



(b) Share options

Details of share options granted by the Company to the senior executives of the Company mentioned above are as follows:

The Company

	Number of shares under options		
	Granted on 22nd February, 1994 'million	Granted on 22nd February, 1997 'million	Total 'million
Balance at beginning and at end of year	<u>0.4⁽¹⁾</u>	<u>0.6⁽²⁾</u>	<u>1.0</u>
Exercise price per share (HK\$)	<u>10.4000</u>	<u>6.6720</u>	

(1) The option for 0.3 million shares is exercisable at any time and the option for the remaining 0.1 million shares is exercisable in stages commencing seven years from the date of grant.

(2) The option for 0.2 million shares is exercisable at any time and the option for the remaining 0.4 million shares is exercisable in stages commencing four years from the date of grant.

No share options have been granted by RHIHL to the senior executives of the Company mentioned above.

Under the terms of grant, the options granted on the shares of the Company are not transferrable and, in the absence of a readily available market value, the Directors are unable to arrive at an accurate assessment of the value of the options granted to the respective senior executives.

10. TAX

	GROUP	
	2000 HK\$'million	1999 HK\$'million
The Company and subsidiary companies/partnerships:		
Provision for tax in respect of profits for the year:		
Hong Kong	5.4	23.9
Overseas	2.8	22.8
	8.2	46.7
Prior year overprovisions:		
Hong Kong	(0.8)	(11.8)
Capital gains tax - overseas	12.3	24.2
Transfer from deferred tax (note 31)	(0.8)	(3.2)
	18.9	55.9
Tax charge for the year	18.9	55.9

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16% (1999 - 16%) to the estimated assessable profits which were earned in or derived from Hong Kong during the year.

Tax on the profits of subsidiary companies/partnerships operating overseas is calculated at the rates prevailing in the respective jurisdictions in which they operate, based on existing law, practices and interpretations thereof.

No provision for tax is required for the associates or the jointly controlled entity as no assessable profits were earned by these associates or the jointly controlled entity during the year.

**11. NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS**

The net loss from ordinary activities attributable to shareholders includes net profit for the year dealt with in the financial statements of the Company amounting to HK\$3.0 million (1999 - net loss of HK\$23.6 million).

12. TRANSFER FROM OTHER RESERVES

	GROUP	
	2000 HK\$'million	1999 HK\$'million
Transfer from revaluation reserve of the portion of depreciation charge on leasehold properties attributable to the revaluation surplus in relation thereto (note 38)	8.4	9.9

13. ACCUMULATED LOSSES AT END OF YEAR

Retained profits/(Accumulated losses) at end of year retained by/(accumulated in):

	GROUP	
	2000 HK\$'million	1999 HK\$'million
The Company and subsidiary companies/partnerships	(478.1)	8.2
Associates	(321.4)	(306.8)
Jointly controlled entity	(1,702.4)	(1,576.1)
	(2,501.9)	(1,874.7)

14. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the year of HK\$641.3 million (1999 - HK\$1,363.6 million) and on the weighted average of 2,318.5 million (1999 - 2,318.5 million) shares of the Company in issue during the year.

(b) Diluted loss per share

No diluted loss per share is presented for the years ended 31st December, 1999 and 2000 as the exercise of share options and the conversion of bonds convertible into shares of the Company are anti-dilutive.


15. FIXED ASSETS
GROUP

	1st January, 2000 HK\$'million	Exchange adjustments HK\$'million	Additions HK\$'million	Transfer from property under development HK\$'million	Transfer from leasehold properties HK\$'million	Disposal of subsidiary companies HK\$'million	Other disposals HK\$'million	Surplus/ (Deficit) on revaluation HK\$'million	31st December, 2000 HK\$'million
At valuation:									
Investment properties	3,325.8	-	0.5	-	38.0	-	-	(209.1)	3,155.2
Hotels, including furniture, fixtures and equipment	9,187.5	(7.3)	18.7	755.7	-	-	-	137.4	10,092.0
	12,513.3	(7.3)	19.2	755.7	38.0	-	-	(71.7)	13,247.2
At cost:									
Leasehold properties	722.4	0.1	-	-	(43.4)	-	(44.1)	-	635.0
Leasehold improvements, furniture, fixtures and equipment	102.3	0.2	3.2	-	-	(1.8)	(14.3)	-	89.0
Site equipment	1.7	-	-	-	-	-	-	-	1.7
Construction in progress	28.9	0.1	0.4	-	-	-	(1.2)	-	28.2
Motor vehicles	6.7	-	0.1	-	-	-	(0.9)	-	5.9
	13,375.3	(6.9)	22.9	755.7	(5.4)	(1.8)	(60.5)	(71.7)	14,007.6
Accumulated depreciation:									
Hotel furniture, fixtures and equipment	124.5	(1.1)	32.8	-	-	-	-	-	156.2
Leasehold properties	94.6	-	15.0	-	(5.4)	-	(19.1)	-	85.1
Leasehold improvements, furniture, fixtures and equipment	38.0	-	9.3	-	-	(1.5)	(11.0)	-	35.8
Site equipment	1.7	-	-	-	-	-	-	-	1.7
Motor vehicles	4.0	-	1.1	-	-	-	(0.7)	-	4.4
	262.8	(1.1)	58.2	-	(5.4)	(1.5)	(30.8)	-	282.2
Net book value	13,112.5								13,725.4



