



CKI IR-2003

CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED

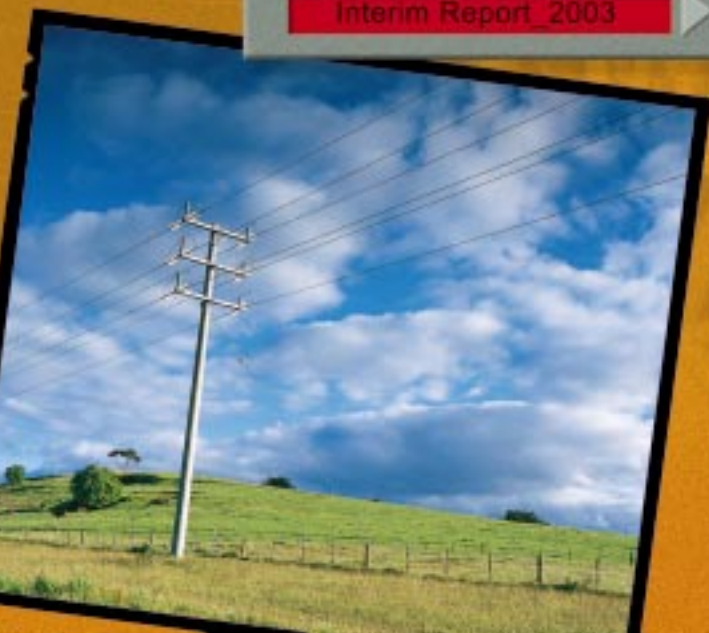
(Incorporated in Bermuda with limited liability)

03

8.5% Growth in Profit Before Tax

Interim Report 2003

ENTER



Investment in
Hongkong Electric

Infrastructure
Investments

Infrastructure Materials and
Infrastructure-related Businesses

CKI is the largest publicly listed infrastructure company in Hong Kong with investment in Hongkong Electric, infrastructure investments, infrastructure materials and infrastructure-related businesses.

The Company has operations in Hong Kong, Mainland China, Australia, Canada and the Philippines.

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Interim Report_2003

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8.5% Growth in Profit Before Tax

HK\$ million (unaudited)	2003 1st half	2002 1st half	% Change
Profit Before Taxation	1,854	1,709	+8.5%
Less: Taxation	(456)	(271)*	+68.3%
Add: Minority Interests	5	5	–
Profit Attributable to Shareholders	1,403	1,443*	–2.8%

* Restated due to implementation of new deferred tax policy.

We are pleased to report that Cheung Kong Infrastructure Holdings Limited (“CKI”) recorded an 8.5 per cent. growth in profit before tax during the first six months ended 30th June, 2003. As a result of a change in accounting rules relating to deferred tax policy and an increase in corporate tax rate in Hong Kong, profit attributable to shareholders after tax turned into a slight decline of 2.8 per cent.

The unaudited consolidated profit attributable to shareholders for the first six months ended 30th June, 2003 for CKI was HK\$1,403 million, and earnings per share were HK\$0.62.

The Board of Directors has declared an interim dividend for 2003 of HK\$0.215 per share (2002: HK\$0.215). The interim dividend will be paid on Friday, 3rd October, 2003 to shareholders whose names appear on the Register of Members on Thursday, 2nd October, 2003.

► Interim Results (Cont'd)

Solid Core Businesses

1. Hongkong Electric

Hongkong Electric Holdings Limited (“Hongkong Electric”) has been a reliable, long-term income driver for CKI since 1997 when the investment was made. During the period under review, a drop of 6 per cent. in accounting profit was recorded due to a change in accounting rules which involves the revised Statement of Standard Accounting Practice on Income Taxes relating to deferred taxation provision, the increase in corporate tax rate as announced by the SAR Government in March 2003, and the sluggish domestic economy caused by the Severe Acute Respiratory Syndrome epidemic.

2. Infrastructure Investments

Energy and transportation investments in Australia and Mainland China continued to deliver impressive performances, achieving a profit growth of 10 per cent. compared with the same period last year.

Australian Infrastructure Experienced Solid Organic Growth

The Australian portfolio accounted for approximately 28 per cent. of the Group’s profit contribution. Envestra Limited, ETSA Utilities and Powercor Australia Limited continued to generate stable and significant income, while CitiPower I Pty Ltd., the newly acquired investment made in August 2002, brought in a meaningful 5 per cent. additional profit during the first half of the financial year.

China Power Witnessed High Demand

The 1,900 MW China power portfolio delivered considerable cash inflow and profit for the Group during the period. Power supply shortages and high demand growth in Mainland China – especially in the Pearl River Delta Region – have led to new power generation records for the Group’s Zhuhai Power Plant. During the same period, the Group’s other three coal-fired power plants and cogen plants in Mainland China operated smoothly and made steady contributions to CKI.

China Transportation Saw Double-Digit Growth

High traffic growth was recorded for the Group’s transportation projects in Mainland China resulting in double-digit growth in revenue.

