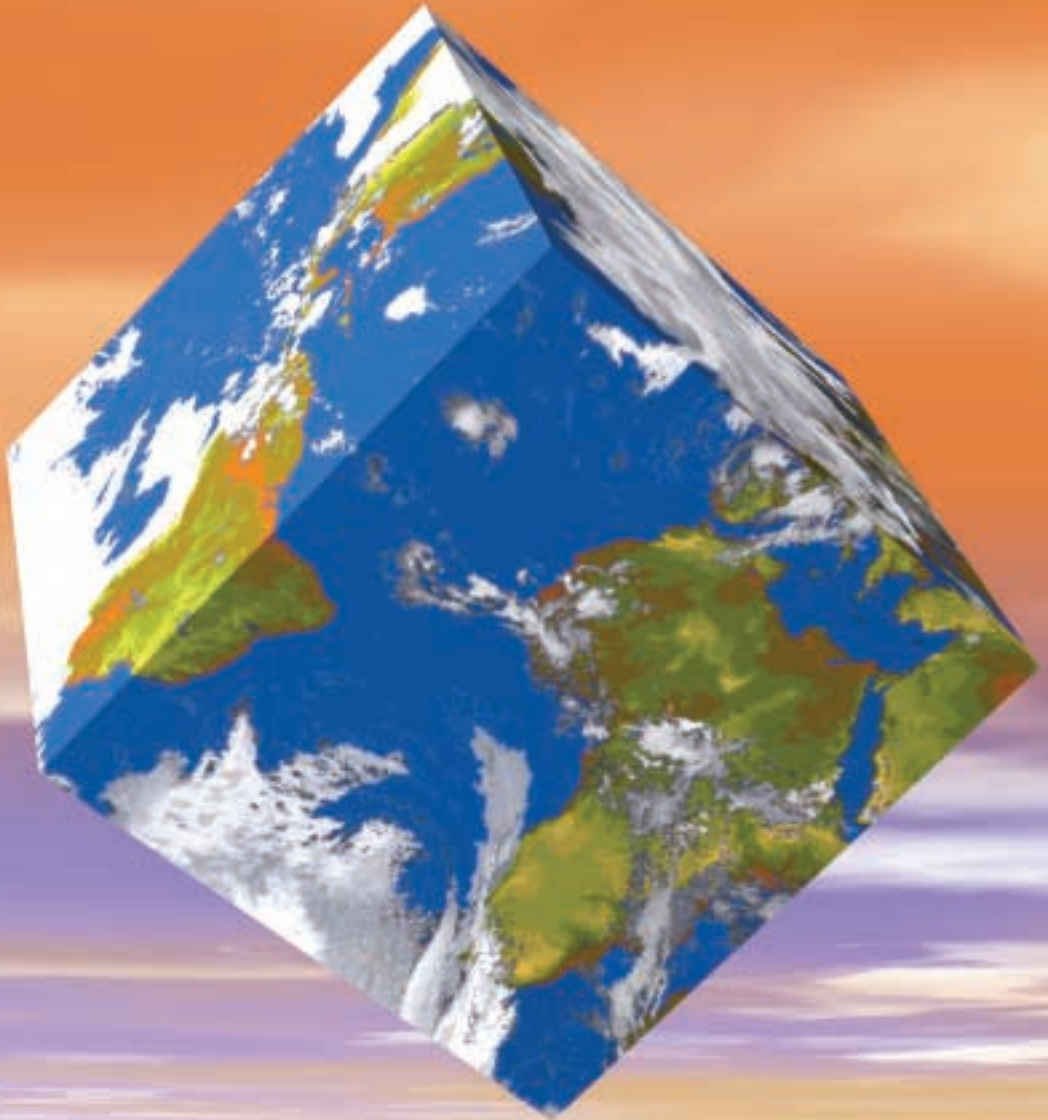




Cheung Kong Infrastructure Holdings Limited
(Incorporated in Bermuda with limited liability)

Interim Report 2005



**THE POWER TO SHAPE
GLOBAL OPPORTUNITIES**



CKI is the largest publicly listed infrastructure company in Hong Kong with diversified investments in Energy Infrastructure, Transportation Infrastructure, Water Infrastructure and Infrastructure Related Business. Operating in Hong Kong, Mainland China, Australia, the United Kingdom, Canada and the Philippines, it is a leading player in the global infrastructure arena.

THE HALF YEAR AT A GLANCE

Profit attributable to shareholders (HK\$m)	1,528
Earnings per share (HK\$)	0.68
Interim dividend per share (HK\$)	0.24

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Interim Results

Highlights

- Unaudited profit attributable to shareholders reached HK\$1,528 million, up 10%
- Interim dividend of HK\$0.24 per share, up 9%
- Substantial profit contribution recorded from:
 - Hongkong Electric: HK\$872 million
 - Australian portfolio: HK\$612 million
 - Investments in Mainland China: HK\$327 million
- Strong balance sheet and financial platform:
 - Cash on hand of HK\$6,074 million
 - Net debt to equity ratio of 25%

Continuing Momentum of Strong Growth

Entering into its tenth year since listing, Cheung Kong Infrastructure Holdings Limited ("CKI" or the "Group") is pleased to report continued growth momentum for the period under review. Unaudited profit attributable to shareholders increased by a respectable 10 per cent. to HK\$1,528 million for the six months ended 30th June, 2005 and earnings per share were HK\$0.68.

The Board of Directors of CKI (the "Board") has declared an interim dividend for 2005 of HK\$0.24 per share (2004: HK\$0.22 per share), representing an increase of 9 per cent. The interim dividend will be paid on Friday, 30th September, 2005 to shareholders whose names appear on the Register of Members on Thursday, 29th September, 2005.

The Group's momentum has been fuelled by the engines of organic growth, acquisitions and asset divestments:

1. Strong Organic Growth Recorded

In Hong Kong, investment in Hongkong Electric Holdings Limited ("Hongkong Electric") continued to be a major revenue generator for CKI. Hongkong Electric reported a solid performance during the period under review and delivered HK\$872 million in profit contribution to the Group.

CKI's portfolio of investments in Australia has been a key driving force for the Group and again provided substantial returns to CKI with a profit growth of 14 per cent. over the same period last year. Envestra Limited, ETSA Utilities, Powercor Australia Limited and CitiPower I Pty Ltd. all performed well and together accounted for a significant 33 per cent. of the Group's profit contribution.

During the first half, the United Kingdom became a substantive stream of revenue for the Group. Satisfactory returns were recorded by Cambridge Water PLC ("Cambridge Water") and 2005 will mark the asset's first full year of profit contribution. The acquisition of the North of England Gas Distribution Network ("North England Gas") was completed in June 2005 and revenue contribution has been booked since then.

The Group's investments in Mainland China maintained satisfactory profit levels. The Zhuhai Power Plant was in full operations for only four months of the period under review. After completing a scheduled two-month stoppage for maintenance of one of the two units in May and June 2005, the Zhuhai Power Plant has resumed operations to meet the strong electricity demand in Guangdong. In terms of transport investments, the Group's toll roads continued to generate good returns. In particular, the Guangzhou East-South-West Ring Road reported a strong performance for the period under review as traffic volume grew by approximately 30 per cent.

The continuing low levels of demand in the construction industry have resulted in low volume contracts and these have adversely affected the Group's cement, concrete, aggregates and asphalt businesses.

