

Hutchison Whampoa Limited



Stock Code: 13



2008 Interim Report

Corporate Information

BOARD OF DIRECTORS

Chairman

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

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 (Hon)

Independent Non-executive Directors

The Hon Sir Michael David KADOORIE, GBS, LLD (Hon), DSc (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)

OR Ching Fai, Raymond, JP

WONG Chung Hin, CBE, JP

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

AUDITOR

PricewaterhouseCoopers

BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Standard Chartered Bank (Hong Kong) Limited

Royal Bank of Scotland

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Highlights

Unaudited Results for the Six Months Ended 30 June 2008

- Total revenue grew 25% to HK\$176,219 million
- First half profit increased 199%, excluding profits on property revaluation and disposals of investments and others
- First half total profit amounted to HK\$10,688 million compared to HK\$28,759 million last period
- Earnings per share amounted to HK\$2.51
- EBIT from the established businesses (excluding profits on property revaluation and disposals) increased 46% to HK\$30,550 million
- 3 Group's LBIT reduced by 72% to HK\$3,175 million

Chairman's Statement

The Group's established businesses and the 3 Group both achieved improved results in the first half of 2008. The Group's total revenue grew 25% to HK\$176,219 million. Revenue and recurring earnings before interest expense and other finance costs, taxation and minority interests ("EBIT") from the Group's established businesses grew 27% and 46% respectively to HK\$144,125 million and HK\$30,550 million. All of the Group's established businesses achieved earnings growth compared to the same period last year. The 3 Group reported a 14% increase in revenue to HK\$32,094 million and a 72% reduction in LBIT to HK\$3,175 million.

Results

The Group's profit attributable to shareholders for the first half of the year amounted to HK\$10,688 million, a 63% reduction compared to last year's interim profit of HK\$28,759 million. Excluding the profits on property revaluation and disposal of investments and others for both periods, the profit attributable to shareholders improved 199%. Earnings per share amounted to HK\$2.51 (30 June 2007 - HK\$6.75).

The results include a profit on revaluation of investment properties of HK\$824 million (2007 - HK\$929 million) and a profit on disposal of investments and others totalling HK\$3,854 million (2007 - HK\$34,930 million), comprised of the Group's share of a gain on partial disposal of Husky Energy Inc's ("Husky Energy") interest in a resource property of HK\$3,122 million and a gain on disposal of telecommunications tower assets in Indonesia of HK\$732 million.

Dividends

The Board recommends the payment of an interim dividend of HK\$0.51 per share (30 June 2007 - HK\$0.51 per share), payable on 3 October 2008 to those persons registered as shareholders on 2 October 2008. The register of members will be closed from 25 September 2008 to 2 October 2008, both days inclusive.

Established Businesses

Ports and Related Services

The ports and related services division continued to grow steadily. Total throughput increased 4% to 32.8 million twenty-foot equivalent units ("TEUs") and total revenue grew 10% to HK\$19,576 million. Major contributors to throughput growth and their respective growth rates were:

- Westports in Klang, Malaysia, 17%;
- Kwai Tsing terminals in Hong Kong, 5%;
- Jakarta port container terminals in Indonesia, 14%;
- Europe Container Terminals ("ECT") in Rotterdam, the Netherlands, 5%; and
- Panama ports container terminal ("PPC") in Panama, 12%;

together with a full half-year contribution from Alexandria International Container Terminals' ("AICT") two container facilities in Egypt, which commenced operations in March and June 2007 respectively. The throughput growth was partially offset by 5% lower throughput at Yantian port in the Mainland, which has been the operation most affected by declining imports in the United States.

The division's EBIT increased 19% to HK\$6,854 million, which includes one-time gains totalling HK\$548 million on the disposals of a 9% equity interest in Freeport Container Port to a strategic partner and certain other investments. Excluding these one-off gains in 2008, the recurring EBIT increased by 9%. The majority of the operations reported EBIT growth and the major contributors and their respective growth rates were ECT in Rotterdam, 39% and Hutchison Ports (UK), 34%, partially offset by 7% lower EBIT from Kwai Tsing terminals in Hong Kong.

This division contributed 14% and 22% respectively to the total revenue and EBIT of the Group's established businesses for the first half.

During the period, the division continued the expansion and enhancement of its existing facilities in Yantian, Gaolan in Zhuhai, Rotterdam in the Netherlands, Laemchabang in Thailand, the Bahamas, Lazaro Cardenas in Mexico and Panama. The first berth of ECT's new Euromax terminal is expected to be commercially operational by early 2009. Construction of the expanded facilities in Laemchabang and Lazaro Cardenas, and new facilities in Ecuador and Vietnam are progressing satisfactorily. In May, the phase 1 construction work of the Felixstowe South Reconfiguration scheme of Hutchison Ports (UK) commenced. This additional deep-water container terminal facility is scheduled to be fully operational by the second half of 2010. In August, a consortium led by the division announced it had been named the preferred bidder by the Board of Thessaloniki Ports Authority for the development of new container facilities at the Port of Thessaloniki, Greece's second largest container port. A bid of €419 million was made, representing the calculated present value of the guaranteed portion of the annual fees payable to the Ports Authority over the entire 30-year concession period.

Currently, this division operates in five of the six busiest container ports in the world, with interests in a total of 47 ports comprising 292 berths in 24 countries.

Property and Hotels

The property and hotels division reported total revenue of HK\$5,343 million, in line with 2007, and EBIT of HK\$5,165 million, a 143% increase over the comparable period last year. This division contributed 4% and 17% respectively to the total revenue and EBIT of the Group's established businesses. Gross rental income of HK\$1,627 million was 11% higher than same period last year, primarily due to increased rental income from investment properties in Hong Kong and the Mainland, reflecting higher lease renewal rates. At 30 June 2008, the rental properties portfolio was 95% let. Development profits for the period were 182% higher than the same period last year. The property division also recognised a gain on disposal of investment properties. It is focused on the development of its existing landbank in the Mainland and is also continuing to selectively seek additional development opportunities.

The Group's hotel operations reported EBIT 5% lower than the same period last year, primarily reflecting lower results from Our Lucaya in the Bahamas, which was adversely affected by the downturn of the economy in the US.

Retail

The Group's retail division reported total revenue of HK\$58,465 million, 14% above the same period last year, mainly due to increased sales from:

- certain health and beauty operations in Europe, including Rossmann in Germany and Poland;
- the retail operations in the Asia region; and
- luxury perfumeries and cosmetics operations in the Benelux countries and the UK.

EBIT from this division totalled HK\$1,237 million, a 54% improvement following a management restructuring and inventory reduction programme last year. Major contributions to EBIT growth were:

- retail operations in the Asia region;
- health and beauty operations in Continental Europe; and
- luxury perfumeries and cosmetics operations in the Benelux countries and the UK.

The improved results were partially offset by lower results from the health and beauty businesses in the UK. The retail division contributed 41% and 4% respectively to the total revenue and EBIT of the Group's established businesses for the period.

The retail division is continuing to focus on organic growth, primarily in the Mainland and Eastern Europe. The number of retail outlets increased slightly in the first half of 2008 and currently totals over 8,000 outlets in 36 markets worldwide.

Energy, Infrastructure, Finance and Investments

Cheung Kong Infrastructure ("CKI"), a listed subsidiary, announced its group turnover and its share of jointly controlled entities' turnover of HK\$3,180 million, 16% above the comparable period last year, and profit attributable to shareholders of HK\$2,329 million, 15% above the same period last year. CKI contributed 6% and 13% respectively to the total revenue and EBIT of the Group's established businesses for the period. During the first half, CKI announced the disposal of its entire 60% equity interest in the Fushun Cogen Power Plants in Liaoning for a gain of HK\$112 million. CKI also announced its first investment in New Zealand with the acquisition of the Wellington Electricity Distribution Network. A 50% stake of this investment has been divested to its associated company, Hongkong Electric. The Wellington Electricity Distribution Network supplies electricity to the city of Wellington, the capital of New Zealand, and extends to Porirua and Hutt Valley region in New Zealand, with a system length of over 4,592 km. It was acquired from Vector Limited for a consideration of NZ\$785 million (approximately HK\$4,798 million) and the transaction was completed in July 2008.

Husky Energy, an associated company listed in Canada, announced sales and operating revenues of C\$12.3 billion and net earnings of C\$2.3 billion, 92% and 64% above the comparable period last year respectively, mainly due to higher oil prices. Average total production during the period was 354,700 barrels of oil equivalent per day ("BOEs per day") compared to 384,600 BOEs per day in the first half of 2007. The decrease in production mainly reflects the advancement of turnarounds at Terra Nova and White Rose originally planned later in 2008 and temporary interruptions to operations at White Rose due to severe ice pack and iceberg conditions off the East Coast of Canada during the late spring season. Husky Energy contributed 23% and 28% respectively to the total revenue and EBIT of the Group's established businesses for the period. Husky Energy announced a quarterly dividend of C\$0.40 and C\$0.50 per share on its common shares for the first quarter and second quarter of 2008 respectively, representing an increase of 21% and 52% over the 2007 fourth quarter dividend of C\$0.33 per share respectively.

Husky Energy announced on 31 March 2008 the completion of all agreements required to form an integrated oil sands joint venture with BP. The transaction consists of a 50/50 partnership to develop the Sunrise oil sands project in Canada, which Husky Energy will operate, and a 50/50 limited liability company for the existing Toledo refinery in Ohio, USA, which BP will operate. The development of the Sunrise oil sands project is expected to proceed in three phases to increase the Sunrise production capacity to approximately 200,000 barrels per day of bitumen by 2020.

