

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

#### RESULTS

The Board of Directors (the "Board") of e-New Media Company Limited (the "Company") announces the audited consolidated results for the Company and its subsidiaries (the "Group") for the year ended 31 December 2000 with comparative figures for the nine months ended 31 December 1999.

#### Audited Consolidated Results

	Notes	Year ended 31/12/2000 HK\$'000	9 months ended 31/12/1999 HK\$'000
Turnover	3	878,169	223,176
Cost of sales		(649,721)	(168,291)
Gross profit		228,448	54,885
Other revenue		6,178	9,827
Administrative and selling expenses		(149,744)	(55,698)
Other operating expenses		(275,486)	(9,262)
Loss from operations		(190,604)	(248)
Finance costs		(11,408)	(6,473)
Share of results of associates		(452)	6
Share of results of jointly controlled entities		(11,541)	—
Loss before taxation		(214,005)	(6,715)
Taxation	5	(236)	1,442
Loss after taxation		(213,769)	(8,157)
Minority interest		(9,209)	(2,721)
Loss attributable to shareholders		(204,560)	(5,436)
Loss per share			
Basic	6	(13.73) cents	(0.60) cents

#### Notes:

##### 1. Change of Financial Year-end Date

The financial year-end of the Group has been changed from 31 March to 31 December since December 1999. Accordingly, the financial statements cover the twelve-month period from 1 January 2000 to 31 December 2000. Comparative figures for the nine-month period from 1 April 1999 to 31 December 1999 are included.

##### 2. Change in Accounting Policy

In prior year, goodwill was recognised as an asset and amortised using the straight-line method over the period of benefit subject to a maximum of twenty years. Upon a review of the nature of the Group's business, the directors determined during the year that it would be more appropriate for the Group to adopt the accounting policy to write off goodwill to reserves in the year of acquisition. As a result of the new accounting policy, the Group's loss for the year attributable to shareholders has decreased by HK\$29,579,000 (1999: HK\$4,910,000) and the net assets as at the year-end have decreased by HK\$467,532,000 (1999: HK\$497,111,000). The new accounting policy has been adopted retrospectively. Comparative figures for the nine months ended 31 December 1999 were restated to reflect the change in accounting policy.

##### 3. Segment Information

The Group's turnover and contribution to Group's loss from operations analysed by principal activity and geographical area are as follows:

	Year ended 31 December 2000		9 Months ended 31 December 1999	
	Turnover HK\$'000	Contribution to Group's loss from operations HK\$'000	Turnover HK\$'000	Contribution to Group's loss from operations HK\$'000
<b>By principal activity:</b>				
Provision of telecommunications services	634,123	52,348	131,862	8,192
Provision of data bureau services via Internet	150,051	(9,784)	63,182	2,765
Recreational club operations	27,585	(25,179)	19,642	(18,077)
Securities trading	8,583	6,051	4,166	11,985
Investment holding	57,136	53,887	4,324	2,664
Provision of e-commerce enabling technologies	691	(201,832)	—	—
	878,169	(124,509)	223,176	7,529
Deficit on revaluation of properties		(53,961)		—
Corporate expenses and other operations		(12,134)		(7,777)
		(190,604)		(248)
<b>By geographical area:</b>				
Hong Kong	95,541	(150,488)	26,862	6,108
PRC	2,704	(16,232)	2,146	(9,649)
Japan	292,981	10,076	58,554	3,363
Other Asia Pacific region	20,833	1,613	4,786	289
Europe	227,515	14,234	75,260	4,185
North America	204,934	14,019	50,878	3,022
Others	33,661	2,269	4,690	211
	878,169	(124,509)	223,176	7,529
Deficit on revaluation of properties		(53,961)		—
Corporate expenses and other operations		(12,134)		(7,777)
		(190,604)		(248)

##### 4. Depreciation and Amortisation

During the year, the loss from operations has been charged with the following depreciation and amortisation expenses:

	Year ended 31/12/2000 HK\$'000	9 Months ended 31/12/1999 HK\$'000
Depreciation	28,150	15,236
Amortisation of license rights	7,615	—

