

# CHAIRMEN'S STATEMENT

On behalf of the Board of Directors of E2-Capital (Holdings) Limited, (the "Group"), it is our pleasure to present the Group's Annual Report 2001 to our shareholders.

We are pleased to report that the Group enjoyed stable progress during the year under review, recording a profit of HK\$35 million amidst difficult market conditions. Our operation continued to grow with revenue income increasing from HK\$267 million in 2000 to HK\$348 million in 2001. The downturn in the global economy has not prevented us from proposing a final dividend of 0.25 HK cent per share, making a total of 1.25 HK cents for the year, a drop 1.75 HK cents from the previous year's dividend, to conserve the Group's financial resources.

## Business Principles

Our principal business activities will remain investment holding, operating and trading. In the year ahead, we will continue to evolve our operation to that of an international investment holding company driven by a long-term economic objective to measure and maximize Dual Economic Value Added ("E2VA™").

Hereby we will look at each investment with a view to generating optimum economic value (by comparing realisable value and new investment value - hence referred to as Dual Economic Value Added or E2VA™). We intend to do so through effective and selective use of our capital resources and by disposal of investments from time to time, where this would enhance capital return for ourselves and/or value for our shareholders. This means that we will continue to proactively seek or consider business partnerships with or shareholding interests in companies, spanning a range of products, services and industries, which fundamentally operate in line with the economic objective of our shareholders. Our investment decisions will continue to be strategically directed and accordingly managed and developed, with a view to building and strengthening a portfolio of investments, which enhance our E2VA™. We will look at each of our existing and potential business interests from the perspective of generating optimum economic value. The ability of these business interests to bring E2VA™ to the table, and the probability of doing under varying market conditions, will clearly rank high amongst critical factors whenever we are assessing both existing and new business and investment opportunities.

## Business Review

Whereas 2000, which welcomed the first year of operation for the merged Goodwill and E2-Capital venture, was characterized by the challenge to successfully integrate two pre-existing business operations and to establish a specialist identity and recognised brand name for each of our newly merged individual divisions, and by the steady local and global expansion of our corporate presence, it would be fair to say that the focus and drive of our team in 2001 was directed towards the cost rationalisation and consolidation of our resources without compromising the strategic growth of our core businesses, as well as towards a structured move to attain and sustain the individual profitability of each of them.

Throughout the period, the day-to-day management of our operations included an emphasis on integrating and leveraging the diverse capabilities and scope of expertise across divisions and geographical borders, with a view to delivering viable and comprehensive results to each of our clients in a professionally integrated and unified manner.

Notable corporate developments during the year led to several structural changes in the Group's business model and business mix as well as the initiation of a strategic process to divest non-core activities, particularly those with, in our view, little or no additional E2VA™ for our specific business objectives and thereby the Group's overall financial position. Reviewing the past twelve months, we regard this realignment of business interests as having positively impacted our overall financial performance.

We would like to highlight a number of the Group's significant milestones in 2001, beginning with February when we announced our financial



## VISION

services joint venture with Softbank Investment International (Strategic) Limited (Softbank Strategic), which subsequently commenced operation under the name SBI E2-Capital Limited in April. In June we entered into negotiations, which led to the successful merger of our subsidiary OpenIBN Technology Holdings Limited, developer and proprietor of electronic Open Investor/Broker Network, OpenIBN, with online marketing player Global Offering.com Limited, to capture a niche, under the brand name OpenOffering, by providing web-casting of investment banking products to the global investment community.

Finally, having fully consolidated and integrated our management consulting, marketing and technology services, thereby positioning the division as a one-stop-shop professional unit under the brand name ebizal (the ebizal business) in the first half of the year, we entered into a strategic business realignment with Softbank Strategic in the latter part of the year and announced the sale of the packaged ebizal business to Softbank Strategic. In return we received the entire equity interest in the dyestuffs operations of Softbank Strategic (the "Dyestuffs Companies") plus a payment of cash and with this business realignment, we are confident that the addition of the Dyestuffs Companies into our shareholdings portfolio will prove to be a successful expansion within the industrial arena, increasing the depth and breadth of the overall products and services already covered by our Industrial division.

2001 certainly saw some of the most adverse economic and market conditions of recent years. Interestingly, as with most difficult events, there are opportunities to re-surface on the up-side and we believe that as a Group we have demonstrated our ability to rise to the challenges set by conditions of the period. We believe that we have successfully adjusted and fine-tuned our operation over the past twelve months so as to emerge from the arena as a financially sound and professionally competitive player in a noticeably changed economic landscape.

## Prospects

On the whole we feel that the Group recorded satisfactory financial performance in 2001 despite the, at times, depressed market appetite and sentiment and difficult operating conditions, especially in the second half of the year. Whilst economies around the world are now anticipating a recovery in business activities, we will, on the whole, continue to demand and exercise caution and prudence in our investment undertakings and we will be particularly conservative in our risk management thereof. We will remain vigilant of the opportunities as well as the risks of participating in the financial services and property arenas in the year ahead. At the same time we will look to strengthening our business presence in promising sectors in both developed markets such as the USA and Japan and emerging markets such as the PRC.

We are optimistic, albeit with some caution, about 2002. Our caution is signified by the fact that we will continue to drive our business interests with an emphasis on cost-controlled expansion alongside prudent financial risk management. Notwithstanding this, enhancing E2VA™ will remain at the top of our corporate agenda and we believe that, with strong fundamentals in our finance and other resources and with an enterprising yet balanced approach to business and investment opportunities, the last twelve months have helped us to position ourselves optimally to leverage attractive opportunities across a selected range of promising sectors in the year ahead.

*“...enjoying  
stable progress  
during the year  
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