

DISCLOSURE PURSUANT TO RULES 13.13, 13.16 AND 13.18 OF CHAPTER 13 OF THE LISTING RULES

The following disclosure is made by the Company in compliance with the continuing disclosure requirements under Rules 13.13, 13.16 and 13.18 of Chapter 13 of the Listing Rules.

Advances to an Entity (Rule 13.13 of Chapter 13)

Details of the advances made to Chest Gain Development Limited ("Chest Gain"), a jointly controlled entity owned as to 70% by RHIHL and 30% by China Overseas Land & Investment Limited, which is independent of, and not connected with the Company and RHIHL, the respective directors, chief executive and substantial shareholders of the Company and RHIHL and any of their respective subsidiary companies or any of their respective associates (as defined in the Listing Rules), by the RHIHL Group as at 30th June, 2004 are set out below:

Advances

	Group (HK\$'million)
(A) Principal Amount of Advances	2,763.8
(B) Interest Receivable	379.2
(C) Several Guarantees for amount of Bank Loans Outstanding	720.8
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Total: (A)+(B)+(C)	3,863.8
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The above advances to Chest Gain in an aggregate sum of HK\$3,143.0 million (before a provision of HK\$1,407.6 million) included an amount of HK\$1,701.1 million, which represented the gross amount of the advances attributable to the additional 40% interest in Chest Gain acquired from the PHL Group (comprising the Company and its subsidiaries (excluding RHIHL and its subsidiaries)) in 2002 as detailed in the audited consolidated financial statements for the year ended 31st December, 2002. Such contributions of funds to Chest Gain are required to be provided in the form of shareholders' loans in proportion to the respective shareholding interests of the shareholders of Chest Gain. The advances are unsecured and have no fixed term of repayment, and related interest had been accrued at prime rate up to 31st December, 1998. The provision of financial assistance to Chest Gain is for the purpose of facilitating Chest Gain in the development of the "Regalia Bay" luxury residential project at Rural Building Lot No.1138, Wong Ma Kok Road, Stanley, Hong Kong (the "Regalia Bay Development"). The site for the Regalia Bay Development was acquired by Chest Gain at the government land auction held on 3rd June, 1997. The above guarantee was provided by RHIHL on a several basis in proportion to its 70% shareholding interests in Chest Gain and was given in respect of the total bank loan facilities of HK\$3,370.0 million made available to Chest Gain for the purposes of refinancing part of the consideration for the acquisition of the land site and financing the construction costs required for the Regalia Bay Development. In addition, the Company continued to provide a limited guarantee in respect of those bank loan facilities to Chest Gain attributable to the 40% interest in Chest Gain sold to the RHIHL Group in 2002.



The sale programme for the Regalia Bay Development first commenced in September 2003 and the entire development was completed in March 2004. Net proceeds received from the sale of the houses at the Regalia Bay Development have been continuously applied towards repayment of the amounts drawn down and outstanding under the bank loan facilities. As any amounts repaid under the bank loan facilities cannot be redrawn, the amount of the above guarantee provided by the Group was calculated by reference to the loan amounts outstanding under the bank loan facilities as at 30th June, 2004.

Calculated on the basis shown above, the aggregate of advances and other financial assistance as at 30th June, 2004 provided by the Group to Chest Gain in the sum of HK\$3,863.8 million (based on the amount of bank loans outstanding) represented 38.5% of the consolidated total assets of the Company of HK\$10,044.0 million (the "Paliburg TA"), by reference to its latest unaudited condensed consolidated financial statements for the six months ended 30th June, 2004.

Financial Assistance provided to and Guarantees given for Affiliated Companies (Rule 13.16 of Chapter 13)

Details of the financial assistance provided to and guarantees given for affiliated companies (including Chest Gain) by the Group as at 30th June, 2004 are set out below:

Name of Affiliated Companies	Principal Amount of Advances (HK\$'million)	Interest Receivable (HK\$'million)	Guarantee given for Bank Facilities based on the amount of Bank Loans Outstanding (HK\$'million)	
			(A)	(B)
Chest Gain	(A) 2,763.8	(B) 379.2	(C)	720.8
Cheerjoy Development Limited	(D) 155.2	–		Nil
Talent Faith Investments Ltd.	(E) 78.6	–		Nil
8D International (BVI) Limited	(F) 28.9	–		Nil
8D Matrix Limited	(G) 0.5	–		Nil
Bright Future (HK) Limited	(H) 5.6	–		Nil
Network Sky Limited	(I) 1.9	–		Nil
Smart Tactic Limited	(J) 0.4	–		Nil
Total:	(A)+(B)+(C)+(D) to (J)			<u>4,134.9</u>

Relevant details in respect of the financial assistance provided to and guarantees given for Chest Gain are disclosed above under Rule 13.13 of Chapter 13 of the Listing Rules.



