

長江基建

**Cheung Kong
Infrastructure
Holdings Limited**

(Incorporated in Bermuda
with limited liability)



Serving Local Communities

Quality Assets

Solid
Prospects
Solid
Growth

Dedicated Management



Contents

1999 Interim Report

Interim Results	2
Prospects	4
Consolidated Profit and Loss Account	5
Directors' Interests	7
Substantial Shareholders	10
Other Information	11
Notice of Payment of Interim Dividend, 1999	13
Corporate Information	14

Healthy earnings growth in the first half of 1999

We are pleased to report that Cheung Kong Infrastructure Holdings Limited ("CKI") reported healthy earnings growth in the first half of 1999. Net profit for the first six months ended 30th June, 1999 reached HK\$1,358 million, up 10 per cent. over that of the same period last year. Earnings per share were HK\$0.6, up 10 per cent.

The Board of Directors has declared an interim dividend for 1999 of HK\$0.13 per share (HK\$0.12 per share in 1998). The interim dividend will be paid on Tuesday, 12th October, 1999 to shareholders whose names appear on the Register of Members on Monday, 11th October, 1999.

Highlights in the first half are summarised as follows:

- High growth of 33 per cent. in profit contribution was reported in our Transportation businesses. Our toll roads in China continued to produce a steady operational performance. During the first half, we made an investment in Hong Kong's infrastructure sector by acquiring 50 per cent. of the rail section of the Eastern Harbour Crossing.
- Accounting for 59 per cent. of the Group's profit contribution, the Energy businesses have remained the largest profit contributor. This core business reported a growth in profit contribution of 3 per cent. over the same period last year, with Hongkong Electric Holdings Limited ("Hongkong Electric")

and power plants in China maintaining stable operating results. We have increased our shareholding of Hongkong Electric to 36.78 per cent. by taking the scrip option for the 1998 final dividend in June this year, reflecting our confidence in the outlook for Hongkong Electric.

- In the face of the economic slowdown in Hong Kong, the profit contribution of CKI Materials declined 9 per cent. in the first half. However, our continued progress in cost control and productivity has maintained our competitive position.
- In terms of profit contribution, Hong Kong remained the most dominant market in the first half, accounting for 75 per cent. The balance of 25 per cent. came from our projects in China.

Our financial position has remained strong, with substantial financing capacity. As at the end of June 1999, the Group's net debt to equity ratio was 5.2 per cent., with cash on hand of HK\$2 billion and debt of HK\$3.1 billion.

**Net profit for the
six months ended
30th June, 1999 reached
HK\$1,358 million**

UP 10%

The increase in government spending in China's infrastructure sector continues unabated, and has been one of the major drivers of the country's strong economic growth. With an infrastructure portfolio totaling HK\$10 billion, CKI is positioned to benefit from the robust activities in the infrastructure sector. We remain committed to further growth in China, and are optimistic that our portfolio will continue to expand given the numerous new projects currently under negotiation.

The majority of our projects in China are operational, with several more becoming operational in the coming months including the Shantou Cement Grinding Plant, Zhuhai Power Plant and the entire section of the Guangzhou East South West Ring Road. Our joint ventures in China have concluded Renminbi financings totaling over RMB\$800 million during 1999. The availability of Renminbi borrowing will strengthen China's investment environment and we will actively pursue this financing channel in future projects.

Our investment in the rail section of the Eastern Harbour Crossing is one of our many initiatives in infrastructure development in Hong Kong. As the Hong Kong government is studying the possibilities of privatisation, corporatisation and opening up of numerous infrastructure sectors, we believe there will be more investment opportunities for CKI in the future. The commencement of large infrastructure projects in the near future – for example, the West Rail – should benefit the sales volume of CKI Materials.

