Hutchison Whampoa Limited

2005 INTERIM REPORT

CORPORATE INFORMATION

Chairman

LI Ka-shing, KBE, GBM, LLD, DSSc,
Grand Officer of the Order Vasco Nunez de Balboa,
Commandeur de l'Ordre de Leopold,
Commandeur de la Légion d'Honneur, JP (1)

Deputy Chairman

LI Tzar Kuoi, Victor, BSc, MSc

Group Managing Director

FOK Kin-ning, Canning, BA, DFM, ACA (Aus)

Executive Directors

CHOW WOO Mo Fong, Susan, BSc
Deputy Group Managing Director

Frank John SIXT, MA, LLL
Group Finance Director

LAI Kai Ming, Dominic, BSc, MBA

George Colin MAGNUS, OBE, BBS, MA

KAM Hing Lam, BSc, MBA

Non-executive Director

William SHURNIAK, LLD(4)

Independent Non-executive Directors

The Hon Michael David KADOORIE, GBS, LLD (Hon),
Officier de la Légion d'Honneur,
Commandeur de l'Ordre de Leopold II,
Commandeur de l'Ordre des Arts et des Lettres

Holger KLUGE, BCom, MBA (2), (4)

William Elkin MOCATTA, FCA
(Alternate to Michael David Kadoorie)

Simon MURRAY, CBE

OR Ching Fai, Raymond, JP

WONG Chung Hin, CBE, JP (2), (3)
(Also Alternate to Simon Murray)

Company Secretary

Edith SHIH, BSE, MA, MA, EdM, FCS, FCIS

Auditors

PricewaterhouseCoopers

Bankers

The Hongkong and Shanghai Banking Corporation Limited

ABN AMRO Bank N.V.

Standard Chartered Bank (Hong Kong) Limited

(1) Chairman of Remuneration Committee
(2) Member of Remuneration Committee
(3) Chairman of Audit Committee
(4) Member of Audit Committee

CONTENTS

FINANCIAL HIGHLIGHTS

Unaudited Results for the Six Months Ended 30 June 2005

- Turnover grew 33% to HK$109,184 million
- First half year profit increased 10% to HK$11,824 million
- Earnings per share increased 10% to HK$2.77
- All operating established businesses reported EBIT growth, except the retail and manufacturing division, and recurring EBIT from the established businesses increased 22% to HK$16,874 million
- 3G customer base currently totals over 9.4 million worldwide
- **3** Italy is on target to achieve EBITDA breakeven, after all CAC expense, on a monthly basis for the month of August this year and **3** UK is expected to achieve this significant milestone later this year
- **3** Group's funding requirements to decline in the second half of this year and it is positioned to contribute significant value to the Group
- Cash and liquid investments totalled HK$141,714 million

CHAIRMAN'S STATEMENT

The Group's core businesses once again produced improved results in the first half and also benefited from substantial increases in value of the Group's businesses based on current market value. Profit attributable to shareholders from the established businesses, excluding investment properties revaluation and profit on disposal of investments, increased 30% to HK$7,976 million. The **3** Group's businesses have improved steadily and continue to build a quality customer base. **3** Italy is on target to be earnings before interest expense and finance costs, taxation, depreciation and amortisation ("EBITDA") breakeven, after all customer acquisition costs ("CAC"), on a monthly basis for the month of August this year. This is a significant milestone towards achievement of free cashflow breakeven for the **3** Italy business, and means in effect that revenues from the business are covering both its running operating costs and the cost of acquiring customers at its current high rate of growth. **3** UK and Hutchison Telecommunications Australia are also on target to achieve this significant milestone later this year and early next year, respectively.

Half Year Results

The Group's unaudited profit attributable to shareholders for the half year amounted to HK$11,824 million, a 10% increase over the HK$10,758 million for the same period last year, which has been restated for the adoption of new Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (see Note 2(a) to the accounts). Earnings per share amounted to HK$2.77, compared to HK$2.52 in the same period last year. These results include a net profit on revaluation of investment properties of HK$3,696 million (2004 – Nil) and profits on disposal of investments and others totalling HK$14,900 million (2004 – HK$15,059 million). This profit resulted from two major transactions completed in the first half of this year. Firstly, a profit of HK$9,400 million arose from the exercise by the Group of its right to re-purchase from the minority shareholders of **3** UK their 35% interest for £210 million, a substantial discount both to its net asset value and to the £2,100 million paid to the Group by the minority shareholders when they acquired these interests in 2000. Secondly, a profit of HK$5,500 million was realised from the disposal for cash of a 20% interest in Hongkong International Terminals ("HIT") and a 10% interest in COSCO-HIT Terminals (Hong Kong) ("COSCO-HIT").

In addition, subsequent to the end of the half year, the Group announced a profit on completion of the privatisation of Hutchison Global Communications Holdings ("HGCH"). In August, the Group's listed subsidiary, Hutchison Telecommunications International ("HTIL"), acquired all the HGCH shares that it did not already own in exchange for either cash or HTIL shares, which resulted in HTIL issuing approximately 253 million new shares to HGCH shareholders. After the privatisation, the Group's interest in HTIL was diluted from approximately 74.3% to approximately 69.1% and a profit on disposal of approximately HK$1,150 million will be reported in the Group's results in the second half of 2005.

Dividends

Your Directors have today declared an interim dividend of HK$0.51 per share (2004 – HK$0.51), payable on 7 October 2005 to those persons registered as shareholders on 6 October 2005. The share register of members will be closed from 29 September 2005 to 6 October 2005, both days inclusive.

Business Growth

During the period, all of the Group's operating business divisions continued to grow and expand their businesses. The Group's turnover grew 33% to total HK$109,184 million compared to the same period last year. Turnover from the established businesses grew 18% to HK$91,928 million, while turnover from the **3** Group grew 291% to HK$17,256 million. Earnings before interest expense and taxation ("EBIT") from the established businesses and before investment properties revaluation and profit on disposal of investments, grew 22% compared to the same period last year, reflecting the significantly improved results of HTIL, Husky Energy, the ports and related services division as well as Cheung Kong Infrastructure. The **3** Group continues to progress based on solid customer, revenue and margin growth and reported a significant reduction in loss before interest expense and finance costs, taxation, depreciation and amortisation ("LBITDA") and before prepaid CAC, loss before interest expense and taxation ("LBIT") and net loss after tax ("NLAT").

The Group's turnover and EBIT, including the Group's share of associated companies' and jointly controlled entities' turnover and EBIT, are shown by business segment in Note 3 to the accounts.

Established businesses

Ports and related services

The ports and related services division recorded another period of strong growth and continues to expand its existing capacity and pursue new opportunities. Turnover increased 14% compared to the first half of last year to HK$14,394 million. The combined throughput increased 9% to 24.6 million TEUs (twenty-foot equivalent units) and EBIT increased 18% to HK$4,711 million. This division continues to provide steady and growing income to the Group, contributing 15% and 17% respectively to the turnover and EBIT from the Group's established businesses for the period.

The major contributors to the division's improved EBIT performance were as follows:

- In Hong Kong, HIT and COSCO-HIT reported combined growth of 12% in throughput and EBIT was 1% better than last year.

- Yantian deep-water port operations, which serve the Shenzhen and Southern China manufacturing basin, reported a throughput increase of 21% and EBIT was 17% better than the same period last year, reflecting new capacity from the completion in September 2004 of two new berths.

- The combined operations in Shanghai, Waigaoqiao, Ningbo, Xiamen and other Mainland ports reported continued growth with a 7% increase in throughput and a 29% increase in EBIT.

- In Europe, the combined throughput of the UK ports and Europe Container Terminals ("ECT") in Rotterdam grew by 12%. Combined EBIT increased 26%, mainly due to higher throughput in ECT.

- Operations in other Asian countries, the Middle East and Africa reported combined throughput 11% better than last year and EBIT increased 28%, mainly due to throughput growth in Busan and Gwangyang in South Korea, in Dammam in Saudi Arabia and in Dar es Salaam in Tanzania.

- Operations in the Americas and the Caribbean reported combined throughput 12% ahead of last year and EBIT increased 50% due to higher tariffs and throughput growth in Veracruz in Mexico and strong throughput growth in Panama.

In June, the Group announced the disposal of a 20% and a 10% effective equity interest in HIT and COSCO-HIT respectively, to form a strategic alliance with the Port of Singapore Authority. The Group received a cash consideration of US$925 million and realised a profit on disposal of investments of HK$5,500 million. The ports and related services division is continuing to expand overseas. In March, the Group entered into an agreement with the Alexandria Port Authority and plans are well advanced for the construction, operation and management of two terminals at Alexandria Port and El Dekheila Port in Egypt. Also in March, the Group obtained approval to expand capacity at the Yantian port to meet the expected growth in throughput. In April, the Group commenced the development of Zhuhai International Container Terminal (Gaolan) Phase II, which will provide two container berths on completion in early 2007. During the period, the Group also announced a strategic investment in and the formation of a joint venture with Savi Technology in the US to build and operate an active radio frequency identification ("RFID") based information network to track and manage containerised ocean cargo to meet the urgent global demand for greater security measures in the container transportation industry.

Property and Hotels

The property and hotels division reported improved results, benefiting from the buoyant Hong Kong property market, and continues to increase landbank, primarily in Mainland China and also in London, which will provide the opportunity for future earnings growth. This division reported EBIT of HK$1,813 million, 7% above last year despite a 14% decrease in turnover to HK$3,407 million, mainly due to the timing of sales of completed development projects in Hong Kong and the Mainland. This division contributed 4% and 7% respectively to the turnover and EBIT from the Group's established businesses. Gross rental income totalled HK$1,237 million, 9% above last year, mainly from the rent contributed by The Center, an office building in Shanghai, which was completed in the latter part of 2004, and also from increased rental income from investment properties in Hong Kong, reflecting higher rental rates as leases are renewed. Rental income is expected to continue to rise, in line with the recent upturn in the property market and will continue to provide strong recurrent income to the Group. The rental properties portfolio is 98% let. Development profit reduced commensurate with the timetable of completed properties and was primarily from the sale of the remaining residential units in the Shenzhen Dynasty Garden project, and some units in the Zhuhai Horizon Cove and Guangzhou Cape Coral developments. This decline was more than offset by the write-back of provisions previously made against development projects in Hong Kong, which reflects rising residential property prices. The Group continues to seek new development opportunities and during the period, the Group increased its landbank primarily in the Mainland. The Group's current joint venture share of landbank can be developed into 65.9 million square feet of mainly residential property, of which 93% is situated in the Mainland, 5% in the UK and overseas, and 2% in Hong Kong. The Group's hotel businesses reported EBIT 66% better than last year, mainly due to the recovery of the tourism industry in Hong Kong and the accretive profits from "The Kowloon Hotel" which was acquired in February this year.

Retail and Manufacturing

Turnover for the Group's retail and manufacturing division totalled HK$41,867 million, a 22% increase, mainly due to contributions from Rossmann in Germany, which was acquired in August last year, and Marionnaud Parfumeries ("Marionnaud"), which was acquired in April this year, and also to the growth of the health and beauty operations in Continental Europe and Asia. EBIT from this division totalled HK$905 million, 40% below last year. Last year's comparative results included the Group's share of profits in a joint venture before it was disposed of in May 2004 as well as a non-recurring dilution profit from the listing of TOM Online in March 2004. Excluding the effect of these non-recurring items, the comparable EBIT decrease was 14%, mainly due to the consolidation of the expected post-acquisition losses of recently acquired Marionnaud and margin compression in the health and beauty operations in the UK and in the retail operations in Hong Kong. This division contributed 46% and 3% respectively to the turnover and EBIT from the Group's established businesses for the period.

The retail and manufacturing division is focusing on expanding its health and beauty operations by exploiting its retail brands and introducing new store concepts and product offerings both organically through store additions, particularly in Europe, the Mainland and elsewhere in Asia. The division has acquired perfumery and cosmetic retailers in Europe and is pursuing a strategy to integrate this expanded quality product range into its health and beauty operations in Europe and in the fast growing Asian markets. In January, the Group announced a cash offer to acquire Marionnaud, a French listed group and one of the largest perfumery and cosmetics retailers in Europe that operates more than 1,200 stores across 14 countries. More than 95% of Marionnaud's shareholders accepted the offer and Marionnaud is now going through the process of being delisted. The Group is focusing on integrating this business and returning it to being a profitable operation. In May, the Group launched an offer to acquire the profitable listed Merchant Retail Group ("Merchant Retail") in the UK, a leading perfumery retailer in the UK, Ireland and Australia with 120 stores operating under the brand name "The Perfume Shop". In July, over 98% of the issued ordinary share capital was tendered in acceptance of the offer and Merchant Retail was delisted in August 2005. In June, the Group completed the acquisition of a 20-store pharmacy chain, Apex Pharmacy, in Malaysia. The retail division has made significant acquisitions in the first half of the year consolidating leading market share in its segments, and in the second half of this year will focus on the integration of these major businesses. During the period, the total number of retail outlets increased by 42% and the Group now operates over 6,800 retail stores in 33 markets.

Energy, Infrastructure, Finance and Investments

Cheung Kong Infrastructure ("CKI"), a listed subsidiary, announced turnover of HK$2,234 million and profit attributable to shareholders of HK$1,528 million, 4% and 10% above last year respectively. CKI contributed 8% and 12% respectively to the turnover and EBIT from the Group's established businesses for the period. In June, the acquisition of a 40% and a 19.9% interest in the North of England Gas Distribution Network by CKI and Hongkong Electric, respectively was completed. This profitable utility operation will begin to contribute to CKI's results in the second half of the year. CKI continues to look for opportunities to expand and diversify overseas.

Husky Energy, a listed associated company, announced turnover of C$4,694 million and profit attributable to shareholders of C$778 million, 11% and 61% above the comparable period last year, mainly due to higher realised crude oil and natural gas prices compared to the same period last year and a wider upgrading margin between the revenues from the synthetic crude oil produced and the cost of heavy oil being upgraded. Husky continued with the development of its White Rose project off the east coast of Canada, which is on schedule to achieve first oil before year-end and is expected to add approximately 67,500 barrels per day of light oil production to Husky when it attains full production. Husky also holds substantial interests in oil sands in Alberta, which will provide future earnings growth as they are developed. Market valuations for these assets have surged dramatically as the medium and long-term outlook for oil prices has risen sharply. Husky contributed 11% and 9% respectively to the turnover and EBIT from the Group's established businesses for the period.

The Group's EBIT from its finance and investments operations, which mainly represents returns earned on the Group's substantial holdings of cash and liquid investments, amounted to HK$2,584 million, a decrease of 9%, mainly due to lower profits on disposal of certain fixed income investments, lower realised foreign exchange gains on money market deposits, partially offset by increased interest income and profits on disposal of certain equity investments. These operations contributed 10% of the Group's EBIT from its established businesses for the period. The Group's consolidated cash and liquid investments at 30 June 2005 totalled HK$141,714 million.

Hutchison Telecommunications International

Hutchison Telecommunications International ("HTIL"), a listed subsidiary, announced turnover of HK$10,757 million for the first half to 30 June 2005, 56% above last year. The loss attributable to shareholders was HK$352 million, compared to last year's profit attributable to shareholders of HK$793 million. Included in this loss is a net loss on disposal of investments and others of HK$295 million, mainly related to a loss on disposal of its business in Paraguay. The prior period results included an exceptional profit of HK$1,300 million from a share placement on the partial disposal of a subsidiary company. Excluding the effect of these exceptional items in both periods, the current period's loss attributable to shareholders was 89% lower than the loss in the same period last year, mainly due to the strong performance of the 2G operations in India, increased results in Israel, and the reduction in losses incurred by the operation in Thailand. At 30 June 2005, HTIL had a consolidated mobile customer base of 14.1 million, representing a 12% increase over the beginning of the year. HTIL contributed 13% and 5% respectively to the Group's turnover and EBIT from its established businesses for the period.

HTIL is continuing to strengthen and expand its operations, pursuing convergence of its fixed line and mobile operations in Hong Kong to realise synergies, implementing its plans to commence building and operating mobile telecommunications networks in Vietnam and Indonesia, and expanding its operations in the rapidly growing India market through acquisitions and new licence opportunities.

Telecommunications – 3 Group

Since the annual results announcement in March 2005, I am pleased to report that the **3** Group has continued to achieve both above market expectation customer take-up and above market average customer revenue and service margins as migration of the most valuable 2 and 2.5G cellular customers to 3G services has accelerated in all of their markets.

Gross customer additions of the **3** Group and HTIL's 3G businesses in the second quarter were approximately 1.9 million, 12% ahead of the first quarter of this year and 70% ahead of the second quarter of 2004. **3** Group's gross revenues for the first half increased by 291% over the first half of 2004 to HK$17,256 million. As customer usage of the unique 3G-services continues to gather pace, in addition to achieving higher than cellular market average revenue per customer, the **3** Group's average non-voice revenue per customer at 23% of total revenue per customer is ahead of cellular market averages. Because service margins (revenue less direct costs) from non-voice services are significantly higher than from voice services, the value of the **3** Group's customer base is rising much more rapidly than its market share, measured by customer numbers or revenues.

Operating costs and customer acquisition costs in the **3** Group have remained well managed, and are setting new benchmarks for the mobile industry. As a result, the **3** Group's largest operations, **3** Italy and **3** UK are fully on track to achieve a major milestone: EBITDA breakeven after all CAC on a month-by-month basis in the second half of this year, and Hutchison Telecommunications Australia is expected to achieve this target early next year. In fact, **3** Italy is on target to achieve this milestone for the month of August. I also continue to expect the **3** Group as a whole to achieve EBITDA breakeven on a month-by-month basis during the second half of this year.

