Hutchison Whampoa Limited

Stock Code: 013

2006 INTERIM REPORT

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Deputy Chairman

LI Tzar Kuoi, Victor, BSc, MSc

Group Managing Director

FOK Kin-ning, Canning, BA, DFM, CA (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

KAM Hing Lam, BSc, MBA

Non-executive Directors

George Colin MAGNUS, OBE, BBS, MA

William SHURNIAK, LLD

Independent Non-executive Directors

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

Holger KLUGE, BCom, MBA

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

Simon MURRAY, CBE

OR Ching Fai, Raymond, JP

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

AUDIT COMMITTEE

WONG Chung Hin *(Chairman)*

Holger KLUGE

William SHURNIAK

REMUNERATION COMMITTEE

LI Ka-shing *(Chairman)*

Holger KLUGE

WONG Chung Hin

COMPANY SECRETARY

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

QUALIFIED ACCOUNTANT

Donald Jeffrey ROBERTS, BCom, CA, CPA

AUDITORS

PricewaterhouseCoopers

BANKERS

The Hongkong and Shanghai Banking Corporation Limited

ABN AMRO Bank N.V.

Standard Chartered Bank (Hong Kong) Limited

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HIGHLIGHTS

Unaudited Results for the Six Months Ended 30 June 2006

- Total revenue grew 14% to HK$124,448 million
- First half-year profit increased 100% to HK$18,800 million
- Earnings per share increased 100% to HK$4.41
- Recurring EBIT from the established businesses increased 12% to HK$18,889 million
- 3G customer base currently totals over 13.5 million worldwide
- **3** Group's LBIT reduced by HK$8,034 million or 40% to HK$11,990 million

CHAIRMAN'S STATEMENT

The Group's core businesses overall reported improved and healthy growth in the first half. The Group's total revenue grew 14% to HK$124,448 million, including HK$23,509 million from the **3** Group. Total revenue in the period increased despite a lower revenue contribution from Hutchison Telecommunications International ("HTIL"), which became a 49.8% owned associated company in the second half of last year. Recurring earnings before interest expense and finance costs, taxation and minority interests ("EBIT") from the Group's established businesses increased 12% to HK$18,889 million. The Group also acted to benefit from the recent substantial increase in the market valuation of its ports and related services division and in April completed a strategic placement of a 20% equity interest to the PSA International Pte Ltd ("PSA") for a cash consideration of US$4,388 million and a profit on disposal of HK$24,380 million. Subsequent to this partial disposal, the Group holds an 80% equity interest in this division. The **3** Group's LBIT narrowed by HK$8,034 million to HK$11,990 million on continued growth in customers, sales and operating profitability.

Half-Year Results

The Group's profit attributable to shareholders for the first half year amounted to HK$18,800 million, a 100% increase compared to last year's interim profit of HK$9,421 million. Earnings per share amounted to HK$4.41 (2005 – HK$2.21), an increase of 100%. These results include a profit on revaluation of investment properties of HK$1,690 million (2005 – HK$3,696 million), a profit on disposal of investments and other items totalling HK$23,361 million (2005 – HK$14,900 million), consisting of a profit on disposal of HK$24,380 million as mentioned above, a profit on disposal of the **3** UK data centres of HK$751 million, and a one-time charge of HK$1,770 million relating to the closure of listed Hutchison Telecommunications Australia's ("HTAL") CDMA network and migration of its 2G customers to its 3G network.

An analysis by business segment of the Group's results showing the Group's revenue and EBIT, including the Group's share of associated companies' and jointly controlled entities' revenue and EBIT, is shown in Note 5 to the accounts.

Dividends

Your Directors have today declared an interim dividend of HK$0.51 per share (2005 – HK$0.51), payable on 6 October 2006 to those persons registered as shareholders on 5 October 2006. The share register of members will be closed from 28 September 2006 to 5 October 2006, both days inclusive.

Established Businesses

Ports and Related Services

The ports and related services division enjoyed another period of steady growth. Total revenue grew 7% to HK$15,360 million. The combined throughput increased 12% to 27.5 million TEUs (twenty-foot equivalent units) compared to the same period last year. The major contributors to throughput growth were: the Shanghai area ports, which reported growth of 45%; Yantian port of 18%; Kelang Multi Terminal in Malaysia of 24%; Panama ports container terminals of 39%; Freeport Container Port in the Bahamas of 26% and Internacional Contenedores Asociados de Veracruz in Mexico of 32%. EBIT increased 11% to HK$5,220 million. The major contributors to the improved EBIT performance were Yantian port, with an 18% increase, Shanghai area ports with 38% and also the other ports mentioned above, partially offset by lower contributions from the Hong Kong and UK ports and Europe Container Terminals in Rotterdam. This division contributed 15% and 28% respectively to the total revenue and EBIT of the Group's established businesses for the first six months of 2006.

The ports and related services division is continuing to expand its existing facilities in Yantian, Gaolan in Zhuhai, Rotterdam, Felixstowe in the UK, Panama, Laemchabang in Thailand and Oman, and other ports to meet the growing demand for container terminal services. In addition, the division continues to look for attractive new investment opportunities. In June, the division together with a local partner was awarded a 30-year concession by the Barcelona Port Authority in Spain to build and operate a new seven-berth container terminal, which will be developed in two phases over the next 10 years. Also in June, Gdynia Container Terminal in the Port of Gdynia, Poland, commenced its stage one container handling operation, which further enhances this division's presence in Northern Continental Europe. Currently, the division operates in five of the seven busiest container ports in the world, with interests in a total of 43 ports comprising 251 berths in 21 countries.

Property and Hotels

The property and hotels division reported another period of improved results, reflecting the strong Hong Kong and Mainland property markets and increased contributions from the Group's hotel businesses. Revenue totalled HK$4,966 million and EBIT totalled HK$1,949 million, 46% and 8% better than the comparable period last year respectively. This division contributed 5% and 10% to the total revenue and EBIT of the Group's established businesses respectively. Gross rental income of HK$1,339 million, mainly from properties in Hong Kong, was 11% higher than the same period last year, primarily due to increased rental income from investment properties in Hong Kong, reflecting higher lease renewal rates, particularly for office premises where demand is strong. The rental properties portfolio is 97% let. Although development profits declined compared to the same period last year, the variance was mainly due to the effect of the release of provisions in 2005 related to certain Hong Kong development properties. Excluding the effects of this write-back, development profits increased 303%. Development profits arose primarily from the sale of residential units of Cairnhill Crest in Singapore and various projects in the Mainland, namely Shanghai Regency Park, Guangzhou Cape Coral, Dongguan Laguna Verona and Zhuhai Horizon Cove. The property and hotels division continues to seek development opportunities, primarily in the Mainland where it has substantial joint venture landbank interests. The Group's share of this landbank can be developed into 73 million square feet of mainly residential properties, of which 94% is situated in the Mainland, 5% in the UK and overseas, and 1% in Hong Kong.

The Group's hotel operations reported EBIT 32% better than the same period last year, reflecting the continued growth in the Hong Kong hospitality industry and improving results at Our Lucaya resort in the Bahamas.

Retail

Total revenue for the Group's retail division was HK$45,712 million, a 15% increase, mainly due to contributions from Marionnaud Parfumeries ("Marionnaud") and The Perfume Shop, the two European luxury perfumeries and cosmetics chains acquired last year in April and August respectively, continued sales growth in the health and beauty chain stores in Europe and Asia, Watsons in the Mainland and also the supermarket sales growth of Park'N Shop in Hong Kong and the Mainland. EBIT from this division totalled HK$764 million, 13% below the comparable period last year, mainly due to the normal seasonal losses of the Marionnaud and The Perfume Shop operations which are included in the current period's results but not in the comparable period last year prior to their acquisition dates. Excluding these losses, the comparable EBIT decrease was 6%, mainly due to lower profits from the UK health and beauty businesses and the Hong Kong Fortress business, partially offset by improved results from health and beauty businesses in Europe and Park'N Shop in Hong Kong. This division contributed 46% and 4% respectively to the total revenue and EBIT of the Group's established businesses for the period.

During the period, the retail division continued to integrate its newly acquired businesses with its existing operations to achieve synergy, to consolidate its leading market position and also, cautiously, to expand its businesses, mainly by organic growth through new store openings in Eastern Europe and the Mainland. To further enhance its presence in the Eastern Europe emerging markets where steady growth in consumer sentiment continues, in July, the Group agreed to acquire, subject to certain conditions, a 65% interest in DC, a 99-store leading health and beauty chain in Ukraine. During the period, the total number of retail outlets increased 4% and this division currently operates over 7,400 retail outlets in 36 markets.

Energy, Infrastructure, Finance & Investments and Others

Cheung Kong Infrastructure ("CKI"), a listed subsidiary, announced turnover of HK$2,392 million, 7% above the same period last year. Profit attributable to shareholders was HK$1,589 million compared to the HK$1,866 million reported in the same period last year, which included a one-time deferred taxation credit of HK$338 million. Excluding the effect of this one-time credit, the profit was higher than the comparable period. CKI contributed 7% and 14% respectively to the total revenue and EBIT of the Group's established businesses for the period.

Husky Energy ("Husky"), an associated company listed in Canada, continued to achieve impressive results. Revenue for the period reached C$6,144 million, a 38% increase, while profit attributable to shareholders reached C$1,502 million, 93% above the same period last year. These increases reflect higher crude oil and natural gas prices, increased production volume, and a non-recurring deferred taxation benefit of C$328 million recognised due to recently legislated income tax rate reductions. After considering the continuing strong earnings and cashflow for the period, Husky declared a cash dividend of C$0.50 per share for the second quarter, a 100% increase from the first quarter of 2006. Husky contributed 14% and 22% respectively to the total revenue and EBIT from the Group's established businesses for the period.

During the period, Husky continued to expand its operations. Husky's Tucker Oil Sands development project in Alberta is on schedule with first oil targeted for the fourth quarter of 2006. Husky also acquired 38,240 acres of leases adjacent to its Saleski oil sands property, which increases its potential resources in place to approximately 20.8 billion barrels of original bitumen. In June, Husky announced a potentially significant natural gas discovery in the South China Sea, approximately 250 km south of Hong Kong, which based on its current interpretation of seismic and drilling results, could contain a potential recoverable resource of four trillion to six trillion cubic feet of natural gas. As such, it would be one of the largest natural gas discoveries offshore China. Husky also recently announced a further significant oil well discovery in the western section of the White Rose oil field, which could contain potential recoverable gross resources of 40 million to 90 million barrels of oil in addition to the existing estimated proved plus probable gross reserves of 240 million barrels.

The Group's EBIT from its finance & investments and others operations mainly represents interest income earned on the Group's substantial holdings of cash and liquid investments and the Group's share of the results of Hutchison Whampoa (China), listed subsidiary Hutchison Harbour Ring and listed associate TOM Group. EBIT for these operations, amounted to HK$2,891 million, an increase of 11%, mainly due to the dilution gain of HK$307 million realised on the initial public offering of Hutchison China MediTech on the Alternative Investment Market of the London Stock Exchange in May. These operations contributed 15% of the Group's EBIT from established businesses. The Group's consolidated cash and liquid investments at 30 June 2006 totalled HK$130,065 million.

Hutchison Telecommunications International

Hutchison Telecommunications International, a listed associated company, announced turnover from continued operations of HK$15,666 million, a 48% increase over the comparable period last year, and a profit attributable to shareholders of HK$2 million, compared to a loss attributable to shareholders of HK$370 million in the first half of 2005. The 2005 interim results included a net loss from disposal of investments and others of HK$311 million, which mainly related to a loss on disposal of its business in Paraguay. Excluding the effect of this exceptional item in the prior period, the improvement in the comparable results was HK$61 million, mainly due to the strong growth in its mobile operations in India and Israel, the improved performance of its EBIT positive Hong Kong and Macau mobile operations and reduced losses incurred by its operation in Thailand, partially offset by start-up losses of the Vietnam and Indonesia businesses, which are building their networks. At 30 June 2006, HTIL had a consolidated mobile customer base of 23.5 million, a 39% increase since the beginning of the year, mainly due to strong growth in India. The Group's share of HTIL's turnover and EBIT amounted to 8% and 7% of the total revenue and EBIT of the Group's established businesses respectively.

