

Chairman's Statement

I am pleased to present to the shareholders my report on the results and operations of Shun Ho Technology Holdings Limited (the "Company", formerly known as Shun Ho Construction (Holdings) Limited) and its subsidiaries (together the "Group") for the year ended 31st December, 2000.

DIVIDEND

The Board has resolved not to recommend any dividend in respect of the year ended 31st December, 2000 (1999: Nil).

CLOSURE OF REGISTER

The register of members of the Company will be closed from Monday, 28th May, 2001 to Friday, 1st June, 2001, both dates inclusive, during which period no transfer of shares will be registered. In order to determine the identity of members who are entitled to attend and vote at the Annual General Meeting to be held on Friday, 1st June, 2001 all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Tengis Limited, 4th Floor, Hutchison House, 10 Harcourt Road, Hong Kong not later than 4:00 p.m. on Friday, 25th May, 2001.

MANAGEMENT DISCUSSION AND ANALYSIS

During the financial year under review, the Group, through its subsidiary company, has been engaged in the development of an internet portal Playigames.com which provides 3D-games, chatrooms and 3D i-shopping mall for e-commerce and entertainment. The portal has been launched during the first half of the financial year and initial reception has been good. To reflect the Company's intention to diversify into technology and internet related business, the Company has changed to its present name of Shun Ho Technology Holdings Limited during May 2000. Towards the end of the financial year, when the adverse change in the internet sector has become evident, the Group has made appropriate adjustments in its exposure in that sector. In line with prudent accounting practice, the cost of the development of Playigames.com was entirely written-off which accounts for most of the reduction of profit from operations.

During the financial year under review, the Group and its major associate, Magnificent Estates Limited ("Magnificent"), have continued with the operations of property investment, property leasing and hotel investment. The profit attributable to shareholders decreased mainly due to the above write-off and the reduced contribution from Magnificent due mainly to the impairment loss arising from the marked down of certain investments in blue-chip stocks to market value.

Operating income from Magnificent's hotel business recovered moderately while the hotel business environment in Hong Kong remained highly competitive. The average occupancy rate of the hotel was approximately 85 per cent. at improved room rates during the financial period under review.

As to property leasing, it is recognized that the rental market of both luxury residential and commercial properties in Hong Kong has been gradually improving after bottoming out last year. The Group's and Magnificent's investment properties remained fully leased. Also in September 2000, Magnificent has added to its luxury property portfolio the House No. 23, Las Pinadas at Shouson Hill, Hong Kong.

As regards property development, construction work has been in progress at Magnificent's 34 town house project at Ho Chung, Sai Kung, N.T.. Also, in September 2000, the land lease modification for Magnificent's property at Pak Sha Wan Pier has been approved for an increase in the G.F.A. of approximately 15,000 sq. ft. for a premium of HK\$5 million.

Generally, the Board expects that the business operating environment in Hong Kong remains difficult although the Hong Kong economy appears to be recovering. As such, the Group will continue to follow its cautious approach in expanding its business investment. Gearing remains low with the total debt to equity ratio at less than ten per cent.

William CHENG Kai Man
Chairman

Hong Kong, 18th April, 2001