HUTCHISON TELECOMMUNICATIONS INTERNATIONAL LIMITED
和記電訊國際有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2332)

Announcement

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

HIGHLIGHTS

	Six months ended 30 June		
	2007 HK$ millions	2008 HK$ millions	Change %
Turnover	9,639	**11,760**	22.0%
Operating profit	832	**2,281**	174.2%
Profit before taxation	663	**2,397**	261.5%
Profit from discontinued operations	70,502	-	
Profit for the period	70,843	**1,963**	
Profit attributable to equity holders of the Company	70,088	**1,165**	
Basic earnings per share attributable to equity holders of the Company	HK$14.69	**HK$0.24**	

- Customer base increased 10.3% quarter-on-quarter to **11.1 million**
- Turnover increased **22.0%** to **HK$11,760 million**
- EBITDA up 14.7% to **HK$3,223 million**
- Operating profit at **HK$2,281million**, including one-time gains of HK$1,463 million
- Profit attributable to equity holders of the Company at **HK$1,165 million**
- Earnings per share attributable to equity holders of the Company at **HK$0.24**

CHAIRMAN' S STATEMENT

The Group once again delivered a strong underlying performance for the first six months of 2008. Our customer base increased 67.9% year on year to 11.1 million and turnover increased 22.0% to approximately HK$11.8 billion compared to the same period last year. Profit from continuing operations attributable to equity holders of the Company was HK$1,165 million including one time items, compared to HK$57 million in the same period last year.

Our mobile operations in Hong Kong and Israel, fuelled by strong 3G customer growth, again performed well in the first half of 2008 despite intense competition and high penetration in these two markets. Both businesses not only maintained the customer growth momentum but also delivered double digit Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") growth and strong free cash flow in the first half of the year. We are delighted to see Hong Kong and Israel harvesting the results of our investments in telecommunications technology, infrastructure and customers over the years. Equally our fixed-line business in Hong Kong also continued its encouraging performance with a 19% operating profit growth compared to the same period last year, reflecting success in the carrier and international business as well as the corporate and business sectors.

On 25 July 2008 the Group completed the acquisition of NEC Corporation's 5% interest in our 2G and 3G businesses in Hong Kong and Macau. Our decision to increase our stake in these businesses from 70.9% to 75.9% reconfirms our confidence in their long term value and potential.

In Indonesia we have seen good sales momentum since launch of service in the first half of 2007. During the period we undertook a number of strategic actions to accelerate our network rollout. We have entered into an agreement for the sale and lease back of tower sites announced in March 2008 and extended our relationships with vendors. We expect further challenges ahead of us but believe we have laid a solid foundation to capture the potential of this market. Vietnam remains a market of tremendous growth potential and we have made good progress on the conversion from CDMA to GSM technology and towards the targeted re-launch of mobile services at the end of this year.

Our business in Thailand recorded EBITDA that covered its capital expenditure. However, the development set out in the non-binding Memorandum of Understanding that we signed with CAT Telecom Public Company Limited in November 2007 has not progressed. We also encountered some setbacks in our business in Sri Lanka which were compounded by the continued economic and turmoil and tightened security situation. However, we remain committed to the market and continue the aggressive network expansion started in 2007.

Finally we completed the sale of our indirect interests in Ghana on 11 July 2008 and will record a gain on disposal of approximately HK$295 million in the second half of 2008.

The Company did not declare any dividends for the six months ended 30 June 2008. Our 2008 dividend policy for a minimum payout of 30% of the Group's profit attributable to equity holders of the Company adjusted for foreign exchange gains or losses, abnormal items and acquisitions or disposals remains unchanged.

Results

Group Review

The Group's unaudited profit from continuing operations attributable to equity holders of the Company in the first six months of 2008 was HK$1,165 million compared to HK$57 million in the same period last year. The basic earnings per share from continuing operations in the first six months of 2008 were HK$0.24 compared with HK$0.01 in the same period last year.

Financial Results for the Six Months Ended 30 June 2008

Turnover of the Group increased 22.0 % to HK$11,760 million in the first six months of 2008, compared to HK$9,639 million in the same period last year, driven primarily by growth in our customer base which increased 67.9% year-on-year to 11.1 million. The appreciation of the New Israeli Shekel ("NIS") against the Hong Kong Dollar has once again favoured a higher reported group turnover in Hong Kong Dollar terms.

All of the Group's businesses recorded increased turnover with particularly strong growth from Israel, Hong Kong fixed-line and Thailand. Turnover from Israel represented 59.4% of the Group's total turnover whilst Hong Kong and Macau accounted for 31.9% (of which mobile operations accounted for 20.4% and fixed-line operations 11.5%), Thailand 5.3%, Indonesia 1.3% and "Others" 2.1%.

In the first half of 2008 the Group increased its EBITDA by 14.7% to HK$3,223 million, compared to HK$2,810 million in the same period last year. Growth in EBITDA was particularly strong in Israel, Hong Kong mobile and Hong Kong fixed-line, largely as a result of revenue growth. As a percentage to turnover, EBITDA was 27.4% in the first six months of 2008, a drop of 1.8% compared to 29.2% in the same period last year, reflecting higher network expansion expenses from our Indonesian, Vietnamese and Sri Lankan operations.

Depreciation and amortisation increased 21.4% to HK$2,406 million, compared to HK$1,982 million in the same period last year, reflecting capital expenditure incurred in prior periods for network expansion offset by the decrease in Thailand as a result of the impairment charges on non-current assets taken last year. In the first half of 2008, we also accelerated depreciation on certain network assets in Vietnam and Israel totaling HK$305 million.

Operating profit for the first half of 2008 increased 174% to HK$2,281 million. This significant increase in operating profit was partly due to one-time gains of HK$1,463 million arising from the first tranche of the tower sale in Indonesia and also compensation from a key supplier to our business in Indonesia recognised as other income. This compensation is in the form of credit vouchers received upon PT. Hutchison CP Telecommunications ("HCPT") waiving certain contractual obligations of the network supplier in Indonesia. Excluding these one-time gains and the accelerated depreciation charges, like-for-like operating profit would have been HK$1,123 million, compared to HK$832 million in the same period last year, where improved operating profits from Israel, Hong Kong and Thailand were offset by higher start up losses from Indonesia, Vietnam and Sri Lanka.

In the first six months of 2008, the Group recorded a net interest income of HK$116 million compared to a net interest expense of HK$169 million in the same period last year. The interest income earned during the period was HK$632 million, primarily from the Group's treasury operations which manage the retained cash balance of approximately HK$35.2 billion, broadly achieving a return in line with London US Dollar Interbank rate.

Taxation charges in the first half of 2008 increased to HK$434 million, compared to HK$322 million in the same period last year, up 34.8% partly due to higher profit recorded by Israel resulting in increased current taxation, withholding tax charge on intra-group dividends received and the Group's fixed-line operations recognising a deferred tax charge.

The Group recorded a profit from continuing operations of HK$1,963 million in the first six months of 2008 compared to HK$341 million in the same period last year. Excluding the one-time adjustments, profit for the period would have been HK$805 million. Profit from continuing operations attributable to shareholders was HK$1,165 million, compared to HK$57 million in the first half of 2007.

