



# CHEUNG KONG (HOLDINGS) LIMITED

*(Incorporated in Hong Kong with limited liability)*

(Stock code: 001)

## INTERIM RESULTS FOR 2005

### HIGHLIGHTS

	Six months ended 30th June		Change
	2005	2004 (Restated)*	
	HK\$ Million	HK\$ Million	
Profit before share of results of the Hutchison Whampoa Group	4,461	1,462	+205%
Share of profit of Hutchison Whampoa Group	5,907	5,375	+10%
Profit attributable to shareholders	10,368	6,837	+52%
Earnings per share	HK\$4.48	HK\$2.95	+52%
Dividend per share	HK\$0.42	HK\$0.38	+10.5%

\* Please refer to explanatory note (6) to the Consolidated Profit and Loss Account and Consolidated Balance Sheet.

### PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited profit attributable to shareholders for the six months ended 30th June, 2005 amounted to HK\$10,368 million. Earnings per share were HK\$4.48.

### INTERIM DIVIDEND

The Directors have declared an interim dividend for 2005 of HK\$0.42 per share (HK\$0.38 per share in 2004) to shareholders whose names appear on the Register of Members of the Company on Thursday, 13th October, 2005. The dividend will be paid on Friday, 14th October, 2005.

## PROSPECTS

### Powering Ahead

#### Business Performance

**“The Group has made significant strides in business and market expansion during the first half of 2005 by seizing the growth opportunities presented by the rising economy. Through a number of key acquisitions and investments in Hong Kong, the Mainland and overseas, the Group is growing on an even stronger platform for future expansion.”**

Solid performance was recorded for the Group’s quality businesses as they continued to develop and expand steadily. For the first half of 2005, the Group’s profit before share of results of the Hutchison Whampoa Group increased by 205%.

#### Property Business

Hong Kong’s economy has continued the upward momentum of last year during the first half of 2005. Domestic demand remained strong as consumer and business confidence was encouraged by an improving labour market, and an inflationary climate with steady, healthy rises in consumer prices. The recent move by Standard & Poor’s to upgrade Hong Kong’s foreign currency sovereign credit ratings to “AA-” also confirms Hong Kong’s improved public finances and good growth prospects.

The broad based revival of the local property market was clearly illustrated by buoyant activity and strong buyer response to most of the residential projects during the period. Sound economic fundamentals coupled with a number of positive factors have partially offset the psychological impact of rising interest rates in Hong Kong. We expect the property market to sustain a healthy growth accompanied by steady rises in property and land prices, as the buyers’ affordability ratio remains reasonable and acceptable, and the market is supported by strong underlying demand and a steady land supply.

The Group reported satisfactory returns from property sales during the period while solid progress was made on all fronts in planning, operations and marketing. In particular, there was notable landbank expansion as the Group accelerated the pace of acquisition in order to enrich its land portfolio with diversified prime sites and properties in different locations and for different purposes. With total developable gross floor area rapidly expanding, the Group's landbank is more than sufficient to support our development plans for the next four to five years.

Demand for office, retail space and hotels is expected to increase given the strengthening economy and the accelerated pace of corporate expansion. In addition to restructuring the retail portfolio to optimise its value, the Group has positioned itself to take advantage of the booming tourism sector by further expanding into the hotel sector through quality acquisitions and developments.

We achieved milestone achievements in global expansion as we actively pursued acquisitions to strengthen our position as a key player in the international property market. A number of high-quality sites and properties for residential and/or commercial purposes were acquired in the Mainland, Singapore and the United Kingdom during the period, and these acquisitions are significant in further strengthening the Group's global developments. We will continue our plan for overseas expansion, and we will continue to seek quality investments worldwide capable of generating good returns and value for the Group.

### **New Tech Ventures**

CK Life Sciences Int'l. (Holdings) Inc. ("CK Life Sciences") has continued to record steady growth on all fronts during the first half of the year. Profits and sales have more than doubled, and new R&D milestones have been recorded especially in the area of cancer treatment. Four anti-cancer products were granted patent approved notices of allowance by the U.S. Patent and Trademark Office during the period. It is believed that this marks the first time a private biotechnology company in Hong Kong has been awarded patents for anti-cancer pharmaceuticals. CK Life Sciences has successfully devised a sustainable revenue model to act as a funding engine so that R&D can be taken to completion and its full research potential can be realised. Looking ahead, organic business growth is expected to continue and its recent acquisitions will start to contribute to CK Life Sciences' profits, while R&D progress will be further accelerated.

The Group will draw on the expertise and experience acquired from various new tech investments to take advantage of new opportunities in the high tech arena. We will continue to expand our value added business portfolio with quality investments that have good potential for growth and profitability.

