e-New Media Company Limited

(incorporated in Hong Kong with limited liability)

Interim Results Announcement for the six months ended 30 June 2003

The Board of Directors (the "Board") of e-New Media Company Limited (the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2003, together with unaudited comparative figures for the corresponding period in 2002.

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2003 - UNAUDITED
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2003	2002
		$'000	*$'000*
Turnover	2	54,519	73,011
Cost of sales		(16,252)	(55,870)
Gross profit		38,267	17,141
Other revenue		907	2,734
Other net loss		(666)	(18,763)
Selling and administrative expenses		(33,032)	(42,587)
Other operating expenses		(6,683)	(8,130)
Loss from operations	2	(1,207)	(49,605)
Finance costs	3	(518)	(1,354)
Share of profits less losses of associates		(1,973)	24
Loss from ordinary activities before taxation	3	(3,698)	(50,935)
Taxation	4	5	47
Loss from ordinary activities after taxation		(3,693)	(50,888)
Minority interests		19	—
Loss for the period attributable to shareholders		(3,674)	(50,888)
Loss per share			
- Basic and diluted	5	(0.22) cents	(3.08) cents

Notes:

1. **Basis of preparation**

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports", issued by the Hong Kong Society of Accountants ("HKSA"). The interim financial report has been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, including compliance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the HKSA.

The same accounting policies as adopted in the 2002 annual financial statements have been applied to the interim financial report, except for the adoption of SSAP 12 (revised) "Income taxes" issued by the HKSA.

In prior years, deferred tax liabilities were provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which were expected with reasonable probability to crystallise in the foreseeable future. Deferred tax assets were not recognised unless their realisation was assured beyond reasonable doubt. With effect from 1 January 2003, in order to comply with SSAP 12 (revised), the Group adopted a new policy for deferred tax.

Under the revised SSAP 12, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. The adoption of the revised SSAP 12 has no material effect on the Group's results and net assets for the current or the prior period.

2. **Segmental information**

The principal activities and geographical locations of the operations of the Company and its subsidiaries during the financial period were as follows:

Principal activities

	Group turnover Six months ended 30 June 2003	2002	Contribution to loss from operations Six months ended 30 June 2003	2002
	$'000	*$'000*	*$'000*	*$'000*
Provision of telecommunications and data bureau services*	39,190	53,602	9,095	(22,598)
Recreational club operation	10,455	12,086	(5,297)	(5,240)
Investment holding and trading of securities	4,874	7,323	(4,032)	(18,906)
Provision of e-commerce enabling technologies	—	—	(34)	(643)
	54,519	73,011	(268)	(47,387)
Other group expenses			(939)	(2,218)
			(1,207)	(49,605)

Geographical locations of operations

	Group turnover Six months ended 30 June 2003	2002
	$'000	*$'000*
Hong Kong Special Administrative Region ("HKSAR")	14,029	18,616
The People's Republic of China (excluding HKSAR)	1,672	1,734
Japan	499	18,695
Other Asia Pacific regions	1,677	2,972
Europe	8,638	27,160
North America	27,969	2,575
Others	35	1,259
	54,519	73,011

* Included in turnover from the provision of telecommunications and data bureau services for the six months ended 30 June 2003 is a sum of $25,572,000 received from a final transit carrier in respect of traffic revenue generated in prior years which was not recognised previously in view of the uncertainty of its collectibility.

3. **Loss from ordinary activities before taxation**

Loss from ordinary activities before taxation is arrived at after charging/(crediting):

	Six months ended 30 June 2003	2002
	$'000	*$'000*
Amortisation of goodwill	938	907
Depreciation	5,731	6,442
Dividend income	(3,227)	(1,259)
Interest income	(3,826)	(6,064)
Interest on borrowings	518	1,354
Net exchange loss/(gain)	314	(336)
Net loss on disposal of fixed assets	8	44
Net realised and unrealised loss on investments in securities	658	18,721

4. **Taxation**

Taxation included in the consolidated income statement represents reversal of overseas taxation over-provided in prior years.

No provision for current taxation has been made in the consolidated income statement for the six months ended 30 June 2003 as the Company and its subsidiaries either had tax losses for the period or had tax losses brought forward which were sufficient to offset the taxable profits for the period ended 30 June 2003.

No provision for deferred taxation has been made in the consolidated income statement for the six months ended 30 June 2003 as the Company and its subsidiaries had tax losses brought forward which were sufficient to offset the taxable temporary differences as at 30 June 2003.

5. **Loss per share**

(a) ***Basic loss per share***

The calculation of basic loss per share is based on the loss attributable to shareholders of $3,674,000 (2002: $50,888,000) and the number of 1,650,658,000 (2002: 1,650,658,000) ordinary shares in issue during the period.

