Hutchison Whampoa Limited

2002 INTERIM REPORT

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UNAUDITED INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2002

- First half year profit of HK$5,951 million and earnings per share of HK$1.40
- Interim dividend per share of HK$0.51
- Earnings before interest expense and taxation of HK$9,834 million
- Four of seven divisions achieved double digit EBIT growth
- Cash and marketable securities at market value totalled HK$121,482 million
- Conservative strategy to continue to invest in all core businesses

HALF YEAR RESULTS

The Group's unaudited profit attributable to shareholders for the half year amounted to HK$5,951 million compared to HK$7,179 million in the same period last year. Earnings per share amounted to HK$1.40 compared to HK$1.68 in the same period last year. These results include profits totalling HK$1,524 million (2001 - HK$1,900 million) comprised of the profit of HK$1,129 million arising from sales to strategic partners of equity interests, ranging from 1% to 3%, in certain ports and the write-back of a provision of HK$395 million previously made for Hutchison Harbour Ring, which has been trading at a premium to the Group's book cost. Profit on disposal of investments less provisions in the previous year are described in Note 4 to the unaudited consolidated profit and loss account.

During the period the equity markets were volatile and continued to decline which has adversely affected the Group's remaining investments in Vodafone Group and Deutsche Telekom. The Vodafone Group share price declined from a book value of £1.28 to £0.90 at 30 June and Deutsche Telekom declined from €17.38 to €9.50 at 30 June. The Group has marked these investments to market value and, considering the volatility in the market, the reduction in value totalling HK$11,126 million has been charged against the existing investment revaluation reserve in the balance sheet. These long term investments will be reviewed as part of the Group's year end closing procedures and, if it is determined that a permanent diminution in value has occurred, a provision will be recorded in the profit and loss account at that time.

DIVIDEND

Your Directors have today declared an interim dividend for 2002 of 51 cents per share (2001 - 51 cents) payable on 11 October 2002 to those persons registered as shareholders on 10 October 2002. The share register of members will be closed from 3 October 2002 to 10 October 2002 both days inclusive.

OPERATIONS

The Group's turnover and earnings before interest expense and taxation ("EBIT"), including the Group's share of associated companies' and jointly controlled entities' turnover and EBIT, are shown by business segment in Note 2 to the unaudited consolidated profit and loss account. Turnover for the period totalled HK$46,593 million, an increase of 7% over the comparable period last year, mainly reflecting increased turnover in ports and related services, telecommunications and retail and manufacturing divisions. These were partially offset by decreased turnover in Husky Energy and finance and investments divisions due to lower market prices for natural gas and lower market interest rates respectively. Total EBIT for the period was HK$9,834 million, 12% below last year's comparable period. All of the Group's core businesses reported EBIT ahead of the same period last year except for Husky Energy and the finance and investments divisions. The ports and related services, telecommunications, retail and manufacturing and Cheung Kong Infrastructure divisions all reported EBIT growth of 10% or more while the property and hotels division was in line with the previous year's comparable period, despite the deflationary Hong Kong economy. Husky Energy and the finance and investments divisions performed as expected, but were adversely affected by, respectively, lower market prices for natural gas and the prevailing low interest rate environment.

PORTS AND RELATED SERVICES

The Group's ports and related services division reported turnover of HK$9,375 million, a 36% increase over last year's comparable period. The increase in turnover reflects strong throughput growth at Yantian and additional contributions from ports acquired in the latter part of 2001 and in early 2002, including: eight terminals in Mexico, Argentina, Pakistan, Saudi Arabia, Tanzania and Thailand which were acquired in June 2001; Ningbo Beilun Container Terminal Phase II in Mainland China which was acquired in January 2002; and two container terminals in Busan and one in Kwangyang in South Korea, which were acquired in February 2002. The combined throughput of the Group's worldwide operations increased 31% to over 16.3 million TEUs (twenty foot equivalent units) and this division reported EBIT of HK$3,164 million, 22% above the comparable period last year.

Overall the Group's Hong Kong and Yantian deepwater port operations, which together serve the Shenzhen and Southern China manufacturing basin reported a combined throughput growth of 18% and an EBIT growth of 10%. In Hong Kong, Hongkong International Terminals and COSCO-HIT, an associated company reported a 4% increase in combined throughput but a 4% decline in EBIT which was offset by Yantian Terminal's 56% growth in throughput and a 58% growth in EBIT. Construction work on the Container Terminal 9 consortium development in Hong Kong is continuing and the first berth is expected to be completed in mid-2003.

Although Shanghai Container Terminals, the Group's associated company, reported a 4% growth in throughput, EBIT declined by 13% due to competition from ports nearby.

In Indonesia, the Group's Jakarta International Container Terminal and the adjacent Koja Terminal reported combined throughput growth of 6% and EBIT 25% mainly due to cost reductions. In Malaysia, Kelang Multi Terminal has performed well and reported a 48% growth in throughput and a 29% growth in EBIT. The three deep-water container terminals in South Korea, which were acquired this year, have performed better than expectations. Karachi International Container Terminal in Pakistan and International Ports Services at Dammam in Saudi Arabia, which were acquired in June last year, have both exceeded expectations.

In the UK, combined container throughput at Felixstowe, Thamesport and Harwich was 1% below the comparable period although the combined EBIT grew 24% mainly due to a cost rationalisation programme. In December 2001, the European Commission approved the Group's request to increase its ownership of Europe Container Terminals ("ECT") in Rotterdam from 31.5% to 75.5%, subject to a condition to sell its 33.3% interest in the recently completed adjacent

Maersk Delta Terminals ("MDT"). ECT reported throughput 8% below the comparable period last year mainly due to a shipping line moving to MDT after it commenced operation. EBIT was 275% above the comparable period last year reflecting the Group's increased shareholding and the profit arising from the required disposal of MDT partially offset by the effect of reduced throughput.

Internacional de Contenedores Asociados de Veracruz (ICAVE), located on the eastern coast of Mexico, was acquired in June last year and has performed above expectations. Combined throughput of the Cristobal and Balboa ports in Panama grew 2% and EBIT was 74% above the comparable period due to savings in direct costs and overheads. Expansion of the Balboa port in Panama on the Pacific coast has commenced as scheduled and on completion the annual handling capacity will be increased by 450,000 TEUs to one million TEUs.

Pursuant to the agreement whereby the Group acquired interests in eight terminals in June 2001, the Group exercised its option during the period to increase its effective interests in the container terminals in Dammam, Saudi Arabia from 32.6% to 51%; Laemchabang, Thailand from 56% to 87.5%; Karachi, Pakistan from 82% to 100%; Dar es Salaam, Tanzania from 63.2% to 70%; Veracruz, Mexico from 82% to 100%; Ensenada, Mexico from 64% to 100%; and Buenos Aires, Argentina from 64% to 100%. This division will continue to pursue investment opportunities around the world.