Asset Consolidation Made Good Progress

Divestment of certain assets in Mainland China continued during the period. The Group’s interests in the Yueyang Water Plants in Hunan Province have been disposed of with a capital gain of HK\$11 million, and divestments of the Jiangmen Jianghe Highway and Shenyang roads are in progress.

► Interim Results (Cont'd)

Strong Financial Position

Prudent financial management and the steady cash flow generated by the maturing investment portfolio, have provided CKI with a strong balance sheet capable of supporting new growth initiatives. As of 30th June, 2003, the Group's financial position is as follows :

- Cash position of HK\$6,633 million.
- Net debt of HK\$4,931 million.
- Net debt to equity ratio of 18 per cent.
- "A-" credit rating by Standard & Poor's.

Outlook

Looking ahead, CKI will continue its efforts to maximise profit through organic growth and new investment. Construction of the Sydney Cross City Tunnel – a major infrastructure project in New South Wales, Australia – is making good progress and is expected to be completed by the end of 2005. CKI is equipped with strong financials which will enable it to capitalise on new infrastructure investment opportunities. The soft global economic environment has presented a number of quality assets that offer secure returns and steady income. The Group is keeping a close eye on a number of potential energy, transportation and water projects spanning Australia, Canada, the United Kingdom and Mainland China.

I would like to thank the Board, management and all staff for their hard work and dedication, as well as our shareholders for their support and confidence in the Group.

Li Tzar Kuoi, Victor

Chairman

Hong Kong, 14th August, 2003

► Financial Review

Financial Resources, Treasury Activities and Gearing Ratio

The Group's capital expenditure and investments were funded from cash in hand, internal cash generation, syndicated loans, notes issued and other project loans.

As at 30th June, 2003, total borrowings of the Group amounted to HK\$11,564 million, which included Hong Kong dollar syndicated loan of HK\$3.8 billion, foreign currency borrowings of HK\$7,720 million and RMB bank loans of HK\$44 million. Of the total borrowings, 3 per cent. were repayable in 2003, 80 per cent. repayable in 2004 to 2007 and 17 per cent. repayable beyond 2007. The Group's financing activities continue to be well received and fully supported by its bankers.

The Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimise the cost of funds, the Group's treasury activities are centralised. Cash is generally placed in short-term deposits mostly denominated in U.S. dollars, Hong Kong dollars or Australian dollars. The Group's liquidity and financing requirements are reviewed regularly. The Group will consider new financing while maintaining an appropriate level of gearing in anticipation of new investments or maturity of bank loans.

As at 30th June, 2003, the Group maintained a gearing ratio of 18 per cent. which was based on its net debt of HK\$4,931 million and equity of HK\$27,322 million. This ratio was lower than the gearing ratio of 21 per cent. at the year end of 2002 mainly because of the repayment of a short-term Australian dollar bridging loan during the period.

To minimise currency risk exposure in respect of its investments in other countries, the Group has a policy of hedging those investments with the appropriate level of borrowings denominated in the local currencies of those countries. As at 30th June, 2003, the Group has swapped the floating interest rates of its borrowings totalling HK\$5,499 million into fixed interest rates. The Group will consider entering into further interest and currency swap transactions to hedge against its interest rate and currency risk exposures, as appropriate.

► Financial Review (Cont'd)

Charge on Group Assets

As at 30th June, 2003:

- certain of the Group's land and buildings with carrying values totalling HK\$65 million were pledged to secure bank borrowings totalling HK\$26 million; and
- the Group's interests in an affiliated company with carrying value of HK\$1,684 million were pledged as part of the security to secure bank borrowings totalling HK\$4,523 million granted to the affiliated company.

Contingent Liabilities

As at 30th June, 2003, the Group was subject to the following contingent liabilities:

HK\$ million

Guarantees in respect of bank loans	
drawn by affiliated companies	1,596
Performance bonds	25
Total	1,621

Employees

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 1,799 employees. Employees' cost (excluding directors' emoluments) amounted to HK\$161 million. The Group ensures that the pay levels of its employees are competitive and that its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

Preferential subscription of 2,978,000 new shares of the Company was given to those employees who had submitted the pink application forms to subscribe for shares of HK\$1.00 each in the Company at HK\$12.65 per share on the flotation of the Company in 1996. The Group does not have any share option scheme for employees.

