

## CHAIRMAN'S STATEMENT

I am pleased to present the annual report of e-New Media Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2004.

The Group entered into the fashion retail business after the acquisition of a 60% equity interest in The Swank Shop Limited ("Swank") in October 2003. The 2004 full year result of Swank was accounted for in these financial statements.

### RESULTS

For the year ended 31 December 2004, the Group recorded a turnover of HK\$221,273,000 (2003: HK\$138,600,000), representing a substantial increase of 60% as compared with last year. The significant increase in turnover was mainly attributable to the fashion retail business.

The Group achieved a turnaround in 2004 and posted a net profit attributable to shareholders of HK\$13,616,000 as compared to a loss in last year. Several lines of our business contributed to this turnaround. The Clubs experienced an increase in their property value as a result of the improvement of property market and significant expansion and upgrade of their facilities, the International Premium Rate Services business collected and recovered certain prior years' outstanding sums owed to it and the fashion retail business performed well amid robust retail climate and recorded improved performance.

### LOOKING AHEAD

#### SHANGHAI HILLTOP COUNTRY CLUB

The Group has co-operated with a hotel management company, in which the Group owns 35%, to convert the Shanghai Hilltop Country Club ("Shanghai Hilltop") into a Spa and 4-Star resort hotel. Shanghai Hilltop's expansion and upgrading is now at the final stage and is scheduled for soft opening in mid 2005. Shanghai Hilltop will be renamed "Vivasha" thereafter.

Shanghai has been growing at the rapid pace and the demand for leisure and hospitality facilities continues to rise. The Board is optimistic about the prospect of Shanghai Hilltop.

#### FASHION RETAIL

As at 31 December 2004, Swank had 14 stores and department store counters of which 3 new stores and department store counters were opened during the year under review. In the coming year, certain stores with low profitability will be strategically closed when their leases expire, while continuing to open new stores at prime locations to enhance Swank's profitability.

Given the sustainable growth of the Hong Kong's economy and the robust retail climate, the Board is confident that our fashion retail business will continue to grow and be a contributor to the Group's turnover and profits. The Group will also continue to look for expansion opportunities in the fashion retail business.

**APPRECIATION**

I would like to take this opportunity to thank my fellow directors, dedicated employees, our supportive shareholders and our business partners for their confidence and continued support to the Group.

**Joseph Wing Kong LEUNG**

*Chairman*

Hong Kong, 15 April 2005