

CHEUNG KONG INFRASTRUCTURE 1997

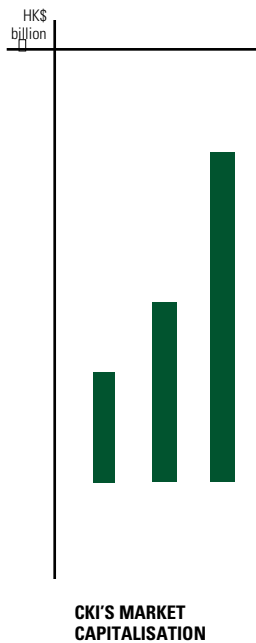
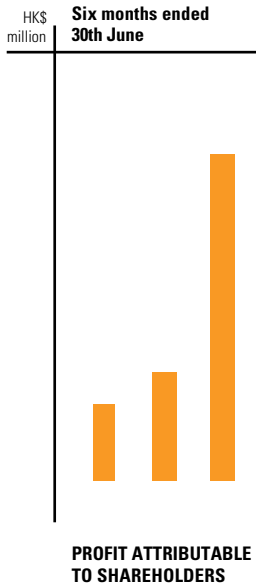
INTERIM REPORT



香港
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The unaudited profit attributable to shareholders of the Group for the half year ended 30th June, 1997 amounted to HK\$1,025 million, representing an increase of 195 per cent. over the comparable 1996 period. Earnings per share is HK\$0.53 which represents an increase of 56 per cent. The results reflect strong growth from the three core businesses of transportation, energy and infrastructure materials:

- Profit contribution from the transportation sector was up 400 per cent.
- The acquisition of a controlling interest of Hongkong Electric Holdings Limited ("Hongkong Electric") in March 1997 boosted the energy sector's profit contribution by 809 per cent.
- Infrastructure materials continued its solid performance with a 16 per cent. increase in profit contribution as both Green Island Cement (Holdings) Limited ("Green Island Cement") and Anderson Asia (Holdings) Limited ("Anderson Asia") reported satisfactory gains.

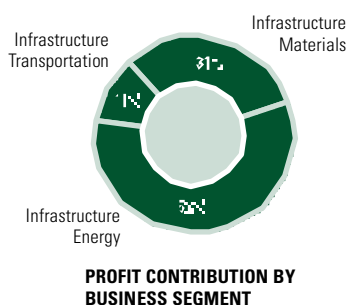
In addition to the strong financial performance, the first half of 1997 was also marked by many achievements, in particular:

- The market capitalisation of Cheung Kong Infrastructure Holdings Limited (the "Company" or "CKI") increased from HK\$17 billion at the initial public offering ("IPO") in July 1996 to HK\$51 billion as at the end of June 1997, a threefold increase in a year. CKI is at present the largest infrastructure company listed in Hong Kong in terms of market capitalisation.

- The momentum of project signings carried into the first half of 1997, as all three businesses expanded their portfolio of projects in the PRC. As at the end of June 1997, the Group invested and committed to invest an aggregate HK\$9,121 million in infrastructure projects in a number of provinces in the PRC. The number of joint ventures in the PRC increased from 32 as at the end of 1996 to 52 as at the end of June 1997.
- CKI has been assigned a credit rating of "A-" by Standard & Poor's, the highest credit rating among infrastructure companies in Hong Kong.

The Board of Directors has declared an interim dividend for 1997 of HK\$0.10 per share (1996: nil). The interim dividend will be paid on Wednesday, 15th October, 1997 to shareholders whose names appear on the register of members on Tuesday, 14th October, 1997.

Six months ended 30th June, 1997



TRANSPORTATION

Profit contribution of the transportation sector grew 400 per cent. as a result of additional projects and full period contribution of existing projects. During the period, the Group entered into additional projects in Guangdong, Liaoning, Hebei and Henan provinces. The total length of transportation projects in which the Group has an interest increased from 382 km as at the end of 1996 to 714 km as at the end of June 1997, making CKI one of the largest investors in the transportation sector in the PRC.

ENERGY

The energy sector reported a 809 per cent. increase in profit contribution due to Hongkong Electric's contribution. In March 1997, as part of a reorganisation of the Cheung Kong Group, the Group completed the acquisition of a 35.01 per cent. interest in Hongkong Electric, one of Hong Kong's two power utilities. The Group's interest in Hongkong Electric has since increased to 35.7 per cent. through purchases in the open market.

In addition, the Group entered into co-generation power plant joint ventures in Liaoning Province in early 1997. As a result of the addition of Hongkong Electric and the Liaoning power plants, the Group's energy portfolio has expanded substantially as the combined installed capacity in which CKI has an interest increased from 2,200 MW as at the end of 1996 to 5,305 MW as at the end of June 1997.

Through Hongkong Electric, the Group has also expanded outside Hong Kong and the PRC. A joint venture agreement to construct a 450 MW power plant in Thailand was recently signed by Hongkong Electric.

INFRASTRUCTURE MATERIALS

After an exceptionally good year in 1996, Green Island Cement and Anderson Asia continued their positive growth trend, with profit contribution up 16%.