The combination of running operating cost initiatives and capital cost savings has resulted in the **3** Group's actual funding requirements for the first half of this year being below previous expectations and guidance. As a result, I am confident that the **3** Group's declining funding requirements in the second half will be more than covered by the Group's overall cash generation. Looking forward, with the **3** Group's funding requirements declining on an accelerating basis in the second half of this year and disappearing entirely in 2006, the **3** Group businesses should no longer result in an upward pressure on the Group's overall net debt and gearing profile, and are positioned to contribute significant value to the Group.

In order to set an early market benchmark for the growing value of the Group's investment in the **3** Group businesses, our Italian operation is taking all steps necessary to be in a position to achieve an initial public offering and listing of shares, market conditions permitting. A successful offering at an enterprise value in excess of the total enterprise cost of the operation, would contribute both a dilution profit to the Group and a substantial reduction in the net debt attributable to this operation currently reflected in Group's consolidated net debt.

Key Business Indicators

Current key business indicators for the **3** Group businesses are:

	Registered 3G Customers at 24 Aug 2005 ('000)	12-month Average Revenue per User ("ARPU") (1) to 30 June 2005		Mix of Postpaid/Prepaid Customers (ratio)
		Local Currency/HK$	Non-voice ARPU %	
Australia(2)	576	A$84.43/500.48	19%	88/12
Austria	265	€56.17/560.14	13%	67/33
Italy	4,522	€35.78/356.93	26%	13/87
Sweden & Denmark	417	SEK396.33/433.13	13%	78/22
UK	3,214	£33.83/491.01	22%	53/47
3 Group Total/Average	8,994	€43.11/429.76	23%	37/63
Hong Kong	383			
Israel(2)	35			
Total	9,412			

Note 1: ARPU equals total revenue before promotional discounts and excluding handset and connection revenues, divided by the average active customers, where an active customer is one that has used the 3G-service in the last 3 months.

Note 2: Registered customers at 30 June 2005 as reported by these listed subsidiaries in their interim results announcements.

With the rapid expansion of its customer base, the **3** Group's average revenue per customer has declined since the annual results announcement in March 2005, an anticipated development as they broaden their customer base. Although ARPU has reduced, gross margin continued to improve due to increased penetration and usage of unique higher margin 3G non-voice services. In addition, management seeks to maintain and grow margins by lowering average customer acquisition costs and focusing on maintaining lower running operating costs and costs to serve.

Unit average customer acquisition costs for the first half of €274 was in line with the last half of 2004. However, the value of customers acquired was higher than 2004 as the Group's mix of postpaid to prepaid customers improved, particularly in the UK, Australia and also Italy. In the **3** Group's UK operation, which experiences the Group's highest difference between postpaid and prepaid customer acquisition costs and customer value, the mix improvement has been higher than the Group's average, and has improved from 45%/55% to 53%/47%. The Group has secured an attractive range of handsets under bulk orders to meet the second half demand at much lower prices than in the first half. This will contribute to lower overall unit average customer acquisition costs in the second half of this year.

Finally, **3** Group has adopted a pro-active management approach to deduct inactive start-up phase customers (mostly prepaid) from the customer base. As a result, the **3** Group's net customer additions for the second quarter were lower than net additions reported in my last report. This is expected to be largely a one-time effect attributable to the poorer quality of handsets available to mainly prepaid customers during the early start-up stages of the business. As a result, the revenue, margin and activity profile of our current customer base of over 9.4 million is significantly above industry averages. I expect the rate of net customer additions to resume in the second half and significantly outperform the first quarter and first half achievement.

Key results reported for the **3** Group are:

- LBITDA before prepaid CAC of HK$794 million, an 83% reduction or HK$3,903 million improvement over the first half of 2004 LBITDA before prepaid CAC of HK$4,697 million and a 77% reduction or HK$2,649 million improvement over the second half of 2004.

- Reported LBITDA, after deducting prepaid customer acquisition costs, of HK$6,375 million, a 7% or HK$394 million increase compared to the first half of 2004 reported LBITDA of HK$5,981 million, reflecting a 220% increase in prepaid customer additions in 2005, mainly in Italy, and a 40% or HK$4,207 million improvement over the second half of 2004 reported LBITDA of HK$10,582 million.

- LBIT of HK$10,621 million, a 26% or HK$3,669 million improvement over the first half of 2004 reported LBIT of HK$14,290 million and a 56% or HK$13,473 million improvement over the second half of 2004 reported LBIT of HK$24,094 million.

- NLAT of HK$5,348 million, a 49% or HK$5,066 million improvement over the first half of 2004 reported NLAT of HK$10,414 million and a 66% or HK$10,340 million improvement over the second half of 2004 report NLAT of HK$15,688 million.

It should be noted that reported LBIT reflects a one-time profit of HK$9,400 million, relating to the re-purchase during the period of interests in the **3** UK from KPN Mobile and NTT DoCoMo at a deep discount. Reported NLAT reflects the above profit and, *inter alia*, deferred tax credits of HK$5,978 million and a decrease in minority interest credits of HK$622 million, also related to the re-purchase of the minority shareholder interests in **3** UK as well as unfavourable foreign exchange movement of HK$606 million.

Outlook

The world economy generally continued to improve during the period, despite higher interest rates and sustained high oil and commodity prices and the increased threat of terrorism. The Mainland, Hong Kong, India and other Asian countries continue to report healthy economies despite some signs of slowing growth relative to 2004. Generally, consumer confidence in Europe and America has remained strong and supports the continuing strength in import export trade globally and domestic consumption led growth locally in most of our markets.

The results of the first half of 2005 reflect both the Group's solid financial foundation and the strong financial performance of our core businesses under improved market conditions. In addition, the Group benefits from strong oil prices through its investments in Husky. Our rapid expansion over the past several years has positioned us to capture significant growth, as evidenced in particular by the increase in the Group's turnover and EBITDA before exceptional items from the established businesses which grew 18% to HK$91,928 million and 22% to HK$24,359 million, respectively. It should be noted that in terms of both cash and profit generation, these businesses have more than doubled in size since 1999. As the **3** Group's losses narrow, the full benefit of the scale the Group has achieved will be progressively reflected in earnings growth, continuous reduction in debt levels and improvement to the financial profile, and in solid shareholder value creation. With these encouraging trends and the Group's strong financial position, I am confident that the Group will continue to perform well. I would like to thank the Board of Directors and all employees around the world in all of our businesses for their loyal support and dedication, their professionalism, enterprise and hard work.

Li Ka-shing
Chairman

Hong Kong, 25 August 2005

GROUP CAPITAL RESOURCES AND OTHER INFORMATION

Group Capital Resources and Liquidity

During the period, the Group maintained a strong financial position benefiting from the steady and growing cash flow from its established businesses, the cash proceeds received from the disposal of a portion of a mature business and bank and capital market refinancing activities. Cash and liquid investments on hand totalled HK$141,714 million at 30 June 2005, in line with the balance at 31 December 2004 of HK$140,301 million. The Group is currently rated A- by Fitch Ratings, A3 by Moody's, and A- by Standard & Poor's.

The Group's total shareholders' funds reduced by 1% to HK$255,114 million at 30 June 2005 compared to HK$257,774 million at 31 December 2004 mainly due to weaker foreign currencies relative to the Hong Kong dollar which gave rise to a charge directly to reserves of HK$9,908 million on translation of the operations' net assets to the Group's Hong Kong dollar reporting currency. Excluding this unrealised foreign exchange translation loss, total shareholders' funds increased 3%.

Net debt of the Group was HK$174,964 million (31 December 2004 – HK$142,692 million) and the net debt to net total capital ratio was 39% (31 December 2004 – 33%). Unrealised foreign exchange translation loss also adversely affected this ratio and, if excluded, the net debt to net total capital ratio would be 37%. The increase includes funding for the continuing build-up of **3** Group, which for the first half was below our previous expectation and guidance. As these businesses continue to scale, their funding requirements are expected to decrease rapidly through the second half and into 2006. Additionally, more than 60% of the increase in net debt in the first half resulted from acquisition activities, primarily by the established businesses. The increase includes the first-time consolidation of the debts of Partner in Israel following a share buyback as a result of which Partner became a subsidiary of the Group during the period, the acquisition of a 40% interest in North of England Gas Distribution Network by CKI, and the acquisition of the Marionnaud retail store chain in France. Net debt to net total capital attributable to the established businesses thus rose to approximately 10% (31 December 2004 – 1%). Net debt to net total capital attributable to the **3** Group businesses was 76% (31 December 2004 – 67%).

The Group's capital expenditures, excluding expenditures for properties under development and for sale, totalled HK$12,378 million (31 December 2004 – HK$34,090 million), of which HK$6,973 million (31 December 2004 – HK$21,428 million) related to the **3** Group businesses. Capital expenditures for the ports and related services division amounted to HK$2,268 million (31 December 2004 – HK$4,654 million); for the property and hotels division HK$53 million (31 December 2004 – HK$702 million); for the retail and manufacturing division HK$1,029 million (31 December 2004 – HK$2,331 million); for the energy, infrastructure, finance and investments division HK$80 million (31 December 2004 – HK$99 million) and for HTIL HK$1,975 million (31 December 2004 – HK$4,876 million). The investment in **3** Group's and HTIL's CAC totalled HK$11,045 million (31 December 2004 – HK$21,227 million), consisting of prepaid CAC of HK$5,581 million (31 December 2004 – HK$8,423 million) which was expensed as incurred and postpaid CAC of HK$5,464 million (31 December 2004 – HK$12,804 million) which was capitalised. The Group's capital expenditures were funded primarily from cash generated from operations, cash on hand and, to where appropriate, by external borrowings.

At 30 June 2005, the Group's cash, liquid funds and other listed investments totalled HK$141,714 million (31 December 2004 – HK$140,301 million). At 30 June, 10% were denominated in Hong Kong dollars, 46% in US dollars, 27% in Euros, 1% in British pounds and 16% in other currencies. Cash and cash equivalents represented 56% of the total, listed debt securities 34%, listed equity securities 7% and long-term deposits 3%. The listed debt securities in managed funds comprise US treasury notes (47%), government issued guaranteed notes (23%), supranational notes (16%) and others (14%). More than 80% of the securities investments in the managed fund portfolio are rated at Aaa/AAA, with an average duration of approximately 3.3 years.

The Group's total borrowings at 30 June 2005 were HK$316,678 million (31 December 2004 – HK$282,993 million). Significant financing activities in the first half of 2005 were as follows:

- In March, Partner issued seven-year, fixed rate New Israeli Shekels 2,500 million (approximately HK$4,500 million) notes to finance the repurchase of its shares and to repay certain existing debts falling due;
- In April, Partner obtained a six-year, floating rate US$550 million (approximately HK$4,290 million) bank loan to refinance existing bank facility;
- In May, HTIL secured a three-year, floating rate HK$6,000 million senior secured credit facility, mainly to refinance existing loans and to fund the operations of its Hong Kong mobile operations;
- In June, issued a ten-year, fixed rate €1,000 million (approximately HK$9,360 million) notes to refinance existing indebtedness;
- In June, Hi3G Access AB obtained a five-year, floating rate SEK10,500 million (approximately HK$10,500 million) term loan, to fund the 3G network operations in Sweden and Denmark; and
- In July, obtained a five-year, floating rate HK$5,000 million syndicated bank loan to refinance existing loans.

The Group's borrowings at 30 June 2005 are denominated and repayable as follows:

	HK$	**US$**	**£**	**€**	**Others**	**Total**
Within 6 months	4%	–	–	–	3%	7%
In 2006	4%	–	1%	2%	3%	10%
In 2007	2%	2%	–	–	1%	5%
In 2008	4%	–	–	3%	4%	11%
In 2009	1%	–	–	6%	4%	11%
In years 6 to 10	–	22%	–	18%	4%	44%
In years 11 to 20	–	1%	1%	3%	–	5%
Beyond 20 years	–	6%	–	–	1%	7%
Total	15%	31%	2%	32%	20%	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. All of the Group's borrowings are free of any credit rating triggers that could accelerate the maturity dates of debt outstanding.

The Group's consolidated gross interest expense after capitalisation for the period, including the **3** Group businesses and the Group's share of associated companies' and jointly controlled entities' interest expense, totalled HK$8,479 million, compared to HK$6,183 million for the comparable period last year. The interest expenses for established businesses increased by 35% to HK$4,282 million, mainly due to the higher loan balance related to the Group's acquisitions, as well as higher effective interest rates in 2005. The interest expenses for **3** Group businesses were higher than the comparable period last year by 40%, mainly due to higher loan balances as loan facilities were drawn to fund the operations in Italy, Australia and Sweden.

Consolidated EBITDA before investment in **3** Group's and HTIL's prepaid and postpaid CAC and cash exceptionals increased 54% to HK$23,565 million (30 June 2004 – HK$15,334 million) and funds from operations ("FFO"), before capital expenditure, investment in **3** Group's and HTIL's prepaid and postpaid CAC and changes in working capital, increased 97% to HK$8,860 million (30 June 2004 – HK$4,495 million). EBITDA and FFO from the Group's established businesses, excluding cash exceptionals, totalled HK$24,359 million (30 June 2004 – HK$20,031 million) and HK$13,778 million, (30 June 2004 – HK$11,741 million) respectively. Consolidated EBITDA and FFO including **3** Group's losses covered consolidated net interest expense 4.5 times and 1.7 times respectively (31 December 2004 – 6.9 times and 2.0 times).

At 30 June 2005, the shares of Hutchison 3G Italy owned by the Group were pledged as security for its project financing facilities. The assets of Hutchison 3G Italy translated to Hong Kong dollars at the respective dates, totalled approximately HK$72,305 million (31 December 2004 – HK$83,273 million). In addition, HK$41,892 million (31 December 2004 – HK$41,107 million) of the Group's assets 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 2005, amounted to the equivalent of HK$25,319 million (31 December 2004 – HK$33,656 million), of which HK$14,532 million (31 December 2004 – HK$17,400 million) related to **3** Group businesses.

Contingent Liabilities

At 30 June 2005, the Group had provided guarantees for banking and other borrowing facilities granted to associated companies and jointly controlled entities of HK$7,660 million (31 December 2004 – HK$7,442 million), and had provided performance and other guarantees of HK$7,023 million (31 December 2004 – HK$5,994 million) primarily for the Group's telecommunications businesses.

Treasury Policies

The Group's treasury function operates as a centralised service for managing financial risks including interest rate and foreign exchange risks, and for providing cost efficient funding to the Group and its companies. The Executive Directors agree and review the policies and procedures governing the Group's treasury activities, which are subject to periodic review by the Group's internal audit function. Regular treasury reports are provided to the Executive Directors which detail investment and funding activities, including the Group's holdings of cash, managed funds and other portfolio securities, the debt maturity profile, interest rates and currency exposures. Derivative financial instruments such as interest rate and foreign currency swaps are utilised as appropriate for risk management purposes only, for hedging transactions and in managing the Group's assets and liabilities. It is the Group's policy not to enter into derivative financial transactions for speculative purposes.

Funding and Cash Management

The Group operates a central cash management system for all of its unlisted subsidiaries. The Group's holdings of cash, managed funds and other liquid investments expose the Group to a credit risk of the counterparty. The treasury policy sets aggregate credit limits of any one counterparty and regularly reviews these limits and credit ratings of the counterparties. Except for listed and certain overseas entities, the Group generally obtains long-term financing at the Group level to on-lend or contribute as equity to its subsidiaries and associates to meet their funding requirements. These borrowings include a range of capital market issues and bank borrowings, which change depending upon financial market conditions and projected interest rates. The Group regularly and closely monitors its overall net debt position and reviews its funding costs and maturity profile to facilitate refinancing.

Managing Interest Rate Risk

At 30 June 2005, approximately 57% of the Group's borrowings bore interest at floating rates and the remaining 43% were at fixed rates. When considered appropriate, the Group utilises interest rate swaps and forward rate agreements to manage the Group's interest rate exposures. The Group entered into various interest rate agreements with major creditworthy financial institutions to swap approximately HK$96,934 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$11,644 million principal amount of floating interest rate borrowings was swapped to a fixed interest rate borrowing. After taking into consideration these interest rate swaps, at 30 June 2005, approximately 84% of the Group's borrowings bore interest at floating rates and the remaining 16% were at fixed rates.

The Group's main interest rate risk exposures relate to US dollar, Euro and Hong Kong dollar borrowings.

Managing Foreign Currency Risk

For overseas subsidiaries and associates and other investments, which consist of non-HK and non-US dollar assets, the Group generally endeavours to naturally hedge its foreign currency investments with the appropriate level of borrowings in those same currencies. For overseas businesses that are in the development phase, or where borrowings in the local currency are not attractive, the Group monitors the development of the businesses' cashflow and debt markets and, when appropriate, would expect to refinance these businesses with local currency borrowings. For transactions directly related to the underlying businesses, forward foreign exchange contracts and currency swaps are utilised when suitable opportunities arise and, when considered appropriate, to hedge against major non-HK and non-US dollar currency exposures. At 30 June 2005, the Group had entered into currency swap arrangements with banks to swap US dollar borrowings of HK$2,184 million to non-US dollar borrowings and non-US dollar borrowings of HK$4,488 million to non-US dollar borrowings to match currency exposure of the underlying businesses.