► Consolidated Income Statement

for the six months ended 30th June

<i>HK\$ million</i>	<i>Notes</i>	Unaudited 2003	Restated 2002
Turnover	2		
Group turnover		770	1,028
Share of turnover of jointly controlled entities		869	847
		1,639	1,875
Group turnover	2	770	1,028
Other revenue	3	563	461
Operating costs	4	(763)	(918)
Operating profit	5	570	571
Finance costs		(314)	(299)
Share of results of associates		1,355	1,211
Share of results of jointly controlled entities		243	226
Profit before taxation		1,854	1,709
Taxation	6	(456)	(271)
Profit after taxation		1,398	1,438
Minority interests		5	5
Profit attributable to shareholders	5	1,403	1,443
Proposed interim dividend		485	485
Earnings per share	7	HK\$0.62	HK\$0.64
Proposed interim dividend per share		HK\$0.215	HK\$0.215

► Consolidated Balance Sheet

<i>HK\$ million</i>	<i>Notes</i>	Unaudited 30/6/2003	Restated Audited 31/12/2002
Property, plant and equipment		1,942	1,992
Interests in associates		21,992	22,294
Interests in jointly controlled entities		4,199	4,538
Interests in infrastructure project investments		2,342	2,465
Investments in securities		2,033	803
Other non-current assets		40	43
Total non-current assets		32,548	32,135
Inventories		190	188
Retention receivables		19	20
Debtors and prepayments	8	764	722
Bank balances and deposits		6,633	7,191
Total current assets		7,606	8,121
Bank loans		381	2,269
Creditors and accruals	9	697	571
Taxation		99	99
Total current liabilities		1,177	2,939
Net current assets		6,429	5,182
Total assets less current liabilities		38,977	37,317
Bank and other loans		11,183	10,376
Deferred tax liabilities		258	192
Total non-current liabilities		11,441	10,568
Minority interests		214	219
Net assets		27,322	26,530
Representing:			
Share capital	10	2,254	2,254
Reserves	11	25,068	24,276
Capital and reserves		27,322	26,530

► Consolidated Statement of Changes in Equity

for the six months ended 30th June

<i>HK\$ million</i>	<i>Notes</i>	Unaudited 2003	Restated 2002
Total equity at 1st January, as previously reported		28,853	26,787
Prior year adjustments	1, 11	(2,323)	(2,196)
Total equity at 1st January, as restated		26,530	24,591
Surplus/(deficit) on revaluation of non-trading securities	11	89	(53)
Deferred tax (charge)/credit on revaluation surplus/deficit of non-trading securities	11	(28)	12
Exchange translation differences	11	412	35
Deferred tax charges arising from change in applicable tax rate on the revaluation surplus from acquisitions of subsidiaries and associates in prior years	11	(36)	–
Net gain not recognised in the consolidated income statement		437	(6)
Net profit for the period	11	1,403	1,443
Final dividend for the year 2002/2001 paid	11	(1,048)	(947)
Total equity at 30th June		27,322	25,081

► Condensed Consolidated Cash Flow Statement

for the six months ended 30th June

<i>HK\$ million</i>	Unaudited	
	2003	2002
Net cash from operating activities	895	503
Net cash from investing activities	1,804	1,759
Net cash (utilised in)/from financing activities	(3,257)	28
Net increase in cash and cash equivalents	(558)	2,290
Cash and cash equivalents at 1st January	7,191	4,023
Cash and cash equivalents at 30th June		
Bank balances and deposits	6,633	6,313

► Notes to the Interim Financial Statements

1. BASIS OF PREPARATION

The interim financial statements are prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The presentation and accounting policies used in the preparation of the interim financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31st December, 2002, except that the Group has adopted SSAP 12 (Revised) “Income Taxes” which became effective on 1st January, 2003.

Upon adoption of SSAP 12 (Revised), full provision was made for deferred tax using the balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit of the corresponding period, with limited exceptions. In prior periods, partial provision was made for deferred tax using the income statement liability method whereby deferred tax was recognised in respect of timing differences arising, except for those timing differences which were not expected to reverse in the foreseeable future.

In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively by means of a prior year adjustment. Cumulative effects from this change in accounting policy on the Group’s balances at 1st January, 2003 include an increase in deferred tax liabilities by HK\$192 million (2002: HK\$141 million), decreases in interests in associates, retained profits, contributed surplus, investment revaluation reserve and exchange translation reserve by HK\$2,131 million, HK\$713 million, HK\$1,553 million, HK\$46 million and HK\$11 million (2002: HK\$2,055 million, HK\$614 million, HK\$1,553 million, HK\$28 million and HK\$1 million) respectively. In addition, the effects of the change on the Group’s results, investment revaluation reserve and exchange translation reserve for the six months ended 30th June, 2002 are an increased charge to taxation of HK\$48 million, a deferred tax credit of HK\$13 million and an increased charge to exchange translation differences of HK\$3 million. Certain comparative figures have been restated accordingly.

► Notes to the Interim Financial Statements (Cont'd)

2. TURNOVER

Group turnover represents net sales from infrastructure materials businesses, return on investments and interest income received and receivable from infrastructure project investments, net of withholding tax, where applicable.

In addition, the Group also accounts for its proportionate share of turnover of jointly controlled entities. Turnover of associates is not included.

