



Cheung Kong (Holdings) Limited
長江實業(集團)有限公司



**Innovative Value Creation
on Solid Foundations**

INTERIM REPORT 2002

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Maintain our established position in the property sector with strengthened property portfolios for sale and investment.

Successful listing of CK Life Sciences provides a solid base for its continuing growth.

Hutchison Whampoa extends further its global network with core businesses continuing to expand worldwide.

Seize every opportunity for new ventures in pursuit of diversification and globalisation.

Notice of Payment of Interim Dividend, 2002

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, 2002 amounted to HK\$3,916 million which represents earnings of HK\$1.69 per share. The Directors have declared an interim dividend for 2002 of HK\$0.38 per share to shareholders whose names appear on the Register of Members of the Company on 17th October, 2002. The dividend will be paid on 18th October, 2002.

The Register of Members of the Company will be closed from Thursday, 10th October, 2002 to Thursday, 17th October, 2002, 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, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Wednesday, 9th October, 2002.

By Order of the Board
Eirene Yeung
Company Secretary

Hong Kong, 22nd August, 2002

Chairman's Statement

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PROFIT FOR THE FIRST HALF YEAR ●

The Group's unaudited consolidated net profit after tax for the first half of 2002 amounted to HK\$3,916 million. Earnings per share were HK\$1.69.

INTERIM DIVIDEND ●

The Directors have declared an interim dividend for 2002 of HK\$0.38 per share (HK\$0.38 per share in 2001) to shareholders whose names appear on the Register of Members of the Company on 17th October, 2002. The dividend will be paid on 18th October, 2002.

PROSPECTS ●

The global economy continued to be volatile during the first half of 2002, when investor confidence was weakened following a host of corporate accounting issues in the United States. In Hong Kong, problems of deflation and unemployment have continued, and the economic adjustment was aggravated by the impacts of external economic volatility and intensified global competition. Despite these difficulties, solid progress was reported for the Group's businesses in Hong Kong, the Mainland and overseas:

1. Property Businesses

All the Group's existing projects would be profitable at the current market value for local properties. Demand for properties remains solid in Hong Kong as reflected by the increased property transactions witnessed in the first six months of this year. The overall property market should improve further when the underlying liquidity and purchasing power is released as the result of a revival of confidence.

The Group is steadfast in maintaining its established and competitive position in the property sector. Contemporary and customised property projects boasting innovative designs, hi-tech facilities and value-added services are being developed to improve the quality of life for flat buyers.

The Group expanded its substantial landbank further during the period, either by way of land acquisition, premium negotiation or other land addition means. Its existing landbank, in terms of the total developable gross floor area, is sufficient for the development of a variety of quality projects over the next four or five years.

The Group will continue to strengthen its quality portfolio of investment properties both in Hong Kong and the Mainland. In addition to many top-grade commercial buildings, shopping arcades and hotels, part of the Group's quality residential projects will also be added to its rental portfolio. The visible expansion of its rental floor area will help provide a stronger recurrent earnings base for the Group, and rental income for the next few years is expected to increase significantly.

The Group's forays into the property markets of the United Kingdom, Singapore and the Mainland have been progressing well. Its ventures in the Mainland also illustrate the Group's success. With various quality projects scheduled to come on stream, the Group's property investments in the Mainland market are set to enter a harvesting stage after years of well-planned development.

Chairman's Statement *(continued)*

2. Biotech and New Tech Ventures

CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences") is currently in a stronger financial position following its successful listing on the Growth Enterprise Market of the Hong Kong Stock Exchange in July. More professional talent will be recruited both locally and overseas to establish a stronger base for its continuing growth.

