

長江 基建

集團有限公司

CHEUNG KONG

INFRASTRUCTURE

HOLDINGS LIMITED



中 期 報 告 書

— 九 九 六 年 度

INTERIM REPORT

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INTERIM RESULTS

The Company was incorporated in Bermuda on 28th May, 1996 as a wholly owned subsidiary of Cheung Kong (Holdings) Limited ("Cheung Kong"). In preparing for the listing of the shares of the Company on

The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company and its subsidiaries comprising the Group were reorganised in July 1996 pursuant to the terms of the restructuring agreement as set out in the prospectus of the Company dated 4th July, 1996 (the "Prospectus"). The Company has become a listed company on the Stock Exchange since 17th July, 1996 after completion of the placing and new issue of shares as more fully described in the Prospectus. Cheung Kong holds approximately 70% of the

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issued share capital of the Company.

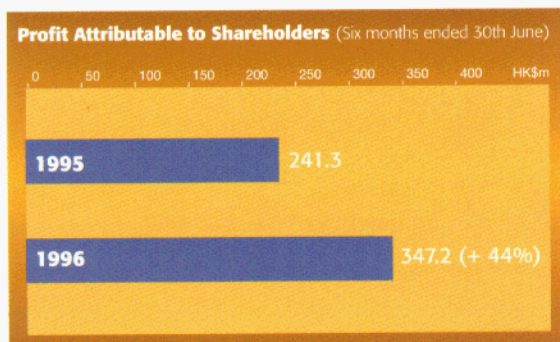
This interim report covers the unaudited combined results of the Group for the six months ended 30th June, 1996 before the Company became listed and is issued in compliance with the Rules Governing the Listing of Securities on the Stock Exchange.

For accounting purpose, the Group is treated as a continuing entity and the combined profit and loss account has been prepared as if the Group structure had been in existence throughout the reporting period and in accordance with the principal accounting policies set out in the Prospectus.

The Directors of the Company are pleased to announce that the Group's unaudited combined profit attributable to shareholders for the six months ended 30th June, 1996, amounted to HK\$347.2 million, representing an increase of 44% as compared with the same period last year.

The unaudited combined profit and loss account for the six months period is set out below:-

	Six months ended 30th June	
	1996 HK\$ Million	1995 HK\$ Million
Turnover	1,373.5	1,095.2
Operating profit	386.6	259.1
Share of results of associated companies	-	-
Profit before taxation	386.6	259.1
Taxation (Note 1)		
Group		
Hong Kong		
Profits tax	39.2	10.4
Deferred tax	(2.7)	2.2
Overseas	3.4	5.6
Associated companies	-	-
Profit after taxation	346.7	240.9
Minority interests	0.5	0.4
Profit attributable to shareholders	347.2	241.3
Interim dividend	-	-
Profit for the period retained	347.2	241.3
Earnings per share (Note 2)	HK\$0.34	HK\$0.24



Notes:*(1) Taxation*

Hong Kong profits tax is provided for at the rate of 16.5% on the estimated assessable profits for the period of each individual company comprising the Group. Overseas taxation is provided for at the applicable rates of taxation in the relevant foreign jurisdiction on the estimated assessable income arising during the period.

Deferred taxation is accounted for at the current rate of taxation in respect of material timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or receivable in the foreseeable future.

(2) Earnings per share

The calculation of earnings per share is based on the Group's combined profit attributable to shareholders of HK\$347.2 million (1995 - HK\$241.3 million) and on 1,026,000,000 shares issued (which were deemed to have been issued throughout the period) pursuant to the reorganisation in July 1996 before the placing and the new issue of shares.

INTERIM DIVIDEND

As stated in the Prospectus, the Directors do not recommend the payment of an interim dividend.

BUSINESS REVIEW



Power plants, toll roads and bridges

At the time of the Company's listing in July 1996, the Group had interests in 19 infrastructure projects in the PRC: 13 roads and bridges, and 6 power plants. Of the 19 projects, 8 were entered into by the Group prior to January 1996 whereas the 11 road and bridge projects of the Nanhai Road Network were signed in May 1996.

The three Shantou power plants and the Nanhai Jiangnan Power Plant became operational and revenue-generating since January 1995, and continued to contribute to the Group's revenue in the first half of 1996.