Husky Energy has accounted for the completion of this transaction in accordance with Canadian generally accepted accounting principles and no gain or loss was recorded in its accounts. Under Hong Kong Financial Reporting Standards, the Group is required to account for its share of the calculated gain on disposal of 50% of the Sunrise oil sands project. The Group's share of this gain amounts to HK\$3,122 million and is included in the profit on disposal of investments and others line in the Group's profit and loss account.

The Group's EBIT from its finance and investments operations mainly represents returns earned on the Group's holdings of cash and liquid investments. EBIT amounted to HK\$2,852 million, a 27% increase over the same period last year, mainly due to the one-time profits on disposal of certain listed equity investments of HK\$994 million. Finance and investments operations contributed 9% of the Group's EBIT from established businesses. The Group's consolidated cash and liquid investments totalled HK\$172,289 million as at 30 June 2008 and consolidated debt totalled HK\$324,919 million. Consolidated debt, net of cash and liquid investments, increased during the period to total HK\$152,630 million at 30 June 2008. 59% of the increase was due to the effect of the translation of foreign currency denominated loans to HK dollars and other non-cash movements totalling HK\$13,348 million.

Hutchison Telecommunications International

Hutchison Telecommunications International ("HTIL"), a listed subsidiary, announced turnover from continuing operations for the period of HK\$11,760 million, a 22% increase over the same period last year, and profit attributable to shareholders of HK\$1,165 million. This result includes contributions from certain suppliers totalling HK\$731 million in relation to its Indonesian operations. These contributions more than offset its start up operating losses for the period and the expenses incurred in relation to the network conversion from CDMA to GSM in the start up operation in Vietnam. In addition, this result includes gains on the sale and leaseback of certain Indonesian mobile telecommunications tower assets of HK\$732 million. The current period's result compares to a profit attributable to shareholders of HK\$57 million in the same period last year, after excluding the results of the Indian operations disposed in 2007. At 30 June 2008, HTIL had a consolidated mobile customer base of 11.1 million, a 68% increase over the comparable base last year. HTIL's turnover and EBIT amounted to 8% and 7% of total revenue and EBIT of the Group's established businesses respectively.

Telecommunications – 3 Group

During the period, the 3 Group's customer base continued to grow and improved results overall were achieved as summarised below.

	For the six months ended 30 June		
	2008 HK\$ millions	2007 HK\$ millions	% improvement
Revenue	32,094	28,191	+14%
EBITDA before all CACs	12,257	6,823	+80%
Total CACs	(9,498)	(8,428)	-13%
EBITDA (LBITDA) after all CACs	2,759	(1,605)	+272%
Capitalised contract CACs	7,736	5,755	+34%
Reported EBITDA	10,495	4,150	+153%
Depreciation and Amortisation	(13,670)	(15,474)	+12%
LBIT	(3,175)	(11,324)	+72%

The Group's registered 3G customer base increased 7% during the period and currently stands at over 19.0 million customers. Contract customers as a percentage of the registered customer base increased to 51% of the 3 Group's base at 30 June 2008, compared to 47% at the end of 2007. The 3 Group's average monthly customer churn rate was 2.8% in the first half of 2008, in line with 2.7% in the same period last year. Overall churn of contract customers improved from 2.3% in the same period of 2007 to 2.1% in the current period. Active customers at the end of June represented 77% of the 3 Group's total registered customer base, compared to 79% at the end of last year. However, 98% of the registered contract customer base is active, in line with the end of last year. Average revenue per active user on a 12-month trailing average active customer basis ("ARPU") overall declined by 7% to €37.11 compared to the full year of 2007. This decline reflects the industry trends, regulatory imposed reductions in mobile termination rates in certain markets that 3 Group operates in, and an increased proportion of mobile broadband customers added during the period. Mobile broadband customers characteristically generate lower ARPU, but higher percentage gross margins than handset customers. Currently, over 1.5 million of our customers have mobile broadband access. Although ARPU declined, all operations reported increased gross margin as a percentage of revenues compared to the same period last year and the second half of 2007. 3 Group's non-voice revenue as a percentage of total ARPU, on a 12-month trailing average basis, was 30% of total ARPU, in line with the full year of 2007.

The 3 Group reported EBITDA before all CACs totalling HK\$12,257 million, an 80% increase over the comparable period last year, mainly due to improved gross margins from a larger customer base as well as stringent cost controls. A portion of this increased cash flow was allocated to increase customer acquisition and retention activity to grow these businesses. As a result, CACs, which include the costs incurred to acquire new customers and to retain existing contract customers, increased by 13% compared to same period last year, and amounted to HK\$9,498 million. This increase was due to the increased number of customers acquired and retained during the period compared to the same period last year, and in particular, the acquisition of contract customers, partially offset by lower cost per customer acquired. The weighted average per customer acquisition cost, on a 12-month trailing basis, continued to trend lower, reducing 17% from €170 reported in the 12-month period ended 31 December 2007 to €141 for the current 12-month period ended 30 June 2008. EBITDA after all CACs for the first half of the year amounted to HK\$2,759 million, a 272% turnaround from the LBITDA after all CACs of HK\$1,605 million in the same period last year.

3 Group's LBIT improved 72% compared to the same period last year, to total HK\$3,175 million. This improvement was driven by improved gross margins, cost controls and also reduced amortisation of capitalised contract CACs and depreciation charges.

Barring any further unfavourable regulatory or market developments, the 3 Group's management continues to target achieving positive monthly EBIT on a sustainable basis in the second half of 2008 and a full year positive EBIT in 2009.

Key Business Indicators

Key business indicators ("KBIs") for the 3 Group businesses and HTIL's 3G customers are as follows:

	Customer Base					
	Registered Customers at 20 August 2008 ('000)			Registered Customer Growth (%) from 31 December 2007 to 30 June 2008		
	Prepaid	Postpaid	Total	Prepaid	Postpaid	Total
UK & Ireland	1,677	3,191	4,868	1%	16%	10%
Italy	6,114	2,336	8,450	-1%	6%	1%
Australia ⁽¹⁾	169	1,723	1,892	-1%	17%	15%
Sweden & Denmark	105	974	1,079	12%	14%	14%
Austria	172	405	577	15%	7%	9%
3 Group Total	8,237	8,629	16,866	—	13%	6%
Hong Kong and Macau ⁽²⁾	103	1,173	1,276	57%	11%	13%
Israel ⁽²⁾	—	873	873	—	32%	32%
Total	8,340	10,675	19,015	—	14%	7%

	Customer Revenue Base						
	Revenue for the six months ended 30 June 2008 ('000)			Growth (%) compared to the six months ended 30 June 2007			
	Prepaid	Postpaid	Total	Revenue			Customer Service Gross Margin
			Prepaid	Postpaid	Total	Total	
UK & Ireland ⁽⁴⁾	£81,554	£690,669	£772,223	4%	7%	7%	19%
Italy	€295,687	€589,787	€885,474	-33%	6%	-11%	-5%
Australia	A\$37,702	A\$638,431	A\$676,133	8%	26%	25%	26%
Sweden & Denmark	SEK44,156	SEK2,166,219	SEK2,210,375	18%	21%	21%	31%
Austria	€2,781	€84,691	€87,472	-7%	-1%	-1%	14%
3 Group Total	€430,849	€2,181,057	€2,611,906	-27%	4%	-3%	5%

	12-month Trailing Average Revenue per Active User ("ARPU") ⁽³⁾ to 30 June 2008						
	Total				Non-voice		
	Prepaid	Postpaid	Blended Total	% Variance compared to 31 December 2007	ARPU	ARPU %	
UK & Ireland ⁽⁴⁾	£16.95	£42.83	£37.03	-5%	£12.13	33%	
Italy	€14.84	€49.89	€27.30	-7%	€7.87	29%	
Australia	A\$37.72	A\$71.49	A\$67.92	-1%	A\$19.67	29%	
Sweden & Denmark	SEK118.14	SEK432.71	SEK411.23	-4%	SEK126.96	31%	
Austria	€16.60	€39.94	€38.25	-10%	€11.58	30%	
3 Group Average	€16.38	€50.72	€37.11	-7%	€11.17	30%	

Note 1: Active customers as at 30 June 2008 announced by listed subsidiary HTAL updated for net additions to 20 August 2008.

Note 2: Customers as announced by listed subsidiary HTIL as at 19 August 2008.

Note 3: ARPU equals total revenue excluding handset and connection revenues, divided by the average number of active customers during 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.

Note 4: As mentioned in the Group's annual results announcement for 2007, 3 UK has discontinued promotional discount offerings in 2008. For better comparison purposes, the % increase KBIs have been calculated to measure against the previous year's amounts after deducting promotional discounts.