### **Listed Affiliated Companies**

Following a year of strong performance in 2004, all the core businesses of the Hutchison Whampoa Group continued to perform well in business growth and market expansion during the period. The 3G businesses, now spanning 11 nations and regions around the globe, continues to expand at a steady pace and the customer base exceeds 9.4 million worldwide to date. As start-up investments for the 3G businesses have peaked, we expect the 3 Group as a whole will achieve EBITDA breakeven on a month-by-month basis in the second half of this year. Looking forward, with the 3 Group's funding requirements disappearing entirely in 2006, the 3G businesses are positioned to contribute significant value to the Group.

Cheung Kong Infrastructure Holdings Limited ("CKI") reported continued growth momentum during the period, primarily fuelled by the engines of organic growth, acquisitions and asset divestments. CKI will continue to examine investment opportunities around the globe to expand its portfolio of quality infrastructure investments. Hongkong Electric Holdings Limited recorded a solid performance in the first half year, and will continue to build on its strong financial position and expertise to explore new business opportunities which offer stable returns with manageable risks.

### **Looking Forward**

**“With visionary foresight and effective management, the Cheung Kong Group is uniquely placed in a strong position to capture the opportunities arising from the Mainland's and Hong Kong's sustainable growth and integrated development. The Group has strong confidence in the prospects for its quality businesses in 51 countries around the globe, as they are well poised to attain new heights for future growth.”**

The gap between the two lending rates in Hong Kong and the United States is likely to narrow further in the coming months. However, no major change to Hong Kong's prevailing interest rate level is expected before the end of this year as any further increases in the U.S. interest rates are likely to be modest. This is favourable to Hong Kong's property market and the overall economy. With rising growth momentum in all major sectors such as finance, trading, retail, tourism and services, the economic outlook remains optimistic for the second half year as job opportunities and consumer confidence grow, and domestic demand continues to be strong.

There is increasing evidence that the macroeconomic measures in the Mainland have produced solid results in fine-tuning and guiding the economy on a healthy development track. Continuing structural reforms such as the recent changes to the currency regime and a more liberalised market in the Mainland will help transform the economic landscape and growth pattern, further increasing the development potential of the overall economy. Based on closer business links and increased economic integration with the Mainland, Hong Kong is well placed to benefit from the Mainland's thriving economy, and will grow in step with the Mainland towards a promising future.

The Cheung Kong Group is a diversified conglomerate with continuing dynamism and vitality. Its core responsibility is to bring better returns for shareholders by enhancing efficiency and building its asset value. Embracing new concepts and new visions, our management always looks for fresh opportunities for global investments, and puts in place business strategies that are in tune with market conditions, and in line with the Group's strategic direction and corporate philosophy. I look forward to better prospects for our diversified businesses in Hong Kong, the Mainland and other markets totalling 51 countries around the world as they continue to power ahead. I have every confidence in the future of the Cheung Kong Group.

### **Acknowledgement**

The Group has made remarkable strides in global expansion. I take this opportunity to thank our colleagues on the Board, the staff members of the Group and our diligent employees worldwide for their hard work, loyal service and contributions during the period.

**Li Ka-shing**  
Chairman

Hong Kong, 25th August, 2005

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Major Business Activities

#### 1. Developments completed and scheduled for completion in 2005:

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
The Pacifica Phases 1 & 2	New Kowloon Inland Lot No. 6275	144,260	50%
Caribbean Coast Carmel Cove	Tung Chung Town Lot No. 5	122,250	Joint Venture
Caribbean Coast Caribbean Bazaar	Tung Chung Town Lot No. 5	5,000	Joint Venture
Harbourfront Horizon – All-Suite Hotel	Kowloon Inland Lot No. 11110	107,400	100%
Harbourview Horizon – All-Suite Hotel	Kowloon Inland Lot No. 11103	119,280	100%
St. Paul's Terrace	No. 42A MacDonnell Road	820	100%
Cape Coral Phase 2 and Commercial	Panyu Dashi, Guangzhou	95,300	50%
Guangzhou International Toys & Gifts Center Phase 1	Guangzhou	99,040	30%
Horizon Cove Phase 3B	Zhuhai	83,800	50%
Laguna Verona Phase C	Dongguan	34,100	49%
Regency Park Phase III	Pudong Huamu, Shanghai	32,700	50%
Seasons Villas Phase 6B	Pudong Huamu, Shanghai	800	50%