The Group's borrowings at 30 June 2005 were denominated as to 15% in Hong Kong dollars, 31% in US dollars, 2% in British pounds, 32% in Euros and 20% in others currencies.

During the period, the Hong Kong dollar strengthened against the currencies of countries where the Group has operations. This gave rise to an unrealised charge of HK$9,908 million on translation of these operations' net assets to our Hong Kong dollar reporting currency which was reflected as a movement in the Group's reserves in the period.

Credit Loss Risk

Credit risk arises from the possibility that the counterparty to a transaction is unwilling or unable to fulfil its obligations with the result that the Group thereby suffers financial loss. These credit risks are minimised by the Group's internal controls and its procedures for monitoring and reporting credit risks to the Group's management.

Employee Relations

At 30 June 2005, the Company and its subsidiaries employed 157,389 people (30 June 2004 – 134,562 people) and the related employee costs for the six-month period, excluding Directors' emoluments, totalled HK$12,949 million (30 June 2004 – HK$11,211 million). Including the Group's associated companies, at 30 June 2005 the Group employed 203,258 people of whom 29,938 were employed in Hong Kong. All of the Group's subsidiaries are equal opportunity employers, with the selection and promotion of individuals based on suitability for the position offered. The salary and benefit levels of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system, which is reviewed annually.

The Company does not have a share option scheme for the purchase of ordinary shares in the Company. Certain subsidiaries and associates of the Group offer various equity-linked compensation elements appropriate to their sector and market. A wide range of benefits including medical coverage, provident funds and retirement plans and long service awards are also provided to employees. In addition, training and development programmes are provided on an on-going basis throughout the Group. Many social, sporting and recreational activities were arranged during the period for employees on a Group-wide basis. Group employees also participated in community-orientated events.

Purchase, Sale or Redemption of Shares

During the six months ended 30 June 2005, 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 the period.

DISCLOSURE OF INTERESTS

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

As at 30 June 2005, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Company were deemed or taken to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") adopted by the Company (the "Model Code") were as follows:

(I) Interests and short positions in the shares, underlying shares and debentures of the Company

Long positions in the shares and underlying shares of the Company

Name of Director	Capacity	Nature of interests	Number of shares held	Number of underlying shares held	Total	Approximate % of shareholding
Li Ka-shing	(i) Founder of discretionary trusts	(i) Other interest	2,141,698,773 [(1)]	18,613,202 [(2)]		
	(ii) Interest of controlled corporations	(ii) Corporate interest	47,577,000 [(3)]	–	2,207,888,975	51.7874%
Li Tzar Kuoi, Victor	(i) Beneficiary of trusts	(i) Other interest	2,141,698,773 [(1)]	18,613,202 [(2)]		
	(ii) Interest of controlled corporations	(ii) Corporate interest	1,086,770 [(4)]	–	2,161,398,745	50.6969%
Fok Kin-ning, Canning	Interest of a controlled corporation	Corporate interest	4,310,875 [(5)]	–	4,310,875	0.1011%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	150,000	–	150,000	0.0035%
Frank John Sixt	Beneficial owner	Personal interest	50,000	–	50,000	0.0012%
Lai Kai Ming, Dominic	Beneficial owner	Personal interest	50,000	–	50,000	0.0012%
George Colin Magnus	(i) Founder and beneficiary of a discretionary trust	(i) Other interest	950,100 [(6)]	–		
	(ii) Beneficial owner	(ii) Personal interest	40,000	–		
	(iii) Interest of spouse	(iii) Family interest	9,900	–	1,000,000	0.0235%

Name of Director	Capacity	Nature of interests	Number of shares held	Number of underlying shares held	Total	Approximate % of shareholding
Kam Hing Lam	Beneficial owner	Personal interest	60,000	–	60,000	0.0014%
Michael David Kadoorie	Beneficiary of trust(s)	Other interest	15,984,095 (7)	–	15,984,095	0.3749%
Holger Kluge	Beneficial owner	Personal interest	40,000	–	40,000	0.0009%
Simon Murray	Founder of a discretionary trust	Other interest	87,000 (8)	–	87,000	0.0020%
William Shurniak	Beneficial owner	Personal interest	165,000	–	165,000	0.0039%

Short positions in the underlying shares of the Company

Name of Director	Capacity	Nature of interests	Number of underlying shares held	Approximate % of shareholding
Li Ka-shing	Founder of discretionary trusts	Other interest	18,613,202 (2)	0.4366%
Li Tzar Kuoi, Victor	Beneficiary of trusts	Other interest	18,613,202 (2)	0.4366%

Notes:

(1) The two references to 2,141,698,773 shares of the Company relate to the same block of shares comprising:

(a) 2,130,202,773 shares held by certain subsidiaries of Cheung Kong (Holdings) Limited ("Cheung Kong"). Mr Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in The Li Ka-Shing Unity Trust ("UT1") but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard. Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of UT1 and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT1 related companies") hold more than one-third of the issued share capital of Cheung Kong.

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

As Mr Li Ka-shing may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, both Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the shares of Cheung Kong held by TUT1 as trustee of UT1 and TUT1 related companies and the said shares of the Company held by the subsidiaries of Cheung Kong under the SFO as directors of Cheung Kong. Although Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco and is a discretionary beneficiary of each of DT1 and DT2, he is not a director of Cheung Kong and has no duty of disclosure in relation to the shares of Cheung Kong held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.

(b) 11,496,000 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3").

Mr Li Ka-shing is the settlor of each of the two discretionary trusts ("DT3" and "DT4"). Each of Li Ka-Shing Castle Trustee Corporation Limited ("TDT3", which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited ("TDT4", which is the trustee of DT4) holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard.

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

As Mr Li Ka-shing may be regarded as a founder of each of DT3 and DT4 for the purpose of the SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT3 and DT4, and by virtue of the above, both Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the said shares of the Company held by TUT3 as trustee of UT3 under the SFO as Directors of the Company. Although Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco and is a discretionary beneficiary of each of DT3 and DT4, he is not a Director of the Company and has no duty of disclosure in relation to the shares of the Company held by TUT3 as trustee of UT3 under the SFO.

(2) The references to 18,613,202 underlying shares of the Company relate to the same block of underlying shares comprising:

(a) 10,463,201 underlying shares of the Company by virtue of the HK Dollar equity-linked notes due 2007 issued under HK$10,000,000,000 retail note issuance programme held by a wholly owned subsidiary of Cheung Kong; and

(b) 8,150,001 underlying shares of the Company by virtue of the HK Dollar equity-linked notes due 2008 issued under HK$10,000,000,000 retail note issuance programme held by a wholly owned subsidiary of Cheung Kong.

(3) Such shares were held by certain companies of which Mr Li Ka-shing is interested in the entire issued share capital.

(4) Such shares were held by certain companies of which Mr Li Tzar Kuoi, Victor is interested in the entire issued share capital.

(5) Such shares were held by a company which is equally controlled by Mr Fok Kin-ning, Canning and his spouse.

(6) Such shares were indirectly held by a discretionary trust of which Mr George Colin Magnus is the settlor and a discretionary beneficiary.

(7) The Hon Michael David Kadoorie was deemed to be interested by virtue of the SFO in 15,984,095 shares in the Company.

(8) Such shares were held by an offshore discretionary family trust of which Mr Simon Murray is the founder.

(II) Interests and short positions in the shares, underlying shares and debentures of the associated corporations of the Company

Long positions in the shares, underlying shares and debentures of the associated corporations of the Company

As at 30 June 2005, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in the following by virtue of, inter alia, their interests in the shares of Cheung Kong or the Company as described in Note (1) above:

(i) (a) 1,912,109,945 shares, representing approximately 84.824% of the then issued share capital, in Cheung Kong Infrastructure Holdings Limited ("Cheung Kong Infrastructure") of which 1,906,681,945 shares were held by a wholly owned subsidiary of the Company and 5,428,000 shares were held by TUT1 as trustee of UT1;

(b) 2 underlying shares in Cheung Kong Infrastructure by virtue of the HK$300,000,000 capital guaranteed notes due 2009 held by a wholly owned subsidiary of Cheung Kong; and

(c) 31,644,801 underlying shares in Cheung Kong Infrastructure by virtue of the HK Dollar equity-linked notes due 2007 issued under HK$10,000,000,000 retail note issuance programme held by a wholly owned subsidiary of Cheung Kong;

(ii) 3,373,555,978 ordinary shares, representing approximately 74.968% of the then issued share capital, in Hutchison Telecommunications International Limited ("Hutchison Telecommunications International") of which 28,402,698 ordinary shares and 3,345,000,000 ordinary shares were held by certain wholly owned subsidiaries of each of Cheung Kong and the Company respectively and 153,280 ordinary shares were held by TUT3 as trustee of UT3;

(iii) (a) 3,875,632,628 ordinary shares, representing approximately 56.136% of the then issued share capital, in Hutchison Global Communications Holdings Limited ("Hutchison Global Communications") of which 248,743,835 ordinary shares and 3,626,888,793 ordinary shares were held by a wholly owned subsidiary of Cheung Kong and certain 74.333% owned subsidiaries of the Company respectively; and

(b) 4,374,999,999 underlying shares in Hutchison Global Communications of which 3,333,333,333 underlying shares and 1,041,666,666 underlying shares were derived from a nominal amount of HK$3,200,000,000 in the 1% unsecured convertible notes due 2009 and the facility convertible notes to be issued pursuant to the terms of an unsecured loan facility of HK$1,000,000,000 respectively held by certain 74.333% owned subsidiaries of the Company;

(iv) (a) 829,599,612 shares, representing approximately 38.871% of the then issued share capital, in Hongkong Electric Holdings Limited ("Hongkong Electric") which shares were held by certain wholly owned subsidiaries of Cheung Kong Infrastructure; and

(b) 20,990,201 underlying shares in Hongkong Electric by virtue of the HK Dollar equity-linked notes due 2007 issued under HK$10,000,000,000 retail note issuance programme held by a wholly owned subsidiary of Cheung Kong;

(v) 1,429,024,545 shares, representing approximately 36.736% of the then issued share capital, in TOM Group Limited of which 476,341,182 shares and 952,683,363 shares were held by a wholly owned subsidiary of each of Cheung Kong and the Company respectively;

(vi) 146,809,478 common shares, representing approximately 34.637% of the then issued share capital, in Husky Energy Inc. ("Husky Energy") held by a wholly owned subsidiary of the Company;

(vii) a nominal amount of US$33,700,000 in the 13% unsecured senior subordinated notes due 2010 (the "Partner Communications Notes") issued by Partner Communications Company Ltd. ("Partner Communications") which notes were held by a wholly owned subsidiary of Cheung Kong; and

(viii) all the shares, underlying shares and debentures of the subsidiary and associated companies of the Company held by the Company and its subsidiary companies.

As Mr Li Ka-shing may be regarded as a founder of DT3 for the purpose of SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of DT3 as disclosed in Note (1) above, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in 152,801,701 common shares, representing approximately 36.051% of the then issued share capital, in Husky Energy which were held by a company in respect of which TDT3 as trustee of DT3 is indirectly entitled to substantially all the net assets thereof and of which Mr Li Ka-shing is additionally entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings. In addition, Mr Li Ka-shing had, as at 30 June 2005, corporate interests in (i) 4,600 class C common shares, representing approximately 53.315% of the then issued share capital, in Husky Oil Holdings Limited; (ii) 245,546 ordinary shares, representing approximately 0.006% of the then issued share capital, in Hutchison Telecommunications International; (iii) 286,312,000 ordinary shares, representing approximately 4.147% of the then issued share capital, in Hutchison Global Communications; and (iv) a nominal amount of US$1,500,000 in the Partner Communications Notes, which were held by companies of which Mr Li Ka-shing is interested in the entire issued share capital.

Mr Li Tzar Kuoi, Victor had, as at 30 June 2005, the following interests:

(i) family interests in 151,000 shares, representing approximately 0.007% of the then issued share capital, in Hongkong Electric held by his spouse; and

(ii) corporate interests in (a) 14,489 ordinary shares, representing approximately 0.0003% of the then issued share capital, in Hutchison Telecommunications International; (b) 26,300,000 ordinary shares, representing approximately 0.381% of the then issued share capital, in Hutchison Global Communications; (c) a nominal amount of US$11,000,000 in the 6.5% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited; (d) a nominal amount of US$2,000,000 in the 7% Notes due 2011 issued by Hutchison Whampoa International (01/11) Limited; and (e) a nominal amount of US$10,989,000 in the Partner Communications Notes, which were held by companies of which Mr Li Tzar Kuoi, Victor is interested in the entire issued share capital.

Mr Fok Kin-ning, Canning had, as at 30 June 2005, the following interests:

(i) (a) 1,100,000 ordinary shares, representing approximately 0.162% of the then issued share capital, in Hutchison Telecommunications (Australia) Limited ("Hutchison Telecommunications Australia") comprising personal and corporate interests in 100,000 ordinary shares and 1,000,000 ordinary shares respectively; and

(b) 1,474,001 underlying shares in Hutchison Telecommunications Australia comprising personal and corporate interests in 134,000 underlying shares and 1,340,001 underlying shares respectively on conversion of the listed and physically settled 5.5% Unsecured Convertible Notes due 2007 issued by Hutchison Telecommunications Australia;

(ii) corporate interests in 250,000 ordinary shares, representing approximately 0.006% of the then issued share capital, in Hutchison Telecommunications International;

(iii) corporate interests in 5,000,000 ordinary shares, representing approximately 0.075% of the then issued share capital, in Hutchison Harbour Ring Limited ("Hutchison Harbour Ring");

(iv) corporate interests in 10,000,000 ordinary shares, representing approximately 0.145% of the then issued share capital, in Hutchison Global Communications;

(v) corporate interests in 300,000 common shares, representing approximately 0.071% of the then issued share capital, in Husky Energy;

(vi) corporate interests in 225,000 American Depositary Shares (each representing one ordinary share), representing approximately 0.149% of the then issued share capital, in Partner Communications; and

(vii) corporate interests in (a) a nominal amount of US$4,000,000 in the Partner Communications Notes; (b) a nominal amount of US$6,500,000 in the 6.25% Notes due 2014 issued by Hutchison Whampoa International (03/33) Limited; and (c) a nominal amount of €12,600,000 in the 4.125% Notes due 2015 issued by Hutchison Whampoa Finance (05) Limited.

Mr Fok Kin-ning, Canning held the above personal interests in his capacity as a beneficial owner and held the above corporate interests through a company which is equally controlled by Mr Fok and his spouse.

Mrs Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had, as at 30 June 2005, personal interests in 250,000 ordinary shares, representing approximately 0.006% of the then issued share capital, in Hutchison Telecommunications International.

Mr Frank John Sixt in his capacity as a beneficial owner had, as at 30 June 2005, personal interests in (i) 17,000 American Depositary Shares (each representing 15 ordinary shares), representing approximately 0.006% of the then issued share capital, in Hutchison Telecommunications International; and (ii) 1,000,000 ordinary shares, representing approximately 0.147% of the then issued share capital, in Hutchison Telecommunications Australia.

Mr George Colin Magnus had, as at 30 June 2005, the following interests:

(i) personal interests in 25,000 American Depositary Shares (each representing one ordinary share), representing approximately 0.017% of the then issued share capital, in Partner Communications held in his capacity as a beneficial owner; and

(ii) 13,333 ordinary shares, representing approximately 0.0003% of the then issued share capital, in Hutchison Telecommunications International comprising personal interests in 13,201 ordinary shares held in his capacity as a beneficial owner and family interests in 132 ordinary shares held by his spouse.

Mr Kam Hing Lam in his capacity as a beneficial owner had, as at 30 June 2005, personal interests in 100,000 shares, representing approximately 0.004% of the then issued share capital, in Cheung Kong Infrastructure.

Mr Holger Kluge in his capacity as a beneficial owner had, as at 30 June 2005, personal interests in (i) 200,000 ordinary shares, representing approximately 0.030% of the then issued share capital, in Hutchison Telecommunications Australia; and (ii) 10,000 common shares, representing approximately 0.002% of the then issued share capital, in Husky Energy.

Short positions in the underlying shares of the associated corporations of the Company

As at 30 June 2005, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in the following by virtue of, inter alia, their interests in the shares of Cheung Kong as described in Note (1) above:

(i) 31,644,801 underlying shares in Cheung Kong Infrastructure by virtue of the HK Dollar equity-linked notes due 2007 issued under HK$10,000,000,000 retail note issuance programme held by a wholly owned subsidiary of Cheung Kong; and

(ii) 20,990,201 underlying shares in Hongkong Electric by virtue of the HK Dollar equity-linked notes due 2007 issued under HK$10,000,000,000 retail note issuance programme held by a wholly owned subsidiary of Cheung Kong.