Sales of CK Life Sciences' first product – environmentally friendly eco-fertiliser – have commenced in a number of countries around the globe. Turnover of CK Life Sciences is expected to increase markedly given that patent approvals for and marketing of the many other products are presently in the pipeline, and its production and distribution network overseas will be expanded further. The prospects for CK Life Sciences look promising. Biotechnology companies generally take more than a few years to become profitable. In CK Life Sciences' case, with its skilled scientific talent, extensive and valuable intellectual property and market-oriented business approach, it is envisaged that CK Life Sciences will achieve profitability faster than the industry norm and beyond expected levels. The Group has full confidence in the development of CK Life Sciences.

Other new tech businesses of the Group with long-term profitability and value creating potential also reported significant and substantive progress during the period. Some of them are anticipated to mature in the near future. The Group will continue its pursuit of suitable new tech investments in the new economy era in order to create better returns for its shareholders.

3. Hutchison Whampoa Group

Satisfactory growth was recorded for all of the core businesses of the Hutchison Whampoa Group during the period, particularly as the result of the expansion of its overseas businesses, with the exception of Husky Oil and listed investments. The Hutchison Whampoa Group is expanding its businesses and markets according to schedule, and the good progress made and the encouraging results experienced in these operations will provide further impetus to its continuing development and revenue growth. The 3G mobile services being actively developed by the Hutchison Whampoa Group are progressing as planned, and its value creating potential will be brought into full play progressively to generate better returns for the shareholders.

The Group's financial position continues to be strong. With its strong cash reserves and financial resources, the Group will continue its ongoing diversification and globalisation initiatives on the back of its market responsiveness combined with innovative but prudent business strategies. These enviable advantages will put the Group in a more favourable position to compete in the international market.

The Group always positions itself to seize suitable investments in Hong Kong. However, more investment opportunities outside of Hong Kong are anticipated in the near term. The Mainland will provide a more favourable environment for further investment and expansion as its legal and business frameworks get increasingly regulated and conform to the international standards following China's admission to the World Trade Organisation. The Group will continue its overseas expansion, particularly underpinned by the strategic investments in the Hutchison Whampoa Group.

Chairman's Statement *(continued)*

Global economic volatility is expected to continue into the second half of 2002. Backed by its solid economic fundamentals, Hong Kong will be able to weather this difficult period if it can strengthen its unique advantages and capitalise on the tremendous business opportunities arising from China's admission to the World Trade Organisation. The prospects for Hong Kong's long-term development remain optimistic.

The Cheung Kong Group will continue to be based in Hong Kong while actively pursuing global expansion, and it will strive to extend its diversified portfolio of quality businesses both locally and globally. With its mission to maximise shareholder value, the Group will continue to seize new growth opportunities and attain new heights following its philosophy, "To advance while maintaining stability, and to maintain stability while advancing". I am fully confident in the prospects for the Group.

Our excellent management team and diligent employees worldwide are a significant intangible asset of the Group and a major force supporting its solid growth. 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, 22nd August, 2002

Management Discussion and Analysis

BUSINESS REVIEW ●

Major Business Activities

1. Developments completed in the First Half Year of 2002:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Horizon Suite Hotel	Sha Tin Town Lot No. 461	56,000	51%
Nob Hill	Kwai Chung Town Lot No. 474	52,040	50%
Oriental Plaza Phase III Office Building and Serviced Apartments	No. 1 East Chang An Ave. Dong Cheng District Beijing	83,000	33.3775%
Horizon Cove Phase 1	Zhuhai	17,300	50%
Laguna Verona Phases 1.3 and 1.4 - Stage 2	Dongguan	14,500	47%
Royal Garden Block 1, Phase 1A	San Fang Qi Xiang Fuzhou	26,600	89%
Seasons Villas Phase 5	Pudong Huamu, Shanghai	14,600	50%
Sheraton Shenyang Lido Hotel Phase 1	Shenyang	41,480	70%

Management Discussion and Analysis *(continued)***2. Developments scheduled for completion during the Second Half Year of 2002:**

