



(Incorporated in Bermuda with limited liability)

INTERIM REPORT FOR 2002

Interim Results

To our shareholders:

Cheung Kong Infrastructure Holdings Limited (“CKI”)’s unaudited consolidated profit attributable to shareholders for the first six months ended 30th June, 2002, was HK\$1,491 million. Earnings per share were HK\$0.66, a slight drop of 1.2 per cent. as compared to the same period in 2001. If all the one-off items such as the gain derived from the sale of the retail business of Powercor Australia Limited (“Powercor”) in 2001 are excluded, CKI would have achieved a growth of 10.7 per cent. when compared to the same period last year.*(Please see Note 1)*

As of 30th June, 2002, CKI had over HK\$6 billion cash in hand. The net debt-to-equity ratio was 14 per cent. That ratio is low when compared to those of other international infrastructure groups. The Group has ample capital liquidity and is in a strong financial position.

The Board of Directors has declared an interim dividend for 2002 of HK\$0.215 per share (2001: HK\$0.21). The interim dividend will be paid on Friday, 4th October, 2002 to shareholders whose names appear on the Register of Members on Thursday, 3rd October, 2002.

New Overseas Investments

1. CitiPower in Melbourne

- In July 2002, CKI and Hongkong Electric Holdings Limited (“Hongkong Electric”) successfully acquired CitiPower I Pty Ltd. (“CitiPower”) for A\$1,418 million, and this electricity utility serves approximately 265,000 customers in Melbourne, Victoria and its surrounding suburbs.
- CitiPower is CKI and Hongkong Electric’s second investment in electricity distribution in the state of Victoria, Australia. This acquisition, together with CKI and Hongkong Electric’s investments made in 2000 in Victoria’s largest power distributor, Powercor, and the sole power distributor in South Australia, ETSA Utilities, have made CKI and Hongkong Electric the largest electricity distributor in the country. CKI and Hongkong Electric’s investments in power distribution currently serve a total of 1.65 million customers in Australia.

2. Cross City Tunnel in Sydney

- In February 2002, a consortium led by CKI with a 50 per cent. interest, was named the preferred tenderer to construct the Cross City Tunnel, which will connect Sydney’s eastern suburbs with the western side of the city. The financial closing for this A\$800 million project is expected to take place in the second half of the year. Construction is scheduled to commence before the end of 2002, and the tunnel will be operational by the end of 2006. The Cross City Tunnel will be the first transportation infrastructure project undertaken by CKI in Australia and will be the Group’s first infrastructure project in the state of New South Wales.

Assets Consolidation

As the investment environment changes, there has been decreasing demand for capital for infrastructure projects in the Mainland leading to some of CKI’s local partners buying back the Group’s shares in the projects. Against this backdrop, CKI has been divesting some of its Mainland China investments. During the period under review, CKI continued to consolidate its assets:

- Zengcheng Lixin Road was sold for HK\$132 million, achieving an internal rate of return of 20 per cent.

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- Divestment of Shantou Power Plants was concluded at HK\$239 million, generating an internal rate of return of 10 per cent.
- The sale of the Nanhai Road Network is progressing well. The disposal is expected to be completed before the end of 2002.

Core Businesses

1. Investment in Hongkong Electric

- Hongkong Electric continues to provide a long-term and reliable income base for CKI. During the first half of 2002, Hongkong Electric accounted for 52 per cent. of CKI's profit contribution.
- Hongkong Electric's core businesses recorded satisfactory growth compared to the same period last year, before taking into account the one-off gain from the sale of the Powercor retail business in 2001.

2. Investment in infrastructure

- The three ventures in Australia – Envestra Limited, ETSA Utilities and Powercor – continue to provide steady and substantial income for CKI. The completion of the CitiPower transaction later this year will also bring immediate income to the Group. Earnings generated from the investment portfolio in Australia are playing an increasingly significant role in the Group's results.
- The investments made in power plants, toll roads and bridges span many provinces and cities across the Mainland. They continue to generate considerable cash income and profit for the Group.