Operations Review

Indonesia

In the first half of 2008, we completed a few major initiatives to solidify our start-up position and to position the business to capture the growth potential. These included entering into an agreement to sell 3,692 towers to PT. Profesional Telekomunikasi Indonesia ("Protelindo") to release up to US$500 million (approximately HK$3,882 million) of capital to support our future network expansion. In addition we extended our network supply agreement with Nokia Siemens Networks and entered into new contracts with ZTE Corporation to support our accelerated network rollout plan in Sulawesi and Kalimantan. At the end of June 2008 more than 4,000 base stations were on air and we are well on our way to achieving our target of 6,000 base stations by year end.

Financial Results for the Six Months Ended 30 June 2008

Turnover in the first half of 2008 was HK$150 million, an increase of 28.2% from HK$117 million in the second half of last year. In the first half the revenue increased at slower rate than expected mainly due to the intensified competition and the reduction in the interconnection charges which triggered price reductions in the market. Loss Before Interest, Tax, Depreciation and Amortisation ("LBITDA") increased to HK$348 million from HK$138 million in the first half of 2007 and HK$337 million in the second half of 2007, owing to higher operating costs resulting from network expansion and significant increase in the number of leased base stations sites rather than self built sites which generally have lower operating costs to compensate for the higher level of capital expenditure incurred in a self built site. During the period, there were two major one-time gains totaling HK$1,463 million which brought operating profit to HK$950 million. A disposal gain of HK$732 million on the first tranche of 1,128 towers transferred to Protelindo was recognised in the second quarter. Another one-time gain of HK$731 million was recognised as other income in the first half of 2008 relating to the network supplier's compensation in the form of credit vouchers to the Group's Indonesia operations. If the one-time gains from these two transactions were excluded, the Group's Indonesian operations would have reported an operating loss of HK$513 million compared to an operating loss of HK$139 million in the same period last year.

In the first half of 2008, depreciation and amortisation was HK$165 million, representing the depreciation charge on recognised capital expenditure and amortisation charge on a capitalised telecommunications license.

Capital expenditure was HK$947 million in the first half of 2008, principally representing the investment in network rollout being recognised as non-current assets. We expect several milestones to be reached in the second half of 2008 so have not changed our capital expenditure guidance for the year of HK$4,000 million.

Benefiting from the proceeds received from the tower sale in the period, the outstanding debt under the vendor finance facility was reduced to HK$1,439 million at the end of June 2008, compared to HK$1,807 million at the end of 2007. Shareholder funding at the end of the period was HK$2,361 million of which the Group's contribution was HK$1,422 million.

Hong Kong and Macau

The Group is one of the leading mobile and fixed-line telecommunications operators in Hong Kong.

Combined turnover from the Group's fixed and mobile businesses was 6.5% higher at HK$3,751 million in the first six months of 2008 compared to HK$3,521 million in the same period last year. EBITDA increased 11.8% to HK$1,384 million in the first six months of 2008 whilst EBITDA margin was 36.9%.

Hong Kong and Macau Mobile

We continue our 3G market leadership and delivered a superior performance in Hong Kong and Macau. According to figures released by the Office of the Telecommunications Authority of Hong Kong SAR we have over 50%[1] share of the 3G market in Hong Kong. Our leadership will be further enhanced by being the first operator in Hong Kong to launch iPhone 3G in July 2008 which was met with exceptional levels of market response.

Financial Results for the Six Months Ended 30 June 2008

Turnover of our Hong Kong and Macau mobile operations was up 3.3% to HK$2,399 million in the first six months of 2008 compared to HK$2,322 million in the same period last year. Mobile service revenue grew at a faster rate than total turnover driven mainly by a 15.9% growth in the customer base during the period offset by less handset sales as certain customers were expecting popular models, such as iPhone 3G, to be launched in the second half of the year.

EBITDA was 13.3% higher than that for the same period last year at HK$875 million, representing an improvement in the EBITDA margin by 3.3% to 36.5%, attributable to increased roaming and higher non-voice revenue where we have higher margins as well as better economies of scale and continued cost control. Excluding expenditure on customer acquisition and retention, operating expenses were maintained at similar level for the same period last year despite increased activity levels.

Depreciation and amortisation increased to HK$638 million, 19% higher compared to the first half of last year, due partly to the 3G network investment in Macau incurred last year and to an increase in the amortisation of capitalised customer acquisition and retention expenditure incurred in previous periods.

As a result of the growth in recurring revenue and an efficient cost structure offset by higher depreciation and amortisation, operating profit was HK$237 million, 1% higher than that for the same period last year.

In the first half of 2008, capital expenditure on fixed assets increased to HK$229 million, or 9.5% of turnover. The operation generated improved cashflow and was able to reduce external debt by HK$379 million to HK$4,367 million.

[1] The Group's Hong Kong 3G customer base in April 2008 as a percentage to the April 2008 3G customer statistics published by the Office of the Telecommunications Authority of Hong Kong SAR

HK Fixed

We own and operate what we believe is the largest fibre-optic building-to-building telecommunications network in Hong Kong, with over 945,000 kilometers of core fibre-optic cable. Fibre-optic networks are able to support a higher volume of traffic at faster transmission speeds for Internet and data communications compared to traditional copper cable networks. During the period we continued to see success in further penetrating the corporate and business market which is an area we will continue to focus on.

Financial Results for the Six Months Ended 30 June 2008

Turnover of the Group's fixed-line business increased 12.8% to HK$1,352 million in the first six months of 2008 from HK$1,199 million. Turnover from the corporate and business market increased 33.0% compared to the same period last year, driven not only by the continued growth in data businesses from the government and finance and banking sectors in the first half of 2008, but also the healthy and sustained growth in voice business where the Group's fixed-line business continued to benefit from business line number porting. We also saw a 14.8% growth in the international and carrier business turnover compared to the same period last year mainly driven by the increased presence of our businesses in markets with high growth potential, expanded international network footprint and the provision of certain premium network routings which together enabled us to broaden our customer base and solicit high yield carrier customers..

EBITDA was HK$509 million in the first half of 2008 compared to HK$466 million in the same period last year. The EBITDA margin was 37.6%, as compared to 38.9% in the first half of 2007 which was due to the growth of the international and carrier business that typically carries a relatively lower margin than corporate and residential markets.

As a result of the foregoing, operating profit in the first six months of 2008 was HK$180 million, an increase of 19% from HK$151 million in the same period last year.

Capital expenditure on fixed assets was HK$124 million as compared to HK$185 million in the same period last year, principally on the enhancement of our core fibre-optic networks and increased geographical coverage of high speed broadband services.

Israel

Partner Communications Company Ltd ("Partner Communications") continued to make solid progress by focusing on its strategy of offering innovative technology, service excellence and a differentiated marketing approach. The orange™ brand continues to be one of the most widely admired brands in Israel being awarded the leading telecom brand in Israel for the sixth consecutive year by *Globes*, an Israeli daily business newspaper. This has contributed to the strong growth in 3G customers during the first half of 2008. Partner Communications continues to be an integral part of the Group contributing 59.4% of turnover and 73.5% of EBITDA in the first half of 2008.

Financial Results for the Six Months Ended 30 June 2008

Partner Communications continued to deliver strong financial result for the first half of 2008. Turnover increased 29.0% from the same period last year to HK$6,990 million, representing a 8.5% underlying growth in local currency terms. Turnover in Hong Kong Dollar terms was boosted by a favourable foreign exchange impact resulting from the appreciation of NIS during the period. The increase primarily reflects the 4.5% growth in the customer base, an increase in the weight of post-paid customers in our base, higher average minutes of use, as well as an increase in content and data revenues. Non-voice revenue increased 3 percentage points to 13% of revenue, as compared with 10% in the same period last year. The higher revenues were partially offset by a decrease in average revenue per minute resulting from competitive pressures and regulatory intervention including the approximately 14% reduction in interconnect tariffs which came into effect on 1 March 2008, being the final reduction in the Ministry of Communications' program of mandated gradual reductions from 2005 to 2008.