TELECOMMUNICATIONS

The telecommunications division reported turnover of HK$6,398 million, an increase of 23% over the comparable period last year mainly due to continued strong subscriber growth in its India and Israel operations. Currently the Group has over 5.2 million subscribers, a growth of 15% from the beginning of the year. EBIT increased 10% to HK$678 million mainly due to the improved results of India and Israel. This division is in a re-investment phase building 3G networks which will begin operations in the UK and Italy in the fourth quarter of this year and in Sweden, Denmark, Austria, Hong Kong and Australia in the first quarter of 2003.

In Hong Kong, the Group has maintained its position as the largest mobile operator with approximately 1.7 million subscribers currently and an approximate 30% market share. The mobile operations reported stabilisation of its average revenue per user ("ARPU") after several years of intense price competition, which combined with cost savings, resulted in EBIT well above the comparable period last year. In May, Hutchison Telecommunications (Hong Kong) became the first operator in Asia to introduce the BlackBerry service in Hong Kong which integrates email, mobile phone, short messaging service, wireless application protocol and electronic organiser features. In April, the Group acquired from Asia Global Crossing its 50% interests in Hutchison Global Communications ("HGC"), formerly Hutchison Global Crossing, and as a result, HGC became a wholly owned subsidiary. HGC, which owns and operates a terrestrial fibre optic network in Hong Kong, reported strong customer growth for its broadband, data and voice services during the period and its duct routes increased to approximately 3,000 kilometres. HGC reported improved operations and a small loss before interest and taxation for the period.

In India, the combined subscriber base of the Group's operations grew by 28% to over 1.4 million at the end of June. EBIT grew 33% due to improved results from the four existing telecommunication operations in Mumbai, Delhi, Kolkata and Gujarat, partly offset by start up operating losses in the new licence areas in Andhra Pradesh and Karnataka states and the city of Chennai, where full commercial GSM network services were launched at the end of June. The footprint of the Group's Indian licences now covers a population of 245 million in this growing telecommunications market.

In Israel, listed Partner Communications ("Partner") has continued to grow its subscriber base, which at 30 June totalled over 1.7 million, a 17% increase from the beginning of the year. Partner announced a net profit attributable to shareholders of US$499,000 for the six months ended 30 June 2002, compared to net loss of US$43 million for the comparable period and also reported for the first time net profit in the second quarter of 2002. In April, the Group purchased shares from another founding shareholder which increased its interest in Partner from 35% to 42.7%.

In Australia, listed Hutchison Telecommunications Australia ("HTA") reported a 25% increase in CDMA subscribers from the beginning of the year to approximately 240,000 subscribers at the end of June. HTA announced a 20% improvement in its net loss attributable to shareholders of A$73 million for this half year compared to the same period last year.

During the period, the Group continued to build networks and systems and source content to support its 3G businesses. Hutchison 3G UK is in the final stages of its network rollout and testing and is planning to have 3,500 cell sites when it commences operations which will provide coverage to approximately 50% of the population. Coverage is targeted to reach 80% by the end of 2003. In June, the Group was awarded a 20-year 3G licence in the Republic of Ireland for €50.7 million. Synergies between the Ireland and UK operations are expected to enhance the profitability of the two countries' operations. In Italy, the Group's 3G licence is to be extended from 15 years to 20 years and the operation is also in the final stages of its network rollout and testing. It plans to have 2,200 cell sites upon commencement of operations which will provide coverage to 45% of the population and to increase coverage to 65% by the end of 2003. During the period, the Group confirmed that "3" will be the global brand name for its 3G businesses worldwide and a branded advertising campaign is being developed. Capital and operating expenditures are in line with the budget for the full year. Pre-operating expenses of HK$729 million which have been charged to the profit and loss account have been compensated by the release of provisions made in previous years. The Group is confident that it will successfully introduce this new generation of multimedia telecommunication services in the fourth quarter and, for the first time, create a quality wireless environment with video messages and vivid colour graphics for consumers.

On 9 August, the Group together with Singapore Technologies Telemedia Pte Ltd signed an agreement with Global Crossing ("GC") to invest a total of US$250 million for a 61.5% interest in a newly constituted Global Crossing on its emergence from bankruptcy. The agreement was approved on the same day in a hearing before the Bankruptcy Court in New York and GC is preparing a Chapter 11 plan of reorganisation. This acquisition is expected to be completed in early 2003, subject to various conditions including regulatory approvals. GC owns and operates the world's first integrated IP-based network with over 100,000 route miles reaching 27 countries and more than 200 major cities around the globe.

PROPERTY AND HOTELS

The property and hotels division's turnover amounted to HK$2,377 million, an 11% decrease over the comparable period last year mainly due to reduced development activity. EBIT of HK$981 million was in line with last year despite the deflationary economic environment in Hong Kong and intense price competition in the residential development market. Gross rental income from the Group's investment properties, of which 86% was derived from Hong Kong, grew 9% compared to the previous period. The Hong Kong portfolio of 12.4 million sq ft of commercial, office, industrial and residential properties continues to be substantially fully let. There were no significant development profits in the current period due to the timing of completion of residential development projects. The Group's development projects in Hong Kong, Mainland China and overseas are progressing satisfactorily. During the period, the Group increased its interests to 50% in the two office towers and one hotel tower in the Metropolis, a development above the Kowloon Canton Railway terminus in Hunghom, Hong Kong. The Group increased its landbank in Mainland China by entering into a joint venture to develop a 1.2 million sq ft residential project in Baoan district, Shenzhen (50% interest) for completion in 2003. The Group's portfolio of hotels overall reported improved results which were well ahead of the comparable period last year.

RETAIL AND MANUFACTURING

The retail and manufacturing division reported turnover of HK$16,364 million, a 12% increase mainly reflecting increased growth in the turnover of PARKnSHOP, Watson's and Savers. EBIT of HK$308 million was 13% better than the comparable period last year mainly due to better results from these operations.

PARKnSHOP, the supermarket chain, continued to be affected by the deflationary economy in Hong Kong. Its Mainland China operations reported improved results and two more large format stores were opened early this year, one in Shenzhen and one in Dongguan. The combined PARKnSHOP operations reported an 8% increase in sales and a marginal increase in EBIT. The Watson's and Savers personal care, health and beauty products retail operations reported a 17% increase in sales and a 25% increase in EBIT. The increase was attributable to Watson's in Taiwan recovering from its difficulties last year, the continued expansion of the Watson's chain in Asia and the Savers chain in the UK, partially offset by Watson's in Hong Kong which continued to be affected by the slow local economy and weak retail market. Watson's expanded into the Philippines in April this year with the acquisition of a 60% interest in a retail chain of personal care, health and beauty and drug products which currently has 56 stores mainly located in Manila. Fortress reported an 8% decrease in sales and a marginal decrease in EBIT compared to the same period last year, reflecting continuing weak consumer demand in Hong Kong. The water and beverage manufacturing and distribution operations in Hong Kong, Mainland China and Europe reported an increase in sales of 1%, however EBIT declined due to adverse weather and competitive conditions.

