

## CO-CHAIRMEN'S STATEMENT

On behalf of the Board of Directors of E2-Capital (Holdings) Limited (the "Group"), we are pleased to present the Annual Report 2000 to our shareholders.

### BUSINESS REVIEW

Continuing in the direction of steady growth and strategic expansion, the Group achieved a profit before taxation of HK\$68 million, reflecting an almost four-fold increase to the profit before taxation recorded for the previous year. The Group's turnover stood at HK\$267 million and the net profit margin increased from 9% last year to 25% for the year 2000,

# CHALLENGE

illustrating an emphasis on more profitable business sectors and successful identification of quality transactions, supported by successful application of cost efficient measures across divisions. Moreover, following a decrease in the volume of securities proprietary trading to HK\$22 million from HK\$154 million in the previous year, the financial risk carried by the Group and ultimately by its shareholders was intentionally and significantly reduced.



In 2000 the Group's stake in a financial services operation was increased to a wholly owned subsidiary, an area which was further strengthened in April 2000 when it was merged with E2-Capital Limited, a young but successful professional services firm focusing on investment banking and consulting activities. The English name of the Group was subsequently changed to reflect its new focus and we hope that the improved **earnings** that we are reporting now give a new meaning to the name E2-Capital: delivering "**Earnings To Capital**" as the Group continues to forge ahead.

To further strengthen the management of the Group, Mr. Wong Sin Just, Chairman of E2-Capital Limited, was invited to take a seat on the Board of the E2-Capital (Holdings) Limited as an executive Director and Ms. Jenny Tam, Managing Director of E2-Capital, as an alternate to Mr. Wong Sin Just.

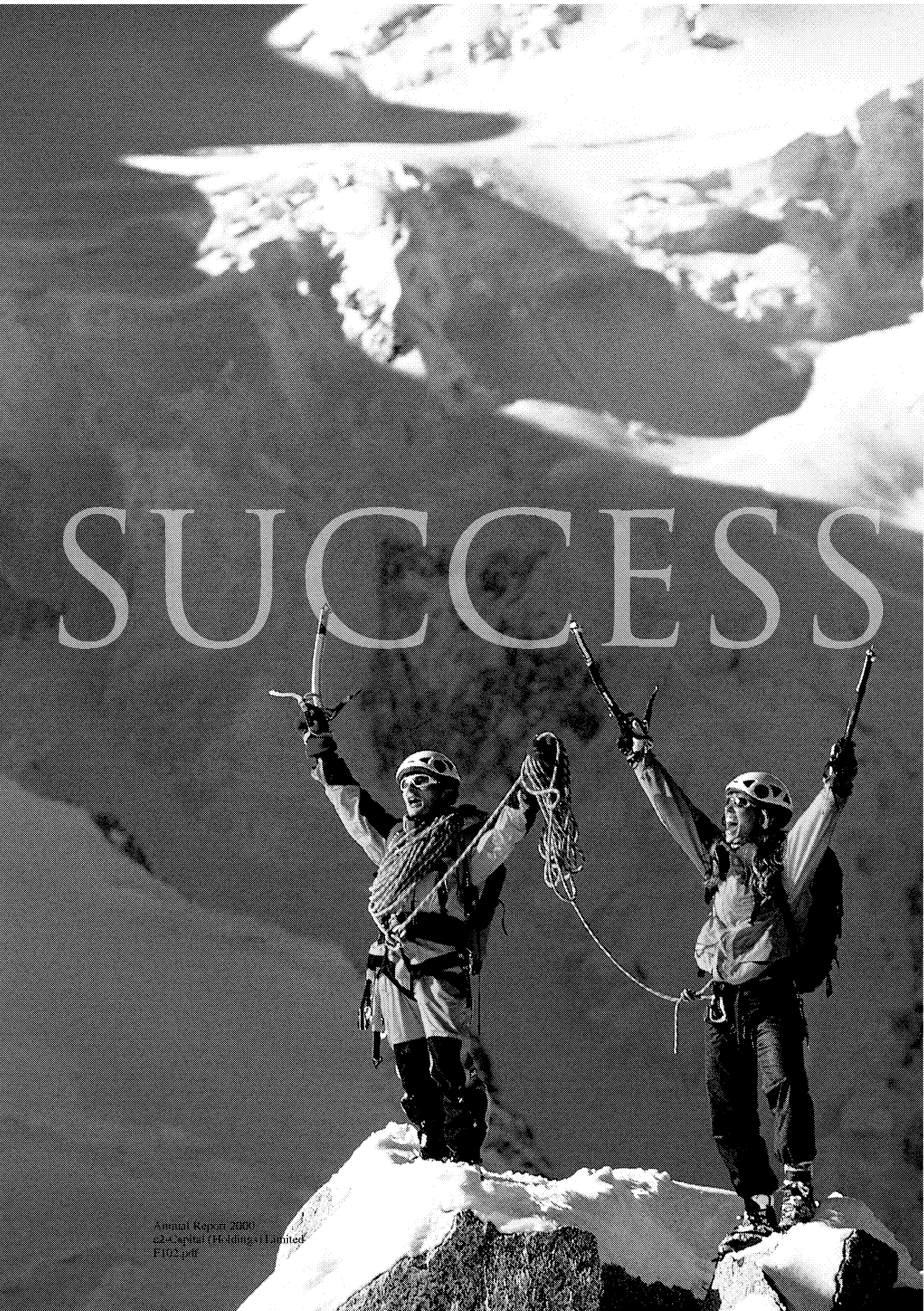
In line with the move into professional services in the financial and technology sectors, complimentary professional services were put in place through the strategic purchase of a 100% shareholding in Keith Statham Associates Limited ("KSA"), a prominent local investor relations, public relations and branding expert. To further enhance and complete the consulting capabilities of E2-Capital Limited and the branding and marketing expertise of KSA, the Group added a technology implementation arm via the acquisition of an 51% interest in Alfacom Web Services in June 2000 (subsequently increased to 100% in February 2001). This series of acquisitions and their subsequent integration have led to the Group's ability to generate and deliver a full chain of *Value Creation* activities to clients through integration of its own in-house financial, technology and branding expertise.