2. Expansion Through Acquisition

CKI recently signed a RMB 6 billion joint venture contract with its local partner to take a 45 per cent. shareholding in the expansion of the installed capacity of the Zhuhai Power Plant from 1,400 MW to 2,600 MW. As demand for electricity in the Pearl River Delta surges to new highs, the Group will be well-placed to increase its power generating capacity.



Interim Results

3. Asset Divestment

During the first half, the Group booked two divestment gains: (1) Net premium of HK\$64 million was recorded from the sale of 9.9 per cent. of the North England Gas; and (2) HK\$14 million in profit was generated by the local partner's buyback of the Jiangmen Jianghe Highway in Mainland China.

Strong Financial Resources for Future Growth

CKI possesses strong financial resources for future investments and business expansion with cash on hand of HK\$6,074 million and a net debt to equity ratio of 25 per cent. Interest coverage is approximately 7 times. Shareholders' equity reached HK\$29,911 million and bank loans totalled HK\$13,496 million. The Group's credit rating of "A-" from Standard & Poor's has been maintained since July 1997.

Significant Sustainable Growth Expected

Looking forward, the Group is confident that the second half of the year will be another period of growth and the outlook is promising. Continued strong organic growth can be expected from operations in Australia and Mainland China. At the same time, CKI's new acquisitions are poised to boost overall growth for the fiscal year. Returns have been posted by North England Gas since the beginning of June and recurring profits will be booked for the full period of the second half of the year. The opening of the Sydney Cross City Tunnel later in the year will start bringing in revenue for the Group.

CKI has a proven track record in making astute acquisitions that meet its stringent investment criteria. The Group will continue to explore investment opportunities around the globe to expand its portfolio of quality infrastructure investments. At the moment, the Group is closely looking at a number of investment projects in Canada, Europe, the Middle East, Mainland China and Australia. In addition to its acquisition strategy, alternative corporate finance channels and asset divestments are also being explored to maximise financial returns.

Entering into its tenth year since listing, considerable achievements have been made by CKI. The Group is pleased to have reported continuous growth during the period and has emerged as a well-respected player in the global infrastructure arena. From being primarily focused on infrastructure in China, CKI now has substantial investments in Hong Kong, Mainland China, Australia and the United Kingdom. The Group's asset base has increased by approximately three times to HK\$45 billion since listing. Market capitalisation has more than tripled, from HK\$17 billion to HK\$52 billion as at 30th June, 2005, while CKI has outperformed the Hang Seng Index by approximately 50 per cent. during the same period. Capitalising on its strong balance sheet, management expertise and the opportunities in the global infrastructure sector, the Group aims to continue this momentum of sustained growth in the coming years.

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

Li Tzar Kuoi, Victor

Chairman

Hong Kong, 18th August, 2005



Financial Review

Financial Resources, Treasury Activities and Gearing Ratio

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

As at 30th June, 2005, total borrowings of the Group amounted to HK\$13,496 million, which included Hong Kong dollar syndicated loan of HK\$3.8 billion, foreign currency borrowings of HK\$9,188 million and RMB bank loans of HK\$508 million. Of the total borrowings, 81 per cent. were repayable in 2006 to 2009 and 19 per cent. repayable beyond 2009. The Group's financing activities continue to be well received and fully supported by its bankers.

The Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimise the cost of funds, the Group's treasury activities are centralised. Cash is generally placed in short-term deposits mostly denominated in U.S. dollars, Hong Kong dollars or Australian dollars. The Group's liquidity and financing requirements are reviewed

regularly. The Group will consider new financing while maintaining an appropriate level of gearing in anticipation of new investments or maturity of bank loans.

As at 30th June, 2005, the Group maintained a gearing ratio of 25 per cent. which was based on its net debt of HK\$7,422 million and shareholders' equity of HK\$29,911 million. This ratio was higher than the gearing ratio of 14 per cent. at the year end of 2004 mainly due to the acquisition of the North of England Gas Distribution Network funded from cash on hand in June 2005.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally hedges those investments with the appropriate level of borrowings denominated in the local currencies of those countries. The Group also entered into certain interest rate and currency swaps to mitigate interest rate and other currency exposure risks. As at 30th June, 2005, the contractual notional amounts of these derivative instruments amounted to HK\$10,342 million.



Financial Review

Adoption of New and Revised Financial Reporting Standards

Due to the requirement to adopt the new and revised Hong Kong Financial Reporting Standards on 1st January, 2005, the Group has incorporated prior year and opening adjustments in its 2005 Interim Financial Statements, mainly related to change in accounting policy in respect of interests in associates, restatement of certain assets at fair values and recognition of derivative financial instruments at market values. These adjustments have resulted in a restating of the shareholders' equity on 1st January, 2005 to HK\$29,670 million, which does not have any impact on the Group's cashflow position. Further details of the implications have been provided in notes 2 and 3 to the 2005 Interim Financial Statements of the Group.

Charge on Group Assets

As at 30th June, 2005, the Group's interests in an affiliated company with carrying value of HK\$2,070 million were pledged as part of the security to secure bank borrowings totalling HK\$3,504 million granted to the affiliated company. Moreover, the Group's obligations under finance leases totalling HK\$41 million were secured by charge over the leased assets with carrying value of HK\$208 million.

Contingent Liabilities

As at 30th June, 2005, the Group has granted guarantees totalling HK\$1,952 million in respect of certain bank loans drawn by its affiliated companies.

Employees

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 1,227 employees. Employees' cost (excluding directors' emoluments) amounted to HK\$129 million. The Group ensures that the pay levels of its employees are competitive and that its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

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

Consolidated Income Statement

for the six months ended 30th June

<i>HK\$ million</i>	Notes	Unaudited	
		2005	Restated 2004
Turnover			
Group turnover		1,135	1,135
Share of turnover of jointly controlled entities		1,099	1,017
	4	2,234	2,152
Group turnover	4	1,135	1,135
Other revenue	5	389	166
Operating costs	6	(907)	(803)
Operating profit	7	617	498
Finance costs		(337)	(340)
Share of results of associates		1,384	1,283
Share of results of jointly controlled entities		312	320
Profit before taxation		1,976	1,761
Taxation	8	(450)	(378)
Profit for the period	7	1,526	1,383
Attributable to:			
Shareholders of the Company		1,528	1,385
Minority interests		(2)	(2)
		1,526	1,383
Interim dividend		541	496
Earnings per share	9	HK\$0.68	HK\$0.61
Interim dividend per share		HK\$0.24	HK\$0.22

Consolidated Balance Sheet

<i>HK\$ million</i>	Notes	Unaudited 30/6/2005	Restated Audited 31/12/2004
Property, plant and equipment		1,793	1,864
Investment properties		39	–
Leasehold land		341	383
Interests in associates		28,170	25,261
Interests in jointly controlled entities		5,066	4,801
Interests in infrastructure project investments		762	1,855
Investments in securities		1,177	1,188
Derivative financial instruments		390	–
Goodwill		243	257
Other non-current assets		10	14
Total non-current assets		37,991	35,623
Inventories		156	163
Interests in infrastructure project investments		171	–
Debtors and prepayments	10	944	878
Bank balances and deposits		6,074	9,029
Total current assets		7,345	10,070
Bank and other loans		2,955	371
Creditors and accruals	11	846	839
Taxation		114	104
Total current liabilities		3,915	1,314
Net current assets		3,430	8,756
Total assets less current liabilities		41,421	44,379
Bank and other loans		10,541	13,040
Derivative financial instruments		384	–
Deferred tax liabilities		366	344
Other non-current liabilities		15	15
Total non-current liabilities		11,306	13,399
Net assets		30,115	30,980
Representing:			
Share capital	12	2,254	2,254
Reserves		27,657	28,520
Equity attributable to the Company's shareholders	13	29,911	30,774
Minority interests	14	204	206
Total equity		30,115	30,980