Hutchison Harbour Ring, a listed company which became a 50.5% subsidiary of the Group in July 2001, announced net profit attributable to shareholders of HK$23 million.

CHEUNG KONG INFRASTRUCTURE

Cheung Kong Infrastructure ("CKI"), a listed subsidiary, announced turnover and profit attributable to shareholders of HK$1,875 million and HK$1,491 million respectively for the period ended 30 June 2002, 1.4% and 1.2% below the comparable period last year. Excluding all the one-off items such as the gain derived from the sale of the retail business of Powercor Australia Limited in 2001, CKI would have achieved a growth of 10.7% when compared to the same period last year.

HUSKY ENERGY

The performance of Husky Energy, a listed associated company was adversely affected during the period mainly by markedly lower North American natural gas prices which were partially offset by marginally higher crude oil prices. Husky Energy announced turnover of C$3,018 million and net profit attributable to shareholders of C$389 million, respectively, 14% and 21% below the comparable period last year.

OUTLOOK

The first half of this year has seen a continuation of an unsettled economic global environment characterised by unprecedented volatility in global equity and credit markets. This period also saw a significant decline in natural gas prices and interest rates reaching their lowest level in more than 20 years. Despite this difficult environment, the Group reported solid recurring EBIT during the first half of the year, benefiting from the expansion activities undertaken last year and more recently. While Hong Kong remains the Group's principal base of operations, in view of the current difficult economic environment it is expected that the Group will focus more on opportunities in Europe, Mainland China and other Asian countries in the near term.

The Group's consolidated cash and liquid investments amounted to HK$121,482 million at 30 June. This balance includes the Group's investments in the shares of Vodafone Group, marked to the 30 June market value of £0.90 per share, in the amount of HK$15,235 million and the investment in the shares of Deutsche Telekom, marked to the 30 June market value of €9.50 per share, in the amount of HK$8,561 million. The Group's consolidated total debt at 30 June was HK$155,982 million and after deducting cash and liquid investments, the Group's net debt position was HK$34,500 million resulting in a conservative net debt to net capital ratio of approximately 12%. The Group will continue to benefit from the steady cashflow from its existing core businesses and from the growth anticipated from its recent investments overseas.

While the remainder of this year will be challenging, I am confident that the Group will continue to perform steadily. I am also confident that the Group's investment and expansion plans in all its core businesses will continue to develop and achieve success in their respective fields, providing future growth and value to our shareholders. I would like to thank the Board of Directors and all the Group's employees around the world for their hard work, dedication and cooperation.

Li Ka-shing
Chairman
Hong Kong, 22 August 2002

GROUP CAPITAL RESOURCES AND LIQUIDITY

The Group's total shareholders' funds amounted to HK$210,481 million at 30 June 2002 compared to HK$218,077 million at the end of last year. The reduction mainly reflects the decline in global stock market values in the first half of 2002 that has adversely affected the Group's portfolio of listed equity investments, particularly the investments in Vodafone Group and Deutsche Telekom, which are marked to market value at each period end. The change in market value, positive or negative, is credited or charged to the revaluation reserve on the balance sheet, unless a decline in value is judged to be a permanent diminution in value, in which case a charge is made to the profit and loss account.

At 30 June 2002, the Group's cash, portfolio of managed debt security funds and other listed investments (including the marked to market value equity investments in Vodafone Group of HK$15,235 million and Deutsche Telekom of HK$8,561 million) totalled HK$121,482 million (31 December - HK$145,336 million) of which 9% were denominated in HK dollars, 64% in US dollars, 13% in Pounds Sterling (mainly investment in Vodafone Group), 11% in Euros (mainly investment in Deutsche Telekom) and 3% in other currencies.

As described in the Annual Report for the year ended 31 December 2001, the Group entered into forward sales contracts to sell in 2002 a portion of the Group's shares in Vodafone Group and Deutsche Telekom. At the same time, the Group also entered into forward contracts to sell, for US dollars, a portion of the Pounds Sterling and Euros to be received from these share sales. During the first half of the year, the Group entered into additional currency forward sales contracts to sell, for US dollars, the remaining consideration receivable.

The Group's pool of consolidated cash and liquid assets of HK$121,482 million (31 December - HK$145,336 million) compares to the Group's total borrowings at 30 June 2002 of HK$155,982 million (31 December - HK$146,992 million). During the first six months of the year, all bi-lateral borrowings that matured were either renewed at satisfactory rates and terms or, at the Group's option, were repaid early or on maturity. During the period and in addition to those disclosed in the 2001 Annual Report, the major bank loans borrowed and repaid by the Group were as follows:

- In March, repaid early, without penalty, a floating interest rate, US$210 million bank loan which was to mature in January 2004;
- In March, Cheung Kong Infrastructure ("CKI") issued a fixed interest rate foreign currency note totalling the equivalent of HK$1,813 million under a US$2,000 million medium term note programme established in March 2001;
- In April, arranged a five year, floating interest rate, HK$1,500 million bank loan to repay at maturity, an existing floating interest rate bank loan;
- In May, CKI arranged a five year, floating interest rate, HK$3,800 million syndicated bank loan to refinance an existing syndicated bank loan of HK$3,100 million maturing in September 2002;
- In June, arranged two, 364 day, floating interest rate, HK$1,000 million bank loans to finance the Hong Kong 3G operations;
- In June, arranged two floating interest rate short term loans totalling A$600 million to finance the Group's share of the Australian 3G operations.

The Group's borrowings at 30 June 2002 are denominated and repayable as follows:

	HK$	US$	£	€	Others	Total
Within 1 year	7%	-	-	1%	3%	11%
In years 2 to 4	11%	29%	7%	3%	5%	55%
In year 5	8%	-	1%	1%	-	10%
In years 6 to 10	2%	12%	-	-	-	14%
In years 11 to 20	-	3%	3%	-	-	6%
Beyond 20 years	-	3%	-	-	1%	4%
	28%	47%	11%	5%	9%	100%

The non-HK dollar and non-US dollar denominated loans are either directly related to the Group's businesses in the countries of the currencies concerned, or the loans are balanced by assets in the same currencies.

At 30 June 2002, approximately 43% (31 December - 40%) of the Group's borrowings bear interest at floating rates and the remaining 57% (31 December - 60%) are at fixed rates. At 30 June 2002, the Group has entered into various interest rate agreements with major financial institutions to swap, approximately HK$30,625 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$4,763 million principal amount of an infrastructure related, floating interest rate borrowing, was swapped to a fixed interest rate borrowing. After taking into consideration these interest rate swaps, as at 30 June 2002, approximately 59% (31 December - 41%) of the Group's borrowings bear interest at floating rates and the remaining 41% (31 December - 59%) are at fixed rates.

At 30 June 2002, the Group's net debt to net capital ratio was 12.2% (31 December - 0.7%). The earnings before interest expense, taxation, depreciation and amortisation covered the gross interest expense for the year 3.8 times (31 December - 3.4 times).