Save as disclosed above, as at 30 June 2005, none of the Directors and chief executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

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

During the six months ended 30 June 2005, there were no transactions between any of the Directors and the Company which constituted connected transactions for the Company subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Interests and Short Positions of Shareholders Discloseable under the SFO

So far as is known to any Directors or chief executives of the Company, as at 30 June 2005, other than the interests and short positions of the Directors or chief executives of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

(I) Interests and short positions of substantial shareholders in the shares and underlying shares of the Company

Long positions in the shares and underlying shares of the Company

Name	Capacity	Number of shares held	Number of underlying shares held	Total	Approximate % of shareholding
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee and beneficiary of a trust	2,130,202,773 (1)	18,613,202 (2)	2,148,815,975	50.40%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee and beneficiary of a trust	2,130,202,773 (1)	18,613,202 (2)	2,148,815,975	50.40%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	2,130,202,773 (1)	18,613,202 (2)	2,148,815,975	50.40%
Cheung Kong (Holdings) Limited ("Cheung Kong")	Interest of controlled corporations	2,130,202,773 (1)	18,613,202 (2)	2,148,815,975	50.40%
Continental Realty Limited	Beneficial owner	465,265,969 (3)	–	465,265,969	10.91%

Short positions in the underlying shares of the Company

Name	Capacity	Number of underlying shares held	Approximate % of shareholding
TDT1	Trustee and beneficiary of a trust	18,613,202 (2)	0.43%
TDT2	Trustee and beneficiary of a trust	18,613,202 (2)	0.43%
TUT1	Trustee	18,613,202 (2)	0.43%
Cheung Kong	Interest of controlled corporations	18,613,202 (2)	0.43%

(II) Interests and short positions of other persons in the shares and underlying shares of the Company

Long positions in the shares of the Company

Name	Capacity	Number of shares held	Approximate % of shareholding
Honourable Holdings Limited	Interest of controlled corporations	322,942,375 (3)	7.57%
Winbo Power Limited	Beneficial owner	236,260,200 (3)	5.54%
Polycourt Limited	Beneficial owner	233,065,641 (3)	5.47%
Well Karin Limited	Beneficial owner	226,969,600 (3)	5.32%

Notes:

(1) The four references to 2,130,202,773 shares of the Company relate to the same block of shares of the Company which represent the total number of shares of the Company held by certain wholly owned subsidiaries of Cheung Kong where Cheung Kong is taken to be interested in such shares under the SFO. In addition, by virtue of the SFO, each of TDT1, TDT2 and TUT1 is deemed to be interested in the same 2,130,202,773 shares of the Company held by Cheung Kong as described in Note (1)(a) above.

(2) The references to 18,613,202 underlying shares of the Company relate to the same block of interest and short position in the underlying shares of the Company which were derived from the HK Dollar equity-linked notes due 2007 and the HK Dollar equity-linked notes due 2008 issued under HK$10,000,000,000 retail note issuance programme held by a wholly owned subsidiary of Cheung Kong. By virtue of the SFO, each of TDT1, TDT2 and TUT1 is deemed to be interested in the same block of interest and short position in the 18,613,202 underlying shares of the Company held by Cheung Kong as described in Note (1)(a) above.

(3) These are wholly owned subsidiaries of Cheung Kong and their interests in the shares of the Company are duplicated in the interests of Cheung Kong.

Save as disclosed above, as at 30 June 2005, there was no other person (other than the Directors and chief executives of the Company), who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Share Option Schemes of Subsidiary Companies

The following subsidiary companies of the Company have adopted their share option schemes. The outstanding share options under their respective share option schemes for the six months ended 30 June 2005 are set out below.

(I) Hutchison 3G Italia S.p.A. ("H3GI")

Particulars of outstanding options under the share option scheme of H3GI (the "H3GI Share Option Scheme") at the beginning and at the end of the financial period for the six months ended 30 June 2005 and options granted, exercised, cancelled and lapsed during the period were as follows:

Name or category of participant	Effective date of grant or date of grant of share options [(1)]	Number of share options held at 1 January 2005	Granted during the six months ended 30 June 2005	Exercised during the six months ended 30 June 2005	Expired/ cancelled during the six months ended 30 June 2005	Number of share options held at 30 June 2005	Exercise period of share options	Exercise price of share options €	Price of H3GI share At grant date of share options €	Price of H3GI share At exercise date of share options €
Employees in aggregate	20.5.2004	21,648,235	–	–	(845,006)	20,803,229	On Listing [(2)] to 16.7.2009	5.17	5.00	N/A
	20.11.2004	2,892,689	–	–	(76,006)	2,816,683	On Listing to 16.7.2009	5.17	5.00	N/A
	2.2.2005	N/A	335,320	–	–	335,320	On Listing to 16.7.2009	5.17	5.00	N/A
Total:		24,540,924	335,320	–	(921,012)	23,955,232				

Notes:

(1) *The share options shall vest as to one-third on the date of (and immediately following) a Listing, as to a further one-third on the date one calendar year after a Listing and as to the final one-third on the date two calendar years after a Listing.*

(2) *Listing refers to an application being made to the competent listing authority for admission to trading on a recognised stock exchange of the ordinary share capital of H3GI.*

As at 30 June 2005, H3GI had 23,955,232 share options outstanding under the H3GI Share Option Scheme.

The Directors of the Company considered that it is not appropriate to value share options granted under the H3GI Share Option Scheme during the six months ended 30 June 2005 as a number of factors critical for the valuation of share options granted cannot be determined accurately. In the absence of readily available market value of options under the H3GI Share Option Scheme, any valuation of the share options would be meaningless and could be misleading to the shareholders.

(II) Hutchison 3G UK Holdings Limited ("H3GUKH")

Particulars of outstanding options under the share option scheme of H3GUKH (the "H3GUKH Share Option Scheme") at the beginning and at the end of the financial period for the six months ended 30 June 2005 and options granted, exercised, cancelled and lapsed during the period were as follows:

Name or category of participant	Effective date of grant or date of grant of share options [(1)]	Number of share options held at 1 January 2005	Granted during the six months ended 30 June 2005	Exercised during the six months ended 30 June 2005	Expired/ cancelled during the six months ended 30 June 2005	Number of share options held at 30 June 2005	Exercise period of share options	Exercise price of share options £	Price of H3GUKH share At grant date of share options £	Price of H3GUKH share At exercise date of share options £
Employees in aggregate	20.5.2004	18,787,000	–	–	–	18,787,000	On Listing [(2)] to 18.4.2011	1.00	1.00	N/A
	20.5.2004	62,409,500	–	–	(8,747,500)	53,662,000	On Listing to 18.4.2011	1.35	1.00	N/A
	20.5.2004	5,740,250	–	–	(987,750)	4,752,500	On Listing to 20.8.2011	1.35	1.00	N/A
	20.5.2004	3,435,000	–	–	(935,000)	2,500,000	On Listing to 18.12.2011	1.35	1.00	N/A
	20.5.2004	2,323,250	–	–	(597,750)	1,725,500	On Listing to 16.5.2012	1.35	1.00	N/A
	20.5.2004	2,652,750	–	–	(320,000)	2,332,750	On Listing to 29.8.2012	1.35	1.00	N/A
	20.5.2004	507,500	–	–	(90,000)	417,500	On Listing to 28.10.2012	1.35	1.00	N/A
	20.5.2004	1,175,000	–	–	(270,000)	905,000	On Listing to 11.5.2013	1.35	1.00	N/A
	20.5.2004	7,852,500	–	–	(210,000)	7,642,500	On Listing to 14.5.2014	1.35	1.00	N/A
	27.1.2005	N/A	4,512,750	–	(20,000)	4,492,750	On Listing to 16.1.2015	1.35	1.00	N/A
Total:		104,882,750	4,512,750	–	(12,178,000)	97,217,500				

Notes:

(1) *Subject to the terms of individual stock options, the share options shall vest as to one-third on the date of (and immediately following) a Listing, as to a further one-third on the date one calendar year after a Listing and as to the final one-third on the date two calendar years after a Listing.*

(2) *Listing refers to an application being made to the Financial Services Authority for admission to the official list of the ordinary share capital of H3GUKH or to have the shares of H3GUKH admitted to trading on any other recognised investment exchange in the United Kingdom or elsewhere.*

As at 30 June 2005, H3GUKH had 97,217,500 share options outstanding under the H3GUKH Share Option Scheme.

The Directors of the Company considered that it is not appropriate to value share options granted under the H3GUKH Share Option Scheme during the six months ended 30 June 2005 as a number of factors critical for the valuation of share options granted cannot be determined accurately. In the absence of readily available market value of options under the H3GUKH Share Option Scheme, any valuation of the share options would be meaningless and could be misleading to the shareholders.

(III) Hutchison Harbour Ring

Particulars of outstanding options under the share option scheme of Hutchison Harbour Ring (the "HHR Share Option Scheme") at the beginning and at the end of the financial period for the six months ended 30 June 2005 and options granted, exercised, cancelled and lapsed during the period were as follows:

Name or category of participant	Date of grant of share options (1)	Number of share options held at 1 January 2005	Granted during the six months ended 30 June 2005	Exercised during the six months ended 30 June 2005	Expired/cancelled during the six months ended 30 June 2005	Number of share options held at 30 June 2005	Exercise period of share options	Exercise price of share options	Price of Hutchison Harbour Ring share At grant date of share options (2)	Price of Hutchison Harbour Ring share At exercise date of share options
								HK$	HK$	HK$
Employees in aggregate	3.6.2005	N/A	123,750,000	–	–	123,750,000	3.6.2006 – 2.6.2015	0.822	0.82	N/A

Notes:

(1) *The share options are exercisable subject to the vesting schedule of which approximately one-third of the options will be vested on each of 3 June 2006 and 3 June 2007 and the balance of the options will be vested on 3 June 2008.*

(2) *The price of the shares disclosed as at the date of grant of share options was the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options.*

As at 30 June 2005, Hutchison Harbour Ring had 123,750,000 share options outstanding under the HHR Share Option Scheme.

The fair value of options granted, determined using the Binomial valuation model, was HK$0.2498 per share of Hutchison Harbour Ring. The significant inputs into the model were share price of HK$0.82 at the grant date, exercise price shown above, standard deviation of expected share price returns of 31.7%, expected life of options of seven years, expected dividend paid out rate of 2.44% and annual risk-free interest rate of 3.444%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over one year immediately preceding the grant date.

(IV) Hutchison Global Communications

(i) Share option schemes of subsidiary companies of Hutchison Global Communications

During the six months ended 30 June 2005, no options were granted, exercised, cancelled or lapsed under the respective share option schemes of certain subsidiary companies of Hutchison Global Communications.

(ii) 2002 Option Scheme

Pursuant to an ordinary resolution passed on 2 April 2002 by Hutchison Global Communications, the shareholders of Hutchison Global Communications approved the adoption of a share option scheme (the "2002 Option Scheme"). Particulars of outstanding options under the 2002 Option Scheme at the beginning and at the end of the financial period for the six months ended 30 June 2005 and options granted, exercised, cancelled and lapsed during the period were as follows:

Name or category of participant	Date of grant of share options	Number of share options held at 1 January 2005	Granted during the six months ended 30 June 2005	Exercised during the six months ended 30 June 2005	Expired/cancelled during the six months ended 30 June 2005	Number of share options held at 30 June 2005	Exercise period of share options	Exercise price of share options [3] HK$	Price of Hutchison Global Communications share: At grant date of share options [4] HK$	Price of Hutchison Global Communications share: At exercise date of share options HK$
Employees in aggregate	2.5.2002 [1]	6,850,000	–	–	–	6,850,000	2.5.2003 – 1.5.2006	0.940	0.930	N/A
	2.5.2003 [1]	3,800,000	–	–	–	3,800,000	2.5.2004 – 1.5.2007	0.340	0.315	N/A
	16.5.2003 [1]	750,000	–	–	–	750,000	16.5.2004 – 15.5.2007	0.410	0.410	N/A
	19.8.2004 [2]	105,000,000	–	–	(6,000,000)	99,000,000	19.8.2004 – 18.8.2008	0.480	0.480	N/A
Total:		116,400,000	–	–	(6,000,000)	110,400,000				

Notes:

(1) *The share options are exercisable, subject to the vesting schedule, commencing on the date on which the options are accepted and ending on a date which is the earlier of the date on which the options lapse pursuant to the terms of the 2002 Option Scheme and the date falling four years from the date of grant of the options. One-third of the options are vested on the first anniversary of the date of grant and one-thirty sixth of which are vested equally on a monthly basis thereafter.*

(2) *The share options are exercisable, subject to the vesting schedule, commencing on the date on which the options are accepted and ending on a date which is the earlier of the date on which the options lapse pursuant to the terms of the 2002 Option Scheme and the date falling four years from the date of grant of the options. Approximately one-third of the options will be vested on 19 August 2005 and 19 August 2006 respectively and the balance of the options will be vested on 19 August 2007.*

(3) *The exercise price of the share options is subject to adjustment, in accordance with the provisions of the 2002 Option Scheme, in the event of an alteration in the capital structure of Hutchison Global Communications.*

(4) *The price of the shares disclosed as at the date of grant of share options was the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options.*

As at 30 June 2005, Hutchison Global Communications had 110,400,000 share options outstanding under the 2002 Option Scheme. In conjunction with the proposal made on 7 June 2005 to privatise Hutchison Global Communications by way of a scheme of arrangement, Hutchison Telecommunications International also made a cash or share offer in accordance with the Code on Takeovers and Mergers to the holders of the outstanding share options in consideration for allowing such options to lapse.

(V) Hutchison Telecommunications Australia

Particulars of outstanding options under the executive option plan of Hutchison Telecommunications Australia (the "HTAL Option Plan") at the beginning and at the end of the financial period for the six months ended 30 June 2005 and options granted, exercised, cancelled and lapsed during the period were as follows:

Name or category of participant	Date of grant of share options (1)	Number of share options held at 1 January 2005	Granted during the six months ended 30 June 2005	Exercised during the six months ended 30 June 2005	Expired/ cancelled during the six months ended 30 June 2005	Number of share options held at 30 June 2005	Exercise period of share options	Exercise price of share options AUD	Price of Hutchison Telecommunications Australia share: At grant date of share options (2) AUD	Price of Hutchison Telecommunications Australia share: At exercise date of share options AUD
Employees in aggregate	18.8.2001	70,000	–	–	–	70,000	18.8.2001 – 17.8.2006	0.540	0.540	N/A
	23.7.2004	15,820,000	–	–	(1,330,000)	14,490,000	1.9.2005 – 31.12.2010	0.455	0.455	N/A
	30.7.2004	150,000	–	–	(100,000)	50,000	1.9.2005 – 31.12.2010	0.460	0.460	N/A
	20.8.2004	100,000	–	–	–	100,000	1.9.2005 – 31.12.2010	0.405	0.405	N/A
	10.12.2004	450,000	–	–	–	450,000	1.9.2005 – 31.12.2010	0.360	0.360	N/A
	23.12.2004	150,000	–	–	–	150,000	1.9.2005 – 31.12.2010	0.345	0.345	N/A
	8.4.2005	–	200,000	–	–	200,000	1.9.2005 – 31.12.2010	0.330	0.330	N/A
	3.6.2005	–	50,000	–	–	50,000	1.9.2005 – 31.12.2010	0.270	0.270	N/A
Total:		16,740,000	250,000	–	(1,430,000)	15,560,000				

Notes:

(1) *The share options are exercisable subject to amongst other relevant vesting criteria the vesting schedule of one-fourth on 1 September 2005, one-half on 1 September 2006 and the remaining one-fourth on 1 September 2007.*

(2) *The price of the shares disclosed as at the date of grant of share options was the Australian Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options.*

As at 30 June 2005, Hutchison Telecommunications Australia had 15,560,000 share options outstanding under the HTAL Option Plan.

Hutchison Telecommunications Australia has not yet been required to disclose any assessment of fair value in respect of options granted after 31 December 2004.

(VI) Hutchison Telecommunications International

During the six months ended 30 June 2005, no options were granted, exercised, cancelled or lapsed under the share option scheme of Hutchison Telecommunications International.

(VII) Partner Communications

The board of directors of Partner Communications adopted the 1998 Employee Stock Option Plan (the "1998 Plan") and 2000 Employee Stock Option Plan (the "2000 Plan") in 1998 and 2000 respectively. Until November 2003, Partner Communications granted options to senior managers and other employees pursuant to the 1998 Plan and 2000 Plan. In November 2003, the 1998 Plan and 2000 Plan were amended to conform with the changes in the Israeli Income Tax Ordinance (New Version), 1961. As a result, any grant of options after November 2003 would be subject to the terms of the 2000 Plan as so amended, referred to as the 2003 Amended Plan. In July 2004, the board of directors of Partner Communications approved another stock option plan (the "2004 Plan") for options to be granted to employees under the provisions of the capital gain's tax route provided for in section 102 of the Israeli Income Tax Ordinance. Partner Communications became a subsidiary of the Company on 20 April 2005 and the disclosure made herein is for the period from 20 April to 30 June 2005.