## 2. New Acquisitions and Joint Developments and Other Major Events:

### *Hong Kong*

- (1) February 2005:- The acquisition of the entire issued share capital of and the benefit of the debts owed by The Kowloon Hotel Limited, the registered owner of The Kowloon Hotel at Nathan Road, Tsim Sha Tsui, Kowloon by an indirect 50/50 joint venture company of the Group and the Hutchison Whampoa Group was completed on 1st February, 2005.
- (2) February 2005:- A wholly owned subsidiary of the Group executed a development agreement with MTR Corporation Limited for the development at Area 86, Tseung Kwan O, Site F of Tseung Kwan O Town Lot No. 70. The land has an aggregate area of approximately 14,200 sq. m. and is planned for a residential and commercial development estimated to have a total developable gross floor area of about 139,800 sq. m.
- (3) April 2005:- The Group acquired the site at 81 Broadcast Drive, New Kowloon Inland Lot No. 5099. With an area of approximately 4,200 sq. m., the site is designated for a residential development.
- (4) May 2005:- An indirect 50/50 joint venture company of the Group and the Hutchison Whampoa Group executed the land grant with the Government for the exchange of Lot No. 2064 in D.D. 121, Hung Shui Kiu, Yuen Long. The site has an area of approximately 16,200 sq. m. with a total developable gross floor area of about 49,800 sq. m. for residential purposes.
- (5) May 2005:- The Group acquired the site at 16-18 Conduit Road, Section A of Inland Lot No. 711. With an area of approximately 590 sq. m., the site is designated for a residential development.
- (6) June 2005: - The Group implemented the joint development plan with the owner (the "Owner") of the site at 15-17 Oil Street, Section A and Extension of Inland Lot No. 7106, North Point. A lease modification letter has been executed by the Owner for the development of the site into hotel and commercial properties. The land has an area of approximately 6,800 sq. m. and a total developable gross floor area of about 43,100 sq. m.
- (7) During the period under review, the Group continued to acquire agricultural land with potential for development. Some of these sites are under varying stages of design and planning applications.

### *The Mainland and Overseas*

- (1) February 2005:- A 50/50 joint venture company of the Group and the Hutchison Whampoa Group was established for the purpose of owning and developing the land located at Maqiao Town, Minhang District, Shanghai, the Mainland. The land has an aggregate area of approximately 260,100 sq. m. and is planned to be developed into residential and commercial properties.
- (2) March 2005:- A 50/50 joint venture company of the Group and the Hutchison Whampoa Group acquired a piece of land located at Wenjiang District, Chengdu, Sichuan Province, the Mainland. The land has an aggregate buildable site area of approximately 373,000 sq. m. and is earmarked for a residential and commercial development.
- (3) April 2005:- A 50/50 joint venture company of the Group and the Hutchison Whampoa Group was established for the purpose of owning and developing the land located at Wangcheng County, Changsha, the Mainland. The land has an area of approximately 556,000 sq. m. and is designated for residential purposes.
- (4) April 2005:- A 50/50 joint venture company of the Group and the Hutchison Whampoa Group was established for the purpose of owning and developing the land located at Jing Yue Tan Tourist Economic Development Zone, Changchun, the Mainland. The land has an aggregate area of approximately 827,000 sq. m. and is planned for a residential and commercial development.
- (5) May 2005:- The Group and the Hutchison Whampoa Group established two 50/50 joint venture companies to own and develop two pieces of land located at Jiang Han District, Wuhan, the Mainland. With an area of approximately 31,900 sq. m. and 132,000 sq. m. respectively, the two sites will be developed into residential and commercial properties.
- (6) May 2005:- A 50/50 joint venture company of the Group and the Hutchison Whampoa Group entered into an agreement to acquire the premises known as the Convoys Wharf located at Deptford, London, the United Kingdom. With an aggregate area of approximately 16 hectares, the site will be redeveloped into a mixed residential and commercial project.
- (7) May 2005:- A 50/50 joint venture company of the Group and the Hutchison Whampoa Group entered into a sino-foreign co-operative joint venture with Tianjin Metro General Corp. for the development of the land located at Yingkou Dao, Tianjin, the Mainland. The land has an area of approximately 19,600 sq. m. and is planned for commercial and residential developments.



- (8) May 2005:- A 50/50 joint venture company of the Group and the Hutchison Whampoa Group entered into an agreement to acquire the land in the Administrative Region of Bei Xin Village, Changping District, Beijing, the Mainland. The land has an area of approximately 297,700 sq. m. and is earmarked for a residential development.
- (9) June 2005:- A 50/50 joint venture company of the Group and the Hutchison Whampoa Group acquired a piece of land located at Douxi District of the Economic and Technological Development Park, New Northern Zone, Chongqing, the Mainland. Designated for residential and commercial purposes, the site has an area of approximately 470,900 sq. m.
- (10) July 2005:- A joint tender for certain parcels of land at Marina Boulevard/Central Boulevard, Singapore (“Marina Bay Land”) submitted by a 50/50 joint venture company of the Group and the Hutchison Whampoa Group together with two other consortium partners, each has a one-third interest, was awarded. Phase 1 of land parcel A of the Marina Bay Land is planned for the development of a business and financial centre.
- (11) August 2005:- A wholly owned subsidiary of the Group launched an issue of Japanese Yen Bonds in an aggregate principal amount of JPY33 billion in Japan.
- (12) The Group’s property projects in the Mainland are on schedule, both in terms of sales and leasing.