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
The Metropolis Suites Towers 1 and 2	Kowloon Inland Lot No. 11077	35,030	Joint Venture
The Victoria Towers	The Remaining Portion of Kowloon Inland Lot No. 11086	96,530	42.5%
Caribbean Coast Blocks 1-5	Tung Chung Town Lot No. 5	121,400	Joint Venture
Queen's Terrace	Inland Lot No. 8897	60,970	Joint Venture
Horizon Cove Phase 2	Zhuhai	100,300	50%
Huasi Lu, Site 2 Phase 1A	Pudong Huasi Lu Shanghai	14,100	31%
Laguna Verona Phases 1.3 and 1.4 - Stages 1, 3, 4 and 5	Dongguan	38,900	47%
Le Parc (Huangpu Yayuan) Phases 2 and 3	Futian, Shenzhen	207,100	50%
Pacific Plaza Phase 2	Qingdao	24,100	15%
Seasons Villas Phases 4A and 6B	Pudong Huamu Shanghai	2,310	50%

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Walton Plaza Phases 2 and 3	Xuhui, Shanghai	8,620	50%
Sheraton Shenyang Lido Hotel Phase 2	Shenyang	21,700	70%

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

- (1) In May 2002, a modification letter was executed by an associated company in which the Group has a 30% interest with the Government in relation to the lease modification of Tsing Yi Town Lot No. 140, Tsing Yi for construction of serviced apartments and a hotel. The site area is approximately 24,900 sq. m. and the total developable gross floor area is about 155,200 sq. m.
- (2) In May 2002, an associated company in which the Group has a 50% interest was awarded the tender for the hotel, shopping arcade and office towers of The Metropolis at Hung Hom. The hotel has commenced operations in June 2002.
- (3) In June 2002, the Group executed the land grant with the Government in respect of Kwai Chung Town Lot No. 467, 29-51 Wo Yi Hop Road, Kwai Chung. The site has an area of approximately 7,800 sq. m. and is planned for a composite development of serviced apartments and hotel which comprises a total developable gross floor area of about 74,300 sq. m.

Management Discussion and Analysis *(continued)*

- (4) In June 2002, the Group entered into a sale and purchase agreement for the acquisition of a 25% interest in each of two property holding companies which holds certain commercial units and car parking spaces at City One Shatin, Sha Tin and Waldorf Garden, Tuen Mun respectively. Such commercial units and car parking spaces are currently for lease.
- (5) In July 2002, a 98.47% owned subsidiary of the Group executed the land grant with the Government in respect of Tin Shui Wai Town Lot No. 24, Tin Shui Wai, Yuen Long. With an area of approximately 32,800 sq. m., the site is designated for a residential development with a total developable gross floor area of about 168,200 sq. m.
- (6) In July 2002, the spin-off and separate listing of the shares of the Group's subsidiary CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences") was successfully completed. The shares of CK Life Sciences were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited on 16th July, 2002 and CK Life Sciences has become the largest listed company on the GEM Board in terms of market capitalisation.
- (7) During the period under review, the Group continued to acquire agricultural land with potential for development. Some of these sites are under varying stages of design and planning applications.
- (8) The Group's property projects in the Mainland are on schedule, both for sale and leasing.

Property Sales

Turnover for property sales during the first half year, including share of property sales of jointly controlled entities, was HK\$2,464 million (2001 – HK\$2,047 million), an increase of HK\$417 million when compared to the same period last year. Contribution from property sales, including share of results of jointly controlled entities, was HK\$385 million (2001 – HK\$314 million), an increase of HK\$71 million when compared to the same period last year.

Turnover and contribution for the period mainly came from the sale of residential units at Laguna Grande and Ocean Vista of Laguna Verde, Harbourfront Landmark and Nob Hill in Hong Kong. Nob Hill was completed during the period and over 80% of the residential units were sold before the period end date.

Contribution from property sales for the second half year will mainly come from the sale of residential units at The Victoria Towers upon its completion and over two-thirds of the residential units of the project have been presold up to the period end date.

During the period, residential units of Banyan Garden Phase 1, Princeton Tower and Sky Tower in Hong Kong were also offered for presale and responses have been satisfactory. These projects will be completed in 2003 and 2004.