Green Island Cement has been able to maintain its Hong Kong market share of 45 per cent. and posted satisfactory growth in profit contribution as a result of continued market leadership and margin improvement. Green Island Cement has commenced the waste-to-energy program of marine pollutants - burning (MARPOL).

In January 1997, Green Island Cement concluded a joint venture with Guangdong International Trust and Investment Corporation regarding an integrated cement and concrete operation in the Pearl River Delta.

In Hong Kong, Anderson Asia's concrete production volume was at a record level, and average selling price of concrete increased over the same period last year. In China, two new concrete batching plants have commenced operation at Shenzhen and Niu Tou Island in January 1997. The on-site plant at the Zhuhai Power Plant has begun production in June 1997. This brings the total number of batching plants to four including Guangzhou.

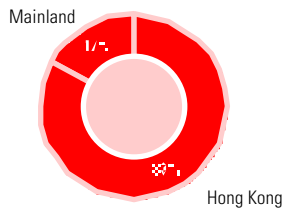
Six months ended 30th June, 1997

Profit Contribution By Business	
Segment	Incremental %
Infrastructure Transportation	400%
Infrastructure Energy	809%
Infrastructure Materials	16%

PROFIT CONTRIBUTION GROWTH RATE OVER COMPARABLE 1996 PERIOD

After the reunification with China, Hong Kong will continue to enjoy stability and prosperity. The ties between Hong Kong and the Mainland are expected to grow closer, strengthening economic vitality. Transportation links across the border will develop at a faster pace. Both Hong Kong and the Mainland will see good economic prospects, which will benefit the Group's business, particularly in the areas of transportation infrastructure and infrastructure materials.

Six months ended 30th June, 1997



PROFIT CONTRIBUTION BY GEOGRAPHIC REGION

We see continued strong growth in the three main businesses. The Group's transportation portfolio currently spans four provinces. With the total length of roads and bridges doubling that of a year ago, contribution will continue to increase. The energy sector will see a strong second half due to the full period contribution of Hongkong Electric and the Liaoning power plants. In infrastructure materials, Green Island Cement and Anderson Asia are expected to maintain their market leading positions in Hong Kong, and to expand their PRC presence.

During the first half of 1997, the Group concluded 20 PRC joint venture contracts with a total investment of HK\$2,528 million in the three main businesses. The Group's success in identifying and securing infrastructure projects reflects, in addition to our unique strengths, the enormous scale of China's infrastructure sector. While there has been increased interest among numerous PRC-based companies and overseas investors in China's infrastructure sector, we believe the market is so large and opportunities so abundant that there is considerable room for infrastructure companies to participate in. All infrastructure companies actively pursuing investments in China are, in fact, complementing each others' efforts. Given China's continued demand for infrastructure investment, the market environment remains favourable.

With dedicated teams of project development professionals working in different regions of China, the Group has in discussion numerous joint venture opportunities. We are confident that some of them will progress into contracts and that the strong momentum of the Group's project signings can be maintained.

Other than the three main businesses in which the Group has established solid foundations, the Group is constantly exploring new businesses for expansion. For example, the Group has recently invested in water plants in the PRC.

We are honored that, in July 1997, CKI has been selected as a constituent stock of the Hang Seng Index, the first comprehensive infrastructure company to be included. This is a recognition of our achievements.

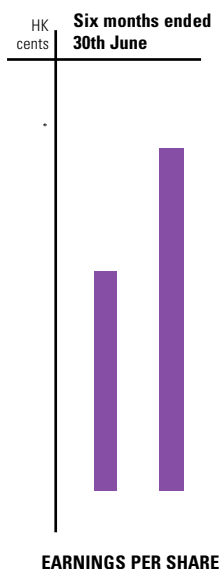
The Group is in a strong financial position, with sizeable recurring cash flow and ample financing capacity. Coupled with a favourable market environment, strong internal growth and momentum of securing new projects, and expansion into new business areas, we are confident of an excellent year for the Group. The rate of growth will strengthen as projects come on-stream and new projects are secured.

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, 22nd August, 1997



The consolidated profit and loss account for the six months period is set out below:

Year ended 31st December (audited)	HK\$ million	Note	Six months ended 30th June (unaudited)	1996
1996			1997	
3,041	Turnover	1	1,599	1,331
971	Operating profit		532	383
–	Share of results of associated companies		606	–
971	Profit before taxation		1,138	383
(87)	Taxation	2	(113)	(36)
884	Profit after taxation		1,025	347
2	Minority interests		–	–
886	Profit attributable to shareholders		1,025	347
(361)	Dividend		(225)	–
525	Profit for the period retained		800	347
HK\$0.75	Earnings per share	3	HK\$0.53	HK\$0.34
HK\$0.16	Dividend per share		HK\$0.10	–

Notes:

1. Turnover

Turnover represents net sales from infrastructure materials businesses and returns on investments and interest income received and receivable from PRC joint ventures, net of withholding tax, where applicable.