At 30 June 2002, assets of HK$65,952 million (31 December- HK$56,792 million) were pledged as security for 3G project financing facilities and HK$18,441 million (31 December - HK$14,988 million) were pledged as security for bank and other loans of the Group. Committed borrowing facilities available to Group companies, but not drawn at 30 June 2002, amounted to the equivalent of HK$62,519 million (31 December - HK$28,195 million), of which HK$24,057 million is related to the 3G business in the UK, HK$32,539 million to the 3G business in Italy and HK$1,650 million to the 3G business in Hong Kong.

The Group's capital expenditures were funded primarily from cash generated from operations, cash on hand and to the extent required, by borrowings. During the first six months of the year, the Group's capital expenditures, excluding expenditures for properties under development and for sale, totalled HK$13,893 million (30 June 2001 - HK$2,887 million), of which HK$5,003 million is related to the 3G business in the UK and HK$2,220 million to the 3G business in Italy, which were primarily funded by standalone bank borrowings.

TREASURY POLICIES

The Group's overall treasury and funding policies have remained the same as those described in the Annual Report for the year ended 31 December 2001. During the six month period ended 30 June 2002, the Group has not entered into any material foreign exchange contracts, interest or currency swaps or other financial derivatives except for the currency and interest rate swaps described in the Group Capital Resources and Liquidity section.

CONTINGENT LIABILITIES

At 30 June 2002, the Group had provided guarantees for banking and other borrowing facilities granted to associated companies and jointly controlled entities of HK$11,696 million (31 December - HK$11,226 million) of which HK$4,849 million (31 December - HK$4,486 million) is related to property development projects and HK$5,448 million (31 December - HK$5,354 million) is related to telecommunication businesses.

At 30 June 2002, the Group had contingent liabilities in respect of other guarantees amounting to HK$12,314 million (31 December - HK$12,419 million), of which HK$8,596 million (31 December - HK$8,722 million) is related to the procurement of 3G handheld devices and HK$3,718 million (31 December - HK$3,697 million) is related to other guarantees for property businesses and performance guarantees.

EMPLOYEES

At 30 June 2002, excluding associated companies, the Group employed 92,306 people (30 June 2001 - 51,805 people) of whom 24,608 (30 June 2001 - 22,705) were employed in Hong Kong. During the first six months of the year, employee costs, excluding Director's emoluments, totalled HK$6,962 million (30 June 2001 - HK$4,633 million). The Group's employment and remuneration policies remained the same as those described in the Annual Report for the year ended 31 December 2001.

The Company has a long standing policy not to extend personal loans to directors and as at 30 June 2002, there were no personal loans advanced to the Company's directors. The Company currently does not have a share option scheme for its directors or employees. Certain listed associated companies have established such plans for their employees. None of the Company's directors are beneficiaries of such plans.

DIRECTORS' INTERESTS

As at 30 June 2002, the interests of the directors in the shares of the Company and its associated corporations as required to be recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

(a) Interests in the Company

Name	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
	No of ordinary shares				
Li Ka-shing	-	-	-	2,140,672,773[(1)]	2,140,672,773
Li Tzar Kuoi, Victor	-	-	1,086,770	2,140,672,773[(1)]	2,141,759,543
Fok Kin-ning, Canning	-	-	1,260,875	-	1,260,875
Chow Woo Mo Fong, Susan	50,000	-	-	-	50,000
Frank John Sixt	50,000	-	-	-	50,000
Lai Kai Ming, Dominic	50,000	-	-	-	50,000
George Colin Magnus	950,100	9,900	-	-	960,000
Kam Hing Lam	60,000	-	-	-	60,000
Michael David Kadoorie	-	-	-	15,984,095[(2)]	15,984,095
Simon Murray	25,000	-	-	17,000[(3)]	42,000
William Shurniak	165,000	-	-	-	165,000
Peter Alan Lee Vine	33,000	-	-	-	33,000

Notes:

(1) The two references to 2,140,672,773 shares relate to the same block of shares in the Company comprising:

(a) 2,130,202,773 shares held by certain subsidiaries of Cheung Kong (Holdings) Limited ("Cheung Kong"). Li Ka-Shing Unity Trustee Company Limited ("TUT") as trustee of The Li Ka-Shing Unity Trust (the "LKS Unity Trust") and companies controlled by TUT as trustee of the LKS Unity Trust hold more than one-third of the issued share capital of Cheung Kong. All the issued and outstanding units in the LKS Unity Trust are held by Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and by another discretionary trust. The discretionary beneficiaries of such discretionary trusts are, inter alia, Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and his wife and two daughters and Mr Li Tzar Kai, Richard. Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as directors of the Company, are taken to be interested in such shares in the Company held by the subsidiaries of Cheung Kong by virtue of their deemed interests in the shares of Cheung Kong as discretionary beneficiaries of such discretionary trusts. In accordance with the provisions of the SDI Ordinance, Mr Li Ka-shing is also taken to be interested in such 2,130,202,773 shares by virtue of his owning more than one-third of the issued share capital of Li Ka-Shing Unity Holdings Limited which in turn owns more than one-third of the issued share capital of the trustees of the LKS Unity Trust and the abovementioned discretionary trusts; and

(b) 10,470,000 shares held by a unit trust and company controlled by such unit trust. All issued and outstanding units of such unit trust are held by discretionary trusts. The discretionary beneficiaries of such discretionary trusts are, inter alia, Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and his wife and two daughters and Mr Li Tzar Kai, Richard and accordingly Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as directors of the Company, are taken to be interested in such 10,470,000 shares under the SDI Ordinance. In accordance with the provisions of the SDI Ordinance, Mr Li Ka-shing also is taken to be interested in the same 10,470,000 shares in the Company by virtue of his owning more than one-third of the issued share capital of Li Ka-Shing Castle Holdings Limited which in turn owns more than one-third of the issued share capital of the trustees of the abovementioned unit trust and discretionary trusts.

(2) The Hon Michael David Kadoorie is deemed to be interested by virtue of the SDI Ordinance in 15,984,095 shares in the Company.

(3) 17,000 shares in the Company were held by an offshore family trust fund under which Mr Simon Murray is a discretionary beneficiary.

(b) Interests in Associated Corporations

As at 30 June 2002, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as directors of the Company, were deemed to be interested in the following:-

(i) 1,912,109,945 shares in Cheung Kong Infrastructure Holdings Limited ("Cheung Kong Infrastructure") of which 1,906,681,945 shares were held by a subsidiary of the Company and 5,428,000 shares were held by companies controlled by TUT as trustee of the LKS Unity Trust as described in Note (1) above under the SDI Ordinance;

(ii) 829,599,612 shares in Hongkong Electric Holdings Limited ("Hongkong Electric") which shares were held by certain subsidiaries of Cheung Kong Infrastructure;

(iii) 1,429,024,545 shares in TOM.COM LIMITED of which 952,683,363 shares were held by a subsidiary of the Company and 476,341,182 shares were held by a subsidiary of Cheung Kong;

(iv) 137,457,074 common shares and 216,462 transferable warrants in Husky Energy Inc. ("Husky Energy") which were held by a company in respect of which a trust company as trustee of The Li Ka-Shing Castle Discretionary Trust is indirectly entitled to substantially all the net assets thereof by virtue of their interests as the discretionary beneficiaries of certain discretionary trusts as described in Note (1) above;

(v) a nominal amount of US$27,830,000 in the 13% Unsecured Senior Subordinated Notes due 2010 issued by Partner Communications Company Ltd. ("Partner Communications") which Notes were held by a subsidiary of Cheung Kong; and

(vi) all the securities of the subsidiary and associated companies of the Company held by the Company and its subsidiary companies by virtue of their interests in the shares of the Company as described in Note (1) above.