(b) ***Diluted loss per share***

The potential issue of ordinary shares in connection with the Company's share options would not give rise to an increase in loss per share and therefore had no dilutive effect on the calculation of the diluted loss per share.

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS AND OVERVIEW

The Group recorded turnover of HK$54,519,000 for the first half of the year and reported an after-tax loss of HK$3,674,000. The reported loss represents a 92.8% decrease when compared with the trading result of the corresponding period in 2002.

The first half of 2003 witnessed events that significantly affected the already sluggish recovery of the global economy. The Iraq War, the outbreak of the Severe Acute Respiratory Syndrome ("SARS") and the weakening of the US dollar all made their marks. Turnover of the Group received much impact and resulted in a 25% reduction. Faced with these challenges, the Group has implemented and continues to exercise stringent cost controls, re-structured the core business divisions and is able to present, under such adverse trading environment, an improved trading result.

As for the second half of the year, the Group is conservatively optimistic and will remain prudent in the preservation of liquidity and maintaining stringency in cost control. The Group will continue its efforts to identify value-added investments with the objective to further enhance the Group's performance of existing operations.

CLUB MANAGEMENT

Shanghai

During the "SARS" period, the Club experienced a significant drop in its sales and cost reduction programs (such as the no pay leave policy) were immediately put in place in order to contain costs to a more acceptable level. When the situation improved, the business started to recover steadily in July, with occupancy rate rebounding by 80% towards the end of August and continuing to improve.

In June this year, the Club signed a sub-contracting agreement with Shanghai Landis Hospitality Management Co. Ltd. ("SLHM"), a hotel management company based in Shanghai. With funding provided by SLHM, the clubhouse will undertake a major renovation to convert into a 4-Star hotel by next year. With the continuation of economic growth and the high demand of hospitality service in Shanghai, management anticipates that this sub-contracting business plan would be a turning point in the Club's operation.

Hong Kong

As with its sister club in Shanghai, the Club in Hong Kong saw its business performance severely affected by SARS, especially in the months of March and April. Revenue for the Club declined both from operations and subscription fee collection. Likewise, various cost reduction measures were immediately put in place to reduce costs. A slight improvement was witnessed in June when Food & Beverage sales and room sales climbed back up to a more stable level. Different sales promotion and marketing activities are being introduced to enhance trading in an intensely competitive market and the bottom line figures for the reporting period improved slightly when compared to that of the corresponding period in 2002.

The relaxation on travel restrictions for tourism and the recent announcement that individual travellers would be allowed across the border will definitely benefit the Club's business and the Club is looking forward to a more rewarding trading environment and healthy improvement in its business activities in the second half of 2003.

BIO - MEDICAL

Cardima Inc. ("Cardima")

Listed on NASDAQ and based in California, Cardima is developing an innovative micro-catheter, Revelation Tx microcatheter system, for treatment of atrial fibrillation (irregular heartbeat), which afflicts an estimated 4.5 million individuals worldwide.

In a meeting in May 2003, the US Food and Drug Administration's ("US FDA") Circulatory System Device Panel ("Panel") expressed the view that the data submitted by Cardima for the Pre-Market Approval ("PMA") application of Revelation Tx microcatheter system was not sufficient to support the approval. The Panel provided the US FDA and Cardima with several suggestions on how to possibly re-examine the existing data or how to collect more data on existing patients.

Cardima intends to re-submit its application for PMA with analyses and fresh data which its senior management feel will strengthen its position and increase the likelihood of a favourable outcome.

Genovate Biotechnology Company Limited ("Genovate")

Genovate (founded in Taiwan in 1993 by Genelabs Technologies, Inc. of the USA) is a fully integrated pharmaceutical company, encompassing in its operation: new drug development and new formulation capability; clinical trials for local and international pharmaceutical companies; drug manufacturing; drug marketing and distribution in Taiwan.

Genovate has in the pipeline a range of new drug products. The newly developed drug "Prestara", co-developed by Genelabs Technologies and Genovate for treatment of lupus, received an approvable letter from the US FDA in August 2002. Subject to a successful confirmatory clinical trial, the market launch of the product is expected to be in 2004. "Genetaxyl" is an improved version of Paclitaxel developed by Genovate for treatment of breast cancer. The drug has received approval licence in Taiwan in January 2003 and is ready for launch in the Taiwan market. In addition, two drug products have completed clinical studies in Taiwan, they include Propiverine ("PPV"), a generic drug for urinary incontinence and Glipizide-Slow Release ("GSR"), a new formulation generic drug for treatment of diabetes. Both products are expected to obtain approval licences in Taiwan in 2003.

TELECOMMUNICATIONS INCLUDING INTERNATIONAL PREMIUM RATE SERVICES ("IPRS")

Excess capacity and difficult trading conditions remain the norm in this industry worldwide. Our geographical spread has not buffered us from this business reality.