2. Taxation

Year ended 31st December	HK\$ million	1997	Six months ended 30th June 1996
Company and Subsidiaries			
	Hong Kong profits tax		
91	- provision for the period	63	39
(5)	- deferred	-	(3)
1	PRC income tax	-	-
Associated companies			
-	Hong Kong profits tax	50	-
87	Total	113	36

- (a) Hong Kong profits tax is provided for at the rate of 16.5 per cent. (1996: 16.5 per cent.) on the estimated assessable profits for the period less available tax losses.
- (b) PRC income tax was charged on the estimated assessable profits of operating activities in the Mainland, calculated at rates applicable.
- (c) 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 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\$1,025 million (1996: HK\$347 million) and on the weighted average number of 1,921,269,192 shares (1996: 1,026,000,000 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, 1997, 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				Total
		Personal Interests	Family Interests	Corporate Interests	Other Interests	
Company	Li Tzar Kuoi, Victor	–	–	–	1,912,109,945 (Note 1)	1,912,109,945
	Kam Hing Lam	100,000	–	–	–	100,000
Hutchison	Li Tzar Kuoi, Victor	–	–	500,000 (Note 4)	1,942,547,978 (Note 2)	1,943,047,978
	George C. Magnus	–	9,000	–	–	9,000
	Lee Pui Ling, Angelina	35,000	–	–	–	35,000
Hongkong Electirc	Li Tzar Kuoi, Victor	–	–	–	722,118,362 (Note 3)	722,118,362
	Lee Pui Ling, Angelina	8,800	–	–	–	8,800
Orange plc	Li Tzar Kuoi, Victor	–	–	250,000 (Note 4)	1,000,000 (Note 5)	1,250,000
	George C. Magnus	–	–	–	25,000 (Note 6)	25,000
	Fok Kin Ning, Canning	24,390	–	–	–	24,390
	Chow Woo Mo Fong, Susan	14,634	–	–	–	14,634

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"). Certain subsidiaries of Cheung Kong (Holdings) Limited ("Cheung Kong Holdings") hold more than one-third of the issued share capital of Hutchison. 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 as held by the subsidiary of Cheung Kong Holdings and in those shares of the Company as held by the subsidiary of Hutchison 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 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 1,942,547,978 shares in Hutchison comprise:
- a) 1,934,547,978 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 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 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.
- 3)** The 722,118,362 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)** 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.

5) 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 which are held by TUT (and companies it controls) as trustee of the LKS Unity Trust.

6) 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. George Colin Magnus and Mr. Fok Kin Ning, Canning who are also directors of Hutchison hold options to purchase ordinary shares in Hutchison pursuant to its Senior Executive Share Option Scheme.

Apart from the above, as at 30th June, 1997 there is 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, 1997 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 Ambervale Limited, a subsidiary of Hutchison. Its interests are duplicated in the interests of Hutchison in the Company described in (ii) below.
- (ii) Hutchison 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 Ambervale 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.
- (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.

CHEUNG KONG INFRASTRUCTURE

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30th June, 1997. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during this period.

CHEUNG KONG INFRASTRUCTURE

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, 1997 amounted to HK\$1,025 million which represents earnings of HK\$0.53 per share. The Directors have resolved to pay an interim dividend for 1997 of HK\$0.10 per share to shareholders whose names appear on the Register of Members of the Company on Tuesday, 14th October, 1997. The dividend will be paid on Wednesday, 15th October, 1997.

The Register of Members of the Company will be closed from Tuesday, 7th October, 1997 to Tuesday, 14th October, 1997, 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, Hopewell Centre, 17th Floor, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Monday, 6th October, 1997.

By Order of the Board

Eirene Yeung

Secretary

Hong Kong, 22nd August, 1997

DIRECTORS

LI Tzar Kuoi, Victor, *Chairman*
George C. MAGNUS, *Deputy Chairman*
FOK Kin Ning, Canning, *Deputy Chairman*
KAM Hing-Lam, *Group Managing Director*
IP Tak Chuen, Edmond, *Executive Director*
Frank J. SIXT, *Executive Director*
CHOW Woo Mo Fong, Susan, *Executive Director*
TSO Kai Sum, *Executive Director*
CHEONG Ying Chew, Henry, *Non-executive Director*
LEE Pui Ling, Angelina, *Non-executive Director*

SOLICITORS

Woo, Kwan, Lee & Lo

AUDITORS

Deloitte Touche Tohmatsu

BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Canadian Imperial Bank of Commerce

COMPANY SECRETARY

Eirene YEUNG

REGISTERED OFFICE

Clarendon House, Church Street,
Hamilton HM 11, Bermuda

PRINCIPAL PLACE OF BUSINESS

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29 Queen's Road Central, Hong Kong

**PRINCIPAL SHARE REGISTRARS
AND TRANSFER OFFICE**

Butterfield Corporate Services Limited,
65 Front Street, Hamilton, Bermuda

**BRANCH SHARE REGISTRARS
AND TRANSFER OFFICE**

Central Registration Hong Kong Limited,
Shops 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.

INVESTOR RELATIONS

For further information about Cheung
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