value of the new ordinary shares to be issued which is NTS\$10 per share (approximately HK\$2.15 per share). The consideration of the Transaction represents approximately 47.3% premium to the consolidated net tangible asset value of Genovate as at 30 June, 2002 and approximately 17.98% premium to the consolidated net tangible asset value of Genovate immediately after Capital Increase being NTS\$681.59 million. The Board together with the independent non-executive directors of the Company consider that the terms of the Subscription Agreement and the Transaction are (a) on normal commercial terms, (b) fair and reasonable so far as the Company and its shareholders as a whole are concerned and (c) in the interests of the Company and to its shareholders.

Pursuant to the Subscription Agreement and subject to the production of legal opinion by qualified attorney practising in Taiwan to Wintalent (the contents of which shall be prepared to the satisfaction of Wintalent) confirming that Genovate has (1) completed all the formal requirements and procedures in respect of the Capital Increase and the subscription of the Subscription Shares by Wintalent and (2) has obtained all necessary permissions, confirmations, certificates and licences from all relevant authorities in Taiwan, Wintalent shall also enter into an agreement ("Supplemental Agreement") supplemental to the original shareholders agreements ("Original Agreements") with the existing shareholders of Genovate (one of which is Taiwan Chinachem Investment Co., Ltd. which is currently holding 17.02% equity interest in Genovate and is an associate (as defined under the Listing Rules) of and is wholly-owned by the controlling shareholder of the Company) on or before 31 January, 2003. No consideration was involved in the execution of the Original Agreements and the Supplemental Agreement.

The principal terms of the Original Agreements are as follows:

No. of directors and supervisors:	9 directors and 3 supervisors; the number of directors that a shareholder can appoint is dependent on the shareholding of the shareholders
Board meetings:	At least once a year
Transfers of shares:	Not permitted before the listing of Genovate, save and except where more than half of the number of directors comprising the board of directors of Genovate consent to the identity of the new incoming shareholder and the transfer of the relevant sale shares has been offered to the remaining shareholders but are not taken up by them
Applicable law:	The law of Taiwan
Termination:	Upon the occurrence of the liquidation or the listing of Genovate

Pursuant to the understanding of the Company and Wintalent, the directors of Genovate are appointed on the basis of one director for approximately every 9-11% shareholding held by each shareholder.

Pursuant to the Supplemental Agreement, Wintalent agrees to be bound by the terms of the Original Agreements and hence shall, inter alia, be subject to the restrictive covenant of transfer of its equity interest in Genovate until the listing of Genovate on the Taiwan Stock Exchange or other recognised stock exchange which is expected to take place in early 2004. The aforesaid restrictive covenant shall be relaxed if more than half of the number of directors comprising the board of directors of Genovate consent to the identity of the new incoming shareholder and the transfer of the relevant sale shares has been offered to the remaining shareholders but are not taken up by them. Wintalent together with the other shareholders of Genovate are also subject to whatever restriction on transfer that may be applicable to them under the current Taiwan laws. Mr. Joseph Leung Wing-kong, a director of the Company, is also a director of Genovate.

Reasons for entering into the Subscription Agreement

The Company is principally engaged in (1) telecommunications business which includes the International Premium Rate Services, (2) the operation of recreational clubs, and (3) IT and Bio-medical business. The proposed investment in Genovate is for the Company to further expand its Bio-medical line of business. The Board together with the independent non-executive directors of the Company are of the opinion that the Transaction is beneficial to the Company as they consider that there will be good prospects in the bio-medical industry. Notwithstanding that Genovate suffered losses in the past two years, such losses diminish and the directors of the Company (including the independent non-executive directors of the Company) believe that Genovate will turn around in the next financial year.

Information on Genovate

Genovate's activities include, inter alia, the research, development, manufacture and sales of pharmaceuticals and biological products, the provision of advisory services in respect of pharmaceuticals and biological products, the import and sales of raw materials for medicine, antibiotics, serum, vaccines and medical

equipment and the trading, import and export of general consumer products. Genovate's principal assets include landed properties, plants and machinery. The consolidated net tangible asset value of Genovate was NTS\$461 million (approximately HK\$99.1 million) as at 30 June, 2002, inclusive of (a) land, plant and machinery worth NTS\$261.66 million (approximately HK\$56.27 million) and (b) net current assets worth NTS\$236.69 million (approximately HK\$50.90 million). Genovate made a loss in the sum of NTS\$19.03 million (approximately HK\$4.09 million) for the six months ended 30 June, 2002, both as disclosed in the latest published audited 2002 interim financial statement of Genovate which is prepared in accordance with accounting standards which are acceptable in Taiwan. The value of the Subscription Shares is NTS\$95.39 million (approximately HK\$20.51 million).