Cheerjoy Development Limited (“Cheerjoy”) was a wholly-owned subsidiary company of the Company and became a 30% owned associate of the Company during 1999. Cheerjoy owns the development property at Ap Lei Chau Inland Lot No.129, Ap Lei Chau East, Hong Kong. The remaining 70% shareholding interest in Cheerjoy is owned by a third party, which is independent of, and not connected with the Company, the Directors, chief executive and substantial shareholders of the Company and any of its subsidiary companies or any of their respective associates (as defined in the Listing Rules). The advances were provided by the PHL Group in the form of shareholder’s loans and, according to the terms of the shareholders’ agreement in respect of this joint venture, would not be in proportion to the Company’s shareholding interest in Cheerjoy. The advances were provided for the purpose of funding the working capital requirements of Cheerjoy, are unsecured, interest free and have no fixed term of repayment.

Talent Faith Investments Ltd. (“Talent Faith”) was previously a 50% owned associate of the Company. Talent Faith owns a 65% interest in a joint venture company which, in turn, owns 70% interest in an equity joint venture in the People’s Republic of China involved in property development project in Beijing. The other 50% beneficial interest in Talent Faith was previously held by the purchaser (the “Purchaser”) under a sale and purchase agreement for the sale by the Group of a 50% interest in Talent Faith entered into in 2000 (the “Former SP Agreement”). Due to the default by the Purchaser under the Former SP Agreement, the Group has enforced its rights in the prior year to repossess the 50% interest in Talent Faith sold to the Purchaser under the Former SP Agreement. In July 2003, the Group entered into a new sale and purchase agreement with the Purchaser for the sale of the Group’s 100% interest in Talent Faith for a gross consideration of HK\$181.9 million (the “New SP Agreement”), with completion stipulated for November 2003. Though the Group has received from the Purchaser certain deposits and part payments, the Purchaser has failed to comply with the stipulated schedule for the full settlement of the consideration payable under the New SP Agreement. While the Group is legally retaining the entire shareholding ownership in Talent Faith, the Group is negotiating with the Purchaser for its remedy of the default. Under these circumstances, despite the holding of a 100% shareholding interest in Talent Faith at the balance sheet date, the Directors consider it appropriate to continue to account for the Group’s interest therein as an associate as the Group’s control over Talent Faith may be temporary, subject to the outcome of the New SP Agreement. The advances were provided by the PHL Group in the form of shareholder’s loans and, in accordance with the terms in the Former SP Agreement, would not be in proportion to the Company’s shareholding interest in Talent Faith. The advances were provided for the purpose of funding the working capital requirements of Talent Faith, are unsecured, interest free and have no fixed terms of repayment.

8D International (BVI) Limited (“8D-BVI”) is a 30% owned associate of RHIHL, which is now principally involved in the development and distribution of technologically advanced security and building related systems and software development and promotions businesses. The remaining shareholding interests in 8D-BVI are indirectly owned as to 10% by CCIHL and 60% by Mr. Lo Yuk Sui. The advances were provided by the RHIHL Group in the form of shareholder’s loans in proportion to RHIHL’s shareholding interest in 8D-BVI, for the purpose of financing the working capital of 8D-BVI. The advances are unsecured, interest free and have no fixed term of repayment.



8D Matrix Limited ("8D Matrix") is a 30% owned associate of RHIHL (RHIHL also holds an additional 6% attributable interest through its holding in 8D-BVI), which is involved in promotions businesses. The remaining shareholding interests in 8D Matrix are owned as to 10% indirectly by CCIHL, 60% indirectly by Mr. Lo Yuk Sui through his associates (as defined in the Listing Rules), including 8D-BVI. The advances were provided by the RHIHL Group in the form of shareholder's loans in proportion to RHIHL's shareholding interest in 8D Matrix, for the purpose of financing the working capital of 8D Matrix. The advances are unsecured, interest free and have no fixed term of repayment.