Telecommunications – 3 Group

During the first half of the year, the **3** Group's financial performance continued to improve and losses incurred in all of the **3** Group businesses continued to narrow:

	For the six months ended 30 June		
	2006	2005	%
	HK$ millions		improvement
Revenue	**23,509**	17,256	+36%
EBITDA / (LBITDA) before all CACs	**4,211**	(633)	+765%
Expensed prepaid CACs	**3,086**	5,581	+45%
Reported EBITDA / (LBITDA) after expensed prepaid CACs	**1,125**	(6,214)	+652%
Loss before interest expense and finance costs, taxation and minority interests ("LBIT")	**(11,990)**	(20,024)	+40%

The Group's 3G customer base grew by 16% from 31 December 2005 to 30 June 2006. Total **3** Group's revenues grew by 36% to HK$23,509 million, compared to the first six months of 2005 and 17% compared to the last half of 2005. Average revenues per user on a trailing 12-month average active customer basis ("ARPU") remained robust and increased for the **3** Group overall from €42.20 reported at the end of last year to €44.66 at the end of June 2006, led by the improving quality of **3** UK's postpaid customer base. Average non-voice revenues per active user on a trailing 12-month average active customer basis also grew for the **3** Group as a whole, both in value, from €10.47 reported at the end of last year to €12.54 at the end of June 2006, and as a percentage of total ARPU, from 25% to 28% for the same periods.

Key business indicators for the **3** Group and HTIL's 3G businesses are:

Customer Base

	Registered Customers at 23 August 2006 ('000)			Registered Customer Growth (%) from 31 December 2005 to 30 June 2006		
	Prepaid	Postpaid	Total	Prepaid	Postpaid	Total
Italy	5,393	1,417	**6,810**	12%	31%	**16%**
UK & Ireland	1,525	2,225	**3,750**	0%	7%	**4%**
Sweden & Denmark	95	500	**595**	-8%	30%	**22%**
Austria	109	262	**371**	7%	24%	**19%**
Australia(1)	137	1,020	**1,157**	37%	63%	**60%**
3 Group Total	7,259	5,424	**12,683**	9%	24%	**15%**
Hong Kong(2)	9	633	**642**	0%	27%	**27%**
Israel(2)	–	194	**194**	N/A	60%	**60%**
Total	7,268	6,251	**13,519**	9%	25%	**16%**

Revenue Base

	Revenue for the six months ended 30 June 2006 ('000)			Revenue Growth (%) compared to the six months ended 31 December 2005		
	Prepaid	Postpaid	Total	Prepaid	Postpaid	Total
Italy	€577,822	€464,936	**€1,042,758**	11%	21%	**15%**
UK & Ireland	£66,665	£633,673	**£700,338**	-13%	20%	**16%**
Sweden & Denmark	SEK28,523	SEK1,127,220	**SEK1,155,743**	-2%	26%	**25%**
Austria	€3,948	€76,984	**€80,932**	3%	18%	**17%**
Australia	A$29,773	A$334,605	**A$364,378**	75%	31%	**33%**
3 Group Total	€699,768	€1,786,138	**€2,485,906**	7%	21%	**17%**

12-month Trailing Average Revenue per Active User ("ARPU")(3) to 30 June 2006

	Total				Non-voice	
	Prepaid	Postpaid	Blended Total	% Variance compared to 31 December 2005	ARPU	ARPU %
			Local Currency/HK$		Local Currency/HK$	
Italy	€25.73	€69.41	**€35.44 / 335**	2%	**€12.17 / 115**	34%
UK & Ireland	£15.49	£52.37	**£41.51 / 570**	20%	**£10.16 / 140**	25%
Sweden & Denmark	SEK59.72	SEK453.74	**SEK390.00 / 394**	2%	**SEK69.49 / 70**	18%
Austria	€18.38	€58.29	**€52.40 / 495**	-3%	**€8.47 / 80**	16%
Australia	A$43.91	A$78.10	**A$73.88 / 426**	-6%	**A$18.70 / 108**	25%
3 Group	€24.91	€66.70	**€44.66 / 422**	6%	**€12.54 / 119**	28%

Note 1: *Active customers as announced by listed subsidiary HTAL as at 30 June updated for net customer additions to 23 August.*

Note 2: *Customers as announced by listed associate HTIL as at 16 August updated for net customer additions to 23 August.*

Note 3: *ARPU equals total revenue before promotional discounts and excluding handset and connection revenues, divided by the average number of active customers in the period, where an active customer is one that has generated revenue from either an outgoing or incoming call or 3G service in the preceding three months.*

With the exception of **3** Italia, growth in the **3** Group's customer base was principally all in the higher-value postpaid segment. Although the cost of acquiring postpaid customers is typically higher than for prepaid customers, the **3** Group's average cost of acquiring a customer continued to decline. Measured on a 12-month trailing weighted average basis, average customer acquisition costs for the **3** Group decreased from €293 at 31 December 2005 to €262 at 30 June 2006.

Against these positive developments for the **3** Group, competition for customers was very strong in all markets, particularly in the UK, and as a result, customer churn for the **3** Group as a whole for the first half was higher than management had expected, averaging 3.2% per month.

Highlights for the **3** Group's businesses during the first half were as follows:

Italy

- Registered customers grew 16% during the first half to total over 6.4 million at 30 June 2006 and has reached over 6.8 million at 23 August 2006.

- Revenue in local currency was 60% above the same period last year and 15% above the second half of last year.

- Earnings before interest expense and finance costs, taxation, depreciation and amortisation ("EBITDA") before expensed prepaid CACs increased 2,328%, a turnaround from the comparable LBITDA reported in the same period last year.

- Maintained positive EBITDA after both prepaid and postpaid CACs for the six months ended 30 June 2006.

- Implemented a network upgrade programme to roll out High Speed Downlink Packet Access ("HSDPA") on the entire network with coverage now available in most major cities.

- Commenced Digital Video Broadcast – Handheld ("DVB-H") Mobile Television services with initial coverage in 17 metropolitan areas. Full coverage of major cities is expected to be achieved by year end. The service launched with two channels produced by **3** Italia and seven channels supplied by RAI, Mediaset and Sky. The initial customer response has been good with over 145,000 customers at 23 August 2006.

UK & Ireland

- **3** UK remained focused on improving the quality of its postpaid customer base, which grew 7% from 31 December 2005 to 30 June 2006.

- During the same period, revenue from postpaid customers increased 63% compared to the same period last year and 20% from the second half of last year, indicating improvement in the average quality of the customer base over the period.

- Revenue in British pounds was 40% above the same period last year and 16% above the second half of last year.

- EBITDA before expensed prepaid CACs was 559% above the comparable period last year.

- Churn for the first half was higher than expected, reflecting fierce competition and the poor average quality of the customer base at the end of 2005. Churn has progressively been reduced over the first half and was approximately 3.6% for the month of July.

- **3** UK had only limited activity in the prepaid customer segment and experienced a decline in revenues from this segment, albeit against a relatively small revenue base. In current market conditions, **3** UK will focus on maintaining the scale of its current prepaid customer base and improving activity levels within that base.

- In addition to reducing churn, **3** UK managed a healthy increase in average non-voice revenue per active user (on a trailing 12-month average active customer basis) both in value, from £8 reported at the end of last year to £10.16 at the end of June 2006, and as a percentage of total ARPU, from 23% to 25% for the same periods.

- Rollout of the HSDPA network upgrade commenced and it is scheduled to be completed for the major cities in the fourth quarter of the year and for the whole network in 2007.

- **3** Ireland is at a relatively early stage of growth and continued to grow with good operating and financial performance.

Sweden & Denmark

- In Sweden and Denmark, combined registered customers were 22% above that at the beginning of the year to total over 561,000 at 30 June 2006 and has reached 595,000 at 23 August 2006.
- ARPU was 2% above last year and average non-voice revenue on a 12-month trailing average increased from the 16% reported at the end of 2005 to 18% at the end of June 2006.
- Revenue in Swedish Kronas was 21% above the same period last year and 25% above the second half of last year.
- LBITDA before expensed prepaid CACs reduced 62% compared to the same period last year.
- The HSDPA upgrade of the networks has commenced and is progressing well.

Austria

- In Austria, registered customers grew 19% during the period to total over 359,000 and has reached 371,000 at 23 August 2006.
- Although ARPU was slightly behind 2005 by 3%, revenue was 28% above the same period last year and 17% higher than the second half of last year primarily attributable to an enlarged customer base and a higher proportion of non-voice revenue, which grew, on a 12-month trailing average, from the 14% reported at the end of 2005 to 16% at the end of June 2006.
- LBITDA before expensed prepaid CACs reduced 68% compared to the same period last year.
- The HSDPA upgrade of the existing network has been substantially completed.

Australia

- In Australia, listed Hutchison Telecommunications Australia announced in February its plans to upgrade and migrate its 2G customers to its 3G network and market its mobile services under the single brand **3** and also announced its intention to close its 2G CDMA network. This migration increased 3G customer additions during the period, which combined with new customers from the market, resulting in 3G active customers 60% higher than the beginning of the year. HTAL announced an active 3G customer base of over one million at 30 June 2006 and exceeded 1.1 million at 23 August 2006. ARPU of this active customer base on a 12-month trailing average was 6% lower than the full year of 2005 due to the reduction in mobile interconnect rates and the rapid migration of customers from its 2G CDMA network.
- Revenue from the 3G operations was 65% better than the comparable period last year and 33% above the second half of last year, reflecting the enlarged customer base.
- Positive EBITDA of A$1.3 million, before 2G customer upgrade and other closure-related costs, was achieved for the period, a turnaround from the comparable LBITDA of A$122.6 million in the same period last year.
- The HSDPA upgrade of the network is progressing well and is expected to be completed by the first half of 2007.
- Due to the decision to close its 2G CDMA services, HTAL recorded a non-recurring charge to the profit and loss account totalling A$299.2 million, comprising a write-off of the net book value of the existing CDMA network assets and other related costs of A$201.3 million and customer upgrade costs of A$97.9 million, incurred to migrate the 2G customers to its 3G network. These costs will be recovered through cost savings from closure of the CDMA network and the 2G business.

Management expects that the **3** Group will continue to report improved financial performance and narrowing losses in the second half. However, management does not expect the **3** Group as a whole to achieve breakeven at the level of EBITDA after deducting all CACs for the full year this year. It is now expected that the **3** Group will achieve positive monthly EBITDA after deducting all CACs on a sustainable basis during the first half of 2007 and positive monthly EBIT on a sustainable basis during the first half of 2008.

Outlook

The global economy continued to grow during the period, despite rising US dollar interest rates and a high energy price environment. Looking ahead, interest rates are expected to stablise and all of the Group's established businesses will continue to perform well. Due to increasing global demand for oil and political instability, the Group will continue to benefit from the continued growth of Husky. Despite the moderate GDP growth recorded for the second quarter of 2006, Hong Kong's economic prospects remain healthy. The Group will continue to benefit in the long term from the continuing strong economic growth in the Mainland.

The results for the first half of 2006 reflect the continued strength of the established businesses, the improving results from the **3** Group operations and the conservative financial profile of the Group, which was further enhanced during the period by the receipt of the US$4,388 million cash proceeds from the sale of a 20% interest in the ports and related services division. From this strong foundation, the Group will continue to grow. It is envisaged that the **3** Group will continue to make progress and its losses will narrow in the second half, and the Group's established businesses will provide solid growth. While acknowledging that the first-half results benefited from the exceptional gain from the strategic Ports transaction, I am confident the Group will continue to perform well in the second half of the year.

I would like to thank the Board of Directors and all employees in our diversified businesses around the world for their loyal support, professionalism, enterprise and dedication.

Li Ka-shing
Chairman

Hong Kong, 24 August 2006

GROUP CAPITAL RESOURCES AND OTHER INFORMATION

Group Capital Resources and Liquidity

Treasury Management

The Group's treasury function sets financial risk management policies in accordance with policies and procedures approved by its Executive Directors, which are also subject to periodic review by the Group's internal audit function. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates and to minimise the Group's financial risks. 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. It manages the majority of the Group's funding needs, interest rate, foreign currency and credit risk exposures. The Group uses derivatives, principally interest rate and foreign currency swaps and forward currency contracts as appropriate for risk management purposes only, for hedging transactions and managing the Group's assets and liabilities. It is the Group's policy not to enter into derivative transactions for speculative purposes.

Cash Management and Funding

The Group operates a central cash management system for all of its unlisted subsidiaries. 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 and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings, which may 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.

Interest Rate Exposure

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate, the Group uses a combination of interest rate swaps and forward rate agreements to manage its long-term interest rate exposure and exposure to short-term interest rate volatility respectively. The Group's main interest risk exposures relate to US dollar, Euro and HK dollar borrowings.

At 30 June 2006, approximately 56% of the Group's principal amount of borrowings, excluding loans from minority shareholders, were at floating rates and the remaining 44% were at fixed rates. The Group has entered into various interest rate agreements with major creditworthy financial institutions to swap approximately HK$92,127 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$8,179 million principal amount of floating interest rate borrowings were swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 86% of the Group's principal amount of borrowings were at floating rates and the remaining 14% were at fixed rates at 30 June 2006.