##### 5. Taxation

	Year ended 31/12/2000 HK\$'000	9 Months ended 31/12/1999 HK\$'000
Hong Kong profits tax		
Current year	342	874
Overprovision in prior years	(2,121)	—
Deferred taxation	1,026	286
	(753)	1,160
Overseas taxation		
Current year	412	282
Underprovision in prior years	105	—
	517	282
	(236)	1,442

Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

##### 6. Loss per Share

The calculation of loss per share is based on the net loss attributable to shareholders for the year of HK\$204,560,000 (1999: Loss HK\$5,436,000) and the weighted average of 1,489,514,000 (1999: 902,343,000) shares in issue during the year.

The diluted loss per share for both periods presented is not shown as the exercise of outstanding share options and the conversion of convertible bonds in full would have an anti-dilution effect on the loss per share.

##### 7. Dividends

The directors do not recommend the payment of any dividend for the year ended 31 December 2000 (1999: Nil).

##### 8. Movement on Reserves

	HK\$'000
Balance at 1 January 2000 as previously reported	580,773
Arising on change in accounting policy	(497,111)
As restated	83,662
Premium on issue of ordinary shares or exercise of options, net of issuing expenses	893,312
Net goodwill on consolidation	(1,199)
Deficit on revaluation	(365,467)
Loss for the year	(204,560)
Exchange difference	422
Balance at 31 December 2000	406,170

#### BUSINESS REVIEW

The financial year-end of the Group has been changed from 31 March to 31 December since December 1999. Accordingly, the financial results for the nine-month period ended 31 December 1999 are not directly comparable with the current twelve-month financial year. Turnover for the year was HK\$878 million as compared with the last period of HK\$223 million which only included the two-month results of New Media Corporation, a subsidiary providing telecommunications services which was acquired in 1999.

The Group recorded a loss of HK\$205 million for the year, compared with the loss of HK\$5 million for the nine months ended 31 December 1999. This loss is mainly due to a loss of HK\$138 million on the e-commerce enabling technology business, a loss of HK\$20 million on the club operations and a net deficit of HK\$54 million on the valuation of the Group's properties where the revaluation reserve of HK\$365 million was utilised.

#### Telecommunications including International Premium Rate Services ("IPRS")

The changes in senior management and board representation after last year's Annual General Meeting had an impact particularly on third-quarter operations, causing some loss of momentum, particularly in the Group's IPRS business, with a subsequent downturn in billable traffic volumes. It was not until the final quarter that the Group was able to finally assemble a professional management team to combat this situation, allowing traffic levels to be relatively stabilised by the end of the year. In addition, the Group was able to maintain its termination points and also increased its allocation of number ranges from some of these national telecommunications providers. A new five-year agreement for IPRS was entered into with the Government of Tuvalu and Tuvalu Telecommunications Corporation in December. Furthermore, the Group strengthened its global network with hardware and software upgrades, including a new system for handling IPRS traffic for the Asia-Pacific market.

As the Group looks towards the future, a number of discernible trends in the IPRS market are evident, among which some of the most significant are:

- increasing competition from existing and new IPRS providers;
- downward global pressure on international accounting rates for IPRS;
- a swing away from audio to data (internet accessed video) products;
- with internet access, a swing from international to domestic traffic.

While these trends will put pressure on the Group's existing (primarily audio based) business, the Management is taking steps to combat or offset their effect, including:

- working with Information Providers to provide enhanced services and recognition of payment security;
- working with the national telecommunications providers that service the Group's termination points together with the international traffic carriers to support accounting rate levels;
- gearing up to provide for data services, with data handling equipment now installed in London, Toronto and Auckland;
- positioning the Group in terms of corporate and regulatory requirements to enter local domestic markets in various overseas countries.

Consequently, despite the difficult circumstances affecting the telecommunications business during this year, the Management has responded to position the Group to be able to effectively address the market in the coming year.

