

# Interim Report 2004

*Extending Our Global Reach*



長江實業(集團)有限公司  
CHEUNG KONG (HOLDINGS) LIMITED

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# CHAIRMAN'S STATEMENT

## EXTENDING OUR GLOBAL REACH

### PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited consolidated profit attributable to shareholders for the first half of 2004 amounted to HK\$7,750 million. Earnings per share were HK\$3.35.

### INTERIM DIVIDEND

The Directors have declared an interim dividend for 2004 of HK\$0.38 per share (HK\$0.38 per share in 2003) to shareholders whose names appear on the Register of Members of the Company on Thursday, 14th October, 2004. The dividend will be paid on Friday, 15th October, 2004.

### PROSPECTS

#### Business Performance

Hong Kong's overall economy has been improving, primarily driven by the stimuli of Central Government supported policies and the reviving global economy. During the first six months of the year, economic indicators, including falling unemployment, easing deflationary pressure and growing consumer confidence, suggest that Hong Kong's growth momentum has sustained and the economy is forging ahead for a broad-based recovery.

All of the Group's businesses performed well during the period as the macroeconomic environment and investor sentiment improved. Solid progress was made in business development as well as market expansion of existing and new projects. Overall results were good.

## **Core Property Business**

The Group's profit before share of results of the Hutchison Whampoa Group increased by 56%. A strong rebound in flat prices and transactions was witnessed earlier this year as the local economy showed signs of strengthening. While the number of transactions has slowed down slightly during the past few months, this represents a healthy adjustment conducive to the long-term stability of the market. We expect this adjustment to be temporary, and the steady growth momentum will continue as the market is supported by sound fundamentals. The resumption of land sales by the Government will restore balance to the market and allow the free play of market forces. Other favourable conditions, such as positive responses to land sales, reduced cases of negative equity and an increased mortgage ceiling, will provide further stimuli to the recovering market.

Our property projects were launched following a responsive and disciplined schedule. Sales results surpassed the original target for the period under review and satisfactory returns are expected for the Group's existing projects. We will continue to develop quality property developments, aggressively develop our sales network, and widen our customer base in Hong Kong, the Mainland, and the overseas markets to further increase our sales revenue.

Our sizable landbank is sufficient for our development plans over the next five years. In order to sustain our long-term growth, we will continue to acquire suitable prime sites by cost-effective means, and to strengthen our landbank to support various project developments.





## CHAIRMAN'S STATEMENT *(continued)*

A steady performance was registered for the Group's rental properties during the period under review. The local rental market for offices, shopping arcades and hotels bounced back strongly with a significant increase in transactions, prices and rentals. This was stimulated by the signing of the Closer Economic Partnership Arrangement ("CEPA") and the introduction of the individual visit scheme for Mainland visitors. The Group is proactively enhancing the value of its rental properties and upgrading management services to improve further occupancy and rental levels. The Group will continue to expand its investment property portfolio with quality rental projects and strengthen its solid base of recurrent earnings as it benefits from the reviving rental market.

Our initiatives to expand overseas are firmly in place. Increased efforts have been made to enhance our brand equity and market position in the Mainland, the United Kingdom, and Singapore. Meanwhile, we are actively pursuing suitable investments to tap other potential overseas markets and to strengthen the Group's position as a global developer.

### **New Tech Ventures**

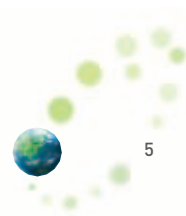
A number of new tech projects matured rapidly during the period under review. Since listing, CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences") is gradually evolving into an integrated multi-national biotechnology corporation with operations in different parts of the world. Encouraging progress has been recorded on all fronts – financials, sales, acquisitions and R&D. During the period, new markets and new products were rolled out, the pace of R&D accelerated, and acquisitions made to extend its business coverage and distribution network. CK Life Sciences' overall value has been enhanced by initiatives to deepen penetration in targeted markets and to create more business opportunities, fuelling its growth momentum.

During the period under review, the Group and the Hutchison Whampoa Group completed the disposal of their entire interest in PowerCom Network Hong Kong Limited ("PowerCom") and Hutchison Global Communications Investments Limited ("HGC") respectively to Hutchison Global Communications Holdings Limited ("HGCH"). The integration of PowerCom, HGC and HGCH will create an IT and communications technology powerhouse with innovative offerings such as broadband services through power sockets. Currently, the Group and the Hutchison Whampoa Group has an interest of approximately 3.6% and 52.5% in HGCH respectively.

This transaction illustrates our initiative in capitalising the synergies, value and benefits of new tech businesses to bring better value to shareholders. We anticipate more value-added projects to mature in the coming years generating strong, meaningful contributions to the Group.

### **Listed Affiliated Companies**

The Hutchison Whampoa Group reported solid growth for the period, and has been meeting or exceeding growth targets for all its established core businesses (except Husky Energy, and Finance and Investment division) around the globe. The 3G business, a focal point in the global telecom market, has been progressing on schedule and is recording an average take-up rate of more than 22,500 subscribers a day – an encouraging growth rate that is expected to continue in the coming months. Prospects for this start-up business are optimistic despite increased operating losses for the period as compared with last year. Supported by notable handset improvements and a growing customer base, the 3G operations now have minimal technological risk and are positioned to make a significant contribution to the growth of the Hutchison Whampoa Group over the next two years. As stated before, the prospects for the 3G business are bright. This investment will establish itself as a long-term core business and a major profit contributor to the Hutchison Whampoa Group, bringing good returns to shareholders.





## CHAIRMAN'S STATEMENT *(continued)*

Cheung Kong Infrastructure Holdings Limited ("CKI") recorded a satisfactory performance for the period under review, with its investment portfolio further strengthened following a number of acquisitions. CKI will continue to pursue aggressively opportunities to enrich its infrastructure portfolio and develop new growth channels. Hongkong Electric Holdings Limited ("Hongkong Electric") performed steadily in the local market and a good performance was recorded by its overseas energy investments. Leveraging on its solid financials, Hongkong Electric will continue its global pursuit of investment opportunities that offer an acceptable return relative to the risks involved.

