

**WHAT WILL LI THE CASH DO NEXT ?  
TAKE OVER HSBC HOLDING PLC ?**

Without taking anything away from that financial genius of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), Mr Li Ka Shing, actually, his flagship company did not do that well in the last Financial Year, ended December 31, 1999.

Further, the Total Dividend Payout, of \$HK1.38 per share, is equal to about 250 percent of the Operating Profit of publicly listed Cheung Kong (Holdings) Ltd.

The Total Issued and Fully Paid-Up Share Capital of Cheung Kong is, according to last Thursday's announcement, 2,297,556,240 shares, unchanged from the December 1998 position.

The cost of meeting an Interim and Final Dividend, amounting in aggregate to \$HK1.38 per share, is about \$HK3.17 billion.

Against this figure, the Operating Profit, including a \$HK1.26-billion Provision for certain property projects, was just \$HK1.27 billion.

As for the Cheung Kong Group activities, it is only too clear that, aside from property sales of about \$HK5.05 billion (1998: \$HK5.75 billion), the Cheung Kong Group's Activities shrank by about 49 percent, Year-On-Year - from the 1998 figure of about \$HK6.12 billion to the 1999 figure of \$HK3.14 billion.

As the entire world now knows, Cheung Kong's share of the Financial Results of associated companies boosted the Profits Attributable to Shareholders to the record-breaking figure of about \$HK59.37 billion.

Last Thursday's announcement puts it this way:

*'Share of results of associate*

*'The share of results of associates in 1999 included the Group's share of profit of HK\$57,665 million arising from disposal of the shareholdings in Orange plc by Hutchison Whampoa Limited, after adjusting for the Group's carrying cost in Hutchison Whampoa Limited attributable to Orange plc'.*

As for Hutchison Whampoa Ltd, from core activities, the Turnover of this publicly listed company, of which Mr Li Ka Shing is, also, Chairman, increased by just about 7.90 percent, from the 1998 figure of \$HK51.38 billion to the 1999 figure of \$HK55.44 billion.

The Operating Profit rose only 4.61 percent, Year-On-Year, from the 1998 figure of \$HK12.78 billion to the 1999 figure of \$HK13.78 billion.

The Company took a Profit on Disposal of Investments less Provisions of \$HK109.53 billion, thereby boosting the Profit Before Taxation to \$HK119.97 billion, up from the 1998 figure of \$HK11.12 billion.

As becomes very apparent, at this point, that the Total Dividend Payout of this Company cost about \$HK6.32 billion, equal to about 47 percent of the Operating Profit.

That the Results of Mr Li Ka Shing's publicly listed empire are remarkable is unquestionable, but it is, also, noted that the greatly improved Results were brought about by one-off events, in the main -- the sales of publicly traded securities, namely in Orange plc.

## **What Comes Next ?**

With what must be a war chest, approaching \$HK120 billion, in these 2 Li Ka Shing companies, only, anything is possible, during the Current Financial Year, ending December 31, 2000.

The Combined Group's interest in tom.com Ltd could, in part or as a whole, be liquidated, too, thus bringing in some more squillions into the Li Ka Shing coffers.

It seems that, for the Li Ka Shing Camp to put about \$US20 billion in cash on a bargaining table, it would not be too difficult to imagine since that would not even strain the Group's finances.

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