Management has largely completed an extensive restructuring and cost-savings exercise while preserving core business areas mentioned in the 2002 Annual Report. Management is evaluating the business solutions available to increase the business volumes and continues to source new ventures in the market.

The Group is beginning to see results from its efforts in collecting outstanding and overdue payments from final transit carriers and indeed, a sum of US$3.3 million (HK$25,572,000) was collected in July 2003 after lengthy and on-going negotiation. Reflected in the turnover for the reporting period, the amount received represents traffic revenue generated in prior years which was not recognised previously in view of the uncertainty of its collectibility. The Group will continue its efforts in this direction.

OTHER INVESTMENTS

ChinaPay.com Holdings Limited ("ChinaPay")

During the reporting period, the Group has successfully concluded a purchase agreement, via a wholly owned subsidiary, with ChinaPay. Under the purchase agreement, the Group, via a wholly owned subsidiary, is to acquire 666,667 shares (representing approximately 7% of the enlarged shares capital) of the investee company at a consideration of US$1,000,000 (HK$7,780,000).

ChinaPay is involved in the development of an electronic payment system and services in the People's Republic of China ("PRC") through a 49/51 Joint Venture (ChinaPay e-Payment Service Company Limited) with China UnionPay.

Beijing Smartdot Technologies Company Limited ("Smartdot")

Smartdot was affected by SARS but managed to generate in the first 6 months of 2003 turnover of about Rmb 6.4M. The result was badly affected particularly during the second quarter of 2003. It is expected that the revenue will pick up in the second half of 2003.

Shanghai ENM Telecom & Technologies Limited ("ENMTT")

This PRC company, in which the Group owns a 75% interest, was formed on 7 April 2003. ENMTT focuses on wireless telecommunications business in the PRC market. At present, it cooperates with China Mobile Shanghai in marketing and distributing the GPRS PC card in Shanghai. Management anticipate that this company would be a stepping-stone for the Group to extend its core business - value-added telecommunications services in the PRC market.

LIQUIDITY AND FINANCIAL POSITION

The Group had a solid financial position with a cash and deposit holding of HK$637,508,000. As at 30 June 2003, the Group's total borrowings stood at HK$63,231,000 (31 December 2002: HK$63,651,000) with HK$55,947,000 (31 December 2002: HK$56,427,000) repayment falling due within one year. The Group's gearing ratio, resulting from a comparison of the Group's total borrowings with total equity, was 6.7% at the interim period end date (31 December 2002: 6.7%). The current ratio at 30 June 2003 was 5.5 times (31 December 2002: 5.4 times).

As at 30 June 2003, the Group's borrowings and bank balances were primarily denominated in Hong Kong dollars and United States dollars and exchange differences were reflected in the interim financial report. All borrowings of the Group are either interest free or on a floating rate basis.

In the reporting period, the Group did not resort to acquiring any financial instruments for hedging purposes.

PLEDGE OF ASSETS

Pledges of the Group's fixed deposits of US$6,110,000 (31 December 2002: US$6,110,000) and corporate guarantees were given to bankers to secure short term loans and other general banking facilities to the extent of US$6,110,000 as at 30 June 2003 (31 December 2002: US$6,110,000).

EMPLOYEE AND REMUNERATION POLICIES

At the date of this report, the Group employs a total of 214 full time staff with its main workforce stationed in the Group's offices in Hong Kong. The Group's remuneration policies are performance based and are in line with the salary trends in the respective locations. The Group provides employee benefits such as staff insurance schemes, provident and pension funds, discretionary performance bonus, external training support, and a performance based share option scheme.

CONTINGENT LIABILITIES

One of the telecommunications content providers of a subsidiary issued a letter through its solicitors in March 2002 claiming damages of US$1,500,000 from that subsidiary in relation to rate changes applied by that subsidiary for services delivered by the content provider. The claimant also disputes traffic volumes generated in the past and claims to have been underpaid by at least US$2,736,125.

Management has studied the allegations raised and sought legal advice on the subsidiary's legal rights and liabilities. Upon advice, the subsidiary has sought to refute most of the allegations and has raised a counterclaim of US$6,214,708 for the return of sums advanced on account to the content provider due to uncollectibles, discrepancies arising on reconciliation of traffic volumes and other related items. In the meantime, no provision has been made in the financial statements in connection with these claims.

AUDIT COMMITTEE

The Group's Audit Committee comprises two independent non-executive directors and continues to exercise its authority to review and supervise the financial reporting process and internal control system of the Group.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the directors are aware of any information that would reasonably indicate that the Company is not or was not for any part of the six months ended 30 June 2003 in compliance with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules except that the independent non-executive directors are not appointed for a specific term as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Company's articles of association.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

All the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited will be published on the Stock Exchange's website in due course.

By order of the Board
James C. Ng
Chief Executive Officer

Hong Kong, 5 September 2003