Management Discussion and Analysis *(continued)*

Property Rental

Turnover for property rental during the first half year was HK\$393 million (2001 – HK\$358 million), an increase of HK\$35 million when compared to the same period last year mainly as a result of accounting for the turnover of Kingswood Ginza, previously owned by a jointly controlled entity which became a subsidiary during the period.

Contribution from property rental, including share of results of jointly controlled entities and unlisted associates, was HK\$366 million (2001 – HK\$316 million), an increase of HK\$50 million when compared to the same period last year. During the period, three major investment properties of the Group, namely The Center, Kingswood Ginza and Ma On Shan Plaza, accounted for approximately 60% of the Group's turnover for property rental and the average occupancy rate for the three investment properties was over 80%.

The Group's investment property portfolio was further expanded in the first half year upon acquisition of the office towers and shopping arcade of The Metropolis at Hung Hom. The Group has a 50% interest in this investment property which will make a contribution in the second half year.

Hotels and Serviced Suites

Turnover for hotels and serviced suites during the first half year was HK\$163 million (2001 – HK\$131 million), an increase of HK\$32 million when compared to the same period last year mainly as a result of accounting for the turnover of Harbour Plaza Resort City, previously owned by a jointly controlled entity which became a subsidiary during the period.

Contribution from hotels and serviced suites, including share of results of jointly controlled entities and unlisted associates, was HK\$15 million (2001 – HK\$14 million). During the period, the Sheraton Shenyang Lido Hotel in the Mainland was soft opened and the Horizon Suite Hotel in Hong Kong was completed. Both hotels are expected to make a contribution in the second half year.

The Group's hotel and serviced suite portfolio was further expanded in the first half year upon acquisition of the Harbour Plaza Metropolis at Hung Hom. The Group has a 50% interest in this hotel which has just commenced operations.

Property and Project Management

Turnover for property and project management during the first half year was HK\$161 million (2001 – HK\$109 million). Contribution from property and project management, including share of results of jointly controlled entities and unlisted associates, was HK\$29 million (2001 – HK\$18 million). Increase in turnover and contribution during the period mainly arose from project management services.

While contribution from property management is not significant, the Group is committed to providing top quality services to properties under our management. The total area under the Group's property management is expected to grow steadily amid gradual completion of the Group's property projects in the coming years.

Management Discussion and Analysis *(continued)*

Major Associated Company

The associated Hutchison Whampoa Group recorded unaudited consolidated net profit after tax for the half year ended 30th June, 2002 of HK\$5,951 million.

The Hutchison Whampoa Group remained the major profit contributor to the Group, with all of its core business continuing to perform well in a very competitive world economic environment.

FINANCIAL REVIEW ●

Liquidity and Financing

During the period, the Group issued notes in the amount of HK\$550 million due 2005 and redeemed notes in the amount of HK\$1,250 million due February this year. At 30th June, 2002, outstanding bonds and notes issued by the Group amounted to HK\$8.2 billion.

Together with bank loans of HK\$15.1 billion, the Group's total borrowings at 30th June, 2002 were HK\$23.3 billion, a decrease of HK\$1.1 billion from last year end date, and the maturity profile spread over a period of eight years with HK\$3.3 billion repayable within one year, HK\$18.4 billion within two to five years and HK\$1.6 billion within six to eight years.

The Group continued to maintain a low gearing ratio, calculated on the basis of the Group's net borrowings (after deducting cash and bank balances of HK\$3 billion) over shareholders' funds, at 12.2% at the period end date.

With cash and marketable securities in hand as well as available banking facilities, the Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

Treasury Policies

The Group maintains a conservative approach on foreign exchange exposure management. The majority of the Group's borrowings, approximately 86% of the total at the period end date, was in HK\$ with the balance mainly in US\$. While the Group derives its revenue and maintains cash balances mainly in HK\$, it holds sufficient liquid investments denominated in US\$ to cover its exposure to fluctuations in foreign exchange rates.

