



Vision into Action

CHEUNG KONG (HOLDINGS) LIMITED

Interim Report 2000

CHEUNG KONG (HOLDINGS) LIMITED
NOTICE OF PAYMENT
OF INTERIM DIVIDEND, 2000

The Board of Directors of Cheung Kong (Holdings) Limited announces that the Group's unaudited consolidated net profit after tax for the six months ended 30th June, 2000 amounted to HK\$17,395 million which represents earnings of HK\$7.57 per share. The Directors have resolved to pay an interim dividend for 2000 of HK\$0.38 per share to shareholders whose names appear on the Register of Members of the Company on 19th October, 2000. The dividend will be paid on 20th October, 2000.

The Register of Members of the Company will be closed from Thursday, 12th October, 2000 to Thursday, 19th October, 2000, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's Registrars, Central Registration Hong Kong Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Wednesday, 11th October, 2000.

By Order of the Board
Eirene Yeung
Company Secretary

Hong Kong, 24th August, 2000

CHEUNG KONG (HOLDINGS) LIMITED

INTERIM REPORT FOR 2000

PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited consolidated net profit after tax for the first half of 2000 amounted to HK\$17,395 million. Earnings per share were HK\$7.57, representing an increase of 254% as compared to the same period last year. The unaudited consolidated profit and loss account for the six months ended 30th June, 2000 and the comparisons with the same period last year are set out in the accompanying table.

INTERIM DIVIDEND

The Directors have decided to pay an interim dividend for 2000 of HK\$0.38 per share (HK\$0.33 per share in 1999) to shareholders whose names appear on the Register of Members of the Company on 19th October, 2000. The dividend shows an increase of 15% over that of last year, and will be paid on 20th October, 2000.

BUSINESS REVIEW

1. Projects Completed in the First Half Year of 2000:

Name	Location	Total Gross Floor Area	Group's Interest
		(sq. m.)	
Manhattan Heights	Marine Lot No. 245 s.E, R.P., s.B R.P., s.B ss. 1 R.P., s.B ss. 2 and s.B ss. 1 s.A	29,820	44.8%
Peninsula Heights	New Kowloon Inland Lot No. 5104	21,300	50%
Costa del Sol Laguna Verde	Kowloon Inland Lot No. 11056	95,421	Joint Venture
Monte Vista	Sha Tin Town Lot No. 446	129,125	50%
Sheffield Villas	Lot No. 4295 in D.D. 124 Yuen Long	4,032	50%

2. Projects Scheduled for Completion during the Second Half Year:

Name	Location	Total Gross Floor Area	Group's Interest
		(sq. m.)	
Shopping Arcade Laguna Verde	Kowloon Inland Lot No. 11056	25,338	Joint Venture
University Court	Section A of New Kowloon Inland Lot No. 2491	4,072	100%
No. 1 Star Street	Section A of Inland Lot No. 2837	9,320	100%

3. New Acquisitions and Joint Developments and Other Major Events:

- (1) In January 2000, the Group, Hutchison Whampoa Limited, The Hongkong and Shanghai Banking Corporation Limited and Hang Seng Bank Limited announced the formation of a joint venture called iBusinessCorporation.com to facilitate e-commerce businesses on the Internet.
- (2) In February 2000, a joint venture company equally owned by the Group and Hutchison Whampoa Limited acquired two properties in Cairnhill Circle, Singapore to be redeveloped together for residential purposes. The site area is approximately 14,600 sq. m. and the total gross floor area is about 40,870 sq. m. Completion is scheduled for 2003.
- (3) In May 2000, an associated company which is 50% owned by the Group successfully bid for New Kowloon Inland Lot No. 6275, West Kowloon Reclamation Area at a Government auction. With an area of approximately 16,000 sq. m., the site is earmarked for a residential/commercial complex estimated to have a total developable gross floor area of about 134,900 sq. m. Completion is scheduled for 2003.