## **Property Sales**

Turnover of property sales for the first half year, including share of property sales of jointly controlled entities, was HK\$5,674 million (2004 – HK\$8,252 million), a decrease of HK\$2,578 million when compared with the same period last year, and comprised mainly the sale of residential units of Harbourfront Landmark and One Beacon Hill completed in previous years and the sale of residential units of The Pacifica completed in Hong Kong during the period. As of the period end date, over 90% of the residential units of The Pacifica were sold.

Contribution from property sales, including share of results of jointly controlled entities, was HK\$2,320 million (2004 – HK\$617 million), an increase of HK\$1,703 million when compared with the same period last year. Contribution margins increased significantly from last year, as the Hong Kong economy strengthened and growing demand for residential properties in Hong Kong during the period lifted the selling prices of the Group's property projects, including Harbourfront Landmark and Caribbean Coast which also made good recovery on sales prices from their previously written down values.

Contribution from property sales for the second half year will mainly come from the sale of residential units of Carmel Cove of Caribbean Coast upon its completion in Hong Kong and several other property projects in the Mainland which are scheduled for completion. Up to the period end date, approximately two-thirds of the residential units of Carmel Cove of Caribbean Coast have been presold.

During the period, the residential units of The Legend at Jardine's Lookout in Hong Kong, scheduled for completion in 2006, were launched for presale. The presale result was very successful and approximately two-thirds of the units were presold within a month.

## **Property Rental**

Turnover of the Group's property rental for the first half year was HK\$282 million (2004 – HK\$288 million), a decrease of HK\$6 million when compared with the same period last year mainly due to disposal of some minor rental properties during the period. Contribution from the Group's property rental, however, remained at the same level, when compared with the same period last year, as rental rates picked up in Hong Kong. The Group's existing investment properties comprise mainly retail shopping malls and commercial office properties in Hong Kong which accounted for approximately 34% and 37% respectively of the turnover of the Group's property rental for the period.

Contribution from property rental, including share of results of jointly controlled entities, was HK\$458 million (2004 – HK\$424 million), an increase of HK\$34 million when compared with the same period last year. Contribution from jointly controlled entities continued to increase with good occupancy and rental rates at various investment properties both in Hong Kong and in the Mainland, despite the divestment of commercial units at Waldorf Garden and City One Shatin in Hong Kong during the period.

At interim balance sheet date, the Group recorded an increase in fair value of investment properties of HK\$962 million based on professional valuation, and shared an increase in fair value of investment properties of HK\$862 million of jointly controlled entities.

## **Hotels and Serviced Suites**

Turnover of the Group's hotels and serviced suites for the first half year was HK\$303 million (2004 – HK\$282 million), an increase of HK\$21 million when compared with the same period last year. Increase in turnover was mainly driven by improved economic conditions in Hong Kong and increased number of tourist arrivals.

Contribution from hotels and serviced suites, including share of results of jointly controlled entities, was HK\$127 million (2004 (restated) – HK\$51 million), an increase of HK\$76 million when compared with the same period last year. Operating results of hotels and serviced suites, both in Hong Kong and in Beijing, were good with high occupancy and room rates which helped to offset the effect of a depreciation charge on hotel and serviced suite properties following a change of the accounting policy.

During the period, the acquisition of The Kowloon Hotel, of which the Group has a 50% interest, was completed and the new Rambler Garden Hotel, of which the Group has a 30% interest, had its grand opening. Both hotels are in Hong Kong and made contribution to group profit for the first time.

Benefiting from the growing economy in Hong Kong and in the Mainland, the Group's hotel and serviced suite operations will continue to make a good contribution.

## **Property and Project Management**

Turnover of property and project management for the first half year was HK\$116 million (2004 – HK\$109 million), an increase of HK\$7 million when compared with the same period last year. Contribution from property and project management was HK\$47 million (2004 – HK\$37 million), an increase of HK\$10 million when compared with the same period last year. The increase in turnover and contribution was in line with the increase in property and project management services rendered by the Group during the period.

While the contribution from property management is not significant, the Group is committed to providing top quality services to properties under our management. At the period end date, the total floor area under the Group's property management was approximately 77 million square feet and this is expected to grow steadily following the gradual completion of the Group's property projects in the coming years.

## **Major Associates**

The associated Hutchison Whampoa Group recorded unaudited profit attributable to shareholders for the six months ended 30th June, 2005 of HK\$11,824 million (2004 (restated) – HK\$10,758 million).

The CK Life Sciences Group, another listed associate, reported unaudited profit attributable to shareholders of HK\$3,296,000 (2004 – HK\$838,000) in the first six months of 2005.

## **FINANCIAL REVIEW**

### **Liquidity and Financing**

During the period, the Group issued notes up to three years term in the total amount of HK\$1,138 million in Hong Kong and redeemed notes in the total amount of HK\$1,550 million. At interim balance sheet date, outstanding bonds and notes issued by the Group amounted to HK\$6.4 billion.