In July 1999, the acquisition of a 19.97 per cent. in Envestra Limited, Australia's largest and listed natural gas distribution company represented two important milestones. This expansion represents CKI's first investment in Australia as well as an important step in the natural gas business. We would like to emphasise the significance of this acquisition as geographical expansion and industry diversification will be an important avenue for growth for CKI going forward. While we remain committed to our major markets of Hong Kong and the Mainland and the three core

industries of infrastructure materials, energy and transportation, we are actively exploring investment opportunities in other countries and industries. Australia and natural gas are only two examples of our ongoing effort.

We are confident about the Group's continued growth, driven by the internal growth of the core operations and new project opportunities in Hong Kong, the Mainland and other parts of the world. With a strong financial position, we are well positioned to capture suitable investment opportunities.

I would like to thank the Board of Directors and all employees for their support and hard work.

Li Tzar Kuoi, Victor
Chairman

Hong Kong, 19th August, 1999

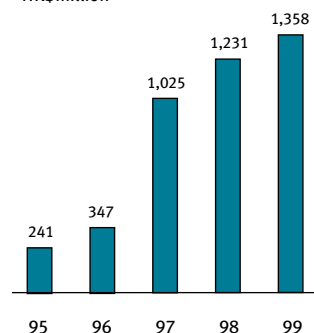
for the six months ended 30th June, 1999

The unaudited consolidated profit and loss account for the six months ended 30th June, 1999 and the comparisons with last year are set out below:

Year ended 31st December (audited)	HK\$ million	Notes	Six months ended 30th June (unaudited)	
			1999	1998
1998				
3,291	Turnover	1	1,461	1,681
1,122	Operating profit		666	557
1,971	Share of results of associated companies		763	754
33	Share of results of jointly controlled entities		19	15
3,126	Profit before taxation		1,448	1,326
(273)	Taxation	2	(90)	(95)
2,853	Profit after taxation		1,358	1,231
2	Minority interests		—	—
2,855	Profit attributable to shareholders		1,358	1,231
(857)	Dividends		(293)	(271)
1,998	Profit for the period retained		1,065	960
HK\$1.27	Earnings per share	3	HK\$0.60	HK\$0.55
HK\$0.38	Dividends per share		HK\$0.13	HK\$0.12

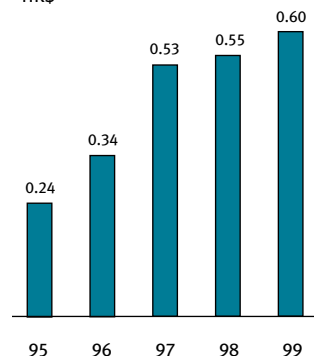
Profit Attributable to Shareholders

Six months ended 30th June
HK\$million



Earnings Per Share

Six months ended 30th June
HK\$

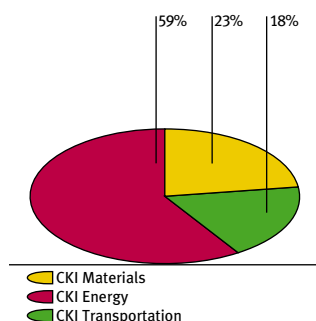


for the six months ended 30th June, 1999

Notes:

Profit Contribution by Business Segment

Six months ended 30th June, 1999



1. Turnover

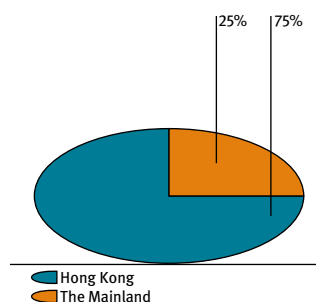
Turnover represents net sales from infrastructure materials businesses, return on investments and interest income received and receivable from infrastructure project investments, net of withholding tax, where applicable.

2. Taxation

Year ended 31st December		Six months ended 30th June	
1998	HK\$ million	1999	1998
Company and Subsidiaries			
94	Hong Kong profits tax – current	18	26
1	– deferred	2	(2)
95		20	24
Associated companies			
178	Hong Kong profits tax – current	70	71
273	Total	90	95

Profit Contribution by Geographic Region

Six months ended 30th June, 1999



(a) Hong Kong profits tax is provided for at the rate of 16 per cent. (1998: 16 per cent.) on the estimated assessable profits for the period less available tax relief for losses brought forward.