Analysis of net book value by geographical location:

	2000 HK\$ million	1999 HK\$ million
Leasehold land and buildings in Hong Kong:		
Investment properties, at valuation at balance sheet date:		
Long term	512.9	530.6
Medium term	2,579.1	2,727.1
Hotel properties, at valuation at balance sheet date:		
Long term	3,973.0	4,090.0
Medium term	5,739.0	4,743.0
Leasehold properties, at cost or deemed cost:		
Long term	512.5	564.0
Medium term	4.9	5.1
	<hr/>	<hr/>
	13,321.4	12,659.8
	<hr/>	<hr/>
Properties situated in the People's Republic of China excluding Hong Kong (the "PRC"):		
Medium term leasehold properties, at cost	32.5	58.7
Long term leasehold land and investment properties, at valuation at balance sheet date	63.2	68.1
	<hr/>	<hr/>
	95.7	126.8
	<hr/>	<hr/>
Properties situated overseas:		
Freehold land and hotel property in Canada, at valuation at balance sheet date	223.8	230.0
	<hr/>	<hr/>
	13,640.9	13,016.6
	<hr/>	<hr/>

As at 31st December, 2000, certain investment properties and leasehold properties situated in Hong Kong, certain leasehold properties situated in the PRC and all of the hotel properties situated in Hong Kong and overseas were mortgaged to secure a syndicated loan and other credit facilities granted to the Group.

The valuations of the hotel properties and investment properties situated in Hong Kong at 31st December, 2000 were performed by independent valuers with an RICS qualification on an open market, existing use basis.

The valuation of the hotel property situated overseas at 31st December, 2000 was performed by an independent valuer with an AACI qualification on an open market, existing use basis.

At 31st December, 2000, the investment properties situated in the PRC were stated at their subsequent selling price (note 48) as, in the opinion of the Directors, this approximated the open market value as at the balance sheet date. The valuations of these investment properties in the prior year were performed by an independent valuer with an RICS qualification on an open market, existing use basis.

If the carrying value of the revalued properties had been reflected in these financial statements at cost less accumulated depreciation, the following amounts would have been accounted for:

	2000 HK\$' million	1999 HK\$' million
Investment properties	1,170.9	1,159.8
Hotel properties	5,413.0	4,658.2
Leasehold properties	151.1	167.2
	6,735.0	5,985.2
	6,735.0	5,985.2

**16. PROPERTIES UNDER DEVELOPMENT**

	GROUP	
	2000 HK\$'million	1999 HK\$'million
Balance at beginning of year	1,420.4	5,501.3
Exchange adjustments	0.6	0.6
Other additions in land and development costs	133.2	431.4
Interest capitalised	32.4	104.3
Disposal of subsidiary companies	(596.8)	-
Other disposals	-	(375.9)
Transfer to:		
Hotel property (note 15)	(755.7)	(2,601.3)
Properties held for sale	-	(1,349.3)
Surplus on revaluation	-	109.3
Provisions for diminutions in values of properties under development	(20.0)	(400.0)
Balance at end of year	214.1	1,420.4
Properties under development included in current assets	(156.0)	(155.4)
Non-current portion	58.1	1,265.0
Analysis by geographical location:		
Leasehold land and buildings in Hong Kong held under medium term leases:		
At cost less provision for diminution in value	22.2	41.8
At valuation	-	645.0
	22.2	686.8
Freehold land in the U.S.A., at cost less provision for diminution in value	156.0	155.4
Leasehold land and buildings in the PRC, at cost less provisions for diminutions in values:		
Long term	25.5	19.8
Medium term	10.4	558.4
	35.9	578.2
	214.1	1,420.4

The valuation of hotel property under development in the prior year was performed by an independent valuer with an RICS qualification on an open market, intended use on completion basis. As at 31st December, 1999, certain of the Group's properties under development were pledged to secure the banking facilities granted to the Group.