Together with bank loans of HK\$17 billion, the Group's total borrowings at interim balance sheet date were HK\$23.4 billion, an increase of HK\$2.4 billion from last year end date, and the maturity profile spread over a period of six years with HK\$1.9 billion repayable within one year, HK\$21.4 billion within two to five years and HK\$0.1 billion beyond five years.

At interim balance sheet date, the Group's gearing ratio remained low at 11.4%, calculated on the basis of the Group's net borrowings (after deducting cash and bank balances of HK\$2.2 billion) over shareholders' funds.

With cash and marketable securities in hand as well as available banking facilities, the Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

### **Treasury Policies**

The Group maintains a conservative approach on foreign exchange exposure management. At interim balance sheet date, approximately 99% of the Group's borrowings was in HK\$ with the balance in US\$ mainly for the purpose of financing projects outside Hong Kong. While the Group derives its revenue and maintains cash balances mainly in HK\$, it ensures that its exposure to fluctuations in foreign exchange rates is minimised.

The Group's borrowings are principally on a floating rate basis. For the fixed rate bonds and notes issued by the Group, interest rate swaps arrangements have been in place to convert the rates to floating rate basis.

When appropriate and at times of interest rate or exchange rate uncertainty or volatility, hedging instruments including swaps and forwards are used in the Group's management of exposure to interest rate and exchange rate fluctuations.

## **Charges on Assets**

At interim balance sheet date, certain subsidiaries of the Group in the Mainland pledged assets of joint ventures with aggregate carrying value of HK\$1,103 million (31st December, 2004 (restated) – HK\$1,115 million) to secure bank loan facilities utilised by the joint ventures with other partners.

## **Contingent Liabilities**

At interim balance sheet date, the Group's contingent liabilities were as follows:

- (1) share of contingent liability of a jointly controlled entity in respect of guaranteed return payments payable to the other party of a co-operative joint venture in the next 44 years amounted to HK\$4,504 million;
- (2) guarantee provided for the minimum share of revenue receivable by the other party of a joint venture project in a period of 40 years amounted to HK\$672 million; and
- (3) guarantees provided for bank loans utilised by jointly controlled entities and investee company amounted to HK\$3,675 million (31st December, 2004 – HK\$3,597 million) and HK\$20 million (31st December, 2004 – HK\$21 million) respectively.

## **Employees**

At the period end date, the Group employed approximately 6,900 employees for its principal businesses. The related employees' costs for the period (excluding directors' emoluments) amounted to approximately HK\$521 million. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system. The Group does not have any share option scheme for employees.

## **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 the period.

## **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 ("Code on CG Practices") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30th June, 2005.

## **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 three Independent Non-executive Directors, namely, Mr. Kwan Chiu Yin, Robert (Chairman of the Audit Committee), Mr. Kwok Tun-li, Stanley and Mr. Cheong Ying Chew, Henry. 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 results for the six months ended 30th June, 2005 has been reviewed by the Audit Committee.



# CHEUNG KONG (HOLDINGS) LIMITED

*(Incorporated in Hong Kong with limited liability)*

(Stock code: 001)

## NOTICE OF PAYMENT OF INTERIM DIVIDEND, 2005

The Board of Directors of Cheung Kong (Holdings) Limited announces that the Group's unaudited profit attributable to shareholders for the six months ended 30th June, 2005 amounted to HK\$10,368 million which represents earnings of HK\$4.48 per share. The Directors have declared an interim dividend for 2005 of HK\$0.42 per share to shareholders whose names appear on the Register of Members of the Company on Thursday, 13th October, 2005. The dividend will be paid on Friday, 14th October, 2005.

The Register of Members of the Company will be closed from Thursday, 6th October, 2005 to Thursday, 13th October, 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 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, 5th October, 2005.

By Order of the Board  
**CHEUNG KONG (HOLDINGS) LIMITED**  
**Eirene Yeung**  
Company Secretary

Hong Kong, 25th August, 2005

The Directors (*Note*) of the Company as at the date of this announcement are Mr. LI Ka-shing (*Chairman*), Mr. LI Tzar Kuoi, Victor (*Managing Director and Deputy Chairman*), Mr. George Colin MAGNUS (*Deputy Chairman*), Mr. KAM Hing Lam (*Deputy Managing Director*), Mr. CHUNG Sun Keung, Davy, Mr. IP Tak Chuen, Edmond, Ms. PAU Yee Wan, Ezra, Ms. WOO Chia Ching, Grace and Mr. CHIU Kwok Hung, Justin as Executive Directors; Mr. LEUNG Siu Hon, Mr. FOK Kin-ning, Canning, Mr. Frank John SIXT and Mr. CHOW Kun Chee, Roland as Non-executive Directors; and Mr. KWOK Tun-li, Stanley, Mr. YEH Yuan Chang, Anthony, Mr. Simon MURRAY, Mr. CHOW Nin Mow, Albert, Ms. HUNG Siu-lin, Katherine, Dr. WONG Yick-ming, Rosanna, Mr. KWAN Chiu Yin, Robert and Mr. CHEONG Ying Chew, Henry as Independent Non-executive Directors.