In addition, Mr Li Ka-shing had, as at 30 June 2002, corporate interests in 4,600 class C common shares in Husky Oil Holdings Limited and a total of 152,398,061 common shares and 239,991 transferable warrants in Husky Energy of which 137,457,074 common shares and 216,462 transferable warrants are duplicated in his deemed interests as described in (iv) above.

Mr Li Tzar Kuoi, Victor had, as at 30 June 2002, (i) a family interest in 151,000 shares in Hongkong Electric and (ii) corporate interests in a nominal amount of US$5,000,000 in the 7% Notes due 2011 issued by Hutchison Whampoa International (01/11) Limited ("HWI(01/11)") and a nominal amount of US$5,000,000 in the 13% Unsecured Senior Subordinated Notes due 2010 issued by Partner Communications.

Mr Fok Kin-ning, Canning had, as at 30 June 2002, (i) a personal interest in 100,000 ordinary shares in Hutchison Telecommunications (Australia) Limited ("HTAL") and (ii) corporate interests in 1,000,000 ordinary shares in HTAL, 5,000,000 ordinary shares of Hutchison Harbour Ring Limited, a nominal amount of US$32,500,000 in the 7% Notes due 2011 issued by HWI (01/11), 300,000 common shares in Husky Energy and 225,000 American Depositary Shares (each representing one ordinary share) in and a nominal amount of US$2,170,000 in the 13% Unsecured Senior Subordinated Notes due 2010 issued by Partner Communications.

Mr George Colin Magnus had, as at 30 June 2002, a personal interest in 25,000 American Depositary Shares (each representing one ordinary share) in Partner Communications.

Mr Kam Hing Lam had, as at 30 June 2002, a personal interest in 100,000 shares in Cheung Kong Infrastructure.

Mr Peter Alan Lee Vine had, as at 30 June 2002, a personal interest in 80,000 shares in Hongkong Electric.

Save as outlined above, none of the directors had, as at 30 June 2002, any interests in the ordinary shares of the Company and its associated corporations or any right to subscribe for ordinary shares of the Company or its associated corporations which had been granted and exercised as recorded in the register required to be kept under Section 29 of the SDI Ordinance since no right to subscribe for the ordinary shares of the Company or its associated corporations had been granted to any director or his spouse or children under 18 years of age since 1 September 1991, the commencement of the SDI Ordinance.

Certain directors held qualifying shares in certain subsidiaries of the Company on trust for other subsidiaries.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2002, the register required to be kept under Section 16(1) of the SDI Ordinance showed that the Company had been notified of the following interests in the issued ordinary share capital of the Company. These interests were in addition to those disclosed above in respect of the directors.

Name	No of ordinary shares
Cheung Kong (Holdings) Limited	2,130,202,773[(1)]
Continental Realty Limited	465,265,969[(2)]

Notes :

(1) This interest represents the total number of ordinary shares of the Company held by certain subsidiaries of Cheung Kong where Cheung Kong is taken to be interested in such shares under Sections 8(2) and (3) of the SDI Ordinance.

(2) This is a subsidiary of Cheung Kong and its interests in the ordinary shares of the Company is duplicated in the interests of Cheung Kong. In addition, Li Ka-Shing Unity Holdings Limited, TUT as trustee of the LKS Unity Trust and Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust have notified the Company that each of them is to be taken as interested in the same 2,130,202,773 shares of the Company as described in Note (1) (a) above.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2002, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's ordinary shares. In addition, the Company has not redeemed any of its ordinary shares during this period.

CODE OF BEST PRACTICE

With the exception that non-executive directors have no set term of office but retire from office on a rotational basis, none of the directors is aware of any information that would reasonably indicate that the Company is not, or was not during the six months ended 30 June 2002, in compliance with Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

INDEPENDENT REVIEW REPORT

To the board of directors of

Hutchison Whampoa Limited (incorporated in Hong Kong with limited liability)

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 13 to 24.

Directors' responsibilities

The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with SSAP 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

Review work performed

We conducted our review in accordance with SAS 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of Group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2002.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 22 August 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 June 2002

Unaudited 2002 US$ millions		Note	Unaudited 2002 HK$ millions	Unaudited As restated 2001 HK$ millions
	Turnover			
4,272	Company and subsidiary companies		**33,319**	29,308
1,701	Share of associated companies and jointly controlled entities		**13,274**	14,094
5,973		2	**46,593**	43,402
	Company and subsidiary companies			
4,272	Turnover		**33,319**	29,308
1,518	Cost of inventories sold		**11,845**	11,473
727	Staff costs		**5,668**	4,453
312	Depreciation and amortisation		**2,431**	1,745
859	Other operating expenses		**6,701**	4,195
856			**6,674**	7,442
328	Share of profits less losses of associated companies		**2,559**	2,982
77	Share of profits less losses of jointly controlled entities		**601**	759
1,261	**Earnings before interest and other finance costs and taxation**	2	**9,834**	11,183
436	Interest and other finance costs, including share of associated companies and jointly controlled entities	3	**3,398**	4,144
196	Profit on disposal of investments less provisions	4	**1,524**	1,900
1,021	**Profit before taxation**		**7,960**	8,939
139	Taxation	5	**1,080**	1,106
882	**Profit after taxation**		**6,880**	7,833
119	Minority interests		**929**	654
763	**Profit attributable to shareholders**	6	**5,951**	7,179
279	**Interim dividend**		**2,174**	2,174
US 17.9 cents	**Earnings per share**	7	**HK$ 1.40**	HK$ 1.68
US 6.54 cents	**Interim dividend per share**		**HK$ 0.51**	HK$ 0.51