Foreign Currency Exposure

For overseas subsidiaries and associates and other investments, which consist of non-HK dollar and non-US dollar assets, the Group generally endeavours to establish a natural hedge with an appropriate level of borrowings in those same currencies. For overseas businesses that are in the development phase, or where borrowings in local currency are not attractive, the Group may not borrow in the local currency and instead monitor the development of the businesses' cash flow and the debt markets and, when appropriate, would refinance these businesses with local currency borrowings. Exposure to movements in exchange rates on individual transactions directly related to the underlying businesses is minimised using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist. During the period, the HK dollar weakened against the currencies of most of those countries where the Group has operations. This gave rise to an unrealised gain of HK$8,526 million (31 December 2005 – charge of HK$13,904 million) on translation of these operations' net assets to the Group's HK dollar reporting currency, which was reflected as a movement in the Group's reserves.

At 30 June 2006, the Group had entered into currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$1,365 million to non-US dollar principal amount of borrowings to match currency exposures of the underlying businesses. The Group's borrowings, excluding loans from minority shareholders and after taking into consideration these currency swaps, is denominated as to 14% in HK dollars, 34% in US dollars, 3% in British pounds, 35% in Euro and 14% in other currencies.

Credit Exposure

The Group's holdings of cash, managed funds and other liquid investments expose the Group to credit risk of counterparties. The Group controls its credit risk to non-performance by its counterparties through the setting of approved counterparty credit limits which are regularly reviewed and, by monitoring their credit ratings.

Credit Profile

The Group aims to maintain a capital structure that is appropriate for long-term investment gradings of A3 on the Moody's Investor Service scale, A- on the Standard & Poor's Rating Services scale and A- on the Fitch Ratings scale. Actual credit ratings may depart from these levels from time to time due to economic circumstances. In February 2006, Fitch Ratings revised the outlook on the Group's credit rating to "stable". At 30 June 2006, our long-term credit ratings were A3 from Moody's, A- from Standard & Poor's and A- from Fitch.

Liquid Assets

The Group continues to have a strong financial position benefiting from both the steady and growing cash flow from its established businesses and improving cash flow from the **3** Group businesses. Cash, liquid funds and other investments ("liquid assets") on hand totalled HK$130,065 million at 30 June 2006, 18% higher than the balance at 31 December 2005 of HK$110,386 million mainly due to the cash proceeds of US$4,388 million received on the disposal of a 20% equity interest in the ports and related services division in April 2006. Of the liquid assets, 10% were denominated in HK dollars, 70% in US dollars, 2% in British pounds, 7% in Euro and 11% in other currencies.

Cash and cash equivalents represented 52% (31 December 2005 – 46%) of the liquid assets, listed fixed income securities 37% (31 December 2005 – 42%), listed equity securities 8% (31 December 2005 – 9%) and long-term deposits 3% (31 December 2005 – 3%). The listed fixed income securities, including those held under managed funds, consist of US treasury notes 47%, government issued guaranteed notes 22%, supranational notes 17% and others 14%. More than 83% of the listed fixed income securities are rated at Aaa/AAA, with an average maturity of approximately 2.7 years on the overall portfolio.

Cash Flow

Consolidated EBITDA before expensed prepaid CACs amounted to HK$55,432 million (2005 – HK$29,352 million) for the first half of 2006, an 89% increase from the comparable period last year. Included in this consolidated EBITDA are cash profits from disposal totalling HK$25,131 million, of which HK$24,380 million arose from the disposal of a 20% equity interest in the ports and related services division. Excluding the disposal cash profits in both periods, EBITDA before expensed prepaid CACs increased 27% to HK$30,301 million for the period (2005 – HK$23,852 million). Funds from operations ("FFO"), before capital expenditure, investment in all CACs and changes in working capital amounted to HK$13,356 million (2005 – HK$9,290 million), a 44% increase. The increase in recurring EBITDA and FFO are attributed to the solid and improved financial performance of the Group's established businesses and the healthy improvement in the **3** Group which reported a 765% improvement in EBITDA before expensed prepaid CACs. Recurring EBITDA from the Group's established businesses, continued to be strong, totalling HK$26,090 million (2005 – HK$24,485 million).

The **3** Group's investment in CACs totalled HK$9,896 million for the period, a 10% reduction from the comparable amount in 2005 of HK$11,045 million mainly due to lower average cost to acquire a customer. Prepaid CACs, which are expensed as incurred, totalled HK$3,086 million, a 45% reduction to the comparable 2005 total of HK$5,581 million. Postpaid CACs totalled HK$6,810 million during the period, an increase of 25% compared to HK$5,464 million in the same period last year mainly due to a greater focus on the postpaid customer segment, particularly in the UK.

The Group's capital expenditures for the period totalled HK$8,761 million (2005 – HK$12,395 million), of which HK$4,258 million (2005 – HK$6,973 million) related to the **3** Group. The decrease in the Group's total capital expenditures reflects the reduced **3** Group's expenditures and the non-consolidation of HTIL in 2006, which became a 49.8% owned associated company in December last year. Excluding the effect of this ownership change, total capital expenditures decreased 16%. During the first six months of 2006, capital expenditures for the ports and related services division amounted to HK$3,321 million (2005 – HK$2,268 million); for the property and hotels division HK$114 million (2005 – HK$70 million); for the retail division HK$962 million (2005 – HK$1,008 million) and for the energy, infrastructure, finance & investments and others division HK$106 million (2005 – HK$101 million).

The capital expenditures of the Group are primarily funded by cash generated from operations, cash on hand and to the extent appropriate, by borrowings.

Debt Maturity and Currency Profile

The Group's total borrowings, excluding loans from minority shareholders at 30 June 2006, were HK$264,966 million compared to the balance at 31 December 2005 of HK$259,482 million. The increase in borrowings is mainly due to the effect of the translation of foreign currency denominated loans as a result of the weakened HK dollars. Loans from minority shareholders, which are viewed as quasi equity, totalled HK$11,847 million at 30 June 2006 (31 December 2005 – HK$5,429 million). The increase arose as part of the sale of a 20% equity interest in the ports and related services division to the PSA as previously mentioned. The Group's weighted average cost of debt during the six months to 30 June 2006 was 5.4% (31 December 2005 – 4.7%).

The maturity profile of the Group's total borrowings at 30 June 2006, excluding loans from minority shareholders and after taking into consideration foreign currency swaps, is set out below:

	HK$	US$	£	€	Others	Total
Within 6 months	4%	–	1%	4%	1%	10%
In 2007	2%	3%	–	–	1%	6%
In 2008	5%	–	–	3%	3%	11%
In 2009	2%	–	–	9%	4%	15%
In 2010	1%	4%	–	6%	4%	15%
In years 6 to 10	–	19%	2%	13%	–	34%
In years 11 to 20	–	1%	–	–	–	1%
Beyond 20 years	–	7%	–	–	1%	8%
Total	14%	34%	3%	35%	14%	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. None of the Group's total borrowings, as a matter of policy, have credit rating triggers that would accelerate the maturity dates of the debt outstanding.

Changes in Financing

The significant financing activities during the period to date were as follows:

- In March, obtained a short-term bridging loan of €500 million (approximately HK$4,885 million) to refinance the redemption at maturity of a €500 million bond;
- In April, entered into a structured transaction with an investment bank involving a private placement of an effective, approximately 10% indirect interest in **3** Italia S.p.A. for a cash consideration of €420 million (approximately HK$3,864 million), which has been accounted for as debt as required under current Hong Kong Financial Reporting Standards; and
- In July, A S Watson obtained a five-year, floating rate €600 million syndicated loan (approximately HK$5,862 million), mainly to refinance existing loans and funding related to its operations in France.

Capital, Net Debt and Interest Coverage Ratios

The Group's total shareholders' funds increased 9% to HK$265,348 million at 30 June 2006 compared to HK$243,554 million at 31 December 2005. The increase in shareholders' funds mainly reflects the profit for the six-month period ended 30 June 2006 and the favourable impact of exchange translation differences arising from the translation of the net assets of overseas businesses to HK dollars as mentioned above.

At 30 June 2006, consolidated net debt, excluding loans from minority shareholders which are viewed as quasi equity, was HK$134,901 million (31 December 2005 – HK$149,096 million) and on this basis, the Group's net debt to net total capital ratio decreased from 36% at 31 December 2005 to 31% at 30 June 2006. As additional information, the following table shows the net debt to net total capital ratio calculated on the basis of including loans from minority shareholders and also with the Group's investments in its listed subsidiaries and associated companies marked to market value at 30 June 2006.

Net debt/Net total capital ratios at 30 June 2006:	**Total**
A1 – excluding loans from minority shareholders	31.3%
A2 – as in A1 above and investments in listed subsidiaries and associated companies marked to market value	25.6%
B1 – including loans from minority shareholders	34.1%
B2 – as in B1 above and investments in listed subsidiaries and associated companies marked to market value	27.9%

The Group's consolidated gross interest expense and finance costs, before capitalisation, for the first six months of 2006, increased to total HK$7,728 million, compared to HK$7,467 million for the same period last year, mainly due to increased market interest rates.

Consolidated EBITDA and FFO before all CACs covered consolidated net interest expense and finance costs 10.1 times and 3.5 times respectively (31 December 2005 – 6.5 times and 3.4 times).

Secured Financing

At 30 June 2006, the shares of H3G S.p.A. owned by the Group were pledged as security for its project financing facilities. The assets of H3G S.p.A. amounted to approximately HK$74,305 million (31 December 2005 – HK$66,845 million). In addition, HK$6,480 million (31 December 2005 – HK$8,554 million) of the Group's assets were pledged as security for bank and other loans of the Group.

Contingent Liabilities

At 30 June 2006, the Group provided guarantees for banking and other borrowing facilities granted to associated companies and jointly controlled entities of HK$15,913 million (31 December 2005 – HK$15,125 million), and provided performance and other guarantees of HK$6,297 million (31 December 2005 – HK$6,165 million), primarily for the Group's telecommunications businesses.

EMPLOYEE RELATIONS

At 30 June 2006, the Company and its subsidiaries employed 148,679 people (30 June 2005 – 157,389 people) and the related employee costs for the six-month period, excluding Directors' emoluments, totalled HK$12,440 million (2005 – HK$12,949 million). Including the Group's associated companies, at 30 June 2006, the Group employed 219,096 people of whom 29,329 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-oriented events.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2006, 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 2006, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of 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 recorded in the register required to be kept by the Company 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 (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as adopted by the Company 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	48,577,000 (3)	–	2,208,888,975	51.8109%
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%
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 (6)	–	15,984,095	0.3749%
Holger Kluge	Beneficial owner	Personal interest	40,000	–	40,000	0.0009%

Name of Director	Capacity	Nature of interests	Number of shares held	Number of underlying shares held	Total	Approximate % of shareholding
George Colin Magnus	(i) Founder and beneficiary of a discretionary trust	(i) Other interest	950,100 [7]	–		
	(ii) Beneficial owner	(ii) Personal interest	40,000	–		
	(iii) Interest of spouse	(iii) Family interest	9,900	–	1,000,000	0.0235%
Simon Murray	Beneficial owner	Personal interest	142,000	–	142,000	0.0033%
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) The Hon Sir Michael David Kadoorie is deemed to be interested by virtue of the SFO in 15,984,095 shares in the Company.

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

(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 2006, 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 84.82% 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) 2,419,115,596 ordinary shares, representing approximately 50.90% of the then issued share capital, in Hutchison Telecommunications International Limited ("Hutchison Telecommunications International") of which 52,092,587 ordinary shares and 2,366,869,729 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. In addition, according to the disclosures made to the Company pursuant to and solely for the purposes of the SFO, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor appeared to be taken as being interested in the 917,759,172 ordinary shares, representing approximately 19.31% of the then issued share capital, in Hutchison Telecommunications International beneficially owned by Orascom Telecom Eurasia Limited ("Orascom"), a substantial shareholder of Hutchison Telecommunications International and controlled exclusively by Orascom and Orascom Telecom Holding S.A.E. ("OTH"), another substantial shareholder of Hutchison Telecommunications International as a result of the application of Sections 317 and 318 of the SFO by virtue of the Company, one of the abovementioned wholly owned subsidiaries of the Company, OTH and Orascom being parties to a shareholders' agreement dated 21 December 2005 that imposes obligations or restrictions on any party with respect to their use, retention or disposal of their ordinary shares of Hutchison Telecommunications International even though no ordinary shares of Hutchison Telecommunications International have been acquired in pursuance of that agreement;

(iii) (a) 829,599,612 shares, representing approximately 38.87% 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;

(iv) 1,429,024,545 shares, representing approximately 36.71% 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;

(v) 146,809,478 common shares, representing approximately 34.61% of the then issued share capital, in Husky Energy Inc. ("Husky Energy") held by a wholly owned subsidiary of the Company; and

(vi) all interests in shares, underlying shares and/or debentures in all associated corporations of the Company.