EBITDA was reported at HK$2,369 million 32.4% higher when compared with HK$1,789 million in the same period last year mainly due to the higher level of revenue. The EBITDA margin was higher than that for the first half of 2007 by approximately 1 percentage point at 33.9%, reflecting a tight operating cost structures aligning with growth in revenue, lower customer acquisition costs which were partially offset by increase in expenditure on customer retention. Depreciation and amortisation increased HK$250 million to HK$1,025 million compared with the same period last year, mainly due to the acceleration in depreciation charge resulting from an agreement entered into with LM Ericsson Israel Ltd in December 2007 to replace the then existing 3G equipment.

Partner Communications's operating profit increased to HK$1,345 million in the first six months of 2008 compared to HK$1,018 million in the same period last year.

Capital expenditure was HK$546 million compared to HK$364 million in the same period last year reflecting mainly the impact of the appreciation of the NIS against Hong Kong Dollar.

In the period Partner Communications expended HK$453 million to buy back its own shares. The Group's interest in Partner Communications increased to 50.9% from 50.2% of the year end as a result of the share buyback.

Thailand

The Group's operation in Thailand showed a significant improvement in its operating results for the first six months of 2008, particularly in customer and turnover growth. In the first half of 2008 the Thailand operations delivered its key financial target of EBITDA that covered its capital expenditure. However the business environment is still tough and the market is clouded with uncertainty with respect to some aspects of the regulatory framework. Coupled with weak consumer confidence from rising inflation and political uncertainty, the Group is maintaining its cautious view on further investment in Thailand.

Financial Results for the Six Months Ended 30 June 2008

Turnover was HK$621 million for the first six months of 2008, an increase of 25.5% from HK$495 million in the same period last year. The strong growth compared to first half of 2007 was mainly driven by 40.3% increase in the customer base and success in tariff plan restructuring.

EBITDA was HK$59 million in the first six months of 2008, representing an almost two-fold improvement from EBITDA of HK$32 million in the same period last year as operating cost increases and the subscriber acquisition cost increases were kept under control despite the fact that customer base increased by 321,000 during the year.

Operating profit for the first half of 2008 was HK$59 million, turned around from an operating loss of HK$273 million in the same period last year. The improvement in operating results was primarily due to significantly lower depreciation and amortisation charges for the period compared with first half of 2007 as a result of the impairment charge taken in the second half of last year on the non-current assets as well as the strong growth in turnover.

Capital expenditure in the period was HK$18 million compared to HK$17 million in the same period last year.

During the first half of 2008 the Group closed out US$470 million (THB 15,547 million or HK$3,665 million) foreign currency swap contracts. These contracts committed the Group to sell Thai Baht and buy US Dollar at pre-agreed rates. The Group entered into these contracts to fulfill local exchange controls when it injected additional funding into Thailand for repayment of its outstanding external debts in 2007. The Group recognised a loss of HK$5 million in its profit and loss statement in respect of these transactions. As at 30 June 2008 the Group had remaining contracts to sell Thai Baht and buy US Dollars with a notional amount of US$625 million (THB21,067 million or HK$4,874 million).

Others

"Others" is currently comprised of Vietnam, Sri Lanka, Ghana and Corporate Office.

Sri Lanka

Turnover for the first six months increased 3.5% to HK$89 million, compared to HK$86 million in the same period last year. The slow down in turnover growth reflects the worsening of economic condition in the country which has led to a significant reduction in tariff and underlying customer usage.

EBITDA was HK$34 million, a decrease of 26.1% from HK$46 million in the same period last year. The fall in EBITDA was largely attributable to the increase in network costs, resulting from the additions of base stations and the associated running expenses, rise in electricity unit charges as well as general increase in price levels caused by inflation which stood at 28%.

Depreciation and amortisation charges also increased 27% to HK$19 million compared to HK$15 million in the same period last year, primarily due to the increase in network assets recognised during the period. As a result of these factors operating profit for the six months in 2008 was HK$15 million, a decrease of 51.6% compared to HK$31 million in the first half of 2007.

Capital expenditure increased 2.9% compared to the same period last year to HK$71 million, driven mainly by network expansion.

Vietnam

In Vietnam, following the granting of an investment certificate for a GSM network, the operations stopped customer recruitment and existing customers were migrated to a third party network. The customer migration has completed and the GSM network development is progressing with a target to re-launch services at the end of this year.

In the first half of 2008 we recorded an accelerated depreciation of HK$181million on the CDMA equipment and other capitalised assets which cannot be redeployed in the new GSM network and as such have depreciated to residual value. This led to an increase in the depreciation charged for the period to HK$223 million compared to HK$16 million in the same period last year. The operating loss for the first half of 2008 increased to HK$396 million compared to operating loss of HK$114 million in the same period last year.

Capital expenditure in the first half of 2008 was HK$204 million reflecting the slow down in the deployment of the CDMA network. Depending on timing we expect to see a significantly higher capital expenditure in the second half of 2008 as we accelerate the network development in preparation for the re-launch of services.

Ghana

The Group completed the sale of its indirect interests in Ghana on 11 July 2008. The Group is expected to realise an estimated gain of approximately HK$295 million in the second half of 2008 and a net cash inflow of approximately HK$545 million. For the six months ended 30 June 2008 Ghana recorded an operating loss of HK$13 million.

Corporate – Treasury

As at 30 June 2008 our treasury operations maintained a cash balance of HK$35.8 billion. The cash was held primarily in short term money market deposits in US dollar earning an average return of 2.95% in the first half of 2008. The interest income recorded on the cash balance was HK$527million in the first half of 2008.

Outlook

We reported a good performance in the first half of 2008 and progress in our emerging markets. With the positive actions we took in 2007 to address the issues that were most challenging to us we now have a clear visibility to the opportunities ahead of us. Looking ahead to the second half of 2008, Indonesia and Vietnam will continue to require our attention and resources to accelerate the expansion and rollout of networks in these two major markets. We are still focusing on our cash generating businesses in Hong Kong and Israel to keep the growth momentum and also look for further development by leveraging the success we have built in these two markets. Accordingly the Group's capital expenditure guidance is maintained at HK$7.0 billion for 2008.

During the period we have evaluated a number of opportunities to expand the Group's operations. In the main we continue to see that price expectations for emerging market telecom assets have not been significantly dampened. There remain opportunities to expand the Group's business but we are not optimistic that this will be achieved in the second half of 2008.

We continue to be aware of developments in the global economy. There is evidence of some deterioration in our operating environment as the impact of higher inflation and lower growth affects consumer spending. We are also concerned about the availability of capital and credit in view of the global credit crunch. However, we are a well capitalised company and during this period would aim to maintain high levels of liquidity to ensure we can meet our operating objectives.

I would like to thank the Board of Directors and all the Group's employees around the world for their continued hard work, support and dedication.