- (4) In May 2000, the Company entered into an agreement with Mr. Li Ka-shing to acquire from him his 52% interest in the property development known as Costa del Sol in Singapore at a total consideration of about HK\$1,484 million. The transaction was approved by shareholders at the Extraordinary General Meeting of the Company on 14th June, 2000 and was completed on 19th June, 2000. The consideration was satisfied by the issue of a total of 18,608,098 shares of the Company at a price of HK\$79.75 per share. Together with the 24% interest originally held by the Company in the project, the Company now holds a total of 76% interest in the project.
- (5) In June 2000, the Group completed the agreement with the owner to purchase the Tiger Balm Garden, Tai Hang. The site area of Inland Lot No. 5330 RP and the Extension thereto and Inland Lot No. 3564 and the Extensions thereto is about 8,600 sq. m. Lease modification is in progress.
- (6) In August 2000, the Group obtained approval from the Town Planning Board for a planning application for various lots in DD11, Fung Yuen, Tai Po for a residential development. Total developable gross floor area for Phase I development is approximately 80,000 sq. m. Further design and planning are underway. Preparation for land exchange is also in progress.
- (7) Approvals from the Town Planning Board were obtained for the Group's planning applications for various lots in DD110, Shek Kong and various lots in DD106, Yuen Kong. Both for residential purposes, the two sites have an area of about 26,000 sq. m. and 18,000 sq. m. respectively. Lease modification is in progress for the sites.
- (8) During the period under review, the Group continued its policy of acquiring agricultural land with potential for development. Some of these sites are under varying stages of design and planning applications.
- (9) The Group's property projects in the Mainland have been progressing on schedule, with satisfactory results both for sale and leasing.

4. Major Associated Company:

The associated Hutchison Whampoa Group recorded net profits after tax for the half year ended 30th June, 2000 of HK\$31,126 million, representing an increase of 326% as compared to HK\$7,313 million for the same period in 1999.

PROSPECTS

Hong Kong witnessed an encouraging growth in GDP during the first half of 2000. Escalating exports, improving internal demand and a reducing unemployment rate have kept its steady economic recovery on track, paving the way for a healthy economic transformation.

The local property market has stabilised in recent months following more than one year of consolidation in residential prices. The market outlook remains positive given a reasonable supply of land, stronger economic growth, and increasing employment. An improved supply-and-demand equilibrium is fundamental in supporting a healthier market that is less prone to volatility.

The Group always strives to strengthen its well established position in the property market with a major focus on developing large-scale projects that blend quality materials, sophisticated facilities and value added services. In line with this strategy, the Group is active in seizing suitable opportunities through channels such as direct land purchase and premium negotiations to acquire sizeable prime sites for future development. With its rich cash flow and strong financial strength, the Group is well placed to expand its land bank enhancing further its solid foundation for future growth.

Both the occupancy rate and rentals for grade-A commercial buildings such as The Center, one of the Group's flagship properties, have enjoyed satisfactory growth during the period, primarily fueled by increasing demand for office space from the high-technology sector. The Group will see a significant rise in its rental floor areas and further strengthening of its solid base of recurrent earnings as it continues to expand its quality portfolio of rental properties.

The Group is dedicated to expanding its market globally while further reinforcing its property business in Hong Kong. Selective investments are being explored and made in the Mainland and abroad to tap the potential of the property markets in those areas.

The recent restructuring of local Internet companies is positive as it helps to rationalise the information technology business and facilitates healthier development. Good progress has been made by the Group's new technology businesses. The Group will continue to foster its expansion through strategic alliances with promising partners both locally and globally in order to seize the investment opportunities arising from the information revolution. We are optimistic about the prospects for our businesses in the new technology arena.

Despite a major correction in the property market, the Group's profitability is ensured primarily based on the diversified and steady streams of profit contribution from the associated Hutchison Whampoa Group. Overseas businesses of the Hutchison Whampoa Group reported continuing good results with solid returns laying a strong platform for global expansion. A string of promising overseas investments were added during the period, reflecting again the focus of the Hutchison Whampoa Group on expanding its hi-tech investments and other core businesses around the globe, and demonstrating its traditional discipline of seizing growth opportunities while maintaining stability. Complementing its quality portfolio of local and overseas businesses, these investments will support the future growth of the Group and drive it towards new dimensions of development.