One of the two generating units (200 MW) of the Nanhai Power Plant 1 will become operational in late 1996. The second unit (200 MW) is expected to commence operation by mid-1997.

The loan documents relating to the Zhuhai Power Plant are expected to be signed in September 1996. The power plant is expected to start generating revenue in 1999.

The Shantou Bay Bridge was opened in late 1995, and was operational and revenue-generating throughout the first half of 1996.

The construction of the Shenzhen-Shantou Highway (Eastern Section) is nearing completion. Soft opening is scheduled for October 1996.

In the Prospectus, a buy-back arrangement regarding the Nanhai Road Network was included in the event that relevant government approvals could not be obtained by the Group within two years. We are pleased to announce that all government approvals regarding the Nanhai Road Network have been obtained, and the Group will make a capital contribution during August 1996, immediately after which an investment return will be generated.



With the above progress, 18 of the 19 signed contracts will generate revenue by the end of 1996, compared with 6 generating revenue in 1995.

Cement, concrete, aggregates and asphalt



The cement, concrete, aggregates and asphalt operations experienced strong volume growth and continued margin improvement resulting in strong growth in net profit over the same period last year. According to Government statistics, from January to May 1996, local cement consumption grew by almost 15%, while price rose by 11%. Green Island Cement and Anderson Asia continued to maintain its market leadership in Hong Kong.



The substantial increase in net profit is also the result of the continued cost reduction measures and increased sales of high profit margin and award-winning products, namely, high performance concrete and low alkaline cement. In particular, the revenue of low alkaline cement, a unique product of Green Island Cement, rose by more than 170%.

PROSPECTS

In this, our first interim report, I am pleased to report that in July 1996, the Company raised approximately HK\$4,150 million in the initial public offering, comprising an international placement and a new issue on the Stock Exchange. The offering was more than 20 times subscribed by overseas and local investors and received over 15,000 applications for the new issue in Hong Kong.

With the strong results in the first half of the year and the new issue proceeds, the Group is in a position to seize growth opportunities in the infrastructure and related businesses.

During the months of July and August, one contract and several letters of intent were signed. On 19th July, 1996, the Group and Hopewell Holdings Limited announced that a supplementary agreement had been signed with Guangzhou Freeway Company regarding the construction, management, and operation of the East-South-West Ring Road in Guangzhou. During the first and second week of August, letters of intent were signed with the city governments of Jiangmen and Taishan (both in Guangdong Province) respectively in respect of road and bridge projects. Contribution to the Group's revenue will follow as and when these letters of intent are translated into approved contracts.

The Group has been and will continue to be in discussion with PRC provincial and municipal government authorities regarding possible joint-venture opportunities in power and road projects, and expects some of them will result in letters of intent. We are optimistic about our prospects in the PRC.

“The net profit for the year of 1996 was forecast in the Prospectus to be not less than HK\$728 million. The management remains confident in achieving this goal.”

The cement and concrete businesses are expected to consolidate their market-leading position, with projected population growth and increased infrastructure spending anticipated in Hong Kong. The Airport Core Projects (“ACP”) will be coming to an end in 1998. After the end of the ACP, government spending is expected to be diverted to other projects which are likely to consume higher amounts of cement and concrete. According to Government estimates, Hong Kong’s population is projected to increase

from 6.3 million to 8.1 million by the year 2011. The demand for housing and related facilities, which have higher cement contents, is likely to be substantial. The prospects look promising.

The net profit for the year of 1996 was forecast in the Prospectus to be not less than HK\$728 million. The management remains confident in achieving this goal.

I take this opportunity to thank all our shareholders for their support in making the new listing such a big success, and also my colleagues on the Board and all the staff members of the Group for their hard work and commitment in making the new listing and the half year results a success.

Li Tzar Kuoi, Victor
Chairman

Hong Kong, 19th August, 1996

DIRECTORS' INTERESTS

As the Company was listed on the Stock Exchange on 17th July, 1996, no register is required to be kept under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") as at 30th June, 1996.