Highlights for the 3 Group are as follows:

UK & Ireland

The combined registered customer base of 3 UK and 3 Ireland increased 10% during the period to total over 4.7 million at 30 June 2008 and currently stands at over 4.8 million. Contract customers represented 65% of the combined registered customer base, up from 62% at the end of 2007. Monthly combined churn, which for prudence takes into account the potential disconnection of inactive prepaid customers on the registered customer base, has continued to improve averaging 2.9% during the period compared to 3.6% in the same period last year. Encouragingly, the churn rate of contract customers, who represent 89% of the revenue base, reduced to 2.0% in the first half of 2008 compared to 2.5% in the same period last year. Active combined customers represented 81% of the registered customer base, higher than the 76% recorded at the end of 2007. 97% of the contract customer base are active customers, in line with the end of last year. Combined ARPU, on a 12-month trailing average basis, declined 5% to £37.03 compared to the full year of 2007, primarily due to the adverse impact of regulated interconnection rates in the UK and international roaming fees introduced in April and August 2007 respectively, and the number of mobile broadband customers added during the period, which increased five-fold to over 400,000. Combined revenue, in British pounds, increased 7% to £772 million whilst combined LBIT improved 65% compared to the same period last year, before including non-recurring foreign exchange gains in the first half of the year. The improvement resulted from improved gross margin, tight cost controls, reduced amortisation of contract CAC costs capitalised in prior periods, and reduced depreciation charges. During the period, the Group refinanced certain non-Sterling borrowings with Sterling bank loans to create a natural currency hedge against the 3 UK's assets denominated in Sterling and recorded a foreign exchange gain of HK\$586 million. The rollout of the UK network sharing arrangement with another UK mobile network operator is progressing well.

Italy

3 Italia's registered customer base totalled 8.2 million at 30 June 2008 and currently stands at over 8.4 million. Contract customers represented 27% of the registered customer base, a 1% increase compared to the end of last year. The monthly churn rate during the period averaged 3.0% compared to 2.7% in the comparable period last year. Active customers represented 67% of the total registered customer base compared to 75% at the end of last year. However, 97% of the contract customer base are active customers at 30 June 2008, which is in line with the end of last year. ARPU, on a 12-month trailing average basis, declined 7% to €27.30 compared to the full year of 2007. 3 Italia's ARPU was adversely affected by regulatory actions affecting prepaid top up charges and mobile termination rates. Despite a decline in revenue in local currency by 11% compared to same period last year, 3 Italia improved its LBIT by 32% in local currency compared to the same period last year, before non-recurring foreign exchange gains in the first half of the year, mainly due to an improved gross margin percentage, reduced expensed prepaid CACs and reduced amortisation of the costs of content and other rights and depreciation charge. During the period, the Group refinanced certain non-Euro borrowings with Euro bank loans to create a natural currency hedge against the 3 Italia's assets denominated in Euros and recorded a foreign exchange gain of HK\$1,065 million.

Australia

In Australia, the active customer base of listed subsidiary, Hutchison Telecommunications Australia ("HTAL"), grew 15% during the first six months of 2008 to total 1.80 million at 30 June 2008 and currently stands at 1.89 million. Contract customers were 91% of the active customer base at 30 June 2008, a 2% increase compared to the end of last year. The average monthly contract customer churn rate for the period was 1.1%, which is in line with the same period last year. ARPU, on a 12-month trailing average basis, was A\$67.92, a 1% decrease from the full year of 2007. Revenue, in local currency, increased 25% compared to the same period last year. HTAL reached another major milestone in the period reporting positive EBIT results on a monthly basis from March 2008 and total EBIT of A\$1.3 million for the first six months of 2008, a 103% turnaround from the LBIT for the same period last year. This improvement is mainly due to an enlarged customer base, stronger gross margins and continued strong cost controls.

Other 3 Group operations

In the other 3G operations, the operating and financial performance continues to progress.

The registered customer base of the combined operations in Sweden and Denmark grew 14% during the period to total 1,026,000 at 30 June 2008 and currently stands at 1,079,000. Contract customers at 30 June 2008 represented 90% of the registered customer base. Average monthly churn in the period was 2.4% and active customers represented 97% of the registered customer base. Although combined ARPU, on a trailing 12-month basis, decreased 4% to SEK411.23, revenue, in Swedish Kronas, grew 21% compared to the same period last year. LBIT reduced by 35% mainly due to improved gross margin and strong cost controls.

In Austria, the registered customer base grew 9% during the period to total 561,000 at 30 June 2008 and currently stands at 577,000. Monthly churn averaged 1.4% in the period and active customers represented 75% of the registered customer base. ARPU, on a 12-month trailing average basis, declined 10% to €38.25 and revenue, in local currency, decreased 1% compared to the same period last year. LBIT, before inclusion of a non-recurring foreign exchange gain in the first half of the year, improved 42%, mainly due to improved gross margin and cost reductions achieved. During the period, the Group refinanced certain non-Euro borrowings with Euro bank loans to create a natural currency hedge against the 3 Austria's assets denominated in Euros and recorded a foreign exchange gain of HK\$1,294 million.

Outlook

Although the global economy overall continued to grow in the first half of 2008, it is likely to be adversely affected by recessionary and inflationary pressures as a result of the continuing credit crisis and declining housing markets in the US and the UK. This trend is expected to adversely affect other economies around the world to varying degrees, but the economy of Hong Kong should continue to benefit from the Mainland's growth and development.

The results of first half of this year reflect the improved performance from all our established businesses and the continuing progress of the 3 Group. The Group's financial position remains strong with total cash and liquid funds on hand at 30 June of HK\$172,289 million. Looking ahead, the Group's businesses are expected to continue to perform well. I have full confidence in the long term future prospects of the Group.

I would like to thank the Board of Directors and all employees around the world for their dedication, professionalism and contributions to the Group.

Li Ka-shing

Chairman

Hong Kong, 21 August 2008

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 the 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 cautiously uses derivatives, principally interest rate and foreign currency swaps and forward currency contracts as appropriate for risk management purposes only, for hedging transactions and for managing the Group's assets and liabilities. It is the Group's policy not to enter into derivative transactions for speculative purposes. It is also the Group's policy not to invest liquidity in financial products, including hedge funds or similar vehicles, with significant underlying leverage or derivative exposure.

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 conducting businesses in non-HK or non-US dollar currencies, 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 change depending upon financial market conditions and projected interest rates. The Group regularly and closely monitors its overall 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 rate exposures relate to US dollar, British pound, Euro and HK dollar borrowings.

At 30 June 2008, approximately 57% of the Group's principal amount of borrowings were at floating rates and the remaining 43% were at fixed rates. The Group has entered into various interest rate agreements with major creditworthy financial institutions to swap approximately HK\$48,750 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK\$4,212 million principal amount of floating interest rate borrowings were swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 71% of the Group's principal amount of borrowings were at floating rates and the remaining 29% were at fixed rates at 30 June 2008.

Foreign Currency Exposure

For overseas subsidiaries and associates and other investments, which consist of non-HK dollar or 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' cashflow and the relevant debt markets with a view to refinancing these businesses with local currency borrowings in the future when conditions are appropriate. Exposure to movements in exchange rates for individual transactions directly related to the underlying businesses is minimised by using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist.

At 30 June 2008, the Group had currency swap arrangements and foreign exchange forward contracts with banks to swap US dollar principal amount of borrowings equivalent to HK\$98 million to non-US dollar principal amount of borrowings to match the currency exposures of the underlying businesses. The Group's borrowings, excluding loans from minority shareholders and after taking into consideration these currency swaps, are denominated as follows: 12% in HK dollars, 28% in US dollars, 12% in British pounds, 37% in Euro and 11% in other currencies. During the first half of 2008, HTIL closed out THB15,547 million (approximately HK\$3,665 million) of swap contracts under which HTIL agreed to sell Thai Baht and buy US dollar at pre-agreed rates. HTIL entered into these contracts solely to fulfill local exchange control requirements when HTIL injected additional

funding into Thailand for repayment of its outstanding external debt in 2007. HTIL recognised a loss of HK\$5 million in its profit and loss statement in respect of these transactions. At 30 June 2008, HTIL had remaining contracts to sell Thai Baht and buy US dollars with a notional principal amount of THB21,067 million (approximately HK\$4,874 million) and continues to seek regulatory approval to close out these positions.

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 monitoring their credit ratings and setting approved counterparty credit limits that are regularly reviewed.

Credit Profile

The Group aims to maintain a capital structure that is appropriate for long-term investment ratings 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. At 30 June 2008, our long-term credit ratings were A3 from Moody's, A- from Standard & Poor's and A- from Fitch and all ratings are with a stable outlook.

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 amounted to HK\$172,289 million at 30 June 2008, 5% lower than the balance at 31 December 2007 of HK\$180,499 million, mainly due to the acquisition of an additional 9% equity interest in HTIL for HK\$4,851 million and other capital expenditure and investment spending. Of the liquid assets, 10% were denominated in HK dollars, 68% in US dollars, 3% in British pounds, 6% in Euro and 13% in other currencies.

Cash and cash equivalents represented 69% (31 December 2007 - 62%) of the liquid assets, US Treasury notes and listed fixed income securities 25% (31 December 2007 - 29%), listed equity securities 5% (31 December 2007 - 7%) and long-term deposits and others 1% (31 December 2007 - 2%).

The US Treasury notes and listed fixed income securities, including those held under managed funds, consisted of US treasury notes (26%), government issued guaranteed notes (30%), supranational notes (20%), financial institutions (14%) and government related entities (10%). Of these US Treasury notes and listed fixed income securities, 80% are rated at Aaa/AAA with an average maturity of less than one year on the overall portfolio. The Group currently has no exposure in mortgage backed securities, collateralised debt obligations or similar asset classes.