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 36.02% 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 2006, corporate interests in (i) 4,600 class C common shares, representing 46% of the then issued share capital, in Husky Oil Holdings Limited; and (ii) 27,513,355 ordinary shares, representing approximately 0.58% of the then issued share capital, in Hutchison Telecommunications International, 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 2006, 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) a nominal amount of US$21,000,000 in the 6.5% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited; (b) a nominal amount of US$12,000,000 in the 7% Notes due 2011 issued by Hutchison Whampoa International (01/11) Limited; (c) a nominal amount of US$3,000,000 in the 6.25% Notes due 2014 issued by Hutchison Whampoa International (03/33) Limited; and (d) 2,519,250 ordinary shares, representing approximately 0.05% of the then issued share capital, in Hutchison Telecommunications International, 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 2006, the following interests:

(i) corporate interests in a nominal amount of €12,600,000 in the 4.125% Notes due 2015 issued by Hutchison Whampoa Finance (05) Limited;

(ii) 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");

(iii) (a) 5,100,000 ordinary shares, representing approximately 0.75% of the then issued share capital, in Hutchison Telecommunications (Australia) Limited ("Hutchison Telecommunications Australia") comprising personal and corporate interests in 4,100,000 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;

(iv) corporate interests in 1,202,380 ordinary shares, representing approximately 0.03% of the then issued share capital, in Hutchison Telecommunications International;

(v) corporate interests in 300,000 common shares, representing approximately 0.07% of the then issued share capital, in Husky Energy; and

(vi) corporate interests in 225,000 American Depositary Shares (each representing 1 ordinary share), representing approximately 0.15% of the then issued share capital, in Partner Communications Company Ltd. ("Partner Communications").

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 2006, personal interests in 250,000 ordinary shares, representing approximately 0.01% 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 2006, personal interests in (i) 1,000,000 ordinary shares, representing approximately 0.15% of the then issued share capital, in Hutchison Telecommunications Australia; and (ii) 17,000 American Depositary Shares (each representing 15 ordinary shares), representing approximately 0.01% of the then issued share capital, in Hutchison Telecommunications International.

Mr Kam Hing Lam in his capacity as a beneficial owner had, as at 30 June 2006, 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 2006, personal interests in (i) 200,000 ordinary shares, representing approximately 0.03% of the then issued share capital, in Hutchison Telecommunications Australia; and (ii) 10,000 common shares and 1,018 Deferred Share Units (each representing 1 common share), in aggregate representing approximately 0.003% of the then issued share capital, in Husky Energy.

Mr George Colin Magnus had, as at 30 June 2006, the following interests:

(i) 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; and

(ii) personal interests in 25,000 American Depositary Shares (each representing 1 ordinary share), representing approximately 0.02% of the then issued share capital, in Partner Communications held in his capacity as a beneficial owner.

Mr Simon Murray in his capacity as a beneficial owner had, as at 30 June 2006, personal interests in 5,000 common shares, representing approximately 0.001% of the then issued share capital, in Husky Energy.

Mr William Shurniak in his capacity as a beneficial owner had, as at 30 June 2006, personal interests in 1,200 common shares, representing approximately 0.0003% of the then issued share capital, in Husky Energy.

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

As at 30 June 2006, 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, among others, their interests in the shares of Cheung Kong as described in Note (1) above:

(i) 175,326,456 underlying shares in Hutchison Telecommunications International by virtue of the call option granted over such shares by a wholly owned subsidiary of the Company in favour of Orascom;

(ii) 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

(iii) 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 2006, 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 corporation (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 recorded in the register required to be kept by the Company, pursuant to Section 352 of the SFO, 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 2006, 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 2006, 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) of the section titled "Directors' Interests and Short Positions in the Shares, Underlying Shares and Debentures".

(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) of the section titled "Directors' Interests and Short Positions in the Shares, Underlying Shares and Debentures".

(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 2006, 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

The Company has no share option scheme but certain of the Company's subsidiary companies have adopted share option schemes. The outstanding share options under such share option schemes for the six months ended 30 June 2006 are set out below.

(I) 3 Italia S.p.A. ("3 Italia")

Particulars of outstanding options under the share option scheme of **3** Italia (the "**3** Italia Plan") at the beginning and at the end of the financial period for the six months ended 30 June 2006 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 2006	Granted during the six months ended 30 June 2006	Exercised during the six months ended 30 June 2006	Expired/ cancelled during the six months ended 30 June 2006	Number of share options held at 30 June 2006	Exercise period of share options	Exercise price of share options €	Price of 3 Italia share: At grant date of share options €	Price of 3 Italia share: At exercise date of share options €
Employees in aggregate	20.5.2004	18,526,032	–	–	(147,540)	18,378,492	On Listing [(2)] to 16.7.2009	5.17	5.00	N/A
	20.11.2004	2,816,683	–	–	(70,044)	2,746,639	On Listing to 16.7.2009	5.17	5.00	N/A
	2.2.2005	335,320	–	–	–	335,320	On Listing to 16.7.2009	5.17	5.00	N/A
	6.9.2005	4,311,469	–	–	–	4,311,469	On Listing to 16.7.2009	5.17	5.00	N/A
Total:		25,989,504	–	–	(217,584)	25,771,920				

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 **3** Italia.*

As at 30 June 2006, **3** Italia had 25,771,920 share options outstanding under the **3** Italia Plan.

3 Italia is an unlisted non wholly owned subsidiary of the Company and the options relate to these unlisted shares. Based on the best estimate of the Directors of the Company and taking into consideration the losses incurred by **3** Italia, prevailing market perception, the option exercise price and **3** Italia being an unlisted company, the value of the options were estimated to be not material to the Group.

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

Particulars of outstanding options under the share option scheme of Hutchison 3G UK Holdings (the "H3GUKH Plan") at the beginning and at the end of the financial period for the six months ended 30 June 2006 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 2006	Granted during the six months ended 30 June 2006	Exercised during the six months ended 30 June 2006	Expired/ cancelled during the six months ended 30 June 2006	Number of share options held at 30 June 2006	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	18,342,000	–	–	–	18,342,000	On Listing [2] to 18.4.2011	1.00	1.00	N/A
	20.5.2004	52,065,750	–	–	(1,991,000)	50,074,750	On Listing to 18.4.2011	1.35	1.00	N/A
	20.5.2004	4,605,250	–	–	(7,750)	4,597,500	On Listing to 20.8.2011	1.35	1.00	N/A
	20.5.2004	2,375,000	–	–	(60,000)	2,315,000	On Listing to 18.12.2011	1.35	1.00	N/A
	20.5.2004	1,497,750	–	–	–	1,497,750	On Listing to 16.5.2012	1.35	1.00	N/A
	20.5.2004	2,177,750	–	–	(60,000)	2,117,750	On Listing to 29.8.2012	1.35	1.00	N/A
	20.5.2004	417,500	–	–	–	417,500	On Listing to 28.10.2012	1.35	1.00	N/A
	20.5.2004	875,000	–	–	(205,000)	670,000	On Listing to 11.5.2013	1.35	1.00	N/A
	20.5.2004	7,612,500	–	–	(2,585,000)	5,027,500	On Listing to 14.5.2014	1.35	1.00	N/A
	27.1.2005	4,447,750	–	–	(210,000)	4,237,750	On Listing to 26.1.2015	1.35	1.00	N/A
	11.7.2005	1,691,000	–	–	(210,000)	1,481,000	On Listing to 10.7.2015	1.35	1.00	N/A
Total:		96,107,250	–	–	(5,328,750)	90,778,500				

Notes:

(1) The share options granted to certain founders of Hutchison 3G UK Holdings shall vest as to 50% on the date of (and immediately following) a Listing, as to a further 25% on the date one calendar year after a Listing and as to the final 25% on the date two calendar years after a Listing. The share options granted to non-founders of Hutchison 3G UK Holdings 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 Hutchison 3G UK Holdings or to have the shares of Hutchison 3G UK Holdings admitted to trading on any other recognised investment exchange in the United Kingdom or elsewhere.

As at 30 June 2006, Hutchison 3G UK Holdings had 90,778,500 share options outstanding under the H3GUKH Plan.

Hutchison 3G UK Holdings is an unlisted wholly owned subsidiary of the Company and the options relate to these unlisted shares. Based on the best estimate of the Directors of the Company and taking into consideration the losses incurred by Hutchison 3G UK Holdings, prevailing market perception, the option exercise price and Hutchison 3G UK Holdings being an unlisted company, the value of the options were estimated to be not material to the Group.

(III) Hutchison China MediTech Limited ("Hutchison China MediTech")

Particulars of outstanding options under the share option scheme of Hutchison China MediTech (the "HCML Plan") at the beginning and at the end of the financial period for the six months ended 30 June 2006 and options granted, exercised, cancelled and lapsed during the period were as follows:

Name or category of participant	Effective date of grant of share options (1)	Number of share options held at 1 January 2006	Granted during the six months ended 30 June 2006	Exercised during the six months ended 30 June 2006	Expired/ cancelled during the six months ended 30 June 2006	Number of share options held at 30 June 2006	Exercise period of share options	Exercise price of share options £	Price of HCML Share: At effective grant date of share options £	Price of HCML Share: At exercise date of share options £
Employees in aggregate	19.5.2006	N/A	1,997,271	–	(25,606)	1,971,665	On Admission (2) to 3.6.2015	1.09	2.505	N/A

Notes:

(1) *The share options granted to certain founders of Hutchison China MediTech are subject to amongst other relevant vesting criteria the vesting schedule of 50% on the first anniversary of Admission and 25% on each of the second and third anniversaries of Admission. The share options granted to non-founders of Hutchison China MediTech are subject to amongst other relevant vesting criteria the vesting schedule of one-third on each of the first, second and third anniversaries of Admission,*

(2) *Admission refers to admission of the ordinary shares of Hutchison China MediTech to trading on the Alternative Investment Market operated by London Stock Exchange plc.*

As at 30 June 2006, Hutchison China MediTech had 1,971,665 share options outstanding under the HCML Plan.

The fair value of options granted, determined using the Binomial valuation model, was £1.546 per HCML share. The significant inputs into the model were share price of £2.505 at the effective grant date with the exercise price as shown above, expected volatility of 38.8%, expected life of options of 9.04 years, zero expected dividend paid out rate and annual risk-free interest rate of 4.54%. The volatility of the underlying stock during the life of the options is estimated based on the historical volatility of the comparable companies for the past one year as of the valuation date, that is, the effective grant date, since there is no trading record of HCML shares at the grant date.

(IV) Hutchison Harbour Ring

Particulars of outstanding options under the share option scheme of Hutchison Harbour Ring (the "HHR Plan") at the beginning and at the end of the financial period for the six months ended 30 June 2006 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 2006	Granted during the six months ended 30 June 2006	Exercised during the six months ended 30 June 2006	Expired/ cancelled during the six months ended 30 June 2006	Number of share options held at 30 June 2006	Exercise period of share options	Exercise price of share options HK$	Price of HHR share At grant date of share options (2) HK$	Price of HHR share At exercise date of share options HK$
Employees in aggregate	3.6.2005	122,250,000	–	–	(20,302,000)	101,948,000	3.6.2006 to 16.9.2014	0.822	0.82	N/A

Notes:

(1) *The share options are exercisable subject to the vesting schedule pursuant to 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 refers to the closing price of the shares quoted on the Stock Exchange on the trading day immediately prior to the date of grant of the share options*

As at 30 June 2006, Hutchison Harbour Ring had 101,948,000 share options outstanding under the HHR Plan.

The fair value of options granted, determined using the Binomial valuation model, was HK$0.2498 per HHR share. The significant inputs into the model were share price of HK$0.82 at the grant date with the exercise price as 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.