(b) Tax deferred or accelerated by the effects of timing differences is provided, using the liability method, to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

3. Earnings per share

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$1,358 million (1998: HK\$1,231 million) and on 2,254,209,945 shares (1998: 2,254,209,945 shares) in issue during the period.

4. Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.

As at 30th June, 1999, the interests of the Directors in the shares of the Company and its associated corporations as required to be recorded in the register maintained under section 29 of the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”) were as follows :

Name of Company	Name of Director	No. of Ordinary Shares				Other Interests	Total
		Personal Interests	Family Interests	Corporate Interests			
Company	Li Tzar Kuoi,	–	–	–	1,912,109,945	1,912,109,945	
	Victor				(Note 1)		
	Kam Hing Lam	100,000	–	–	–	100,000	
Hutchison Whampoa	Li Tzar Kuoi,	–	–	610,000	1,944,547,978	1,945,157,978	
	Victor			(Note 6)	(Note 2)		
	George Colin Magnus	800,000	9,000	–	–	809,000	
	Fok Kin Ning, Canning	875,089	–	–	–	875,089	
	Lee Pui Ling, Angelina	35,000	–	–	–	35,000	
Hongkong Electric	Li Tzar Kuoi,	–	–	–	757,829,332	757,829,332	
	Victor				(Note 3)		
	Lee Pui Ling, Angelina	8,800	–	–	–	8,800	
Orange plc	Li Tzar Kuoi,	–	–	250,000	1,000,000	1,250,000	
	Victor			(Note 6)	(Note 4)		
	George Colin Magnus	–	–	–	25,000	25,000	
					(Note 7)		
	Fok Kin Ning, Canning	24,390	–	–	–	24,390	
	Chow Woo Mo Fong, Susan	14,634	–	–	–	14,634	
Believewell Limited	Li Tzar Kuoi, Victor	–	–	–	1,000	1,000	
					(Note 5)		
Queboton Limited	Li Tzar Kuoi, Victor	–	–	–	1,000	1,000	
					(Note 5)		

Notes:—

1. The 1,912,109,945 shares in the Company comprise:
 - (a) 1,906,681,945 shares are held by a subsidiary of Hutchison Whampoa Limited (“Hutchison Whampoa”). Certain subsidiaries of Cheung Kong (Holdings) Limited (“Cheung Kong Holdings”) hold more than one-third of the issued share capital of Hutchison Whampoa. 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 Holdings. 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 Holdings and in those shares of Hutchison Whampoa as held by the subsidiary of Cheung Kong Holdings and in those shares of the Company as held by the subsidiary of Hutchison Whampoa as aforesaid.
 - (b) 3,603,000 shares are held by Pennywise Investments Limited (“Pennywise”) and 1,825,000 shares are 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 interests as a discretionary beneficiary of certain discretionary trusts as described in Note 1(a) above and as a Director of the Company.
2. The 1,944,547,978 shares in Hutchison Whampoa comprise:
 - (a) 1,936,547,978 shares are held by certain subsidiaries of Cheung Kong Holdings. Mr. Li Tzar Kuoi, Victor, as a Director of the Company, is taken to be interested in such shares in Hutchison Whampoa held by the subsidiaries of Cheung Kong Holdings by virtue of his deemed interests in the shares of Cheung Kong Holdings as a discretionary beneficiary of certain discretionary trusts as described in Note 1(a) above; and
 - (b) 8,000,000 shares are held by a unit trust. All issued and outstanding units of such unit trust are held by discretionary trusts. The discretionary beneficiaries of such discretionary trusts are, inter alia, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, his wife and daughter, and Mr. Li Tzar Kai, Richard. 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 Whampoa by virtue of his interests as described in this paragraph as a discretionary beneficiary of certain discretionary trusts.