Cash Flow

Consolidated EBITDA before all CACs amounted to HK\$53,709 million (2007 - HK\$71,235 million) for the first half of 2008, a 25% decrease from the comparable period last year, mainly due to the Group's share of cash profits arising from HTIL's disposal of its indirect interests in its mobile telecommunications operations in India totalling HK\$35,820 million in 2007. Excluding the cash profits from disposals of investments and others in both years, EBITDA before all CACs increased 50% to HK\$52,977 million (2007 - HK\$35,415 million) for the period. Funds from operations ("FFO"), before cash profits from disposals, capital expenditures, investment in all CACs and changes in working capital amounted to HK\$21,961 million (2007 - HK\$31,922 million), a 31% decrease from the comparable period last year, mainly due to the receipt of a HK\$16,037 million special dividend from HTIL in first half of 2007. Excluding this special dividend, FFO before cash profits from disposals, capital expenditures, investment in all CACs and changes in working capital increased 38% from HK\$15,885 million to HK\$21,961 million. In addition to the above items, the increases in recurring EBITDA and FFO are attributed to the solid and steady improvement in financial performance of the Group's established businesses and the significantly better results of the 3 Group, which reported an 80% improvement in EBITDA before all CACs. Recurring EBITDA and FFO from the Group's established businesses continued to be sound, totalling HK\$40,720 million (2007 - HK\$28,592 million) and HK\$16,818 million (2007 - HK\$14,078 million) respectively.

The 3 Group's investment in CACs totalled HK\$9,498 million for the period, a 13% increase from the comparable amount in 2007 of HK\$8,428 million, mainly due to the increased number of customers acquired and retained during the period compared to the same period last year, and in particular, the acquisition of contract customers, partially offset by lower cost per customer acquired. Prepaid CACs and other customer acquisition costs which are expensed as incurred, totalled HK\$1,762 million, a 34% decrease from the comparable 2007 total of HK\$2,673 million. 3 Group contract customers' CACs, which are capitalised, totalled HK\$7,736 million during the period, an increase of 34% compared to HK\$5,755 million in the same period last year.

In the first half of 2008, the Group's capital expenditures increased 29% to total HK\$11,808 million (2007 - HK\$9,173 million), of which HK\$5,487 million (2007 - HK\$5,158 million) related to the 3 Group. The increase in the Group's total capital expenditures is primarily due to the consolidation of the capital expenditures of HTIL as a subsidiary effective from 14 June 2007. Capital expenditures for the ports and related services division amounted to HK\$3,255 million (2007 - HK\$3,126 million); for the property and hotels division HK\$42 million (2007 - HK\$52 million); for the retail division HK\$729 million (2007 - HK\$749 million) and for the energy, infrastructure, finance & investments and others division HK\$87 million (2007 - HK\$88 million) as well as HTIL's expenditures of HK\$2,208 million (2007 - nil).

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

Debt Maturity and Currency Profile

The Group's total borrowings, excluding loans from minority shareholders, at 30 June 2008 amounted to HK\$324,919 million (31 December 2007 - HK\$310,341 million). The net increase in borrowings was mainly due to the effect of the translation of foreign currency denominated loans to HK dollars and other non-cash movements totalling HK\$13,348 million and increased borrowings of HK\$22,395 million net of the repayment of loans of HK\$21,165 million. Loans from minority shareholders, which are viewed as quasi-equity, totalled HK\$12,934 million at 30 June 2008 (31 December 2007 - HK\$12,508 million). The Group's weighted average cost of debt during the six months to 30 June 2008 reduced to 5.3% (31 December 2007 - 5.9%).

The maturity profile of the Group's total borrowings, excluding loans from minority shareholders and after taking into consideration the related foreign currency swaps, at 30 June 2008 is set out below:

	HK\$	US\$	GBP	Euro	Others	Total
Within 6 months	4%	—	6%	3%	1%	14%
In 2009	3%	—	—	9%	3%	15%
In 2010	2%	4%	—	1%	6%	13%
In 2011	3%	4%	1%	14%	—	22%
In 2012	—	1%	—	—	—	1%
In year 2013-2017	—	14%	3%	10%	—	27%
In year 2018-2027	—	1%	2%	—	—	3%
Beyond year 2027	—	4%	—	—	1%	5%
Total	12%	28%	12%	37%	11%	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 consolidated 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 in the first half of 2008 were as follows:

- In March 2008, repaid at maturity, fixed rate notes of A\$800 million (approximately HK\$5,968 million).
- In March 2008, repaid at maturity, fixed rate notes of €99.8 million (approximately HK\$1,157 million).
- In April 2008, obtained a 2-year, floating rate €100 million (approximately HK\$1,214 million) bank loan facility, primarily to refinance existing indebtedness.
- In May 2008, a listed subsidiary HTIL obtained a 364-day floating rate HK\$9,000 million loan facility from a group of ten banks to refinance its Hong Kong operations and to finance the development of its Indonesia operations.
- In May 2008, a listed subsidiary HTIL, fully repaid a floating rate HK\$4,000 million syndicated bank loan facility at its maturity date.
- In May 2008, obtained a 5-year, floating rate term loan facility of HK\$1,400 million primarily to refinance existing indebtedness due in 2008.
- In June 2008, obtained a 6-month floating rate term loan facility of £350 million (approximately HK\$5,373 million), to refinance existing indebtedness.
- In June 2008, obtained an 18-month floating rate term loan facility of €450 million (approximately HK\$5,458 million), to refinance existing indebtedness.
- In June 2008, obtained three 6-month floating rate term loan facilities of total approximately €388 million (approximately HK\$4,712 million), to refinance existing indebtedness.
- In July 2008, obtained a 3-year floating rate term loan facility of HK\$3,800 million, to refinance existing indebtedness.

Capital, Net Debt and Interest Coverage Ratios

The Group's total shareholders' funds increased to HK\$310,966 million at 30 June 2008 from HK\$310,014 million at 31 December 2007, mainly reflecting the profit for the six months to 30 June 2008 net of dividends paid and the unfavourable change in valuation of certain equity investments also recorded in reserves. At 30 June 2008, the consolidated net debt of the Group, excluding loans from minority shareholders which are viewed as quasi-equity, was HK\$152,630 million (31 December 2007 - HK\$129,842 million), an 18% increase from the beginning of the year. Excluding the unfavourable effect of the translation of foreign currency denominated loans to HK dollars and other non-cash movements totalling HK\$13,348 million, net debt increased 7% from the beginning of the year. The Group's net debt to net total capital ratio increased from 26% at 31 December 2007 to 27% at 30 June 2008, before the effect of foreign currency translation and other non-cash movements, and to 29% after this effect.

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 2008.

Net debt/Net total capital ratios at 30 June 2008:	Before non-cash movements	After non-cash movements
A1 - excluding loans from minority shareholders from debt	27%	29%
A2 - as in A1 above and investments in listed subsidiaries and associated companies marked to market value	22%	24%
B1 - including loans from minority shareholders as debt	30%	31%
B2 - as in B1 above and investments in listed subsidiaries and associated companies marked to market value	24%	26%

The Group's consolidated gross interest expense and other finance costs of subsidiaries, before capitalisation, for the first six months of 2008 slightly decreased to total HK\$9,220 million, compared to HK\$9,380 million for the same period last year mainly due to lower effective market interest rate in the first half of 2008.

Consolidated EBITDA and FFO before all CACs for the period covered consolidated net interest expense and other finance costs 8.4 times and 4.5 times respectively (31 December 2007 - 9.8 times and 6.2 times).

Secured Financing

At 30 June 2008, assets of the Group totalling HK\$33,668 million (31 December 2007 - HK\$30,700 million) were pledged as security for bank and other loans and certain performance guarantees of the Group.

Borrowing Facilities Available

Committed borrowing facilities available to Group companies but not drawn at 30 June 2008 amounted to the equivalent of HK\$19,680 million (31 December 2007 - HK\$14,300 million).

Contingent Liabilities

At 30 June 2008, the Group provided guarantees for banking and other borrowing facilities granted to associated companies and jointly controlled entities of HK\$6,160 million (31 December 2007 - HK\$6,690 million), and provided performance and other guarantees of HK\$7,755 million (31 December 2007 - HK\$9,390 million).

Employee Relations

At 30 June 2008, the Company and its subsidiaries employed 166,679 people (30 June 2007 - 176,011 people) and the related employee costs for the six-month period, excluding Directors' emoluments, totalled HK\$17,489 million (2007 - HK\$14,477 million). Including the Group's associated companies, at 30 June 2008, the Group employed 223,678 people of whom 29,648 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 2008, 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.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 25 September 2008 to Thursday, 2 October 2008, both days inclusive. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 pm on Wednesday, 24 September 2008.