*Note: Other than Chairman and Managing Director, order by date of appointment, and in the case of Non-executive Director ("NED")/Independent Non-executive Director ("INED"), order by date of appointment of NED/INED.*



**Consolidated Profit and Loss Account**  
**For the six months ended 30th June, 2005**

	<b>(Unaudited)</b> <b>2005</b>	2004 (Restated)
	<b>HK\$ Million</b>	HK\$ Million
Group turnover	2,787	7,305
Share of property sales of jointly controlled entities	3,588	1,626
<b>Turnover</b>	<u><b>6,375</b></u>	<u>8,931</u>
Group turnover	2,787	7,305
Investment and other income	664	867
Operating costs		
Property and related costs	(1,194)	(6,611)
Salaries and related expenses	(314)	(296)
Interest and other finance costs	(69)	(170)
Other expenses	(125)	(166)
	(1,702)	(7,243)
Share of results of jointly controlled entities	2,623	769
Increase in fair value of investment properties	962	-
Operating profit	5,334	1,698
Share of results of associates	5,179	5,495
<b>Profit before taxation</b>	<u><b>10,513</b></u>	<u>7,193</u>
Taxation	84	(308)
<b>Profit for the period</b>	<u><b>10,597</b></u>	<u>6,885</u>
Profit attributable to minority interests	(229)	(48)
<b>Profit attributable to shareholders</b>	<u><b>10,368</b></u>	<u>6,837</u>
<b>Interim dividend</b>	<u><b>973</b></u>	<u>880</u>
<b>Earnings per share</b>	<b>HK\$4.48</b>	HK\$2.95
<b>Dividends per share</b>	<b>HK\$0.42</b>	HK\$0.38

## Consolidated Balance Sheet

As at 30th June, 2005

	(Unaudited) 30/6/2005 HK\$ Million	(Audited) 31/12/2004 (Restated) HK\$ Million
Non-current assets		
Fixed assets	8,745	7,385
Investment properties	11,344	10,545
Associates	128,956	126,850
Jointly controlled entities	24,743	21,259
Investments available for sale	8,129	7,619
Long term loans	837	1,245
	<u>182,754</u>	<u>174,903</u>
Current assets		
Stock of properties	28,571	25,812
Debtors, deposits and prepayments	1,939	2,254
Investments held for trading	1,090	1,040
Derivative financial instruments	356	-
Bank balances and deposits	2,244	4,033
	<u>34,200</u>	<u>33,139</u>
Current liabilities		
Bank and other loans	1,873	3,139
Creditors and accruals	2,470	2,663
Derivative financial instruments	89	-
Provision for taxation	651	553
Net current assets	<u>29,117</u>	<u>26,784</u>
Total assets less current liabilities	<u>211,871</u>	<u>201,687</u>
Non-current liabilities		
Bank and other loans	21,490	17,907
Deferred tax liabilities	472	428
	<u>21,962</u>	<u>18,335</u>
<b>Net assets</b>	<u>189,909</u>	<u>183,352</u>
<b>Representing:</b>		
Share capital	1,158	1,158
Share premium	9,331	9,331
Reserves	526	641
Retained profits	172,630	163,788
Dividend		
Interim dividend for 2005	973	-
Final dividend for 2004	-	3,289
Shareholders' funds	<u>184,618</u>	<u>178,207</u>
Minority interests	5,291	5,145
<b>Total equity</b>	<u>189,909</u>	<u>183,352</u>

Notes:

(1) Turnover of the Group by operating activities for the period are as follows:

	<b>Six months ended 30th June</b>	
	<b>2005</b>	<b>2004</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Property sales	2,086	6,626
Property rental	282	288
Hotels and serviced suites	303	282
Property and project management	116	109
Group turnover	<u>2,787</u>	<u>7,305</u>
Share of property sales of jointly controlled entities	3,588	1,626
Turnover	<u>6,375</u>	<u>8,931</u>

Turnover of jointly controlled entities (save for proceeds from property sales shared by the Group) and turnover of listed and unlisted associates are not included.

During the period, the Group's overseas operating activities (including property sales of jointly controlled entities) were mainly in the Mainland and Singapore which accounted for approximately 5% and 4% of the turnover respectively.