Hong Kong is expected to maintain the momentum for a strong economic recovery in the second half of 2000. China's impending admission to WTO and Hong Kong's ongoing technological development will present tremendous business opportunities for the local market. The Group is well poised to capture these opportunities for further investments in all areas, and is confident that both Hong Kong and the Mainland can look forward to a more promising economic future.

In the face of intensifying competition from market globalisation, the Group's focus on diversification and global expansion will be the cornerstone sustaining the competitive edge for its solid growth. With its innovative business strategies, prudent financial management and well established reputation, the Group will continue to enhance its existing core businesses, while capitalising on the synergies produced by various businesses in different arenas and geographical locations. I am fully confident about the medium and long term prospects for the Cheung Kong Group.

I take this opportunity to extend my thanks to our colleagues on the Board and the staff members of the Group for their hard work, loyal service and continuing support during the period.

Li Ka-shing
Chairman

Hong Kong, 24th August, 2000

Consolidated Profit and Loss Account

For the six months ended 30th June, 2000

	Note	Six months ended	
		30/6/2000 HK\$ Million	30/6/1999 HK\$ Million
Turnover	(1)		
Group activities		4,550	773
Share of property sales of jointly controlled entities		<u>2,890</u>	<u>3,325</u>
		<u>7,440</u>	<u>4,098</u>
Group profit		1,884	402
Share of results of jointly controlled entities		<u>59</u>	<u>982</u>
Operating profit		1,943	1,384
Share of results of associates	(2)	<u>15,967</u>	<u>3,894</u>
Profit before taxation		17,910	5,278
Taxation	(3)	<u>(575)</u>	<u>(360)</u>
Profit after taxation		17,335	4,918
Minority interests		<u>60</u>	<u>2</u>
Profit attributable to shareholders		17,395	4,920
Interim dividend		<u>(880)</u>	<u>(758)</u>
Profit for the period retained		<u>16,515</u>	<u>4,162</u>
Earnings per share	(4)	HK\$7.57	HK\$2.14
Dividends per share		HK\$0.38	HK\$0.33

Notes:

(1) Turnover

Turnover of jointly controlled entities (save for proceeds from property sales shared by the Group) and turnover of listed and unlisted associates are not included.

(2) Share of results of associates

The share of results of associates for the period included the Group's share of profit of HK\$24,985 million arising from disposal of the shareholding in Mannesmann AG by Hutchison Whampoa Limited and the Group's share of a provision of HK\$14,991 million for the overseas investments made by Hutchison Whampoa Limited.

(3) Taxation

	2000 HK\$ Million	1999 HK\$ Million
Company and subsidiaries		
Hong Kong profits tax	215	11
Overseas tax	(7)	–
Jointly controlled entities		
Hong Kong profits tax	13	130
Overseas tax	11	13
Associates		
Hong Kong profits tax	172	136
Overseas tax	171	70
	<u>575</u>	<u>360</u>

Hong Kong profits tax is provided for at the rate of 16% (1999 – 16%) on the estimated assessable profits for the period. Overseas taxation is provided for at the applicable local rates on the estimated assessable profits of the individual company concerned.

(4) Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders and on the weighted average of 2,298,783,148 shares (1999 – 2,297,556,240 shares) in issue during the period.