Disclosure of Interests

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

As at 30 June 2008, the interests and short positions of the Directors and Chief Executive 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 Executive 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 as adopted by the Company (the "Model Code") were as follows:

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

Long positions in the shares of the Company

Name of Director	Capacity	Nature of interests	Number of shares held	Total	Approximate % of shareholding
Li Ka-shing	(i)	Founder of discretionary trusts	2,141,698,773 ⁽¹⁾	2,190,275,773	51.3743%
	(ii)	Interest of controlled corporations	48,577,000 ⁽²⁾		
Li Tzar Kuoi, Victor	(i)	Beneficiary of trusts	2,141,698,773 ⁽¹⁾	2,142,785,543	50.2604%
	(ii)	Interest of controlled corporations	1,086,770 ⁽³⁾		
Fok Kin-ning, Canning	Interest of a controlled corporation	Corporate interest	4,310,875 ⁽⁴⁾	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	Founder, a beneficiary and/or a discretionary object of discretionary trust(s)	Other interest	15,984,095 ⁽⁵⁾	15,984,095	0.3749%

Name of Director	Capacity	Nature of interests	Number of shares held	Total	Approximate % of shareholding
Holger Kluge	Beneficial owner	Personal interest	40,000	40,000	0.0009%
George Colin Magnus	(i) Founder and beneficiary of a discretionary trust	(i) Other interest	950,100 ⁽⁶⁾)		
	(ii) Beneficial owner	(ii) Personal interest	40,000)		
	(iii) Interest of spouse	(iii) Family interest	9,900)	1,000,000	0.0235%
William Shurniak	Beneficial owner	Personal interest	165,000	165,000	0.0039%

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) Such shares were held by certain companies of which Mr Li Ka-shing is interested in the entire issued share capital.
- (3) Such shares were held by certain companies of which Mr Li Tzar Kuoi, Victor is interested in the entire issued share capital.
- (4) Such shares were held by a company which is equally controlled by Mr Fok Kin-ning, Canning and his spouse.
- (5) Such shares were ultimately held by discretionary trust(s) of which The Hon Sir Michael David Kadoorie is either the founder, a beneficiary and/or a discretionary object.
- (6) 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 2008, 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 ("CKI") 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; and
- (b) 2 underlying shares in CKI by virtue of the HK\$300,000,000 capital guaranteed notes due 2009 held by a wholly owned subsidiary of Cheung Kong;

- (ii) 6,399,728,952 ordinary shares, representing approximately 71.51% of the then issued share capital, in Hutchison Harbour Ring Limited ("HHR") held by certain wholly owned subsidiaries of the Company;
- (iii) 2,889,651,625 ordinary shares, representing approximately 60.37% of the then issued share capital, in Hutchison Telecommunications International Limited ("HTIL") of which 52,092,587 ordinary shares and 2,837,405,758 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;
- (iv) 829,599,612 shares, representing approximately 38.87% of the then issued share capital, in Hongkong Electric Holdings Limited ("HEH") which shares were held by certain wholly owned subsidiaries of CKI;
- (v) 1,429,024,545 shares, representing approximately 36.70% of the then issued share capital, in TOM Group Limited of which 476,341,182 shares and 952,683,363 shares were held by a wholly owned subsidiary of each of Cheung Kong and the Company respectively;
- (vi) 293,618,956 common shares, representing approximately 34.58% of the then issued share capital, in Husky Energy Inc. ("Husky") held by a wholly owned subsidiary of the Company; and
- (vii) 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 the 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 305,603,402 common shares, representing approximately 35.99% of the then issued share capital, in Husky 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 2008, 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) 266,621,499 ordinary shares, representing approximately 5.57% of the then issued share capital, in HTIL, 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 2008, the following interests:

- (i) family interests in 151,000 shares, representing approximately 0.007% of the then issued share capital, in HEH held by his spouse; and
- (ii) corporate interests in (a) a nominal amount of US\$21,000,000 in the 6.50% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited ("HWI(03/13)"); (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\$8,000,000 in the 6.25% Notes due 2014 issued by Hutchison Whampoa International (03/33) Limited ("HWI(03/33)"); (d) a nominal amount of US\$15,000,000 in the 7.45% Notes due 2033 issued by HWI(03/33); and (e) 2,519,250 ordinary shares, representing approximately 0.05% of the then issued share capital, in HTIL, 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 2008, the following interests:

- (i) corporate interests in (a) a nominal amount of US\$2,500,000 in the 6.50% Notes due 2013 issued by HWI(03/13); (b) a nominal amount of US\$2,000,000 in the 7.45% Notes due 2033 issued by HWI(03/33); (c) a nominal amount of US\$2,500,000 in the 5.45% Notes due 2010 issued by HWI(03/33); and (d) a nominal amount of US\$2,500,000 in the 6.25% Notes due 2014 issued by HWI(03/33);
- (ii) corporate interests in 5,000,000 ordinary shares, representing approximately 0.06% of the then issued share capital, in HHR;
- (iii) 5,100,000 ordinary shares, representing approximately 0.68% of the then issued share capital, in Hutchison Telecommunications (Australia) Limited ("HTAL") comprising personal and corporate interests in 4,100,000 ordinary shares and 1,000,000 ordinary shares respectively;
- (iv) corporate interests in 1,202,380 ordinary shares, representing approximately 0.03% of the then issued share capital, in HTIL;
- (v) corporate interests in 200,000 common shares, representing approximately 0.02% of the then issued share capital, in Husky; and
- (vi) corporate interests in 225,000 American Depositary Shares (each representing one ordinary share), representing approximately 0.14% of the then issued share capital, in Partner Communications Company Ltd. ("Partner").

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 2008, personal interests in 250,000 ordinary shares, representing approximately 0.005% of the then issued share capital, in HTIL.

Mr Frank John Sixt in his capacity as a beneficial owner had, as at 30 June 2008, personal interests in (i) 1,000,000 ordinary shares, representing approximately 0.13% of the then issued share capital, in HTAL; and (ii) 17,000 American Depositary Shares (each representing 15 ordinary shares), representing approximately 0.005% of the then issued share capital, in HTIL.

Mr Kam Hing Lam in his capacity as a beneficial owner had, as at 30 June 2008, personal interests in 100,000 shares, representing approximately 0.004% of the then issued share capital, in CKI.

Mr Holger Kluge in his capacity as a beneficial owner had, as at 30 June 2008, personal interests in (i) 200,000 ordinary shares, representing approximately 0.03% of the then issued share capital, in HTAL; and (ii) 20,000 common shares and 6,115 unlisted and physically settled Deferred Share Units (each representing one common share), in aggregate representing approximately 0.003% of the then issued share capital, in Husky.

Mr George Colin Magnus had, as at 30 June 2008, the following interests:

- (i) 13,333 ordinary shares, representing approximately 0.0003% of the then issued share capital, in HTIL 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 one ordinary share), representing approximately 0.02% of the then issued share capital, in Partner held in his capacity as a beneficial owner.

Mr William Shurniak in his capacity as a beneficial owner had, as at 30 June 2008, personal interests in 4,780 common shares, representing approximately 0.0006% of the then issued share capital, in Husky.

Save as disclosed above, as at 30 June 2008, none of the Directors or Chief Executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were 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.

Interests and Short Positions of Shareholders Discloseable under the SFO

So far as is known to any Directors or Chief Executive of the Company, as at 30 June 2008, other than the interests and short positions of the Directors or Chief Executive 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 of the Company

Name	Capacity	Number of shares held	Approximate % of shareholding
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee and beneficiary of a trust	2,130,202,773 ⁽¹⁾	49.97%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee and beneficiary of a trust	2,130,202,773 ⁽¹⁾	49.97%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	2,130,202,773 ⁽¹⁾	49.97%
Cheung Kong (Holdings) Limited ("Cheung Kong")	Interest of controlled corporations	2,130,202,773 ⁽¹⁾	49.97%
Continental Realty Limited	Beneficial owner	465,265,969 ⁽²⁾	10.91%

(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 ⁽²⁾	7.57%
Winbo Power Limited	Beneficial owner	236,260,200 ⁽²⁾	5.54%
Polycourt Limited	Beneficial owner	233,065,641 ⁽²⁾	5.47%
Well Karin Limited	Beneficial owner	226,969,600 ⁽²⁾	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 Shares, Underlying Shares and Debentures".
- (2) 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 2008, there was no other person (other than the Directors or Chief Executive 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 2008 are set out below.

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

Particulars of share options outstanding 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 2008 and share options granted, exercised, cancelled or lapsed under such plan 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 2008	Granted during the six months ended 30 June 2008	Exercised during the six months ended 30 June 2008	Lapsed/cancelled during the six months ended 30 June 2008	Number of share options held at 30 June 2008	Exercise period of share options	Exercise price of share options €	Price of 3 Italia share	
									At grant date of share options ⁽³⁾ €	At exercise date of share options €
Employees in aggregate	20.5.2004	16,347,200	–	–	(460,506)	15,886,694	From Listing ⁽²⁾ to 16.7.2009	5.17	5.00	N/A
	20.11.2004	2,111,767	–	–	(120,714)	1,991,053	From Listing to 16.7.2009	5.17	5.00	N/A
	2.2.2005	335,320	–	–	–	335,320	From Listing to 16.7.2009	5.17	5.00	N/A
	6.9.2005	2,710,875	–	–	–	2,710,875	From Listing to 16.7.2009	5.17	5.00	N/A
Total:		21,505,162	–	–	(581,220)	20,923,942				

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.
- (3) Nominal value of shares on date of grant set out for reference only.

As at 30 June 2008, 3 Italia had 20,923,942 share options outstanding under the 3 Italia Plan.

No share option had been granted under the 3 Italia Plan during the six months ended 30 June 2008.