The Group's borrowings are principally on a floating rate basis. For the fixed rate bonds and notes issued by the Group, interest rate swaps arrangements have been in place to convert the rates to floating rate basis. When appropriate and at times of interest rate uncertainty or volatility, hedging instruments including swaps and forwards are used in the Group's management of interest rate exposure.

Charges on Assets

At 30th June, 2002, certain assets of the Group with aggregate carrying value of HK\$1,051 million, with no significant change from last year end date, were pledged to secure loan facilities utilised by subsidiaries and affiliated companies.

Management Discussion and Analysis *(continued)*

Contingent Liabilities

At 30th June, 2002, the Group's contingent liabilities, with no significant change from last year end date, were as follows:

- (a) share of contingent liabilities of jointly controlled entities in respect of guaranteed return payments payable to the other party of a co-operative joint venture in the next 47 years amounted to HK\$4,582 million;
- (b) guarantees provided for bank loans utilised by jointly controlled entities and affiliated companies amounted to HK\$2,761 million and HK\$50 million respectively;
- (c) guarantee provided for the minimum revenue to be shared by the other party of a joint development project undertaken by a jointly controlled entity amounted to HK\$100 million.

Employees

The Group, including its subsidiaries but excluding associates, employed approximately 6,000 employees at the period end date. Employees' cost (excluding directors' emoluments) amounted to approximately HK\$540 million for the period. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system. The Group does not have any share option scheme for employees.

Disclosure of Interests

DIRECTORS' INTERESTS ●

As at 30th June, 2002, 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:

1. Interests in the Company

Name of Director	Number of Ordinary Shares				Total
	Personal Interest	Family Interest	Corporate Interest	Other Interest	
Li Ka-shing	–	–	66,143,306 (Note 1)	771,705,406 (Note 2)	837,848,712
Li Tzar Kuoi, Victor	220,000	–	579,000 (Note 4)	771,705,406 (Note 2)	772,504,406
George Colin Magnus	56,000	10,000	–	184,000 (Note 5)	250,000
Kam Hing Lam	10,000	–	–	–	10,000
Leung Siu Hon	635,500	64,500	–	–	700,000
Chow Kun Chee, Roland	65,600	–	–	–	65,600
Hung Siu-lin, Katherine	20,000	–	–	–	20,000
Yeh Yuan Chang, Anthony	–	384,000	–	–	384,000

Disclosure of Interests (continued)**2. 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	–	–	–	2,140,672,773 (Note 3)	2,140,672,773
Li Tzar Kuoi, Victor	–	–	1,086,770 (Note 4)	2,140,672,773 (Note 3)	2,141,759,543
George Colin Magnus	950,100	9,900	–	–	960,000
Kam Hing Lam	60,000	–	–	–	60,000
Leung Siu Hon	11,000	28,600	–	–	39,600
Fok Kin-ning, Canning	–	–	1,260,875 (Note 7)	–	1,260,875
Frank John Sixt	50,000	–	–	–	50,000
Chow Kun Chee, Roland	49,931	–	–	–	49,931
Hung Siu-lin, Katherine	34,000	–	–	–	34,000
Yeh Yuan Chang, Anthony	–	100,000	–	–	100,000
Chow Nin Mow, Albert	97	–	–	–	97
Simon Murray	25,000	–	–	17,000 (Note 8)	42,000

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 6)	1,912,109,945
Li Tzar Kuoi, Victor	–	–	–	1,912,109,945 (Note 6)	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 securities 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 company 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

As at 30th June, 2002, Mr. Li Ka-shing is also deemed to be interested in 25,804 shares of CK Life Sciences Int'l., (Holdings) Inc. and 4 shares of Tosbo Limited, both subsidiaries of the Company, by virtue of his interest through his private companies.