By business segment

for the six months ended 30th June

<i>HK\$ million</i>	Group turnover	2003 Share of turnover of jointly controlled entities	Total	Group turnover	2002 Share of turnover of jointly controlled entities	Total
Infrastructure investments	145	869	1,014	196	847	1,043
Infrastructure materials and infrastructure-related businesses	625	–	625	832	–	832
Total	770	869	1,639	1,028	847	1,875

By geographic region

for the six months ended 30th June

<i>HK\$ million</i>	Group turnover	2003 Share of turnover of jointly controlled entities	Total	Group turnover	2002 Share of turnover of jointly controlled entities	Total
Hong Kong	481	–	481	618	–	618
Mainland China	270	869	1,139	353	847	1,200
Others	19	–	19	57	–	57
Total	770	869	1,639	1,028	847	1,875

► Notes to the Interim Financial Statements (Cont'd)

3. OTHER REVENUE

Other revenue includes the following:

<i>HK\$ million</i>	Six months ended 30th June	
	2003	2002
Interest income	469	326
Finance lease income	2	3
Distribution from listed stapled securities	24	20
Gain on disposal of infrastructure project investment	11	–
Gain on disposals of subsidiaries	–	49
Charterhire service income	–	28

4. OPERATING COSTS

Operating costs include the following:

<i>HK\$ million</i>	Six months ended 30th June	
	2003	2002
Depreciation	87	94
Amortisation of costs of investments in infrastructure projects	66	74
Cost of inventories sold	482	552
Cost of charterhire services rendered	–	28

► Notes to the Interim Financial Statements (Cont'd)

5. SEGMENT INFORMATION

By business segment

for the six months ended 30th June

<i>HK\$ million</i>	Investment in Hongkong Electric*		Infrastructure investments		Infrastructure materials and infrastructure- related businesses		Unallocated items		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Segment revenue										
Group turnover	-	-	145	196	625	832	-	-	770	1,028
Charterhire service income	-	-	-	-	-	28	-	-	-	28
Others	-	-	8	8	49	27	-	-	57	35
	-	-	153	204	674	887	-	-	827	1,091
Segment result	-	-	72	108	4	112	-	-	76	220
Gain on disposal of infrastructure project investment	-	-	11	-	-	-	-	-	11	-
Gain on disposals of subsidiaries	-	-	-	49	-	-	-	-	-	49
Interest and finance lease incomes	-	-	381	259	42	44	48	26	471	329
Other revenue	-	-	24	20	-	-	-	-	24	20
Corporate overheads and others	-	-	-	-	-	-	(12)	(47)	(12)	(47)
Operating profit	-	-	488	436	46	156	36	(21)	570	571
Finance costs	-	-	-	-	-	-	(314)	(299)	(314)	(299)
Share of results of associates and jointly controlled entities	1,223	1,104	375	334	-	(1)	-	-	1,598	1,437
Taxation	(377)	(201)	(78)	(54)	(1)	(16)	-	-	(456)	(271)
Minority interests	-	-	-	-	5	5	-	-	5	5
Profit attributable to shareholders	846	903	785	716	50	144	(278)	(320)	1,403	1,443

* During the period, the Group has a 38.87 per cent. equity interest in Hongkong Electric Holdings Limited, which is listed on The Stock Exchange of Hong Kong Limited.

► Notes to the Interim Financial Statements (Cont'd)

5. SEGMENT INFORMATION (Cont'd)

By geographic region

for the six months ended 30th June

HK\$ million	Hong Kong		Mainland China		Australia		Others		Unallocated items		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Segment revenue												
Group turnover	481	618	270	353	-	-	19	57	-	-	770	1,028
Charterhire service income	-	-	-	-	-	-	-	28	-	-	-	28
Others	28	22	29	8	-	-	-	5	-	-	57	35
	509	640	299	361	-	-	19	90	-	-	827	1,091
Segment result	27	135	69	87	-	-	(20)	(2)	-	-	76	220
Gain on disposal of infrastructure project investment	-	-	11	-	-	-	-	-	-	-	11	-
Gain on disposals of subsidiaries	-	-	-	49	-	-	-	-	-	-	-	49
Interest and finance lease incomes	42	44	-	-	381	259	-	-	48	26	471	329
Other revenue	-	-	-	-	24	20	-	-	-	-	24	20
Corporate overheads and others	-	-	-	-	-	-	-	-	(12)	(47)	(12)	(47)
Operating profit	69	179	80	136	405	279	(20)	(2)	36	(21)	570	571
Finance costs	-	-	-	-	-	-	-	-	(314)	(299)	(314)	(299)
Share of results of associates and jointly controlled entities	1,232	1,112	243	229	123	96	-	-	-	-	1,598	1,437
Taxation	(381)	(218)	(20)	(18)	(55)	(35)	-	-	-	-	(456)	(271)
Minority interests	-	-	2	4	-	-	3	1	-	-	5	5
Profit attributable to shareholders	920	1,073	305	351	473	340	(17)	(1)	(278)	(320)	1,403	1,443

► Notes to the Interim Financial Statements (Cont'd)

6. TAXATION

Hong Kong Profits Tax is provided for at the rate of 17.5 per cent. (2002: 16 per cent.) on the estimated assessable profits for the period. Deferred taxation is provided on temporary differences under the liability method using tax rates applicable to the Group's operations in different countries.