Particulars of outstanding options under the employee stock option plans of Partner Communications (the "PCCL Option Plans") at 20 April 2005 (being the date on which Partner Communications became a subsidiary of the Company) and at the end of the financial period for the six months ended 30 June 2005 and options granted, exercised, cancelled and lapsed during the period were as follows:

Name or category of participant and corresponding Employee Stock Option Plan	Date of grant of share options (1)	Number of share options held at 20 April 2005 (1)	Granted from 20 April 2005 to 30 June 2005	Exercised from 20 April 2005 to 30 June 2005	Expired/ cancelled from 20 April 2005 to 30 June 2005	Number of share options held at 30 June 2005 (1)	Exercise period of share options(2)	Exercise price of share options US$/NIS	Price of Partner Communications share At grant date of share options(3) NIS	At exercise date of share options(4) NIS
Employees in aggregate										
1998 Plan	5.11.1998 – 22.12.2002	640,125	–	–	–	640,125	5.11.1999 – 15.12.2011	US$0.343 and 20.45 NIS	0.01	N/A
2000 Plan	3.11.2000 – 30.12.2003	2,420,875	–	(134,354)	(22,000)	2,264,521	3.11.2000 – 30.12.2012	17.25 NIS – 27.35 NIS	17.25 – 27.35	37.38
2003 Amended Plan	30.12.2003	195,000	–	–	–	195,000	30.12.2003 – 30.12.2012	20.45 NIS	20.45	N/A
2004 Plan	29.11.2004 – 20.4.2005	5,508,500	–	–	(90,000)	5,418,500	29.11.2004 – 20.4.2015	26.74 NIS – 33.72 NIS	31.45 – 39.61	N/A
Total:		8,764,500	–	(134,354)	(112,000)	8,518,146				

Notes:

(1) *The number of share options disclosed was the aggregate figure of share options held at 20 April 2005 or 30 June 2005 under each of Partner Communications' stock option plans. The share options were granted on various date(s) during the corresponding period(s) and in respect of the 2003 Amended Plan, on the date of grant as disclosed.*

(2) *Subject to the terms of individual stock option plans, vesting schedules are in general: 25% of the options become vested on each of the first, second, third and fourth anniversary of the date of employment of the grantee or date of grant, unless otherwise specified by the Employee Stock Option Committee.*

(3) *The price of Partner Communications' shares disclosed as at the date of grant of share options was the average closing price as recorded by the Tel Aviv Stock Exchange 30 days prior to the date of grant.*

(4) *The price of the shares disclosed as at the date of exercise of share options was the weighted average closing price of the shares immediately before the dates on which the options were exercised.*

As at 30 June 2005, Partner Communications had 8,518,146 share options outstanding under the PCCL Option Plans.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

The Company has been fully compliant with all code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2005.

Audit Committee

The Audit Committee of the Company, which is chaired by an Independent Non-executive Director, currently has a membership comprising two Independent Non-executive Directors and one Non-executive Director who possess the appropriate business and financial experience and skills to review financial statements. The Audit Committee meets regularly with management and the external auditors of the Company and reviews matters relating to audit, accounting and financial statements as well as internal control, risk evaluation and general compliance of the Group and reports directly to the board of Directors of the Company.

Remuneration Committee

The Remuneration Committee of the Company, which is chaired by the Chairman of the Company, currently has a membership comprising the Chairman and two Independent Non-executive Directors with expertise in human resources and personnel emoluments. The responsibilities of the Remuneration Committee are to assist the board of Directors of the Company in achieving its objective of attracting, retaining and motivating employees of the highest calibre and experience needed to shape and execute strategy across the Group's substantial, diverse and international business operations. The Committee also assists the Group in the administration of a fair and transparent procedure for setting policies on the remuneration of Directors and senior management of the Group and for determining their remuneration packages.

Model Code

The board of Directors of the Company adopted the Model Code as the Group's code of conduct regarding Directors' securities transactions. All Directors of the Company confirmed that they have complied with the Model Code in their securities transactions throughout the accounting period covered by this interim report.

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 32 to 60.

Respective responsibilities of directors and auditors

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 HKAS 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with SAS 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public 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 2005.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 25 August 2005

INTERIM ACCOUNTS

Condensed Consolidated Profit and Loss Account

for the six months ended 30 June 2005

Unaudited 2005 US$ millions		Note	Unaudited 2005 HK$ millions	Unaudited As restated Note 2(a) 2004 HK$ millions
	Turnover			
10,712	Company and subsidiary companies		**83,554**	59,733
3,286	Share of associated companies and jointly controlled entities		**25,630**	22,468
13,998		3	**109,184**	82,201
	Company and subsidiary companies			
10,712	Turnover	3	**83,554**	59,733
(3,624)	Cost of inventories sold		**(28,267)**	(24,042)
(1,557)	Staff costs		**(12,147)**	(10,337)
(716)	Prepaid 3G telecommunications customer acquisition expense		**(5,581)**	(1,284)
(2,304)	Depreciation and amortisation	3	**(17,968)**	(11,465)
(3,825)	Other operating expenses		**(29,835)**	(18,686)
458	Change in fair value of investment properties	3(b)	**3,570**	–
1,910	Profit on elimination of minority interests and disposal of investments	3(d) & (e)	**14,900**	15,059
1,054		3	**8,226**	8,978
673	Share of profits less losses of associated companies [a]		**5,249**	4,391
237	Share of profits less losses of jointly controlled entities [a]		**1,848**	1,263
119	Share of change in fair value of investment properties of jointly controlled entities	3(b)	**927**	–
2,083	**Earnings before interest expense and taxation [b]**	3	**16,250**	14,632
(1,087)	Interest and other finance costs [c]	4	**(8,479)**	(6,183)
996	**Profit before taxation**		**7,771**	8,449
(208)	Current taxation charge [c]	5	**(1,622)**	(1,576)
499	Deferred taxation credit [c]	5	**3,892**	1,682
1,287	**Profit after taxation**		**10,041**	8,555
(229)	**Allocated as: Loss attributable to minority interests**		**(1,783)**	(2,203)
1,516	**Profit attributable to shareholders**		**11,824**	10,758
279	**Interim dividend**		**2,174**	2,174
US35.56 cents	**Earnings per share**	6	**HK$ 2.77**	HK$ 2.52
US6.54 cents	**Interim dividend per share**		**HK$ 0.51**	HK$ 0.51

[a] *Share of profits less losses of associated companies/jointly controlled entities is before change in fair value of investment properties, interest expense and other finance costs and taxation.*

[b] *Earnings before interest expense and taxation ("EBIT") is defined as earnings before interest expense and other finance costs and taxation. Information concerning EBIT has been included in the Group's condensed consolidated accounts and is used by many industries and investors as one measure of profit from operations. The Group considers EBIT to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT is not a measure of financial performance under generally accepted accounting principles in Hong Kong and the EBIT measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT should not necessarily be construed as an alternative to profit from operations as determined in accordance with generally accepted accounting principles in Hong Kong.*

[c] *Includes share of associated companies' and jointly controlled entities' respective items.*

Condensed Consolidated Balance Sheet

at 30 June 2005

Unaudited 30 June 2005 US$ millions		Note	Unaudited 30 June 2005 HK$ millions	As restated Note 2(a) 31 December 2004 HK$ millions
	ASSETS			
	Non-current assets			
	Fixed assets	7		
4,600	Investment properties		**35,880**	31,741
18,717	Other properties and other fixed assets		**145,994**	147,900
4,184	Leasehold land	7	**32,639**	31,137
12,119	Telecommunications licences		**94,526**	102,138
706	Telecommunications 3G customer acquisition costs		**5,503**	6,823
2,911	Goodwill and other intangible assets	8	**22,708**	10,396
7,346	Associated companies		**57,301**	54,887
4,829	Interests in joint ventures		**37,668**	35,756
3,102	Deferred tax assets	9	**24,193**	19,384
764	Other non-current assets	10	**5,960**	8,230
8,053	Liquid funds and other listed investments	11	**62,810**	66,503
67,331			**525,182**	514,895
	Current assets			
10,116	Cash and cash equivalents		**78,904**	73,798
5,531	Trade and other receivables	12	**43,140**	46,259
2,412	Stocks		**18,814**	17,489
18,059			**140,858**	137,546
	Current liabilities			
7,986	Trade and other payables	13	**62,289**	66,138
4,037	Current borrowings	14	**31,489**	23,118
324	Current tax payables		**2,525**	1,898
12,347			**96,303**	91,154
5,712	**Net current assets**		**44,555**	46,392
73,043	**Total assets less current liabilities**		**569,737**	561,287
	Non-current liabilities			
36,563	Long term borrowings	15	**285,189**	259,875
117	Derivative financial instruments		**917**	–
1,635	Deferred tax liabilities	9	**12,751**	11,692
286	Pension obligations		**2,232**	2,424
38,601			**301,089**	273,991
34,442	**Net assets**		**268,648**	287,296
	CAPITAL AND RESERVES			
137	Share capital	16	**1,066**	1,066
32,570	Reserves		**254,048**	256,708
32,707	**Shareholders' funds**		**255,114**	257,774
1,735	**Minority interests**	17	**13,534**	29,522
34,442	**Total equity**		**268,648**	287,296

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2005

Unaudited 2005 US$ millions		Note	Unaudited 2005 HK$ millions	Unaudited As restated Note 2(a) 2004 HK$ millions
	Operating activities			
3,726	EBITDA[a] before prepaid 3G CAC[b] expense	18(a)	**29,065**	30,393
(1,315)	Share of EBITDA of associated companies and jointly controlled entities		**(10,260)**	(8,666)
327	Dividends received from associated companies and jointly controlled entities		**2,547**	2,338
133	Distribution from property jointly controlled entities		**1,041**	1,493
(728)	Profit on disposal of subsidiary and associated companies and jointly controlled entities, fixed assets and leasehold land		**(5,681)**	(15,101)
(917)	Interest and other finance costs		**(7,149)**	(4,896)
(123)	Taxation paid		**(961)**	(1,089)
33	Other non cash items		**258**	23
1,136	Funds from operations before prepaid 3G CAC expense		**8,860**	4,495
(715)	Prepaid 3G CAC expense		**(5,581)**	(1,284)
421	Funds from operations		**3,279**	3,211
(529)	Changes in working capital		**(4,126)**	(12,121)
(108)	Cash flows from operating activities		**(847)**	(8,910)
	Investing activities			
(695)	Purchase of fixed assets and leasehold land for established businesses		**(5,422)**	(4,426)
(894)	Purchase of fixed assets and leasehold land for 3G businesses		**(6,973)**	(8,377)
(700)	Additions to telecommunications postpaid 3G CAC		**(5,464)**	(4,254)
(460)	Purchase of subsidiary companies	18(b)	**(3,589)**	(800)
(273)	Purchase of minority interests in subsidiary companies		**(2,127)**	(3)
(559)	Purchase of and advances to associated companies		**(4,363)**	(94)
(488)	Purchase of and advances to jointly controlled entities		**(3,808)**	(1,396)
(53)	Additions to unlisted investments		**(411)**	(42)
–	Proceeds on disposal of subsidiary companies	18(c)	**1**	49
588	Proceeds on partial disposal of subsidiary companies		**4,589**	1,583
–	Proceeds on disposal of associated companies	18(d)	**–**	14,605
59	Other investing activities		**465**	613
(3,475)	Subtotal		**(27,102)**	(2,542)
339	Net transfer from liquid funds and other listed investments		**2,639**	8,461
(3,136)	Cash flows from investing activities		**(24,463)**	5,919
	Financing activities			
4,658	Net cash flows from financing activities	18(e)	**36,332**	(29,475)
(92)	Dividends paid to minority shareholders		**(715)**	(699)
(667)	Dividends paid to shareholders		**(5,201)**	(5,201)
3,899	Cash flows from financing activities		**30,416**	(35,375)
655	Increase (decrease) in cash and cash equivalents		**5,106**	(38,366)
9,461	Cash and cash equivalents at 1 January		**73,798**	111,933
10,116	Cash and cash equivalents at 30 June		**78,904**	73,567

Unaudited 2005 US$ millions		Note	Unaudited 2005 HK$ millions	As restated Note 2(a) 2004 HK$ millions
	Analysis of cash, liquid funds and other listed investments			
10,116	Cash and cash equivalents		**78,904**	73,567
5,403	Managed funds, outside Hong Kong		**42,147**	46,597
1,270	Listed debt securities and long term deposits		**9,903**	10,001
717	Listed equity securities, Hong Kong		**5,590**	4,620
663	Listed equity securities, outside Hong Kong		**5,170**	4,221
8,053	Liquid funds and other listed investments	11	**62,810**	65,439
18,169	Total cash, liquid funds and other listed investments		**141,714**	139,006
40,600	Bank and other interest bearing borrowings		**316,678**	242,729
22,431	Net debt		**174,964**	103,723

[a] *EBITDA is defined as earnings before interest expense and other finance costs, taxation, depreciation and amortisation, and includes profit on elimination of minority interests and disposal of investments and other earnings of a cash nature but excludes changes in fair value of investment properties. Information concerning EBITDA has been included in the Group's condensed consolidated accounts and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA is not a measure of cash liquidity or financial performance under generally accepted accounting principles in Hong Kong and the EBITDA measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA should not necessarily be construed as an alternative to cash flow as determined in accordance with generally accepted accounting principles in Hong Kong.*

[b] *CAC represents customer acquisition costs.*

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2005

	Unaudited							
	Share capital HK$ millions	Share premium[a] HK$ millions	Exchange reserve HK$ millions	Other reserves[b] HK$ millions	Retained profit HK$ millions	Shareholders' funds HK$ millions	Minority interests[c] HK$ millions	Total equity HK$ millions
At 31 December 2004, as previously reported	1,066	28,359	21,602	(884)	210,698	260,841	30,013	290,854
Prior year adjustments in respect of changes in accounting policies (note 2(a)(ii))	–	–	(18)	–	(3,049)	(3,067)	(491)	(3,558)
At 31 December 2004, as restated	1,066	28,359	21,584	(884)	207,649	257,774	29,522	287,296
Adjustments in respect of changes in accounting policy for financial instruments (note 2(a)(ii) & 2(i))	–	–	49	2,044	(2,739)	(646)	(229)	(875)
At 1 January 2005, as restated	1,066	28,359	21,633	1,160	204,910	257,128	29,293	286,421
Fair value changes in available for sale securities	–	–	–	36	–	36	7	43
Fair value changes arising from business combination	–	–	–	1,197	–	1,197	509	1,706
Fair value adjustment upon transfer from other properties to investment properties	–	–	–	145	–	145	–	145
Valuation released upon disposal of available for sale securities	–	–	–	(231)	–	(231)	–	(231)
Gain on cash flow hedges	–	–	–	72	–	72	10	82
Exchange translation differences	–	–	(9,908)	–	–	(9,908)	(1,619)	(11,527)
Others	–	–	–	–	7	7	–	7
Net income (expense) recognised directly in equity	–	–	(9,908)	1,219	7	(8,682)	(1,093)	(9,775)
Profit (loss) for the period	–	–	–	–	11,824	11,824	(1,783)	10,041
Total recognised income and expense for the period	–	–	(9,908)	1,219	11,831	3,142	(2,876)	266
Dividends paid relating to 2004	–	–	–	–	(5,201)	(5,201)	(1,464)	(6,665)
Equity contribution from minority interests	–	–	–	–	–	–	128	128
Purchase of minority interests in subsidiary companies	–	–	–	–	–	–	(12,735)	(12,735)
Share options scheme	–	–	–	–	45	45	26	71
Relating to subsidiary companies acquired	–	–	–	–	–	–	2,455	2,455
Relating to partial disposal of subsidiary companies	–	–	–	–	–	–	(1,293)	(1,293)
At 30 June 2005	1,066	28,359	11,725	2,379	211,585	255,114	13,534	268,648

	Unaudited							
	Share capital HK$ millions	Share premium[(a)] HK$ millions	Exchange reserve HK$ millions	Other reserves[(b)] HK$ millions	Retained profit HK$ millions	Shareholders' funds HK$ millions	Minority interests[(c)] HK$ millions	Total equity HK$ millions
At 31 December 2003, as previously reported	1,066	28,359	13,570	(923)	201,945	244,017	33,916	277,933
Prior year adjustments in respect of changes in accounting policies (note 2(a)(ii))	–	–	(287)	–	(1,761)	(2,048)	(264)	(2,312)
At 31 December 2003, as restated	1,066	28,359	13,283	(923)	200,184	241,969	33,652	275,621
Fair value changes in other listed equity investments	–	–	–	382	–	382	3	385
Valuation released upon disposal of other listed equity investments	–	–	–	(121)	–	(121)	–	(121)
Deferred tax effect on revaluation of other listed equity investments	–	–	–	2	–	2	–	2
Exchange translation differences	–	–	581	–	–	581	224	805
Net income recognised directly in equity	–	–	581	263	–	844	227	1,071
Profit (loss) for the period	–	–	–	–	10,758	10,758	(2,203)	8,555
Total recognised income and expense for the period	–	–	581	263	10,758	11,602	(1,976)	9,626
Dividends paid relating to 2003	–	–	–	–	(5,201)	(5,201)	(1,590)	(6,791)
Equity contribution from minority interests	–	–	–	–	–	–	229	229
Purchase of minority interests in subsidiary companies	–	–	–	–	–	–	11	11
Share options scheme	–	–	–	–	27	27	–	27
Relating to subsidiary companies acquired	–	–	–	–	–	–	76	76
Relating to partial disposal of subsidiary companies	–	–	–	–	–	–	(6)	(6)
At 30 June 2004	1,066	28,359	13,864	(660)	205,768	248,397	30,396	278,793

(a) Capital redemption reserve of HK$404 million was included in share premium in all reporting periods.

(b) Other reserves comprise revaluation reserve and hedging reserve. As at 30 June 2005, revaluation reserve surplus amounted to HK$2,681 million (1 January 2005 – surplus of HK$1,534 million as restated, 30 June 2004 – deficit of HK$660 million and 1 January 2004 – deficit of HK$923 million) and hedging reserve deficit amounted to HK$302 million (1 January 2005 – deficit of HK$374 million as restated, 30 June 2004 and 1 January 2004 – nil). Fair value changes arising from business combination, revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities which are available for sale are included in the revaluation reserve. Fair value changes arising from the effective portion of hedging instruments designated as cashflow hedges are included in the hedging reserve.

(c) Amount shown excludes loans from minority interests which have been reclassified and included under other payables and long term borrowings.