### Going Forward

While we are facing a rising interest rate environment, we expect that the upcoming rate increases will not be too aggressive and will pose no significant challenges to the local economic growth. Hong Kong will maintain its steady pace of revival in the second half year as the global economy continues to improve and strengthen.

China is embarking on macroeconomic measures to adjust its economy. This healthy process of fine-tuning China's economy is fundamental to sustaining its long-term growth momentum, which in turn will benefit Hong Kong's future development. The significant increase in tourist arrivals following the introduction of the individual visit scheme; the tremendous business opportunities offered by the CEPA; the strengthening of cooperation with other cities in the Pan Pearl River Delta; and the accelerated economic convergence with the Mainland will provide a strong platform for Hong Kong to enhance its integrated economic strengths and to sharpen its global competitiveness. I have strong confidence in Hong Kong's future as the community make concerted efforts to create a more prosperous Hong Kong capitalising on these favourable developments.

Strengthening our core businesses and extending our global reach have always been the Group's key strategy for development, and will be the guiding principle for future growth. The Cheung Kong Group will continue to leverage its multi-national edge to develop our global quality assets and enhance further our global market position to create and add value for shareholders. I have strong confidence in the growth prospects for the Cheung Kong Group. It will continue to grow, building on its strong foundation of visionary foresight, efficient management, and sound financials.

## Acknowledgement

The Group has made remarkable strides in global expansion. I take this opportunity to extend our thanks to our colleagues on the Board, the staff members of the Group and our diligent employees worldwide for their hard work, loyal service and contributions during the period.

**Li Ka-shing**

Chairman

Hong Kong, 19th August, 2004





# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Major Business Activities

#### 1. Developments completed in the First Half Year of 2004:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
One Beacon Hill	New Kowloon Inland Lot No. 6277	72,480	100%
Sky Tower Towers 1 and 2	The Remaining Portion of Kowloon Inland Lot No. 4013	41,610	40%
Vianni Cove	Tin Shui Wai Town Lot No. 27	74,500	60%
The Center	Xuhui, Shanghai	87,200	50%
Dynasty Garden Phase 1	Baoan, Shenzhen	54,280	50%
Laguna Verona Phase B Stage 6	Dongguan	25,180	47%
Oriental Plaza Phase IV Serviced Apartments	No. 1 East Chang An Ave. Dong Cheng District, Beijing	47,000	33.3775%
Albion Riverside	London, the United Kingdom	7,360	45%

## 2. Developments scheduled for completion during the Second Half Year of 2004:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Banyan Garden Phases 2 and 3	New Kowloon Inland Lot No. 6320	90,100	Joint Venture
Caribbean Coast Albany Cove	Tung Chung Town Lot No. 5	96,790	Joint Venture
The Cairnhill	Tsuen Wan Town Lot No. 395	76,800	50%
The Pacifica Phase 1	New Kowloon Inland Lot No. 6275	79,830	50%
Sky Tower Towers 3, 5, 6 and 7	The Remaining Portion of Kowloon Inland Lot No. 4013	77,150	40%
Beverly Hills Phase 2	Chongqing	41,590	50%
Cape Coral Phase 1	Panyu Dashi, Guangzhou	122,350	50%
Dynasty Garden Phase 2	Baoan, Shenzhen	60,140	50%
Horizon Cove Phase 3A	Zhuhai	83,800	50%



## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Laguna Verona Phase B Stage 6 (B1 & B3) and Phase C	Dongguan	33,500	47%
Cairnhill Crest	Singapore	40,870	50%
Costa del Sol Phase 2	Bayshore Road Singapore	45,560	76%

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

- (1) January 2004:– The Group and CLP Telecommunications Limited (“CLPT”) entered into a conditional agreement with Hutchison Global Communications Holdings Limited (“HGCH”) to dispose of the respective entire interest of the Group (as to 81%) and CLPT (as to 19%) in PowerCom Network Hong Kong Limited (“PowerCom”) to HGCH for a total consideration of approximately HK\$391 million, which was satisfied by the issue and allotment to the Group and CLPT of an aggregate of 488,572,636 new shares of HGCH credited as fully paid at an issue price of HK\$0.80 per share. The completion of the disposal of interest in PowerCom took place on 12th March, 2004.
- (2) February 2004:– An 80% owned subsidiary of the Group settled the land premium with the Government in respect of Site B of the Tiu Keng Leng Station Development, Tseung Kwan O. Site B is planned for a residential development estimated to have a total developable gross floor area of about 130,300 sq. m.

- (3) March 2004:– The Group acquired Quarry Bay Inland Lot No. 4 sB ss1 sA, sB ss1 RP, sB ss2 and sB RP, 880-886 King's Road, Quarry Bay for residential development. The site has an area of approximately 1,230 sq. m. and a developable gross floor area of about 9,840 sq. m.
- (4) May 2004:– The Group accepted the basic terms offered by the Government in respect of the land grant of Lot No. 2081 in DD109, Kam Tin Road. The site has an area of approximately 50,500 sq. m. and a developable residential gross floor area of about 19,400 sq. m.
- (5) May 2004:– The Group successfully bid for Sha Tin Town Lot No. 487, Area 77, Ma On Shan, Sha Tin at a Government auction. With an area of approximately 14,000 sq. m., the site is designated for a residential development estimated to have a developable gross floor area of about 70,000 sq. m.
- (6) 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.
- (7) The Group's property projects in the Mainland are on schedule, both in terms of sales and leasing.





## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### Property Sales

Turnover of property sales for the first half year, including share of property sales of jointly controlled entities, was HK\$8,252 million (2003 – HK\$4,304 million), an increase of HK\$3,948 million when compared with the same period last year, and comprised mainly the sale of residential units of Harbourfront Landmark completed in previous years and the sale of residential units of property projects completed during the period, including One Beacon Hill, Vianni Cove and Sky Tower (Towers 1 and 2) in Hong Kong, of which over 90% of the residential units completed were sold as of the period end date.