17. PROPERTIES HELD FOR FUTURE DEVELOPMENT

	GROUP	
	2000 HK\$'million	1999 HK\$'million
Medium term leasehold land in Hong Kong, at cost:		
Balance at beginning of year	26.7	24.3
Additions during the year	—	0.3
Interest capitalised	—	2.1
	26.7	26.7
	26.7	26.7

18. INTEREST IN A JOINTLY CONTROLLED ENTITY

	GROUP	
	2000 HK\$'million	1999 HK\$'million
Share of post-acquisition losses	(1,914.1)	(1,771.7)
Loans to the jointly controlled entity	2,646.5	2,502.3
Amount due from the jointly controlled entity	341.1	339.7
	1,073.5	1,070.3
	1,073.5	1,070.3

The share of post-acquisition losses included a provision for foreseeable loss in respect of a property development project amounted to HK\$1,633.3 million (1999 - HK\$1,633.3 million).

The loans to the jointly controlled entity are unsecured, bear interest at Hong Kong prime rate per annum and are not repayable within one year.



Details of the Group's interest in the jointly controlled entity are as follows:

Name	Business structure	Place of incorporation and operation	Percentage of equity interest attributable to the Group		Principal activity
			2000	1999	
Chest Gain Development Limited ("Chest Gain")	Corporate	Hong Kong	70	70	Property development

The percentage of equity interest represents the aggregate of the 40% and the 30% held by wholly-owned subsidiary companies of the Company and RHIHL, respectively, which was in turn 73.8% (1999 - 74.0%) owned by the Group as at 31st December, 2000.

The summarised state of affairs and the income and losses of Chest Gain are as follows:

	2000 HK\$ million	1999 HK\$ million
State of affairs		
Non-current assets	4,145.0	4,141.2
Current assets	0.2	0.3
Current liabilities	(72.1)	(72.0)
Non-current liabilities	(7,441.7)	(6,894.7)
Net liabilities attributable to venturers	(3,368.6)	(2,825.2)
Income and losses		
Income	-	-
Net loss from ordinary activities attributable to venturers	(543.4)	(491.8)

At the balance sheet date, the Group's share of capital commitments of Chest Gain in respect of a property development project was as follows:

	2000 HK\$ million	1999 HK\$ million
Authorised and contracted for	15.9	58.2
Authorised, but not contracted for	555.8	480.6
	571.7	538.8

19. INTERESTS IN ASSOCIATES

	GROUP	
	2000 HK\$'million	1999 HK\$'million
Unlisted companies/partnerships:		
Share of net liabilities	(10.8)	(229.5)
Loans to associates	226.7	150.1
Amounts due from associates	30.4	403.6
	246.3	324.2
Less: Provisions for diminutions in values	(0.4)	(100.2)
	245.9	224.0
At the balance sheet date:		
Share of post-acquisition undistributed reserves	(305.4)	(255.6)

The loans to associates are unsecured and not repayable within one year. Except for the amounts of HK\$126.3 million (1999-HK\$123.2 million) and HK\$2.9 million (1999-HK\$26.9 million) which bear interest at Hong Kong prime rate (1999-Hong Kong prime rate) and 10% (1999-6% to 10%) per annum, respectively, the remaining balances are interest free.

The amounts due from associates are unsecured, interest free and have no fixed terms of repayment.

The shares of net liabilities and post-acquisition undistributed reserves represent the shares attributable to the Group before the Group's minority interests therein.

Details of the Group's principal associates are as follows:

Name	Business structure	Place of incorporation/ registration and operation	Class of equity interest held	Percentage of equity interest attributable to the Group		Principal activities
				2000	1999	
Talent Faith Investments Ltd. ("Talent Faith")	Corporate	British Virgin Islands	Ordinary shares	50.00 ⁽¹⁾	100.00 ⁽¹⁾	Investment holding
Beijing Hengfu Plaza Development Co., Ltd. ("Beijing Hengfu")*	Corporate	The People's Republic of China	Equity joint venture interest	22.75 ⁽¹⁾	45.50 ⁽¹⁾	Property development and investment
Cheerjoy Development Limited *	Corporate	Hong Kong	Ordinary shares	30.00	30.00	Property development
Weifang Futuan Building Materials Co., Ltd.	Corporate	The People's Republic of China	Equity joint venture interest	25.00 ⁽²⁾	25.00 ⁽²⁾	Cement production