Condensed Consolidated Statement of Recognised Income and Expense

for the six months ended 30 June 2005

	Unaudited	
	2005	2004
	HK$ millions	HK$ millions
Fair value changes in available for sale securities	**43**	–
Fair value changes in other listed equity investments	**–**	385
Fair value changes arising from business combination	**1,706**	–
Fair value adjustment upon transfer from other properties to investment properties	**145**	–
Valuation released upon disposal of available for sale securities	**(231)**	–
Valuation released upon disposal of other listed equity investments	**–**	(121)
Deferred tax effect on revaluation of other listed equity investments	**–**	2
Gain on cash flow hedges	**82**	–
Exchange translation differences	**(11,527)**	805
Actuarial gains and losses of defined benefit plans	**7**	–
Net income (expense) recognised directly in equity	**(9,775)**	1,071
Profit for the period	**10,041**	8,555
Total recognised income and expense for the period	**266**	9,626
Allocated as: Attributable to minority interests	**(2,876)**	(1,976)
Attributable to shareholders	**3,142**	11,602

Effects of changes in accounting policies (note 2)

	HK$ millions	HK$ millions
Attributable to shareholders		
Cumulative effects as at 31 December 2004 (31 December 2003):		
Decrease in exchange reserve	**(18)**	(287)
Decrease in retained profit	**(3,049)**	(1,761)
In respect of financial instruments as at 1 January 2005 (1 January 2004):		
Increase in exchange reserve	**49**	–
Increase in other reserves	**2,044**	–
Decrease in retained profit	**(2,739)**	–
Effects on shareholders' funds	**(3,713)**	(2,048)
Attributable to minority interests		
Cumulative effects as at 31 December 2004 (31 December 2003)	**(491)**	(264)
In respect of financial instruments as at 1 January 2005 (1 January 2004)	**(229)**	–
Effects on minority interests	**(720)**	(264)
	(4,433)	(2,312)

Notes to the Condensed Interim Accounts

1 Basis of preparation

These unaudited condensed consolidated interim accounts are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, Interim financial reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These interim accounts should be read in conjunction with the 2004 annual accounts.

The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the 2004 annual accounts, except for the changes in accounting policies made thereafter in adopting certain new and revised Hong Kong Financial Reporting Standards ("HKFRS", which term collectively includes HKAS and Interpretations "HK-INT"). The changes to the Group's accounting policies and the effect of adopting these new policies are set out in note 2.

HKICPA may issue new and revised standards and interpretations subsequent to the date of issuance of these interim accounts. In addition, interpretations on the application of HKFRS will continue to develop. These factors may require adoption of new accounting policies.

2 Changes in accounting policies

HKICPA has issued a number of new and revised HKFRS that are effective or available for early adoption for the financial year beginning 1 January 2005. In the current period, the Group has adopted retrospectively, where required, all remaining new and revised HKFRS that are currently in issue and effective for the financial year beginning 1 January 2005 and has elected to early adopt Amendment to HKAS 19, Employee benefits – actuarial gains and losses, group plans and disclosures, ahead of its effective date of 1 January 2006. The effect of the adoption of these new and revised HKFRS decreased profit attributable to shareholders for the six months ended 30 June 2005 and 2004 by HK$40 million and HK$700 million respectively. The shareholders' funds as at 31 December 2003, 31 December 2004 and 1 January 2005 have been reduced by HK$2,048 million, HK$3,067 million and HK$3,713 million respectively. As explained in note 2(i), HKAS 39, Financial instruments: recognition and measurement, does not allow retrospective application and therefore adjustments made with respect to the changes in accounting policies under this standard are only recorded as at 1 January 2005 with no retrospective adjustments made to prior period comparatives.

Summary of the effect of changes in accounting policies

(a) The effect, where material, of these changes on the profit or loss, earnings per share, the opening balance of shareholders' funds and various balance sheet items is summarised below:

(i) Effect on the profit or loss and earnings per share for the six months ended 30 June 2005 and 2004

Increase (decrease)	HKAS 2 (b) HK$ millions	HKAS 16 (c) HK$ millions	HK-INT 2 (d) HK$ millions	HKAS 17 (e) HK$ millions	HKAS 19 and Amendments (f) HK$ millions	HKAS 21 (g) HK$ millions	HKAS 28 (h) HK$ millions	HKAS 39 (i) HK$ millions	HKFRS 2 (j) HK$ millions	Total HK$ millions
Six months ended 30 June 2005:										
Profit after taxation	(53)	22	(69)	(3)	69	–	8	25	(74)	(75)
Loss attributable to minority interests	5	(15)	3	–	(3)	–	(1)	20	26	35
Profit attributable to shareholders	(48)	7	(66)	(3)	66	–	7	45	(48)	(40)
Earnings per share	HK$ (0.01)	–	HK$ (0.02)	–	HK$ 0.02	–	–	HK$ 0.01	HK$ (0.01)	HK$ (0.01)
Six months ended 30 June 2004:										
Profit after taxation	(626)	(32)	(62)	(4)	38	–	(53)	–	(37)	(776)
Loss attributable to minority interests	54	5	3	–	(2)	–	8	–	8	76
Profit attributable to shareholders	(572)	(27)	(59)	(4)	36	–	(45)	–	(29)	(700)
Earnings per share	HK$ (0.14)	HK$ (0.01)	HK$ (0.01)	–	HK$ 0.01	–	HK$ (0.01)	–	HK$ (0.01)	HK$ (0.17)

2 Changes in accounting policies (continued)

Summary of the effect of changes in accounting policies (continued)

As disclosed in the 2004 annual accounts, the Group had elected to early adopt HKFRS 3, HKAS 36, HKAS 38, HKAS 40 and HK-INT 1 (formerly Statement of Standard Accounting Practice ("SSAP") Interpretation 22). The full year effect of the adoption of these HKFRS had been disclosed in the 2004 annual accounts.

The aggregate effect of adopting these HKFRS on the profit attributable to shareholders and earnings per share for the six months ended 30 June 2004 is as follows:

	HK$ millions
Profit attributable to shareholders	(1,024)
Earnings per share	HK$ (0.24)

The effect of adopting these HKFRS on the total equity had been incorporated in the shareholders' funds and minority interests as at 31 December 2004, as reported in the 2004 annual accounts.

(ii) Cumulative effect on shareholders' funds as at 31 December 2003, 30 June 2004, 31 December 2004, 1 January 2005 and 30 June 2005

Increase (decrease)	HKAS 2 [b] HK$ millions	HKAS 16 [c] HK$ millions	HK-INT 2 [d] HK$ millions	HKAS 17 [e] HK$ millions	HKAS 19 and Amendments [f] HK$ millions	HKAS 21 [g] HK$ millions	HKAS 28 [h] HK$ millions	HKAS 39 [i] HK$ millions	HKFRS 2 [j] HK$ millions	Total HK$ millions
Shareholders' funds:										
Cumulative impact of changes in accounting policies as at 31 December 2003	(69)	(582)	(180)	(27)	(740)	(153)	(293)	–	(4)	(2,048)
Impact on changes in accounting policies on six months ended 30 June 2004										
Profit attributable to shareholders	(572)	(27)	(59)	(4)	36	–	(45)	–	(29)	(700)
Exchange reserves	(1)	(4)	1	1	(18)	4	4	–	–	(13)
Other reserves and retained profit	–	–	–	–	–	–	–	–	27	27
Cumulative impact of changes in accounting policies as at 30 June 2004	(642)	(613)	(238)	(30)	(722)	(149)	(334)	–	(6)	(2,734)
Impact on changes in accounting policies on six months ended 31 December 2004										
Profit attributable to shareholders	(398)	59	(50)	(1)	55	–	17	–	(9)	(327)
Exchange reserves	–	(3)	(1)	(1)	(35)	359	(17)	–	(20)	282
Other reserves and retained profit	–	–	–	–	(315)	–	–	–	27	(288)
Cumulative impact of changes in accounting policies as at 31 December 2004	(1,040)	(557)	(289)	(32)	(1,017)	210	(334)	–	(8)	(3,067)
Minority interests:										
Cumulative impact of changes in accounting policies as at 31 December 2004	(98)	(252)	(20)	–	(63)	7	(61)	–	(4)	(491)
Total Equity:										
Cumulative impact of changes in accounting policies as at 31 December 2004	(1,138)	(809)	(309)	(32)	(1,080)	217	(395)	–	(12)	(3,558)

2 Changes in accounting policies (continued)

Summary of the effect of changes in accounting policies (continued)

Increase (decrease)	HKAS 2[(b)] HK$ millions	HKAS 16 [(c)] HK$ millions	HK-INT 2 [(d)] HK$ millions	HKAS 17 [(e)] HK$ millions	HKAS 19 and Amendments [(f)] HK$ millions	HKAS 21 [(g)] HK$ millions	HKAS 28 [(h)] HK$ millions	HKAS 39[(i)] HK$ millions	HKFRS 2 [(j)] HK$ millions	Total HK$ millions
Shareholders' funds:										
Cumulative impact of changes in accounting policies as at 31 December 2004	(1,040)	(557)	(289)	(32)	(1,017)	210	(334)	–	(8)	(3,067)
Changes in accounting policy in respect of financial instruments	–	–	–	–	–	–	–	(646)	–	(646)
Cumulative impact of changes in accounting policies as at 1 January 2005	(1,040)	(557)	(289)	(32)	(1,017)	210	(334)	(646)	(8)	(3,713)
Impact on changes in accounting policies on six months ended 30 June 2005										
Profit attributable to shareholders	(48)	7	(66)	(3)	66	–	7	45	(48)	(40)
Exchange reserves	(1)	7	1	–	(16)	(74)	(4)	–	–	(87)
Other reserves and retained profit	–	145	–	–	–	–	–	(577)	46	(386)
Cumulative impact of changes in accounting policies as at 30 June 2005	(1,089)	(398)	(354)	(35)	(967)	136	(331)	(1,178)	(10)	(4,226)
Minority interests:										
Cumulative impact of changes in accounting policies as at 30 June 2005	(103)	(233)	(23)	–	(122)	(4)	(60)	(237)	(4)	(786)
Total Equity:										
Cumulative impact of changes in accounting policies as at 30 June 2005	(1,192)	(631)	(377)	(35)	(1,089)	132	(391)	(1,415)	(14)	(5,012)

2 Changes in accounting policies (continued)

Summary of the effect of changes in accounting policies (continued)

(iii) Effect on the shareholders' funds and various balance sheet items as at 30 June 2005

Increase (decrease)	HKAS 2 (b) HK$ millions	HKAS 16 (c) HK$ millions	HK-INT 2 (d) HK$ millions	HKAS 17 (e) HK$ millions	HKAS 19 and Amendments (f) HK$ millions	HKAS 21 (g) HK$ millions	HKAS 28 (h) HK$ millions	HKAS 39 (i) HK$ millions	HKFRS 2 (j) HK$ millions	30 June 2005 Total HK$ millions
Fixed assets	–	147	(153)	(32,630)	–	–	–	–	–	(32,636)
Leasehold land	–	–	–	32,640	–	–	–	–	–	32,640
Telecommunications licences	–	–	–	–	–	–	–	(133)	–	(133)
Goodwill and other intangible assets	–	–	–	–	(15)	132	–	–	–	117
Associated companies	–	(11)	(97)	(1)	(44)	–	(391)	(534)	–	(1,078)
Interests in joint ventures	–	(109)	(97)	(34)	10	–	–	(1,701)	–	(1,931)
Other non-current assets	–	–	–	–	–	–	–	(215)	–	(215)
Liquid funds and other listed investments	–	–	–	–	–	–	–	(1,493)	–	(1,493)
Current assets	(1,192)	–	–	–	–	–	–	(16)	–	(1,208)
Total assets	(1,192)	27	(347)	(25)	(49)	132	(391)	(4,092)	–	(5,937)
Trade and other payables	–	656	–	10	(23)	–	–	(2,138)	14	(1,481)
Current borrowings	–	–	–	–	–	–	–	65	–	65
Long term borrowings	–	–	–	–	–	–	–	(1,506)	–	(1,506)
Derivative financial instruments	–	–	–	–	–	–	–	917	–	917
Deferred tax liabilities	–	2	30	–	(171)	–	–	(15)	–	(154)
Pension obligations	–	–	–	–	1,234	–	–	–	–	1,234
Total liabilities	–	658	30	10	1,040	–	–	(2,677)	14	(925)
Net assets	(1,192)	(631)	(377)	(35)	(1,089)	132	(391)	(1,415)	(14)	(5,012)
Shareholders' funds	(1,089)	(398)	(354)	(35)	(967)	136	(331)	(1,178)	(10)	(4,226)
Minority interests	(103)	(233)	(23)	–	(122)	(4)	(60)	(237)	(4)	(786)
Total equity	(1,192)	(631)	(377)	(35)	(1,089)	132	(391)	(1,415)	(14)	(5,012)

2 Changes in accounting policies (continued)

Summary of the effect of changes in accounting policies (continued)

(iv) Effect on the shareholders' funds and various balance sheet items as at 31 December 2004 and 1 January 2005

Increase (decrease)	HKAS 2 [b] HK$ millions	HKAS 16 [c] HK$ millions	HK-INT 2 [d] HK$ millions	HKAS 17 [e] HK$ millions	HKAS 19 and Amendments [f] HK$ millions	HKAS 21 [g] HK$ millions	HKAS 28 [h] HK$ millions	HKFRS 2 [j] HK$ millions	31 December 2004 Total HK$ millions	HKAS 39 [i] HK$ millions	1 January 2005 Total HK$ millions
Fixed assets	–	(21)	(151)	(31,124)	–	–	–	–	(31,296)	–	(31,296)
Leasehold land	–	–	–	31,137	–	–	–	–	31,137	–	31,137
Telecommunications licences	–	–	–	–	–	–	–	–	–	(153)	(153)
Goodwill and other intangible assets	–	–	–	–	(15)	170	–	–	155	–	155
Associated companies	–	(15)	(76)	–	(6)	47	(395)	–	(445)	(600)	(1,045)
Interests in joint ventures	–	(103)	(82)	(32)	10	–	–	–	(207)	(2,399)	(2,606)
Other non-current assets	–	–	–	–	–	–	–	–	–	(549)	(549)
Liquid funds and other listed investments	–	–	–	–	–	–	–	–	–	(775)	(775)
Current assets	(1,138)	–	–	–	–	–	–	–	(1,138)	(192)	(1,330)
Total assets	(1,138)	(139)	(309)	(19)	(11)	217	(395)	–	(1,794)	(4,668)	(6,462)
Trade and other payables	–	668	–	13	(9)	–	–	12	684	(2,393)	(1,709)
Current borrowings	–	–	–	–	–	–	–	–	–	105	105
Long term borrowings	–	–	–	–	–	–	–	–	–	(2,544)	(2,544)
Derivative financial instruments	–	–	–	–	–	–	–	–	–	1,071	1,071
Deferred tax liabilities	–	2	–	–	(203)	–	–	–	(201)	(32)	(233)
Pension obligations	–	–	–	–	1,281	–	–	–	1,281	–	1,281
Total liabilities	–	670	–	13	1,069	–	–	12	1,764	(3,793)	(2,029)
Net assets	(1,138)	(809)	(309)	(32)	(1,080)	217	(395)	(12)	(3,558)	(875)	(4,433)
Shareholders' funds	(1,040)	(557)	(289)	(32)	(1,017)	210	(334)	(8)	(3,067)	(646)	(3,713)
Minority interests	(98)	(252)	(20)	–	(63)	7	(61)	(4)	(491)	(229)	(720)
Total equity	(1,138)	(809)	(309)	(32)	(1,080)	217	(395)	(12)	(3,558)	(875)	(4,433)

The following sets out further information on the changes in accounting policies adopted for the financial year beginning 1 January 2005 which have been reflected in these interim accounts. The financial impact of these changes is summarised in note 2(a).

(b) Recognition of losses of handsets delivered to dealers (HKAS 2, Inventories)

In prior years, losses related to handsets delivered to dealers were deferred to match to the economic benefits arising from customer acquisition through the dealers. This deferral and matching treatment as prescribed under SSAP 22, Inventories has been eliminated by HKAS 2. With effect from 1 January 2005, in order to comply with HKAS 2, such losses are recognised when the handsets are delivered to dealers. This change in accounting policy has been applied retrospectively.

(c) Site restoration cost (HKAS 16, Property, plant and equipment)

In accordance with HKAS 16 and its current interpretations, site restoration costs incurred as a consequence of acquiring or using the site are included in the cost of an asset. In prior years, such costs were accounted for to the extent it was recognised as a provision. This change in accounting policy has been applied retrospectively.

2 Changes in accounting policies (continued)

(d) Hotel properties and golf courses (HK-INT 2, The appropriate policies for hotel properties)

Hotel properties and golf courses are accounted for at cost less accumulated depreciation. The depreciable amount of the hotel and golf course buildings are depreciated over their remaining useful life and, when the hotel property and golf course are located on leasehold land, the carrying amount of the leasehold land is amortised over the shorter of the remaining term of the lease and the remaining useful life. In prior years, hotel properties and golf courses with unexpired lease term of more than 20 years were accounted for at cost, and when the unexpired lease term was 20 years or less, depreciation was provided on the then carrying value over the remaining term of the lease. This change in accounting policy has been applied retrospectively.