DIRECTORS' INTERESTS

As at 30th June, 2000, the interests of the Directors in the shares or debentures of the Company and its associated corporations as required to be recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”) were as follows:

(a) Interests in the Company

Name of Director	Number of Ordinary Shares				Total
	Personal Interest	Family Interest	Corporate Interest	Other Interest	
Li Ka-shing	–	–	62,741,098 (Note 1)	771,705,406 (Note 2)	834,446,504
Li Tzar Kuoi, Victor	220,000	–	500,000	771,705,406 (Note 2)	772,425,406
George Colin Magnus	56,000	10,000	–	150,000 (Note 4)	216,000
Kam Hing Lam	10,000	–	–	–	10,000
Hung Siu-lin, Katherine	20,000	–	–	–	20,000
Leung Siu Hon	628,100	64,500	–	–	692,600
Yeh Yuan Chang, Anthony	–	384,000	–	–	384,000
Chow Kun Chee, Roland	65,600	–	–	–	65,600

(b) Interests in Associated Corporations
Hutchison Whampoa Limited

Name of Director	Number of Ordinary Shares				Total
	Personal Interest	Family Interest	Corporate Interest	Other Interest	
Li Ka-shing	–	–	–	2,139,002,773 (Note 3)	2,139,002,773
Li Tzar Kuoi, Victor	–	–	971,000	2,139,002,773 (Note 3)	2,139,973,773
George Colin Magnus	880,000	9,900	–	–	889,900
Leung Siu Hon	11,000	28,600	–	–	39,600
Fok Kin-ning, Canning	962,597	–	38,500 (Note 6)	–	1,001,097
Chow Nin Mow, Albert	97	–	–	–	97
Chow Kun Chee, Roland	49,931	–	–	–	49,931
Simon Murray	16,000	–	–	–	16,000

Cheung Kong Infrastructure Holdings Limited

Name of Director	Number of Ordinary Shares				Total
	Personal Interest	Family Interest	Corporate Interest	Other Interest	
Li Ka-shing	–	–	–	1,912,109,945 (Note 5)	1,912,109,945
Li Tzar Kuoi, Victor	–	–	–	1,912,109,945 (Note 5)	1,912,109,945
Kam Hing Lam	100,000	–	–	–	100,000

Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, by virtue of their interests in the share capital of the Company as described in Note 2 and as Directors of the Company are deemed to be interested in the shares of the subsidiaries and associated companies of the Company held through the Company under the provisions of the SDI Ordinance.

Also by virtue of their interests as discretionary beneficiaries of certain discretionary trusts as described in Note 2 and as Directors of the Company, Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, are deemed to be interested in the shares of the following subsidiaries and associated companies of the Company held by Li Ka-Shing Unity Trustee Company Limited (and companies it controls) as trustee of The Li Ka-Shing Unity Trust:

Subsidiary	Number of Ordinary Shares
Beautiland Company Limited	15,000,000
Jabrin Limited	2,000
Kobert Limited	75
Tsing-Yi Realty, Limited	945,000

Associated Company	Number of Ordinary Shares
Believewell Limited	1,000
Queboton Limited	1,000

In addition, Mr. Li Ka-shing is deemed to be interested in 3 shares of Tosbo Limited, a subsidiary of the Company, and 2 shares of Rasam Limited, an associated company of the Company, by virtue of his interest through his private companies.

Notes:

1. Such shares are held by certain companies in which Mr. Li Ka-shing is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
2. The two references to 771,705,406 shares relate to the same block of shares in the Company. Such shares are held by Li Ka-Shing Unity Trustee Company Limited (“TUT”) as trustee of The Li Ka-Shing Unity Trust (the “LKS Unity Trust”) and by companies controlled by TUT as trustee of the LKS Unity Trust. All issued and outstanding units in the LKS Unity Trust are held by Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and by another discretionary trust. The discretionary beneficiaries of such discretionary trusts are, inter alia, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, his wife and two daughters, and Mr. Li Tzar Kai, Richard.

More than one-third of the issued share capital of TUT and of the trustees of the aforementioned discretionary trusts are owned by Li Ka-Shing Unity Holdings Limited. Mr. Li Ka-shing owns more than one-third of the issued share capital of Li Ka-Shing Unity Holdings Limited and accordingly is taken to be interested in the 771,705,406 shares in the Company under the SDI Ordinance.