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

Particulars of share options outstanding under the share option scheme of 3 UK (the "3 UK Plan") at the beginning and at the end of the financial period for the six months ended 30 June 2008 and share options granted, exercised, cancelled or lapsed under such plan during the period were as follows:

Name or category of participant	Effective date of grant or date of share options ⁽¹⁾	Number of share options held at 1 January 2008	Granted during the six months ended 30 June 2008	Exercised during the six months ended 30 June 2008	Lapsed/ cancelled during the six months ended 30 June 2008	Number of share options held at 30 June 2008	Exercise period of share options	Exercise price of share options £	Price of 3 UK share	
									At grant date of share options ⁽³⁾ £	At exercise date of share options £
Employees in aggregate	20.5.2004	6,719,500	–	–	(445,000)	6,274,500	From Listing ⁽²⁾ to 18.4.2011	1.00	1.00	N/A
	20.5.2004	29,090,000	–	–	(1,551,000)	27,539,000	From Listing to 18.4.2011	1.35	1.00	N/A
	20.5.2004	3,519,250	–	–	(227,750)	3,291,500	From Listing to 20.8.2011	1.35	1.00	N/A
	20.5.2004	420,000	–	–	–	420,000	From Listing to 18.12.2011	1.35	1.00	N/A
	20.5.2004	367,750	–	–	(120,000)	247,750	From Listing to 16.5.2012	1.35	1.00	N/A
	20.5.2004	1,877,750	–	–	(110,000)	1,767,750	From Listing to 29.8.2012	1.35	1.00	N/A
	20.5.2004	317,500	–	–	(45,000)	272,500	From Listing to 28.10.2012	1.35	1.00	N/A
	20.5.2004	550,000	–	–	(100,000)	450,000	From Listing to 11.5.2013	1.35	1.00	N/A
	20.5.2004	1,455,000	–	–	(200,000)	1,255,000	From Listing to 14.5.2014	1.35	1.00	N/A
	27.1.2005	1,567,250	–	–	(20,000)	1,547,250	From Listing to 26.1.2015	1.35	1.00	N/A
	11.7.2005	545,500	–	–	(37,750)	507,750	From Listing to 10.7.2015	1.35	1.00	N/A
	7.9.2007	4,163,250	–	–	(455,000)	3,708,250	From Listing to 6.9.2017	1.35	1.00	N/A
Total:		50,592,750	–	–	(3,311,500)	47,281,250				

Notes:

- (1) The share options granted to certain founders of 3 UK 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 3 UK 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 3 UK or to have the shares of 3 UK admitted to trading on the Alternative Investment Market operated by London Stock Exchange plc ("AIM") or in the United Kingdom or elsewhere.
- (3) Nominal value of shares on date of grant set out for reference only.

As at 30 June 2008, 3 UK had 47,281,250 share options outstanding under the 3 UK Plan.

No share option had been granted under the 3 UK Plan during the six months ended 30 June 2008.

(III) Hutchison China MediTech Limited ("Chi-Med")

Particulars of share options outstanding under the share option scheme of Chi-Med (the "Chi-Med Plan") at the beginning and at the end of the financial period for the six months ended 30 June 2008 and share options granted, exercised, cancelled or lapsed under such plan during the period were as follows:

Name or category of participant	Effective date of grant or date of grant of share options	Number of share options held at 1 January 2008	Granted during the six months ended 30 June 2008	Exercised during the six months ended 30 June 2008	Lapsed/ cancelled during the six months ended 30 June 2008	Number of share options held at 30 June 2008	Exercise period of share options	Exercise price of share options £	Price of Chi-Med share	
									At grant date of share options £	At exercise date of share options £
Christian Hogg (a director of Chi-Med)	19.5.2006 ⁽¹⁾	768,182	–	–	–	768,182	19.5.2006 to 3.6.2015	1.09	2.505 ⁽³⁾	N/A
Other employees in aggregate	19.5.2006 ⁽¹⁾	870,605	–	–	(76,818)	793,787	19.5.2006 to 3.6.2015	1.09	2.505 ⁽³⁾	N/A
	11.9.2006 ⁽¹⁾	120,810	–	–	–	120,810	11.9.2006 to 18.5.2016	1.715	1.715 ⁽⁴⁾	N/A
	23.3.2007 ⁽²⁾	25,606	–	–	–	25,606	23.3.2007 to 22.3.2017	1.75	1.75 ⁽⁴⁾	N/A
	18.5.2007 ⁽²⁾	311,146	–	–	(52,000)	259,146	18.5.2007 to 17.5.2017	1.535	1.535 ⁽⁴⁾	N/A
	24.8.2007 ⁽²⁾	322,608	–	–	–	322,608	24.8.2007 to 23.8.2017	1.685	1.685 ⁽⁴⁾	N/A
Total:		2,418,957	–	–	(128,818)	2,290,139				

Notes:

- (1) The share options granted to certain founders of Chi-Med are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of 50% on 19 May 2007 and 25% on each of 19 May 2008 and 19 May 2009. The share options granted to non-founders of Chi-Med are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of 19 May 2007, 19 May 2008 and 19 May 2009.
- (2) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of the first, second and third anniversaries of the date of grant of share options.
- (3) The stated price was the closing price of the shares quoted on the AIM on the date of admission of listing of the shares.
- (4) The stated price was the closing price of the shares quoted on the AIM on the trading day immediately prior to the date of grant of the share options.

As at 30 June 2008, Chi-Med had 2,290,139 share options outstanding under the Chi-Med Plan.

No share option had been granted under the Chi-Med Plan during the six months ended 30 June 2008.

(IV) Hutchison Harbour Ring Limited ("HHR")

Particulars of share options outstanding under the share option scheme of HHR (the "HHR Plan") at the beginning and at the end of the financial period for the six months ended 30 June 2008 and share options granted, exercised, cancelled or lapsed under such plan 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 2008	Granted during the six months ended 30 June 2008	Exercised during the six months ended 30 June 2008	Lapsed/ cancelled during the six months ended 30 June 2008	Number of share options held at 30 June 2008	Exercise period of share options	Price of HHR share		
								Exercise price of share options HK\$	At grant date of share options ⁽²⁾ HK\$	At exercise date of share options ⁽³⁾ HK\$
Employees in aggregate	3.6.2005	58,500,000	–	–	(17,600,000)	40,900,000	3.6.2006 to 2.6.2015	0.822	0.82	N/A
	25.5.2007	32,600,000	–	(1,076,000)	(4,600,000)	26,924,000	25.5.2008 to 24.5.2017	0.616	0.61	0.71
Total:		91,100,000	–	(1,076,000)	(22,200,000)	67,824,000				

Notes:

- (1) The share options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of the first, second and third anniversaries of the date of grant of share options.
- (2) The stated price was 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.
- (3) The stated price was the weighted average closing price of the shares immediately before the dates on which the share options were exercised.

As at 30 June 2008, HHR had 67,824,000 share options outstanding under the HHR Plan.

No share option had been granted under the HHR Plan during the six months ended 30 June 2008.

(V) Hutchison Telecommunications (Australia) Limited (“HTAL”)

Particulars of share options outstanding under the employee option plan of HTAL (the “HTAL Plan”) at the beginning and at the end of the financial period for the six months ended 30 June 2008 and share options granted, exercised, cancelled or lapsed under such plan during the period were as follows:

Name or category of participant	Date of grant of share options	Number of share options held at 1 January 2008	Granted during the six months ended 30 June 2008	Exercised during the six months ended 30 June 2008	Lapsed/ cancelled during the six months ended 30 June 2008	Number of share options held at 30 June 2008	Exercise period of share options	Exercise price of share options ⁽²⁾ A\$	Price of HTAL share	
									At grant date of share options ⁽³⁾ A\$	At exercise date of share options A\$
Employees in aggregate	14.6.2007 ^(1a)	28,920,000	–	–	(1,045,000)	27,875,000	1.7.2008 to 13.6.2012	0.145	0.145	N/A
	14.11.2007 ^(1b)	300,000	–	–	–	300,000	1.1.2009 to 13.11.2012	0.20	0.20	N/A
	21.5.2008 ^(1c)	–	200,000	–	–	200,000	1.1.2010 to 20.5.2013	0.165	0.165	N/A
	4.6.2008 ^(1d)	–	300,000	–	–	300,000	1.1.2010 to 3.6.2013	0.139	0.135	N/A
Total:		29,220,000	500,000	–	(1,045,000)	28,675,000				

Notes:

- (1) a) The share options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on 1 July 2008, one-third on 1 January 2009 and the remaining one-third on 1 January 2010.
- b) The share options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-half on 1 January 2009 and the remaining one-half on 1 January 2010.
- c) The share options are exercisable subject to relevant vesting criteria on 1 January 2010.
- (2) The stated exercise price of share option was the higher of (i) the closing price of the shares on the ASX on the day on which the share options are granted; and (ii) the average closing price of the shares for the five trading days immediately preceding the day on which the share options are granted.
- (3) The stated price was the ASX closing price of the shares on the trading day immediately prior to the date of grant of the share options.

As at 30 June 2008, HTAL had 28,675,000 share options outstanding under the HTAL Plan.

The fair value of options granted during the six months ended 30 June 2008, determined using the Binomial Approximation Model, was A\$0.04317 per share. The significant inputs into the model were weighted average share price of A\$0.145 at the grant date, weighted average of expected price volatility shares of 32.79%, weighted average expected life of options of 3 years, zero expected dividend yield and weighted average risk-free interest rate of 6.39%. The expected price volatility is based on the historical 12-month period prior to the grant date. Changes in such subjective input assumptions could affect the fair value estimate.