(e) Leasehold land (HKAS 17, Leases)

The adoption of HKAS 17, Leases has resulted in a change to the accounting policy relating to the reclassification of leasehold land separate from fixed assets to prepaid operating leases. The up-front prepayments made for the leasehold land are presented on the face of the Consolidated Balance Sheet as leasehold land and expensed in the profit or loss on a straight line basis over the period of the lease or an expected life of fifty years, whichever is shorter. In prior years, the leasehold land was accounted for at cost or valuation less accumulated depreciation. Apart from certain presentational changes with comparatives restated, this change in accounting policy does not have any material effect on the accounts. This change in accounting policy has been applied retrospectively.

(f) Actuarial gains and losses (HKAS 19, Employee benefits and Amendment to HKAS 19, Employee benefits-actuarial gains and losses, group plans and disclosures)

Amendment to HKAS 19 provides an option of recognising actuarial gains and losses in full in the period in which they occur, outside profit or loss, in equity. The Group has elected to take the option to recognise all actuarial gains and losses, including those actuarial gains and losses previously included as part of the transitional unrecognised liabilities on initial adoption of SSAP 34 "Employee Benefits". In prior years, cumulative unrecognised net actuarial gains and losses, to the extent of the amount in excess of 10% of the greater of the present value of the plan obligations and the fair value of plan assets, were recognised in the profit or loss over the average remaining service lives of employees. This change in accounting policy has been applied retrospectively.

(g) Translation of goodwill relating to a net investment in a foreign operation (HKAS 21, The effects of changes in foreign exchange rates)

Goodwill arising on the acquisition of a foreign operation is treated as an asset of the foreign operation and translated at the closing rate at each balance sheet date. The previous treatment of goodwill as a non-monetary item which was translated at historic exchange rate is not allowed by HKAS 21. This change in accounting policy has been applied retrospectively.

(h) Recognition of losses of associated companies (HKAS 28, Investments in associates)

Share of loss of an associated company is recognised to the extent of the Group's interest in the associated company. The interest in an associated company is the carrying amount of the investment in the associated company under the equity method together with any long-term receivables and loans that, in substance, form part of the Group's net investment in the associated company. In prior years, the share of loss of an associated company is recognised to the extent of the carrying amount of the investment in the associated company under the equity method. This change in accounting policy has been applied retrospectively.

(i) Financial instruments (HKAS 32, Financial instruments: disclosure and presentation and HKAS 39, Financial instruments: recognition and measurement)

Liquid funds and other listed investments are classified as cash and cash equivalents, listed debt securities, long term deposits and listed equity securities. Listed debt and equity securities which are available for sale are carried at fair value and changes in fair values are dealt with as movements in the investment revaluation reserve. For those listed equity securities re-designated by management as financial assets at fair value through profit or loss, changes in fair value are recognised in the profit or loss. For those listed debt securities which are held as held-to-maturity investments are carried at amortised cost. These investments are non-derivative financial assets with fixed or determinable payments that the Group's management has the positive intention and ability to hold to maturity. Long term deposits which are loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities and are not quoted in an active market, are carried at amortised cost. In prior years, listed debt securities were presented as listed held-to-maturity debt securities and were carried at amortised cost less provision for impairment in value. For those listed equity securities re-designated by management as financial assets at fair value through profit or loss on 1 January 2005, in accordance with the transitional provisions of HKAS 39, the cumulative changes in fair values as at 1 January 2005 have been recognised as movements in the investment revaluation reserve.

2 Changes in accounting policies (continued)

(i) Financial instruments (HKAS 32, Financial instruments: disclosure and presentation and HKAS 39, Financial instruments: recognition and measurement) (continued)

The Group's other unlisted investments, included under other non-current assets, are classified as debt securities, equity securities and infrastructure project investments. Unlisted equity securities which are available for sale are carried at fair value and changes in fair values are dealt with as movements in the investment revaluation reserve. Unlisted debt securities and investments in infrastructure projects with fixed or determinable payments and not quoted in an active market are non-derivative financial assets and recognised as loans and receivables. These long term investments are carried at amortised costs and are measured using the effective interest method. In prior years, other unlisted debt securities were classified under either unlisted held-to-maturity debt securities or unlisted equity securities and advances. These unlisted investments were carried at amortised cost less provision for impairment in value. Investments in infrastructure projects were classified as other joint ventures under interests in joint ventures and were amortised over the relevant contract period on a straight line basis.

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. The Group's policy is not to utilise derivative financial instruments for trading or speculative purposes. Changes in fair value are recognised based on whether certain qualifying criteria under HKAS 39 are satisfied in order to apply hedge accounting, and if so, the nature of the items being hedged.

Derivatives designated as hedging instruments to hedge the fair value of recognised assets or liabilities may qualify as fair value hedges. Changes in the fair value of these derivatives, together with the changes in the fair value of the hedged assets or liabilities attributable to the hedged risk are recognised in the profit or loss.

Derivatives designated as hedging instruments to hedge against the cash flows attributable to recognised liabilities may qualify as cash flow hedges. Changes in the fair value of these derivatives are dealt with as movements in hedging reserve.

Derivatives that do not qualify for hedge accounting under HKAS 39 will be accounted for with the changes in fair value being recognised in the profit or loss. In prior years, derivative financial instruments for hedging the foreign currency risk of a committed future transaction were recognised on a cash basis. For foreign currency swap agreements entered into for managing exchange rate exposures on certain foreign currency debt instruments, these debt instruments were translated at the contracted swap rates. For interest rate swap agreements entered into for managing the fixed and floating interest rate mix of the Group's total debt portfolio, these derivatives were not recognised on the balance sheet.

The Group's borrowings and debt instruments are initially measured at fair value, net of transaction costs, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings and debt instruments is recognised over the period of the borrowings using effective interest method. In prior years, borrowings and debt instruments were stated at the nominal principal balance and the initial transaction costs incurred were capitalised and included under other non-current assets. The transaction costs were amortised on a straight line basis over the period of the borrowings.

HKAS 39 does not allow retrospective application and the Group applied the previous SSAP 24, Accounting for investments in securities for the 2004 comparative information. No comparatives have been restated and the transitional reclassification adjustments are determined and recorded as at 1 January 2005 and are shown in the Consolidated Statement of Changes in Equity as "Adjustments in respect of changes in accounting policies for financial instruments" and new accounting policies and reclassification of the financial assets and liabilities resulting from the adoption of HKAS 39 are effective from 1 January 2005.

(j) Employee share option scheme (HKFRS 2, Share-based payment)

The Group recognises the fair value of share options granted to employees as an expense in the profit or loss and a corresponding increase in retained profit within equity. As a transitional provision, the cost of share options granted after 7 November 2002 and had not vested on 1 January 2005 was expensed retrospectively in the profit or loss of the respective years. In the prior years, the provision of share options to employees did not result in an expense in the profit or loss.

(k) Minority interests (HKAS 1, Presentation of financial statements and HKAS 27, Consolidated and separate financial statements)

Minority interests are presented in the Consolidated Balance Sheet within equity, separately from the equity attributable to the shareholders of the Company, and minority interests in the results of the Group are presented on the face of the Consolidated Profit and Loss account as an allocation of the total profit or loss for the period between the minority interests and the shareholders of the Company. In prior years, minority interests were presented in the Consolidated Balance Sheet separately from liabilities and as deduction from net assets, and minority interests in the results of the Group were presented in the Consolidated Profit and Loss account separately as a deduction before arriving at the profit attributable to shareholders.

2 Changes in accounting policies (continued)

At the date of authorisation of these interim accounts, the following standards and interpretations were in issue but not yet effective:

HKFRS 6	Exploration for and evaluation of mineral resources
HKFRS Interpretation 4	Determining whether an arrangement contains a lease
HKFRS Interpretation 5	Right to interests arising from decommissioning, restoration and environmental rehabilitation

The Group has already commenced an assessment of the impact of these new HKFRS pronouncements which are not yet effective and have not been early adopted by the Group. The adoption of these new HKFRS is not expected to result in substantial changes to the Group's accounting policies.

3 Segment information

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

Turnover from external customers is after elimination of inter-segment turnover. The amount eliminated attributable to Property and hotels is HK$150 million (30 June 2004 – HK$165 million), Retail and manufacturing is HK$97 million (30 June 2004 – HK$123 million) and Hutchison Telecommunications International is HK$9 million (30 June 2004 – HK$6 million).

The column headed as Company and Subsidiaries refers to the Company's 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.

Telecommunications – **3** Group includes 3G operations in the UK, Italy, Sweden, Austria, Denmark, Norway and Ireland and the 2G and 3G operations in Australia.

Business segment

	Turnover from external customers							
	Six months ended 30 June 2005				Six months ended 30 June 2004			
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**Total HK$ millions**	**Percent-age [f]**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	Total HK$ millions	Percent-age [f]
ESTABLISHED BUSINESSES								
Ports and related services	**12,805**	**1,589**	**14,394**	**15%**	11,116	1,500	12,616	16%
Property and hotels	**2,058**	**1,349**	**3,407**	**4%**	2,312	1,636	3,948	5%
Retail and manufacturing	**37,040**	**4,827**	**41,867**	**46%**	31,532	2,803	34,335	44%
Cheung Kong Infrastructure	**1,263**	**6,468**	**7,731**	**8%**	1,228	5,793	7,021	9%
Husky Energy	**–**	**10,280**	**10,280**	**11%**	–	8,901	8,901	12%
Finance and investments	**2,375**	**199**	**2,574**	**3%**	2,213	164	2,377	3%
Hutchison Telecommunications International	**10,757**	**918**	**11,675**	**13%**	6,921	1,671	8,592	11%
Subtotal-established businesses	**66,298**	**25,630**	**91,928**	**100%**	55,322	22,468	77,790	100%
TELECOMMUNICATIONS – 3 Group	**17,256**	**–**	**17,256**		4,411	–	4,411	
	83,554	**25,630**	**109,184**		59,733	22,468	82,201	

3 Segment information (continued)

Business segment (continued)

	EBIT (LBIT) [(a)]							
	Six months ended 30 June 2005				Six months ended 30 June 2004			
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**Total HK$ millions**	**Percent-age [(f)]**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	Total HK$ millions	Percent-age [(f)]
ESTABLISHED BUSINESSES								
Ports and related services	**4,105**	**606**	**4,711**	**17%**	3,427	555	3,982	14%
Property and hotels	**925**	**888**	**1,813**	**7%**	1,142	553	1,695	6%
Retail and manufacturing	**631**	**274**	**905**	**3%**	1,003	497	1,500	5%
Cheung Kong Infrastructure	**576**	**2,546**	**3,122**	**12%**	504	2,264	2,768	10%
Husky Energy	**–**	**2,439**	**2,439**	**9%**	–	1,276	1,276	4%
Finance and investments	**2,445**	**139**	**2,584**	**10%**	2,740	99	2,839	10%
Hutchison Telecommunications International	**1,095**	**205**	**1,300**	**5%**	(607)	410	(197)	(1)%
	9,777	**7,097**	**16,874**	**63%**	8,209	5,654	13,863	48%
Change in fair value of investment properties [(b)]	**3,570**	**927**	**4,497**	**17%**	–	–	–	0%
Subtotal – established businesses before profit on elimination of minority interests and disposal of investments	**13,347**	**8,024**	**21,371**		8,209	5,654	13,863	
TELECOMMUNICATIONS – 3 Group [(c)]								
LBIT before depreciation, amortisation and prepaid 3G CAC expense	**(794)**	**–**	**(794)**		(4,697)	–	(4,697)	
Prepaid 3G CAC expense	**(5,581)**	**–**	**(5,581)**		(1,284)	–	(1,284)	
LBIT before depreciation and amortisation and after prepaid 3G CAC expense	**(6,375)**	**–**	**(6,375)**		(5,981)	–	(5,981)	
Depreciation	**(4,937)**	**–**	**(4,937)**		(3,745)	–	(3,745)	
Amortisation of licence fees	**(2,930)**	**–**	**(2,930)**		(2,752)	–	(2,752)	
Amortisation of postpaid 3G CAC	**(5,779)**	**–**	**(5,779)**		(1,812)	–	(1,812)	
Subtotal – **3** Group before profit on elimination of minority interests and disposal of investments	**(20,021)**	**–**	**(20,021)**		(14,290)	–	(14,290)	
PROFIT ON ELIMINATION OF MINORITY INTERESTS AND DISPOSAL OF INVESTMENTS								
Established businesses [(d)]	**5,500**	**–**	**5,500**	**20%**	15,059	–	15,059	52%
Telecommunications – **3** Group [(e)]	**9,400**	**–**	**9,400**		–	–	–	
	8,226	**8,024**	**16,250**	**100%**	8,978	5,654	14,632	100%

3 Segment information (continued)

Business segment (continued)

	Depreciation and amortisation					
	Six months ended 30 June 2005			Six months ended 30 June 2004		
	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
ESTABLISHED BUSINESSES						
Ports and related services	**1,323**	**212**	**1,535**	1,231	186	1,417
Property and hotels	**154**	**83**	**237**	152	71	223
Retail and manufacturing	**873**	**73**	**946**	714	93	807
Cheung Kong Infrastructure	**103**	**1,187**	**1,290**	117	1,150	1,267
Husky Energy	**–**	**1,511**	**1,511**	–	1,326	1,326
Finance and investments	**32**	**–**	**32**	42	1	43
Hutchison Telecommunications International	**1,837**	**97**	**1,934**	900	185	1,085
Subtotal – established businesses	**4,322**	**3,163**	**7,485**	3,156	3,012	6,168
TELECOMMUNICATIONS – 3 Group	**13,646**	**–**	**13,646**	8,309	–	8,309
	17,968	**3,163**	**21,131**	11,465	3,012	14,477

	Capital expenditures Company and subsidiaries	
	Six months ended 30 June	
	2005 HK$ millions	2004 HK$ millions
ESTABLISHED BUSINESSES		
Ports and related services	**2,268**	2,006
Property and hotels	**70**	185
Retail and manufacturing	**1,029**	1,072
Cheung Kong Infrastructure	**49**	26
Husky Energy	**–**	–
Finance and investments	**31**	9
Hutchison Telecommunications International	**1,975**	1,128
Subtotal – established businesses	**5,422**	4,426
TELECOMMUNICATIONS – 3 Group	**6,973**	8,377
	12,395	12,803

3 Segment information (continued)

Geographical segment

	Turnover from external customers					
	Six months ended 30 June 2005			Six months ended 30 June 2004		
	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	**17,806**	**5,346**	**23,152**	17,400	5,071	22,471
Mainland China	**5,942**	**2,455**	**8,397**	4,819	3,636	8,455
Asia and Australia	**16,323**	**3,659**	**19,982**	10,710	4,027	14,737
Europe	**39,962**	**3,817**	**43,779**	23,465	751	24,216
Americas and others	**3,521**	**10,353**	**13,874**	3,339	8,983	12,322
	83,554	**25,630**	**109,184**	59,733	22,468	82,201

	EBIT (LBIT) (a)					
	Six months ended 30 June 2005			Six months ended 30 June 2004		
	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	**5,362**	**2,630**	**7,992**	2,320	2,080	4,400
Mainland China	**1,745**	**1,606**	**3,351**	1,343	1,046	2,389
Asia and Australia	**675**	**1,141**	**1,816**	(1,128)	1,210	82
Europe	**(15,623)**	**173**	**(15,450)**	(10,270)	13	(10,257)
Americas and others	**1,167**	**2,474**	**3,641**	1,654	1,305	2,959
	(6,674)	**8,024**	**1,350**	(6,081)	5,654	(427)
Profit on elimination of minority interests and disposal of investments (d) & (e)	**14,900**	**–**	**14,900**	15,059	–	15,059
	8,226	**8,024**	**16,250**	8,978	5,654	14,632

(a) EBIT (LBIT) is defined as earnings (losses) before interest expense and other finance costs and taxation.

(b) Investment properties as at 30 June 2004 were not revalued and are stated at their 31 December 2003 valuation in accordance with the transitional provisions of the HKAS 40.

(c) Included in LBIT of Telecommunications – **3** Group for the six months ended 30 June 2004 were contributions from key suppliers totalling HK$3,381 million which resulted from discussions with some of our key 3G suppliers regarding the adverse effects of delays and the small beginning of the year customer base on revenues and costs.

(d) Profit on elimination of minority interests and disposal of investments – established businesses for the six months ended 30 June 2005 includes a profit of HK$5,500 million arising from the disposal of a 20% interest in Hongkong International Terminals and a 10% interest in COSCO-HIT Terminals (Hong Kong). The comparative amounts for the six months ended 30 June 2004 represent a profit of HK$13,759 million on the disposal of Procter & Gamble-Hutchison and a profit of HK$1,300 million from the disposal of a portion of shares in Hutchison Global Communications Holdings by way of share placement.

(e) Profit on elimination of minority interests and disposal of investments – Telecommunications – **3** Group for the six months ended 30 June 2005 includes a profit of HK$9,400 million arising from the exercise of the right to purchase the minority shareholders' interests in Hutchison 3G UK Holdings ("H3G UK") at a substantial discount to their net asset value.

(f) The percentages shown represent the contributions to total turnover and EBIT of established businesses.