<i>HK\$ million</i>	Six months ended 30th June	
	2003	2002
Company and subsidiaries		
Current taxation – Hong Kong Profits Tax	5	12
Deferred taxation	10	14
	15	26
Share of taxation attributable to		
Associates	421	227
A jointly controlled entity	20	18
	441	245
Total	456	271

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$1,403 million (2002: HK\$1,443 million) and on 2,254,209,945 shares (2002: 2,254,209,945 shares) in issue during the interim period.

► Notes to the Interim Financial Statements (Cont'd)

8. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors and infrastructure project receivables of HK\$551 million (HK\$589 million as at 31st December, 2002) and their ageing analysis is as follows:

<i>HK\$ million</i>	As at 30th June 2003	As at 31st December 2002
Current	299	367
One month	95	104
Two to three months	37	48
Over three months	259	208
Gross total	690	727
Provision	(139)	(138)
Total after provision	551	589

Trade with customers is carried out largely on credit, except for new customers and customers with unsatisfactory payment records, where payment in advance is normally required. Invoices are normally payable within one month of issuance, except for certain well-established customers, where the terms are extended to two months, and certain customers with disputed items, where the terms are negotiated individually. Each customer has a maximum credit limit, which was granted and approved by senior management in accordance with the laid-down credit review policy and procedures.

Infrastructure project receivables are mainly derived from return from infrastructure project investments, which is predetermined in accordance with provisions of the relevant agreements. The return is contractually payable annually or semi-annually to the Group within a specified period.

► Notes to the Interim Financial Statements (Cont'd)

9. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$91 million (HK\$90 million as at 31st December, 2002) and their ageing analysis is as follows:

<i>HK\$ million</i>	As at 30th June 2003	As at 31st December 2002
Current	20	30
One month	19	20
Two to three months	9	9
Over three months	43	31
Total	91	90

10. SHARE CAPITAL

There were no movements in the share capital of the Company in the six months ended 30th June, 2003 and 2002 respectively.

► Notes to the Interim Financial Statements (Cont'd)

11. RESERVES

<i>HK\$ million</i>	Share premium	Contributed surplus	Investment revaluation reserve	Exchange translation reserve	Retained profits	Proposed dividends	Total
At 1st January, 2003, as previously reported	3,836	7,632	9	150	13,924	1,048	26,599
Prior year adjustments (note 1)	–	(1,553)	(46)	(11)	(713)	–	(2,323)
At 1st January, 2003, as restated	3,836	6,079	(37)	139	13,211	1,048	24,276
Final dividend for the year 2002 paid	–	–	–	–	–	(1,048)	(1,048)
Deferred tax charges arising from change in applicable tax rate on the revaluation surplus from acquisition of subsidiaries and associates in prior years	–	(36)	–	–	–	–	(36)
Surplus on revaluation of non-trading securities	–	–	89	–	–	–	89
Deferred tax charge on revaluation surplus of non-trading securities	–	–	(28)	–	–	–	(28)
Exchange translation differences	–	–	–	412	–	–	412
Profit for the period	–	–	–	–	1,403	–	1,403
Proposed interim dividend	–	–	–	–	(485)	485	–
At 30th June, 2003	3,836	6,043	24	551	14,129	485	25,068

<i>HK\$ million</i>	Share premium	Contributed surplus	Investment revaluation reserve	Exchange translation reserve	Retained profits	Proposed dividends	Total
At 1st January, 2002, as previously reported	3,836	7,632	108	(22)	12,032	947	24,533
Prior year adjustments (note 1)	–	(1,553)	(28)	(1)	(614)	–	(2,196)
At 1st January, 2002, as restated	3,836	6,079	80	(23)	11,418	947	22,337
Final dividend for the year 2001 paid	–	–	–	–	–	(947)	(947)
Deficit on revaluation of non-trading securities	–	–	(53)	–	–	–	(53)
Deferred tax credit on revaluation deficit of non-trading securities	–	–	12	–	–	–	12
Exchange translation differences	–	–	–	35	–	–	35
Profit for the period	–	–	–	–	1,443	–	1,443
Proposed interim dividend	–	–	–	–	(485)	485	–
At 30th June, 2002	3,836	6,079	39	12	12,376	485	22,827

► Notes to the Interim Financial Statements (Cont'd)

12. CAPITAL COMMITMENTS

The Group's capital commitments outstanding at 30th June, 2003 and not provided for in the financial statements are as follows:

<i>HK\$ million</i>	Contracted but not provided for		Authorised but not contracted for	
	As at 30th June 2003	As at 31st December 2002	As at 30th June 2003	As at 31st December 2002
Investments	1,121	976	–	–
Plant and machinery	13	13	106	146
Others	–	–	17	–
Total	1,134	989	123	146

13. CONTINGENT LIABILITIES

<i>HK\$ million</i>	As at 30th June 2003	As at 31st December 2002
Guarantee in respect of bank loans drawn by an associate	900	335
Guarantee in respect of a bank loan drawn by a jointly controlled entity	696	696
Performance bonds	25	25
Total	1,621	1,056

► Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30th June, 2003, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("the Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

1. Long Positions in Shares

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
Company	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	1,912,109,945 (Note 1)	1,912,109,945	84.82%
	Kam Hing Lam	Beneficial owner	100,000	-	-	-	100,000	≈0%
Hutchison Whampoa Limited	Li Tzar Kuoi, Victor	Interest of controlled corporations & beneficiary of trusts	-	-	1,086,770 (Note 3)	2,141,698,773 (Note 2)	2,142,785,543	50.26%
	Kam Hing Lam	Beneficial owner	60,000	-	-	-	60,000	≈0%
	George Colin Magnus	Beneficial owner & interest of child or spouse	990,100	9,900	-	-	1,000,000	0.02%
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	2,010,875 (Note 5)	-	2,010,875	0.05%
	Chow Woo Mo Fong, Susan	Beneficial owner	150,000	-	-	-	150,000	≈0%
	Frank John Sixt	Beneficial owner	50,000	-	-	-	50,000	≈0%
	Lee Pui Ling, Angelina	Beneficial owner	38,500	-	-	-	38,500	≈0%
Hutchison Telecommunications (Australia) Limited	Fok Kin Ning, Canning	Beneficial owner & interest of controlled corporation	100,000	-	1,000,000 (Note 5)	-	1,100,000	0.16%

► Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)

1. Long Positions in Shares (Cont'd)

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
Hongkong Electric Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse & beneficiary of trusts	-	151,000	-	829,599,612 (Note 4)	829,750,612	38.88%
	Lee Pui Ling, Angelina	Beneficial owner	8,800	-	-	-	8,800	≈0%
Hutchison Harbour Ring Limited	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	5,000,000 (Note 5)	-	5,000,000	0.07%

2. Long Positions in Underlying Shares

Name of Company	Name of Director	Capacity	Number of Underlying Shares				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Hutchison Telecommunications (Australia) Limited	Fok Kin Ning, Canning	Beneficial owner & interest of controlled corporation	134,000 underlying shares under 134,000	-	1,340,001 underlying shares under 1,340,001	-	1,474,001 underlying shares under 1,474,001
			5.5% Unsecured Convertible Notes due 2007		5.5% Unsecured Convertible Notes due 2007 (Note 5)		5.5% Unsecured Convertible Notes due 2007

► Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)

3. Long Positions in Debentures

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Hutchison Whampoa International (03/13) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	US\$7,500,000 6.5% Notes due 2013 (Note 3)	-	US\$7,500,000 6.5% Notes due 2013
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	US\$32,050,000 6.5% Notes due 2013 (Note 5)	-	US\$32,050,000 6.5% Notes due 2013

Notes:

- (1) The 1,912,109,945 shares in the Company comprise 1,906,681,945 shares held by a subsidiary of Hutchison Whampoa Limited ("HWL") and 5,428,000 shares held by Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1").

The discretionary beneficiaries of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2") are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. TUT1 as trustee of UT1 and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT1 related companies") hold more than one-third of the issued share capital of Cheung Kong (Holdings) Limited ("CKH"). Certain subsidiaries of CKH in turn together hold more than one-third of the issued share capital of HWL.

► Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)

The entire issued share capital of TUT1 and of the trustees of DT1 and DT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of CKH by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of CKH independently without any reference to Unity Holdco or any of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard as a holder of the shares of Unity Holdco as aforesaid.

By virtue of the above and as a discretionary beneficiary of each of DT1 and DT2 and as a Director of CKH, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the shares of CKH held by TUT1 as trustee of UT1 and TUT1 related companies, the shares of HWL held by the subsidiaries of CKH and the shares of the Company held by each of the subsidiary of HWL and TUT1 as trustee of UT1 under the SFO as a Director of the Company. Although Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco and is a discretionary beneficiary of each of DT1 and DT2, he is not a director of CKH and has no duty of disclosure in relation to the shares of CKH held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.

- (2) The 2,141,698,773 shares in HWL comprise:
 - (a) 2,130,202,773 shares held by certain subsidiaries of CKH. By virtue of the interests in shares of CKH in relation to which Mr. Li Tzar Kuoi, Victor has a duty of disclosure under the SFO in the issued share capital of CKH as described in Note (1) above and as a Director of the Company, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of HWL under the SFO.
 - (b) 11,496,000 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3") and its related company in which TUT3 as trustee of UT3 is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings ("TUT3 related company"). The discretionary beneficiaries of each of the two discretionary trusts ("DT3" and "DT4") are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Each of the trustees of DT3 and DT4 holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust.

► **Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures** (Cont'd)

The entire issued share capital of TUT3 and the trustees of DT3 and DT4 are owned by Li Ka-Shing Castle Holdings Limited ("Castle Holdco"). Each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of HWL by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of HWL independently without any reference to Castle Holdco or any of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard as a holder of the shares of Castle Holdco as aforesaid.