Contribution from property sales, including share of results of jointly controlled entities, was HK\$617 million (2003 – HK\$479 million), an increase of HK\$138 million when compared with the same period last year with lower contribution margins for the property projects completed during the period as most of the residential units were presold during last year which was subject to various adverse economic conditions. However, the return of confidence and interest in the luxury residential property market in Hong Kong during the period has made the contribution from property projects, like the Harbourfront Landmark, significantly better than the contribution achieved in previous years.

Contribution from property sales for the second half year will mainly come from the sale of residential units of Banyan Garden (Phases 2 and 3), The Cairnhill, The Pacifica (Phase 1) and Sky Tower (Towers 3, 5, 6 and 7) which are scheduled for completion in Hong Kong. Over 90% of the residential units of these projects have been presold up to the period end date.

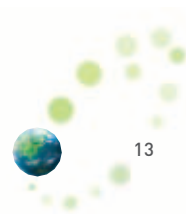
## Property Rental

Turnover of property rental for the first half year was HK\$288 million (2003 – HK\$387 million), a decrease of HK\$99 million when compared with the same period last year mainly due to the Group's disposal of various retail shopping malls to Fortune REIT, a Singapore unit trust in August last year. The Group's existing investment property portfolio comprises mainly retail shopping malls and commercial office properties in Hong Kong which accounted for approximately 30% and 35% respectively of the turnover of property rental for the period.

Contribution from property rental, including share of results of jointly controlled entities and unlisted associates, was HK\$424 million (2003 – HK\$437 million), a decrease of HK\$13 million when compared with the same period last year. The decrease was mainly caused by a reduction in contribution from the Group's investment property portfolio following the disposal of various retail shopping malls last year and was moderated by an increase in contribution from jointly controlled entities as rental income from investment properties, including The Metropolis Tower in Hong Kong and Oriental Plaza in the Mainland, continued to grow at high occupancy rates.

## Hotels and Serviced Suites

Turnover of hotels and serviced suites for the first half year was HK\$282 million (2003 – HK\$184 million), an increase of HK\$98 million when compared with the same period last year mainly because turnover during the same period last year was affected by the SARS outbreak in Hong Kong and the Mainland.





## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Contribution from hotels and serviced suites, including share of results of jointly controlled entities and unlisted associates, was HK\$118 million (2003 – HK\$2 million), an increase of HK\$116 million when compared with the same period last year. Operating conditions during the period, in the absence of SARS, were significantly better than that of the same period last year and helped to lift the contribution from hotels and serviced suites both in Hong Kong and the Mainland. The results of the Group's hotel and serviced suite operations during the period were satisfactory with good occupancy and room rates.

The prospects for hotel and serviced suite operations in Hong Kong and the Mainland are good and the Group's hotel and serviced suite operations will continue to make a good contribution.

### Property and Project Management

Turnover of property and project management for the first half year was HK\$109 million (2003 – HK\$98 million), an increase of HK\$11 million when compared with the same period last year. Contribution from property and project management, including share of results of jointly controlled entities and unlisted associates, was HK\$37 million (2003 – HK\$28 million), an increase of HK\$9 million when compared with the same period last year. The increase in turnover and contribution was in line with the increase in property and project management services rendered by the Group during the period.

While the contribution from property management is not significant, the Group is committed to providing top quality services to properties under our management. At the period end date, the total floor area under the Group's property management was approximately 73 million square feet and this is expected to grow steadily following the gradual completion of the Group's property projects in the coming years.

## Major Associates

The associated Hutchison Whampoa Group recorded unaudited consolidated profit after tax for the half year ended 30th June, 2004 of HK\$12,482 million. All established businesses of the Hutchison Whampoa Group (except Husky Energy, and Finance and Investment division) reported EBIT growth as compared with the same period last year.

The CK Life Sciences Group, another listed associate, reported profit attributable to shareholders amounted to HK\$838,000 in the first six months of 2004. The CK Life Sciences Group has made solid achievements in environmental and human-health related businesses since its listing in 2002.

## FINANCIAL REVIEW

### Liquidity and Financing

During the period, the Group issued notes in the total amount of HK\$300 million with five years term and redeemed notes in the total amount of HK\$1,103 million. At the period end date, outstanding bonds and notes issued by the Group amounted to HK\$7.3 billion.

Together with bank loans of HK\$7 billion, the Group's total borrowings at the period end date were HK\$14.3 billion, a decrease of HK\$3.6 billion from last year end date, and the maturity profile spread over a period of six years with HK\$2.2 billion repayable within one year, HK\$11.8 billion within two to five years and HK\$0.3 billion beyond five 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\$2.3 billion) over shareholders' funds, at 6.7% 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.







## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### Treasury Policies

The Group maintains a conservative approach on foreign exchange exposure management. At the period end date, approximately 92% of the Group's borrowings was in HK\$ with the balance in US\$, SGD and RMB mainly for the purpose of financing projects outside Hong Kong. While the Group derives its revenue and maintains cash balances mainly in HK\$, it ensures that its exposure to fluctuations in foreign exchange rates is minimised.

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 or exchange rate uncertainty or volatility, hedging instruments including swaps and forwards are used in the Group's management of exposure to interest rate and exchange rate fluctuations.

### Charges on Assets

At the period end date, certain assets of the Group with aggregate carrying value of HK\$1,233 million, with no significant change from last year end date, were pledged to secure bank loan facilities utilised by subsidiaries.

## Contingent Liabilities

At the period end date, 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 45 years amounted to HK\$4,538 million; and
- (b) guarantees provided for bank loans utilised by jointly controlled entities and other investee company amounted to HK\$2,548 million and HK\$23 million respectively.

