



CHEUNG KONG (HOLDINGS) LIMITED



*Interim Report* 99

**CHEUNG KONG (HOLDINGS) LIMITED**  
**NOTICE OF PAYMENT**  
**OF INTERIM DIVIDEND, 1999**

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, 1999 amounted to HK\$4,920 million which represents earnings of HK\$2.14 per share. The Directors have resolved to pay an interim dividend for 1999 of HK\$0.33 per share to shareholders whose names appear on the Register of Members of the Company on 19th October, 1999. The dividend will be paid on 20th October, 1999.

The Register of Members of the Company will be closed from Tuesday, 12th October, 1999 to Tuesday, 19th October, 1999, 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 Monday, 11th October, 1999.

By Order of the Board  
**Eirene Yeung**  
Company Secretary

Hong Kong, 26th August, 1999

## CHEUNG KONG (HOLDINGS) LIMITED INTERIM REPORT FOR 1999

### PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited consolidated net profit after tax for the first half of 1999 amounted to HK\$4,920 million. Earnings per share were HK\$2.14, representing an increase of 63% as compared to the same period last year. The unaudited consolidated profit and loss account for the six months ended 30th June, 1999 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 1999 of HK\$0.33 per share (HK\$0.28 per share in 1998) to shareholders whose names appear on the Register of Members of the Company on 19th October, 1999. The dividend shows an increase of 18% over that of last year, and will be paid on 20th October, 1999.

### BUSINESS REVIEW

#### 1. Projects Completed in the First Half Year of 1999:

Name	Location	Total Gross Floor Area	Group's Interest
		(sq. m.)	
Vista Paradiso Phase II	Sha Tin Town Lot No. 338	75,315	50%
The Portofino	Lot No. 849 in D.D. 225 Clear Water Bay	20,470	100%
Prosperity Center	Kwun Tong Inland Lot No. 729	21,900	100%
Harbour Plaza Resort City and Kingswood Ginza Phase II	Tin Shui Wai Town Lot No. 4	59,100	48.25%*
Villa Esplanada Phase II	Tsing Yi Town Lot No. 129	64,980	22.5%

\* Please refer to the terms of an agreement and supplemental agreements mentioned in the Chairman's Statements for 1988, 1991 and 1994.

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

Name	Location	Total Gross Floor Area	Group's Interest
		(sq. m.)	
Villa d'Arte	Inland Lot No. 8857	5,330	90%
Tierra Verde Phase II	Tsing Yi Town Lot No. 132	141,800	Joint Venture
Harbour Plaza North Point and Office Development	Inland Lot No. 8885	52,120	60.9%
Villa Verde Laguna Verde	Kowloon Inland Lot No. 11056	56,030	Joint Venture
Monte Vista (10 Blocks)	Sha Tin Town Lot No. 446	109,220	50%
Peninsula Heights	New Kowloon Inland Lot No. 5104	21,300	50%
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%

### 3. New Acquisitions and Joint Developments:

- (1) In February 1999, a wholly-owned subsidiary of the Group acquired Kwun Tong Inland Lot No. 729, No. 25, Chong Yip Street, Kwun Tong. With a total gross floor area of approximately 21,900 sq. m., the industrial/office building on the site has now been completed.
- (2) In March 1999, the Group implemented the joint-development plan with the owners of New Kowloon Marine Lot Nos. 13 to 16 and 22 to 23. In July, a wholly-owned subsidiary of the Group entered into a deed of exchange with the owners and an agreement and conditions of exchange with the government. The exchanged lot is earmarked for a composite development of a commercial and residential complex with a total developable gross floor area of approximately 175,000 sq. m.
- (3) In June 1999, a wholly-owned subsidiary of the Group was awarded the tender for New Kowloon Inland Lot No. 6277, Beacon Hill Road, Kowloon Tong for residential purposes. Planned for completion in 2003, the proposed development has a site area of approximately 41,570 sq. m. and a total developable gross floor area of about 72,480 sq. m.
- (4) In August 1999, a modification letter was executed with the government in relation to the addition of approximately 105,600 sq. m. of residential gross floor area for Tung Chung Town Lot No. 5, which is a joint development between the Group, the Hutchison Whampoa Group and the Mass Transit Railway Corporation.
- (5) 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.

### 4. Major Associated Company:

The associated Hutchison Whampoa Group recorded net profits after tax and after exceptional gains for the half year ended 30th June, 1999 of HK\$7,313 million, representing an increase of 70% as compared to HK\$4,310 million for the same period in 1998.

## PROSPECTS

While Hong Kong's economy has stabilised in the first half of 1999, problems of unemployment and deflation remained the major areas of concern. Less volatility in interest rate movements, in tandem with the stabilised stock market and rising tourist arrivals, are some of the encouraging signs of a steady recovery in the local economy. Sentiment in the property market has also improved steadily.