Consolidated Statement of Recognised Income and Expense

for the six months ended 30th June

<i>HK\$ million</i>	Unaudited	
	2005	2004
Gains on cash flow hedges	50	–
Exchange translation differences	(38)	(151)
(Deficit)/surplus on revaluation of investments in securities	(14)	82
Deferred tax charge on revaluation surplus of investments in securities	–	(18)
Net expense recognised directly in equity	(2)	(87)
Profit attributable to the Company's shareholders	1,528	1,385
Loss attributable to minority interests	(2)	(2)
Total recognised income for the period	1,524	1,296
Attributable to:		
Shareholders of the Company	1,526	1,298
Minority interests	(2)	(2)
	1,524	1,296

Condensed Consolidated Cash Flow Statement

for the six months ended 30th June

<i>HK\$ million</i>	Unaudited	
	2005	2004
Net cash from operating activities	299	702
Net cash (utilised in)/from investing activities	(2,008)	636
Net cash utilised in financing activities	(1,246)	(1,031)
Net (decrease)/increase in cash and cash equivalents	(2,955)	307
Cash and cash equivalents at 1st January	9,029	7,243
Cash and cash equivalents at 30th June		
Bank balances and deposits	6,074	7,550

Notes to the Interim Financial Statements

1. BASIS OF PREPARATION

The interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies adopted are consistent with those set out in the Group’s annual financial statements for the year ended 31st December, 2004, except that the Group has changed certain accounting policies to comply with the new and revised Hong Kong Financial Reporting Standards which are effective for accounting periods commencing on or after 1st January, 2005 (“New HKFRSs”).

2. CHANGES IN ACCOUNTING POLICIES

The Group early adopted HKFRS 3 “Business Combinations”, HKAS 36 “Impairment of Assets” and HKAS 38 “Intangible Assets” during 2004. Apart from the aforesaid 3 standards, the Group has adopted other New HKFRSs, which includes all HKASs and Interpretations, with effect from 1st January, 2005. Material changes in the Group’s accounting policies or presentation of financial statements in compliance with these New HKFRSs are summarised as follows:

- (a) Presentation of minority interests has been changed with adoption of HKAS 1 “Presentation of Financial Statements” and HKAS 27 “Consolidated and Separate Financial Statements”. Minority interests now form part of the total equity as presented in the Group’s consolidated balance sheet. In the Group’s consolidated income statements, minority interests are now presented as an allocation of profit and loss.
- (b) Leasehold land has been accounted for as prepaid operating lease payments with adoption of HKAS 17 “Leases”. The land and buildings elements of a lease of land and buildings are now considered separately for the purpose of lease classification. The buildings element is classified as finance lease and is included in property, plant and equipment. In previous accounting periods, both leasehold land and buildings were included in property, plant and equipment.
- (c) Accounting policies in respect of interests in associates and interests in jointly controlled entities have been changed with adoption of HKAS 28 “Investments in Associates” and HKAS 31 “Interests in Joint Ventures”. The Group now discontinues recognising its share of further loss of an associate or jointly controlled entity if the cumulative losses recognised equal or exceed the aggregate of the Group’s equity interest and other long-term interests in the associate or jointly controlled entity. In previous accounting periods, the Group discontinued recognising its share of further loss of an associate or jointly controlled entity with the cumulative losses recognised in excess of its equity interest in the associate or jointly controlled entity.

Notes to the Interim Financial Statements

2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

- (d) Accounting policies in respect of derivative financial instruments, interests in infrastructure project investments and investments in securities have been changed with adoption of HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement".

All derivatives are now stated in the Group's consolidated balance sheet at their fair values. Subsequent changes in their fair values are recognised in the income statement, except that the derivatives are qualified as effective hedging financial instruments and are designated as cash flow hedges where the subsequent changes in fair values are accounted for as movements in hedging reserve. In previous accounting periods, the Group did not recognise any derivatives on balance sheet.

The Group's interests in infrastructure project investments, which are financial assets classified as loans and receivables under HKAS 39, are now measured at amortised cost over the relevant contract period using the effective interest method. In previous accounting periods, the Group's interest in infrastructure project investments were recorded at cost less amortisation over the relevant contract period on a straight-line basis.

Certain investments in securities of the Group have been re-designated as financial assets at fair value through profit or loss under the transitional provisions of HKAS 39. Changes in fair values of these financial assets from 1st January, 2005 are recognised in income statements. In previous accounting periods, changes in fair values of such investments in securities are dealt with as movements in investment revaluation reserve.

Apart from HKASs 32 and 39 which are adopted prospectively as of 1st January, 2005, the Group has applied the above changes in new accounting policies arising from other New HKFRSs retrospectively, with relevant adjustments incorporated in prior period comparative figures.

Notes to the Interim Financial Statements

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

(a) Consolidated income statement

<i>HK\$ million</i>	Effect of adopting			Total
	HKAS 17	HKASs 28 & 31	HKASs 32 & 39	
For the six months ended 30th June, 2005				
<i>Profit/(loss) impact from changes in:</i>				
Group turnover	–	–	(10)	(10)
Share of turnover of jointly controlled entities	–	183	–	183
	–	183	(10)	173
Group turnover	–	–	(10)	(10)
Other revenue	–	–	34	34
Operating costs	–	(7)	33	26
Share of results of associates	(1)	51	63	113
Share of results of jointly controlled entities	–	7	–	7
Profit before taxation	(1)	51	120	170
Taxation	–	(43)	(29)	(72)
Profit/(loss) impact attributable to the Company's shareholders	(1)	8	91	98
For the six months ended 30th June, 2004				
<i>Profit/(loss) impact from changes in:</i>				
Share of turnover of jointly controlled entities	–	74	–	74
Operating costs	–	3	–	3
Share of results of associates	–	(37)	–	(37)
Share of results of jointly controlled entities	–	(3)	–	(3)
Profit before taxation	–	(37)	–	(37)
Taxation	–	(16)	–	(16)
Loss impact attributable to the Company's shareholders	–	(53)	–	(53)

Notes to the Interim Financial Statements

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (Cont'd)

(a) Consolidated income statement (Cont'd)

<i>HK\$ million</i>	Effect of adopting			Total
	HKAS 17	HKASs 28 & 31	HKASs 32 & 39	
For the year ended 31st December, 2004				
<i>Profit/(loss) impact from changes in:</i>				
Share of turnover of jointly controlled entities	–	287	–	287
Operating costs	–	7	–	7
Share of results of associates	–	18	–	18
Share of results of jointly controlled entities	–	(7)	–	(7)
Profit before taxation	–	18	–	18
Taxation	–	(51)	–	(51)
Loss impact attributable to the Company's shareholders	–	(33)	–	(33)

Notes to the Interim Financial Statements

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (Cont'd)

(b) Consolidated balance sheet

<i>HK\$ million</i>	Effect of adopting			Total
	HKAS 17	HKASs 28 & 31	HKASs 32 & 39	
At 30th June, 2005				
<i>Increase/(decrease) in:</i>				
Property, plant and equipment	(341)	–	–	(341)
Leasehold land	341	–	–	341
Interests in associates	(1)	(391)	(466)	(858)
Interests in infrastructure project investments	–	–	(448)	(448)
Derivative financial instruments	–	–	390	390
Debtors and prepayments	–	–	(70)	(70)
Total assets	(1)	(391)	(594)	(986)
<i>Less:</i>				
Creditors and accruals	–	–	(7)	(7)
Derivative financial instruments	–	–	384	384
Net assets	(1)	(391)	(971)	(1,363)
Investment revaluation reserve	–	–	(6)	(6)
Exchange translation reserve	–	(104)	(2)	(106)
Hedging reserve	–	–	(306)	(306)
Retained profits	(1)	(287)	(657)	(945)
Equity	(1)	(391)	(971)	(1,363)