3. Infrastructure materials and infrastructure-related businesses

- The construction industry remained sluggish. However, the infrastructure materials and infrastructure-related businesses continued to make meaningful contributions to the Group's income following a streamlining of their operations.

Growth from Solid Foundation Venture Towards New Heights

Since its initial public offering in 1996, CKI has recorded growth year on year in terms of earnings per share, dividend per share and net book value per share. The Group is currently in an exceptionally cash-rich position and enjoys a very low gearing ratio. With such robust financials in today's unstable global economic situation, CKI is in an enviable position to forge ahead with its development plans by examining the many quality assets in the market. CKI continues to pursue its globalisation strategy to capture quality investment opportunities in Hong Kong, the Mainland and other countries in the world in order to maintain reasonable returns and to create additional value for shareholders.

At the same time, the Group continues to restructure its investments in the Mainland. This will consolidate the Group's investment portfolio on the one hand, and strengthen the Group's cash position for expansion on the other.

Given the Group's strong financial position, CKI is in a unique and exciting position to venture to new heights in the capital-intensive infrastructure market.

I would like to take this opportunity to thank the Board of Directors and staff for their contribution and hard work, and to all the shareholders for their support and confidence in the Group.

Li Tzar Kuoi, Victor

Chairman

Hong Kong, 15th August, 2002

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 and other project loans.

The Group maintained bank balances and cash totalling HK\$6,313 million as at 30th June, 2002, of which more than 80 per cent. were denominated in Hong Kong dollars or U.S. dollars.

As at 30th June, 2002, total borrowings of the Group amounted to HK\$10,124 million, which included Hong Kong dollar syndicated loan of HK\$3.1 billion, foreign currency borrowings of HK\$6,926 million and RMB bank loans of HK\$98 million. Of the total borrowings, 31 per cent. were repayable in 2002, 50 per cent. repayable in 2003 to 2007 and 19 per cent. repayable beyond 2007. Committed borrowing facilities available to the Group, but not yet drawn as at 30th June, 2002, amounted to HK\$3,854 million. Of these undrawn facilities, 99 per cent. will expire in 2002 and the remaining portion will expire in 2003. 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 cost of funds, the Group's treasury activities are centralised. Cash is generally placed in short-term deposits mostly denominated in Hong Kong or U.S. 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.

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As at 30th June, 2002, the Group maintained a gearing ratio of 14 per cent. which was based on its net debt of HK\$3,811 million and equity of HK\$27,316 million. This ratio was slightly lower than the gearing ratio of 16 per cent. at the year end of 2001. For potential project financing requirements from business growth, the Group issued foreign currency fixed rate notes totalling HK\$1,813 million in March 2002 under the Group's US\$2 billion medium term note programme established in March 2001. In addition, the Group has entered into a syndicated loan facility agreement of HK\$3.8 billion in May 2002 to refinance the HK\$3.1 billion syndicated loan maturing in September 2002.

To minimise currency risk exposure in respect of its investments in other countries, the Group has a policy of hedging those investments with the appropriate level of borrowings denominated in the local currencies of those countries. As at 30th June, 2002, the Group has swapped the floating interest rates of its borrowings totalling HK\$4,763 million into fixed interest rates. The Group will consider entering into further interest and currency swap transactions to hedge against its interest rate and currency risk exposures, as appropriate.

Charge On Group Assets

As at 30th June, 2002, certain of the Group's land and buildings, and other assets with carrying values totalling HK\$81 million were pledged to secure bank borrowings totalling HK\$34 million.

Contingent Liabilities

As at 30th June, 2002, the Group was subject to the following contingent liabilities:

HK\$ million

Guarantee in respect of bank loan drawn by an affiliated company	696
Performance bonds	25
Total	721

Employees

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 1,988 employees. Employees' cost (excluding directors' emoluments) amounted to HK\$188 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 submitted the pink application forms to subscribe 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.

AUDIT COMMITTEE

The Group's interim report for the six months ended 30th June, 2002 was reviewed by the Audit Committee ("Committee"). Regular meetings have been held by the Committee since its establishment and it meets at least twice each year.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

A detailed interim results announcement for the six months ended 30th June, 2002 containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") will be published on the website of the Stock Exchange in due course.