Our ongoing effort to provide a premium-quality and tranquil living environment continues to be demonstrated by our residential projects. Projects launched during the period included No. 1 Star Street in Wan Chai, Costa del Sol, Laguna Verde Phase III in Hung Hom, Monte Vista Phase I in Ma On Shan, Peninsula Heights on Broadcast Drive and Prosperity Center in Kwun Tong which have earned high recognition for their top quality and prime locations. Remaining units of projects including DeerHill Bay, The Paramount and Vista Paradiso Phase I and II have been progressively sold during the period. Our strong position in the market has been maintained, while the sales of our various projects were well within our expectations. For the first half of 1999, the Group registered sales of over 2,000 residential units amounting to more than HK\$10 billion.

Our projects, Villa d'Arte in Tai Hang and Monte Vista Phase II in Ma On Shan, have been released in the second half of 1999, and several others are scheduled to be launched including The Portofino in Clear Water Bay and Laguna Verde Phase IV in Hung Hom.

The favourable responses to the government land sales which resumed in April this year have had a stabilising effect on local property prices. During the period, the Group has continued to acquire prime sites at reasonable market prices, building an even stronger foundation for future growth. Apart from direct land purchases, the Group is also active in entering into strategic co-operative joint ventures with land owners which will add to its large scale land bank.

The occupancy rate of our rental properties remains satisfactory, while construction of various commercial/office projects are progressing on schedule. It is encouraging to note the gradual improvement recently seen in the local rental market of commercial/office properties. The Group is committed to strengthening its presence in this sector by expanding its portfolio of investment properties with enhanced quality both in terms of construction and management services. Following a big expansion of the gross floor areas of its rental properties in the near future, the Group is set to further improve its established base of recurrent earnings. The Oriental Plaza project in Beijing is progressing as scheduled and will be occupied in phases starting next year.

It has been the corporate mission of the associated Hutchison Whampoa Group to seek a stronger global presence while strengthening its base in Hong Kong. Together with an active expansion of its local diversified businesses, the Hutchison Whampoa Group has continued to capitalise on timely opportunities for suitable overseas investments. Significant milestones have been passed in the first half as several major investments were made in the overseas markets. Its overseas businesses have performed very well, with some of them becoming mature and being poised to enjoy good returns in the near future.

The unemployment rate has moderated recently and Hong Kong has now gradually regained its economic stability. The concerted effort of the government and various parties to bolster investor interest and consumer confidence will be the key to Hong Kong's revival, with all local sectors improving and emerging from the painful adjustment. The government's initiative to transform Hong Kong into a centre for innovation and technology should further enhance its competitive edge and pave the way for healthy economic development. I am fully confident about the long-term economic prospects for Hong Kong.

The Group is gearing up for the new century facing various challenges and opportunities. To remain market-responsive and highly competitive, our effort to pursue more productive and value-added operations has continued. The Group's long-standing policy of actively seizing business opportunities while strengthening its foundation has ensured its strong growth and will continue to guide it in the future. Strategically focused in Hong Kong, we will further diversify our businesses through an active pursuit of quality investments both in Hong Kong and the Mainland. I am sure, supported by its strong fundamentals and financial strength, the Group will see excellent prospects in the next century going forward to a new era of solid growth.

I take this opportunity to extend my thanks to my 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, 26th August, 1999

## Consolidated Profit And Loss Account

For the six months ended 30th June, 1999

	Note	<b>Six months ended 30/6/1999 HK\$ Million</b>	Six months ended 30/6/1998 HK\$ Million
<b>Turnover</b>	(1)		
Company and subsidiaries		773	5,861
Share of property sales of jointly controlled entities		<b>3,325</b>	4,702
		<b>4,098</b>	10,563
Operating profit excluding exceptional items			
Company and subsidiaries		402	2,883
Share of results of jointly controlled entities		982	2,168
Exceptional items	(2)	-	(3,435)
<b>Operating profit</b>		<b>1,384</b>	1,616
Share of results of associates		<b>3,894</b>	2,343
<b>Profit before taxation</b>		<b>5,278</b>	3,959
Taxation	(3)	<b>360</b>	888
<b>Profit after taxation</b>		<b>4,918</b>	3,071
Minority interests		(2)	48
<b>Profit attributable to shareholders</b>		<b>4,920</b>	3,023
Interim dividend		758	643
<b>Profit for the period retained</b>		<b>4,162</b>	2,380
<b>Earnings per share</b>	(4)	<b>HK\$2.14</b>	HK\$1.32
<b>Dividends per share</b>		<b>HK\$0.33</b>	HK\$0.28



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) Exceptional items

	1999 HK\$ Million	1998 HK\$ Million
Provision for property projects of jointly controlled entities	-	(2,450)
Provision for listed investments	-	(985)
	<u>-</u>	<u>(3,435)</u>

(3) Taxation

	1999 HK\$ Million	1998 HK\$ Million
Company and subsidiaries		
Hong Kong profits tax	11	302
Overseas tax	-	2
Jointly controlled entities		
Hong Kong profits tax	130	309
Overseas tax	13	22
Associates		
Hong Kong profits tax	136	168
Overseas tax	70	85
	<u>360</u>	<u>888</u>

Hong Kong profits tax is provided for at the rate of 16% (1998 - 16%) on the estimated assessable profits for the period. Overseas taxation is provided for based on the applicable local legislation on the estimated assessable profits of the individual company concerned. The effect of deferred tax to the Group for the period is immaterial.