Notes to the Interim Financial Statements

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (Cont'd)

(b) Consolidated balance sheet (Cont'd)

<i>HK\$ million</i>	Effect of adopting			Total
	HKAS 17	HKASs 28 & 31	HKASs 32 & 39	
At 31st December, 2004				
<i>Increase/(decrease) in:</i>				
Property, plant and equipment	(383)	–	–	(383)
Leasehold land	383	–	–	383
Interests in associates	–	(396)	–	(396)
Net assets	–	(396)	–	(396)
Exchange translation reserve	–	(101)	–	(101)
Retained profits	–	(295)	–	(295)
Equity	–	(396)	–	(396)
At 1st January, 2005				
(disclosure of impact on equity only)				
<i>Decrease in:</i>				
Exchange translation reserve	–	(101)	–	(101)
Hedging reserve	–	–	(356)	(356)
Retained profits	–	(295)	(748)	(1,043)
Equity	–	(396)	(1,104)	(1,500)
At 1st January, 2004				
(disclosure of impact on equity only)				
<i>Decrease in:</i>				
Exchange translation reserve	–	(85)	–	(85)
Retained profits	–	(262)	–	(262)
Equity	–	(347)	–	(347)

Notes to the Interim Financial Statements

4. TURNOVER

Group turnover represents net sales of infrastructure materials, income from the supply of water, return and interest from infrastructure project investments, interest from loans granted to associates, and distribution from investments in securities classified as infrastructure investments, net of withholding tax, where applicable.

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

The turnover for the current period is analysed as follows:

<i>HK\$ million</i>	Six months ended 30th June	
	2005	2004
Sales of infrastructure materials	497	547
Income from the supply of water	118	36
Return from infrastructure project investments	73	92
Interest from loans granted to associates	436	432
Distribution from investments in securities	11	28
Group turnover	1,135	1,135
Share of turnover of jointly controlled entities	1,099	1,017
Total	2,234	2,152

Notes to the Interim Financial Statements

5. OTHER REVENUE

Other revenue includes the following:

<i>HK\$ million</i>	Six months ended 30th June	
	2005	2004
Interest income	126	90
Finance lease income	1	2
Gain on disposal of interest in an associate	64	–
Gain on disposal of infrastructure project investment	14	–
Change in fair values of investments in securities	14	–
Gain on disposal of subsidiaries	–	22
Gain on disposal of investments in securities	–	27

6. OPERATING COSTS

Operating costs include the following:

<i>HK\$ million</i>	Six months ended 30th June	
	2005	2004
Depreciation	71	86
Amortisation of costs of infrastructure project investments	–	45
Cost of inventories sold	521	476

Notes to the Interim Financial Statements

7. SEGMENT INFORMATION

By business segment

for the six months ended 30th June

HK\$ million	Investment in Hongkong Electric*		Infrastructure investments		Infrastructure related business		Unallocated items		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Turnover										
Group turnover	-	-	638	588	497	547	-	-	1,135	1,135
Share of turnover of jointly controlled entities	-	-	916	943	183	74	-	-	1,099	1,017
	-	-	1,554	1,531	680	621	-	-	2,234	2,152
Segment revenue										
Group turnover	-	-	638	588	497	547	-	-	1,135	1,135
Others	-	-	17	13	13	12	-	-	30	25
	-	-	655	601	510	559	-	-	1,165	1,160
Segment result										
Gain on disposals of interest in an associate, infrastructure project investment, subsidiaries and investments in securities	-	-	78	-	-	22	-	27	78	49
Change in fair values of investment in securities	-	-	34	-	-	-	(20)	-	14	-
Interest and finance lease income	-	-	1	-	44	37	82	55	127	92
Corporate overheads and others	-	-	-	-	-	-	(77)	(79)	(77)	(79)
Operating profit										
Finance costs	-	-	(12)	-	-	-	(325)	(340)	(337)	(340)
Share of results of associates and jointly controlled entities	1,127	1,079	557	522	12	2	-	-	1,696	1,603
Taxation	(255)	(246)	(191)	(144)	(4)	12	-	-	(450)	(378)
Profit for the period	872	833	1,018	887	(24)	-	(340)	(337)	1,526	1,383
Attributable to:										
Shareholders of the Company	872	833	1,018	887	(22)	2	(340)	(337)	1,528	1,385
Minority interests	-	-	-	-	(2)	(2)	-	-	(2)	(2)
	872	833	1,018	887	(24)	-	(340)	(337)	1,526	1,383

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

Notes to the Interim Financial Statements

7. SEGMENT INFORMATION (Cont'd)

By geographic region

for the six months ended 30th June

HK\$ million	Hong Kong		Mainland China		Australia		UK and others		Unallocated items		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Turnover												
Group turnover	371	414	199	225	447	460	118	36	–	–	1,135	1,135
Share of turnover of jointly controlled entities	173	59	926	958	–	–	–	–	–	–	1,099	1,017
	544	473	1,125	1,183	447	460	118	36	–	–	2,234	2,152
Segment revenue												
Group turnover	371	414	199	225	447	460	118	36	–	–	1,135	1,135
Others	3	10	16	12	–	–	11	3	–	–	30	25
	374	424	215	237	447	460	129	39	–	–	1,165	1,160
Segment result	(57)	(45)	36	15	447	460	49	6	–	–	475	436
Gain on disposals of interest in an associate, infrastructure project investment, subsidiaries and investments in securities	–	22	14	–	–	–	64	–	–	27	78	49
Change in fair values of investment in securities	–	–	–	–	34	–	–	–	(20)	–	14	–
Interest and finance lease income	44	37	–	–	–	–	1	–	82	55	127	92
Corporate overheads and others	–	–	–	–	–	–	–	–	(77)	(79)	(77)	(79)
Operating profit	(13)	14	50	15	481	460	114	6	(15)	3	617	498
Finance costs	–	–	–	–	–	–	(12)	–	(325)	(340)	(337)	(340)
Share of results of associates and jointly controlled entities	1,151	1,084	296	323	260	191	(11)	5	–	–	1,696	1,603
Taxation	(259)	(234)	(38)	(25)	(129)	(116)	(24)	(3)	–	–	(450)	(378)
Profit for the period	879	864	308	313	612	535	67	8	(340)	(337)	1,526	1,383
Attributable to:												
Shareholders of the Company	879	864	310	315	612	535	67	8	(340)	(337)	1,528	1,385
Minority interests	–	–	(2)	(2)	–	–	–	–	–	–	(2)	(2)
	879	864	308	313	612	535	67	8	(340)	(337)	1,526	1,383

Notes to the Interim Financial Statements

8. TAXATION

Overseas tax is provided for at the applicable tax rate on the estimated assessable profits less available tax losses. Deferred taxation is provided on temporary differences under the liability method using tax rates applicable to the Group's operations in different countries.