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Note 1

HK\$ million	Six months ended 30th June		Changes
	2002	2001	
Profit attributable to shareholders	1,491	1,509	-1.2%
Additional information on special items			
Gain on disposals of infrastructure investments	49	572	
Provision against interests in infrastructure investments	-	(500)	
Share of Hongkong Electric's gain on disposal of Powercor's retail business	-	134	
	49	206	
Profit before special items	1,442	1,303	+10.7%



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NOTICE OF PAYMENT OF INTERIM DIVIDEND, 2002

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, 2002 amounted to HK\$1,491 million which represents earnings of HK\$0.66 per share. The Directors have resolved to pay an interim dividend for 2002 of HK\$0.215 per share to shareholders whose names appear on the Register of Members of the Company on Thursday, 3rd October, 2002. The dividend will be paid on Friday, 4th October, 2002.

The Register of Members of the Company will be closed from Thursday, 26th September, 2002 to Thursday, 3rd October, 2002, 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, 25th September, 2002.

By Order of the Board

Eirene Yeung

Company Secretary

Hong Kong, 15th August, 2002

Cheung Kong Infrastructure Holdings Limited

CONSOLIDATED INCOME STATEMENT

for the six months ended 30th June

HK\$ million	Notes	2002 (unaudited)	2001 (unaudited)
Turnover	1		
Group turnover		1,028	1,196
Share of turnover of jointly controlled entities		847	705
		1,875	1,901
Group turnover	1	1,028	1,196
Other revenue	2	461	1,334
Operating costs	3	(918)	(2,217)
Operating profit	4	571	313
Finance costs		(299)	(307)
Share of results of associates		1,211	1,438
Share of results of jointly controlled entities		226	191
Profit before taxation		1,709	1,635
Taxation	5	(223)	(138)
Profit after taxation		1,486	1,497
Minority interests		5	12
Profit attributable to shareholders	4	1,491	1,509
Proposed interim dividend		485	473
Earnings per share	6	HK\$0.66	HK\$0.67
Proposed interim dividend per share		HK\$0.215	HK\$0.21

NOTES TO THE CONSOLIDATED INCOME STATEMENT**1. TURNOVER**

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

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

By business segment

for the six months ended 30th June

HK\$ million	2002			2001		
	Group controlled turnover	Share of turnover of jointly controlled entities	Total	Group controlled turnover	Share of turnover of jointly controlled entities	Total
Infrastructure investments	196	847	1,043	238	705	943
Infrastructure materials and infrastructure-related businesses	832	-	832	958	-	958
Total	1,028	847	1,875	1,196	705	1,901

By geographic region

for the six months ended 30th June

HK\$ million	2002			2001		
	Group controlled turnover	Share of turnover of jointly controlled entities	Total	Group controlled turnover	Share of turnover of jointly controlled entities	Total
Hong Kong	618	-	618	817	-	817
Mainland China	353	847	1,200	359	705	1,064
Others	57	-	57	20	-	20
Total	1,028	847	1,875	1,196	705	1,901

2. OTHER REVENUE

Other revenue includes the following:

HK\$ million	Six months ended 30th June	
	2002	2001
Interest income	326	364
Finance lease income	3	3
Distribution from listed stapled securities	20	18
Dividend from other listed securities	-	2
Gain on disposals of subsidiaries	49	221
Gain on disposals of listed securities	-	10
Charterhire service income	28	688

3. OPERATING COSTS

Operating costs include the following:

HK\$ million	Six months ended 30th June	
	2002	2001
Depreciation	94	95
Amortisation of costs of investments in infrastructure projects	74	87
Provision against interests in infrastructure investments	-	500
Cost of charterhire services rendered	28	686
Cost of inventories sold	552	645