(VI) Hutchison Telecommunications International Limited (“HTIL”)

Particulars of share options outstanding under the share option scheme of HTIL (the “HTIL Plan”) at the beginning and at the end of the financial period for the six months ended 30 June 2008 and share options granted, exercised, cancelled or lapsed under such plan 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 2008	Granted during the six months ended 30 June 2008	Exercised during the six months ended 30 June 2008	Lapsed/ cancelled during the six months ended 30 June 2008	Number of share options held at 30 June 2008	Exercise period of share options	Exercise price of share options ⁽²⁾ HK\$	Price of HTIL share	
									At grant date of share options ⁽³⁾ HK\$	At exercise date of share options ⁽⁴⁾ HK\$
Directors/ Alternate Directors										
Lui Dennis Pok Man	8.8.2005	9,000,000	–	–	–	9,000,000	8.8.2006 to 7.8.2015	1.95	8.60	N/A
Tim Lincoln Pennington	8.8.2005	3,333,333	–	(1,666,667)	–	1,666,666	8.8.2006 to 7.8.2015	1.95	8.60	11.08
Chan Ting Yu	8.8.2005	3,333,333	–	–	–	3,333,333	8.8.2006 to 7.8.2015	1.95	8.60	N/A
Wong King Fai, Peter ⁽⁵⁾	8.8.2005	2,666,667	–	–	–	2,666,667	8.8.2006 to 7.8.2015	1.95	8.60	N/A
Woo Chiu Man, Cliff	8.8.2005	2,333,333	–	–	–	2,333,333	8.8.2006 to 7.8.2015	1.95	8.60	N/A
		20,666,666	–	(1,666,667)	–	18,999,999				
Other employees in aggregate	8.8.2005	13,266,667	–	(2,416,667)	(1,750,000)	9,100,000	8.8.2006 to 7.8.2015	1.95	8.60	10.80
	23.11.2007	13,850,000	–	–	–	13,850,000	23.11.2008 to 22.11.2017	11.51	11.26	N/A
Total:		47,783,333	–	(4,083,334)	(1,750,000)	41,949,999				

Notes:

- (1) The share options will be vested according to a schedule, namely, as to as close to one-third of the shares of HTIL which are subject to the share options as possible by each of the three anniversaries of the date of offer of the share options and provided that for the vesting to occur the grantee has to remain an Eligible Participant (as delineated in the HTIL Plan) on such vesting date.
- (2) The exercise price of the share options is subject to adjustment in accordance with the provisions of the HTIL Plan (as amended).
- (3) The stated price was the Stock Exchange closing price of the shares on the trading day immediately prior to the date of grant of the share options.
- (4) The stated price was the weighted average closing price of the shares immediately before the dates on which the share options were exercised.
- (5) Mr Wong King Fai, Peter was appointed as director of HTIL on 3 January 2008.

As at 30 June 2008, HTIL had 41,949,999 share options outstanding under the HTIL Plan.

No share option had been granted under the HTIL Plan during the six months ended 30 June 2008.

(VII) Partner Communications Company Ltd. ("Partner")

Particulars of share options outstanding under the employee stock option plans of Partner (the "Partner Plans") at the beginning and at the end of the financial period for the six months ended 30 June 2008 and share options granted, exercised, cancelled or lapsed under such plans 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 2008	Granted during the six months ended 30 June 2008	Exercised during the six months ended 30 June 2008	Lapsed/ cancelled during the six months ended 30 June 2008	Number of share options held at 30 June 2008	Exercise period of share options ⁽²⁾	Exercise price of share options US\$/NIS	Price of Partner share	
									At grant date of share options ⁽³⁾ NIS	At exercise date of share options ⁽⁴⁾ NIS
Employees in aggregate										
1998 Plan	5.11.1998 to 22.12.2002	3,386	–	(3,383)	(3)	–	5.11.1999 to 15.12.2011	US\$0.343 and NIS 20.45	0.01	76.16
2000 Plan	3.11.2000 to 30.12.2003	193,500	–	(7,500)	–	186,000	3.11.2000 to 30.12.2012	NIS 17.25 to NIS 27.35	17.25 to 27.35	82.69
2003 Amended Plan	30.12.2003	–	–	–	–	–	N/A	NIS 20.45	34.12	N/A
2004 Plan	29.11.2004 to 19.2.2008	2,666,932	76,000	(197,100)	(117,514)	2,428,318	29.11.2004 to 19.2.2018	NIS 26.74 to NIS 66.05	31.45 to 78.90	79.05
Total:		2,863,818	76,000	(207,983)	(117,517)	2,614,318				

Notes:

- (1) The number of share options disclosed is the aggregate figure of share options held at 30 June 2008 under each of the four employee stock option plans. The share options were granted on various date(s) during the corresponding period(s) and in respect of the 2003 Amended Plan, on the date of grant as disclosed.
- (2) Subject to the terms of individual stock option plans, vesting schedules are in general: 25% of the share options become vested on each of the first, second, third and fourth anniversaries of the date of employment of the grantee or date of grant, unless otherwise specified by the Compensation Committee of Partner.
- (3) The stated price was the average closing price of the shares as recorded by the Tel Aviv Stock Exchange 30 days prior to the date of grant of the share options.
- (4) The stated price was the weighted average closing price of the shares immediately before the dates on which the share options were exercised.

As at 30 June 2008, Partner had, in aggregate 2,614,318 share options outstanding under the Partner Plans.

The fair value of share options granted during the six months ended 30 June 2008 was determined using the Black-Scholes valuation model. The significant inputs into the model were standard deviation of expected share price returns of 24%, weighted average dividend yield of 6.21%, expected life of share options of three years and annual risk-free interest rate of 4.25%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over three years immediately preceding the grant date. Changes in such subjective input assumptions could affect the fair value estimate.

Corporate Governance

The Company strives to attain and maintain the highest standards of corporate governance as it believes that effective corporate governance practices are fundamental to enhancing shareholder value and safe guarding shareholder interests. The Company has accordingly adopted sound corporate governance principles that emphasise a quality board of Directors the ("Board"), effective internal control, stringent disclosure practices and transparency and accountability to all stakeholders. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture.

Compliance with the 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2008. Corporate governance practices adopted by the Company during such period are in conformity with those adopted by the Company for the year ended 31 December 2007, which were set out in the 2007 Annual Report of the Company.

Compliance with the Model Code

The Board has 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 have confirmed that they have complied with the Model Code in their securities transactions throughout the accounting period covered by this interim report.

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 Audit 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. The terms of reference of the Audit Committee adopted by the Board are published on the website of the Company.

Remuneration Committee

The Remuneration Committee of the Company comprises three members with expertise in human resources and personnel emoluments. The Remuneration 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 Remuneration 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 Remuneration Committee adopted by the Board are published on the website of the Company.

Report on Review of Interim Financial Report

To the Board of Directors of Hutchison Whampoa Limited

(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 32 to 56, which comprises the condensed consolidated balance sheet of Hutchison Whampoa Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2008, and the condensed consolidated profit and loss account, the condensed consolidated statement of recognised income and expense and the condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial report based on our review 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.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 August 2008

Interim Accounts

Condensed Consolidated Profit and Loss Account

for the six months ended 30 June 2008

Unaudited 2008 US\$ millions		Note	Unaudited 2008 HK\$ millions	Unaudited 2007 HK\$ millions
	Company and subsidiary companies:			
15,278	Revenue	3	119,164	98,345
(4,909)	Cost of inventories sold		(38,290)	(34,297)
(2,112)	Staff costs		(16,474)	(13,570)
(226)	3 Group telecommunications expensed customer acquisition costs		(1,762)	(2,673)
(2,467)	Depreciation and amortisation	3	(19,242)	(18,537)
(3,995)	Other operating expenses		(31,161)	(30,896)
86	Change in fair value of investment properties		672	929
94	Profit (loss) on disposal of investments and others	4	732	(890)
	Share of profits less losses after tax of:			
947	Associated companies before profit on disposal of investments and others		7,385	4,694
285	Jointly controlled entities		2,226	1,670
400	Associated company's profit on disposal of investments and others	4	3,122	35,820
3,381		3	26,372	40,595
(1,154)	Interest and other finance costs	5	(9,001)	(9,157)
2,227	Profit before tax		17,371	31,438
(193)	Current tax charge	6	(1,504)	(792)
(167)	Deferred tax charge	6	(1,302)	(160)
1,867	Profit after tax		14,565	30,486
(497)	Allocated as: Profit attributable to minority interests		(3,877)	(1,727)
1,370	Profit attributable to shareholders of the Company		10,688	28,759
279	Interim dividend		2,174	2,174
US32.1 cents	Earnings per share for profit attributable to shareholders of the Company	7	HK\$2.51	HK\$6.75
US6.54 cents	Interim dividend per share		HK\$0.51	HK\$0.51

Condensed Consolidated Balance Sheet

at 30 June 2008

Unaudited 30 June 2008 US\$ millions		Note	Unaudited 30 June 2008 HK\$ millions	Audited 31 December 2007 HK\$ millions
ASSETS				
Non-current assets				
24,270	Fixed assets	8	189,302	181,342
5,304	Investment properties		41,373	43,680
4,616	Leasehold land		36,002	36,272
11,819	Telecommunications licences		92,191	91,897
1,445	Telecommunications postpaid customer acquisition and retention costs		11,273	8,771
4,300	Goodwill		33,538	31,520
1,506	Brand names and other rights		11,748	10,901
10,652	Associated companies		83,086	75,545
5,322	Interests in joint ventures		41,514	39,725
2,209	Deferred tax assets	9	17,231	17,619
653	Other non-current assets	10	5,090	5,082
6,995	Liquid funds and other listed investments	11	54,560	69,192
79,091			616,908	611,546
Current assets				
15,093	Cash and cash equivalents	12	117,729	111,307
7,415	Trade and other receivables	13	57,835	55,374
2,708	Inventories		21,121	20,999
25,216			196,685	187,680
Current liabilities				
11,450	Trade and other payables	14	89,313	90,029
7,900	Bank and other debts	15	61,617	50,255
277	Current tax liabilities		2,158	2,336
19,627			153,088	142,620
5,589	Net current assets		43,597	45,060
84,680	Total assets less current liabilities		660,505	656,606
Non-current liabilities				
33,756	Bank and other debts	15	263,302	260,086
1,658	Interest bearing loans from minority shareholders		12,934	12,508
2,358	Deferred tax liabilities	9	18,388	17,957
251	Pension obligations		1,957	1,468
700	Other non-current liabilities	16	5,458	5,929
38,723			302,039	297,948
45,957	Net assets		358,466	358,658
CAPITAL AND RESERVES				
137	Share capital	17	1,066	1,066
39,731	Reserves		309,900	308,948
39,868	Total shareholders' funds		310,966	310,014
6,089	Minority interests		47,500	48,644
45,957	Total equity	18	358,466	358,658