Bright Future (HK) Limited ("Bright Future"), a 50% owned associate of RHIHL, owns a 90% effective equity interest in a foreign enterprise engaged in the operation of a hotel in Qinghai in The People's Republic of China. The remaining 50% shareholding interest in Bright Future and the remaining 10% equity interest in the aforesaid foreign enterprise are owned by third parties respectively, which are independent of, and not connected with RHIHL, the directors, chief executive and substantial shareholders of RHIHL and any of its subsidiary companies or any of their respective associates (as defined in the Listing Rules). The advances to Bright Future were provided by the RHIHL Group in the form of shareholder's loans in proportion to RHIHL's shareholding interest in Bright Future, for the purpose of funding the working capital requirements of Bright Future. The advances to Bright Future are unsecured, interest free and have no fixed term of repayment.

Network Sky Limited ("Network Sky") is a 25% owned associate of the Company, which through its wholly-owned subsidiary company is engaged in the carrying on of a light refreshment operation. The other shareholding interests in Network Sky are owned as to 25% indirectly by RHIHL, 25% indirectly by Mrs. Kitty Lo Lee Kit Tai, a director of the Company and RHIHL (until 18th August, 2004), through her associate (as defined in the Listing Rules) and 25% directly by a third party which is independent of, and not connected with the Company, the directors, chief executive and substantial shareholders of the Company and any of its subsidiary companies or any of their respective associates (as defined in the Listing Rules). The advances to Network Sky were provided by the Group in the form of shareholder's loans in proportion to the Company's shareholding interest in Network Sky, for the purpose of financing the working capital of Network Sky. The advances are unsecured, interest free and have no fixed term of repayment.

Smart Tactic Limited ("Smart Tactic"), a 30% owned associate of the Company, is engaged in carrying on business in sourcing, trading and distributing biometric security products primarily in the People's Republic of China. The remaining 70% shareholding interest in Smart Tactic is owned by a third party, which is independent of, and not connected with the Company, the directors, chief executive and substantial shareholders of the Company and any of its subsidiary companies or any of their respective associates (as defined in the Listing Rules). The advances to Smart Tactic were provided by the Group in the form of shareholder's loans in proportion to the Company's shareholding interest in Smart Tactic, for the purpose of funding the working capital requirements of Smart Tactic. The advances to Smart Tactic are unsecured, interest free and have no fixed term of repayment.

Calculated on the basis shown above, as at 30th June, 2004, the aggregate amount of financial assistance provided to and guarantees given for affiliated companies by the Group in the sum of HK\$4,134.9 million (based on the amount of bank loans outstanding of Chest Gain) represented 41.2% of the Paliburg TA.

A pro-forma combined balance sheet of the abovenamed affiliated companies and the Group's attributable interest in these affiliated companies are presented below:

	Pro-forma combined balance sheet (HK\$'million)	The Group's attributable interest (HK\$'million)
Non-current assets	1,049.9	530.2
Current assets	3,667.4	1,152.6
Current liabilities	(1,428.7)	(495.1)
Non-current liabilities	(7,097.2)	(2,373.6)
	<u> </u>	<u> </u>
Net liabilities	<u>(3,808.6)</u>	<u>(1,185.9)</u>

Loan agreements with covenants relating to specific performance obligation of the controlling shareholders (Rule 13.18 of Chapter 13)

The agreements for the following loans to the RHIHL Group impose specific performance obligations on the controlling shareholders of the Company and RHIHL:

		Outstanding Balance of Bank Facilities as at 30th June, 2004 (HK\$'million)	Final Maturity of Bank Facilities	Specific Performance Obligations
RHIHL Group	(a)	1,034.2	December 2012	Note (i)
	(b)	<u>3,323.8</u>	December 2006	Note (ii)
Total:		<u><u>4,358.0</u></u>		

Notes:

- (i) Mr. Lo Yuk Sui, the Chairman and the controlling shareholder of CCIHL which holds a 63.21% shareholding interest in the Company (which in turn holds a 45.0% shareholding interest in RHIHL), and/or members of his immediate family or a trust or trusts under which they are beneficially interested (collectively, "Mr. Lo") shall not cease to maintain controlling interest (directly or indirectly) in respect of the shareholding (as defined under the Listing Rules) and management control of RHIHL.
- (ii) Mr. Lo shall not cease to maintain controlling interest (whether directly or indirectly) in RHIHL.