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enewmedia

e-NEW MEDIA COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 128)

CONNECTED TRANSACTION TERMINATION OF THE OLD TENANCY AGREEMENT AND ENTERING INTO OF THE NEW TENANCY AGREEMENT

Reference is made to the announcement of the Company dated 28 May 2003 regarding the signing of the Old Tenancy Agreement. The Board announces that the Company had entered into the Surrender Agreement with the Landlord to terminate the Old Tenancy Agreement on 26 August 2004 with immediate effect from 31 August 2004 and the New Tenancy Agreement was entered into between the same parties on 26 August 2004 whereby the Company agreed to lease the Premises (excluding the Surrendered Premises under the Old Tenancy Agreement) as its office premises from the Landlord with the monthly rent reduced from HK\$157,948 under the Old Tenancy Agreement to HK\$113,260 as a result of a reduction in rental areas from 11,282 square feet to 8,090 square feet under the New Tenancy Agreement.

The Landlord is a company wholly-owned by Ms. Nina Kung, who is a controlling shareholder of the Company holding 34.6% of the issued share capital of the Company. Therefore, the Landlord is a connected person by reason of its being an associate of connected person of the Company within the meaning of Rule 14A.11 of the Listing Rules. Accordingly, the transaction contemplated under the New Tenancy Agreement constitutes a connected transaction for the Company under Rule 14A.13 of the Listing Rules.

The total rent payable under the New Tenancy Agreement, being HK\$792,820 (after taking into account of the rent free period), is less than 0.1% of the audited total assets value of the Company as disclosed in its audited account for the year ended 31 December 2003 (which is HK\$1,116,997,000). Although the total rent payable under the New Tenancy Agreement is more than 0.1% of the Total Market Capitalisation (which is HK\$329,471,472) and the Total Revenue (which is HK\$138,600,000), it is less than 2.5% of the Total Market Capitalisation and the Total Revenue and also less than HK\$1,000,000. The Company is therefore, in accordance with Rule 14A.31 of the Listing Rules, exempt from all the reporting, announcement and independent shareholders' approval requirements contained in Chapter 14A of the Listing Rules. This announcement is made for information only with the purpose to notify the public that the Old Tenancy Agreement as disclosed in the announcement of the Company dated 28 May 2003 has been terminated and to disclose information relevant to the New Tenancy Agreement.

Reference is made to the announcement of the Company dated 28 May 2003 regarding the signing of the Old Tenancy Agreement.

DETAILS OF THE NEW TENANCY AGREEMENT

The Board announces that the Company had entered into the Surrender Agreement with the Landlord to terminate the Old Tenancy Agreement on 26 August 2004 with immediate effect from 31 August 2004 and the New Tenancy Agreement was entered into between the same parties on 26 August 2004 whereby the Company agreed to lease the Premises (excluding the Surrendered Premises under the Old Tenancy Agreement) as its office premises from the Landlord with the monthly rent reduced from HK\$157,948 under the Old Tenancy Agreement to HK\$113,260 as a result of a reduction in rental areas from 11,282 square feet to 8,090 square feet under the New Tenancy Agreement.

Under the Old Tenancy Agreement, the Company as tenant is not entitled to terminate the Old Tenancy Agreement before the expiry of the tenancy term ended 30 April 2005. The Company has requested for early termination of the Old Tenancy Agreement upon the terms of the Surrender Agreement pursuant to which the Company has to pay to the Landlord a sum of HK\$44,688 (being the monthly rent payable for the Surrendered Premises under the Old Tenancy Agreement) as liquidated damages for the early termination of the Old Tenancy Agreement. Such damages have already been settled by the Company from its internal resources on 26 August 2004, being the date on which the Surrender Agreement has been signed.

The principal terms of the New Tenancy Agreement are summarized as follows:-

Landlord	: Hollywood Palace Company Limited
Tenant	: e-New Media Company Limited
Premises	: Suites 1502 and 1521 on 15th Floor, Chinachem Golden Plaza, 77 Mody Road, Tsimshatsui East, Kowloon, Hong Kong with a total gross area of 8,090 square feet
Lease term	: 8 months commencing from 1 September 2004 and expiring on 30 April 2005 (both days inclusive)
Rent	: HK\$113,260 per month (calculated at the rate of HK\$14 per square feet) exclusive of management fee, government rent, government rates and other outgoings
Total rent payable	: HK\$792,820 (taking into account of the rent free period)
Rent free period	: The last one month of the term mentioned above

CONNECTED TRANSACTION

The Landlord is a company wholly-owned by Ms. Nina Kung, who is a controlling shareholder of the Company holding 34.6% of the issued share capital of the Company. Therefore, the Landlord is a connected person by reason of its being an associate of connected person of the Company within the meaning of Rule 14A.11 of the Listing Rules. Accordingly, the transaction contemplated under the New Tenancy Agreement constitutes a connected transaction for the Company under Rule 14A.13 of the Listing Rules.

