



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	
8D International (BVI) Limited	Corporate	British Virgin Islands	Ordinary shares	30.00 ⁽³⁾	-	Investment holding
8D Matrix Limited	Corporate	British Virgin Islands	Ordinary shares	30.00 ⁽³⁾	-	Investment holding
8D International Limited	Corporate	Hong Kong	Ordinary shares	30.00 ⁽³⁾	-	Promotions, communication and information technology
Century King Investment Limited	Corporate	Hong Kong	Ordinary shares	50.00 ⁽³⁾	50.00 ⁽³⁾	Restaurant operations
Bostonian Hotel Limited Partnership ("Bostonian")*	Partnership	U.S.A.	Limited partnership interest	-	51.00 ⁽³⁾⁽⁴⁾	Hotel ownership

* not audited by Ernst & Young.

- (1) The percentage of equity interest in Talent Faith represents the equity interest attributable to a wholly-owned subsidiary company of the Group. Talent Faith, previously a wholly-owned subsidiary company of the Group, holds an effective 45.5% interest in Beijing Hengfu. The sole asset of Beijing Hengfu is the holding of a property development project in the PRC. Following the partial disposal of a 50% interest in Talent Faith by the Group during the year, both Talent Faith and Beijing Hengfu became effective 50% and 22.75% associates, respectively, of the Group.
- (2) The percentage of equity interest represents the equity interest attributable to a 75% owned subsidiary company of the Group.
- (3) The percentages of equity interests represent those attributable to RHIHL.
- (4) This associate was disposed of during the year.

All associates are indirectly held by the Company.

The above table lists the associates of the Group which, in the opinion of the Directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the Directors, result in particulars of excessive length.

The investment in Bostonian, a limited partnership, is accounted for using the equity method because the Group does not control the appointment of the general partners.

20. INVESTMENTS

	GROUP	
	2000 HK\$'million	1999 HK\$'million
Long term investments		
Listed equity investments, at market value:		
Hong Kong	142.4	195.3
Elsewhere	8.0	14.5
	150.4	209.8
Unlisted equity investments, at fair value:		
Carrying value	384.7	85.8
Provisions for impairments in values	(85.5)	(85.5)
	299.2	0.3
	449.6	210.1

Long term investments with market values amounting to HK\$32.3 million (1999 - HK\$202.8 million) were pledged to secure general credit facilities granted to the Group.

Included in the unlisted long term investments is an amount of HK\$298.9 million which represents the Group's investments of 23% interest each in two sino-foreign joint venture companies, namely Beijing Century City Real Estate Development Co., Ltd. and Beijing Jianye Real Estate Developing Co., Ltd. (collectively, the "Investee Companies") in Beijing, the People's Republic of China (the "PRC"). The Group's investments in the Investee Companies are stated at their carrying values as at the date of the change of their status from subsidiary companies to long term investments following the Group's transfer of 72% interests in each of the Investee Companies to an independent third party in August 2000. In November 2000, a land site beneficially and collectively held by the Investee Companies was resumed by the Land Bureau in Beijing on grounds of its prolonged idle condition. The joint venture partners to the Investee Companies have the right to make an application to the relevant PRC government authorities for an administrative review. The Group and the other parties concerned have been undergoing negotiations with the relevant PRC government authorities with a view to safeguarding the Investee Companies' interest in the land site. In the opinion of the Directors, it is not possible to determine at this stage with reasonable certainty the ultimate outcome of the negotiations and hence, the provision, if any, required to be made against the Group's investments in the Investee Companies. Accordingly, no provision has been made in the financial statements in respect of these investments.

Despite the Group's holding 23% interests in the Investee Companies, the Directors confirm that the Group is not in a position to exercise significant influence over the financial and operating decision policies of the Investee Companies due to a contractual arrangement made with that independent third party to exchange the Group's entire interests in the Investee Companies for the hotel portion of the land site beneficially held by the Investee Companies in accordance with the agreed terms. Accordingly, the Directors consider it more appropriate to account for the investments therein as long term investments.



	GROUP	
	2000 HK\$'million	1999 HK\$'million
Short term investments		
Listed equity investments, at market value:		
Hong Kong	9.7	4.6
Elsewhere	-	0.5
	<u>9.7</u>	<u>5.1</u>

Short term investments with market values amounting to HK\$2.0 million (1999 - HK\$2.5 million) were pledged to secure general credit facilities granted to the Group.