Following the listing of the Company, the Company was notified that the interests of the Directors in the shares of the Company and its associated corporations as required to be recorded in the register maintained under Section 29 of the SDI Ordinance as at 17th July, 1996 were as follows:-

Name of Company	Name of Director	Number of Ordinary Shares				Total
		Personal Interest	Family Interest	Corporate Interest	Other Interest	
Company	Li Tzar Kuoi, Victor	-	-	-	1,025,900,000 (Note 1 and Note 6)	1,025,900,000
	Kam Hing Lam	100,000	-	-	-	100,000
Cheung Kong	Li Tzar Kuoi, Victor	150,000	100,000	-	768,054,406 (Note 2)	768,304,406
	George C. Magnus	10,000	-	-	-	10,000
	Kam Hing Lam	10,000	-	-	-	10,000
	Lee Pui Ling, Angelina	20,000	-	-	-	20,000
Hutchison	Li Tzar Kuoi, Victor	-	-	200,000 (Note 8)	1,636,393,000 (Note 3)	1,636,593,000
	George C. Magnus	406,089	-	-	(Note 7)	406,089
	Lee Yeh Kwong, Charles	607,491	-	-	-	607,491
	Lee Pui Ling, Angelina	35,000	-	-	-	35,000
Beautiland Company Limited	Li Tzar Kuoi, Victor	-	-	-	15,000,000 (Note 4)	15,000,000
Jabrin Limited	Li Tzar Kuoi, Victor	-	-	-	2,000 (Note 4)	2,000
Kobert Limited	Li Tzar Kuoi, Victor	-	-	-	75 (Note 4)	75
Tsing-Yi Realty, Limited	Li Tzar Kuoi, Victor	-	-	-	945,000 (Note 4)	945,000
Believewell Limited	Li Tzar Kuoi, Victor	-	-	-	1,000 (Note 5)	1,000
Queboton Limited	Li Tzar Kuoi, Victor	-	-	-	1,000 (Note 5)	1,000

Notes:

(1) The 1,025,900,000 shares in the Company comprise:-

- (a) 966,689,000 shares held by a subsidiary of Cheung Kong. Li Ka-Shing Unity Trustee Company Limited (“TUT”) as trustee of The Li Ka-Shing Unity Trust (the “LKS Unity Trust”) and companies controlled by TUT as trustee of the LKS Unity Trust hold more than one-third of the issued share capital of Cheung Kong. All issued and outstanding units in the LKS Unity Trust are held by Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and by another discretionary trust. The discretionary beneficiaries of such discretionary trusts are, inter alia, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, his wife and daughter, and Mr. Li Tzar Kai, Richard. Mr. Li Tzar Kuoi, Victor, as a discretionary beneficiary of such discretionary trusts and a director of the Company, is taken to be interested in those shares of Cheung Kong referred to in Note (2) and in those shares of the Company as held by Cheung Kong’s subsidiary as aforesaid.
- (b) 53,783,000 shares held by a subsidiary of Hutchison Whampoa Limited (“Hutchison”). Certain subsidiaries of Cheung Kong hold more than one-third of the issued share capital of Hutchison. Mr. Li Tzar Kuoi, Victor by virtue of his deemed interest in the shares of Cheung Kong as a discretionary beneficiary of certain discretionary trusts as described in Note (1)(a) above is deemed to be interested in such shares of the Company held by the subsidiary of Hutchison.
- (c) 3,603,000 shares held by Pennywise Investments Limited (“Pennywise”) and 1,825,000 shares held by Triumphant Investments Limited (“Triumphant”). Pennywise and Triumphant are companies controlled by TUT as trustee of the LKS Unity Trust. Mr. Li Tzar Kuoi, Victor is deemed to be interested in such shares of the Company held by Pennywise and Triumphant by virtue of his interest as a discretionary beneficiary of certain discretionary trusts as described in Note (1)(a) above and as a director of the Company.