#### Internet and Digital Technologies

This year, particularly the latter half, has not been a good year for technology investments and companies worldwide. The precipitous fall in the value of stock of most technology companies in the USA, not only drastically reduced the ability of these companies to continue to accelerate their development plans, but also seriously undermined the willingness of potential customers for digital solutions, whether this be for distribution, payment or advertising, to commit resources for the acquisition and application of such products and services. Faced with this scenario, the Management took the prudent decision to safeguard shareholders' assets and to reduce exposure to risk in this market in the coming year. Consequently and, in accordance with the advice of the Group's auditors, certain investments and financial commitments in the technology area have either been written off, or had provision made for, in the current reporting year. These measures have allowed the Group to preserve cash. The Management perceives that the Group will, therefore, be in a better place to overcome the difficulties that may continue in the field of digital technology and, also, that it will be better placed to take advantage of attractive acquisition opportunities that may arise as a corollary of the same market conditions.

#### Club Operations

There was a slight increase in revenue for the Hong Kong Hilltop Country Club while the Shanghai Hilltop Country Club experienced difficulty in business operation, and was unable to achieve the expected target. The Management projects that both clubs will continue to experience a difficult operating environment in the coming year and therefore, will implement plans for cost saving measures in an effort to improve efficiency and strengthen competitiveness.

#### Securities

The Group recorded a dividend income of HK\$8.6 million and a decrease of HK\$2.5 million in the value of marketable securities at close of the balance sheet date.

#### Liquidity and Financial Information

The Group maintained a position of financial stability underpinned by a cash holding of HK\$919 million, with total borrowings of HK\$242 million at close of the balance sheet date. The Group will continue to further explore new business opportunities and investments.

#### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

#### DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

All the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") will be published on the Stock Exchange's website in due course.

#### APPRECIATION

On behalf of the Board, I wish to thank my fellow directors, the management and staff for their contribution and loyalty to the Group.

By Order of the Board  
Leung Wing Kong Joseph  
Chairman

Hong Kong, 12 April 2001

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Hilltop Country Club, 10 Hilltop Road, Lo Wai, Tsuen Wan, New Territories, Hong Kong at 11:00 a.m. on Wednesday, 30 May 2001 for the following purposes:

- To receive and consider the Audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 December 2000.
- To re-elect the retiring Directors, fix the number of Directors and authorise the Board of Directors to fix their remuneration.

- To appoint Auditors, Special Notice having been received, pursuant to Sections 116C and 132(1) of the Companies Ordinance (Chapter 32), of the intention to propose the following resolution as an Ordinary Resolution:-

"THAT KPMG be and is hereby appointed as Auditors of the Company, following the retirement of RSM Nelson Wheeler who do not offer themselves for reappointment, to hold office until the conclusion of the next Annual General Meeting, at a fee to be agreed with the Board of Directors."

- To consider as special business and if thought fit, pass with or without amendments, the following resolution as Ordinary Resolution:

#### "THAT:

- subject to paragraph (c) of this Resolution, pursuant to section 57B of the Companies Ordinance the exercise by the Directors of the Company during the Relevant Period of all powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and it is hereby generally and unconditionally approved;

- the approval in paragraph (a) of this Resolution shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

- the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue or (ii) the exercise of options granted under the share option scheme of the Company, shall not in aggregate

exceed 20 percent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly; and

- for the purpose of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:

- the conclusion of the next Annual General Meeting of the Company;
- the expiration of the period within which the next Annual General Meeting of the Company is required by the Companies Ordinance to be held; and
- the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders in general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the Directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the law of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong)."

By order of the Board  
Cheng Pui Man  
Company Secretary

Hong Kong, 12 April 2001

#### Notes:

- The Register of Members will be closed from 21 May 2001 to 30 May 2001, both days inclusive, during which period no transfers of shares will be effected.

- A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company.

- In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Registered Office of the Company at 10 Hilltop Road, Lo Wai, Tsuen Wan, New Territories, Hong Kong not less than 48 hours before the time for holding the Meeting.