21. LOANS AND OTHER LONG TERM RECEIVABLES

	GROUP	
Notes	2000 HK\$'million	1999 HK\$'million
Promissory notes receivable	(a) 180.0	-
Long term mortgage loans	(b) 74.3	123.6
Other loans	(c) 96.8	77.7
Other receivable	(d) -	349.7
	<u>351.1</u>	<u>551.0</u>

- (a) This represents promissory notes receivable in the aggregate amount of HK\$180.0 million (1999 - HK\$180.0 million) which are repayable on demand. Apart from an amount of HK\$50.0 million which is secured and bears interest at 11.5% per annum, the remaining amount of HK\$130.0 million is unsecured and bears interest at 1.5% to 2.5% over Hong Kong prime rate per annum. The notes receivable were classified as current assets in the prior year (note 22). The issuers of the promissory notes are in discussions with the Group to restructure the terms of the notes. Accordingly, the Directors consider it appropriate to reclassify the notes receivable as non-current assets at the balance sheet date.

- (b) The long term mortgage loans represent loans granted by the Group to purchasers in connection with the sale of its properties. The loans are secured by second mortgages over the properties sold and are repayable by installments. The long term mortgage loans of HK\$74.3 million (1999 - HK\$123.4 million) bear interest at Hong Kong prime rate plus 1.75%-2% per annum with certain of the loans having interest free periods of up to thirty-six months from the respective drawdown dates of such loans. The prior year balance included an amount of HK\$0.2 million which was interest free.
- (c) The other loans include a loan of US\$10.0 million (HK\$78.0 million) (1999 - HK\$77.7 million) advanced to a hotel owner in Shanghai, the PRC, to assist financing the interior decoration and pre-operating expenditure of its hotel, which is managed by a subsidiary company of the Group. The loan is unsecured, interest free and is repayable commencing from the date of the hotel opening, by way of payments equivalent to 28% of the hotel's net operating profit determined in accordance with PRC accounting standards after appropriation of the statutory reserves, over the tenure of the management contract for the hotel of 15 years, subject to the possible renewal thereof for a further 5 years.
- The remaining amount represents a loan of RMB20.0 million (HK\$18.8 million) (1999 - Nil) advanced to an independent third party which is secured, bears interest at Hong Kong prime rate per annum and has no fixed terms of repayment.
- (d) The prior year's other receivable represented a deferred consideration of US\$45 million (HK\$349.7 million) in respect of the Group's disposal of its hotel interests in the United States of America (the "Disposal"). The amount is receivable, together with interest accrued thereon at 7% per annum, on the second anniversary of the completion date of the Disposal which was 17th December, 1999. Accordingly the amount has been reclassified to current assets in the current year (note 24).

22. SHORT TERM LOANS RECEIVABLE

The short term loans receivable of the Group represents an unsecured and interest free loan to a consortium in the amount of HK\$0.9 million (1999 - HK\$0.9 million).

The prior year amount included promissory notes receivable in the aggregate amount of HK\$180.0 million. The notes receivable were reclassified to non-current assets at the balance sheet date (note 21(a)).

**23. HOTEL AND OTHER INVENTORIES**

	GROUP	
	2000 HK\$'million	1999 HK\$'million
Hotel merchandise and restaurant supplies	24.7	23.3
Raw materials	6.4	6.3
Work in progress	8.2	6.2
Finished goods	1.9	1.1
	<u>41.2</u>	<u>36.9</u>

As at 31st December, 2000, the carrying amount of the inventories of the Group pledged to secure general banking facilities granted to the Group amounted to HK\$9.8 million (1999 - HK\$9.5 million).

24. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in the balance is an amount of HK\$185.6 million (1999 - HK\$146.7 million) representing the trade debtors of the Group. The aged analysis of such debtors is as follows:

	GROUP	
	2000 HK\$'million	1999 HK\$'million
Outstanding balances with ages:		
Within 3 months	135.9	84.0
Between 4 to 6 months	4.9	11.9
Between 7 to 12 months	9.4	40.6
Over 1 years	47.4	23.3
	<u>197.6</u>	<u>159.8</u>
Provisions	(12.0)	(13.1)
	<u>185.6</u>	<u>146.7</u>

Credit Terms

Trade debtors, which generally have credit terms of 30 to 90 days, are recognised and carried at their original invoiced amount less provisions for doubtful debts which are made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

The debtors, deposits and prepayments in the current year includes a deferred consideration of US\$45 million (approximately HK\$351.0 million) and interest accrued thereon at 7% per annum, further details of which are set out in note 21(d) to the financial statements.