Profit contribution by operating activities for the period are as follows:

	<b>Company and subsidiaries</b>		<b>Jointly controlled entities</b>		<b>Total</b>	
	<b>Six months ended 30th June</b>		<b>Six months ended 30th June</b>		<b>Six months ended 30th June</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>	<b>HK\$ Million</b>	<b>HK\$ Million</b>	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Property sales	971	121	1,349	496	2,320	617
Property rental	232	232	226	192	458	424
Hotels and serviced suites	58	23	69	28	127	51
Property and project management	47	34	-	3	47	37
	<u>1,308</u>	<u>410</u>	<u>1,644</u>	<u>719</u>	<u>2,952</u>	<u>1,129</u>
Investment and finance					582	440
Interest and other finance costs					(69)	(170)
Increase in fair value of investment properties						
Company and subsidiaries					962	-
Jointly controlled entities					862	-
Others					73	303
Taxation (excluding share of taxation of listed associates)					(673)	(192)
Profit attributable to minority interests					<u>(229)</u>	<u>(48)</u>
					4,460	1,462
Share of net profit of listed associates						
Hutchison Whampoa Limited					5,907	5,375
CK Life Sciences Int'l., (Holdings) Inc.					1	-
Profit attributable to shareholders					<u>10,368</u>	<u>6,837</u>

(2) Profit before taxation is arrived at after charging/(crediting):

	<b>Six months ended 30th June</b>	
	<b>2005</b>	<b>2004</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<i>Interest and other finance costs</i>	221	222
<i>Less: Interest capitalised</i>	<u>(152)</u>	<u>(52)</u>
	69	170
<i>Costs of properties sold</i>	998	6,026
<i>Depreciation</i>	86	102
<i>Net realised and unrealised holding losses/(gains) on investments</i>	35	(53)
<i>Profit on disposal of investment properties</i>	(117)	-
<i>Profit on disposal of jointly controlled entities</i>	<u>(164)</u>	<u>-</u>

(3) Hong Kong profits tax has been provided for at the rate of 17.5% (2004 - 17.5%) on the estimated assessable profits for the period. Overseas tax has been provided for at the applicable local rates on the estimated assessable profits of the individual company concerned. Deferred tax has been provided on temporary differences using the current applicable rates.

	<b>Six months ended 30th June</b>	
	<b>2005</b>	<b>2004</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<i>Company and subsidiaries</i>		
<i>Hong Kong profits tax</i>	98	62
<i>Overseas tax</i>	2	3
<i>Deferred tax</i>	44	26
<i>Share of taxation charge/(credit)</i>		
<i>Jointly controlled entities</i>	525	99
<i>Associates</i>	<u>(753)</u>	<u>118</u>
	<u>(84)</u>	<u>308</u>

(4) The calculation of earnings per share is based on profit attributable to shareholders and on 2,316,164,338 shares (2004 – 2,316,164,338 shares) in issue during the period.

- (5) *The Group's trade debtors mainly comprise receivables for sale of properties and rental. Sales terms vary for each property project and are determined with reference to the prevailing market conditions. Sale of properties are normally completed when the sale prices are fully paid and deferred payment terms are sometimes offered to purchasers at a premium. Rentals are payable in advance by tenants.*

*Ageing analysis of the Group's trade debtors at the balance sheet date is as follows:*

	<b>30/6/2005</b>	<b>31/12/2004</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<i>Current to one month</i>	<b>980</b>	714
<i>Two to three months</i>	<b>42</b>	8
<i>Over three months</i>	<b>35</b>	30
	<b><u>1,057</u></b>	<b><u>752</u></b>

*Ageing analysis of the Group's trade creditors at the balance sheet date is as follows:*

	<b>30/6/2005</b>	<b>31/12/2004</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<i>Current to one month</i>	<b>538</b>	494
<i>Two to three months</i>	<b>10</b>	15
<i>Over three months</i>	<b>12</b>	9
	<b><u>560</u></b>	<b><u>518</u></b>

(6) *The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") which are generally effective for accounting periods beginning on or after 1st January, 2005. The Group has already early adopted some of the HKFRSs in the preparation of financial statements for the year ended 31st December, 2004. The adoption of the other remaining HKFRSs has resulted in the following changes in the Group's accounting policies for (i) hotel and serviced suite properties; and (ii) investments in securities:*

(i) *In prior years, hotel and serviced suite properties, which are held for operation, were stated at cost less provision for impairment where appropriate. No depreciation was provided based on the properties' high residual values if the unexpired lease terms were over 20 years.*

*Following the adoption of HK Interpretation 2 "The Appropriate Accounting Policies for Hotel Properties" which concludes that the residual value of land held under an operating lease would typically be zero and the residual value of a building situated on leasehold land will highly likely be insignificant relative to the depreciable amount, hotel and serviced suite properties, which are held for operation, are stated at cost less depreciation and provision for impairment where appropriate.*

*This change in accounting policy has been applied retrospectively.*

(ii) *In prior years, investments in securities intended to be held on a continuing basis, which are not investments in subsidiaries, jointly controlled entities or associates, were classified as investment securities and were carried at cost less provision for impairment where appropriate. Results of these investments were included in the profit and loss account only to the extent of dividends and interests received and receivable. Other investments were stated at fair value in the balance sheet. Changes in fair value were dealt with in the profit and loss account.*

*Following the adoption of HKAS 39 "Financial Instruments: Recognition and Measurement", investments which are not subsidiaries, jointly controlled entities or associates are classified as either investments held for trading or investments available for sale, and are stated at fair value in the balance sheet. For investments held for trading, changes in fair value are included in the profit and loss account; and for investments available for sale, changes in fair value are dealt with in the reserves.*