CONSOLIDATED BALANCE SHEET

Unaudited 30 June 2002 US$ millions		Note	Unaudited 30 June 2002 HK$ millions	As restated Audited 31 December 2001 HK$ millions
	ASSETS			
	Non-current assets			
15,747	Fixed assets		**122,830**	102,756
10,782	Other non-current assets	8	**84,102**	78,152
114	Goodwill		**886**	405
5,228	Associated companies		**40,779**	38,332
4,575	Interests in joint ventures		**35,682**	38,297
10,411	Managed funds and other investments	9	**81,209**	105,813
46,857	**Total non-current assets**		**365,488**	363,755
5,939	Cash and cash equivalents	10	**46,325**	47,374
3,269	Other current assets	10	**25,493**	20,080
6,288	Current liabilities	11	**49,045**	47,014
2,920	**Net current assets**		**22,773**	20,440
49,777	**Total assets less current liabilities**		**388,261**	384,195
	Non-current liabilities			
17,782	Long term liabilities	12	**138,695**	129,018
28	Deferred taxation		**220**	200
17,810	**Total non-current liabilities**		**138,915**	129,218
4,982	**Minority interests**		**38,865**	36,900
26,985	**Net assets**		**210,481**	218,077
	CAPITAL AND RESERVES			
137	Share capital	13	**1,066**	1,066
26,848	Reserves		**209,415**	217,011
26,985	**Shareholders' funds**		**210,481**	218,077

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2002

Unaudited 2002 US$ millions		Unaudited 2002 HK$ millions	2001 HK$ millions
	Operating activities		
1,182	Funds generated from operations	**9,223**	9,364
(439)	Changes in working capital	**(3,422)**	(6,194)
241	Distributions from property joint ventures	**1,877**	444
132	Dividend received from associated companies	**1,027**	891
94	Dividend received from jointly controlled entities	**734**	595
1,210		**9,439**	5,100
(53)	Taxation paid	**(414)**	(591)
1,157	**Net cash from operating activities**	**9,025**	4,509
	Investing activities		
(2,159)	Additions to managed funds and other investments	**(16,843)**	(10,923)
3,430	Proceeds from forward sales of shares	**26,758**	-
(1,781)	Purchase of fixed assets	**(13,893)**	(2,887)
(246)	Other investing activities	**(1,921)**	3,963
(756)	**Net cash used in investing activities**	**(5,899)**	(9,847)
	Financing activities		
642	Net cash flows from financing activities	**5,009**	21,263
(384)	Interest paid	**(2,994)**	(2,992)
(127)	Dividends paid to minority shareholders	**(989)**	(449)
(667)	Dividends paid to shareholders	**(5,201)**	(5,201)
(536)	**Net cash from (used in) financing activities**	**(4,175)**	12,621
(135)	**Increase (decrease) in cash and cash equivalents**	**(1,049)**	7,283
6,074	**Cash and cash equivalents at 1 January**	**47,374**	47,375
5,939	**Cash and cash equivalents at 30 June**	**46,325**	54,658
	Analysis of cash, managed funds and other listed investments		
4,151	Managed funds, overseas	**32,377**	23,161
1,961	Held-to-maturity listed debt securities and long term deposits	**15,291**	11,084
391	Listed equity securities, Hong Kong	**3,051**	6,079
3,133	Listed equity securities, overseas	**24,438**	61,025
9,636	Managed funds and other listed investments	**75,157**	101,349
5,939	Cash and cash equivalents as above	**46,325**	54,658
15,575	Total cash, managed funds and other listed investments	**121,482**	156,007

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2002

	Share capital HK$ millions	Share premium HK$ millions	Revaluation reserve HK$ millions	Exchange reserve HK$ millions	Retained profit HK$ millions	Total HK$ millions
At 1 January 2002, as previously stated	**1,066**	**28,359**	**11,847**	**(6,889)**	**183,890**	**218,273**
Prior year adjustment (note 1)	**-**	**-**	**-**	**-**	**(196)**	**(196)**
At 1 January 2002, as restated	**1,066**	**28,359**	**11,847**	**(6,889)**	**183,694**	**218,077**
2001 final dividend paid	**-**	**-**	**-**	**-**	**(5,201)**	**(5,201)**
Revaluation deficit on Vodafone and Deutsche Telekom shares	**-**	**-**	**(11,126)**	**-**	**-**	**(11,126)**
Revaluation deficit on other investments	**-**	**-**	**(2,289)**	**-**	**-**	**(2,289)**
Valuation released upon disposal of other investments	**-**	**-**	**77**	**-**	**-**	**77**
Net goodwill realised upon disposal of subsidiary and associated companies and jointly controlled entities	**-**	**-**	**-**	**-**	**33**	**33**
Exchange translation differences	**-**	**-**	**-**	**4,528**	**-**	**4,528**
Company and subsidiary companies' profit for the period	**-**	**-**	**-**	**-**	**5,522**	**5,522**
Share of reserves of associated companies	**-**	**-**	**10**	**399**	**490**	**899**
Share of reserves of jointly controlled entities	**-**	**-**	**-**	**22**	**(61)**	**(39)**
At 30 June 2002	**1,066**	**28,359**	**(1,481)**	**(1,940)**	**184,477**	**210,481**
At 1 January 2001, as previously stated	1,066	28,359	48,703	(3,296)	178,516	253,348
Prior year adjustment (note 1)	-	-	-	-	(88)	(88)
At 1 January 2001, as restated	1,066	28,359	48,703	(3,296)	178,428	253,260
2000 final dividend paid	-	-	-	-	(5,201)	(5,201)
Revaluation surplus on other investments	-	-	797	-	-	797
Valuation released upon disposal of VoiceStream shares and other investments	-	-	(34,060)	-	-	(34,060)
Elimination of goodwill on acquisition of subsidiary and associated companies and jointly controlled entities	-	-	-	-	607	607
Exchange translation differences	-	-	-	(2,901)	-	(2,901)
Company and subsidiary companies' profit for the period	-	-	-	-	6,361	6,361
Share of reserves of associated companies	-	-	3	17	870	890
Share of reserves of jointly controlled entities	-	-	-	-	(52)	(52)
At 30 June 2001	1,066	28,359	15,443	(6,180)	181,013	219,701

As at 30 June 2002, included in revaluation reserve are investment properties revaluation surplus of HK$14,134 million (1 January 2002 and 30 June 2001 - HK$14,134 million and HK$16,302 million respectively) and investment revaluation deficit of HK$15,615 million (1 January 2002 and 30 June 2001 - HK$2,287 million and HK$859 million respectively). Included in share premium is a capital redemption reserve of HK$404 million in all reporting periods.

NOTES TO THE CONDENSED INTERIM ACCOUNTS

1 Accounting policies

These unaudited condensed consolidated interim accounts (”interim accounts”) are prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 25 ”Interim financial reporting”, as applicable to condensed interim accounts, issued by the Hong Kong Society of Accountants, and Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited. These interim accounts should be read in conjunction with the 2001 annual accounts.

The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended 31 December 2001, except the Group has adopted the new SSAP 33 "Discontinuing operations" and SSAP 34 "Employee benefits" which became effective on 1 January 2002. The adoption of these new SSAPs has no material effect on the Group's results.

Prior year adjustment represents the Group's share of a prior year adjustment of an associated company, Husky Energy Inc, in relation to the adoption of the recommendations of the Canadian Institute of Chartered Accountants on Foreign Currency Translation whereby foreign exchange gains and losses on long-term monetary items are no longer deferred and amortised but are reflected in the profit and loss account in the period they are incurred. As a result the profit attributable to shareholders for the six months ended 30 June 2001 was reduced by HK$14 million and retained profit at 1 January 2001 and 2002 were reduced by HK$88 million and HK$196 million respectively.

