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CHAIRMEN'S STATEMENT

We present herewith the Annual Report of E2-Capital (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2002.

Business Principles

As mentioned in our 2001 Annual Report, we have set out by focusing on "Dual Economic Value Added ("E2VA™") - returns on assets and capital appreciation for our shareholders rather than the traditional profit and loss. We believe that this would allow us to make a better economic decisions especially under the current challenging and deflationary environment.

Business Review

With this business principle in mind, we have undertaken a critical assessment of our existing investments from the perspective of generating optimum economic value as well as optimizing our operating structure during the year under review. As part of the process, we have disposed of investments with low or negative return while we continued to search for new strategic investments with high potential return, which was taken at a more measured pace in view of current global uncertainties. Nevertheless, we will continue to modify our portfolio of investments in tune with the economic dynamics and exploit new market opportunities, with a view to enhancing our E2VA™.

Our operating structure was further streamlined to focus our resources to providing strategic and long term directions. Consequently, the Parent Company resources have been channeled more directly to the main operating units with a view to further improving accountability and operating responsibility.

We are pleased to report that as a result of these initiatives, although the results for the year were inadvertently severely impacted by the one-off adjustments arising from the disposal of investments and write-down of properties portfolio, the Group has also achieved a much leaner and responsive operating structure. We believe that the disposals and write downs we have taken within portfolio would allow us to focus on and increase the value of the remaining investments and properties.

In addition, we continue to recognize the importance of maintaining financial resources flexibility and are pleased to report that the Parent Company has further increased its liquidity with cash and bank balance of HK\$96 million with no borrowings as at 31 December 2002. We believe such financial strength has placed us in an advantageous position to weather the current economic vagaries in Hong Kong as well as to capture strategic investment opportunities as they arise. Going forward, we hope to reward our shareholders through future dividend distribution as well as appreciation in market value.

As joint Chairmen, we have focused our attention on helping each of the business units in growing its own brand name in its respective industry, in particular in the financial services and property sectors. In the past year, we have been able to grow both SBI E2 Capital and Goodwill Properties as premium brand names among the investing public and homebuyers at large.

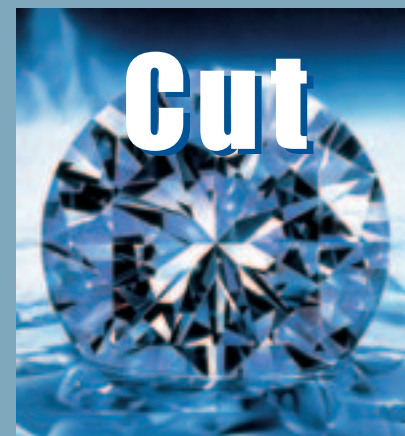
Perhaps a good analogy can be drawn between a financial investment and a diamond. In many ways, E2-Capital is playing the role of a prospector, valuer, cutter and distributor by identifying and unveiling the true value in an investment and turning it into a jewel of lasting value.

Prospects

We will continue to focus on enhancing shareholder value by identifying quality investments and delivering superior returns in the investment arena. We believe this is what that make E2-Capital stands out among the many listed companies in Hong Kong.

Notwithstanding the uncertainties of the global economy caused by the conflicts in Iraq, it is still anticipated that Mainland China is able to maintain steady economic growth in 2003. With the emphasis on enhancing E2VA™, premised on our strong financial position and our ability to unveil and enhance the values of our investments, we are confident that we are able to grow upon our existing operation while at the same time, able to seize new growth opportunities in this rapidly changing economy.

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