(V) Hutchison Telecommunications Australia

Particulars of outstanding options under the executive option plan of Hutchison Telecommunications Australia (the "HTAL Plan") at the beginning and at the end of the financial period for the six months ended 30 June 2006 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 2006	Granted during the six months ended 30 June 2006	Exercised during the six months ended 30 June 2006	Expired/ cancelled during the six months ended 30 June 2006	Number of share options held at 30 June 2006	Exercise period of share options	Exercise price of share options (2) A$	Price of HTAL share: At grant date of share options (3) A$	Price of HTAL share: At exercise date of share options A$
Employees in aggregate	18.8.2001	70,000	–	–	–	70,000	18.8.2001 to 17.8.2006	0.540	0.540	N/A
	23.7.2004	13,840,000	–	–	(1,140,000)	12,700,000	1.9.2005 to 31.12.2010	0.455	0.455	N/A
	30.7.2004	50,000	–	–	–	50,000	1.9.2005 to 31.12.2010	0.460	0.460	N/A
	20.8.2004	100,000	–	–	(100,000)	–	1.9.2005 to 31.12.2010	0.405	0.405	N/A
	10.12.2004	450,000	–	–	–	450,000	1.9.2005 to 31.12.2010	0.360	0.360	N/A
	23.12.2004	150,000	–	–	–	150,000	1.9.2005 to 31.12.2010	0.345	0.345	N/A
	3.6.2005	50,000	–	–	–	50,000	1.9.2005 to 31.12.2010	0.270	0.270	N/A
	1.7.2005	200,000	–	–	–	200,000	1.9.2005 to 31.12.2010	0.270	0.270	N/A
	5.8.2005	200,000	–	–	–	200,000	1.9.2005 to 31.12.2010	0.270	0.270	N/A
	31.3.2006	N/A	4,815,000	–	–	4,815,000	1.9.2005 to 31.12.2010	0.255	0.255	N/A
	13.4.2006	N/A	150,000	–	–	150,000	1.9.2005 to 31.12.2010	0.250	0.250	N/A
Total:		15,110,000	4,965,000	–	(1,240,000)	18,835,000				

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 exercise price of option disclosed is the higher of (i) the closing price of shares on the Australian Stock Exchange on the day on which the options are granted; and (ii) the average closing price of shares for the five trading days immediately preceding the day on which the options are granted.*

(3) *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 2006, Hutchison Telecommunications Australia had 18,835,000 share options outstanding under the HTAL Plan.

The fair value of options granted, determined using the Binomial valuation model, was A$0.22 per HTAL share. The significant inputs into the model were weighted average share price of A$0.40 at the grant date, weighted average exercise price of A$0.40 per HTAL share, weighted average standard deviation of expected share price returns of 50%, weighted average expected life of options of five years, zero expected dividend paid out rate and weighted average annual risk-free interest rate of 5.5%. 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.

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 2006.

Audit Committee

The Audit Committee of the Company comprises two Independent Non-executive Directors and one Non-executive Director who possess the appropriate business and financial experience and skills to understand financial statements. The Committee is chaired by Mr Wong Chung Hin with Messrs Holger Kluge and William Shurniak as members. 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 (the "Board"). The terms of reference of the Audit Committee adopted by the Board are published on the Group's website.

Remuneration Committee

The Remuneration Committee of the Company comprises three members with expertise in human resources and personnel emoluments. The Committee is chaired by the Chairman Mr Li Ka-shing with Messrs Holger Kluge and Wong Chung Hin, both Independent Non-executive Directors as members. The responsibilities of the Remuneration Committee are to assist the Board in achieving its objective of attracting, retaining and motivating people of the highest calibre and experience needed to shape and execute strategy across the Group's substantial, diverse and international business operations. The Committee assists the Group in the administration of a fair and transparent procedure for setting remuneration policies including assessing the performance of Directors and senior executives of the Group and determining their remuneration packages. The terms of reference of the Committee adopted by the Board are published on the Group's website.

Model Code

The Board adopted the Model Code set out in Appendix 10 to the Listing Rules 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 of the Company set out on pages 30 to 56.

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 Hong Kong Accounting Standard 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 Statement of Auditing Standards 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 2006.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 August 2006

INTERIM ACCOUNTS

Condensed Consolidated Profit and Loss Account

for the six months ended 30 June 2006

Unaudited 2006 US$ millions		Note	Unaudited 2006 HK$ millions	Unaudited As restated Note 3 2005 HK$ millions
	Company and subsidiary companies			
10,902	Revenue	5	85,042	83,451
(3,974)	Cost of inventories sold		(30,996)	(27,913)
(1,551)	Staff costs		(12,100)	(12,147)
(396)	Telecommunications expensed prepaid customer acquisition costs		(3,086)	(5,581)
(2,016)	Depreciation and amortisation	5	(15,727)	(18,233)
(3,315)	Other operating expenses		(25,860)	(29,802)
147	Change in fair value of investment properties	5	1,146	3,570
2,995	Profit on disposal of investments and others	6	23,361	14,900
2,792		5	21,780	8,245
	Share of profits less losses after taxation of:			
698	Associated companies		5,444	3,198
172	Jointly controlled entities		1,343	2,100
870		5	6,787	5,298
(968)	Interest and other finance costs	7	(7,553)	(7,223)
2,694	**Profit before taxation**		21,014	6,320
(86)	Current taxation charge	8	(666)	(926)
(77)	Deferred taxation (charge) credit	8	(602)	2,034
2,531	**Profit after taxation**		19,746	7,428
(121)	**Allocated as: Loss (profit) attributable to minority interests**		(946)	1,993
2,410	**Profit attributable to shareholders of the Company**		18,800	9,421
279	**Interim dividend**		2,174	2,174
US56.5 cents	**Earnings per share for profit attributable to shareholders of the Company**	9	HK$4.41	HK$2.21
US6.54 cents	**Interim dividend per share**		HK$0.51	HK$0.51

Condensed Consolidated Balance Sheet

at 30 June 2006

Unaudited 30 June 2006 US$ millions		Note	Unaudited 30 June 2006 HK$ millions	As restated Note 4 31 December 2005 HK$ millions
	ASSETS			
	Non-current assets			
16,511	Fixed assets	10	**128,788**	124,278
5,095	Investment properties		**39,744**	38,557
4,129	Leasehold land prepayments		**32,203**	32,374
11,081	Telecommunications licences		**86,437**	84,624
975	Telecommunications postpaid customer acquisition costs		**7,607**	6,172
2,437	Goodwill		**19,005**	17,899
866	Brand names and other rights		**6,754**	3,579
8,993	Associated companies		**70,142**	65,334
4,869	Interests in joint ventures		**37,976**	37,284
2,080	Deferred tax assets	11	**16,229**	15,635
528	Other non-current assets	12	**4,120**	4,426
8,142	Liquid funds and other listed investments	13	**63,505**	60,669
65,706			**512,510**	490,831
	Current assets			
8,533	Cash and cash equivalents	14	**66,560**	49,717
5,368	Trade and other receivables	15	**41,867**	36,154
2,929	Inventories		**22,845**	20,337
16,830			**131,272**	106,208
	Current liabilities			
7,688	Trade and other payables	16	**59,965**	56,873
3,677	Bank and other debts	17	**28,678**	26,028
229	Current tax payables		**1,788**	2,080
11,594			**90,431**	84,981
5,236	**Net current assets**		**40,841**	21,227
70,942	**Total assets less current liabilities**		**553,351**	512,058
	Non-current liabilities			
30,293	Bank and other debts	17	**236,288**	233,454
1,519	Interest bearing loans from minority shareholders		**11,847**	5,429
1,869	Deferred tax liabilities	11	**14,576**	13,750
307	Pension obligations		**2,396**	2,323
1,074	Other non-current liabilities	18	**8,377**	3,473
35,062			**273,484**	258,429
35,880	**Net assets**		**279,867**	253,629
	CAPITAL AND RESERVES			
137	Share capital	19	**1,066**	1,066
33,882	Reserves		**264,282**	242,488
34,019	**Total shareholders' funds**		**265,348**	243,554
1,861	Minority interests		**14,519**	10,075
35,880	**Total equity**		**279,867**	253,629

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2006

Unaudited 2006 US$ millions		Note	Unaudited 2006 HK$ millions	Unaudited As restated Note 3 2005 HK$ millions
	Operating activities			
2,810	Cash generated from operating activities before interest and other finance costs, taxation paid, telecommunications expensed prepaid CACs[(a)] and changes in working capital	21(a)	21,918	17,254
(965)	Interest and other finance costs		(7,527)	(7,003)
(133)	Taxation paid		(1,035)	(961)
1,712	Funds from operations before telecommunications expensed prepaid CACs		13,356	9,290
(396)	Telecommunications expensed prepaid CACs		(3,086)	(5,581)
1,316	**Funds from operations**		10,270	3,709
(480)	Changes in working capital	21(b)	(3,749)	(4,556)
836	**Net cash from (used in) operating activities**		6,521	(847)
	Investing activities			
(527)	Purchase of fixed assets and investment properties for established businesses		(4,107)	(4,651)
(546)	Purchase of fixed assets for 3G businesses		(4,258)	(6,973)
(51)	Additions to leasehold land prepayments		(396)	(771)
–	Purchase of telecommunications licences		–	(95)
(873)	Additions to telecommunications postpaid CACs		(6,810)	(5,464)
(153)	Additions to brand names and other rights		(1,193)	–
(90)	Purchase of subsidiary companies	21(c)	(702)	(3,589)
–	Purchase of minority interests		–	(2,127)
(168)	Purchase of and advances to associated companies		(1,309)	(4,363)
(317)	Purchase of and advances to jointly controlled entities		(2,476)	(3,808)
256	Proceeds on disposal of fixed assets, leasehold land prepayments and investment properties		1,998	291
15	Proceeds on disposal of subsidiary companies	21(d)	114	1
4,307	Proceeds on partial disposal of subsidiary companies	21(e)	33,595	4,589
80	Other investing activities		623	(142)
(268)	Net transfer (to) from liquid funds and other listed investments		(2,093)	2,639
1,665	**Cash flows from (used in) investing activities**		12,986	(24,463)
	Financing activities			
503	Net cash flows from financing activities	21(f)	3,927	36,332
(178)	Dividends paid to minority shareholders		(1,390)	(715)
(667)	Dividends paid to shareholders		(5,201)	(5,201)
(342)	**Cash flows (used in) from financing activities**		(2,664)	30,416
2,159	Increase in cash and cash equivalents		16,843	5,106
6,374	Cash and cash equivalents at 1 January		49,717	73,798
8,533	**Cash and cash equivalents at 30 June**		66,560	78,904

(a) CACs represents customer acquisition costs

Unaudited 2006 US$ millions		Note	Unaudited 2006 HK$ millions	As restated Note 3 2005 HK$ millions
	Analysis of cash, liquid funds and other listed investments			
8,533	Cash and cash equivalents, as above		**66,560**	78,904
8,142	Liquid funds and other listed investments	13	**63,505**	62,810
16,675	**Total cash, liquid funds and other listed investments**		**130,065**	141,714
33,970	Bank and other debts	17	**264,966**	306,918
1,519	Interest bearing loans from minority shareholders		**11,847**	9,760
18,814	**Net debt**		**146,748**	174,964
(1,519)	Interest bearing loans from minority shareholders		**(11,847)**	(9,760)
17,295	**Net debt (excluding interest bearing loans from minority shareholders)**		**134,901**	165,204

Condensed Consolidated Statement of Recognised Income and Expense

for the six months ended 30 June 2006

Unaudited 2006 US$ millions		Note	Unaudited 2006 HK$ millions	Unaudited As restated Note 3 2005 HK$ millions
120	Fair value changes in available-for-sale investments		933	43
–	Fair value changes arising from business combination		–	1,232
–	Fair value adjustment upon transfer from other properties to investment properties		4	176
–	Deferred tax effect on fair value adjustment upon transfer from other properties to investment properties		–	(31)
(51)	Valuation released upon disposal of available-for-sale investments		(398)	(231)
(7)	Gain (loss) on cash flow hedges		(56)	82
1,125	Exchange translation differences		8,775	(10,402)
21	Actuarial gains and losses of defined benefit plans		165	7
(5)	Deferred tax effect on actuarial gains and losses of defined benefit plans		(44)	–
1,203	Net income (expense) recognised directly in equity	20	9,379	(9,124)
2,531	Profit after taxation		19,746	7,428
3,734	Total recognised income and expense	20	29,125	(1,696)
(163)	Allocated as: Attributable to minority interests		(1,270)	3,112
3,571	Attributable to shareholders of the Company		27,855	1,416

Notes to the Condensed Interim Accounts

1 Basis of preparation

These unaudited condensed 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 2005 annual accounts.

2 Significant accounting policies

These interim accounts have been prepared under the historical cost convention except for certain properties and financial instruments which are stated at fair values.

The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the 2005 annual accounts, except for the adoption of the amendments and interpretations issued by the HKICPA mandatory for annual periods beginning 1 January 2006. The effect of the adoption of these amendments and interpretations was not material to the Group's results of operations or financial position.

The presentation of comparative information in respect of the six months ended 30 June 2005 which appears in these interim accounts has been conformed with the presentation adopted in the 2005 annual accounts, except for certain presentational changes adopted in the current period which do not have a material impact on the profit for the period or total equity.