Certain comparative figures have been reclassified to conform with the current period's presentation.

2 Segment information

Segment information is presented in respect of the Group's primary business segment and secondary geographical segment.

Turnover from external customers is after elimination of inter-segment turnover. The amount eliminated attributable to Telecommunications is HK$43 million (30 June 2001 - HK$22 million), Property and hotels is HK$234 million (30 June 2001 - HK$237 million) and Retail and manufacturing is HK$43 million (30 June 2001 - HK$43 million).

The column headed as Company and Subsidiaries refers to the Company and subsidiary companies' respective items. The column headed as Associates and JCE refers to the Group's share of associated companies and jointly controlled entities' respective items.

BUSINESS SEGMENTS

	Turnover from external customers					
	Six months ended 30 June 2002			Six months ended 30 June 2001		
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	Total HK$ millions
Ports and related services	**8,256**	**1,119**	**9,375**	5,580	1,298	6,878
Telecommunications	**4,938**	**1,460**	**6,398**	3,526	1,668	5,194
Property and hotels	**1,988**	**389**	**2,377**	1,853	815	2,668
Retail and manufacturing	**15,015**	**1,349**	**16,364**	13,392	1,154	14,546
Cheung Kong Infrastructure	**1,405**	**3,530**	**4,935**	2,270	2,755	5,025
Husky Energy	**-**	**5,304**	**5,304**	-	6,289	6,289
Finance and investments	**1,717**	**123**	**1,840**	2,687	115	2,802
	33,319	**13,274**	**46,593**	29,308	14,094	43,402

	Earnings before interest and other finance costs and taxation					
	Six months ended 30 June 2002			Six months ended 30 June 2001		
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	Total HK$ millions
Ports and related services	**2,828**	**336**	**3,164**	2,196	397	2,593
Telecommunications	**630**	**48**	**678**	575	43	618
Property and hotels	**918**	**63**	**981**	888	92	980
Retail and manufacturing	**252**	**56**	**308**	264	9	273
Cheung Kong Infrastructure	**497**	**1,674**	**2,171**	256	1,726	1,982
Husky Energy	**-**	**938**	**938**	-	1,324	1,324
Finance and investments	**1,549**	**45**	**1,594**	3,263	150	3,413
	6,674	**3,160**	**9,834**	7,442	3,741	11,183

2 Segment information (continued)

GEOGRAPHICAL SEGMENTS

	Turnover from external customers					
	Six months ended 30 June 2002			Six months ended 30 June 2001		
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	Total HK$ millions
Hong Kong	**16,408**	**3,518**	**19,926**	16,894	3,305	20,199
Mainland China	**3,409**	**2,305**	**5,714**	2,571	2,326	4,897
Asia and Australia	**5,695**	**1,906**	**7,601**	4,181	1,705	5,886
Europe	**4,855**	**184**	**5,039**	2,621	395	3,016
Americas and others	**2,952**	**5,361**	**8,313**	3,041	6,363	9,404
	33,319	**13,274**	**46,593**	29,308	14,094	43,402

	Earnings before interest and other finance costs and taxation					
	Six months ended 30 June 2002			Six months ended 30 June 2001		
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	Total HK$ millions
Hong Kong	**2,529**	**1,304**	**3,833**	2,830	1,250	4,080
Mainland China	**408**	**537**	**945**	443	415	858
Asia and Australia	**738**	**401**	**1,139**	362	696	1,058
Europe	**1,399**	**(7)**	**1,392**	940	29	969
Americas and others	**1,600**	**925**	**2,525**	2,867	1,351	4,218
	6,674	**3,160**	**9,834**	7,442	3,741	11,183

3 Interest and other finance costs

	Six months ended 30 June	
	2002 HK$ millions	2001 HK$ millions
Company and subsidiary companies	**3,085**	3,802
Less: interest capitalised	**(535)**	(382)
	2,550	3,420
Share of associated companies	**576**	489
Share of jointly controlled entities	**272**	235
	3,398	4,144

4 Profit on disposal of investments less provisions

Profit on disposal of investments less provisions for the six months ended 30 June 2002 represents a profit of HK$1,129 million on the sale to strategic partners of equity interests, ranging from 1% to 3%, in certain ports and write-back of a provision previously made for Hutchison Harbour Ring Limited of HK$395 million.

The comparative amounts for the six months ended 30 June 2001 comprise of a profit of HK$30,000 million arising from the merger of VoiceStream Wireless Corporation ("VoiceStream") and Deutsche Telekom AG ("Deutsche Telekom") less a provision of HK$28,100 million for the potential effect of share price and exchange rate fluctuations on overseas investments.

5 Taxation

	Six months ended 30 June	
	2002	2001
	HK$ millions	HK$ millions
Current taxation expense		
Hong Kong		
Subsidiary companies	**260**	248
Associated companies	**175**	124
Jointly controlled entities	**29**	24
Overseas		
Subsidiary companies	**281**	177
Associated companies	**88**	27
Jointly controlled entities	**38**	33
	871	633
Deferred taxation expense (credit)		
Hong Kong		
Subsidiary companies	**(1)**	(4)
Associated companies	**1**	1
Jointly controlled entities	**(1)**	-
Overseas		
Subsidiary companies	**16**	(20)
Associated companies	**197**	496
Jointly controlled entities	**(3)**	-
	209	473
	1,080	1,106

Hong Kong profits tax has been provided for at the rate of 16% (30 June 2001 - 16%) on the estimated assessable profits less available tax losses. Overseas taxation has been provided for at the applicable rate on the estimated assessable profits less available tax losses.

6 Profit attributable to shareholders

Included in profit attributable to shareholders is a deficit of HK$77 million (30 June 2001 - surplus of HK$34,060 million) transferred from investment revaluation reserves upon disposal of the relevant investments.

7 Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders of HK$5,951 million (30 June 2001 - HK$7,179 million, as restated) and on 4,263,370,780 shares in issue during 2002 (30 June 2001 - 4,263,370,780 shares).