25. CREDITORS AND ACCRUALS

Included in the balance is an amount of HK\$103.9 million (1999 - HK\$122.3 million) representing the trade creditors of the Group. The aged analysis of such creditors is as follows:

	GROUP	
	2000 HK\$'million	1999 HK\$'million
Outstanding balances with ages:		
Within 3 months	74.0	93.3
Between 4 to 6 months	3.1	6.0
Between 7 to 12 months	1.9	13.7
Over 1 year	24.9	9.3
	103.9	122.3
	103.9	122.3

26. CONSTRUCTION CONTRACTS

	GROUP	
	2000 HK\$'million	1999 HK\$'million
Gross amount due from contract customers included in debtors, deposits and prepayments	2.4	10.0
Gross amount due to contract customers included in creditors and accruals	(119.6)	(85.3)
	(117.2)	(75.3)
	(117.2)	(75.3)
Contract costs incurred plus recognised profits less recognised losses to date	1,092.9	874.0
Less: Progress billings	(1,210.1)	(949.3)
	(117.2)	(75.3)
	(117.2)	(75.3)

At 31st December, 2000, retentions held by customers for contract works, as included in debtors, deposits and prepayments under current assets, amounted to approximately HK\$25.6 million (1999 - HK\$23.6 million).

At 31st December, 2000, advances from customers for contract works, as included in creditors and accruals under current liabilities, amounted to approximately HK\$23.2 million (1999 - HK\$40.0 million).

**27. INTEREST BEARING BANK AND OTHER BORROWINGS**

	GROUP	
	2000 HK\$' million	1999 HK\$' million
Bank loans and overdrafts:		
Secured	5,579.3	6,740.4
Unsecured	43.6	95.3
Other loans wholly repayable within five years:		
Secured	1,272.3	65.1
	<u>6,895.2</u>	<u>6,900.8</u>
Portion of borrowings due within one year included under current liabilities:		
Bank loans and overdrafts	(874.6)	(1,295.5)
Other loans	(62.8)	(65.1)
	<u>(937.4)</u>	<u>(1,360.6)</u>
Long term borrowings	<u>5,957.8</u>	<u>5,540.2</u>
The bank loans and overdrafts and other loans are repayable in varying instalments within a period of:		
On demand or not exceeding 1 year	937.4	1,360.6
More than 1 year but not exceeding 2 years	496.3	431.2
More than 2 years but not exceeding 5 years	5,069.5	4,614.0
More than 5 years	392.0	495.0
	<u>6,895.2</u>	<u>6,900.8</u>

The other loans carried fixed interest rates ranging from 8.78% to 12% (1999 - 8.25% to 18%) per annum at the balance sheet date.

At the balance sheet date, RHIHL had not complied with certain loan covenants in respect of a syndicated loan amounting to HK\$3,822.1 million and a construction loan amounting to HK\$1,072.0 million (collectively referred to as the "Regal Loans"). As more fully explained in note 2 to the financial statements, the terms of the loan agreements stipulate that with any non-compliance with these loan covenants, the agents for the Regal Loans (the "Agents"), acting on the instructions of the specified majority of the lenders of the Regal Loans, may serve a notice to the RHIHL Group to declare the Regal Loans immediately due and repayable if the cause of non-compliance is not remedied within a specified period of time. Unless and until such notice is given by the Agents, the Regal Loans remain repayable in accordance with their original stated maturity dates. To date, as confirmed by the respective Agents of the Regal Loans, no such notice has been served to the RHIHL Group. For the reasons set out in note 2 to the financial statements, the directors of RHIHL consider that it is appropriate to continue to classify the Regal Loans as current or non-current liabilities in accordance with their original maturity terms, as adjusted for the prepayment of certain loan portion, under the loan agreements as at 31st December, 2000.

28. EXCHANGEABLE BONDS

In February 1996, the Group issued US\$140 million 3 $\frac{1}{2}$ % exchangeable guaranteed bonds (the "Exchangeable Bonds") which fall due in 2001. The Exchangeable Bonds are listed on the Luxembourg Stock Exchange. The issue price of the Exchangeable Bonds was 100% of their principal amount and they bear interest at the rate of 3 $\frac{1}{2}$ % per annum.

As at 1st January, 2000, the outstanding Exchangeable Bonds in the amount of US\$139.8 million were exchangeable, at the option of the bondholders, into an aggregate of 536.7 million fully paid ordinary shares in RHIHL ("Regal Shares") owned by the Group at an effective exchange price of HK\$2.0144 per Regal Share, subject to adjustments, based on an exchange rate of HK\$7.735 to US\$1.00. The exchange period for the Exchangeable Bonds was from 6th April, 1996 to 23rd January, 2001, both dates inclusive (which period was extended by 90 days to 23rd April, 2001 pursuant to a second supplemental trust deed dated 23rd January, 2001).