Disclosure of Interests *(continued)*

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 2,140,672,773 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) 10,470,000 shares held by a unit trust and company controlled by such 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 10,470,000 shares in HWL under the SDI Ordinance.

- (4) Such shares are held by certain companies in which Mr. Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
- (5) Such interests in the shares are held by a company controlled by a trust under which Mr. George Colin Magnus is a discretionary beneficiary.
- (6) 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.
- (7) These shares are held by a company which is equally owned by Mr. Fok Kin-ning, Canning and his wife.
- (8) Such interests are held by an offshore family trust fund under which Mr. Simon Murray is a discretionary beneficiary.

Disclosure of Interests *(continued)*

As at 30th June, 2002, Mr. Li Tzar Kuoi, Victor had a corporate interest in a notional amount of US\$5,000,000 in the 7% Notes due 2011 issued by Hutchison Whampoa International (01/11) Limited. Such Notes are held through a company in which he is entitled to control one-third or more of the voting rights at its general meetings.

As at 30th June, 2002, Mr. Fok Kin-ning, Canning had a personal interest in 100,000 ordinary shares in Hutchison Telecommunications (Australia) Limited, and corporate interests in (a) 5,000,000 ordinary shares in Hutchison Harbour Ring Limited, (b) 1,000,000 ordinary shares in Hutchison Telecommunications (Australia) Limited and (c) a notional amount of US\$32,500,000 in the 7% Notes due 2011 issued by Hutchison Whampoa International (01/11) Limited. Such corporate interests 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, 2002 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, 2002, 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.

Other Information

AUDIT COMMITTEE ●

The Group's interim report for the six months ended 30th June, 2002 was reviewed by the Audit Committee ("Committee"). Regular meetings have been held by the Committee since its establishment and it meets at least twice each year.

PURCHASE, SALE OR REDEMPTION OF SHARES ●

The Company has not redeemed any of its shares during the six months ended 30th June, 2002. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CODE OF BEST PRACTICE ●

None of the Directors is aware of any 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.

Interim Financial Statements

Consolidated Profit and Loss Account

For the six months ended 30th June, 2002

	Note	(Unaudited)	
		Six months ended 30th June 2002 HK\$ Million	2001 (Restated) HK\$ Million
Turnover	(2)	3,181	2,645
Group turnover		1,309	1,259
Investment and other income		773	612
Operating costs			
Property and related costs		(493)	(706)
Salaries and related expenses		(350)	(328)
Interest expenses		(318)	(342)
Other expenses		(147)	(167)
		(1,308)	(1,543)
Share of results of jointly controlled entities		214	335
Operating profit		988	663
Share of results of associates	(3)	3,464	4,110
Profit before taxation	(4)	4,452	4,773
Taxation	(5)	(547)	(563)
Profit after taxation		3,905	4,210
Minority interests		11	(5)
Profit attributable to shareholders		3,916	4,205
Dividends			
Interim dividend of HK\$0.38 (2001 - HK\$0.38) per share		880	880
Earnings per share	(6)	HK\$1.69	HK\$1.82

Consolidated Balance Sheet

As at 30th June, 2002

	(Unaudited) 30/6/2002 HK\$ Million	(Audited) 31/12/2001 (Restated) HK\$ Million
Non-current assets		
Fixed assets	20,024	14,841
Associates	121,665	121,736
Jointly controlled entities	25,904	29,407
Investments in securities	4,467	4,364
Long term loans	453	465
	172,513	170,813
Current assets		
Investments in securities	1,043	790
Stock of properties	19,580	21,889
Debtors, deposits and prepayments	1,358	1,443
Bank balances and deposits	2,978	1,575
	24,959	25,697
Current liabilities		
Bank and other loans	3,318	5,653
Creditors and accruals	2,294	1,523
Provision for taxation	566	542
Net current assets	18,781	17,979
Total assets less current liabilities	191,294	188,792
Non-current liabilities		
Bank and other loans	19,938	18,728
Deferred taxation	7	3
	19,945	18,731
Minority interests	4,877	4,686
Total net assets	166,472	165,375
Representing:		
Share capital	1,158	1,158
Share premium	9,331	9,331
Reserves	2,070	2,063
Retained profits	153,033	149,997
Dividend		
Interim dividend for 2002	880	-
Final dividend for 2001	-	2,826
Total shareholders' funds	166,472	165,375