3 Restatement of 30 June 2005 consolidated profit and loss account

The Group adopted a few new accounting policies in the second half of 2005 to complete the adoption of the new Hong Kong Financial Reporting Standards ("HKFRS") introduced in 2005. These policies were adopted with the full year effect recorded in the results for the year ended 31 December 2005.

HKAS 34 requires the use of the same accounting policies uniformly throughout the year and accordingly, the Group has restated the 2005 interim accounts to reflect the effect of the adoption in the second half of 2005 of the following:

(a) the adoption of HKAS 1, Presentation of Financial Statements, with regards to the presentation of the net profit after taxation and minority interests of associates and jointly controlled entities (further details were previously disclosed in the Group's 2005 annual accounts note 2(c));

(b) the adoption of the current interpretation of HKAS 12, Income Taxes, with regards to the recognition of deferred tax assets (further details were previously disclosed in the Group's 2005 annual accounts note 2(f));

(c) the adoption of HKAS 38, Intangible Assets, whereby certain other rights were reclassified from other non-current assets to brand names and other rights (further details were previously disclosed in the Group's 2005 annual accounts note 2(m));

(d) the restatement of comparative 2005 interim accounts by the Group's listed subsidiary Cheung Kong Infrastructure ("CKI"), to record in the second half of 2005 a deferred tax credit relating to its electricity distribution businesses in Australia (further details were previously disclosed by CKI in a November 2005 offering document and recorded by CKI and the Group in their respective 2005 annual accounts); and

(e) the restatement of comparative 2005 interim accounts by the Group's listed associate (formerly a subsidiary) Hutchison Telecommunications International ("HTIL"), mainly for the adoption in the second half of 2005 of HKAS 38, Intangible Assets, with regards to accounting for telecommunications licences (further details were previously disclosed in HTIL's 2005 annual accounts note 2(a) and in the Group's 2005 annual accounts note 2(m)).

3 Restatement of 30 June 2005 consolidated profit and loss account (continued)

The effect, where material, of the restatement on the consolidated profit and loss account for the six months ended 30 June 2005 is summarised below.

	As previously reported HK$ millions	Effect of adoption in the second half of 2005 HKAS 1 [(a)] HK$ millions	HKAS 12 [(b)] HK$ millions	HKAS 38 [(c)] HK$ millions	Subtotal HK$ millions	Restatement by CKI [(d)] HK$ millions	Restatement by HTIL [(e)] HK$ millions	As restated HK$ millions
Company and subsidiary companies								
Revenue	83,554	–	–	–	–	–	(103)	83,451
Cost of inventories sold	(28,267)	–	–	–	–	–	354	(27,913)
Staff costs	(12,147)	–	–	–	–	–	–	(12,147)
Telecommunications expensed prepaid customer acquisition costs	(5,581)	–	–	–	–	–	–	(5,581)
Depreciation and amortisation	(17,968)	–	–	(169)	(169)	–	(96)	(18,233)
Other operating expenses	(29,835)	–	–	156	156	–	(123)	(29,802)
Change in fair value of investment properties	3,570	–	–	–	–	–	–	3,570
Profit on disposal of investments and others	14,900	–	–	–	–	–	–	14,900
	8,226	–	–	(13)	(13)	–	32	8,245
Share of profits less losses after taxation of:								
Associated companies	5,249	(2,389)	–	–	(2,389)	338	–	3,198
Jointly controlled entities	1,848	252	–	–	252	–	–	2,100
Share of change in fair value of investment properties of jointly controlled entities	927	(927)	–	–	(927)	–	–	–
	8,024	(3,064)	–	–	(3,064)	338	–	5,298
Interest and other finance costs	(8,479)	1,330	–	–	1,330	–	(74)	(7,223)
Profit before taxation	7,771	(1,734)	–	(13)	(1,747)	338	(42)	6,320
Current taxation charge	(1,622)	696	–	–	696	–	–	(926)
Deferred taxation (charge) credit	3,892	1,038	(2,929)	–	(1,891)	–	33	2,034
Profit after taxation	10,041	–	(2,929)	(13)	(2,942)	338	(9)	7,428
Allocated as:								
Loss (profit) attributable to minority interests	1,783	–	264	1	265	(52)	(3)	1,993
Profit attributable to shareholders of the Company	11,824	–	(2,665)	(12)	(2,677)	286	(12)	9,421
Earnings per share for profit attributable to shareholders of the Company (HK$)	2.77	–	(0.63)	–	(0.63)	0.07	–	2.21

After restatement, the comparable interim 2005 accounts conform to the accounting policies adopted for the full year 2005 accounts.

4 Restatement of 31 December 2005 consolidated balance sheet

In accordance with HKFRS 3, Business Combinations, the provisionally estimated fair values of assets and liabilities acquired on the acquisition of Marionnaud in 2005 were used for the preparation of the 31 December 2005 annual accounts. The fair value exercise was completed during the current period, and pursuant to HKFRS 3, the comparative 31 December 2005 consolidated balance sheet has been restated to reflect the revised fair values of assets and liabilities acquired. The effect of the reassessed fair values was not material and is as follows:

	HK$ millions
Decrease in goodwill	(55)
Increase in other receivables and prepayments	143
Decrease in deferred tax assets	(88)

5 Segment information

Segment information is presented in respect of the Group's primary business segments and secondary geographical segments. The column headed as Company and Subsidiaries refers to the Company and subsidiary companies' respective items. The column headed as Associates and JCE refers to the Group's share of associated companies' and jointly controlled entities' respective items and is included as supplementary information.

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

Revenue from external customers is after elimination of inter-segment revenue. The amount eliminated attributable to Property and hotels is HK$126 million (30 June 2005 – HK$150 million), Finance & investments and others is HK$215 million (30 June 2005 – HK$97 million) and Hutchison Telecommunications International is nil (30 June 2005 – HK$9 million).

Business segment

	Revenue							
	Six months ended 30 June 2006				Six months ended 30 June 2005			
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**Total HK$ millions**	**% [a]**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	Total HK$ millions	% [a]
ESTABLISHED BUSINESSES								
Ports and related services	**13,506**	**1,854**	**15,360**	**15%**	12,805	1,589	14,394	16%
Property and hotels	**2,413**	**2,553**	**4,966**	**5%**	2,058	1,349	3,407	4%
Retail	**40,228**	**5,484**	**45,712**	**46%**	35,447	4,171	39,618	43%
Cheung Kong Infrastructure	**1,077**	**6,104**	**7,181**	**7%**	1,263	6,468	7,731	8%
Husky Energy	**–**	**14,464**	**14,464**	**14%**	–	10,280	10,280	11%
Finance & investments and others	**4,309**	**1,116**	**5,425**	**5%**	3,968	855	4,823	5%
Hutchison Telecommunications International	**–**	**7,831**	**7,831**	**8%**	10,654	918	11,572	13%
Subtotal – established businesses	**61,533**	**39,406**	**100,939**	**100%**	66,195	25,630	91,825	100%
TELECOMMUNICATIONS - 3 Group	**23,509**	**–**	**23,509**		17,256	–	17,256	
	85,042	**39,406**	**124,448**		83,451	25,630	109,081	

5 Segment information (continued)

Business segment (continued)

	EBIT (LBIT) [b]							
	Six months ended 30 June 2006				Six months ended 30 June 2005			
	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	Total HK$ millions	% [a]	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	Total HK$ millions	% [a]
ESTABLISHED BUSINESSES								
Ports and related services	4,518	702	5,220	28%	4,105	601	4,706	28%
Property and hotels	1,353	596	1,949	10%	925	887	1,812	11%
Retail	525	239	764	4%	686	194	880	5%
Cheung Kong Infrastructure	319	2,402	2,721	14%	576	2,546	3,122	19%
Husky Energy	–	4,104	4,104	22%	–	2,439	2,439	14%
Finance & investments and others	2,552	339	2,891	15%	2,380	228	2,608	15%
Hutchison Telecommunications International	–	1,240	1,240	7%	1,127	205	1,332	8%
EBIT – established businesses	9,267	9,622	18,889	100%	9,799	7,100	16,899	100%
TELECOMMUNICATIONS – 3 Group								
EBIT (LBIT) before depreciation, amortisation and telecommunications expensed prepaid CACs	4,207	4	4,211		(633)	–	(633)	
Telecommunications expensed prepaid CACs	(3,086)	–	(3,086)		(5,581)	–	(5,581)	
EBIT (LBIT) before depreciation and amortisation and after telecommunications expensed prepaid CACs	1,121	4	1,125		(6,214)	–	(6,214)	
Depreciation	(4,440)	–	(4,440)		(4,890)	–	(4,890)	
Amortisation of licence fees and other rights	(3,053)	–	(3,053)		(3,141)	–	(3,141)	
Amortisation of telecommunications postpaid CACs	(5,622)	–	(5,622)		(5,779)	–	(5,779)	
EBIT (LBIT) – Telecommunications – 3 Group	(11,994)	4	(11,990)		(20,024)	–	(20,024)	
Change in fair value of investment properties	1,146	775	1,921		3,570	927	4,497	
Profit on disposal of investments and others [c]	23,361	–	23,361		14,900	–	14,900	
EBIT	21,780	10,401	32,181		8,245	8,027	16,272	
Group's share of the following profit and loss items of associated companies and jointly controlled entities:								
Interest and other finance costs		(1,817)				(1,330)		
Current taxation charge		(1,654)				(696)		
Deferred taxation credit (charge)		215				(700)		
Minority interests		(358)				(3)		
Share of profits less losses after taxation of associated companies and jointly controlled entities		6,787				5,298		

5 Segment information (continued)

Business segment (continued)

	Depreciation and amortisation					
	Six months ended 30 June 2006			Six months ended 30 June 2005		
	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	1,389	265	1,654	1,328	212	1,540
Property and hotels	144	79	223	154	83	237
Retail	964	70	1,034	835	37	872
Cheung Kong Infrastructure	61	1,005	1,066	103	1,187	1,290
Husky Energy	–	2,007	2,007	–	1,511	1,511
Finance & investments and others	54	42	96	70	36	106
Hutchison Telecommunications International	–	1,121	1,121	1,933	97	2,030
Subtotal – established businesses	2,612	4,589	7,201	4,423	3,163	7,586
TELECOMMUNICATIONS – 3 Group	13,115	–	13,115	13,810	–	13,810
	15,727	4,589	20,316	18,233	3,163	21,396

	Capital expenditure				
	Six months ended 30 June 2006				
	Fixed assets, investment properties, leasehold land prepayments HK$ millions	Telecommunications licences HK$ millions	Telecommunications postpaid customer acquisition costs HK$ millions	Brand names and other rights HK$ millions	Total HK$ millions
ESTABLISHED BUSINESSES					
Ports and related services	3,321	–	–	–	3,321
Property and hotels	114	–	–	–	114
Retail	962	–	–	–	962
Cheung Kong Infrastructure	20	–	–	–	20
Husky Energy	–	–	–	–	–
Finance & investments and others	86	–	–	–	86
Hutchison Telecommunications International	–	–	–	–	–
Subtotal – established businesses	4,503	–	–	–	4,503
TELECOMMUNICATIONS – 3 Group (d)	4,258	–	6,810	1,193	12,261
	8,761	–	6,810	1,193	16,764

5 Segment information (continued)

Business segment (continued)

	Capital expenditure				
	Six months ended 30 June 2005				
	Fixed assets, investment properties, leasehold land prepayments HK$ millions	Telecommunications licences HK$ millions	Telecommunications postpaid customer acquisition costs HK$ millions	Brand names and other rights HK$ millions	Total HK$ millions
ESTABLISHED BUSINESSES					
Ports and related services	2,268	–	–	–	2,268
Property and hotels	70	–	–	–	70
Retail	1,008	–	–	–	1,008
Cheung Kong Infrastructure	49	–	–	–	49
Husky Energy	–	–	–	–	–
Finance & investments and others	52	–	–	–	52
Hutchison Telecommunications International	1,975	95	284	–	2,354
Subtotal – established businesses	5,422	95	284	–	5,801
TELECOMMUNICATIONS - 3 Group (d)	6,973	–	5,180	–	12,153
	12,395	95	5,464	–	17,954

Geographical segment

	Revenue							
	Six months ended 30 June 2006				Six months ended 30 June 2005			
	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	**15,274**	**6,638**	**21,912**	**18%**	17,618	5,346	22,964	21%
Mainland China	**7,296**	**3,659**	**10,955**	**9%**	5,942	2,455	8,397	8%
Asia and Australia	**9,433**	**8,750**	**18,183**	**15%**	16,408	3,659	20,067	18%
Europe	**48,734**	**5,772**	**54,506**	**43%**	39,962	3,817	43,779	40%
Americas and others	**4,305**	**14,587**	**18,892**	**15%**	3,521	10,353	13,874	13%
	85,042	**39,406**	**124,448**	**100%**	83,451	25,630	109,081	100%

