

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Company for the year ended 31st March, 2001.

Principal Activities

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 17 to the financial statements.

Change of Name

Pursuant to a special resolution passed at a special general meeting held on 10th July, 2000, the name of the Company was changed from Ocean Information Holdings Limited to DCP Holdings Limited.

Pursuant to another special resolution passed at a special general meeting held on 12th February, 2001, the name of the Company was further changed to Capital Strategic Investment Limited.

Change in Substantial Shareholder

In April, 2000, the Company entered into agreements with DotCom Pacific Limited ("DotCom") to acquire its 60% interest in Admomentum Limited ("Admomentum"), at a consideration of HK\$144,000,000 satisfied by the issue of 180,000,000 shares of the Company at HK\$0.80 per share. Upon the completion of the acquisition, the interest held by the former substantial shareholder was decreased from 23.34% to 13.10% and further decreased to 9.42% after placement of shares to third parties. DotCom held indirectly approximately 30.86% interest in the Company and became a substantial shareholder.

In December, 2000, DotCom disposed of its approximately 30.86% interest in the Company to Mr. Choo Yeow Ming, and accordingly, there was a further change in the substantial shareholder of the Company. Following the placements of shares, interest in the Company held by Mr. Choo Yeow Ming decreased to 24.36%. Details of the substantial shareholders as at 31st March, 2001 are disclosed under the heading "Substantial Shareholders".

Major Customers and Suppliers

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 42.06% and the sales attributable to the Group's largest customers were approximately 11.95%.

The aggregate purchases during the year attributable to the Group's five largest suppliers were

less than 30% of the Group's total purchases.

At no time during the year did the directors, their associates or shareholders of the Company, whom to the knowledge of the directors owns more than 5% of the Company's issued shares capital, had any interest in the five largest customers and suppliers of the Group.

Results and Appropriations

Details of the Group's results and appropriations for the year are set out in the consolidated income statement on page 13.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on pages 46 and 47.

Share Capital and Share Options

During the year, the Company issued 180,000,000 shares to acquire a 60% interest in Admomentum. The Company also issued and allotted 76,000,000, 115,000,000 and 112,500,000 shares of HK\$0.10 each at HK\$0.80, HK\$0.38 and HK\$0.50 per share, respectively, as a result of various private placements of shares to a number of investors.

Details of these and other movements in the share capital and share options of the Company during the year are set out in notes 23 and 24 to the financial statements.

Reserves

Details of changes in the reserves of the Group and the Company during the year are set out in note 25 to the financial statements.

Purchase, Sale or Redemption of Listed Securities

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Investment Properties

During the year, the Group acquired investment properties with carrying values of approximately HK\$5,500,000.

The Group revalued all of its investment properties at the balance sheet date and the deficit arising on revaluation of approximately HK\$3,200,000 has been charged to the income statement.

Details of these and other movements in investment properties of the Group during the year are set out in note 14 to the financial statements.

Property, Plant and Equipment

During the year, property, plant and equipment with an aggregate net book value of approximately HK\$94,321,000 were disposed of as a result of the disposal of subsidiaries.

Details of these and other movements in the property, plant and equipment of the Group and the Company during the year are set out in note 15 to the financial statements.

Property Held for Development

Details of the changes in the property held for development of the Group during the year are set out in note 16 to the financial statements.

Subsidiaries and Associates

During the year, the Group acquired a 60% interest in Admomentum.

The Group also disposed of certain subsidiaries, including Ocean Information Limited, Ocean Information Investment Limited and Ocean Data Products Limited and other subsidiaries for total consideration of approximately HK\$52,516,000. The Group also disposed of certain associates for total consideration of approximately HK\$22,003,000.

Subsequent to the balance sheet date, the Company through its wholly-owned subsidiary, Upland Profits Limited (“Upland Profits”), entered into agreements to acquire approximately 60% interest in Sing Pao Media Group Limited (formerly Huey Tai International Limited “Sing Pao Media”). Upon the completion of the acquisition, Upland Profits will be required to make a cash offer to acquire all the shares in Sing Pao Media other than those already held or agreed to be acquired by Upland Profits.

Details of the principal subsidiaries and associates at 31st March, 2001 are set out in notes 17 and 18 to the financial statements, respectively.

Borrowings

Details of bank loans and other borrowings of the Group are set out in note 27 to the financial statements.