By virtue of the above and as a discretionary beneficiary of each of DT3 and DT4 and as a Director of HWL, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of HWL held by TUT3 as trustee of UT3 and TUT3 related company under the SFO as a Director of the Company. Although Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco and is a discretionary beneficiary of each of DT3 and DT4, he is not a director of the Company and has no duty of disclosure in relation to the shares of HWL held by TUT3 as trustee of UT3 and TUT3 related company under the SFO.

- (3) Such interests are held by certain companies of which Mr. Li Tzar Kuoi, Victor is interested in the entire issued share capital.
- (4) By virtue of being a Director of the Company and his deemed interest in those shares of the Company as described in Note (1) above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to those shares of Hongkong Electric Holdings Limited held through the Company under the SFO.
- (5) These interests are held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.

Mr. Li Tzar Kuoi, Victor, by virtue of being a Director of the Company and his interests in the share capital of the Company as a discretionary beneficiary of certain discretionary trusts as described in Note (1) above, is deemed to be interested in those securities of subsidiaries and associated companies of the Company held through the Company and in those securities of the subsidiaries of HWL held through HWL under the SFO.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30th June, 2003, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules.

► Interests and Short Positions of Shareholders Discloseable under the SFO

So far as is known to any Director or chief executives of the Company, as at 30th June, 2003, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions of Substantial Shareholders in the Shares of the Company

Name	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Hutchison Infrastructure Holdings Limited	Beneficial owner	1,906,681,945 (Note i)	84.58%
Hutchison International Limited	Interest of controlled corporation	1,906,681,945 (Note ii)	84.58%
Hutchison Whampoa Limited	Interest of controlled corporations	1,906,681,945 (Note ii)	84.58%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	1,906,681,945 (Note iii)	84.58%
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	1,912,109,945 (Note iv)	84.82%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of trust	1,912,109,945 (Note v)	84.82%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of trust	1,912,109,945 (Note v)	84.82%
Li Ka-shing	Founder of discretionary trusts	1,912,109,945 (Note v)	84.82%

► Interests and Short Positions of Shareholders Discloseable under the SFO (Cont'd)

Notes:

- (i) 1,906,681,945 shares of the Company are held by Hutchison Infrastructure Holdings Limited, a subsidiary of HWL. Its interests are duplicated in the interests of HWL in the Company described in (ii) below.
- (ii) HWL is deemed to be interested in the 1,906,681,945 shares of the Company referred to in (i) above as it holds more than one-third of the issued share capital of Hutchison International Limited, which holds more than one-third of the issued share capital of Hutchison Infrastructure Holdings Limited.
- (iii) CKH is deemed to be interested in the 1,906,681,945 shares of the Company referred to in (ii) above as certain subsidiaries of CKH hold more than one-third of the issued share capital of HWL.
- (iv) TUT1 as trustee of UT1 is deemed to be interested in those shares of the Company described in (iii) above as TUT1 as trustee of UT1 and TUT1 related companies hold more than one-third of the issued share capital of CKH and in the 5,428,000 shares of the Company held by TUT1 as trustee of UT1.
- (v) Each of Mr. Li Ka-shing, TDT1 as trustee of DT1 and TDT2 as trustee of another discretionary trust is deemed to be interested in the same block of shares TUT1 as trustee of UT1 is deemed to be interested in as referred to in (iv) above as all issued and outstanding units in UT1 are held by TDT1 as trustee of DT1 and by TDT2 as trustee of another discretionary trust. More than one-third of the issued share capital of TUT1 and of the trustees of the said discretionary trusts are owned by Unity Holdco. Mr. Li Ka-shing owns one-third of the issued share capital of Unity Holdco.

Save as disclosed above, as at 30th June, 2003, the Company has not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

► Other Information

Purchase, Sale or Redemption of Shares

The Company has not redeemed any of its shares during the six months ended 30th June, 2003. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during this period.

Practice Note 19 to the Stock Exchange Listing Rules

The following information is disclosed in accordance with the Practice Note 19:

- (a) The Group has entered into a syndicated loan facility agreement of HK\$3.8 billion of which the whole amount was drawn as at 30th June, 2003. The facility will mature in 2007. Under the provision of the loan agreement, it is an event of default if HWL (the Company's controlling shareholder) ceases to own (directly or indirectly) at least 35 per cent. of the issued share capital of the Company. The obligation has been complied with.
- (b) A sponsors/shareholders' undertaking referred to in paragraph (i) under the section headed "Connected Transactions" in the Company's 2002 Annual Report has been provided by HWL, the Zhuhai Foreign Party and the other parties in relation to two loan facilities of the PRC project company undertaking the Zhuhai Power Plant. The two loans, in the amounts of US\$125.5 million and US\$670 million are repayable by installments with the final repayment due in 2008 and 2012 respectively. It is an event of default for both facilities if CKH and HWL collectively own directly or indirectly less than 51 per cent. of the shareholding in the Zhuhai Foreign Party. The obligation has been complied with.
- (c) The Group has entered into a long term syndicated facility agreement of A\$500 million of which the whole amount was drawn as at 30th June, 2003. The facility will mature in 2004. Under the provision of the loan agreement, it is an event of default if HWL ceases to own (directly or indirectly) at least 35 per cent. of the issued share capital of the Company. The obligation has been complied with.
- (d) The Group has entered into two long term loan facility agreements of A\$45 million and A\$90 million, respectively, of which the whole amounts were drawn as at 30th June, 2003. The facilities will mature in 2004 and 2005, respectively. Under the provision of the loan agreements, it is an event of default if HWL ceases to own (directly or indirectly) at least 35 per cent. of the issued share capital of the Company. The obligation has been complied with.
- (e) The Group has entered into a long term syndicated facility agreement of A\$405 million of which the whole amount was drawn as at 30th June, 2003. The facility will mature in 2006. Under the provision of the loan agreement, it is an event of default if HWL ceases to own (directly or indirectly) at least 35 per cent. of the issued share capital of the Company. The obligation has been complied with.

► Other Information (Cont'd)

- (f) As at 30th June, 2003, the Group has granted relevant advances to certain affiliated companies totalling HK\$10,186 million, equivalent to approximately 37 per cent. of the Group's net assets. Proforma combined balance sheet of the affiliated companies as at 30th June, 2003 is set out below:

HK\$ million

Non-current assets	48,491
Current assets	2,782
Current liabilities	(2,507)
Non-current liabilities	(48,003)
Net assets	763
Share capital	1,715
Reserves	(952)
Capital and reserves	763

As at 30th June, 2003, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$9,673 million.

Audit Committee

The Group's interim report for the six months ended 30th June, 2003 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.

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.

► Notice of Payment of Interim Dividend, 2003

The Board of Directors of Cheung Kong Infrastructure Holdings Limited announces that the Group's unaudited consolidated profit attributable to shareholders for the six months ended 30th June, 2003 amounted to HK\$1,403 million which represents earnings of HK\$0.62 per share. The Directors have resolved to pay an interim dividend for 2003 of HK\$0.215 per share to shareholders whose names appear on the Register of Members of the Company on Thursday, 2nd October, 2003. The dividend will be paid on Friday, 3rd October, 2003.

The Register of Members of the Company will be closed from Thursday, 25th September, 2003 to Thursday, 2nd October, 2003, 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 Branch Share 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, 24th September, 2003.

By Order of the Board

Eirene Yeung

Company Secretary

Hong Kong, 14th August, 2003

► Corporate Information

DIRECTORS

LI Tzar Kuoi, Victor Chairman

KAM Hing Lam Group Managing Director

George Colin MAGNUS Deputy Chairman

FOK Kin Ning, Canning Deputy Chairman

IP Tak Chuen, Edmond Deputy Chairman

KWAN Bing Sing, Eric Deputy Managing Director

CHOW WOO Mo Fong, Susan Executive Director

Frank John SIXT Executive Director

TSO Kai Sum Executive Director

Barrie COOK Executive Director

CHEONG Ying Chew, Henry* Independent
Non-executive Director

LEE Pui Ling, Angelina* Independent
Non-executive Director

* Members of Audit Committee

COMPANY SECRETARY

Eirene YEUNG

SOLICITORS

Woo, Kwan, Lee & Lo

AUDITORS

Deloitte Touche Tohmatsu

BANKERS

Bank of China (Hong Kong) Limited

BNP Paribas

The Hongkong and Shanghai Banking
Corporation Limited

National Australia Bank

REGISTERED OFFICE

Clarendon House, Church Street,
Hamilton HM11, Bermuda

PRINCIPAL PLACE OF BUSINESS

12th Floor, Cheung Kong Center,
2 Queen's Road Central, Hong Kong

INTERNET ADDRESS

<http://www.cki.com.hk>

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited,
Rosebank Centre,
11 Bermudiana Road,
Pembroke,
Bermuda

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services
Limited,
Rooms 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Hong Kong

► Corporate Information (Cont'd)

SHARE LISTING

The Company's shares are listed on
The Stock Exchange of Hong Kong Limited.
The stock codes are:
The Stock Exchange of Hong Kong Limited -1038;
Reuters -1038.HK;
Bloomberg -1038 HK.

INVESTOR RELATIONS

For further information about
Cheung Kong Infrastructure Holdings Limited,
please contact:

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Email: contact@cki.com.hk

This interim report 2003 ("Interim Report 2003") (in both English and Chinese versions) has been posted on the Company's website at <http://www.cki.com.hk>.

Shareholders may at any time choose to change your choice of the language of the Company's corporate communication (including but not limited to annual report, summary financial report (where applicable), interim report, notice of meeting and circular) by notice in writing to the Company's Branch Share Registrars, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Shareholders who have chosen to receive printed copy of the corporate communication in either English or Chinese version will receive both English and Chinese versions of this Interim Report 2003 since both languages are bound together into one booklet.