5 Segment information (continued)

Geographical segment (continued)

	EBIT (LBIT) [(b)]							
	Six months ended 30 June 2006				Six months ended 30 June 2005			
	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	Total HK$ millions	%	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	Total HK$ millions	%
Hong Kong	2,554	2,309	4,863	15%	1,787	2,495	4,282	26%
Mainland China	2,073	1,236	3,309	10%	1,745	824	2,569	16%
Asia and Australia	416	1,334	1,750	5%	702	1,141	1,843	11%
Europe	(9,657)	638	(9,019)	(28%)	(15,635)	166	(15,469)	(95%)
Americas and others	1,887	4,109	5,996	19%	1,176	2,474	3,650	22%
Change in fair value of investment properties	1,146	775	1,921	6%	3,570	927	4,497	28%
Profit on disposal of investments and others [(c)]	23,361	–	23,361	73%	14,900	–	14,900	92%
EBIT	21,780	10,401	32,181	100%	8,245	8,027	16,272	100%
Group's share of the following profit and loss items of associated companies and jointly controlled entities:								
Interest and other finance costs		(1,817)				(1,330)		
Current taxation charge		(1,654)				(696)		
Deferred taxation credit (charge)		215				(700)		
Minority interests		(358)				(3)		
Share of profits less losses after taxation of associated companies and jointly controlled entities		6,787				5,298		

	Capital expenditure				
	Six months ended 30 June 2006				
	Fixed assets, investment properties, leasehold land prepayments HK$ millions	Telecommunications licences HK$ millions	Telecommunications postpaid customer acquisition costs HK$ millions	Brand names and other rights HK$ millions	Total HK$ millions
Hong Kong	305	–	–	–	305
Mainland China	1,847	–	–	–	1,847
Asia and Australia	984	–	55	–	1,039
Europe	5,269	–	6,755	1,193	13,217
Americas and others	356	–	–	–	356
	8,761	–	6,810	1,193	16,764

5 Segment information (continued)

Geographical segment (continued)

	Capital expenditure				
	Six months ended 30 June 2005				
	Fixed assets, investment properties, leasehold land prepayments HK$ millions	Telecommunications licences HK$ millions	Telecommunications postpaid customer acquisition costs HK$ millions	Brand names and other rights HK$ millions	Total HK$ millions
Hong Kong	834	–	284	–	1,118
Mainland China	526	–	–	–	526
Asia and Australia	3,277	95	401	–	3,773
Europe	7,367	–	4,779	–	12,146
Americas and others	391	–	–	–	391
	12,395	95	5,464	–	17,954

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

(b) Earnings (losses) before interest expense and taxation ("EBIT" or "LBIT") represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of associated companies and jointly controlled entities which is included as supplementary information. EBIT (LBIT) is defined as earnings (losses) before interest expense and other finance cost and taxation. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of profit from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is not a measure of financial performance under generally accepted accounting principles in Hong Kong and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) 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) See note 6 for further details on respective items.

(d) Included in the capital expenditure is the effect of foreign exchange translation of overseas subsidiaries' fixed assets balances at 30 June 2006 which increased total expenditure by HK$270 million (30 June 2005 – HK$11 million).

6 Profit on disposal of investments and others

	Six months ended 30 June	
	2006	2005
	HK$ millions	HK$ millions
Profit on disposal of subsidiaries	**24,380**	5,500
Profit on sale of 3UK data centres	**751**	–
CDMA network closure costs	**(1,770)**	–
Profit on elimination of minority interests	**–**	9,400
	23,361	14,900

Profit on disposal of subsidiaries for the six months ended 30 June 2006 arises from the disposal of 20% equity interest in Hutchison Port Holdings and Hutchison Ports Investments. The CDMA network closure costs relate to the closure in August 2006 of the Group's 2G CDMA services in Australia and the costs to migrate the 2G customers to the 3G network.

For the six months ended 30 June 2005, profit on disposal of subsidiaries represented 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), and profit on elimination of minority interests of HK$9,400 million arose from the exercise of the right to purchase the minority shareholders' interests in Hutchison 3G UK Holdings at a substantial discount to their net asset value.

7 Interest and other finance costs

	Six months ended 30 June	
	2006	2005
	HK$ millions	HK$ millions
Interest and other finance costs	**7,527**	7,003
Notional non-cash interest accretion	**201**	464
	7,728	7,467
Less: interest capitalised	**(175)**	(244)
	7,553	7,223

Notional non-cash interest accretion represents amortisation of upfront facility fees and other notional adjustments to accrete the carrying amount of certain obligations recognised in the balance sheet such as asset retirement obligation to the present value of the estimated future cash flows expected to be required for their settlement in the future.

8 Taxation

	Six months ended 30 June	
	2006	2005
	HK$ millions	HK$ millions
Current taxation charge		
Hong Kong	**150**	255
Outside Hong Kong	**516**	671
	666	926
Deferred taxation charge (credit)		
Hong Kong	**163**	589
Outside Hong Kong	**439**	(2,623)
	602	(2,034)
	1,268	(1,108)

Hong Kong profits tax has been provided for at the rate of 17.5% (30 June 2005 – 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, no deferred tax asset has been recognised for the losses of the 3G businesses (30 June 2005 – HK$3,048 million).

9 Earnings per share for profit attributable to shareholders of the Company

The calculation of earnings per share for profit attributable to shareholders of the Company is based on profit attributable to shareholders of the Company of HK$18,800 million (30 June 2005 – HK$9,421 million) and on 4,263,370,780 shares in issue during 2006 (30 June 2005 – 4,263,370,780 shares).

The Company has no share option scheme. Certain of the Company's subsidiary and associated companies have employee share options and convertible debts outstanding as at 30 June 2006. The employee share options and convertible debts of these subsidiary and associated companies outstanding as at 30 June 2006 did not have any dilutive effect on earnings per share.

10 Fixed assets

During the period, the Group acquired fixed assets with a cost of HK$8,351 million (30 June 2005 – HK$11,615 million). Fixed assets with a net book value of HK$1,238 million were disposed of during the period (30 June 2005 – HK$368 million), resulting in a gain on disposal of HK$742 million (30 June 2005 – loss of HK$24 million).

During the period, assets with a net book value of HK$1,099 million were reclassified from fixed assets to brand names and other rights.

11 Deferred taxation

	30 June 2006 HK$ millions	31 December 2005 HK$ millions
Deferred tax assets	**16,229**	15,635
Deferred tax liabilities	**14,576**	13,750
Net deferred tax assets	**1,653**	1,885
Analysis of net deferred tax assets:		
Unused tax losses	**16,641**	15,770
Accelerated depreciation allowances	**(2,118)**	(2,002)
Fair value adjustments arising from acquisitions	**(6,190)**	(5,938)
Revaluation of investment properties and other investments	**(4,523)**	(4,311)
Withholding tax on unremitted earnings	**(1,984)**	(1,451)
Other temporary differences	**(173)**	(183)
	1,653	1,885

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 shown in the consolidated balance sheet are determined after appropriate offset.

At 30 June 2006, the Group has recognised deferred tax assets amounting to HK$16,229 million (31 December 2005 – HK$15,635 million) of which HK$15,719 million (31 December 2005 – HK$14,895 million) relates to the Group's 3G business in the UK.

In addition to 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 2006 HK$ millions	31 December 2005 HK$ millions
Arising from unutilised tax losses	**29,329**	22,883

12 Other non-current assets

	30 June 2006 HK$ millions	31 December 2005 HK$ millions
Other unlisted investments		
Loans and receivables		
Unlisted debt securities	**2,304**	2,197
Infrastructure project investments	**746**	754
	3,050	2,951
Available-for-sale investments		
Unlisted equity securities	**1,047**	1,383
Forward foreign exchange contracts – cash flow hedges	**–**	92
Interest rate swaps – cash flow hedges	**23**	–
	4,120	4,426

13 Liquid funds and other listed investments

	30 June 2006 HK$ millions	31 December 2005 HK$ millions
Available-for-sale investments		
Managed funds, outside Hong Kong	**42,183**	42,153
Listed debt securities	**5,351**	5,067
Listed equity securities, Hong Kong	**5,969**	5,260
Listed equity securities, outside Hong Kong	**4,470**	3,345
	57,973	55,825
Loans and receivables		
Long-term deposits	**3,741**	3,733
Financial assets at fair value through profit or loss	**1,791**	1,111
	63,505	60,669

Components of Managed funds, outside Hong Kong are as follows:

	30 June 2006 HK$ millions	31 December 2005 HK$ millions
Listed debt securities	**41,607**	40,696
Cash and cash equivalents	**576**	1,457
	42,183	42,153

14 Cash and cash equivalents

	30 June 2006 HK$ millions	31 December 2005 HK$ millions
Cash at bank and in hand	**8,046**	15,706
Short-term bank deposits	**58,514**	34,011
	66,560	49,717

15 Trade and other receivables

	30 June 2006 HK$ millions	31 December 2005 HK$ millions
Trade receivables	**16,490**	14,818
Other receivables and prepayments	**25,377**	21,336
	41,867	36,154

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	**12,461**	10,338
31 – 60 days	**1,724**	1,840
61 – 90 days	**672**	678
Over 90 days	**1,633**	1,962
	16,490	14,818

16 Trade and other payables

	30 June 2006 HK$ millions	31 December 2005 HK$ millions
Trade payables	**16,822**	17,141
Other payables and accruals	**39,220**	36,310
Interest free loans from minority shareholders	**3,890**	3,159
Interest rate swaps – fair value hedges	**3**	–
Cross currency interest rate swap – cash flow hedges	**–**	231
Forward foreign exchange contracts – cash flow hedges for forecast payments and obligations	**30**	32
	59,965	56,873

At end of period, the ageing analysis of the trade payables is as follows:		
Current	**10,389**	11,009
31 – 60 days	**4,434**	2,550
61 – 90 days	**1,086**	3,033
Over 90 days	**913**	549
	16,822	17,141

17 Bank and other debts

The amount of bank and other debts scheduled for repayment by calendar year were as follows:

	Bank loans HK$ millions	Other loans HK$ millions	Notes and bonds HK$ millions	30 June 2006 Total HK$ millions
2006, remainder of year	**24,193**	**64**	**2,423**	**26,680**
2007	**8,066**	**108**	**5,722**	**13,896**
2008	**21,019**	**1,242**	**6,850**	**29,111**
2009	**35,037**	**5,792**	**–**	**40,829**
2010	**29,368**	**2,496**	**10,957**	**42,821**
2011 to 2015	**15,746**	**2,891**	**70,271**	**88,908**
2016 to 2025	**18**	**–**	**3,626**	**3,644**
2026 and thereafter	**–**	**18**	**19,059**	**19,077**
	133,447	**12,611**	**118,908**	**264,966**
Less: current portion	**(26,143)**	**(112)**	**(2,423)**	**(28,678)**
	107,304	**12,499**	**116,485**	**236,288**

	Bank loans HK$ millions	Other loans HK$ millions	Notes and bonds HK$ millions	31 December 2005 Total HK$ millions
2006	18,828	182	7,018	26,028
2007	7,544	103	5,736	13,383
2008	20,918	1,142	6,738	28,798
2009	33,767	1,610	–	35,377
2010	26,771	2,498	11,296	40,565
2011 to 2015	14,736	2,554	75,048	92,338
2016 to 2025	17	–	3,774	3,791
2026 and thereafter	–	18	19,184	19,202
	122,581	8,107	128,794	259,482
Less: current portion	(18,828)	(182)	(7,018)	(26,028)
	103,753	7,925	121,776	233,454

In July 2006, the Group obtained a five-year, floating rate €600 million syndicated loan (approximately HK$5,862 million), mainly to refinance existing loans and funding related to the retail division.