No interest was capitalised by the Group during the year.

Directors

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Choo Yeow Ming, Executive Chairman	(appointed as an independent non-executive director on 4th May, 2000 and redesignated as an executive director on 12th January, 2001)
Ms. Ma Wai Man, Catherine	(appointed on 1st March, 2001)
Mr. Kan Sze Man	(appointed on 19th February, 2001)
Mr. Ng Chi Shing	(appointed on 19th April, 2000 and resigned on 9th February, 2001)
Mr. Tam Wai Keung, Billy	(appointed on 19th April, 2000 and resigned on 9th February, 2001)
Mr. Teng Wan	(appointed on 19th April, 2000 and resigned on 9th February, 2001)
Mr. Tsang Man Chung	(resigned on 2nd May, 2000)
Mr. Poon Chi Kwan	(resigned on 2nd May, 2000)
Mr. Li Kwok King	(resigned on 4th May, 2000)
Mr. Leung Nai Wing	(resigned on 4th May, 2000)

Non-executive director:

Mr. Chan Kin Hang, Johnny	(appointed on 4th January, 2001)
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Independent non-executive directors:

Mr. Wong Sin Just	(appointed on 23rd April, 2001)
Mr. Lam Lee G.	(appointed on 23rd April, 2001)
Mr. Liu Yeau - Hwan, Pete	(appointed on 12th January, 2001)
Ms. Li Yuk Wah, Isadora	(appointed on 4th May, 2000 and resigned on 19th December, 2000)
Mr. Tan, Stephen	(resigned on 4th May, 2000)
Mr. Yasushi Chikagami	(resigned on 4th May, 2000)
Mr. Woo Ka Biu, Jackson	(resigned on 4th May, 2000)
Mr. Tsang Kin-ping, Kenneth	(resigned on 5th May, 2000)

In accordance with Bye-laws 99(A), 102(B) and 182 of the Company's Bye-laws, Mr. Choo Yeow Ming, Ms. Ma Wai Man, Catherine, Mr. Kan Sze Man, Mr. Chan Kin Hang, Johnny, Mr. Wong Sin Just, Mr. Lam Lee G. and Mr. Liu Yeau - Hwan Pete, who were appointed during the period from the last annual general meeting to the date of this report, retire at the forthcoming Annual General Meeting. All retiring directors, being eligible, offer themselves for re-election.

The directors proposed for re-election at the forthcoming annual general meeting do not have any service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The term of office of each non-executive director is the period up to the retirement by rotation in accordance with the Company's Bye-laws.

Brief Details in Respect of Directors and Senior Management Staff

Directors

Mr. Choo Yeow Ming, aged 47, executive chairman of the Company, and is a senior consultant of the U.S. law firm, Pillsbury Winthrop. A graduate of Harvard University Law School and University of Malaya Faculty of Law, Mr. Choo specializes in capital markets, securities as well as merger and acquisitions. Mr. Choo has also been involved in China related transactions since 1980 and advises many Chinese governmental entities.

Ms. Ma Wai Man, Catherine, aged 35, executive director and the company secretary of the Company, is a graduate of the City University of Hong Kong. She is a chartered secretary and a member of the Association of Chartered Certified Accountants. Ms. Ma has extensive management experience in companies with diversified interests ranging from manufacturing, telecommunications, to infrastructure and property investments. She has also held executive directorship in a number of companies listed on local and overseas exchanges before joining the Company.

Mr. Kan Sze Man, aged 29, executive director and General Counsel of the Company, is a qualified solicitor by profession. Mr. Kan graduated from Wadham College, Oxford University, England in 1993 and qualified as a solicitor in Hong Kong in 1997. He has worked in the commercial department of a leading Hong Kong law firm and a U.K. city firm, until joining Hikari Tsushin International Limited as its senior vice president & legal counsel in early 2000.

Mr. Chan Kin Hang, Johnny, aged 47, non-executive director of the Company and managing director of Johnny Chan & Co. Limited - Certified Public Accountants. He has practised as a Certified Public Accountant in Hong Kong for more than ten years. Prior to his private practice, he had worked for an international accounting firm for four years.