FOK Kin-ning, Canning
Chairman

Hong Kong, 19 August 2008

HUTCHISON TELECOMMUNICATIONS INTERNATIONAL LIMITED
CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 30 JUNE

	Note	Unaudited 2007 HK$ millions	Unaudited 2008 HK$ millions	Unaudited 2008 US$ millions (Note 17)
Continuing operations:				
Turnover	5	9,639	11,760	1,508
Cost of inventories sold		(1,144)	(1,342)	(172)
Staff costs		(1,001)	(1,229)	(158)
Depreciation and amortisation		(1,982)	(2,406)	(309)
Other operating expenses		(4,684)	(5,966)	(765)
Profit on disposal of investments and others, net	7	4	1,464	188
Operating profit		832	2,281	292
Interest income	8	628	632	81
Interest and other finance costs	8	(797)	(516)	(66)
Profit before taxation		663	2,397	307
Taxation	9	(322)	(434)	(56)
Profit for the period from continuing operations		341	1,963	251
Discontinued operations:				
Profit from discontinued operations	10	70,502	–	–
Profit for the period		70,843	1,963	251
Attributable to:				
Equity holders of the Company:				
- continuing operations		57	1,165	149
- discontinued operations		70,031	–	–
		70,088	1,165	149
Minority interest:				
- continuing operations		284	798	102
- discontinued operations		471	–	–
		755	798	102
		70,843	1,963	251
Dividends	11	32,234	–	–
Earnings per share from continuing operations attributable to equity holders of the Company:				
- basic	12	HK$0.01	HK$0.24	US$0.03
- diluted	12	HK$0.01	HK$0.24	US$0.03
Earnings per share attributable to equity holders of the Company:				
- basic	12	HK$14.69	HK$0.24	US$0.03
- diluted	12	HK$14.59	HK$0.24	US$0.03

The accompanying notes are an integral part of these condensed consolidated interim accounts.

HUTCHISON TELECOMMUNICATIONS INTERNATIONAL LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Audited As at 31 December 2007	Unaudited As at 30 June 2008	Unaudited As at 30 June 2008
		HK$ millions	HK$ millions	US$ millions (Note 17)
ASSETS				
Current assets				
Cash and cash equivalents		36,611	37,234	4,775
Trade and other receivables		4,702	5,508	707
Stocks		515	468	60
Derivative financial assets		25	109	14
Total current assets		41,853	43,319	5,556
Assets held for sale		–	504	65
Non-current assets				
Fixed assets		16,950	17,385	2,230
Goodwill		6,070	6,342	813
Other intangible assets		7,818	8,214	1,053
Other non-current assets		3,354	3,466	446
Deferred tax assets		376	377	48
Interests in associates		2	2	–
Interests in jointly controlled entity		–	18	2
Total non-current assets		34,570	35,804	4,592
Total assets		76,423	79,627	10,213
LIABILITIES				
Current liabilities				
Trade and other payables		7,902	8,469	1,086
Borrowings		5,083	6,737	864
Current income tax liabilities		111	132	17
Derivative financial liabilities		119	134	17
Total current liabilities		13,215	15,472	1,984
Liabilities associated with assets held for sale		–	140	18
Non-current liabilities				
Borrowings		5,937	4,532	581
Deferred tax liabilities		584	622	80
Other non-current liabilities		2,551	2,531	325
Total non-current liabilities		9,072	7,685	986
Total liabilities		22,287	23,297	2,988

HUTCHISON TELECOMMUNICATIONS INTERNATIONAL LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	Audited As at 31 December 2007	Unaudited As at 30 June 2008	Unaudited As at 30 June 2008
		HK$ millions	HK$ millions	US$ millions (Note 17)
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital		1,195	1,197	154
Reserves	15	50,089	51,836	6,648
		51,284	53,033	6,802
Minority interest	16	2,852	3,297	423
Total equity		54,136	56,330	7,225
Total equity and liabilities		76,423	79,627	10,213
Net current assets		28,638	27,847	3,572
Total assets less current liabilities		63,208	64,155	8,229

The accompanying notes are an integral part of these condensed consolidated interim accounts.

HUTCHISON TELECOMMUNICATIONS INTERNATIONAL LIMITED
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE

	Unaudited 2007	Unaudited 2008	Unaudited 2008
	HK$ millions	HK$ millions	US$ millions (Note 17)
Cash flows from operating activities			
Continuing operations:			
Profit before taxation	663	2,397	307
Adjustments for:			
- Interest income	(628)	(632)	(81)
- Interest and other finance costs	797	516	66
- Depreciation and amortisation	1,982	2,406	309
- Share-based payments	36	60	8
- Profit on disposal of investments and others, net	(4)	(1,464)	(188)
- Loss on disposal of fixed assets	2	1	–
- Write-off of customer acquisition and retention costs	26	10	1
- Changes in working capital			
- (Increase)/Decrease in stocks	(59)	20	3
- Increase in trade receivables, other receivables and prepayments	(852)	(317)	(41)
- Decrease in receivable from related companies	21	–	–
- Increase in trade and other payables	411	1,257	161
- Increase/(Decrease) in payable to related companies	56	(14)	(2)
Cash generated from continuing operations	2,451	4,240	543
Interest received	604	580	74
Interest and other finance costs paid	(648)	(214)	(27)
Taxes paid	(369)	(499)	(64)
Net cash generated from operating activities of continuing operations	2,038	4,107	526
Discontinued operations:			
Cash generated from discontinued operations	932	–	–
Interest received	16	–	–
Interest and other finance costs paid	(713)	–	–
Taxes paid	(89)	–	–
Net cash generated from operating activities of discontinued operations	146	–	–
Net cash generated from operating activities	2,184	4,107	526

The accompanying notes are an integral part of these condensed consolidated interim accounts.

HUTCHISON TELECOMMUNICATIONS INTERNATIONAL LIMITED
CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE

	Unaudited 2007 HK$ millions	Unaudited 2008 HK$ millions	Unaudited 2008 US$ millions (Note 17)
Cash flows from investing activities			
Continuing operations:			
Purchases of fixed assets	(970)	(2,908)	(374)
Upfront and fixed periodic payments for telecommunications licences	(135)	(450)	(58)
Additions to customer acquisition and retention costs	(261)	(292)	(37)
Additions to prepaid capacity and maintenance	(68)	(9)	(1)
Purchase of shares of a subsidiary under a share buy-back plan	–	(453)	(58)
Deposit received for disposal of a subsidiary	–	552	71
Advanced payments for network rollout	(272)	–	–
Reduction of deposits pledged with banks	7	–	–
Proceeds on disposal of fixed assets	11	4	1
Proceeds on disposal of base station tower sites	–	1,189	152
Increase in interest in a jointly controlled entity	–	(18)	(2)
Net cash used in investing activities of continuing operations	(1,688)	(2,385)	(306)
Discontinued operations:			
Cash used in investing activities	(4,697)	–	–
Proceeds on disposal of subsidiaries, net of cash disposed of	83,185	–	–
Net cash generated from investing activities of discontinued operations	78,488	–	–
Net cash generated from/(used in) investing activities	76,800	(2,385)	(306)
Cash flows from financing activities			
Continuing operations:			
Net cash used in financing activities	(10,330)	(507)	(65)
Proceeds from exercise of share options of the Company	82	1	–
Proceeds from exercise of share options of a subsidiary	98	13	2
Dividend paid to the Company's shareholders	(32,234)	–	–
Dividend paid to minority shareholders	(259)	(554)	(72)
Drawing of loan from minority shareholders	129	4	1
Settlement and rollover of derivatives	–	(110)	(14)
Net cash used in financing activities of continuing operations	(42,514)	(1,153)	(148)
Discontinued operations:			
Net cash generated from financing activities of discontinued operations	1,708	–	–
Net cash used in financing activities	(40,806)	(1,153)	(148)

The accompanying notes are an integral part of these condensed consolidated interim accounts.