## Employees

At the period end date, the Group employed approximately 6,600 employees for its principal businesses. The related employees' cost (excluding directors' emoluments) amounted to approximately HK\$484 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 AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th June, 2004, 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 Model Code for Securities Transactions by Directors adopted by the Company (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

### 1. Long Positions in Shares

#### (a) The Company

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Li Ka-shing	Founder of discretionary trusts	-	-	-	857,794,744 (Note 2)	857,794,744	37.04%
Li Tzar Kuoi, Victor	Beneficial owner, interest of child or spouse, interest of controlled corporations & beneficiary of trusts	220,000	100,000	579,000 (Note 4)	857,794,744 (Note 2)	858,693,744	37.07%

## 1. Long Positions in Shares (*continued*)

### (a) The Company (*continued*)

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
George Colin Magnus	Beneficial owner, interest of child or spouse & beneficiary of trust	56,000	10,000	-	184,000 (Note 5)	250,000	0.01%
Kam Hing Lam	Beneficial owner	10,000	-	-	-	10,000	0.0004%
Leung Siu Hon	Beneficial owner & interest of child or spouse	635,500	64,500	-	-	700,000	0.03%
Chow Kun Chee, Roland	Beneficial owner	65,600	-	-	-	65,600	0.003%
Hung Siu-lin, Katherine	Beneficial owner	20,000	-	-	-	20,000	0.0009%
Yeh Yuan Chang, Anthony	Interest of child or spouse	-	384,000	-	-	384,000	0.02%



## DISCLOSURE OF INTERESTS *(continued)*

### 1. Long Positions in Shares *(continued)*

#### (b) Associated Corporations

##### Hutchison Whampoa Limited

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Li Ka-shing	Interest of controlled corporation & founder of discretionary trusts	-	-	6,833,000 (Note 1)	2,141,698,773 (Note 3)	2,148,531,773	50.40%
Li Tzar Kuoi, Victor	Interest of controlled corporations & beneficiary of trusts	-	-	1,086,770 (Note 4)	2,141,698,773 (Note 3)	2,142,785,543	50.26%
George Colin Magnus	Beneficial owner & interest of child or spouse	990,100	9,900	-	-	1,000,000	0.02%
Kam Hing Lam	Beneficial owner	60,000	-	-	-	60,000	0.001%
Leung Siu Hon	Beneficial owner & interest of child or spouse	11,000	28,600	-	-	39,600	0.0009%
Fok Kin-ning, Canning	Interest of controlled corporation	-	-	2,410,875 (Note 10)	-	2,410,875	0.06%
Frank John Sixt	Beneficial owner	50,000	-	-	-	50,000	0.001%
Chow Kun Chee, Roland	Beneficial owner	49,931	-	-	-	49,931	0.001%
Hung Siu-tin, Katherine	Beneficial owner	34,000	-	-	-	34,000	0.0008%
Yeh Yuan Chang, Anthony	Interest of child or spouse	-	100,000	-	-	100,000	0.002%
Chow Nin Mow, Albert	Beneficial owner	97	-	-	-	97	≈0%
Simon Murray	Beneficial owner & beneficiary of trust	25,000	-	-	17,000 (Note 11)	42,000	0.001%

## 1. Long Positions in Shares (continued)

### Cheung Kong Infrastructure Holdings Limited

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Li Ka-shing	Founder of discretionary trusts	-	-	-	1,912,109,945 (Note 6)	1,912,109,945	84.82%
Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	1,912,109,945 (Note 6)	1,912,109,945	84.82%
Kam Hing Lam	Beneficial owner	100,000	-	-	-	100,000	0.004%

### CK Life Sciences Int'l., (Holdings) Inc.

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	-	-	1,880,005,715 (Note 1)	2,820,008,571 (Note 7)	4,700,014,286	73.35%
Li Tzar Kuoi, Victor	Beneficial owner & beneficiary of trusts	1,500,000	-	-	2,820,008,571 (Note 7)	2,821,508,571	44.04%
George Colin Magnus	Beneficial owner, interest of child or spouse & beneficiary of trust	502,240	400	-	7,360 (Note 5)	510,000	0.008%
Kam Hing Lam	Interest of child or spouse	-	4,150,000	-	-	4,150,000	0.06%
Chung Sun Keung, Davy	Beneficial owner	250,000	-	-	-	250,000	0.004%
Ip Tak Chuen, Edmond	Beneficial owner	1,500,000	-	-	-	1,500,000	0.02%
Pau Yee Wan, Ezra	Beneficial owner	600,000	-	-	-	600,000	0.009%
Woo Chia Ching, Grace	Beneficial owner	750,000	-	-	-	750,000	0.01%



## DISCLOSURE OF INTERESTS *(continued)*

### 1. Long Positions in Shares *(continued)*

#### CK Life Sciences Int'l., (Holdings) Inc. *(continued)*

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Leung Siu Hon	Beneficial owner, interest of child or spouse & interest of controlled corporation	525,420	2,000	1,980 (Note 12)	-	529,400	0.008%
Fok Kin-ning, Canning	Interest of controlled corporation	-	-	1,000,000 (Note 10)	-	1,000,000	0.02%
Frank John Sixt	Beneficial owner	600,000	-	-	-	600,000	0.009%
Chow Kun Chee, Roland	Beneficial owner	602,624	-	-	-	602,624	0.009%
Hung Siu-lin, Katherine	Beneficial owner	6,000	-	-	-	6,000	≈ 0%
Yeh Yuan Chang, Anthony	Beneficial owner	500,000	-	-	-	500,000	0.008%
Kwok Tun-li, Stanley	Interest of child or spouse	-	200,000	-	-	200,000	0.003%

#### Other Associated Corporations

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interest	Family Interest	Corporate Interest	Other Interest		
Beautiland Company Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	100,000,000 (Note 13)	100,000,000	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	100,000,000 (Note 13)	100,000,000	100%
Jabrin Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	9,000 (Note 13)	9,000	90%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	9,000 (Note 13)	9,000	90%

## 1. Long Positions in Shares (continued)

### Other Associated Corporations (continued)

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interest	Family Interest	Corporate Interest	Other Interest		
Kobert Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	4,900 (Note 13)	4,900	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	4,900 (Note 13)	4,900	100%
Tsing-Yi Realty, Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	3,150,000 (Note 13)	3,150,000	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	3,150,000 (Note 13)	3,150,000	100%
Tosbo Limited	Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	-	-	4 (Note 1)	6 (Note 14)	10	100%
Hutchison Harbour Ring Limited	Fok Kin-ning, Canning	Interest of controlled corporation	-	-	5,000,000 (Note 10)	-	5,000,000	0.07%
Hutchison Global Communications Holdings Limited	Li Ka-shing	Interest of controlled corporation & founder of discretionary trusts	-	-	231,912,000 (Note 1)	3,875,632,628 (Note 9)	4,107,544,628	59.52%
	Li Tzar Kuoi, Victor	Interest of controlled corporation & beneficiary of trusts	-	-	20,000,000 (Note 4)	3,875,632,628 (Note 9)	3,895,632,628	56.44%
	Fok Kin-ning, Canning	Interest of controlled corporation	-	-	10,000,000 (Note 10)	-	10,000,000	0.14%
Hutchison Telecom-munications (Australia) Limited	Fok Kin-ning, Canning	Beneficial owner & interest of controlled corporation	100,000	-	1,000,000 (Note 10)	-	1,100,000	0.16%