*This change in accounting policy has been applied prospectively from 1st January, 2005. The difference between the carrying amount of investment securities and their fair value at 31st December, 2004 has been adjusted to retained profits at 1st January, 2005.*

The above changes in the Group's accounting policies have the following effects on the interim financial statements:

	<i>Hotel and serviced suite properties</i>		<i>Investments in securities</i>		<i>Total</i>	
	<i>Six months ended 30th June</i>		<i>Six months ended 30th June</i>		<i>Six months ended 30th June</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>
<i>Decrease in investment and other income</i>	-	-	(23)	-	(23)	-
<i>Increase in depreciation</i>	(51)	(50)	-	-	(51)	(50)
<i>Decrease in share of results of jointly controlled entities</i>	(27)	(17)	-	-	(27)	(17)
<i>Decrease in taxation</i>	4	5	-	-	4	5
<i>Decrease in profit attributable to minority interests</i>	10	10	-	-	10	10
<i>Decrease in profit attributable to shareholders</i>	(64)	(52)	(23)	-	(87)	(52)
<i>Decrease in earnings per share</i>	<b>HK\$(0.03)</b>	<b>HK\$(0.03)</b>	<b>HK\$(0.01)</b>	-	<b>HK\$(0.04)</b>	<b>HK\$(0.03)</b>

	<i>Hotel and serviced suite properties</i>		<i>Investments in securities</i>		<i>Total</i>	
	<i>30/6/2005</i>	<i>31/12/2004</i>	<i>30/6/2005</i>	<i>31/12/2004</i>	<i>30/6/2005</i>	<i>31/12/2004</i>
	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>
<i>Decrease in fixed assets</i>	(506)	(455)	-	-	(506)	(455)
<i>Increase in associates</i>	-	-	146	-	146	-
<i>Decrease in jointly controlled entities</i>	(114)	(87)	-	-	(114)	(87)
<i>Increase in investments available for sale</i>	-	-	656	-	656	-
<i>Decrease in deferred tax liabilities</i>	37	33	-	-	37	33
<i>Increase/(decrease) in net assets</i>	(583)	(509)	802	-	219	(509)
<i>Increase/(decrease) in retained profits at 1st January</i>	(422)	(318)	815	-	393	(318)
<i>Increase in investment revaluation reserve</i>	-	-	10	-	10	-
<i>Decrease in retained profits for the period/year</i>	(64)	(104)	(23)	-	(87)	(104)
<i>Decrease in minority interests</i>	(97)	(87)	-	-	(97)	(87)
<i>Increase/(decrease) in total equity</i>	(583)	(509)	802	-	219	(509)

The adoption of the new and revised HKFRSs by Hutchison Whampoa Limited has material effects on its profit attributable to shareholders, various balance sheet items and opening balance of shareholders' funds. The Group's share of these effects has the following impact on the interim financial statements:

	<b>Six months ended 30th June</b>	
	<b>2005</b>	<b>2004</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Increase/(decrease) in share of results of associates	23	(830)
Increase in taxation	<u>(43)</u>	<u>(31)</u>
Decrease in profit attributable to shareholders	<u>(20)</u>	<u>(861)</u>
Decrease in earnings per share	<u><b>HK\$(0.01)</b></u>	<u><b>HK\$(0.37)</b></u>
	<b>30/6/2005</b>	<b>31/12/2004</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Decrease in associates	<u>(2,924)</u>	<u>(1,536)</u>
Decrease in net assets	<u>(2,924)</u>	<u>(1,536)</u>
Decrease in retained profits at 1st January	(2,904)	(1,023)
Decrease in retained profits for the period/year	<u>(20)</u>	<u>(513)</u>
Decrease in total equity	<u>(2,924)</u>	<u>(1,536)</u>

In summary, the Group's profit attributable to shareholders was decreased by HK\$107 million for the six months ended 30th June, 2005 and was decreased by HK\$913 million for the six months ended 30th June, 2004 (restated from HK\$7,750 million to HK\$6,837 million); retained profits at 1st January, 2005 and 1st January, 2004 were decreased by HK\$2,511 million and HK\$1,341 million respectively; and earnings per share were decreased by HK\$0.05 for the six months ended 30th June, 2005 and were decreased by HK\$0.40 for the six months ended 30th June, 2004.

The adoption of the new and revised HKFRSs has also resulted in changes in the presentation of the interim financial statements and certain comparative figures have been restated to conform with the current period's presentation and basis of preparation. Comparative figures for change in fair value of investment properties have not been restated as fair value of investment properties at 30th June, 2004 has not been previously reported.

- (7) The interim financial statements are unaudited, but have been reviewed by the Audit Committee.

Please also refer to the published version of this announcement in The Standard dated 26/8/2005.