

## Chairman's Statement

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I am pleased to present to the shareholders my report on the results and operations of Shun Ho Resources Holdings Limited (the "Company") 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 as an investment holding concern has continued with the operations of property investment, property leasing, hotel investment and other projects through its associates, Shun Ho Technology Holdings Limited ("Shun Ho Technology", formerly known as Shun Ho Construction (Holdings) Limited) and Magnificent Estates Limited ("Magnificent"). The profit attributable to shareholders decreased mainly due to the reduced contribution from Shun Ho Technology as a result of its internet project expenses and Magnificent's impairment loss arising from the marked down of certain long term 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% 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 investment properties of both Shun Ho Technology and Magnificent 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.

During May 2000, Shun Ho Construction (Holdings) Limited has changed to its present name of Shun Ho Technology Holdings Limited to reflect its intention to diversify into technology and internet related business. Shun Ho Technology's internet portal Playigames.com which provides 3D-games, Chatroom and 3D i-shopping mall for e-commerce and entertainment has been launched during the first half of the financial year under review.

Looking ahead, 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 a cautious approach in diversifying its business ventures.

**William CHENG Kai Man**  
*Chairman*

Hong Kong, 18th April, 2001