## DISCLOSURE OF INTERESTS *(continued)*

### 2. Long Positions in Underlying Shares

Name of Company	Name of Director	Capacity	Personal Interest	Family Interest	Corporate Interest	Other Interest	Total
Company	Fok Kin-ning, Canning	Interest of controlled corporation	-	-	292,291 underlying shares under US\$2,000,000 Notes due 2007 issued by BNP Paribas (Note 10)	-	292,291 underlying shares under US\$2,000,000 Notes due 2007 issued by BNP Paribas
Hutchison Whampoa Limited	Fok Kin-ning, Canning	Interest of controlled corporation	-	-	757,939 underlying shares under US\$5,000,000 Notes due 2005 issued by BNP Paribas (Note 10)	-	757,939 underlying shares under US\$5,000,000 Notes due 2005 issued by BNP Paribas
Cheung Kong Infrastructure Holdings Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	2 underlying shares by virtue of the HK\$300,000,000 Capital Guaranteed Notes due 2009 issued by Cheung Kong Bond Finance Limited (Note 8)	2 underlying shares by virtue of the HK\$300,000,000 Capital Guaranteed Notes due 2009 issued by Cheung Kong Bond Finance Limited
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	2 underlying shares by virtue of the HK\$300,000,000 Capital Guaranteed Notes due 2009 issued by Cheung Kong Bond Finance Limited (Note 8)	2 underlying shares by virtue of the HK\$300,000,000 Capital Guaranteed Notes due 2009 issued by Cheung Kong Bond Finance Limited

## 2. Long Positions in Underlying Shares *(continued)*

Name of Company	Name of Director	Capacity	Personal Interest	Family Interest	Corporate Interest	Other Interest	Total
Hutchison Global Communications Holdings Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	3,333,333,333 underlying shares under HK\$3,200,000,000 1% Unsecured Convertible Notes due 2009 (Note 9)	3,333,333,333 underlying shares under HK\$3,200,000,000 1% Unsecured Convertible Notes due 2009
			-	-	-	1,041,666,666 underlying shares under Facility Convertible Notes to be issued pursuant to the terms of an unsecured loan facility of HK\$1,000,000,000 (Note 9)	1,041,666,666 underlying shares under Facility Convertible Notes to be issued pursuant to the terms of an unsecured loan facility of HK\$1,000,000,000
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	3,333,333,333 underlying shares under HK\$3,200,000,000 1% Unsecured Convertible Notes due 2009 (Note 9)	3,333,333,333 underlying shares under HK\$3,200,000,000 1% Unsecured Convertible Notes due 2009



## DISCLOSURE OF INTERESTS *(continued)*

### 2. Long Positions in Underlying Shares *(continued)*

Name of Company	Name of Director	Capacity	Personal Interest	Family Interest	Corporate Interest	Other Interest	Total
Hutchison Global Communications Holdings Limited	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	1,041,666,666 underlying shares under Facility Convertible Notes to be issued pursuant to the terms of an unsecured loan facility of HK\$1,000,000,000 (Note 9)	1,041,666,666 underlying shares under Facility Convertible Notes to be issued pursuant to the terms of an unsecured loan facility of HK\$1,000,000,000
Hutchison Telecom-munications (Australia) Limited	Fok Kin-ning, Canning	Beneficial owner & interest of controlled corporation	134,000 underlying shares under controlled corporation 5.5% Unsecured Convertible Notes due 2007	-	1,340,001 underlying shares under 1,340,001 5.5% Unsecured Convertible Notes due 2007 (Note 10)	-	1,474,001 underlying shares under 1,474,001 5.5% Unsecured Convertible Notes due 2007

### 3. Long Positions in Debentures

Name of Company	Name of Director	Capacity	Personal Interest	Family Interest	Corporate Interest	Other Interest	Total
Hutchison Whampoa International (01/11) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	US\$2,000,000 7% Notes due 2011 (Note 4)	-	US\$2,000,000 7% Notes due 2011
Hutchison Whampoa International (03/13) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	US\$11,000,000 6.5% Notes due 2013 (Note 4)	-	US\$11,000,000 6.5% Notes due 2013

### 3. Long Positions in Debentures *(continued)*

Name of Company	Name of Director	Capacity	Personal Interest	Family Interest	Corporate Interest	Other Interest	Total
Hutchison Whampoa Finance (03/13) Limited	Fok Kin-ning, Canning	Interest of controlled corporation	-	-	Euro20,900,000 5.875% Notes due 2013 (Note 10)	-	Euro20,900,000 5.875% Notes due 2013
Hutchison Whampoa International (03/33) Limited	Fok Kin-ning, Canning	Interest of controlled corporation	-	-	US\$6,500,000 6.25% Notes due 2014 (Note 10)	-	US\$6,500,000 6.25% Notes due 2014

Notes:

- (1) Such interests are held by certain companies of which Mr. Li Ka-shing is interested in the entire issued share capital.
- (2) The two references to 857,794,744 shares relate to the same block of shares in the Company. Mr. Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2"). 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 The Li Ka-Shing Unity Trust ("UT1") but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of UT1 and companies controlled by TUT1 as trustee of UT1 ("TUT1 related companies") hold a total of such 857,794,744 shares.



## DISCLOSURE OF INTERESTS *(continued)*

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 the Company 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 the Company 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.

As Mr. Li Ka-shing may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO and Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, both Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the shares of the Company held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO as Directors 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 the Company and has no duty of disclosure in relation to the shares of the Company held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.