Interim Financial Statements (continued)

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2002

	(Unaudited)	
	Six months ended 30th June 2002 HK\$ Million	2001 HK\$ Million
Total shareholders' funds at 1st January, as previously reported	165,473	162,144
Prior year adjustment (note 1)	(98)	(44)
Total shareholders' funds at 1st January, as restated	165,375	162,100
Exchange gains on translation of financial statements of subsidiaries, jointly controlled entities and associates	7	30
Net profit for the period	3,916	4,205
Final dividend paid	(2,826)	(2,826)
Total shareholders' funds at 30th June	166,472	163,509

Condensed Consolidated Cash Flow Statement

For the six months ended 30th June, 2002

	(Unaudited)	
	Six months ended 30th June 2002 HK\$ Million	2001 HK\$ Million
Net cash from operating activities	3,308	1,219
Net cash used in investing activities	(492)	(2,574)
Net cash (used in)/from financing activities	(1,413)	611
Net increase/(decrease) in cash and cash equivalents	1,403	(744)
Cash and cash equivalents at 1st January	1,575	2,429
Cash and cash equivalents at 30th June	2,978	1,685

Notes to Interim Financial Statements

(1) Basis of preparation

The interim financial statements have been prepared in accordance with Statements of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting” in Hong Kong. Save for changes described below due to adoption of revised SSAPs which became effective during the period, the interim financial statements have been prepared based on the same principal accounting policies as those set out in the annual report 2001.

In accordance with SSAP 1 (revised) “Presentation of Financial Statements”, the preparation of statement of recognised gains and losses is not required and the statement of changes in equity is prepared.

In accordance with SSAP 15 (revised) “Cash Flow Statements”, the preparation of cash flow statement is modified as required.

Prior year adjustment represents the Group’s share of a prior year adjustment of Hutchison Whampoa Limited as a result of its share of a prior year adjustment of its associate, Husky Energy Inc., which has adopted the recommendations of the Canadian Institute of Chartered Accountants on Foreign Currency Translation. As a result, the profit attributable to shareholders for the six months ended 30th June, 2001 was reduced by HK\$7 million and retained profits at 1st January, 2001 and 2002 were reduced by HK\$44 million and HK\$98 million respectively.

Certain comparative figures have been restated to conform with the current period’s presentation.

Interim Financial Statements *(continued)*

(2) Turnover and contribution

Turnover of the Group by operating activities for the period are as follows:

	Six months ended 30th June	
	2002 HK\$ Million	2001 HK\$ Million
Property sales	592	661
Property rental	393	358
Hotels and serviced suites	163	131
Property and project management	161	109
Group turnover	1,309	1,259
Share of property sales of jointly controlled entities	1,872	1,386
Turnover	3,181	2,645

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.

The Group's overseas operations (including property sales of jointly controlled entities) were mainly in the Mainland and the United Kingdom which accounted for approximately 7% and 2% of the turnover respectively and their contributions were not material.

(2) **Turnover and contribution** *(continued)*

Profit contribution by operating activities for the period are as follows:

	Company and subsidiaries		Jointly controlled entities and unlisted associates		Total	
	Six months ended 30th June 2002	30th June 2001	Six months ended 30th June 2002	30th June 2001	Six months ended 30th June 2002	30th June 2001
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Property sales	171	48	214	266	385	314
Property rental	303	268	63	48	366	316
Hotels and serviced suites	20	24	(5)	(10)	15	14
Property and project management	31	25	(2)	(7)	29	18
	525	365	270	297	795	662
Investment and finance					594	416
Interest expenses					(318)	(342)
Others					(71)	(51)
Taxation (excluding share of taxation of Hutchison Whampoa Limited)					(69)	(62)
Minority interests					11	(5)
Share of net profit of Hutchison Whampoa Limited					2,974	3,587
Profit attributable to shareholders					3,916	4,205

(3) **Share of results of associates**

The share of results of associates in 2002 included the Group's share of profit of HK\$564 million arising from disposal of equity interests in certain ports by Hutchison Whampoa Limited.