The Group had the right to redeem on or after 13th February, 1999 all or part of the Exchangeable Bonds, subject to certain conditions, at a redemption price of not less than their principal amount and to be determined by reference to the specified percentage, as applicable to the year in which the redemption takes place, together with interest accrued to the date of redemption.

The Exchangeable Bonds were redeemable on maturity on 6th February, 2001 at 121.85% of their principal amount, if not previously exchanged or redeemed. Accordingly, the Exchangeable Bonds have been reclassified as current liabilities at the balance sheet date. On 6th February, 2001, the Company announced that the Exchangeable Bonds had matured on 6th February, 2001 and remained unpaid. Further details are set out in note 2 to the financial statements.

During the year, none of the Exchangeable Bonds was exchanged for Regal Shares. The full exchange of the remaining Exchangeable Bonds as at 31st December, 2000 for Regal Shares would, with the capital structure of RHIHL as at 31st December, 2000, and based on the issued ordinary share capital of RHIHL and the Group's 73.8% interest therein as at that date, dilute the Group's shareholding in RHIHL to 60.2%.



29. CONVERTIBLE BONDS

On 12th March, 1997, the Group issued US\$210 million of zero coupon guaranteed convertible bonds (the "Convertible Bonds") which mature in 2002. The Convertible Bonds are listed on the Luxembourg Stock Exchange. The issue price of the Convertible Bonds was 100% of their principal amount.

As at 1st January, 2000, the Convertible Bonds were convertible, at the option of the bondholders, into an aggregate of 193.7 million fully paid shares of HK\$1.00 each in the Company at a conversion price of HK\$8.40 per share, subject to adjustments, based on an exchange rate of HK\$7.749 to US\$1.00. The conversion period for the Convertible Bonds is from 21st April, 1997 to 5th March, 2002, both dates inclusive.

The Group has the right to redeem the Convertible Bonds, in whole or in part, on or after 12th March, 2000, subject to certain conditions, at a redemption price based on the principal amount plus a time pro-rated portion of the final redemption premium calculated by reference to the number of days elapsed since the date of issue to the date of the redemption.

The Convertible Bonds are redeemable on maturity on 12th March, 2002 at 145.875% of their principal amount, if not previously redeemed, purchased and cancelled or converted.

Up to 31st December, 2000, none of the Convertible Bonds had been converted into shares of the Company. The full conversion of the Convertible Bonds would, with the capital structure of the Company as at 31st December, 2000, result in the issue of approximately 193.7 million additional shares in the Company.

As more fully explained in note 2 to the financial statements, as a result of the maturity default of the Exchangeable Bonds (note 28), on 15th March, 2001, the trustee of the Convertible Bonds served a notice to declare the Convertible Bonds to be immediately due and payable by virtue of the cross default provisions contained in the trust deeds governing the issue of the Convertible Bonds. Accordingly, the Convertible Bonds have been reclassified as current liabilities at the balance sheet date.

30. PROVISION FOR PREMIUM ON REDEMPTION OF EXCHANGEABLE BONDS AND CONVERTIBLE BONDS

	GROUP	
	2000 HK\$ million	1999 HK\$ million
Balance at beginning of year	563.9	365.5
Exchange adjustments	2.2	-
Provision during the year	213.1	198.4
Balance at end of year	<u>779.2</u>	<u>563.9</u>

The above provision for premium has been reclassified as a current liability on the same basis as the related Exchangeable Bonds and Convertible Bonds as explained in notes 28 and 29 to the financial statements, respectively.

31. DEFERRED TAX

	GROUP	
	2000 HK\$ million	1999 HK\$ million
Balance at beginning of year	0.8	4.0
Release to profit and loss account (note 10)	(0.8)	(3.2)
Balance at end of year	<u>-</u>	<u>0.8</u>

At the balance sheet date, the Group had no material unprovided deferred tax liabilities.

32. ADVANCES FROM MINORITY SHAREHOLDERS OF SUBSIDIARY COMPANIES

All advances from minority shareholders of subsidiary companies are unsecured and have no fixed terms of repayment. Apart from an amount of HK\$28.4 million (1999 - HK\$25.8 million) which bears interest at 1% above Hong Kong prime rate per annum, the remaining amount is interest free.