3. The 757,829,332 shares in Hongkong Electric Holdings Limited (“Hongkong Electric”) are held by certain subsidiaries of the Company. Mr. Li Tzar Kuoi, Victor, as a Director of the Company, is taken to be interested in such shares in Hongkong Electric held by the subsidiaries of the Company by virtue of his deemed interests in the shares of the Company as a discretionary beneficiary of certain discretionary trusts as described in Note 1(a) above.
4. The 1,000,000 shares in Orange plc, an associated company of Hutchison Whampoa, comprise:
 - (a) 500,000 shares are held by a company controlled by TUT as trustee of the LKS Unity Trust. By virtue of being a Director of the Company and his interests as a discretionary beneficiary of certain discretionary trusts as described in Note 1(a) above, Mr. Li Tzar Kuoi, Victor is deemed to be interested in those shares of subsidiaries and associated companies of the Company and Hutchison Whampoa which are held by TUT (and companies it controls) as trustee of the LKS Unity Trust; and
 - (b) 500,000 shares are held by a company controlled by a unit trust. All issued and outstanding units of such unit trust are held by discretionary trusts. Mr. Li Tzar Kuoi, Victor, as a Director of the Company, is deemed to be interested in such 500,000 shares in Orange plc by virtue of his interests as a discretionary beneficiary of certain discretionary trusts as described in Note 2(b) above.
5. These companies are associated companies of Hutchison Whampoa. By virtue of being a Director of the Company and his interests as a discretionary beneficiary of certain discretionary trusts as described in Note 1(a) above, Mr. Li Tzar Kuoi, Victor is deemed to be interested in those shares of subsidiaries and associated companies of the Company and Hutchison Whampoa which are held by TUT (and companies it controls) as trustee of the LKS Unity Trust.
6. These shares are beneficially owned by companies in which Mr. Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings.
7. Mr. George Colin Magnus is a discretionary beneficiary of a family trust which owns a company which is interested in 25,000 shares in Orange plc.

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(a) above, is deemed to be interested in those shares of subsidiaries and associated companies of the Company held through the Company and in those shares of the subsidiaries and associated companies of Hutchison Whampoa held through Hutchison Whampoa under the provisions of the SDI Ordinance.

Apart from the above, as at 30th June, 1999 there was no other interest or right recorded in the register required to be kept under Section 29 of the SDI Ordinance.

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 30th June, 1999 as required to be recorded in the register maintained under Section 16(1) of the SDI Ordinance:

- (i) 1,906,681,945 shares of the Company are held by Hutchison Infrastructure Holdings Limited, a subsidiary of Hutchison Whampoa. Its interests are duplicated in the interests of Hutchison Whampoa in the Company described in (ii) below.
- (ii) Hutchison Whampoa 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) Cheung Kong Holdings is deemed to be interested in the 1,906,681,945 shares of the Company referred to in (ii) above as certain subsidiaries of Cheung Kong Holdings hold more than one-third of the issued share capital of Hutchison Whampoa.
- (iv) TUT as trustee of the LKS Unity Trust is deemed to be interested in those shares of the Company described in (iii) 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 Holdings 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.
- (v) 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 (iv) 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, 1999. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during this period.

Millennium Issue

The Group is aware of the importance of a Year 2000 compliance programme which is targeted to ensure all major systems, computer applications, software and hardware devices owned or developed by the Group will accurately calculate date data prior to, through and beyond year 2000.

A central programme office has been established by the Group in 1997 to monitor the Year 2000 compliance programme and to devise and implement remedial and contingency plans. Progress reports of the Year 2000 compliance programme have been submitted to the Executive Committee by the central programme office on a regular basis.

The Group (including the Company and its subsidiaries) has completed on schedule its Year 2000 compliance programme. All of the critical systems of the Group are Year 2000 compliant as at 30th June, 1999. Notwithstanding the completion of our Year 2000 compliance programme, the Group relies upon and interfaces with systems of parties such as suppliers, customers, business partners, operators and service providers. The Group has been actively assessing the commitment of such parties in achieving Year 2000 compliance. Disruption to the Group's business operations may result due to the non-compliance of the systems of such parties.