HUTCHISON TELECOMMUNICATIONS INTERNATIONAL LIMITED
CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE

	Unaudited 2007	Unaudited 2008	Unaudited 2008
	HK$ millions	HK$ millions	US$ millions (Note 17)
Increase in cash and cash equivalents	38,178	569	72
Cash and cash equivalents and bank overdrafts as at 1 January	2,048	36,611	4,696
Cash and cash equivalents and bank overdrafts as at 30 June	40,226	37,180	4,768
Analysis of net cash			
Cash and cash equivalents and bank overdrafts as at 30 June	40,226	37,180	4,768
Add: Bank overdrafts	–	54	7
Cash and cash equivalents as at 30 June	40,226	37,234	4,775
Borrowings as at 30 June	(13,602)	(11,269)	(1,445)
Net cash as at 30 June	26,624	25,965	3,330

The accompanying notes are an integral part of these condensed consolidated interim accounts.

HUTCHISON TELECOMMUNICATIONS INTERNATIONAL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE SIX MONTHS ENDED 30 JUNE

	Unaudited 2007	Unaudited 2008	Unaudited 2008
	HK$ millions	HK$ millions	US$ millions (Note 17)
Currency translation differences	1,060	990	127
Cash flow hedges			
- effective portion of changes in fair value	–	(102)	(13)
- transfer from equity to profit and loss account	–	95	12
Actuarial gains of defined benefit plans	1	–	–
Net income recognised directly in equity	1,061	983	126
Profit for the period	70,843	1,963	251
Total recognised income for the period	71,904	2,946	377
Attributable to:			
Equity holders of the Company	70,820	1,690	216
Minority interest	1,084	1,256	161
	71,904	2,946	377

The accompanying notes are an integral part of these condensed consolidated interim accounts.

1. GENERAL INFORMATION

Hutchison Telecommunications International Limited (the "Company") was incorporated in the Cayman Islands on 17 March 2004 as a company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, and in the form of American Depositary Shares on New York Stock Exchange, Inc.

The Company and its subsidiaries (together the "Group") are engaged in mobile telecommunications and related businesses in Hong Kong and Macau, Israel, Thailand, Indonesia, Vietnam, Sri Lanka, and Ghana (in which the Group's entire indirect interests has been disposed of on 11 July 2008 as set out in the "Subsequent Event" section). The Group also has a fixed-line telecommunications business in Hong Kong.

These unaudited condensed consolidated interim accounts ("interim accounts") have been approved for issuance by the Board of Directors on 19 August 2008.

2. CHANGE IN FINANCIAL REPORTING STANDARDS

In 2007 and prior years, the Group's interim accounts had been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The Company had changed the financial reporting standards from HKFRS to International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS", which term collectively includes International Accounting Standards ("IAS") and related interpretations) and had prepared its consolidated accounts in accordance with IFRS with effect from the year ended 31 December 2007. There was no adjustment required on the opening balance sheet as at 1 January 2007 on the transition from HKFRS to IFRS. Details of the change are set out in Note 2 and Note 4 of the annual accounts for the year ended 31 December 2007. Accordingly, the accounting policies used in the preparation of these interim accounts for the six months ended 30 June 2008 are in accordance with IFRS and the same basis were used in the comparative accounts for the six months ended 30 June 2007.

3. BASIS OF PREPARATION

These interim accounts are for the six months ended 30 June 2008. They have been prepared in accordance with IAS 34 "Interim Financial Reporting". These interim accounts should be read in conjunction with the annual accounts for the year ended 31 December 2007.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in 2007 annual accounts, except for the adoption of the following new or revised IFRS which are relevant to the Group's operations and are effective for accounting periods beginning on 1 January 2008:

IFRIC 11	IFRS 2 – Group and Treasury Share Transactions
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new or revised IFRS has no material effect on the Group's results and financial position for the current or prior periods.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to the above new or revised IFRS effective for accounting periods beginning on 1 January 2008, the Group has first adopted certain accounting policies in these interim accounts for the six months ended 30 June 2008 as follows:

(i) Cash flow hedge

Beginning on or after 1 January 2008, certain forward foreign exchange contracts entered into by the Group were designated as cash flow hedges of the foreign exchange risk in the Group's foreign currency denominated borrowings. Under cash flow hedge accounting, changes in the fair value of these derivatives are dealt with as movements in the hedging reserve under equity. When a hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the profit and loss account as interest and other finance costs, net.

(ii) Assets or disposal group held for sale

During the six months ended 30 June 2008, an agreement was entered into to sell the indirect interests in Ghana. In addition, the Group's Vietnam operation was granted an approval to convert its CDMA network to GSM whereas certain CDMA equipment that cannot be converted for utilisation under the GSM technology is to be sold. Accordingly, the assets and liabilities pertaining to the Ghana operation and the CDMA equipment to be sold are classified as assets and liabilities held for sale respectively and are stated at the lower of their carrying amount and fair value less costs to sell.

5. TURNOVER

Turnover comprises revenues from the provision of mobile telecommunications services; handset and accessory sales; fixed-line telecommunications services in Hong Kong, and other non-telecommunications businesses. An analysis of turnover for continuing operations is as follows:

	Six months ended 30 June	
HK$ millions	**2007**	**2008**
Mobile telecommunications services	7,591	9,472
Mobile telecommunications products	837	918
Fixed-line telecommunications services	1,199	1,352
Other non-telecommunications businesses	12	18
	9,639	11,760

6. SEGMENT INFORMATION

Segment information is provided on the basis of primary geographical regions, the basis which the Group manages its world-wide interests. The Hong Kong and Macau region is further sub-divided into mobile telecommunications and fixed-line telecommunications business segments. Management of the Group measures the performance of its segments based on operating profit. The segment information on turnover and operating profit/(loss) agreed to the aggregate information in the interim accounts. As such, no reconciliation between the segment information and the aggregate information in the interim accounts is presented.

Six months ended 30 June 2007

HK$ millions	Hong Kong and Macau Mobile	Hong Kong and Macau Fixed-line	Hong Kong and Macau Subtotal	Israel	Thailand	Indonesia	Others*	Continuing operations TOTAL	Discontinued Operations - India
Turnover	2,322	1,199	3,521	5,420	495	–	203	9,639	6,989
Operating costs	(1,550)	(733)	(2,283)	(3,631)	(463)	(138)	(314)	(6,829)	(4,676)
Depreciation and amortisation	(538)	(315)	(853)	(775)	(305)	(1)	(48)	(1,982)	(187)
Profit on disposal of investments and others, net	–	–	–	4	–	–	–	4	–
Operating profit/(loss)	234	151	385	1,018	(273)	(139)	(159)	832	2,126
Capital expenditures incurred during the period on									
- fixed assets	192	185	377	364	17	66	649	1,473	3,330
- other intangible assets	247	14	261	1	–	79	–	341	48