<i>HK\$ million</i>	Six months ended 30th June	
	2005	2004
Company and subsidiaries		
Current taxation – overseas tax	6	3
Deferred taxation	30	(12)
	36	(9)
Share of taxation attributable to		
Associates	373	362
Jointly controlled entities	41	25
	414	387
Total	450	378

9. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to the Company's shareholders of HK\$1,528 million (2004: HK\$1,385 million) and on 2,254,209,945 shares (2004: 2,254,209,945 shares) in issue during the interim period.

Notes to the Interim Financial Statements

10. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors and infrastructure project receivables of HK\$263 million (HK\$379 million at 31st December, 2004) and their ageing analysis is as follows:

<i>HK\$ million</i>	30/6/2005	31/12/2004
Current	74	228
One month	56	78
Two to three months	35	28
Over three months	238	187
Gross total	403	521
Provision	(140)	(142)
Total after provision	263	379

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

11. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$130 million (HK\$160 million at 31st December, 2004) and their ageing analysis is as follows:

<i>HK\$ million</i>	30/6/2005	31/12/2004
Current	59	66
One month	21	17
Two to three months	6	19
Over three months	44	58
Total	130	160

Notes to the Interim Financial Statements

12. SHARE CAPITAL

There were no movements in the share capital of the Company in the six months ended 30th June, 2005 and 2004 respectively.

13. EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS

<i>HK\$ million</i>	Share capital	Share premium	Contributed surplus	Investment revaluation reserve	Exchange translation reserve	Hedging reserve	Retained profits	Proposed dividends	Total
At 31st December, 2004, as previously reported	2,254	3,836	6,062	55	955	-	16,723	1,285	31,170
Prior year adjustments	-	-	-	-	(101)	-	(295)	-	(396)
Transfer	-	-	-	-	-	-	1,285	(1,285)	-
At 31st December, 2004, as restated	2,254	3,836	6,062	55	854	-	17,713	-	30,774
Opening adjustments arising from adoption of HKASs 32 & 39	-	-	-	-	-	(356)	(748)	-	(1,104)
At 1st January, 2005	2,254	3,836	6,062	55	854	(356)	16,965	-	29,670
Dividend paid	-	-	-	-	-	-	(1,285)	-	(1,285)
Deficit on revaluation of investments in securities	-	-	-	(14)	-	-	-	-	(14)
Exchange translation differences	-	-	-	-	(38)	-	-	-	(38)
Gain on cash flow hedges	-	-	-	-	-	50	-	-	50
Profit attributable to the Company's shareholders	-	-	-	-	-	-	1,528	-	1,528
Revaluation deficit and exchange translation surplus released upon disposal of investments in securities	-	-	-	15	(15)	-	-	-	-
At 30th June, 2005	2,254	3,836	6,062	56	801	(306)	17,208	-	29,911

Notes to the Interim Financial Statements

13. EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS (Cont'd)

<i>HK\$ million</i>	Share capital	Share premium	Contributed surplus	Investment revaluation reserve	Exchange translation reserve	Retained profits	Proposed dividends	Total
At 1st January, 2004, as previously stated	2,254	3,836	6,062	(16)	814	14,948	1,127	29,025
Prior year adjustments	-	-	-	-	(85)	(262)	-	(347)
Transfer	-	-	-	-	-	1,127	(1,127)	-
At 1st January, 2004, as restated	2,254	3,836	6,062	(16)	729	15,813	-	28,678
Dividend paid	-	-	-	-	-	(1,127)	-	(1,127)
Surplus on revaluation of investments in securities	-	-	-	82	-	-	-	82
Deferred tax charge on revaluation surplus of investments in securities	-	-	-	(18)	-	-	-	(18)
Exchange translation differences	-	-	-	-	(151)	-	-	(151)
Profit attributable to the Company's shareholders	-	-	-	-	-	1,385	-	1,385
At 30th June, 2004	2,254	3,836	6,062	48	578	16,071	-	28,849

14. MINORITY INTERESTS

<i>HK\$ million</i>	2005	2004
At 1st January	206	209
Loss attributable to minority interests	(2)	(2)
At 30th June	204	207

Notes to the Interim Financial Statements

15. CAPITAL COMMITMENTS

The Group's capital commitments outstanding at 30th June, 2005 and not provided for in the financial statements are as follows:

<i>HK\$ million</i>	Contracted but not provided for		Authorised but not contracted for	
	30/6/2005	31/12/2004	30/6/2005	31/12/2004
Investments	3,198	6,299	–	–
Plant and machinery	4	10	71	71
Others	–	–	–	19
Total	3,202	6,309	71	90

16. CONTINGENT LIABILITIES

<i>HK\$ million</i>	30/6/2005	31/12/2004
Guarantee in respect of bank loans drawn by an associate	1,267	1,257
Guarantee in respect of a bank loan drawn by a jointly controlled entity	685	685
Guarantee in respect of standby letter of credit	–	3
Total	1,952	1,945

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

As at 30th June, 2005, 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 ("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 ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

1. Long Positions in Shares

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
Company	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	1,912,109,945 (Note 1)	1,912,109,945	84.82%
	Kam Hing Lam	Beneficial owner	100,000	-	-	-	100,000	0.004%
Hutchison Whampoa Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation & beneficiary of trusts	-	-	1,086,770 (Note 3)	2,141,698,773 (Note 2)	2,142,785,543	50.26%
	Kam Hing Lam	Beneficial owner	60,000	-	-	-	60,000	0.001%
	George Colin Magnus	Beneficial owner, interest of child or spouse & founder & beneficiary of a discretionary trust	40,000	9,900	-	950,100 (Note 6)	1,000,000	0.02%
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	4,310,875 (Note 5)	-	4,310,875	0.10%
	Chow Woo Mo Fong, Susan	Beneficial owner	150,000	-	-	-	150,000	0.003%
	Frank John Sixt	Beneficial owner	50,000	-	-	-	50,000	0.001%
	Lee Pui Ling, Angelina	Beneficial owner	38,500	-	-	-	38,500	0.0009%

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

1. Long Positions in Shares (Cont'd)

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
Hongkong Electric Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse & beneficiary of trusts	–	151,000	–	829,599,612 (Note 4)	829,750,612	38.88%
	Lee Pui Ling, Angelina	Beneficial owner	8,800	–	–	–	8,800	0.0004%
Hutchison Harbour Ring Limited	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	5,000,000 (Note 5)	–	5,000,000	0.07%
Hutchison Global Communications Holdings Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation & beneficiary of trusts	–	–	26,300,000 (Notes 3 & 17)	3,875,632,628 (Notes 7 & 17)	3,901,932,628	56.52%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	10,000,000 (Notes 5 & 17)	–	10,000,000	0.14%
Hutchison Telecommunications (Australia) Limited	Fok Kin Ning, Canning	Beneficial owner & interest of controlled corporation	100,000	–	1,000,000 (Note 5)	–	1,100,000	0.16%
	Frank John Sixt	Beneficial owner	1,000,000	–	–	–	1,000,000	0.15%
Hutchison Telecommunications International Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation & beneficiary of trusts	–	–	14,489 (Notes 3 & 18)	3,373,555,978 (Notes 8 & 18)	3,373,570,467	74.96%
	George Colin Magnus	Beneficial owner & interest of child or spouse	13,201	132	–	–	13,333	0.0003%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	250,000 (Notes 5 & 19)	–	250,000	0.006%
	Chow Woo Mo Fong, Susan	Beneficial owner	250,000	–	–	–	250,000	0.006%