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4. SEGMENT INFORMATION

By business segment

for the six months ended 30th June

HK\$ million	Investment in Hongkong Electric*		Infrastructure investments		Infrastructure materials and infrastructure - related businesses		Unallocated items		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Segment revenue										
Group turnover	-	-	196	238	832	958	-	-	1,028	1,196
Charterhire service income	-	-	-	-	28	688	-	-	28	688
Others	-	-	8	6	27	22	-	-	35	28
	-	-	204	244	887	1,668	-	-	1,091	1,912
Segment result	-	-	108	124	112	130	-	-	220	254
Provision against interests in infrastructure investments	-	-	-	(500)	-	-	-	-	-	(500)
Gain on disposals of subsidiaries	-	-	49	221	-	-	-	-	49	221
Interest and finance lease incomes	-	-	259	288	44	52	26	27	329	367
Other revenue	-	-	20	30	-	-	-	-	20	30
Net corporate overheads	-	-	-	-	-	-	(47)	(59)	(47)	(59)
Operating profit	-	-	436	163	156	182	(21)	(32)	571	313
Finance costs	-	-	-	-	-	-	(299)	(307)	(299)	(307)
Share of results of associates and jointly controlled entities	1,104	1,073	334	556	(1)	-	-	-	1,437	1,629
Taxation	(167)	(118)	(44)	(1)	(12)	(19)	-	-	(223)	(138)
Minority interests	-	-	-	-	5	12	-	-	5	12
Profit attributable to shareholders	937	955	726	718	148	175	(320)	(339)	1,491	1,509

* 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.

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By geographic region

for the six months ended 30th June

HK\$ million	Hong Kong		Mainland China		Australia		Others		Unallocated items		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Segment revenue												
Group turnover	618	817	353	359	-	-	57	20	-	-	1,028	1,196
Charterhire service income	-	14	-	68	-	5	28	601	-	-	28	688
Others	22	18	8	6	-	-	5	4	-	-	35	28
	640	849	361	433	-	5	90	625	-	-	1,091	1,912
Segment result	135	207	87	57	-	-	(2)	(10)	-	-	220	254
Provision against interests in infrastructure investments	-	-	-	(500)	-	-	-	-	-	-	-	(500)
Gain on disposals of subsidiaries	-	-	49	221	-	-	-	-	-	-	49	221
Interest and finance lease incomes	44	52	-	-	259	288	-	-	26	27	329	367
Other revenue	-	12	-	-	20	18	-	-	-	-	20	30
Net corporate overheads	-	-	-	-	-	-	-	-	(47)	(59)	(47)	(59)
Operating profit	179	271	136	(222)	279	306	(2)	(10)	(21)	(32)	571	313
Finance costs	-	-	-	-	-	-	-	-	(299)	(307)	(299)	(307)
Share of results of associates and jointly controlled entities	1,112	1,082	229	196	96	351	-	-	-	-	1,437	1,629
Taxation	(180)	(138)	(18)	-	(25)	-	-	-	-	-	(223)	(138)
Minority interests	-	-	4	10	-	-	1	2	-	-	5	12
Profit attributable to shareholders	1,111	1,215	351	(16)	350	657	(1)	(8)	(320)	(339)	1,491	1,509

5. TAXATION

HK\$ million	Six months ended 30th June	
	2002	2001
Company and subsidiaries		
Hong Kong profits tax	- current	20
	- deferred	(1)
	12	19
Associates		
Hong Kong profits tax	- current	118
	- deferred	1
Overseas tax	- current	-
	193	119
Jointly controlled entities		
Overseas tax	- current	-
Total	223	138

Hong Kong profits tax is provided for at the rate of 16 per cent. (2001: 16 per cent.) on the estimated assessable profits for the period.

6. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$1,491 million (2001: HK\$1,509 million) and on 2,254,209,945 shares (2001: 2,254,209,945 shares) in issue during the interim period.

Diluted earnings per share has not been shown as there was no dilutive effect on the earnings per share if the convertible debentures outstanding during the six months ended 30th June, 2002 and 2001 were fully converted into shares of a non-wholly owned subsidiary which issued the debentures.

Please also refer to the published version of this announcement in The Standard dated 16/8/2002.