- (3) The two references to 2,141,698,773 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. By virtue of the interests in the shares of the Company in relation to which each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor has a duty of disclosure under the SFO in the issued share capital of the Company as described in Note (2) above and as a Director of the Company, they are taken to have a duty of disclosure in relation to the said shares of HWL under the SFO; and

- (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"). Mr. Li Ka-shing is the settlor of each of the two discretionary trusts ("DT3" and "DT4"). Each of Li Ka-Shing Castle Trustee Corporation Limited ("TDT3", which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited ("TDT4", which is the trustee of 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. The discretionary beneficiaries of each of DT3 and DT4 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

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.

As Mr. Li Ka-shing may be regarded as a founder of each of DT3 and DT4 for the purpose of the SFO and Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT3 and DT4, and by virtue of the above, both Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the said shares of HWL held by TUT3 as trustee of UT3 under the SFO as Directors 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 under the SFO.





## DISCLOSURE OF INTERESTS *(continued)*

- (4) Such interests are held by certain companies of which Mr. Li Tzar Kuoi, Victor is interested in the entire issued share capital.
- (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, as Directors of the Company, by virtue of their deemed interests in the shares of the Company as described in Note (2) above, are taken to have a duty of disclosure in relation to such shares of CKI held by the subsidiary of HWL under the SFO; and
  - (b) 5,428,000 shares held by TUT1 as trustee of UT1. By virtue of the deemed interests in TUT1 as trustee of UT1 as described in Note (2) above, each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to such shares of CKI under the SFO.
- (7) The two references to 2,820,008,571 shares in CK Life Sciences Int'l., (Holdings) Inc. ("CKLS") relate to the same block of shares which are held by a subsidiary of the Company. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors of the Company, are taken to have a duty of disclosure in relation to such shares of CKLS held by the subsidiary of the Company by virtue of their deemed interests in the shares of the Company as described in Note (2) above under the SFO.
- (8) The 2 underlying shares of CKI are held by an indirect wholly-owned subsidiary of the Company. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors of the Company, by virtue of their deemed interests in the shares of the Company as described in Note (2) above, are taken to have a duty of disclosure in relation to such underlying shares of CKI under the SFO.

- (9) 3,875,632,628 shares of Hutchison Global Communications Holdings Limited ("HGCH") are held by certain subsidiaries of the Company and HWL while the interests in 3,333,333,333 underlying shares and 1,041,666,666 underlying shares are held by certain subsidiaries of HWL. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors of the Company, by virtue of their deemed interests in the shares of the Company and HWL as described in Notes (2) and (3) above, are taken to have a duty of disclosure in relation to the said shares and underlying shares of HGCH under the SFO.
- (10) Such interests are held by a company which is equally owned by Mr. Fok Kin-ning, Canning and his wife.
- (11) Such interests are held by an offshore family trust fund under which Mr. Simon Murray is a discretionary beneficiary.
- (12) Such interests are held by a company which is wholly owned by Mr. Leung Siu Hon and his wife.
- (13) These are subsidiaries of the Company and such shares are held through the Company and TUT1 as trustee of UT1. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors of the Company, by virtue of their deemed interests in the shares of the Company and TUT1 as trustee of UT1 as described in Note (2) above, are taken to have a duty of disclosure in relation to such shares under the SFO.
- (14) These shares are held by a subsidiary of the Company. By virtue of the deemed interests in the shares of the Company as described in Note (2) above and as a Director of the Company, Mr. Li Ka-shing is taken to have a duty of disclosure in relation to such shares under the SFO.







## DISCLOSURE OF INTERESTS *(continued)*

As at 30th June, 2004, by virtue of their deemed interests in the shares of the Company as described in Note (2) above and as Directors of the Company, Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, 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 SFO.

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

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30th June, 2004, 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 Model Code.

## INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 30th June, 2004, 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 or had otherwise notified to the Company were as follows:

### 1. Long Positions of Substantial Shareholders in the Shares of the Company

Name of Shareholder	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	857,794,744 (Note)	37.04%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of trust	857,794,744 (Note)	37.04%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of trust	857,794,744 (Note)	37.04%

### 2. Long Positions of Other Persons in the Shares of the Company

Name of Shareholder	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Templeton Global Advisors Ltd.	Investment manager	150,275,838	6.49%





## DISCLOSURE OF INTERESTS *(continued)*

Note: The three references to 857,794,744 shares relate to the same block of shares in the Company. Each of TUT1 as trustee of UT1, TDT1 as trustee of DT1 and TDT2 as trustee of another discretionary trust is taken to have a duty of disclosure in relation to the said shares of the Company as described in Note (2) under the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" under the SFO.

Save as disclosed above, as at 30th June, 2004, 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, 2004. 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**

With the exception that the Non-executive Directors have no set term of office but retire from office on a rotational basis, none of the Directors of the Company 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 (the "Listing Rules").

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the model code for securities transactions by directors set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions effective on 31st March, 2004. The Company confirms that, having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code for the period ended 30th June, 2004.





## OTHER INFORMATION *(continued)*

### **RULE 13.22 OF THE LISTING RULES**

As at 30th June, 2004, the aggregate amount of the financial assistance provided by the Group to its associated companies and jointly controlled entities (collectively the “Affiliated Companies” within the meaning under Chapter 13 of the Listing Rules) and the guarantees given by the Group for facilities granted to the Affiliated Companies exceeded the relevant percentage ratios of 8% under the Listing Rules. In accordance with the requirements under Rule 13.22 of the Listing Rules, the Company is required to include in this interim report a proforma combined balance sheet of the Affiliated Companies as at the latest practicable date. The Company has numerous Affiliated Companies and is of the view that it is not practicable to prepare a proforma combined balance sheet of the Affiliated Companies. Pursuant to Rule 13.22 of the Listing Rules, the Company made an application to and received a waiver from the Stock Exchange to provide the following statement as an alternative.

As at 30th June, 2004, the indebtedness (including amounts owing to the Group), contingent liabilities and capital commitments of the Affiliated Companies, to which the provision of financial assistance and/or guarantees by the Group are subject to disclosure under Rule 13.16, were HK\$55,141 million, HK\$13,436 million and HK\$2,163 million respectively.

