



## ***To Our Shareholders***

On behalf of the Board of Directors, I am pleased to announce the audited results of Softbank Investment International (Strategic) Limited ("the Company") and its subsidiaries (hereafter referred to as "the Group") for the fiscal year ended 30 June 2001.

## **Results and Dividends**

The Group's overall turnover for the year ended 30 June 2001 amounted to HK\$184,294,000, compared with HK\$203,941,000 for the fifteen-month period from 1 April 1999 to 30 June 2000. (The fifteen-month period is due to our change of accounting year end from "31 March" to "30 June" last year.)

The Group's loss attributable to shareholders for the year ended 30 June 2001 was HK\$97,186,000, compared with HK\$29,829,000 for the previous period. Loss per share (calculated using the weighted average number of issued shares during the year) was 4.9 cents (loss per share for the period ended 30 June 2000: 3.1 cents).

The Board of Directors has resolved not to recommend the declaration of any final dividend for the year ended 30 June 2001 (period ended 30 June 2000: Nil).

## **Closure of Register**

The Register of Members will be closed from Monday, 29 October 2001 to Tuesday, 30 October 2001, both days inclusive, during which period no transfer of shares will be effected for the purpose of determining the identity of members who are entitled to attend and vote at the coming Annual General Meeting of the Company. In order to register the transfers before the Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong not later than 4:00 p.m. on Friday, 26 October 2001.

## **Business Review**

As you know, Softbank Investment group invested into the Company in March 2000 as the controlling shareholder. Our aim behind the investment in the Company is to facilitate the Group's diversification into internet and finance-related activities by using its position as a member of Softbank Investment group and Softbank group's global umbrella.

During the year under review, the Company's capabilities have been considerably strengthened, first by the successful listing of its immediate parent, Softbank Investment Corporation on NASDAQ Japan in December 2000. As the largest technology venture fund in Japan with specialized consulting skills, I expect to see increased synergies between the investment activities and financial services of the Company and the activities of Softbank Investment Corporation. Secondly, to broaden the revenue base and enhance investment exit capabilities, the Company has made a strategic majority acquisition in the financial services arm of E2-Capital (Holdings) Limited, to form SBI E2-Capital. Thirdly, to further strengthen management capabilities of the Company, the board has appointed the CEO of SBI E2-Capital, Mr Wong Sin Just to be CEO of the Company. Mr Wong is joined by Mr Akira Kajikawa and Mr Choo Chee Kong on the board and management team of the Company in April 2001.



## Chairman's Statement

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During the year under review, the Company has been actively re-engineering its pre-existing businesses and has invested into promising new business areas. In particular, the Company has specifically focused on industries and sectors which are likely to have "Net-trans" (Internet Transformation) opportunities where physical presence and Internet technologies are combined to deliver improved efficiency and earnings. This has allowed the Company to make strategic investments such as Softbank Asia Net-trans Fund, China Travel Net, Morningstar Asia, iLink Holdings, Sumoton and Upepo. C. Maji. I am pleased to report that each of these strategic investments has made great progress in their respective operations and I am confident that we will be able to reap long term gains from these investments.

However, the sustained downturn in the global equity markets for technology stocks means that we need to make conservative provisions on these investments, in order to align their valuations to the comparables in the market. This has resulted in the provision of HK\$73.5 million, which largely contributed to the increased loss attributable to shareholders of HK\$97.2 million in the year of 2001/2000 compared to the loss of HK\$29.8 million in the previous period.

### Prospects

Despite the current economic conditions, I see bright prospects ahead for the Company. I am confident that, with the more diversified revenue streams and a more established management team, the Company is now in a better condition to weather the current downturn and position ourselves for strong future recovery. Over the past financial year, we have also worked hard to build the foundations that will enable the Company to maximise its chances to reap returns from the investments made so far.

Although investment opportunities will continue to be monitored closely (with new investments made where considered appropriate), we will focus on the management of existing investments in order to generate liquidity for the Company over the coming year. To this end, we will leverage off the expertise and resources of SBI E2-Capital's experience in investment banking, corporate financial services, M&A, corporate restructuring and deal brokering in general.

We will also look to strengthen the Company's ties with the portfolio companies of both the Softbank Investment group as well as Softbank Corp. to maximise the chances of achieving exits and at the highest valuations possible. As a subsidiary of the multinational Softbank group with a presence in both developing countries like China as well as developed markets such as Japan and the U.S., the Company is also able to spread its risk across several regions and have better access to the capital markets for fund-raising.

### Appreciation

On behalf of the Board of Directors, I would like to take this opportunity to thank all employees for their dedication and our shareholders and customers for their continued support and commitment.

**YOSHITAKA KITAO**

*Chairman*

HONG KONG, 20 September 2001