- (2) The 768,054,406 shares in Cheung Kong are held by TUT as trustee of the LKS Unity Trust and by companies controlled by TUT as trustee of the LKS Unity Trust. Mr. Li Tzar Kuoi, Victor, as a director of the Company, is taken to be interested in such shares in Cheung Kong as a discretionary beneficiary of certain discretionary trusts as described in Note (1)(a) above.
- (3) The 1,636,393,000 shares in Hutchison comprise:-
- (a) 1,628,393,000 shares held by certain subsidiaries of Cheung Kong. Mr. Li Tzar Kuoi, Victor, as a director of the Company, is taken to be interested in such shares in Hutchison held by the subsidiaries of Cheung Kong by virtue of his deemed interests in the shares of Cheung Kong as a discretionary beneficiary of certain discretionary trusts as described in Note (1)(a) above; and
- (b) 8,000,000 shares held by a unit trust and by a company controlled by such trust. All issued and outstanding units of such unit trust are held by discretionary trusts. The discretionary beneficiaries of such discretionary trusts are, inter alia, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, his wife and daughter, and Mr. Li Tzar Kai, Richard. Accordingly Mr. Li Tzar Kuoi, Victor, as a director of the Company, is deemed to be interested in such 8,000,000 shares in Hutchison by virtue of his interest as described in Note (1)(a) above and in this paragraph as a discretionary beneficiary of certain discretionary trusts.
- (4) These companies are subsidiaries of Cheung Kong. Accordingly, Mr. Li Tzar Kuoi, Victor, as a director of the Company, is deemed to be interested in those shares of these companies which are held by TUT (and companies it controls) as trustee of the LKS Unity Trust by virtue of his interests as a discretionary beneficiary of certain discretionary trusts as described in Note (1)(a) above.

- (5) These companies are associated companies of Cheung Kong. By virtue of his interests as a discretionary beneficiary of certain discretionary trusts as described in Note (1)(a) above and as a director of the Company, Mr. Li Tzar Kuoi, Victor is deemed to be interested in those shares of these companies which are held by TUT (and companies it controls) as trustee of the LKS Unity Trust.
- (6) Mr. Li Tzar Kuoi, Victor, by virtue of his interests in the share capital of the Company as described in Note (1)(a) and Note (1)(b) above and as director of the Company is deemed to be interested in those shares of the subsidiaries and associated companies of the Company held through the Company and in those shares of the subsidiaries and associated companies of Cheung Kong held through Cheung Kong under the provisions of the SDI Ordinance.
- (7) Mr. George Colin Magnus who is also a director of Hutchison holds options to purchase ordinary shares in Hutchison pursuant to its Senior Executive Share Option Scheme.
- (8) These shares are beneficially owned by a company in which Mr. Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings.

SUBSTANTIAL SHAREHOLDERS

As the Company was listed on the Stock Exchange on 17th July, 1996, no register is required to be kept under Section 16(1) of the SDI Ordinance as at 30th June, 1996.

Following the listing of the Company, in addition to the interests disclosed above in respect of the Directors, the Company was notified of the following interests in the issued ordinary share capital of the Company as at 17th July, 1996 as required to be recorded in the register maintained under Section 16(1) of the SDI Ordinance:-

- (i) 966,689,000 shares of the Company are held by Cheung Kong China Enterprises Limited, a wholly-owned subsidiary of Cheung Kong. Its interests are duplicated in the interests of Cheung Kong in the Company described in (ii) below.
- (ii) Cheung Kong is deemed to be interested in the 966,689,000 shares of the Company referred to in (i) above as it is entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings of Cheung Kong China Enterprises Limited and in the 53,783,000 shares of the Company held by a subsidiary of Hutchison as certain subsidiaries of Cheung Kong hold more than one-third of the issued share capital of Hutchison.
- (iii) TUT as trustee of the LKS Unity Trust is deemed to be interested in those shares of the Company described in (ii) above as TUT and companies it controls as trustee of the LKS Unity Trust hold more than one-third of the issued share capital of Cheung Kong and in the 3,603,000 shares and 1,825,000 shares of the Company respectively held by Pennywise and Triumphant as Pennywise and Triumphant are companies controlled by TUT as trustee of the LKS Unity Trust.
- (iv) Each of Mr. Li Ka-shing, Li Ka-Shing Unity Holdings Limited and Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust is deemed to be interested in the same block of shares TUT as trustee of the LKS Unity Trust is deemed to be interested in as referred to in (iii) above as all issued and outstanding units in the LKS Unity Trust are held by the Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and by another discretionary trust. More than one-third of the issued share capital of TUT and of the trustees of the said discretionary trusts are owned by Li Ka-Shing Unity Holdings Limited. Mr. Li Ka-shing owns more than one-third of the issued share capital of Li Ka-Shing Unity Holdings Limited.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30th June, 1996. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during this period.

CODE OF BEST PRACTICE

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