The total rent payable under the New Tenancy Agreement, being HK\$792,820 (after taking into account of the rent free period), is less than 0.1% of the audited total assets value of the Company as disclosed in its audited account for the year ended 31 December 2003 (which is HK\$1,116,997,000). Although the total rent payable under the New Tenancy Agreement is more than 0.1% of the Total Market Capitalisation (which is HK\$329,471,472) and the Total Revenue (which is HK\$138,600,000), it is less than 2.5% of the Total Market Capitalisation and the Total Revenue and also less than HK\$1,000,000. The Company is therefore, in accordance with Rule 14A.31 of the Listing Rules, exempt from all the reporting, announcement and independent shareholders' approval requirements contained in Chapter 14A of the Listing Rules. This announcement is made for information only with the purpose to notify the public that the Old Tenancy Agreement as disclosed in the announcement of the Company dated 28 May 2003 has been terminated and to disclose information relevant to the New Tenancy Agreement.

REASONS FOR THE TRANSACTION

The Landlord had been leasing the Premises and the Surrendered Premises to the Company as office premises for more than 3 years. Taking into account of the practical needs of the Company and with a view to save the rental expenses of the Company, it is considered that the Surrendered Premises, which formed part of the leased premises under the Old Tenancy Agreement, will not be rented by the Company under the New Tenancy Agreement. The Company, after arm's length negotiations between the parties and after making reference to market rents of similar premises in proximity, decided to terminate the Old Tenancy Agreement by entering into the Surrender Agreement and enter into the New Tenancy Agreement (at the same rate of HK\$14.00 per square feet as the Old Tenancy Agreement) with the monthly rent reduced from HK\$157,948 to HK\$113,260 as a result of a reduction in rental areas from 11,282 square feet to 8,090 square feet under the New Tenancy Agreement.

The rent will be paid by the Company from its internal resources.

The Directors (including the independent non-executive Directors) are of the opinion that the Surrender Agreement and New Tenancy Agreement and the terms and conditions contained therein are on normal commercial terms, are fair and reasonable and are in the interests of the Company and its shareholders as a whole, and that they are entered into in the ordinary and usual course of business of the Company after due negotiations on an arm's length basis with reference to the prevailing market conditions.

INFORMATION ON THE COMPANY AND THE LANDLORD

The principal activities of the Company are investment holding and securities trading. The principal activities of its subsidiaries are wholesale and retail of fashion wear and accessories, operation of recreational clubs, provision of telecommunications services, marketing and distribution of network cards and investment holding.

The Landlord is engaged in the property investment for rental income.

GENERAL

As at the date of this announcement, the executive Directors are Mr. Joseph Wing Kong LEUNG (Chairman), Mr. James C. NG (Chief Executive Officer), Mr. Derek Wai Choi LEUNG and Mr. Wing Tung YEUNG and the independent non-executive Directors are Mr. Raymond Wai Pun LAU and Dr. Jen CHEN.

DEFINITIONS

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

"Board"	the board of Directors
"Company"	e-New Media Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
"Directors"	the directors of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Landlord"	Hollywood Palace Company Limited, a company incorporated in the British Virgin Islands as an international business company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"New Tenancy Agreement"	the tenancy agreement dated 26 August 2004 entered into between the Company as tenant and the Landlord, pursuant to which the Company agreed to lease the Premises for a monthly rent of HK\$113,260 for a period of 8 months commencing from 1 September 2004 and expiring on 30 April 2005
"Old Tenancy Agreement"	the tenancy agreement dated 28 May 2003 entered into between the Company as tenant and the Landlord, pursuant to which the Company agreed to lease the Premises and the Surrendered Premises for a monthly rent of HK\$157,948 for a period of 2 years commencing on 1 May 2003 and expiring on 30 April 2005
"Premises"	suites 1502 and 1521 on 15th Floor, Chinachem Golden Plaza, 77 Mody Road, Tsimshatsui East, Kowloon, Hong Kong
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Surrender Agreement"	the surrender agreement dated 26 August 2004 entered into between the Company as tenant and the Landlord, pursuant to which the parties thereto agreed to terminate the Old Tenancy Agreement
"Surrendered Premises"	suite 1522 on 15th Floor, Chinachem Golden Plaza, 77 Mody Road, Tsimshatsui East, Kowloon, Hong Kong
"Total Market Capitalisation"	the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding 26 August 2004 multiplied by the total number of shares of the Company in issue on 26 August 2004
"Total Revenue"	the total revenue of the Company as disclosed in its audited account for the year ended 31 December 2003
"HK\$"	the Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

By Order of the board of Directors
e-New Media Company Limited
James C. Ng
Chief Executive Officer

Hong Kong, 26 August 2004