CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual report of Capital Strategic Investment Limited (the "Company") and its subsidiaries (together the "Group") for the financial year ended 31st March 2001.

Review of Annual Results

The Group reported a turnover of HK$639.7 million for the year ended 31st March, 2001, representing a decrease of 50.9% from HK$1,303.3 million for the corresponding period in 2000. The decrease was primarily due to the disposal of several subsidiaries in manufacturing business during the year.

The Group recorded a loss of HK$176.3 million for the year compared to a net profit of HK$27.6 million last year. This was mainly attributable to the loss arising from the disposal of several associates of HK$32.6 million, the provision for amounts due from associates of HK$49.9 million, the unrealized loss on investment in securities of HK$21 million, and the loss arising from the operation of the technology related businesses of HK$32.2 million.

Business Review

In December 2000, I acquired a 30.86% interest in the Group and became its single largest shareholder. In February this year, the Company's name was changed to its present name in order to better reflect the Group's intention to focus more on one of the Group's principal areas of activity, namely, the making of strategic investments. During the year in review, the Group's other principal areas of activity were (i) the making of property investments in the mainland and local market, (ii) the provision of online advertising networks, media buying and technology related businesses; and (iii) the manufacturing of computers and related products.

Despite the volatility in the local equity market and with only brief periods of upward sentiment during the first half of the year 2001, the Group has maintained its access to equity financing. During the first quarter of year 2001, the Group has successfully managed to raise additional capital, via placement of new shares, which greatly strengthen the cash position of the Group. Further, the Group's total bank borrowings were drastically reduced at the 2001 year end (Please see analysis under the heading "Liquidity and Financing"). With such improvement in its financial resources, the Group's ability in making timely strategic investments, as and when such opportunities arise, has been greatly enhanced.

Operations

The Group's manufacturing operations had been primarily involved in the manufacturing and trading of computer related products, ranging from computer chassis to computer motherboard and peripheral business. Throughout the year in review, competition and profit margins for these products remained severe and depressed. Further, in view of the continued consolidation in this sector, improvement in operating environments appeared unlikely in the near future. As such, several of the Group's subsidiaries involved in the Group's manufacturing operations were disposed of during the year as part of a down sizing exercise, with the aim to streamline the Group's manufacturing operations.

As for the Group's online and technology related operations, following the drastic consolidation and unexpected down-turn in this sector across all regions during the past year, the Group has since adopted its own internal consolidation and cost-reduction measures for these operations. Whilst Admomentum Limited ("Admomentum") has remained the main driver of our e-Marketing business, previously planned expansion and capital expenditure proposals had been placed on hold. Instead, resources were diverted towards improving efficiency and exploring potential channels to strengthen and expand the existing revenue models of these operations. As part of such exercise, certain subsidiaries, whose activities were less synergetic than expected with that of Admomentum, were disposed of during the year.

Since the end of this financial year, sentiment in the local and mainland property markets has shown signs of stabilization. Indeed, a detailed review of the Group's property portfolio was undertaken, and those property investments with little strategic values, or which were otherwise under-performing, were disposed of during the year in order to strengthen the Group's financial resources for future growth.

Liquidity and Financing

The Group's liquidity and financial resources continue to be healthy. At the year end, the cash balance of the Group increased by 281.6% from HK$64.8 million in 2000 to HK$247.3 million in 2001, while the total bank borrowings of the Group decreased by 87.8% from HK$144 million in 2000 to HK$17.6 million in 2001 and the total debt-to-equity ratio reduced from 94.9% in 2000 to 20.3% in 2001. The improvement was mainly due to the raising by the Company of approximately HK$157 million new capital by placing new shares to independent parties during the year and the receipt of the proceeds from disposal of several subsidiaries and associates during the year.

The Group has little foreign exchange exposure and the Group's borrowings were all denominated in Hong Kong Dollars.

Pledge of Assets

At the balance sheet date, certain assets of the Group with aggregate carrying value of HK$12,531,000 (2000: HK$21,980,000) were pledged to secure general banking facilities.

Employees Remuneration

The Group offers its employees competitive remuneration packages. During the year, share options were granted to various directors and employees on a performance related basis.

Prospects

As mentioned above, with significant improvement in its financial resources, the Group's ability to make timely strategic investments, as and when such opportunities arise, has been greatly enhanced. And going forward, as the change in the Company's name suggests, the Group intends to focus its efforts in enhancing shareholders' value by identifying and making appropriate strategic investments.

In particular, the Group believes in the positive long-term prospects of the real estate market throughout Asia, and intends to exploit opportunities in strategic land and property investments and developments within this region. As regional economies continue their recovery following the Asian economic slowdown and market confidence continues to improve, property and land assets are expected to appreciate in both capital and rental values. As such, the Group intends to continue its focus in identifying potential strategic real estate projects, and, where appropriate, in making strategic investments in such projects. The Group further believes that the proposed acquisition of controlling interests in both Sing Pao Media Group Limited (intended to be renamed as "Premium Land Limited" and to become the Group's listed flagship for making strategic property related investments) and Century 21 Hong Kong Limited ("Century 21"), once successfully completed, will greatly enhance the Group's focus and ability in identifying and making strategic investments in real estate related projects which have promising potentials.

In addition to direct participation in strategic investments, the Group also recognizes the importance and the potential synergies, in terms of sourcing potential investment candidates as well as directing the manners of such execution, of those which provide investment related services. This is clearly demonstrated by the proposed acquisition of a controlling interest in Century 21, which the Group believes, in addition to its intrinsic merits and potential synergies with Premium Land Limited, will pave the foundation for the Group to explore and, if thought fit, expand into the provision of investment related services.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my most sincere appreciation for the valuable efforts of our Directors, including the former Directors, our management and employees who have contributed to the performance of the Group for the year. Finally, I would also like to thank our business associates, investors and bankers for their continued support over the years.

Choo Yeow Ming
EXECUTIVE CHAIRMAN
Hong Kong, 4th July, 2001