3. The two references to 2,139,002,773 shares in Hutchison Whampoa Limited (“HWL”) relate to the same block of shares comprising:
 - (a) 2,130,202,773 shares held by certain subsidiaries of the Company. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors of the Company, are deemed to be interested in such shares by virtue of their interests in the shares of the Company as described in Note 2 as, inter alia, discretionary beneficiaries of certain discretionary trusts. The discretionary beneficiaries of such discretionary trusts are, inter alia, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, his wife and two daughters, and Mr. Li Tzar Kai, Richard; and
 - (b) 8,800,000 shares held by a unit trust. All issued and outstanding units of such unit trust are held by discretionary trusts. The discretionary beneficiaries of such discretionary trusts are, inter alia, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, his wife and two daughters, and Mr. Li Tzar Kai, Richard.

More than one-third of the issued share capital of the trustees of the aforementioned unit trust and discretionary trusts are owned by Li Ka-Shing Castle Holdings Limited in which Mr. Li Ka-shing owns more than one-third of its issued share capital and accordingly, Mr. Li Ka-shing is taken to be interested in the 8,800,000 shares in HWL under the SDI Ordinance.

4. Such interests in the shares are held by a company controlled by a trust under which Mr. George Colin Magnus is a discretionary beneficiary.

5. The two references to 1,912,109,945 shares in Cheung Kong Infrastructure Holdings Limited (“CKI”) relate to the same block of shares comprising:
 - (a) 1,906,681,945 shares held by a subsidiary of HWL. Certain subsidiaries of the Company hold more than one-third of the issued share capital of HWL. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor by virtue of their deemed interest in the shares of the Company as discretionary beneficiaries of certain discretionary trusts as described in Note 2 above, are deemed to be interested in such shares of CKI held by the subsidiary of HWL.
 - (b) 3,603,000 shares held by Pennywise Investments Limited (“Pennywise”) and 1,825,000 shares held by Triumphant Investments Limited (“Triumphant”). Pennywise and Triumphant are companies controlled by TUT as trustee of the LKS Unity Trust. Mr. Li Tzar Kuoi, Victor is deemed to be interested in such shares of CKI held by Pennywise and Triumphant by virtue of his interests as discretionary beneficiary of certain discretionary trusts as described in Note 2 above and as a Director of CKI. Mr. Li Ka-shing is deemed to be interested in such shares of CKI held by Pennywise and Triumphant by virtue of his deemed interest in TUT and the trustees of those discretionary trusts as described in Note 2 above.
6. These shares are held by a company which is equally owned by Mr. Fok Kin-ning, Canning and his wife.

As at 30th June, 2000, Mr. Li Tzar Kuoi, Victor had a corporate interest in a notional amount of HK\$25,000,000 in the 8.15% Notes due 2002 and a notional amount of HK\$24,000,000 in the 7.50% Notes due 2003 both issued by Cheung Kong Finance Cayman Limited. Such interests are held through a company in which he is entitled to control one-third or more of the voting rights at its general meetings. Further, Mr. Li Tzar Kuoi, Victor’s wife had a notional amount of HK\$40,000,000 in the 7.50% Notes due 2003 issued by Cheung Kong Finance Cayman Limited.

As at 30th June, 2000, Mr. Fok Kin-ning, Canning had a personal interest in 100,000 ordinary shares in Hutchison Telecommunications (Australia) Limited, and a corporate interest in a notional amount of US\$11,000,000 in the 6.95% Notes due 2007 issued by Hutchison Whampoa Finance (CI) Limited. Such interests in the Notes are held through a company which is equally owned by him and his wife.

Certain Directors held qualifying shares in certain subsidiaries in trust for the Company and other subsidiaries.

Apart from the above, as at 30th June, 2000 there was no other interest or right recorded in the register required to be kept under Section 29 of the SDI Ordinance.

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2000, the register required to be kept under Section 16(1) of the SDI Ordinance showed that, in addition to the interests disclosed above in respect of the Directors, the Company has been notified by Li Ka-Shing Unity Holdings Limited, Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust that each of them is taken to have an interest under the SDI Ordinance in the same 771,705,406 shares of the Company as described in Note 2 above.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30th June, 2000. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during this period.

CODE OF BEST PRACTICE

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by this interim report, in compliance with Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.