In June 2000, a positive and timely move was made into the specialist field of biotechnology and healthcare, in August a framework for the implementation of e-commerce solutions was established for development under an individually recognizable and strong brand name Ebizal and in September and October key teams were put in place to identify and develop the Group's planned interests and presence in both the PRC and Japan.

“ *The Group will continue to be dynamic in its approach to its own business model and its businesses will be structured to achieve optimum modus operandi, brand recognition and profitability.* ”

# NEW HEIGHTS

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A black and white photograph of two mountaineers standing on a rocky peak covered in snow. They are both wearing helmets, goggles, and heavy outdoor gear. The climber on the left is holding a rope and a climbing tool, while the climber on the right is holding a climbing tool and a rope. They appear to be celebrating their ascent. The word "SUCCESS" is written in large, white, serif capital letters across the middle of the image, partially overlapping the climbers and the background. The background shows a vast, snowy mountain range under a bright sky.

# SUCCESS



## CO-CHAIRMEN'S STATEMENT

At the same time, the Group continued with its activities in venture capital, manufacturing, property investment and development.

The investment banking services team established itself as an active emerging force in the Asian market place. E2-Capital successfully secured the role of Joint Lead Manager in the listing of iLink Holdings Limited on the Growth Enterprise Market in Hong Kong, the first spin off from the Pacific Century CyberWorks Group. In the M&A arena, E2-Capital advised both Taiwan's Koos Group and vehicles related to the Singapore Government on the process and means of acquiring a listing status in Hong Kong through reverse takeovers. Over the last 18 months, E2-Capital has participated in fund raising and structured finance

transactions to the tune of US\$750 million and, more recently, E2-Capital entered into a significant joint venture under the name SBI E2-Capital, with Softbank

## EXCELLENCE

Investment International (Strategic) Limited, following which the resulting enhanced financial services group was nominated as the preferred investment banking services operation, outside of Japan, for the Softbank Group of Japan.

In November 2000, the Group launched OpenIBN™ (Open Investor/Broker Network), thereby pioneering a transparent and neutral platform and level playing field for big and small investors alike and facilitating online private placements and placement tranches of initial public offerings ("IPOs"). The platform expedites results for companies seeking capital increase and delivers a timely, informative and convenient communication mechanism to the whole investment community.