Genovate made a loss in the sum of NTS\$49.73 million (approximately HK\$10.69 million) for the year ended 31 December, 2001 and made a loss in the sum of NTS\$77.50 million (approximately HK\$16.67 million) for the year ended 31 December, 2000, both as disclosed in the audited 2001 financial statements of Genovate.

Genovate was incorporated in 1993. Immediately prior to the Capital Increase, its registered capital is NTS\$1,500 million (approximately HK\$322.58 million), and its paid-up capital is NTS\$875 million (approximately HK\$188.17 million). Immediately after the Capital Increase, Genovate shall have 83.1 million ordinary shares in issue.

It is intended by Genovate that the proceeds derived from the Capital Increase in the sum of NTS\$201 million (approximately HK\$43.23 million) will be used for the improvement of the existing production facilities and for the research and development of the new drugs. The Company will neither treat the investment in Genovate by equity method nor by consolidated method in the Company's forthcoming audited financial statements.

Payment of the Consideration

Subject to the waiver in writing by Wintalent (which shall be subject to the approval of the independent non-executive directors of the Company and in which case an announcement will be separately issued by the Company), the Consideration payable by Wintalent to Genovate is conditional on the satisfaction (or waiver of), inter alia, the following conditions on or before 24 December, 2002 or such later date as Wintalent and Genovate may agree:-

- (1) Wintalent has completed the legal due diligence in respect of Genovate and has signified to Genovate in writing its satisfaction thereof;
- (2) A qualified attorney practising in Taiwan has, pursuant to the instructions of Genovate, produced a legal opinion to Wintalent on or before the payment date of the Consideration confirming that:-
 - (i) The Capital Increase and the subscription of the Subscription Shares by Wintalent pursuant to this Agreement do not violate the legislations, regulations, orders and other relevant rules currently in force in Taiwan;
 - (ii) With the exception of the existing shareholders and employees of Genovate's pending determination of not subscribing to the new shares after the Capital Increase, all requirements, approvals and consents (including but not limited to the requirements, approvals and resolutions as stipulated by law, government authorities and the directors and shareholders of Genovate) have been fulfilled before the payment of the Consideration by Wintalent;
 - (iii) In the event that Wintalent has obtained the approval of the status of a foreign investor and has implemented its investment plans according to the contents of the said approval and the approval by the principal authorities of Taiwan, the amounts invested in Genovate by Wintalent and the profits derived therefrom can, pursuant to the relevant laws and procedures of Taiwan, be exchanged into foreign currency(ies) and remitted out of Taiwan;
 - (iv) Genovate is capable of entering into the Subscription Agreement and are obliged to perform the obligations and duties thereunder;
- (3) Wintalent has obtained the approval from its directors in respect of the subscription of the Subscription Shares and that its holding company has obtained all the necessary approval and completed all the necessary procedures in Hong Kong (if required by Hong Kong law).

Connected Transaction

As Ms. Nina Kung, the controlling shareholder of the Company (holding 34.6% of the equity interest in the Company as at 10 December, 2002), is also a substantial shareholder of Genovate, the Transaction constitutes a connected transaction for the Company under Rule 14.23(1)(b) of the Listing Rules.

As both the net tangible asset value of Genovate attributable to the Subscription Shares and the consideration of the Subscription Shares is less than 3% of the unaudited consolidated net tangible asset value of the Company as disclosed in its interim report as of 30 June, 2002 (which is HK\$983 million), the Company is only required to disclose the details of the Transaction by way of this press announcement and to include the following details of the Transaction in its next published annual report of the Company for the year ending 31 December 2002, namely (a) the date of the Transaction, the parties thereto and a description of their connected relationship; (b) a description of the Transaction and the purpose of the Transaction; (c) the total consideration and the terms, if any; and (d) the nature and extent of the interest of the connected person in the Transaction pursuant to Rule 14.25(1).

(In this announcement, NTS are converted into HK\$ amounts at the rate of HK\$1 = NTS4.65)

By order of the Board
James C. Ng
CEO

Hong Kong
17 December, 2002