The share of results of associates in 2001 included the Group's share of profit of HK\$14,991 million arising from the merger of VoiceStream Wireless Corporation and Deutsche Telekom AG recognised by Hutchison Whampoa Limited and the Group's share of a provision for overseas investments of HK\$14,042 million made by Hutchison Whampoa Limited.

Interim Financial Statements (continued)

(4) Profit before taxation

	Six months ended 30th June	
	2002 HK\$ Million	2001 HK\$ Million
Profit before taxation is arrived at after charging/(crediting):		
Interest expenses	464	680
Less: Interest capitalised	(146)	(338)
	318	342
Costs of properties sold	392	572
Depreciation	48	30
Net realised and unrealised holding gains on other investments	(311)	(262)

(5) Taxation

	Six months ended 30th June	
	2002 HK\$ Million	2001 HK\$ Million
Company and subsidiaries		
Hong Kong profits tax	21	27
Overseas tax	4	–
Deferred tax	4	(7)
Jointly controlled entities		
Hong Kong profits tax	26	11
Overseas tax	8	23
Associates		
Hong Kong profits tax	201	173
Overseas tax	283	336
	547	563

Hong Kong profits tax has been provided for at the rate of 16% (2001 - 16%) on the estimated assessable profits for the period. Overseas taxation has been provided for at the applicable local rates on the estimated assessable profits of the individual company concerned.

(6) Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders and on 2,316,164,338 shares (2001 - 2,316,164,338 shares) in issue during the period.

(7) Ageing analyses of trade debtors and trade creditors

The Group's trade debtors mainly comprise receivables for sale of properties and rental. Sales terms vary for each property project and are determined with reference to the prevailing market conditions. Sale of properties are normally completed when the sale prices are fully paid and deferred payment terms are sometimes offered to purchasers at a premium. Rentals are payable in advance by tenants.

Ageing analysis of the Group's trade debtors at the balance sheet date is as follows:

	30/6/2002 HK\$ Million	31/12/2001 HK\$ Million
Current to one month	298	715
Two to three months	7	11
Over three months	38	24
	343	750

Ageing analysis of the Group's trade creditors at the balance sheet date is as follows:

	30/6/2002 HK\$ Million	31/12/2001 HK\$ Million
Current to one month	613	119
Two to three months	8	12
Over three months	4	5
	625	136

Interim Financial Statements *(continued)*

(8) Related party transactions

During the period and in the ordinary course of business, the Group undertook various joint venture projects with related parties, including Mr. Li Ka-shing and Hutchison Whampoa Limited, on normal commercial terms. Advances were made to/received from and guarantees were provided for these joint venture projects on a pro rata basis. At the interim period end date, advances made to/received from associates amounted to HK\$752 million and HK\$20 million respectively, and advances made to/received from jointly controlled entities amounted to HK\$23,491 million and HK\$294 million respectively. Guarantees provided by the Group for bank loans utilised by jointly controlled entities amounted to HK\$2,761 million.

Other than the aforementioned, there were no other significant related party transactions required for disclosure in the interim financial statements.

(9) Events after the balance sheet date

In July, 2002, CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences"), a subsidiary engaged in the research and development, commercialisation, marketing and sale of biotechnology products, was listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited through a placing and public offer of new shares. After the spin-off, the Group holds approximately 44% of the issued share capital of CK Life Sciences and CK Life Sciences becomes an associate of the Group.

(10) Review of interim financial statements

The interim financial statements are unaudited, but have been reviewed by the Audit Committee.