Six months ended 30 June 2008

HK$ millions	Hong Kong and Macau Mobile	Hong Kong and Macau Fixed-line	Hong Kong and Macau Subtotal	Israel	Thailand	Indonesia	Others*	TOTAL
Turnover	2,399	1,352	3,751	6,990	621	150	248	11,760
Operating costs	(1,524)	(843)	(2,367)	(4,621)	(562)	(498)	(489)	(8,537)
Depreciation and amortisation	(638)	(329)	(967)	(1,025)	–	(165)	(249)	(2,406)
Profit on disposal of investments and others, net	–	–	–	1	–	1,463	–	1,464
Operating profit/(loss)	237	180	417	1,345	59	950	(490)	2,281
Capital expenditures incurred during the period on								
- fixed assets	229	124	353	546	18	947	278	2,142
- other intangible assets	271	21	292	–	–	–	–	292

* *"Others" segment comprised Sri Lanka, Ghana, Vietnam and Corporate.*

7. PROFIT ON DISPOSAL OF INVESTMENTS AND OTHERS, NET

HK$ millions	Note	Six months ended 30 June 2007	2008
Net profit on partial disposal of subsidiaries	(a)	4	1
Profit on disposal of base station tower sites	(b)	–	732
Other income, net	(c)	–	731
		4	1,464

(a) Net profit on partial disposal of subsidiaries

During the six months ended 30 June 2008, the Group recorded a gain on partial disposal of a subsidiary of approximately HK$1 million (six months ended 30 June 2007 - HK$4 million) following the exercise of share options held by the option holders of Partner Communications Company Ltd. ("Partner Communications"), an indirect subsidiary of the Company.

(b) Profit on disposal of base station tower sites

On 18 March 2008, PT. Hutchison CP Telecommunications ("HCPT"), a 60%-owned subsidiary of the Company, entered into a conditional Tower Transfer Agreement to sell up to 3,692 base station tower sites to PT Profesional Telekomunikasi Indonesia ("Protelindo") for a cash consideration of US$500 million (HK$3,882 million). Completion of the sale is expected to occur in tranches over a two-year period. During the six months ended 30 June 2008, sale of Tranche 1 comprising 1,128 sites was completed whereby the Group recognised a gain of US$94 million (HK$732 million) from the sale.

Concurrent with Tranche 1 completion, HCPT and Protelindo have entered into a Master Lease Agreement pursuant to which HCPT has been given (i) the right to access, occupy and use the capacity reserved for HCPT on such of the base station towers and related infrastructure as HCPT may elect for an initial period of twelve years which, at HCPT's election, may be extended for another six years, and (ii) the option to acquire Protelindo's right, title and interest in such facilities at a pre-agreed price. The transaction has been accounted for as an operating lease and the Group recognised an operating lease expense of HK$20 million during the period ended 30 June 2008.

(c) Other income, net

During the period ended 30 June 2008, a subsidiary of the Company operating in Indonesia was provided with credit vouchers in compensation upon the waiver of certain contractual obligations of a key network supplier. The net amount of US$93.7 million (approximately HK$731 million) was included in the profit and loss account for the six months ended 30 June 2008 of which US$47.5 million (approximately HK$371 million) remained in amounts receivable in the balance sheet at that date.

8. INTEREST AND OTHER FINANCE COSTS, NET

HK$ millions	Six months ended 30 June 2007	2008
Interest income	628	632
Interest and other finance costs	(797)	(516)
Interest and other finance costs, net	(169)	116
Capitalisation rate applied to funds borrowed for the funding of the assets	4.71% to 7.38%	3.90% to 6.98%
Interest capitalised	107	2

9. TAXATION

	Six months ended 30 June					
	2007			2008		
HK$ millions	Current taxation	Deferred taxation	Total	Current taxation	Deferred taxation	Total
Hong Kong	(3)	–	(3)	–	42	42
Outside Hong Kong	383	(58)	325	488	(96)	392
	380	(58)	322	488	(54)	434

Hong Kong profits tax has been provided for at the rate of 16.5% (six months ended 30 June 2007 – 17.5%) on the estimated assessable profits less available tax losses. In 2008, the Government of the Hong Kong Special Administrative Region enacted a change in the profits tax from 17.5% to 16.5% for the fiscal year 2008/2009. Taxation outside Hong Kong has been provided for at the applicable current rates of taxation ruling in the relevant countries on the estimated assessable profits less available tax losses. The change in average applicable tax rate is caused by a change in the profits tax rate in Hong Kong and a change in the profitability of the Group's subsidiaries in respective countries.

10. PROFIT FROM DISCONTINUED OPERATIONS

On 11 February 2007, the Company entered into an agreement to sell its entire interests in CGP Investments (Holdings) Limited ("CGP"), a company which held through various subsidiaries, the direct and indirect equity and loan interests in Hutchison Essar Limited (now known as Vodafone Essar Limited) and its subsidiaries to Vodafone International Holdings B.V., a wholly-owned subsidiary of Vodafone Group Plc, for a cash consideration of approximately US$11.1 billion (approximately HK$86.6 billion) (the "Transaction"). Accordingly, the results pertaining to the Indian mobile telecommunications were presented as discontinued operations in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". On 8 May 2007, the Company completed the Transaction and recognised a disposal gain of approximately HK$69,343 million. Profit pertaining to the Indian mobile telecommunications operations for the period ended 8 May 2007 was HK$1,159 million and as a result, profit from discontinued operations of HK$70,502 million was recorded for the six months ended 30 June 2007. Note 6 sets out details of the operating results of the discontinued operations up to the date of disposal.

11. DIVIDENDS

During the six months ended 30 June 2007, the Company declared a special cash dividend (the "Transaction Special Dividend") of HK$6.75 per share, or approximately HK$32,234 million in aggregate, and paid on 29 June 2007. The Transaction Special Dividend was paid out of the proceeds from the disposal of CGP as set out in Note 10.

The Company did not declare any dividend for the six months ended 30 June 2008.

12. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June 2007	2008
Weighted average number of shares in issue	4,770,927,865	4,784,413,333
Profit from continuing operations attributable to equity holders of the Company (HK$ millions)	57	1,165
Basic earnings per share from continuing operations attributable to equity holders of the Company (HK$ per share)	0.01	0.24
Profit from discontinued operations attributable to equity holders of the Company (HK$ millions)	70,031	–
Basic earnings per share from discontinued operations attributable to equity holders of the Company (HK$ per share)	14.68	–
Profit attributable to equity holders of the Company (HK$ millions)	70,088	1,165
Basic earnings per share attributable to equity holders of the Company (HK$ per share)	14.69	0.24

12. EARNINGS PER SHARE (continued)

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of the share options that have been granted under the Company's share option scheme to reflect the dilutive potential ordinary shares of the Company. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares over the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Partner Communications is the only subsidiary of the Company which has employee stock option plans. The employee stock options of Partner Communications outstanding as at 30 June 2007 and 2008 did not have a dilutive effect on earnings per share.

	Six months ended 30 June	
	2007	2008
Weighted average number of shares in issue	4,770,927,865	4,784,413,333
Adjustment for share options	33,171,383	24,666,453
Weighted average number of shares for the purpose of diluted earnings per share	4,804,099,248	4,809,079,786
Profit from continuing operations attributable to equity holders of the Company (HK$ millions)	57	1,165
Diluted earnings per share from continuing operations attributable to equity holders of the Company (HK$ per share)	0.01	0.24
Profit from discontinued operations attributable to equity holders of the Company (HK$ millions)	70,031	–
Diluted earnings per share from discontinued operations attributable to equity holders of the Company (HK$ per share)	14.58	–
Profit attributable to equity holders of the Company (HK$ millions)	70,088	1,165
Diluted earnings per share attributable to equity holders of the Company (HK$ per share)	14.59	0.24

13. TRADE RECEIVABLES, NET OF PROVISION

The Group has established credit policies for customers. The average credit period granted for trade receivables ranges from 30 to 45 days.