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

2. Long Positions in Underlying Shares

Name of Company	Name of Director	Capacity	Number of Underlying Shares				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Company	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	31,644,803 (Note 9)	31,644,803
Hutchison Whampoa Limited	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	18,613,202 (Note 10)	18,613,202
Hongkong Electric Holdings Limited	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	20,990,201 (Note 11)	20,990,201
Hutchison Global Communications Holdings Limited	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	4,374,999,999 (Note 7)	4,374,999,999
Hutchison Telecommunications (Australia) Limited	Fok Kin Ning, Canning	Beneficial owner & interest of controlled corporation	134,000	–	1,340,001 (Note 5)	–	1,474,001 (Note 12)
Hutchison Telecommunications International Limited	Frank John Sixt	Beneficial owner	255,000 (Note 13)	–	–	–	255,000
Partner Communications Company Ltd.	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	225,000 (Note 14)	–	225,000
	George Colin Magnus	Beneficial owner	25,000 (Note 15)	–	–	–	25,000

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

3. Short Positions in Underlying Shares

Name of Company	Name of Director	Capacity	Number of Underlying Shares				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Company	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	31,644,801 (Note 9(b))	31,644,801
Hutchison Whampoa Limited	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	18,613,202 (Note 10)	18,613,202
Hongkong Electric Holdings Limited	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	20,990,201 (Note 11)	20,990,201

4. Long Positions in Debentures

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Hutchison Whampoa International (01/11) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$2,000,000 7% Notes due 2011 (Note 3)	–	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 3)	–	US\$11,000,000 6.5% 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 5)	–	US\$6,500,000 6.25% Notes due 2014

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

4. Long Positions in Debentures (Cont'd)

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Hutchison Whampoa Finance (05) Limited	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	Euro 12,600,000 4.125% Notes due 2015 (Note 5)	–	Euro 12,600,000 4.125% Notes due 2015
Partner Communications Company Ltd.	Li Tzar Kuoi, Victor	Interest of controlled corporation & beneficiary of trusts	–	–	US\$10,989,000 13% Unsecured Senior Subordinated Notes due 2010 (Note 3)	US\$33,700,000 13% Unsecured Senior Subordinated Notes due 2010 (Note 16)	US\$44,689,000 13% Unsecured Senior Subordinated Notes due 2010
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	US\$4,000,000 13% Unsecured Senior Subordinated Notes due 2010 (Note 5)	–	US\$4,000,000 13% Unsecured Senior Subordinated Notes due 2010

Notes:

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

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

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

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

Notes (Cont'd):

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

2 The 2,141,698,773 shares in HWL comprise:-

- (a) 2,130,202,773 shares held by certain subsidiaries of CKH. By virtue of the interests in shares of CKH in relation to which Mr. Li Tzar Kuoi, Victor has a duty of disclosure under the SFO in the issued share capital of CKH as described in Note 1 above and as a Director of the Company, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of HWL under the SFO; 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"). The discretionary beneficiaries of each of the two discretionary trusts ("DT3" and "DT4") are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Each of the trustees of DT3 and DT4 holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust.

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

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

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

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

Notes (Cont'd):

- 6 Such interests are indirectly held by a trust of which Mr. George Colin Magnus is the settlor and a discretionary beneficiary.
- 7 Such interests in Hutchison Global Communications Holdings Limited ("HGCH") comprise:-
- (a) 3,875,632,628 ordinary shares of which 248,743,835 ordinary shares and 3,626,888,793 ordinary shares were held by a wholly owned subsidiary of CKH and certain companies owned as to 74.33% by HWL respectively; and
 - (b) 4,374,999,999 underlying shares of which 3,333,333,333 underlying shares and 1,041,666,666 underlying shares were derived from a nominal amount of HK\$3,200,000,000 in the 1% unsecured convertible notes due 2009 and the facility convertible notes to be issued pursuant to the terms of an unsecured loan facility of HK\$1,000,000,000 respectively held by certain companies owned as to 74.33% by HWL.

By virtue of the interests in the shares of CKH and HWL in relation to which Mr. Li Tzar Kuoi, Victor has a duty of disclosure under the SFO in the issued share capital of CKH and HWL as described in Notes 1 and 2 above and as a Director of the Company, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares and underlying shares of HGCH under the SFO.

- 8 Such shares of Hutchison Telecommunications International Limited ("HTIL") comprise:-
- (a) 3,373,402,698 ordinary shares held by certain subsidiaries of CKH and HWL. By virtue of the interests in the shares of CKH and HWL in relation to which Mr. Li Tzar Kuoi, Victor has a duty of disclosure under the SFO in the issued share capital of CKH and HWL as described in Notes 1 and 2 above and as a Director of the Company, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of HTIL under the SFO; and
 - (b) 153,280 ordinary shares held by TUT3 as trustee of UT3. By virtue of being a discretionary beneficiary of each of DT3 and DT4 for the purpose of SFO and his interest in TUT3 as trustee of UT3 as described in Note 2 above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares under the SFO.
- 9 Such underlying shares of the Company are held by an indirect wholly owned subsidiary of CKH comprising:-
- (a) 2 underlying shares by virtue of the HK\$300,000,000 capital guaranteed notes due 2009; and
 - (b) 31,644,801 underlying shares by virtue of the HK Dollar equity-linked notes due 2007 issued under HK\$10,000,000,000 retail note issuance programme.

By virtue of the interests in the shares of CKH taken to have by Mr. Li Tzar Kuoi, Victor under the SFO as described in Note 1 above and as a Director of the Company, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said interest and short position in the underlying shares of the Company under the SFO.

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

Notes (Cont'd):

10 Such underlying shares of HWL are held by an indirect wholly owned subsidiary of CKH comprising:-

- (a) 10,463,201 underlying shares by virtue of the HK Dollar equity-linked notes due 2007 issued under HK\$10,000,000,000 retail note issuance programme; and
- (b) 8,150,001 underlying shares by virtue of the HK Dollar equity-linked notes due 2008 issued under HK\$10,000,000,000 retail note issuance programme.

By virtue of the interests in the shares of CKH taken to have by Mr. Li Tzar Kuoi, Victor under the SFO as described in Note 1 above and as a Director of the Company, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said interest and short position in the underlying shares of HWL under the SFO.

11 Such underlying shares of Hongkong Electric are held by an indirect wholly owned subsidiary of CKH by virtue of the HK Dollar equity-linked notes due 2007 issued under HK\$10,000,000,000 retail note issuance programme.

By virtue of the interests in the shares of CKH taken to have by Mr. Li Tzar Kuoi, Victor under the SFO as described in Note 1 above and as a Director of the Company, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said interest and short position in the underlying shares of Hongkong Electric under the SFO.

12 Such underlying shares in Hutchison Telecommunications (Australia) Limited are derived from the listed and physically settled 5.5% unsecured convertible notes due 2007 issued by Hutchison Telecommunications (Australia) Limited.

13 Such underlying shares are derived from the 17,000 American Depositary Shares (each representing 15 ordinary shares) in HTIL beneficially owned by Mr. Frank John Sixt.

14 Such underlying shares are derived from the 225,000 American Depositary Shares (each representing 1 ordinary share) in Partner Communications Company Ltd. ("Partner Communications") held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.

15 Such underlying shares are derived from the 25,000 American Depositary Shares (each representing 1 ordinary share) in Partner Communications beneficially owned by Mr. George Colin Magnus.

16 Such interests are held by a wholly owned subsidiary of CKH. By virtue of the interests in the shares of CKH in relation to which Mr. Li Tzar Kuoi, Victor has a duty of disclosure under the SFO in the issued share capital of CKH as described in Note 1 above and as a Director of the Company, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to those interests in Partner Communications held through CKH under the SFO.