Mr. Liu Yeau-Hwan, Pete, aged 53, independent non-executive director of the Company, Mr. Liu is the founder and Chairman of WI Harper Group, a venture capital and investment-banking firm, with offices in San Francisco, Taipei, Hong Kong, and Beijing. Since 1989, Mr. Liu is also a general partner of International Network Capital Fund, a leading venture capital fund management firm providing high technology investment opportunities to its investors in the Asia Pacific Region and the United States. Previously, Mr. Liu was a founder and principal partner at Walden International Investment Group. Mr. Liu has counselled over 200 major high-tech companies throughout the U. S. and Asia.

Mr. Lam Lee G., aged 42, independent non-executive director of the Company, has 20 years of international management, consulting, entrepreneurial and corporate governance experience gained in North America, Europe and Asia in the telecommunications, media and information technology industries. Formerly a senior executive of Bell Canada, a general manager of Cable & Wireless/Hongkong Telecom, and a managing partner of the global strategy consulting firm A.T. Kearney, Inc., Mr. Lam is currently an Executive Director, and a member of the policy-setting Office of the President, of Singapore Technologies Telemedia (“STT”) and director of Pacific Star Group and various STT subsidiaries, associates and joint ventures throughout Asia.

Educated in Canada, Mr. Lam holds a B.Sc. in computer science and mathematics, an M.Sc. in systems science, an M.B.A., and a graduate diploma in public administration. In addition, he has attended top-level executive education/graduate research programs at Harvard Business School in the U.S., Ashridge Management College and the University of Oxford in the U.K., and the University of Hong Kong in Hong Kong.

Mr. Wong Sin Just, aged 35, independent non-executive director of the Company, Mr. Wong possesses over 10 years of investment banking and financial experience having held positions with a number of premier international investment banks. Prior to establishing e2-Capital Limited, Mr. Wong was the Managing Director and the Head of Equity Capital Markets at BNP Prime Peregrine Securities Limited. Mr. Wong holds a Bachelor Degree in Engineering from the University of London and is a Member of the Association of Chartered Accountants, England and Wales. Mr. Wong is also an Executive Director and the Chief Executive Officer

of Softbank Investment International (Strategic) Limited and an Independent Non-executive Director of hongkong.com Corporation.

Senior Management Staff

Mr. Teng Wan, aged 35, a director and the CEO of Admomentum, a subsidiary of the Group acquired in April 2000.

Prior to establishing Admomentum, Mr. Teng was the General Manager, Sales & Marketing of CMS and responsible for marketing Cable Modern Broadband Multimedia Services in Hong Kong through numerous innovative promotional strategies. Previously, Mr. Teng served as the Vice-President of Sales and Marketing of Star Internet.

Mr. Teng graduated from the Baptist University and has completed his MBA course in the University of Hong Kong. He has jointed the IT industry for over 10 years with profound experience in sales and marketing management and has deep marketing experience in China. Mr. Teng was the pioneer of internet advertising.

Mr. Yan P.H. Victor, aged 37, CFO of Admomentum. Mr. Yan has over 13 years of financial experience in various commercial companies and public sector. Prior to joining Admomentum, he was the Financial Controller of Quote Power International Limited which is an e-commerce enabler and internet content provider specializing in the financial sector and Hong Kong Toy Centre International Ltd., a listed company engaged in toys manufacturing, trading and retailing.

Mr. Yan holds an MBA degree from the University of Hong Kong and is a member of both Association of Chartered Certified Accountants and Hong Kong Society of Accountants.

Mr. Chow Hou Man, Louis, aged 30, Financial Controller of the Company. Mr. Chow graduated from the Baptist University and has over 8 years of financial experience in various companies listed in Hong Kong and overseas and international CPA firm. He is a member of both Association of Chartered Certified Accountants and Hong Kong Society of Accountants.

Directors' Interests in Shares

As at 31st March, 2001, the interests of the directors in the share capital of the Company and its associated corporations within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") which have been notified to the Company and The Hong Kong Stock Exchange Limited (the "Hong Kong Stock Exchange") pursuant to section 28 of

the SDI Ordinance (including interests which they are deemed or taken to have under section 31 or Part I of the Schedule to the SDI Ordinance), or which are required pursuant to section 29 of the SDI Ordinance to be entered in the register, or pursuant to the Model Code (the “Model Code”) for Securities Transactions by Directors of Listed Companies in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”) referred to therein are as follows:

Name of director	Number of shares <i>(Note 1)</i>			
	Personal interests	Family interests	Corporate interests	Other interests
Mr. Choo Yeow Ming <i>(Note 2)</i>	—	—	197,510,000	—

Notes:

1. Share(s) of HK\$0.10 each in the capital of the Company.
2. The shares were held by Air Zone Group Limited (“Air Zone”), a wholly owned subsidiary of Cyber One Group Limited (“Cyber One”), which in turn is owned as to 55% and 45% by Tiara Investment Trading Limited (“Tiara”) and Recast Consultancy Limited (“Recast”) respectively. Both Tiara and Recast are wholly and beneficially owned by Mr. Choo Yeow Ming.