HK$ millions	As at 31 December 2007	As at 30 June 2008
The ageing analysis of trade receivables, net of provision for impairment of trade receivables is as follows:		
Current	1,506	2,016
31 - 60 days	655	583
61 - 90 days	151	188
Over 90 days	829	715
	3,141	3,502

The carrying value of trade receivables approximates to their fair value. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed

14. TRADE PAYABLES

HK$ millions	As at 31 December 2007	As at 30 June 2008
The ageing analysis of trade payables is as follows:		
Current	1,008	1,212
31 - 60 days	649	309
61 - 90 days	27	115
Over 90 days	68	166
	1,752	1,802

15. RESERVES

HK$ millions	Share premium	Retained earnings / (Accumulated losses)	Cumulative translation adjustments	Fair value and other reserves	Investment revaluation reserves	Total
As at 1 January 2007	**21,341**	**(6,915)**	**(368)**	**177**	**1,233**	**15,468**
Currency translation differences	–	–	733	(2)	–	731
Profit attributable to equity holders of the Company for the period	–	70,088	–	–	–	70,088
Relating to subsidiaries disposed of	–	–	(1,115)	–	–	(1,115)
Dividends paid (Note 11)	–	(32,234)	–	–	–	(32,234)
Employee share option scheme – value of services provided	–	–	–	36	–	36
Issuance of ordinary shares arising from exercise of employee share options	108	–	–	(29)	–	79
Actuarial gains of defined benefit plans	–	1	–	–	–	1
As at 30 June 2007	**21,449**	**30,940**	**(750)**	**182**	**1,233**	**53,054**
As at 1 January 2008	**21,510**	**27,771**	**(734)**	**309**	**1,233**	**50,089**
Currency translation differences	–	–	583	(51)	–	532
Cash flow hedges						
- effective portion of changes in fair value	–	–	–	(102)	–	(102)
- transfer from equity to profit and loss account	–	–	–	95	–	95
Profit attributable to equity holders of the Company for the period	–	1,165	–	–	–	1,165
Relating to dilution of interest in a subsidiary	–	–	–	(2)	–	(2)
Employee share option scheme – value of services provided	–	–	–	60	–	60
Issuance of ordinary shares arising from exercise of employee share options	38	–	–	(39)	–	(1)
As at 30 June 2008	**21,548**	**28,936**	**(151)**	**270**	**1,233**	**51,836**

16. MINORITY INTEREST

HK$ millions	Six months ended 30 June 2007	2008
As at 1 January	5,758	2,852
Minority interest in profit	755	798
Relating to exercise of share options of a subsidiary	82	11
Relating to subsidiaries disposed of	(4,475)	–
Dividend paid to minority shareholders	(259)	(554)
Drawing of loan from minority shareholders	129	4
Share of other reserves	9	2
Relating to share buy-back of a subsidiary	–	(274)
Exchange translation differences	329	458
As at 30 June	2,328	3,297

17. US DOLLAR EQUIVALENTS

The US dollar equivalents of the figures shown in these interim accounts are supplementary information and have been translated at the noon buying rate in New York for cable transfers as certified by the Federal Reserve Bank of New York in effect on 30 June 2008, which was HK$7.797 to US$1.00. Such translation should not be construed as representations that the Hong Kong dollar amounts represent, or have been or could be converted into, US dollar at that or any other rate.

GROUP CAPITAL RESOURCES AND OTHER INFORMATION

CAPITAL RESOURCES AND LIQUIDITY

The capital and reserves attributable to equity holders of the Company as at 30 June 2008 were approximately HK$53,033 million, compared with HK$51,284 million as at 31 December 2007.

During the period the Group entered into a conditional Tower Transfer Agreement to sell up to 3,692 base station tower sites for a cash consideration of US$500 million (approximately HK$3,882 million). Completion of the sale is expected to occur in tranche over a two-year period. During the six months ended 30 June 2008, sale of tranche 1 comprising 1,128 sites was completed and resulted in a cash inflow of US$152 million (HK$1,189 million).

The net cash of the Group was approximately HK$25,965 million, comprising the cash and cash equivalents of approximately HK$37,234 million and borrowings of approximately HK$11,269 million, as follows:

	As at 30 June 2008		
	Total debt	Cash and cash equivalents	Net cash / (debt)
	HK$ millions	HK$ millions	HK$ millions
Hong Kong and Macau:			
Mobile telecommunications	(4,367)	378	(3,989)
Fixed-line telecommunications	–	461	461
Israel	(4,943)	255	(4,688)
Thailand	(390)	14	(376)
Indonesia	(1,439)	282	(1,157)
Corporate - Treasury	–	35,824	35,824
Others	(130)	20	(110)
	(11,269)	37,234	25,965

The Group's cash and cash equivalents at 30 June 2008 are denominated as follows:

	HK$	USD	NIS	THB	Others	Total
Within 1 year	3.2%	96.3%	0.2%	0.0%	0.3%	100.0%

The Group's borrowings at 30 June 2008 are denominated and repayable as follows:

	HK$	USD	NIS	THB	LKR	Total
Within 1 year	36.1%	16.5%	3.9%	2.8%	0.5%	59.8%
In year 2	–%	0.3%	14.5%	–%	–%	14.8%
In year 3	–%	–%	14.5%	–%	–%	14.5%
In year 4	–%	–%	10.9%	–%	–%	10.9%
In year 5	–%	–%	–%	–%	–%	–%
	36.1%	16.8%	43.8%	2.8%	0.5%	100.0%

As at 30 June 2008, approximately 96.6% of the Group's borrowings bear interest at floating rates and the remaining 3.4% are at fixed rates.

As at 30 June 2008,

- total borrowings of HK$135 million (as at 31 December 2007 - HK$182 million) were guaranteed by members of the Hutchison Whampoa group in respect of loans to the Group's Thailand operation only. Under the terms of a credit support agreement between the Company and Hutchison Whampoa group, the Company agreed to pay a guarantee fee charged at normal commercial rates. The Company has also provided a counter-indemnity in favour of Hutchison Whampoa Limited and its related companies in respect of such guarantees for so long as there remains a guarantee liability.

- fixed assets and current assets of certain subsidiaries amounting to HK$2,771 million (as at 31 December 2007 - HK$4,971 million) and HK$640 million (as at 31 December 2007 – HK$2,398 million), respectively were used as collateral for certain credit facilities of certain subsidiaries. The current portion of borrowings of the Group is secured to the extent of HK$1,806 million (as at 31 December 2007 - HK$4,600 million). No non-current portion of borrowings of the Group is secured as at 30 June 2008 (as at 31 December 2007 - HK$1,807 million).

The non-HK dollar and non-US dollar denominated loans are mostly directly related to the Group's businesses in the countries of the currencies concerned.

DERIVATIVES

On 1 January 2008 and as at 30 June 2008, certain forward foreign exchange contracts with notional amount of US$1,095 million and US$625 million respectively were designated as cash flow hedges of the foreign exchange risk in the Group's Thailand operation arising from its US dollar intercompany loans from the Group.