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

Notes (Cont'd):

- 17 Pursuant to the privatisation of HGCH by way of a scheme of arrangement under Section 99 of the Companies Act 1981 of Bermuda effective 15th July, 2005 ("Privatisation Scheme"), such shares were cancelled on 15th July, 2005 at the cancellation consideration of 2 HTIL shares for every 21 HGCH shares ("Cancellation Consideration").
- 18 Pursuant to the Privatisation Scheme, Mr. Li Tzar Kuoi, Victor has been additionally entitled to 2,504,761 ordinary shares and 23,689,889 ordinary shares in HTIL under corporate interests and other interests respectively at the Cancellation Consideration since 1st August, 2005.
- 19 Pursuant to the Privatisation Scheme, Mr. Fok Kin Ning, Canning has been additionally entitled to 952,380 ordinary shares in HTIL through a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife at the Cancellation Consideration since 18th July, 2005.

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

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30th June, 2005, 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 executives of the Company, as at 30th June, 2005, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

1. Long Positions of Substantial Shareholders in the Shares and Underlying Shares of the Company

Name	Capacity	Number of Ordinary Shares	Number of Underlying Shares	Total	Approximate % of Shareholding
Hutchison Infrastructure Holdings Limited	Beneficial owner	1,906,681,945 (Note i)	–	1,906,681,945	84.58%
Hutchison International Limited	Interest of controlled corporation	1,906,681,945 (Note ii)	–	1,906,681,945	84.58%
Hutchison Whampoa Limited	Interest of controlled corporations	1,906,681,945 (Note ii)	–	1,906,681,945	84.58%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	1,906,681,945 (Note iii)	31,644,803 (Note vi)	1,938,326,748	85.98%
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	1,912,109,945 (Note iv)	31,644,803 (Note vi)	1,943,754,748	86.22%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	1,912,109,945 (Note v)	31,644,803 (Note vi)	1,943,754,748	86.22%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	1,912,109,945 (Note v)	31,644,803 (Note vi)	1,943,754,748	86.22%
Li Ka-shing	Founder of discretionary trusts	1,912,109,945 (Note v)	31,644,803 (Note vi)	1,943,754,748	86.22%

Interests and Short Positions of Shareholders

2. Short Positions of Substantial Shareholders in the Underlying Shares of the Company

Name	Capacity	Number of Underlying Shares
Cheung Kong (Holdings) Limited	Interest of controlled corporation	31,644,801 (Note vi(b))
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	31,644,801 (Note vi(b))
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	31,644,801 (Note vi(b))
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	31,644,801 (Note vi(b))
Li Ka-shing	Founder of discretionary trusts	31,644,801 (Note vi(b))

Notes:

- i 1,906,681,945 shares of the Company are held by Hutchison Infrastructure Holdings Limited, a subsidiary of HWL. Its interests are duplicated in the interests of HWL in the Company described in Note ii below.
- ii HWL is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note i above as it holds more than one-third of the issued share capital of Hutchison International Limited, which holds more than one-third of the issued share capital of Hutchison Infrastructure Holdings Limited.
- iii CKH is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note ii above as certain subsidiaries of CKH hold more than one-third of the issued share capital of HWL.
- iv TUT1 as trustee of UT1 is deemed to be interested in those shares of the Company described in Note iii above as TUT1 as trustee of UT1 and TUT1 related companies hold more than one-third of the issued share capital of CKH and in the 5,428,000 shares of the Company held by TUT1 as trustee of UT1.
- v By virtue of the SFO, each of Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each DT1 and DT2 for the purpose of the SFO, TDT1 as trustee of DT1 and TDT2 as trustee of DT2 is deemed to be interested in the same block of shares TUT1 as trustee of UT1 is deemed to be interested in as referred to in Note iv above as all issued and outstanding units in UT1 are held by TDT1 as trustee of DT1 and by TDT2 as trustee of DT2. More than one-third of the issued share capital of TUT1 and of the trustees of the said discretionary trusts are owned by Unity Holdco. Mr. Li Ka-shing owns one-third of the issued share capital of Unity Holdco.

Interests and Short Positions of Shareholders

Notes (Cont'd):

vi Such underlying shares of the Company are held by an indirect wholly owned subsidiary of CKH comprising:-

(a) 2 underlying shares by virtue of the HK\$300,000,000 capital guaranteed notes due 2009; and

(b) 31,644,801 underlying shares by virtue of the HK Dollar equity-linked notes due 2007 issued under HK\$10,000,000,000 retail note issuance programme.

By virtue of the SFO, each of Mr. Li Ka-shing, TDT1, TDT2 and TUT1 is deemed to be interested in the same block of interest and short position in the 31,644,803 underlying shares and 31,644,801 underlying shares of the Company respectively held by CKH as described in Note v above.

Save as disclosed above, as at 30th June, 2005, 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.

Corporate Governance

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality board, sound internal control, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules (“Code on CG Practices”) throughout the six months ended 30th June, 2005.

1. Board Composition and Board Practices

The Board of Directors of the Company (“Board”) is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders value. The Board comprises a total of sixteen Directors, with nine Executive Directors, two Non-executive Directors and five Independent Non-executive Directors. More than one of the Independent Non-executive Directors have appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules. All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years in accordance with the Company’s Bye-laws and the Code on CG Practices.

The positions of the Chairman of the Board (“Chairman”) and the Group Managing Director are held by separate individuals with a view to maintaining an effective segregation of duties respecting management of the Board and the day-to-day management of the Group’s business.

All Directors have made active contribution to the affairs of the Board and the Board has always acted in the best interests of the Group. Apart from regular Board meetings, the Chairman has meetings with the Non-executive Directors (including Independent Non-executive Directors) without the presence of Executive Directors at least once every year.

The Company Secretary is responsible to the Board for ensuring that board procedures are followed and for ensuring that the Board is briefed on all legislative, regulatory and corporate governance developments and that the Board has regard to them when making decisions. The Company Secretary is also directly responsible for the Group’s compliance with the continuing obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Repurchases, Companies Ordinance, SFO and other applicable laws, rules and regulations.

2. Model Code for Securities Transactions by Directors

The Company has adopted the model code for securities transactions by directors of listed issuers set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions effective 31st March, 2004. Enquiry has been made with all Directors and the Directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30th June, 2005.

3. Audit Committee

The Company established an audit committee (“Audit Committee”) in December 1998 and has formulated its written terms of reference in accordance with the provisions set out in the Code on CG Practices. The existing Audit Committee of the Company comprises five members all of whom are Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Audit Committee), Mrs. Kwok Eva Lee, Mrs. Sng Sow-Mei (Phoon Sui Moy, alias Poon Sow Mei), Mr. Colin Stevens Russel and Mr. Lan Hong Tsung, David. The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting system and internal control procedures, review of the Group’s financial information and review of the relationship with the external auditors of the Company.

The Group’s interim report for the period ended 30th June, 2005 has been reviewed by the Audit Committee.

4. Remuneration Committee

According to the Code on CG Practices, the Company established its remuneration committee (“Remuneration Committee”) on 1st January, 2005 with a majority of the members thereof being independent non-executive directors. The existing Remuneration Committee comprises the Chairman of the Company, Mr. Li Tzar Kuoi, Victor (Chairman of the Remuneration Committee), and two Independent Non-executive Directors, namely, Mr. Colin Stevens Russel and Mr. Cheong Ying Chew, Henry.