### **AUDIT COMMITTEE**

The Group’s interim report for the six months ended 30th June, 2004 was reviewed by the Audit Committee (the “Committee”). Regular meetings have been held by the Committee since its establishment and it meets at least twice each year.

# INTERIM FINANCIAL STATEMENTS

## Consolidated Profit and Loss Account

For the six months ended 30th June, 2004

	Note	(Unaudited)	
		2004 HK\$ Million	2003 HK\$ Million
Group turnover		7,305	2,813
Share of property sales of jointly controlled entities		1,626	2,160
<b>Turnover</b>	(2)	<b>8,931</b>	4,973
Group turnover		7,305	2,813
Investment and other income		867	560
Operating costs			
Property and related costs		(6,611)	(1,817)
Salaries and related expenses		(296)	(311)
Interest expenses		(170)	(286)
Other expenses		(116)	(127)
		(7,193)	(2,541)
Share of results of jointly controlled entities		786	233
<b>Operating profit</b>		<b>1,765</b>	1,065
Share of results of associates		6,325	3,554
<b>Profit before taxation</b>	(3)	<b>8,090</b>	4,619
Taxation	(4)	(282)	(624)
<b>Profit after taxation</b>		<b>7,808</b>	3,995
Minority interests		(58)	6
<b>Profit attributable to shareholders</b>		<b>7,750</b>	4,001
<b>Dividends</b>			
Interim dividend of HK\$0.38 (2003 – HK\$0.38) per share		880	880
<b>Earnings per share</b>	(5)	<b>HK\$3.35</b>	HK\$1.73



## INTERIM FINANCIAL STATEMENTS *(continued)*

### Consolidated Balance Sheet

As at 30th June, 2004

	(Unaudited) 30/6/2004 HK\$ Million	(Audited) 31/12/2003 HK\$ Million
Non-current assets		
Fixed assets	17,281	17,217
Associates	130,802	127,241
Jointly controlled entities	20,882	22,576
Investments in securities	7,111	7,231
Long term loans	1,388	929
	177,464	175,194
Current assets		
Investments in securities	2,926	3,659
Stock of properties	16,534	13,891
Debtors, deposits and prepayments	2,684	2,060
Bank balances and deposits	2,288	5,182
	24,432	24,792
Current liabilities		
Bank and other loans	2,203	1,585
Creditors and accruals	2,685	2,210
Provision for taxation	621	562
	18,923	20,435
Net current assets		
	196,387	195,629
Non-current liabilities		
Bank and other loans	12,128	16,357
Deferred tax liabilities	349	319
	12,477	16,676
Minority interests	4,316	4,110
<b>Total net assets</b>	<b>179,594</b>	<b>174,843</b>
<b>Representing:</b>		
Share capital	1,158	1,158
Share premium	9,331	9,331
Reserves	2,303	2,291
Retained profits	165,922	159,052
Dividend		
Interim dividend for 2004	880	–
Final dividend for 2003	–	3,011
<b>Total shareholders' funds</b>	<b>179,594</b>	<b>174,843</b>

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2004

	(Unaudited)	
	2004 HK\$ Million	2003 HK\$ Million
Total shareholders' funds at 1st January	174,843	168,548
Net profit for the period	7,750	4,001
Items recognised in reserves		
Exchange gains on translation of financial statements of subsidiaries, jointly controlled entities and associates	12	12
Final dividend paid	(3,011)	(2,826)
<b>Total shareholders' funds at 30th June</b>	<b>179,594</b>	<b>169,735</b>

## Condensed Consolidated Cash Flow Statement

For the six months ended 30th June, 2004

	(Unaudited)	
	2004 HK\$ Million	2003 HK\$ Million
Net cash from operating activities	651	2,934
Net cash from/(used in) investing activities	115	(4,095)
Net cash from/(used in) financing activities	(3,660)	2,070
Net increase/(decrease) in cash and cash equivalents	(2,894)	909
Cash and cash equivalents at 1st January	5,182	2,156
<b>Cash and cash equivalents at 30th June</b>	<b>2,288</b>	<b>3,065</b>





## Notes to Interim Financial Statements

### (1) Basis of preparation

The interim financial statements have been prepared in accordance with Statement of Standard Accounting Practice 25 “Interim Financial Reporting” in Hong Kong. The principal accounting policies used in the preparation of the interim financial statements are consistent with those used in the financial statements for the year ended 31st December, 2003.

### (2) Turnover and contribution

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

	Six months ended 30th June	
	2004 HK\$ Million	2003 HK\$ Million
Property sales	6,626	2,144
Property rental	288	387
Hotels and serviced suites	282	184
Property and project management	109	98
Group turnover	7,305	2,813
Share of property sales of jointly controlled entities	1,626	2,160
Turnover	8,931	4,973

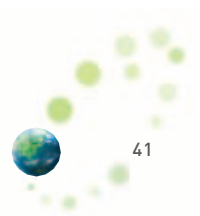
Turnover of jointly controlled entities (save for proceeds from property sales shared by the Group) and turnover of listed and unlisted associates are not included.

During the period, the Group’s overseas operations (including property sales of jointly controlled entities) were mainly in the Mainland which accounted for approximately 6% of the turnover.

## (2) Turnover and contribution (continued)

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

	Company and subsidiaries Six months ended 30th June		Jointly controlled entities and unlisted associates Six months ended 30th June		Total Six months ended 30th June	
	2004 HK\$ Million	2003 HK\$ Million	2004 HK\$ Million	2003 HK\$ Million	2004 HK\$ Million	2003 HK\$ Million
Property sales	121	397	496	82	617	479
Property rental	232	302	192	135	424	437
Hotels and serviced suites	73	5	45	(3)	118	2
Property and project management	34	28	3	–	37	28
	460	732	736	214	1,196	946
Investment and finance					440	522
Interest expenses					(170)	(286)
Others					303	(6)
Taxation (excluding share of taxation of listed associate)					(197)	(212)
Minority interests					(58)	6
					1,514	970
Share of net result of listed associate Hutchison Whampoa Limited					6,236	3,031
Profit attributable to shareholders					7,750	4,001