Save as disclosed above, none of the Company’s directors or their associates had any personal, family, corporate or other interests in any shares of the Company or any of its associated corporations, within the meaning of the SDI Ordinance as recorded in the register kept by the Company under Section 29 of the SDI Ordinance or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Directors’ Rights to Acquire Shares or Debentures

Details of the outstanding options granted to the directors under the Company’s share option scheme are summarised as follows:

Name of director/ex-director*	Exercisable period	Exercise price HK\$	Number of shares under options at 1.4.2000	Granted	Exercised	Surrendered/	Number of
				during the year	during the year	lapsed during the year	shares under options at 31.3.2001
Ma Wai Man, Catherine	17.9.2001 to 16.9.2002	0.34	—	10,000,000	—	—	10,000,000
Kan Sze Man	17.9.2001 to 16.9.2002	0.34	—	7,000,000	—	—	7,000,000
Ng Chi Shing *	8.11.2000 to 7.11.2001	0.5616	—	6,024,000	—	(6,024,000)	—
Tam Wai Keung, Billy *	8.11.2000 to 7.11.2001	0.5616	—	4,536,000	—	(4,536,000)	—
Teng Wan *	8.11.2000 to 7.11.2001	0.5616	—	4,240,000	—	(4,240,000)	—

Details of the Company's share option scheme are set out in note 24 to the financial statements.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors or their spouses or children under the age of 18 had any rights to subscribe for the securities of the Company or had exercised any such rights during the year.

Substantial Shareholders

As at 31st March, 2001, the following persons were recorded in the register kept by the Company under section 16 of the SDI Ordinance for the purposes of sections 3 to 7 of the SDI Ordinance as being interested in shares representing 10% or more of the issued share capital of the Company:

Name	Number of shares	Approximate shareholding percentage
Air Zone	197,510,000	24.36%
Cyber One	197,510,000	24.36%
Tiara	197,510,000	24.36%
Recast	197,510,000	24.36%
Mr. Choo Yeow Ming	197,510,000	24.36%

Note:

The shares were held by Air Zone, a wholly-owned subsidiary of Cyber One, which in turn is owned as to 55% and 45% by Tiara and Recast respectively. Tiara and Recast are wholly and beneficially owned by Mr. Choo Yeow Ming.

Save as disclosed herein and so far as was known to any director of the Company, there was no person who was, directly or indirectly, interested in 10 percent or more of the issued share capital of the Company as at 31st March, 2001.

Connected Transaction

On 19th April, 2000, the Company acquired 60% of the issued share capital of Admomentum from DotCom at a consideration of HK\$144,000,000 satisfied by the issue of 180,000,000 shares of the Company at HK\$0.80 per share. Admomentum was a company ultimately owned by Mr. Ng Chi Shing, Mr. Teng Wan and Mr. Tam Wai Keung, who were ex-directors of the Company. As such, the transaction constituted connected transaction for the Company under the Listing Rules.

Directors' Interests in Contracts

Save as disclosed under the heading "Connected Transaction", there were no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year.

Code of Best Practice

Throughout the year, the Company was in compliance with the Code of Best Practice as set out in the Listing Rules except that independent non-executive directors are not appointed for a specific term as they are subject to rotation at annual general meeting in accordance with of the Company's Bye-laws 99(A), 102(B) and 182.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-Laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Post Balance Sheet Events

Details of the significant post balance sheet events are set out in note 38 to the financial statements.

Auditors

During the year, Messrs. PricewaterhouseCoopers resigned and Messrs. Deloitte Touche Tohmatsu were appointed as the auditors of the Company.

A resolution will be submitted to the Annual General Meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Choo Yeow Ming*EXECUTIVE CHAIRMAN*

4th July, 2001