(4) Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders and on 2,297,556,240 shares (1998 - 2,297,556,240 shares) in issue during the period.

(5) The Group's accounting policy for investments in securities has been changed to adopt the benchmark treatment as stated in the Statement of Standard Accounting Practice No. 24 "Accounting for Investments in Securities" issued by the Hong Kong Society of Accountants which becomes effective from 1st January, 1999. Such change in accounting policy has no material effect on the profit attributable to shareholders for the six months ended 30th June, 1999 and for the same period last year.

## DIRECTORS' INTERESTS

As at 30th June, 1999, the interests of the Directors in the shares 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	-	-	32,133,000	771,705,406 (Note 1)	803,838,406
Li Tzar Kuoi, Victor	220,000	100,000	-	771,705,406 (Note 1)	772,025,406
George Colin Magnus	56,000	10,000	-	150,000 (Note 3)	216,000
Kam Hing Lam	10,000	-	-	-	10,000
Hung Siu-lin, Katherine	20,000	-	-	-	20,000
Leung Siu Hon	598,100	64,500	-	-	662,600
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	-	-	-	1,944,547,978	1,944,547,978 (Note 2)
Li Tzar Kuoi, Victor	-	-	610,000	1,944,547,978	1,945,157,978 (Note 2)
George Colin Magnus	800,000	9,000	-	-	809,000
Leung Siu Hon	10,000	26,000	-	-	36,000
Fok Kin-ning, Canning	875,089	-	-	-	875,089
Chow Nin Mow, Albert	89	-	-	-	89
Chow Kun Chee, Roland	45,392	-	-	-	45,392

**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	1,912,109,945 (Note 4)
Li Tzar Kuoi, Victor	-	-	-	1,912,109,945	1,912,109,945 (Note 4)
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 1 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 1 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:

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

<b>Associated Company</b>	<b>Number of Ordinary Shares</b>
Believewell Limited	1,000
Queboton Limited	1,000

In addition, Mr. Li Ka-shing is deemed to be interested in 7,500 shares of Wing Shaw Limited, an associated company of the Company, by virtue of his interest in part of such interests through his private company and his deemed interest in the remainder of such interests through those discretionary trusts and unit trust referred to in Note 2(b).

## Notes:

1. 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 daughter, 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.

2. The two references to 1,944,547,978 shares in Hutchison Whampoa Limited (“HWL”) relate to the same block of shares comprising:
  - (a) 1,936,547,978 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 1 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 daughter, and Mr. Li Tzar Kai, Richard; and
  - (b) 8,000,000 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 daughter, 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 8,000,000 shares in HWL under the SDI Ordinance.

3. Such interests in the shares are held by a company controlled by a trust under which Mr. George Colin Magnus is a discretionary beneficiary.
4. 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 1 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 Kuoï, 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 1 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 1 above.

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

Apart from the above, as at 30th June, 1999 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, 1999, 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 1 above. Furthermore, the Company has been notified by Exchange Fund Investment Limited that it holds 247,140,470 shares of the Company.

### **PURCHASE, SALE OR REDEMPTION OF SHARES**

The Company has not redeemed any of its shares during the six months ended 30th June, 1999. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s shares during this period.

## MILLENNIUM ISSUE

The Group is well aware of the importance of taking appropriate steps to address the financial and operating system risks posed by the Year 2000. Since 1997, the Group has developed and implemented a Year 2000 compliance programme (the “Programme”) to ensure all major systems, computer applications, software and hardware devices owned or developed by the Group will accurately calculate date/time data prior to, through and beyond the year 2000.

A steering committee has been established by the Group in 1997 to monitor the Programme and to implement necessary remedial and contingency measures. Progress on the Programme has been reported regularly to the Directors by the steering committee.

The Programme has now been completed on schedule with all the critical systems of the Group being Year 2000 compliant. However, the Group still relies upon and interfaces with systems of third parties such as major suppliers, contractors, sub-contractors and business partners. The Group has been actively assessing the commitment of such third parties in achieving Year 2000 compliance. Disruption to the Group’s business operations may result due to the non-compliance of third party systems.

Extensive contingency plans have been prepared by the Group with a view to responding to any interruption in a speedy and organised manner. These plans include measures mitigating the effects of any future disruption to critical business systems and business resumption contingency plans to address the perceived risks associated with the Year 2000 issue. Contingency measures are being regularly reviewed.

Total costs required for the Programme are estimated to be approximately HK\$8,000,000. As at 30th June, 1999, a total of HK\$7,000,000 has been incurred on assessment, programme modification and related works to achieve Year 2000 compliance. The Group expects a further amount of HK\$1,000,000 will be spent for subsequent testing and contingency.

## 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.