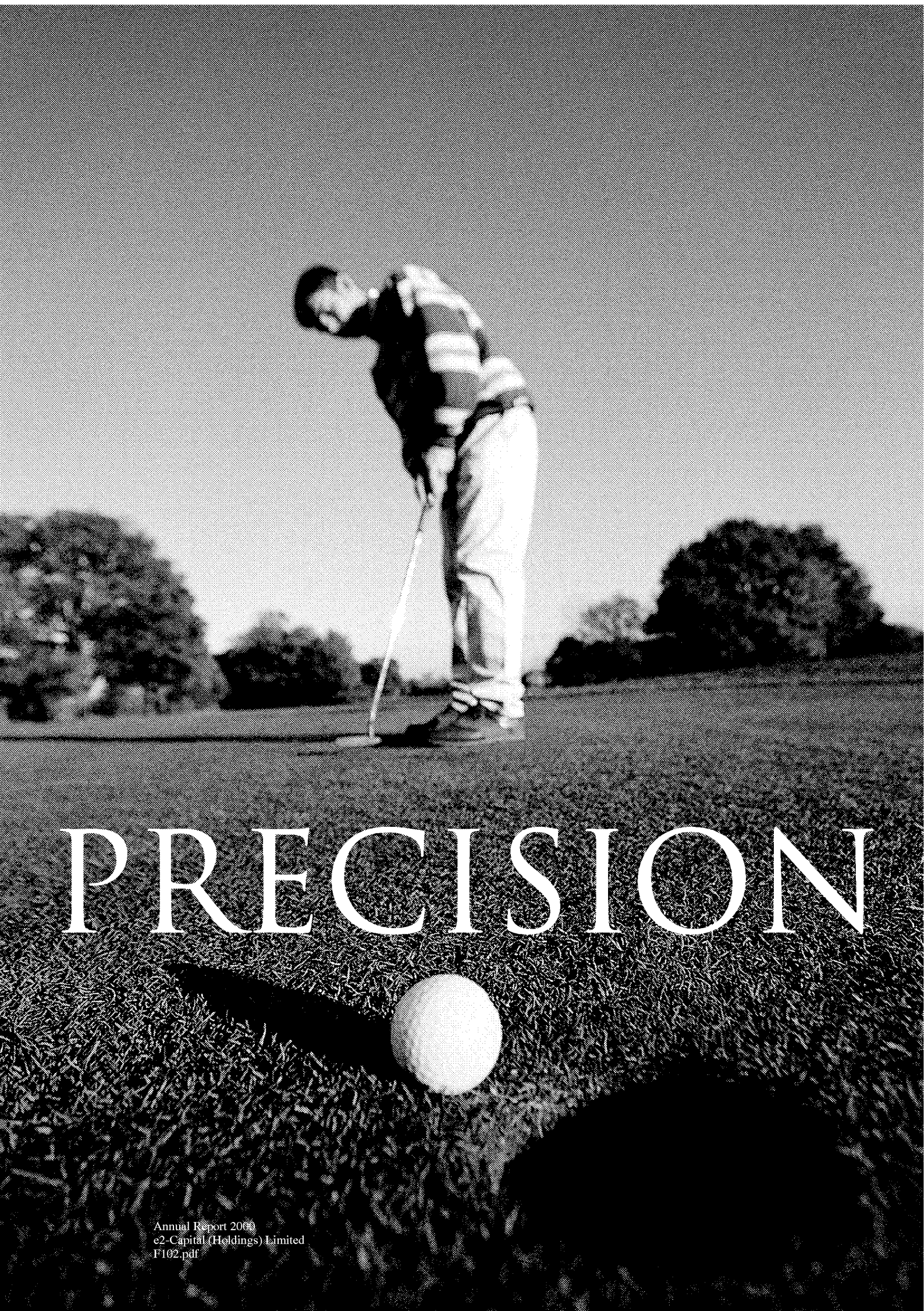
The Group expanded its broking services activities, added new teams including institutional and primary sales teams and increased its revenue and client base. Accordingly, profit and market share increased despite the fact that market turnover slowed down in the second half of the year. The Group also launched an online securities trading service under the name e2trader.com, delivering another product characteristic of the Group's client servicing approach to business covering its retail client base. The Group will also continue to develop strategies to expand its institutional and high net worth individuals client base.

Ebizal Group Limited ("Ebizal") is an integrated professional services group offering premier services for the business elite across Asia. Adopting a multi-disciplinary model, the 160 professionals in the group aim to strategise, devise, implement and enhance business solutions to *create new business value* for clients.

Ebizal evolved from the successful integration of E2 Tech Advisory (the management consulting arm of E2-Capital formed in March 2000), Keith Statham Associates Ltd. (the professional branding and marketing consulting company acquired by E2-Capital in April 2000), Alfacom Web Development Ltd. (the proficient technology company the Group took a stake in, in June 2000 and acquired in February 2001) and Sun Tech Technology (the technology service provider specializing in the education sector, acquired in December 2000).

## PROFESSIONALISM

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# PRECISION