The principal responsibilities of the Remuneration Committee include the making of recommendations to the Board on the Company’s policy and structure in relation to the remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

5. Investor Relations and Communication with Shareholders

The Company has established different communication channels with shareholders and investors: (i) regular despatch of corporate communication (including but not limited to annual report, interim report, notice of meeting and circular) to the shareholders of the Company; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information of the Group are available on the website of the Company; (iv) the Company’s website offers communication channel between the Company and its shareholders and investors; (v) regular press conferences and briefing meetings with analysts from investment sectors are set up from time to time on updated performance information of the Group; and (vi) the Company’s Branch Share Registrars serve the shareholders respecting share registration matters.

Other Information

Purchase, Sale or Redemption of Shares

The Company has not redeemed any of its shares during the six months ended 30th June, 2005. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during this period.

Disclosure under Chapter 13 of the Listing Rules

The following information is disclosed in accordance with Rules 13.20 and 13.21 of Chapter 13 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange:

- (a) The Group has entered into a syndicated loan facility agreement of HK\$3.8 billion, of which the whole amount was drawn as at 30th June, 2005. The facility will mature in 2007. Under the provision of the loan agreement, it is an event of default if HWL (the Company's controlling shareholder) ceases to own (directly or indirectly) at least 35 per cent. of the issued share capital of the Company. The obligation has been complied with.
- (b) A sponsors/shareholders' undertaking referred to under the section headed "Connected Transaction" in the Company's 2004 Annual Report has been provided by HWL, the Zhuhai Foreign Party and the other parties in relation to two loan facilities of US\$125.5 million and US\$670 million granted to the PRC project company undertaking the Zhuhai Power Plant. The two loans with the outstanding amounts of US\$33 million and US\$416 million as at 30th June, 2005, are repayable by installments with the final repayment due in 2008 and 2012 respectively. It is an event of default for both facilities if CKH and HWL collectively own directly or indirectly less than 51 per cent. of the shareholding in the Zhuhai Foreign Party. The obligation has been complied with.
- (c) The Group has entered into a long term syndicated facility agreement of A\$405 million, of which the whole amount was drawn as at 30th June, 2005. The facility will mature in 2006. Under the provision of the loan agreement, it is an event of default if HWL ceases to own (directly or indirectly) at least 35 per cent. of the issued share capital of the Company. The obligation has been complied with.
- (d) The Group has entered into a long term syndicated facility agreement of A\$400 million, of which the whole amount was drawn as at 30th June, 2005. The facility will mature in 2008. Under the provision of the loan agreement, it is an event of default if HWL ceases to own (directly or indirectly) at least 30 per cent. of the issued share capital of the Company. The obligation has been complied with.
- (e) The Group has entered into a long term syndicated facility agreement of A\$300 million, of which the whole amount was drawn as at 30th June, 2005. The facility will mature in 2009. Under the provision of the loan agreement, it is an event of default if HWL ceases to own (directly or indirectly) at least 30 per cent. of the issued share capital of the Company. The obligation has been complied with.

Other Information

Disclosure under Chapter 13 of the Listing Rules (Cont'd)

- (f) The Group has provided a guarantee to a bank for facilities of up to an aggregate amount of approximately A\$215 million granted to its indirect wholly owned subsidiary expiring in 2006. As a term of the facilities, it is an event of default if HWL ceases to own (directly or indirectly) at least 30 per cent. of the issued share capital of the Company. The obligation has been complied with.
- (g) As at 30th June, 2005, the Group has granted relevant advances to certain affiliated companies totalling HK\$11,742 million, equivalent to approximately 26 per cent. of the Group's total assets. Proforma combined balance sheet of the affiliated companies as at 30th June, 2005 is set out below:

HK\$ million	
Non-current assets	65,316
Current assets	6,162
Current liabilities	(6,732)
Non-current liabilities	(61,871)
Net assets	2,875
Share capital	2,079
Reserves	796
Capital and reserves	2,875

As at 30th June, 2005, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$10,877 million.

Notice of Payment of Interim Dividend, 2005

The Board of Directors of Cheung Kong Infrastructure Holdings Limited announces that the Group's unaudited profit attributable to shareholders for the six months ended 30th June, 2005 amounted to HK\$1,528 million which represents earnings of HK\$0.68 per share. The Directors have resolved to pay an interim dividend for 2005 of HK\$0.24 per share to shareholders whose names appear on the Register of Members of the Company on Thursday, 29th September, 2005. The dividend will be paid on Friday, 30th September, 2005.

The Register of Members of the Company will be closed from Thursday, 22nd September, 2005 to Thursday, 29th September, 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's Branch Share Registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Wednesday, 21st September, 2005.

By Order of the Board

Eirene Yeung

Company Secretary

Hong Kong, 18th August, 2005



Corporate Information

DIRECTORS

Executive Directors

LI Tzar Kuoi, Victor (Chairman)

George Colin MAGNUS (Deputy Chairman)

IP Tak Chuen, Edmond (Deputy Chairman)

FOK Kin Ning, Canning (Deputy Chairman)

KAM Hing Lam (Group Managing Director)

KWAN Bing Sing, Eric (Deputy Managing Director)

Independent Non-executive Directors

CHEONG Ying Chew, Henry

KWOK Eva Lee

SNG Sow-Mei (PHOON Sui Moy, alias POON Sow Mei)

Colin Stevens RUSSEL

LAN Hong Tsung, David

Executive Directors

CHOW WOO Mo Fong, Susan

Frank John SIXT

TSO Kai Sum

Non-executive Directors

LEE Pui Ling, Angelina

Barrie COOK

COMPANY SECRETARY

Eirene YEUNG

QUALIFIED ACCOUNTANT

CHAN Loi Shun, Dominic

AUDIT COMMITTEE

CHEONG Ying Chew, Henry (Chairman)

KWOK Eva Lee

SNG Sow-Mei (PHOON Sui Moy, alias POON Sow Mei)

Colin Stevens RUSSEL

LAN Hong Tsung, David

REMUNERATION COMMITTEE

LI Tzar Kuoi, Victor (Chairman)

Colin Stevens RUSSEL

CHEONG Ying Chew, Henry



Corporate Information

SOLICITORS

Woo, Kwan, Lee & Lo

AUDITORS

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Barclays Bank PLC
Bayerische Landesbank
BNP Paribas
The Hongkong and Shanghai Banking Corporation Limited
National Australia Bank

REGISTERED OFFICE

Clarendon House, Church Street,
Hamilton HM11, Bermuda

PRINCIPAL PLACE OF BUSINESS

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

INTERNET ADDRESS

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

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited,
Rosebank Centre,
11 Bermudiana Road,
Pembroke HM08,
Bermuda

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

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

SHARE LISTING

The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

The stock codes are:

The Stock Exchange of Hong Kong Limited - 1038;

Reuters - 1038.HK;

Bloomberg - 1038 HK.

INVESTOR RELATIONS

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

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Corporate Information

FINANCIAL CALENDAR

Interim Results Announcement	18th August, 2005
Despatch of Interim Report 2005	12th September, 2005
Closure of Register of Members	22nd to 29th September, 2005 (both days inclusive)
Record Date for Interim Dividend	29th September, 2005
Payment of Interim Dividend	30th September, 2005

This interim report 2005 ("Interim Report 2005") (in both English and Chinese versions) has been posted on the Company's website at <http://www.cki.com.hk>.

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

Shareholders who have chosen to receive printed copy of the corporate communication in either English or Chinese version will receive both English and Chinese versions of this Interim Report 2005 since both languages are bound together into one booklet.