4 Interest and other finance costs

	Six months ended 30 June 2005 HK$ millions	2004 HK$ millions
Company and subsidiary companies	**7,393**	5,328
Less: interest capitalised	**(244)**	(432)
	7,149	4,896
Share of associated companies	**1,122**	1,059
Share of jointly controlled entities	**208**	228
	8,479	6,183

5 Taxation

	Six months ended 30 June 2005			Six months ended 30 June 2004		
	Current taxation HK$ millions	**Deferred taxation HK$ millions**	**Total HK$ millions**	Current taxation HK$ millions	Deferred taxation HK$ millions	Total HK$ millions
Taxation charge (credit):						
Hong Kong						
Subsidiary companies	**255**	**589**	**844**	354	66	420
Associated companies	**190**	**82**	**272**	200	64	264
Jointly controlled entities	**42**	**5**	**47**	35	(2)	33
Outside Hong Kong						
Subsidiary companies	**671**	**(5,519)**	**(4,848)**	610	(2,165)	(1,555)
Associated companies	**319**	**676**	**995**	280	341	621
Jointly controlled entities	**145**	**275**	**420**	97	14	111
	1,622	**(3,892)**	**(2,270)**	1,576	(1,682)	(106)

Hong Kong profits tax has been provided for at the rate of 17.5% (30 June 2004 – 17.5%) on the estimated assessable profits less estimated available tax losses. Taxation outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses. During the period, the Group recognised deferred tax assets related to the losses of 3G businesses in various countries totalling HK$5,972 million (30 June 2004 – HK$2,627 million as restated) (See note 9).

6 Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders of HK$11,824 million (30 June 2004 – HK$10,758 million, as restated) and on 4,263,370,780 shares in issue during the six months ended 30 June 2005 (30 June 2004 – 4,263,370,780 shares).

7 Fixed assets and leasehold land

Acquisitions and disposals

During the six months ended 30 June 2005, the Group acquired fixed assets and leasehold land with a cost of HK$12,395 million (30 June 2004 – HK$12,803 million). Fixed assets and leasehold land with a net book value of HK$368 million were disposed of during the period (30 June 2004 – HK$239 million), resulting in a loss on disposal of HK$24 million (30 June 2004 – profit of HK$9 million).

Investment properties

In accordance with accounting standards in place up to 31 December 2004, the Group maintained a policy of conducting an annual professional valuation of its investment properties as at the year end date. Accordingly, the Group's investment properties were not revalued at 30 June 2004. Consequently, in these accounts, investment properties as at 30 June 2004 are stated at their 31 December 2003 valuation in accordance with the transitional provisions of the new HKAS 40. With effect from 1 January 2005, the Group conducts a professional valuation of its investment properties on a semi-annual basis to determine their fair value as at each reported balance sheet date.

8 Goodwill and other intangible assets

	30 June 2005 HK$ millions	31 December 2004 HK$ millions
Goodwill	**18,923**	10,396
Other intangible assets	**3,785**	–
	22,708	10,396

Other intangible assets include brand name and customer base acquired from business combination.

9 Deferred taxation

	30 June 2005 HK$ millions	31 December 2004 HK$ millions
Deferred tax assets	**24,193**	19,384
Deferred tax liabilities	**12,751**	11,692
Net deferred tax assets	**11,442**	7,692

Analysis of net deferred tax assets:

	30 June 2005 HK$ millions	31 December 2004 HK$ millions
Unused tax losses	**24,616**	19,693
Accelerated depreciation allowances	**(2,400)**	(2,361)
Fair value adjustments arising from acquisitions	**(5,846)**	(6,018)
Revaluation of investment properties and other investments	**(3,698)**	(2,903)
Withholding tax on unremitted earnings	**(1,174)**	(938)
Other temporary differences	**(56)**	219
	11,442	7,692

The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority. The amounts as shown in the Consolidated Balance Sheet are determined after appropriate offset.

At 30 June 2005, the Group has recognised deferred tax assets amounting to HK$24,193 million (31 December 2004 – HK$19,384 million) of which HK$22,409 million (31 December 2004 – HK$18,187 million) relates to the Group's 3G businesses. The 3G businesses commenced commercial operations from 2003 and in accordance with initial business plans are incurring losses as the businesses develop. The ultimate realisation of 3G deferred tax assets depends principally on these businesses achieving profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. Based on the taxable profit and loss projections of these businesses, it is more likely than not that the Group can fully utilise the deferred tax assets recognised within the utilisation periods. It may be necessary for some or all of these deferred tax assets be reduced and charged to the profit or loss if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used can significantly affect these taxable profit and loss projections.

In addition to the above, certain other Group companies have incurred losses and the related potential deferred tax assets have not been recognised based upon the same criteria. The potential deferred tax assets, after appropriate offsetting, which have not been provided for in the accounts are as follows:

	30 June 2005 HK$ millions	31 December 2004 HK$ millions
Deferred tax assets not provided for	**14,882**	12,470

10 Other non-current assets

	30 June 2005 HK$ millions	31 December 2004 HK$ millions
Other unlisted investments		
Debt securities	**2,718**	–
Equity securities	**1,224**	–
Infrastructure project investments	**1,020**	–
Held-to-maturity debt securities	**–**	175
Equity securities and advances	**–**	5,814
Derivative financial instruments	**998**	–
Others	**–**	2,241
	5,960	8,230

As explained in note 2(i), HKAS 39 does not allow retrospective application, therefore the comparative amounts have not been restated.

11 Liquid funds and other listed investments

	30 June 2005 HK$ millions	31 December 2004 HK$ millions
Managed funds, outside Hong Kong		
Listed debt securities	**41,150**	–
Listed held-to-maturity debt securities	**–**	43,615
Cash and cash equivalents	**997**	2,734
	42,147	46,349
Listed debt securities	**6,121**	–
Listed held-to-maturity debt securities	**–**	6,684
Long term deposits	**3,782**	3,840
Listed equity securities		
Hong Kong	**5,590**	5,010
Outside Hong Kong	**5,170**	4,620
	62,810	66,503

As explained in note 2(i), HKAS 39 does not allow retrospective application, therefore the comparative amounts have not been restated.

12 Trade and other receivables

	30 June 2005 HK$ millions	31 December 2004 HK$ millions
Trade receivables	**16,677**	19,002
Other receivables and prepayments	**26,328**	27,257
Derivative financial instruments	**135**	–
	43,140	46,259

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

Current	**11,138**	14,807
31 – 60 days	**2,267**	2,007
61 – 90 days	**753**	848
Over 90 days	**2,519**	1,340
	16,677	19,002

13 Trade and other payables

	30 June 2005 HK$ millions	31 December 2004 HK$ millions
Trade payables	**17,191**	16,860
Other payables and accruals	**42,793**	47,334
Interest free loans from minority interests	**2,052**	1,944
Derivative financial instruments	**253**	–
	62,289	66,138

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

Current	**12,674**	11,436
31 – 60 days	**2,158**	3,299
61 – 90 days	**1,211**	857
Over 90 days	**1,148**	1,268
	17,191	16,860

14 Current borrowings

	30 June 2005 HK$ millions	31 December 2004 HK$ millions
Bank loans	**26,098**	21,458
Other loans	**655**	1,660
Other notes and bonds		
€500 million bonds, 5.5% due 2006	**4,736**	–
	31,489	23,118

In July 2005, the Group has arranged a five-year floating rate HK$5,000 million syndicated bank loan to refinance a bank loan due to mature in 2005.

15 Long term borrowings

The amount of loans scheduled for repayment by calendar year were as follows:

	Bank loans HK$ millions	Others loans HK$ millions	Notes and bonds HK$ millions	Interest bearing loans from minority interests HK$ millions	30 June 2005 Total HK$ millions	31 December 2004 Total HK$ millions
2005, remainder of year	**21,909**	**472**	**–**	**–**	**22,381**	23,118
2006	**19,766**	**244**	**7,288**	**3,977**	**31,275**	25,970
2007	**8,749**	**72**	**5,780**	**–**	**14,601**	14,292
2008	**22,081**	**953**	**7,034**	**5,066**	**35,134**	31,742
2009	**34,154**	**1,582**	**771**	**4**	**36,511**	35,125
2010 to 2014	**54,423**	**4,832**	**79,398**	**205**	**138,858**	123,367
2015 to 2024	**17**	**–**	**17,745**	**40**	**17,802**	8,742
2025 and thereafter	**–**	**–**	**19,648**	**468**	**20,116**	20,637
	161,099	**8,155**	**137,664**	**9,760**	**316,678**	282,993
Less: current portion	**(26,098)**	**(655)**	**(4,736)**	**–**	**(31,489)**	(23,118)
	135,001	**7,500**	**132,928**	**9,760**	**285,189**	259,875

16 Share capital

	30 June 2005 Number of shares	31 December 2004 Number of shares	30 June 2005 HK$ millions	31 December 2004 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

17 Minority interests

	30 June 2005 HK$ millions	31 December 2004 HK$ millions
Equity interests	**13,534**	29,522

During the period, the Group exercised the rights under the agreements signed with KPN Mobile N.V. ("KPN") and NTT DoCoMo, Inc ("DoCoMo") in November 2003 and May 2004 respectively to acquire KPN's 15% and DoCoMo's 20% interests in H3G UK for a total consideration of £210 million. Consequently, H3G UK became a wholly-owned subsidiary of the Group and the credit balance related to the minority shareholders' interests in the net assets of H3G UK was eliminated (see note 3(e)).

18 Notes to condensed consolidated cash flow statement

(a) Reconciliation of profit before taxation to EBITDA

	Six months ended 30 June	
	2005 HK$ millions	2004 HK$ millions
Profit before taxation	**7,771**	8,449
Interest and other finance costs, Company and subsidiary companies	**7,149**	4,896
Interest and other finance costs, share of associated companies and jointly controlled entities	**1,330**	1,287
Depreciation and amortisation, Company and subsidiary companies	**17,968**	11,465
Depreciation and amortisation, share of associated companies and jointly controlled entities	**3,163**	3,012
Change in fair value of investment properties, Company and subsidiary companies	**(3,570)**	–
Change in fair value of investment properties, share of jointly controlled entities	**(927)**	–
Prepaid 3G CAC expense	**5,581**	1,284
Non-cash items included in profit on elimination of minority interests and disposal of investments	**(9,400)**	–
EBITDA before prepaid 3G CAC expense	**29,065**	30,393
Prepaid 3G CAC expense	**(5,581)**	(1,284)
EBITDA	**23,484**	29,109

18 Notes to condensed consolidated cash flow statement (continued)

(b) Purchase of subsidiary companies

	Six months ended 30 June		
	2005		2004
	Book value HK$ millions	Fair value HK$ millions	Fair value HK$ millions
Aggregate of net assets acquired at acquisition date (excluding cash and cash equivalents):			
Fixed assets	4,866	4,866	901
Telecommunications licences	2,402	2,402	–
Other intangible assets	–	4,088	–
Associated companies	162	162	3
Stocks	2,470	2,470	83
Debtors	7,141	7,141	365
Bank and other loans	(10,061)	(10,171)	(280)
Creditors and taxation	(10,882)	(10,882)	(592)
Deferred taxation	541	541	(141)
Minority interests	(554)	(2,455)	(62)
	(3,915)	(1,838)	277
Goodwill arising on acquisition		9,310	741
		7,472	1,018
Less: Cost of investments just prior to purchase		(3,883)	(218)
		3,589	800
Discharged by:			
Cash payment		3,379	983
Bank overdrafts (cash and cash equivalents) purchased		210	(183)
Total net cash consideration		3,589	800

18 Notes to condensed consolidated cash flow statement (continued)

(b) Purchase of subsidiary companies (continued)

Included in the net assets acquired above are acquisitions of Marionnaud Parfumeries SA ("Marionnaud") and Partner Communications Company Limited ("Partner"). In April 2005, the Group increased its interest in Partner from 42.9% to 52.2% following the completion of a buyback of shares by Partner from certain of its shareholders and acquired 90.69% interest in Marionnaud. The Group increased its interest in Marionnaud to more than 95% as at 30 June 2005 through further acquisitions made in May and June 2005.

The net assets acquired in the transaction, and the goodwill arising, are as follows:

	At acquisition date	
	Partner	Marionnaud
	Fair value HK$ millions	Fair value HK$ millions
Net assets acquired (excluding cash and cash equivalents):		
Fixed assets	3,770	1,092
Telecommunications licences	2,402	–
Other intangible assets	4,088	–
Associated companies	–	162
Liquid funds and other listed investments	–	1
Stocks	168	2,289
Debtors	1,570	5,569
Bank and other loans	(5,401)	(4,770)
Creditors and taxation	(1,624)	(9,249)
Deferred taxation	523	18
Minority interests	(2,455)	–
	3,041	(4,888)
Goodwill arising on acquisition	829	8,464
	3,870	3,576
Less: Cost of investments just prior to purchase	(3,878)	–
	(8)	3,576
Discharged by:		
Cash payment	–	3,357
Bank overdrafts (cash and cash equivalents) purchased	(8)	219
Total net cash consideration	(8)	3,576

As at 25 August 2005, the initial accounting for the above acquisitions can only be determined provisionally as the allocation of fair value to the identifiable assets and liabilities of the acquisition are still progressing.

The contribution to the Group's profit after taxation for the period from each of these subsidiaries acquired since the respective date of acquisition is immaterial.

If the acquisitions had been completed on 1 January 2005, the effect on the Group's revenue and profit after taxation for the period from each of these acquisitions would have been immaterial.

18 Notes to condensed consolidated cash flow statement (continued)

(c) Disposal of subsidiary companies

	Six months ended 30 June	
	2005	2004
	HK$ millions	HK$ millions
Aggregate net assets disposed of at date of disposal (excluding cash and cash equivalents):	**1**	49
Satisfied by:		
Cash consideration	**1**	80
Less: Cash and cash equivalents sold	–	(31)
Total net cash consideration	**1**	49

The effect on the Group's results from the disposal of subsidiaries is immaterial for the six month periods ended 30 June 2005 and 2004.

(d) Disposal of associated companies

	Six months ended 30 June	
	2005	2004
	HK$ millions	HK$ millions
Net proceeds from disposal of:		
Procter & Gamble-Hutchison	–	14,600
Others	–	5
	–	14,605

The effect on the Group's results from the disposal of associated companies is immaterial for the six month periods ended 30 June 2005 and 2004.

(e) Net cash flows from financing activities

	Six months ended 30 June	
	2005	2004
	HK$ millions	HK$ millions
New loans	**44,542**	20,734
Repayment of loans	**(8,338)**	(50,438)
Issue of shares by subsidiary companies to minorities	**128**	229
	36,332	(29,475)

During the period, the Group issued ten-year fixed interest rate €1,000 million notes to refinance existing borrowings. The notes are included in the new loans presented above.

19 Contingent liabilities

The holding company, Hutchison Whampoa Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities utilised by its associated companies and jointly controlled entities as follows:

	30 June 2005 HK$ millions	31 December 2004 HK$ millions
To associated companies		
Other businesses	**1,267**	1,257
To jointly controlled entities		
Property businesses	**5,077**	4,916
Other businesses	**1,316**	1,269
	6,393	6,185

At 30 June 2005 the Group had provided performance and other guarantees of HK$7,023 million (31 December 2004 – HK$5,994 million) primarily for telecommunications businesses.

20 Commitments

There have been no material changes in the total amount of capital commitments since 31 December 2004 except for the amounts taken up during the period in the normal course of business.

21 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 2005, included in associated companies and interests in joint ventures on the Consolidated Balance Sheet are amounts of HK$2,150 million and HK$21,038 million (31 December 2004 – HK$2,101 million and HK$18,419 million) respectively representing equity contributions to and the net amount due from these related entities. The Group had guaranteed bank and other borrowing facilities of HK$5,077 million (31 December 2004 – HK$4,916 million) disclosed in note 19 for the benefit of these same entities.

22 Legal proceedings

As at 25 August 2005, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

23 Subsequent events

In May 2005, the Group's listed subsidiary, Hutchison Telecommunications International Limited ("HTIL"), offered to acquire all the Hutchison Global Communications Holdings Limited ("HGCH") shares that it did not already own in exchange for either cash or HTIL shares. On 1 August, HTIL announced the completion of the privatisation of HGCH which resulted in HTIL issuing approximately 253 million new shares and the transfer of approximately 60 million of existing HTIL shares held by the Group to HGCH shareholders. After the privatisation, the Group's interest in HTIL was diluted from approximately 74.3% to approximately 69.1% and a profit on disposal of approximately HK$1,150 million will be reported in the Group's results in the second half of 2005.

In May 2005, the Group launched an offer to acquire the profitable listed Merchant Retail Group ("Merchant Retail") in the UK, a leading perfumery retailer in the UK, Ireland and Australia with 120 stores operating under the brand name "The Perfume Shop". In July, over 98% of the issued ordinary share capital was tendered in acceptance of the offer and Merchant Retail was delisted in August 2005.

24 US dollar equivalents

Amounts in these interim accounts are stated in Hong Kong dollars (HK$), the currency of the place in which the Company is incorporated. The translation into US dollars of these interim accounts as of, and for the six months ended, 30 June 2005, is for convenience only and has been made at the rate of HK$7.80 to US$1. This translation should not be construed as a representation that the Hong Kong dollar amounts actually represented have been, or could be, converted into United States dollars at this or any other rate.

INFORMATION FOR SHAREHOLDERS

Listing

The Company's ordinary shares are listed on The Stock Exchange of Hong Kong Limited and are traded on the London Stock Exchange. American Depositary Receipts representing ordinary shares are traded on the New York Stock Exchange.

Stock Codes

The Stock Exchange of Hong Kong Limited	013
London Stock Exchange	HWH
American Depositary Receipts	HUWHY
CUSIP Number	448415208

Financial Calendar

Closure of Register of Members	29 September 2005 - 6 October 2005
Payment of 2005 Interim Dividend	7 October 2005

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Investor Information

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