CAPITAL EXPENDITURE

The Group's capital expenditures for continuing operations in the first six months of 2007 and 2008 are as follows:

	Capital expenditure on fixed assets Six months ended 30 June		Capital expenditure on other intangible assets Six months ended 30 June	
HK$ millions	**2007**	**2008**	**2007**	**2008**
Israel	364	546	1	–
Hong Kong mobile	192	229	247	271
Hong Kong fixed-line	185	124	14	21
Thailand	17	18	–	–
Indonesia	66	947	79	–
Others	649	278	–	–
Total capital expenditures for continuing operations	1,473	2,142	341	292

Capital expenditure on fixed assets in the first six months of 2008 was HK$2,142 million, increased from HK$1,473 million in the same period last year. Capital expenditure on fixed assets in Israel increased in part in connection with the continued build-out of Partner Communications' s transmission network. The increase in capital expenditure on fixed assets in Indonesia operations mainly reflected the capital expenditure incurred for the network rollout. Capital expenditure on fixed assets in Hong Kong mobile also increased HK$37 million to HK$229 million, reflecting continued investment on network upgrade and expansion to support growth in customer base. Others comprised mainly network equipment purchases in our Vietnamese and Sri Lankan operations for HK$204 million and HK$71 million respectively.

Capital expenditure on other intangible assets was comprised mainly of telecommunication licenses, customer acquisition and retention costs, brand name and customer base. It was HK$292 million in the first six months of 2008, compared with HK$341 million in the same period last year.

TREASURY POLICIES

The Group's overall treasury and funding policies focus on financial risk management, including interest rate and foreign exchange risks, on cost efficient funding of the operations of its companies and prudent management of inherent and counter-party risks.

In general, financings are raised through the Group's operating subsidiaries to meet their respective funding requirements. For overseas operations, which consist of non-Hong Kong dollar and non-US dollar assets, the Group generally endeavours to hedge its foreign currency positions with the appropriate level of borrowings in those same currencies. For transactions directly related to the underlying businesses, forward foreign exchange contracts and interest rate and currency swaps may be utilised when suitable opportunities arise. The use of derivative instruments is strictly controlled and solely for management of the Group's interest rate and foreign currency exchange rate exposures in connection with its borrowings. It is the Group's policy not to enter into derivative transactions for speculative purposes.

Long-term surplus funds are to be managed in a prudent manner, usually in the form of bank deposits with banks or financial institutions attaining a minimum credit rating of AA-/Aa3 as assigned by Standard & Poor's and Moody's to manage counterparty risk. Alternatively, surplus funds can be invested in marketable securities such as US Treasury Bills or Commercial Papers / Certificates of Deposits issued by credit-worthy counterparties with short term ratings at A1/P1 and long-terms ratings at or above AA-/Aa3 as assigned by Standard & Poor's/Moody's. The selected counterparties and investment products must be approved by the Company's Chief Financial Officer.

CONTINGENT LIABILITIES

As at 30 June 2008, the Group had contingent liabilities in respect of the following:

(a) performance guarantees amounting to HK$60 million (as at 31 December 2007 – HK$60 million).

(b) a total of 16 claims (as at 31 December 2007 – 12) against the Group's subsidiary in Israel, Partner Communications, and, in some such claims, together with other cellular operators in Israel, each with a motion to certify as class action, in respect of the following:

	Amount of claim	
In approximate HK$ millions	**As at 31 December 2007**	**As at 30 June 2008**
Alleged violation of antitrust law	238	277
Alleged consumer complaints	5,025	2,490
Alleged unauthorised erection of cellular antennas, causing environmental damages	1,980	2,310

At this stage, and until the claims are recognised as class actions, the Company and Partner Communications are unable to evaluate the probability of success of such claims, and therefore no provision has been made.

(c) potential claim of approximately NIS 42.5 million (approximately HK$98 million) by the Ministry of Communications in Israel(the "MOC") in respect of the past use of certain frequency band by Partner Communications pursuant to an agreement made between Partner Communications and the Palestinian mobile operator being allocated such frequency band, which agreement was endorsed by the MOC.

SUBSEQUENT EVENT

On 11 July 2008, the Group completed its disposal of the indirect interests in the Ghana operations and the Group is expected to realise a gain of approximately HK$295 million.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2008, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities. In addition, the Company has not redeemed any of its listed securities during the period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining the highest standards of corporate governance. Throughout the six months ended 30 June 2008, the Company is fully compliant with all code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code") which is supplemented by the Securities Trading Policy as the Group's code of conduct regarding Directors' securities transactions. The Securities Trading Policy also applies to all personnel of the Company and its subsidiaries and all transactions in the Company's securities. All Directors of the Company confirmed that they have complied with both the Model Code and the Securities Trading Policy in their securities transactions throughout the six months ended 30 June 2008.

GENERAL INFORMATION

The Group's unaudited condensed consolidated interim accounts for the six months ended 30 June 2008 have been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by International Auditing and Assurance Standards Board. The auditor's independent review report will be included in the Interim Report to Shareholders. The Group's unaudited condensed consolidated interim accounts for the six months ended 30 June 2008 have also been reviewed by the Audit Committee of the Company.

NON-GAAP MEASURES

While non-GAAP (generally accepted accounting principles) measures such as EBITDA and LBITDA are often used by companies as an indicator of operating performance, they are not expressly permitted measures under International Financial Reporting Standards and may not be comparable to similarly titled measures for other companies. Accordingly, such non-GAAP measures should not be considered as an alternative to operating income as an indicator of the operating performance of the Group or as an alternative to cash flows from operating activities as a measure of liquidity. The use of non-GAAP measures is provided solely to enhance the overall understanding of the Group's current financial performance. Additionally because the Group has historically reported certain non-GAAP results to investors, the Group considers the inclusion of non-GAAP measures provides consistency in our financial reporting.

FORWARD-LOOKING STATEMENTS

This announcement contains forward-looking statements. Statements that are not historical facts, including statements about the Company's beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update publicly any of them in light of new information or future events. Forward-looking statements involve inherent risks, uncertainties and assumptions. The Company cautions that if these risks or uncertainties ever materialise or the assumptions prove incorrect, or if a number of important factors occur or do not occur, the Company's actual results may differ materially from those expressed or implied in any forward-looking statement. Additional information as to factors that may cause actual results to differ materially from the Company's forward-looking statements can be found in the Company's filings with the United States Securities and Exchange Commission.

As at the date of this announcement, the Directors of the Company are:

Executive Directors:
Mr. LUI Dennis Pok Man
Mr. Tim PENNINGTON
Mr. CHAN Ting Yu
(Also Alternate to Mr. Lui Dennis Pok Man)
Mr. WONG King Fai, Peter

Independent Non-executive Directors:
Mr. KWAN Kai Cheong
Mr. John W. STANTON
Mr. Kevin WESTLEY

Non-executive Directors:
Mr. FOK Kin-ning, Canning *(Chairman)*
Mrs. CHOW WOO Mo Fong, Susan
(Also Alternate to Mr. Fok Kin-ning, Canning and Mr. Frank John Sixt)
Mr. Frank John SIXT

Alternate Directors:
Mr. WOO Chiu Man, Cliff
(Alternate to Mr. Tim Pennington)
Mr. MA Lai Chee, Gerald
(Alternate to Mr. Wong King Fai, Peter)

By Order of the Board

Edith Shih
Company Secretary

Hong Kong, 19 August 2008