8 Other non-current assets

	30 June 2002 HK$ millions	31 December 2001 HK$ millions
Cost of licences for 3G telecommunications spectrum		
At beginning of the period	**78,152**	80,039
Exchange translation differences	**5,925**	(3,571)
Additions	**25**	1,684
At end of the period	**84,102**	78,152

9 Managed funds and other investments

	30 June 2002 HK$ millions	31 December 2001 HK$ millions
Managed funds, overseas		
Listed held-to-maturity debt securities	**31,408**	22,675
Cash and cash equivalents	**969**	1,119
	32,377	23,794
Held-to-maturity debt securities		
Listed debt securities	**15,078**	7,346
Long term deposits	**213**	173
Convertible debt securities	**3,492**	4,538
Other securities		
Listed equity securities, Hong Kong	**3,051**	3,473
Listed equity securities, overseas	**24,438**	63,176
Unlisted equity securities and advances	**2,560**	3,313
	81,209	105,813

At 31 December 2001, included in the listed equity securities, overseas are investments in approximately 695 million shares of Vodafone Group Plc ("Vodafone") and approximately 89 million shares of Deutsche Telekom that are subject to forward sales contracts mature in 2002. These shares are included in the above amount at their realisable value pursuant to the forward sales contracts. The proceeds receivable pursuant to these contracts for the Vodafone shares totals approximately £1,216 million and for the Deutsche Telekom shares totals approximately €1,887 million. To hedge the currency risk, a number of currency swap forward contracts, with various expiry dates up to one year from the issue date, have been entered into to exchange, at agreed rates, approximately £376 million and €1,583 million into US dollars. As at 30 June 2002, the remaining balance of the cash sales proceeds receivable pursuant to the above forward sales contracts have been included in cash and cash equivalents in note 10.

The Group has granted options to the purchasers to acquire an additional of approximately 158 million (31 December 2001 - approximately 258 million) shares of Vodafone and approximately 42 million (31 December 2001 - approximately 42 million) shares of Deutsche Telekom. No options were exercised and certain options expired during the period. The remaining options are all exercisable in 2002.

Included in the listed debt securities are investment in notes totalling HK$5,218 million (31 December 2001 - HK$4,274 million) which are subject to certain callable asset swap arrangements with financial institutions. Pursuant to these arrangements, fixed rate notes were purchased and simultaneously interest rate swap agreements were entered into whereby the notes become floating interest rate bearing notes. The financial institutions have a call option to purchase the notes anytime before maturity in 2004.

Convertible debt securities carry interest and are convertible into ordinary shares of the issuers which are listed companies.

10 Current assets

	30 June 2002 HK$ millions	31 December 2001 HK$ millions
Stocks	**5,617**	4,821
Trade receivables	**4,644**	3,837
Other receivables and prepayments	**15,232**	11,422
Other current assets	**25,493**	20,080
Cash and cash equivalents	**46,325**	47,374
	71,818	67,454

At 30 June 2002, included in the cash and cash equivalents is an amount of HK$22,938 million (31 December 2001 - nil) of cash receivable pursuant to forward sales contracts (note 9).

The Group has established credit policies for customers in each of its core businesses. The average credit period granted for trade receivables ranges from 30 to 45 days.

At end of the period, the ageing analysis of the trade receivables is as follows:

Current	**3,082**	2,410
31-60 days	**911**	871
61-90 days	**286**	271
Over 90 days	**365**	285
	4,644	3,837

11 Current liabilities

	30 June 2002 HK$ millions	31 December 2001 HK$ millions
Bank loans	**15,767**	15,238
Other loans	**92**	161
Notes and bonds		
HK$ notes, 7.88% due 2002	**-**	1,500
HK$ notes, 7.82% due 2002	**500**	500
Trade payables	**5,627**	6,180
Other payables and accruals	**26,385**	22,891
Taxation	**674**	544
	49,045	47,014

At end of the period, the ageing analysis of the trade payables is as follows:

Current	**3,393**	3,642
31-60 days	**1,159**	1,183
61-90 days	**498**	644
Over 90 days	**577**	711
	5,627	6,180

12 Long term liabilities

	30 June 2002 HK$ millions	31 December 2001 HK$ millions
The loans are repayable as follows:		
Bank loans		
After 1 year, but within 2 years	**10,500**	2,134
After 2 years, but within 5 years	**34,819**	37,114
After 5 years	**4,134**	4,607
Other loans		
After 1 year, but within 2 years	**2,813**	65
After 2 years, but within 5 years	**1,061**	2,398
After 5 years	**3**	73
Exchangeable notes		
After 1 year, but within 2 years	**44,123**	23,400
After 2 years, but within 5 years	-	20,723
Other notes and bonds		
After 1 year, but within 2 years	**1,000**	1,000
After 2 years, but within 5 years	**7,225**	6,641
After 5 years	**33,017**	30,863
	138,695	129,018

The exchangeable notes represent US$3,000 million and US$2,657 million notes exchangeable into ordinary shares of Vodafone anytime before maturity at the option of the holders on the basis of US$1,000 principal amount for 196.61 shares at US$5.086 per share and for 214.51 shares at US$4.6618 per share respectively.

13 Share capital

	30 June 2002 Number of shares	31 December 2001 Number of shares	30 June 2002 HK$ millions	31 December 2001 HK$ millions
Authorised:				
Ordinary shares of HK$0.25 each	**5,500,000,000**	5,500,000,000	**1,375**	1,375
7-1/2% cumulative redeemable participating preference shares of HK$1 each	**402,717,856**	402,717,856	**403**	403
			1,778	1,778
Issued and fully paid:				
Ordinary shares	**4,263,370,780**	4,263,370,780	**1,066**	1,066

14 Contingent liabilities

	30 June 2002 HK$ millions	31 December 2001 HK$ millions
Guarantees have been executed in respect of bank and other borrowings facilities available as follows:		
To associated companies		
Property businesses	**2,350**	2,212
To jointly controlled entities		
Property businesses	**2,499**	2,274
Telecommunication businesses	**5,448**	5,354
Other businesses	**1,399**	1,386
	9,346	9,014

At 30 June 2002 the Group had contingent liabilities in respect of guarantees related to contracts for the procurement of 3G handheld devices of HK$8,596 million (31 December 2001 - HK$8,722 million), other guarantees for property businesses and performance guarantees amounting to HK$3,718 million (31 December 2001 - HK$3,697 million).

15 Commitments

There has been no material change in the total amount of capital commitments since 31 December 2001 except for amounts taken up during the period in the normal course of business.

16 Related parties transactions

The Group has entered into joint ventures with Cheung Kong (Holdings) Limited, a substantial shareholder of the Company, to undertake various, mainly property, projects. At 30 June 2002, included in associated companies and interests in joint ventures on the balance sheet is a total amount of HK$21,111 million (31 December 2001 - HK$20,748 million) representing the net amount due from and equity contributions to these related entities. The Group had guaranteed bank and other borrowing facilities of HK$3,261 million (31 December 2001 - HK$3,037 million) for the benefit of these same entities. The Group has also entered into a joint venture, to develop a property in Japan, with a company controlled by Mr Li Tzar Kai, Richard, who at the inception of the joint venture, was a director of the Company (resigned 16 August 2000). At 30 June 2002, the net amount due from and equity contributions to this joint venture was HK$582 million (31 December 2001 - HK$449 million). The Group had also guaranteed a bank loan facility of HK$1,588 million (31 December 2001 - HK$1,449 million) for the benefit of this joint venture. The risks, benefits and financing obligations of all of these joint ventures are shared in proportion to the respective shareholdings.

17 US dollar equivalents

The US dollar equivalents of the figures shown in the accounts have been translated at the rate of HK$7.80 to US$1.