18 Other non-current liabilities

	30 June 2006 HK$ millions	31 December 2005 HK$ millions
Interest rate swaps – cash flow hedges	**–**	10
Interest rate swaps – fair value hedges	**6,264**	2,801
Cross currency interest rate swap – cash flow hedges	**336**	–
Forward foreign exchange contracts – cash flow hedges	**93**	–
Obligations for telecommunications licences and other rights	**1,684**	662
	8,377	3,473

19 Share capital

	30 June 2006 Number of shares	31 December 2005 Number of shares	30 June 2006 HK$ millions	31 December 2005 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

20 Equity

	Share capital HK$ millions	Share premium [a] HK$ millions	Exchange reserve HK$ millions	Other reserves [b] HK$ millions	Retained profit HK$ millions	Total shareholders' funds HK$ millions	Minority interests HK$ millions	Total equity HK$ millions
At 1 January 2006	1,066	28,359	7,118	1,405	205,606	243,554	10,075	253,629
Fair value changes in available-for-sale investments	–	–	–	859	–	859	74	933
Fair value adjustment upon transfer from other properties to investment properties	–	–	–	3	–	3	1	4
Valuation released upon disposal of available-for-sale investments	–	–	–	(398)	–	(398)	–	(398)
Loss on cash flow hedges	–	–	–	(44)	–	(44)	(12)	(56)
Exchange translation differences	–	–	8,526	–	–	8,526	249	8,775
Actuarial gains and losses of defined benefit plans	–	–	–	–	147	147	18	165
Deferred tax effect on actuarial gains and losses of defined benefit plans	–	–	–	–	(38)	(38)	(6)	(44)
Net income recognised directly in equity	–	–	8,526	420	109	9,055	324	9,379
Profit after taxation	–	–	–	–	18,800	18,800	946	19,746
Total recognised income and expense	–	–	8,526	420	18,909	27,855	1,270	29,125
Dividends paid relating to 2005	–	–	–	–	(5,201)	(5,201)	–	(5,201)
Dividends paid to minority interests	–	–	–	–	–	–	(1,778)	(1,778)
Equity contribution from minority interests	–	–	–	–	–	–	751	751
Capitalisation of loan from minority interests	–	–	–	–	–	–	693	693
Share option scheme	–	–	–	36	–	36	4	40
Share option lapsed	–	–	–	(5)	5	–	–	–
Relating to subsidiary companies acquired	–	–	–	–	–	–	(3)	(3)
Relating to partial disposal of subsidiary companies	–	–	(724)	(123)	(49)	(896)	3,507	2,611
At 30 June 2006	1,066	28,359	14,920	1,733	219,270	265,348	14,519	279,867

20 Equity (continued)

	Share capital HK$ millions	Share premium [a] HK$ millions	Exchange reserve HK$ millions	Other reserves [b] HK$ millions	Retained profit HK$ millions	Total shareholders' funds HK$ millions	Minority interests HK$ millions	Total equity HK$ millions
At 1 January 2005	1,066	28,359	21,022	1,249	198,829	250,525	28,394	278,919
Fair value changes in available-for-sale investments	–	–	–	36	–	36	7	43
Fair value changes arising from business combination	–	–	–	869	–	869	363	1,232
Fair value adjustment upon transfer from other properties to investment properties	–	–	–	176	–	176	–	176
Deferred tax effect on fair value adjustment upon transfer from other properties to investment properties	–	–	–	(31)	–	(31)	–	(31)
Valuation released upon disposal of available-for-sale investments	–	–	–	(231)	–	(231)	–	(231)
Gain on cash flow hedges	–	–	–	72	–	72	10	82
Exchange translation differences	–	–	(8,903)	–	–	(8,903)	(1,499)	(10,402)
Actuarial gains and losses of defined benefit plans	–	–	–	–	7	7	–	7
Net income (expense) recognised directly in equity	–	–	(8,903)	891	7	(8,005)	(1,119)	(9,124)
Profit (loss) after taxation	–	–	–	–	9,421	9,421	(1,993)	7,428
Total recognised income and expense	–	–	(8,903)	891	9,428	1,416	(3,112)	(1,696)
Dividends paid relating to 2004	–	–	–	–	(5,201)	(5,201)	–	(5,201)
Dividends paid to minority interests	–	–	–	–	–	–	(1,464)	(1,464)
Equity contribution from minority interests	–	–	–	–	–	–	128	128
Purchase of minority interests in subsidiary companies	–	–	–	–	–	–	(12,735)	(12,735)
Share option scheme	–	–	–	45	–	45	26	71
Relating to subsidiary companies acquired	–	–	–	–	–	–	1,970	1,970
Relating to partial disposal of subsidiary companies	–	–	–	–	–	–	(1,293)	(1,293)
At 30 June 2005	1,066	28,359	12,119	2,185	203,056	246,785	11,914	258,699

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

(b) Other reserves comprise revaluation reserve, hedging reserve and other capital reserves. As at 30 June 2006, revaluation reserve surplus amounted to HK$1,583 million (1 January 2006 – HK$1,291 million; 30 June 2005 – HK$2,353 million and 1 January 2005 - HK$1,534 million), hedging reserve deficit amounted to HK$84 million (1 January 2006 – HK$40 million; 30 June 2005 – HK$302 million and 1 January 2005 – HK$374 million) and other capital reserves surplus amounted to HK$234 million (1 January 2006 – HK$154 million; 30 June 2005 – HK$134 million and 1 January 2005 – HK$89 million). Fair value changes arising from business combination and 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.

21 Notes to condensed consolidated cash flow statement

(a) Reconciliation of profit after taxation to cash generated from operating activities before interest and other finance costs, taxation paid, telecommunications expensed prepaid CACs[a] and changes in working capital

	Six months ended 30 June 2006 HK$ millions	2005 HK$ millions
Profit after taxation	**19,746**	7,428
Adjustments for:		
Current taxation charge	**666**	926
Deferred taxation charge (credit)	**602**	(2,034)
Interest and other finance costs	**7,553**	7,223
Change in fair value of investment properties	**(1,146)**	(3,570)
Depreciation and amortisation	**15,727**	18,233
Non-cash items included in profit on disposal of investments and others	**1,770**	(9,400)
Share of associated companies' and jointly controlled entities':		
Minority interests	**358**	3
Current taxation charge	**1,654**	696
Deferred taxation (credit) charge	**(215)**	700
Interest and other finance costs	**1,817**	1,330
Change in fair value of investment properties	**(775)**	(927)
Depreciation and amortisation	**4,589**	3,163
EBITDA[b]	**52,346**	23,771
Telecommunications expensed prepaid CACs	**3,086**	5,581
EBITDA before telecommunications expensed prepaid CACs	**55,432**	29,352
Share of EBITDA of associated companies and jointly controlled entities	**(14,215)**	(10,263)
Profit on disposal of unlisted investments	**(111)**	–
Loss (profit) on disposal of fixed assets, leasehold land prepayments and investment properties	**(764)**	24
Dividends received from associated companies and jointly controlled entities	**4,025**	2,547
Distribution from property jointly controlled entities	**2,180**	1,041
Decrease in properties under development	**–**	21
Profit on disposal of subsidiary and associated companies and jointly controlled entities	**(24,760)**	(5,705)
Other non-cash items	**131**	237
	21,918	17,254

a CACs represents customer acquisition costs

b EBITDA, included as a subtotal as supplementary information, represents the EBITDA of the Company and subsidiary companies as well as the Group's share of the EBITDA of associated companies and jointly controlled entities. EBITDA is defined as earnings before interest expense and finance costs, taxation, depreciation and amortisation, and includes profit on disposal of investments and others and other earnings of a cash nature but excludes changes in the fair value of investment properties. Information concerning EBITDA has been included in the Group's financial information and consolidated financial statements 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.

21 Notes to condensed consolidated cash flow statement (continued)

(b) Changes in working capital

	Six months ended 30 June 2006 HK$ millions	2005 HK$ millions
Increase in inventories	**(1,440)**	(286)
Decrease (increase) in debtors and prepayments	**(4,354)**	8,375
Increase (decrease) in creditors	**587**	(10,225)
Other non-cash items	**1,458**	(2,420)
	(3,749)	(4,556)

(c) Purchase of subsidiary companies

	Six months ended 30 June 2006 Book value HK$ millions	2006 Fair value HK$ millions	2005 Fair value HK$ millions
Aggregate net assets acquired at acquisition date			
(excluding cash and cash equivalents):			
Fixed assets	**328**	**328**	4,866
Leasehold land prepayments	**8**	**8**	–
Telecommunications licences	**–**	**–**	2,402
Brand names and other rights	**935**	**935**	4,088
Associated companies	**–**	**–**	162
Liquid funds and other listed investments	**38**	**38**	–
Inventories	**181**	**181**	2,470
Trade and other receivables	**462**	**462**	7,141
Bank and other debts	**(430)**	**(436)**	(10,171)
Creditors and current taxation	**(506)**	**(506)**	(10,882)
Deferred taxation	**(348)**	**(348)**	(516)
Minority interests	**3**	**3**	(1,970)
	671	**665**	(2,410)
Goodwill arising on acquisition		**85**	9,408
		750	6,998
Less: Cost of investments just prior to purchase		**(20)**	(3,409)
Less: Excess of the Group's interest in the net fair value over acquisition cost		**(7)**	–
		723	3,589
Discharged by:			
Cash payment		**779**	3,379
Less: bank overdrafts (cash and cash equivalents) purchased		**(77)**	210
Total net cash consideration		**702**	3,589
Deferred consideration		**21**	–
Total consideration		**723**	3,589

21 Notes to condensed consolidated cash flow statement (continued)

(c) Purchase of subsidiary companies (continued)

The goodwill can be attributable to the anticipated profitability of the acquired businesses and the anticipated future operating synergies from the combination of the businesses.

The effect on the Group's results from the subsidiaries acquired is immaterial for the six months ended 30 June 2006 and 2005.

As at 24 August 2006, the initial accounting to determine the fair value of assets and liabilities acquired for the above acquisitions can only be determined provisionally due to the proximity of the acquisition dates to the date of approval of the interim accounts.

(d) Disposal of subsidiary companies

	Six months ended 30 June	
	2006	2005
	HK$ millions	HK$ millions
Aggregate net assets disposed at date of disposal		
(excluding cash and cash equivalents):		
Fixed assets	**77**	–
Leasehold land prepayments	**10**	–
Trade and other receivables	**32**	7
Creditors and current taxation	**(72)**	(4)
Goodwill	**–**	(2)
	47	1
Profit on disposal	**67**	–
	114	1
Satisfied by:		
Cash and cash equivalents received as consideration	**118**	1
Less: Cash and cash equivalents sold	**(4)**	–
Total net cash consideration	**114**	1

The effect on the Group's results from the disposal of subsidiary companies is immaterial for the six months ended 30 June 2006 and 2005.

(e) Proceeds on partial disposal of subsidiary companies mainly represent sales proceeds of US$4,388 million arising from the disposal of 20% equity interest in Hutchison Port Holdings and Hutchison Ports Investments.

(f) Net cash flows from financing activities

	Six months ended 30 June	
	2006	2005
	HK$ millions	HK$ millions
New loans	**12,391**	44,542
Repayment of loans	**(9,215)**	(8,338)
Issue of shares by subsidiary companies to minorities	**751**	128
	3,927	36,332

22 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 2006 HK$ millions	31 December 2005 HK$ millions
To associated companies		
Telecommunications businesses	**7,972**	6,373
To jointly controlled entities		
Property businesses	**4,329**	5,232
Other businesses	**3,612**	3,520
	7,941	8,752

At 30 June 2006 the Group had provided performance and other guarantees of HK$6,297 million (31 December 2005 – HK$6,165 million) primarily for telecommunications businesses.

23 Commitments

There have been no material changes in the total amount of capital commitments since 31 December 2005 except for the amounts taken up during the period in the normal course of business.

24 Related parties transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Transactions between the Group and other related parties during the period are not significant to the Group.

There have been no material changes in the total amount of outstanding balances with associated companies and jointly controlled entities since 31 December 2005.

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 2006, included in associated companies and interests in joint ventures on the balance sheet is a total amount of HK$21,193 million (31 December 2005 – HK$20,694 million) representing equity contributions to and the net amount due from these related entities. The Group had guaranteed bank and other borrowing facilities of HK$4,329 million (31 December 2005 – HK$5,232 million) for the benefit of these same entities.

No transactions have been entered with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being key management personnel compensation).

25 Legal proceedings

As at 30 June 2006, 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.

26 US dollar equivalents

Amounts in these accounts are stated in Hong Kong dollars (HK$), the currency of the place in which the Company is incorporated and is the functional currency of the Company. The translation into US dollars of these accounts as of, and for the six months ended, 30 June 2006, 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	28 September 2006 - 5 October 2006
Payment of 2006 Interim Dividend	6 October 2006

Registered Office

22nd Floor, Hutchison House
10 Harcourt Road, Hong Kong
Telephone: +852 2128 1188
Facsimile: +852 2128 1705

Share Registrars

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong
Telephone: +852 2862 8628
Facsimile: +852 2865 0990

Investor Information

Corporate press releases, financial reports and other investor information on the Group are available online at the Company's website.

Investor Relations Contact

Please direct enquiries to:
Investor Relations Manager
22nd Floor, Hutchison House
10 Harcourt Road, Hong Kong
Telephone: +852 2128 1188
Facsimile: +852 2128 1705

Website Address

www.hutchison-whampoa.com