## INTERIM FINANCIAL STATEMENTS *(continued)*

### (3) Profit before taxation

	Six months ended 30th June	
	2004 HK\$ Million	2003 HK\$ Million
Profit before taxation is arrived at after charging/(crediting):		
Interest expenses	222	408
Less: Interest capitalised	(52)	(122)
	170	286
Costs of properties sold	6,026	1,608
Depreciation	52	57
Net realised and unrealised holding gains on other investments	(53)	(594)

### (4) Taxation

	Six months ended 30th June	
	2004 HK\$ Million	2003 HK\$ Million
Company and subsidiaries		
Hong Kong profits tax	62	23
Overseas tax	3	4
Deferred tax	30	110
Share of taxation		
Jointly controlled entities	100	72
Associates	87	415
	282	624

Hong Kong profits tax has been provided for at the rate of 17.5% (2003 – 17.5%) on the estimated assessable profits for the period. Overseas tax has been provided for at the applicable local rates on the estimated assessable profits of the individual company concerned. Deferred tax has been provided on temporary differences using the current applicable rates.

## (5) Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders and on 2,316,164,338 shares (2003 – 2,316,164,338 shares) in issue during the period.

## (6) 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:

	30/6/2004 HK\$ Million	31/12/2003 HK\$ Million
Current to one month	893	1,209
Two to three months	39	14
Over three months	40	31
	972	1,254

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

	30/6/2004 HK\$ Million	31/12/2003 HK\$ Million
Current to one month	497	572
Two to three months	10	12
Over three months	18	9
	525	593



## INTERIM FINANCIAL STATEMENTS *(continued)*

### (7) Related party transactions

During the period and in the ordinary course of business, the Group undertook various joint venture projects with related parties, including the Chairman, 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 balance sheet date, advances made to/received from associates amounted to HK\$387 million and HK\$142 million respectively, and advances made to/received from jointly controlled entities amounted to HK\$17,887 million and HK\$1,298 million respectively. Guarantees provided by the Group for bank loans utilised by jointly controlled entities amounted to HK\$2,548 million.

During the period, the Group disposed of its 81% interest in PowerCom Network Hong Kong Limited to Hutchison Global Communications Holdings Limited ("HGCH") for a consideration of approximately HK\$317 million, which was satisfied by the issue and allotment to the Group of 395,743,835 new shares of HGCH credited as fully paid at an issue price of HK\$0.80 per share.

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

### (8) Review of interim financial statements

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

# NOTICE OF PAYMENT OF INTERIM DIVIDEND, 2004

The Board of Directors of Cheung Kong (Holdings) Limited announces that the Group's unaudited consolidated profit attributable to shareholders for the six months ended 30th June, 2004 amounted to HK\$7,750 million which represents earnings of HK\$3.35 per share. The Directors have declared an interim dividend for 2004 of HK\$0.38 per share to shareholders whose names appear on the Register of Members of the Company on Thursday, 14th October, 2004. The dividend will be paid on Friday, 15th October, 2004.

The Register of Members of the Company will be closed from Thursday, 7th October, 2004 to Thursday, 14th October, 2004, 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, 6th October, 2004.

By Order of the Board

**Eirene Yeung**

Company Secretary

Hong Kong, 19th August, 2004

NOTICE OF PAYMENT OF INTERIM DIVIDEND, 2004



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### *Executive Directors:*

LI Ka-shing *Chairman*

LI Tzar Kuoi, Victor *Managing Director and Deputy Chairman*

George Colin MAGNUS *Deputy Chairman*

KAM Hing Lam *Deputy Managing Director*

CHUNG Sun Keung, Davy

IP Tak Chuen, Edmond

PAU Yee Wan, Ezra

WOO Chia Ching, Grace

CHIU Kwok Hung, Justin

LEUNG Siu Hon *Independent Non-executive Director\**

FOK Kin-ning, Canning *Non-executive Director*

Frank John SIXT *Non-executive Director*

CHOW Kun Chee, Roland *Independent Non-executive Director<sup>+</sup>*

WONG Yick-ming, Rosanna *Independent Non-executive Director*

HUNG Siu-lin, Katherine *Non-executive Director*

YEH Yuan Chang, Anthony *Independent Non-executive Director*

CHOW Nin Mow, Albert *Non-executive Director*

Simon MURRAY *Independent Non-executive Director*

KWOK Tun-li, Stanley *Independent Non-executive Director*

*\* Chairman of Audit Committee*

*<sup>+</sup> Member of Audit Committee*

## COMPANY SECRETARY

Eirene YEUNG

## AUDITORS

Deloitte Touche Tohmatsu

## BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Bank of China (Hong Kong) Limited

BNP Paribas

Bank of Communications, Hong Kong Branch

Industrial and Commercial Bank of China (Asia) Limited

The Bank of Tokyo-Mitsubishi, Ltd.

Sumitomo Mitsui Banking Corporation

Nanyang Commercial Bank, Ltd.

Hang Seng Bank Limited

## SOLICITORS

Woo, Kwan, Lee & Lo

## REGISTERED OFFICE

7th Floor, Cheung Kong Center,  
2 Queen's Road Central, Hong Kong


## 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

## INTERNET ADDRESS

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



This interim report 2004 ("Interim Report 2004") (in both English and Chinese versions) has been posted on the Company's website at <http://www.ckh.com.hk>. Shareholders who have chosen to rely on copies of the Company's Corporate Communication (including but not limited to Annual Report, summary financial report (where applicable), Interim Report, summary interim report (where applicable), notice of meeting, listing document, circular and proxy form) posted on the Company's website in lieu of the printed copies thereof may request the printed copy of the Interim Report 2004.

Shareholders who have chosen to receive the Corporate Communication using electronic means through the Company's website and who for any reason have difficulty in receiving or gaining access to the Interim Report 2004 posted on the Company's website will promptly upon request be sent the Interim Report 2004 in printed form free of charge.

Shareholders may at any time choose to change your choice as to the means of receipt (i.e. in printed form or by electronic means through the Company's website) and/or the language of the Company's Corporate Communication by notice in writing to the Company's Registrars, Computershare Hong Kong Investor Services Limited at 46th 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 2004 since both languages are bound together into one booklet.