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

The Year 2000 readiness programme of the associated Hongkong Electric has been completed on schedule by 30th June, 1999, and contingency plans have been established to minimise potential risks arising from unexpected circumstances.

As regards CKI's investment projects in China, the responsibility to resolve Year 2000 compliance rests with the respective joint venture companies and their local operators. Despite it being their own responsibility to resolve any Year 2000 issue, the Group has been closely monitoring their progress and working actively with them in resolving the issue. Contingency plans have been established by the joint ventures to address and mitigate the risks relating to the Year 2000 issue.

Millennium Issue continued

Total budget costs for the Year 2000 compliance programme are estimated to be HK\$16 million, of which HK\$12 million was incurred and another HK\$2 million was committed as at 30th June, 1999. Most of these costs have been recognised as expenses.

Practice Note 19 to the Stock Exchange Listing Rules

The following information is disclosed in accordance with paragraph 3.7.1 of the Practice Note 19:

- (a) The Group has entered into a syndicated loan facility agreement of HK\$3.8 billion of which HK\$3.1 billion was drawn as at 30th June, 1999. The facility will mature in 2002. Under the provision of the loan agreement, it is an event of default if Hutchison Whampoa (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 (ii) of the Connected Transactions in the Company's 1998 Annual Report has been provided by Hutchison Whampoa, 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\$125,500,000 and US\$670,000,000, are repayable by installments with the final repayment due in 2008 and 2012 respectively. It is an event of default for both facilities if Cheung Kong Holdings and Hutchison Whampoa collectively own directly or indirectly less than 51 per cent. of the shareholding in the Zhuhai Foreign Party. Pursuant to the sponsors/shareholders' undertaking, Hutchison Whampoa, together with the other parties, shall undertake certain obligations and inter alia, shall be severally liable for providing funds for cost overrun of the Zhuhai Power Plant, if any. The liabilities and obligations of Hutchison Whampoa have been counter-indemnified by the Company pursuant to the deed of counter-indemnity referred to in paragraph (ii) of the Connected Transactions in the Company's 1998 Annual Report. There is no breach in respect of all of the obligations under the sponsors/shareholders' undertaking.

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.

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, 1999 amounted to HK\$1,358 million which represents earnings of HK\$0.6 per share. The Directors have resolved to pay an interim dividend for 1999 of HK\$0.13 per share to shareholders whose names appear on the Register of Members of the Company on Monday, 11th October, 1999. The dividend will be paid on Tuesday, 12th October, 1999.

The Register of Members of the Company will be closed from Monday, 4th October, 1999 to Monday, 11th October, 1999, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's Branch Share Registrars, Central Registration Hong Kong Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Thursday, 30th September, 1999.

By Order of the Board

Eirene Yeung

Company Secretary

Hong Kong, 19th August, 1999

Directors

LI Tzar Kuoi, Victor

Chairman

George Colin MAGNUS

Deputy Chairman

FOK Kin Ning, Canning

Deputy Chairman

KAM Hing Lam

Group Managing Director

IP Tak Chuen, Edmond

Executive Director

Frank John SIXT

Executive Director

CHOW WOO Mo Fong, Susan

Executive Director

TSO Kai Sum

Executive Director

CHEONG Ying Chew, Henry

Independent Non-executive Director

LEE Pui Ling, Angelina

Independent Non-executive Director

Solicitors

Woo, Kwan, Lee & Lo

Auditors

Deloitte Touche Tohmatsu

Bankers

Standard Chartered Bank

Canadian Imperial Bank
of Commerce

Banque Nationale de Paris

HSBC

Company Secretary

Eirene YEUNG

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Hamilton HM11, Bermuda

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Principal Share Registrars and Transfer Office

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Rosebank Centre,
11 Bermudiana Road,
Pembroke, Bermuda

Branch Share Registrars and Transfer Office

Central Registration
Hong Kong Limited,
Rooms 1712-1716, 17th Floor,
Hopewell Centre,
183 Queen's Road East,
Hong Kong

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.