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2008

Unaudited 2008 US\$ millions	Note	Unaudited 2008 HK\$ millions	Unaudited 2007 HK\$ millions
Operating activities			
4,143		32,319	41,845
(1,103)	19(a)	(8,602)	(8,953)
(225)		(1,756)	(970)
2,815		21,961	31,922
(226)		(1,762)	(2,673)
2,589		20,199	29,249
(204)	19(b)	(1,591)	(519)
2,385		18,608	28,730
Investing activities			
(803)		(6,262)	(3,958)
(648)		(5,051)	(4,990)
(4)		(28)	(57)
(49)		(384)	–
(11)		(83)	(168)
(992)		(7,736)	(5,755)
(34)		(270)	–
–	19(c)	–	45,440
(622)		(4,851)	(219)
(10)		(80)	(157)
(328)		(2,559)	(2,593)
(2)		(19)	(15)
60		471	1,142
210		1,637	783
190		1,487	179
601	19(d)	4,687	109
1		6	285
86		670	142
4		28	14
14		112	–
1,723		13,436	429
(232)		(1,807)	(787)
(846)		(6,596)	29,824

Hutchison Whampoa Limited
2008 Interim Report

Unaudited 2008 US\$ millions		Note	Unaudited 2008 HK\$ millions	Unaudited 2007 HK\$ millions
Financing activities				
2,993	New borrowings		23,343	39,145
(2,737)	Repayment of borrowings		(21,348)	(41,711)
6	Issue of shares by subsidiary companies to minority shareholders		43	6
(58)	Payment for repurchase of shares to minority shareholders		(453)	–
(253)	Dividends paid to minority shareholders		(1,974)	(1,460)
(667)	Dividends paid to shareholders		(5,201)	(5,201)
(716)	Cash flows used in financing activities		(5,590)	(9,221)
823	Increase in cash and cash equivalents		6,422	49,333
14,270	Cash and cash equivalents at 1 January		111,307	64,151
15,093	Cash and cash equivalents at 30 June		117,729	113,484
Analysis of cash, liquid funds and other listed investments				
15,093	Cash and cash equivalents, as above	12	117,729	113,484
6,995	Liquid funds and other listed investments	11	54,560	72,350
22,088	Total cash, liquid funds and other listed investments		172,289	185,834
41,656	Bank and other debts		324,919	301,536
1,658	Interest bearing loans from minority shareholders		12,934	12,328
21,226	Net debt		165,564	128,030
(1,658)	Interest bearing loans from minority shareholders		(12,934)	(12,328)
19,568	Net debt (excluding interest bearing loans from minority shareholders)		152,630	115,702

(a) CACs represents customer acquisition costs and customer retention costs.

Condensed Consolidated Statement of Recognised Income and Expense

for the six months ended 30 June 2008

Unaudited 2008 US\$ millions		Note	Unaudited 2008 HK\$ millions	2007 HK\$ millions
(204)	Fair value changes in available-for-sale investments		(1,594)	5,183
	Fair value adjustment upon transfer from other properties to			
1	investment properties		10	–
(239)	Valuation released upon disposal of available-for-sale investments		(1,869)	(162)
(3)	Loss on cash flow hedges		(21)	(70)
12	Transfer to profit and loss on cash flow hedges		95	–
	Transfer to initial carrying amount of non-financial items on			
(2)	cash flow hedges		(12)	2
112	Exchange translation differences		877	5,302
(95)	Net actuarial gains (losses) of defined benefit plans		(744)	620
19	Deferred tax effect on net actuarial gains (losses) of defined benefit plans		145	(195)
(399)	Net income (expense) recognised directly in equity	18	(3,113)	10,680
1,867	Profit after tax		14,565	30,486
1,468	Total recognised income and expense	18	11,452	41,166
(646)	Allocated as: Attributable to minority interests		(5,041)	(2,319)
822	Attributable to shareholders of the Company		6,411	38,847

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 2007 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 2007 annual accounts, except for the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for annual periods beginning 1 January 2008. The effect of the adoption of these standards, amendments and interpretations was not material to the Group's results of operations or financial position.

3 Segment information

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

Revenue from external customers is after elimination of inter-segment revenue. The amount eliminated attributable to Ports and related services is HK\$26 million (30 June 2007 - HK\$19 million), Property and hotels is HK\$160 million (30 June 2007 - HK\$152 million), Finance & investments and others is HK\$223 million (30 June 2007 - HK\$479 million) and Hutchison Telecommunications International is HK\$58 million (30 June 2007 - nil).

Business segment

	Revenue							
	Six months ended 30 June 2008				Six months ended 30 June 2007			
	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	17,277	2,299	19,576	14%	15,580	2,178	17,758	16%
Property and hotels	2,675	2,668	5,343	4%	2,644	2,699	5,343	5%
Retail	49,172	9,293	58,465	41%	44,633	6,732	51,365	45%
Cheung Kong Infrastructure	1,247	8,149	9,396	6%	1,113	6,843	7,956	7%
Husky Energy	–	32,964	32,964	23%	–	15,364	15,364	13%
Finance & investments and others	4,666	1,384	6,050	4%	5,219	1,200	6,419	6%
Hutchison Telecommunications International	12,331	–	12,331	8%	965	8,162	9,127	8%
Subtotal – Established businesses	87,368	56,757	144,125	100%	70,154	43,178	113,332	100%
TELECOMMUNICATIONS – 3 Group	31,796	298	32,094		28,191	–	28,191	
	119,164	57,055	176,219		98,345	43,178	141,523	

3 Segment information (continued)

Business segment (continued)

	EBIT (LBIT) ^(b)							
	Six months ended 30 June 2008				Six months ended 30 June 2007			
	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	5,960	894	6,854	22%	4,988	772	5,760	28%
Property and hotels ^(c)	3,411	1,754	5,165	17%	1,473	656	2,129	10%
Retail	836	401	1,237	4%	499	304	803	4%
Cheung Kong Infrastructure	530	3,290	3,820	13%	524	2,842	3,366	16%
Husky Energy	–	8,543	8,543	28%	–	4,619	4,619	22%
Finance & investments and others	2,631	221	2,852	9%	1,957	282	2,239	11%
Hutchison Telecommunications International ^(d)	2,079	–	2,079	7%	258	1,695	1,953	9%
EBIT – Established businesses^(b)	15,447	15,103	30,550	100%	9,699	11,170	20,869	100%
TELECOMMUNICATIONS – 3 Group^(e)								
EBIT before depreciation, amortisation and telecommunications expensed CACs	12,155	102	12,257		6,820	3	6,823	
Telecommunications expensed CACs	(1,762)	–	(1,762)		(2,673)	–	(2,673)	
EBIT before depreciation and amortisation and after telecommunications expensed CACs	10,393	102	10,495		4,147	3	4,150	
Depreciation	(5,107)	(65)	(5,172)		(5,352)	–	(5,352)	
Amortisation of licence fees and other rights	(2,860)	–	(2,860)		(3,293)	–	(3,293)	
Amortisation of telecommunications postpaid CACs	(5,638)	–	(5,638)		(6,829)	–	(6,829)	
EBIT (LBIT) – Telecommunications – 3 Group^(b)	(3,212)	37	(3,175)		(11,327)	3	(11,324)	
Change in fair value of investment properties	672	152	824		929	–	929	
Profit (loss) on disposal of investments and others (See note 4)	732	3,122	3,854		(890)	35,820	34,930	
EBIT (LBIT)	13,639	18,414	32,053		(1,589)	46,993	45,404	
Group's share of the following profit and loss items of associated companies and jointly controlled entities:								
Interest and other finance costs	–	(1,523)	(1,523)		–	(1,894)	(1,894)	
Current tax	–	(2,117)	(2,117)		–	(1,173)	(1,173)	
Deferred tax	–	(2,040)	(2,040)		–	(1,371)	(1,371)	
Minority interests	–	(1)	(1)		–	(371)	(371)	
	13,639	12,733	26,372		(1,589)	42,184	40,595	

3 Segment information (continued)

Business segment (continued)

	Depreciation and amortisation					
	Six months ended 30 June 2008			Six months ended 30 June 2007		
	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	1,696	269	1,965	1,562	266	1,828
Property and hotels	146	77	223	151	76	227
Retail	1,086	195	1,281	1,040	93	1,133
Cheung Kong Infrastructure	63	1,129	1,192	63	890	953
Husky Energy	–	2,815	2,815	–	2,309	2,309
Finance & investments and others	116	48	164	88	46	134
Hutchison Telecommunications International	2,530	–	2,530	159	980	1,139
Subtotal – Established businesses	5,637	4,533	10,170	3,063	4,660	7,723
TELECOMMUNICATIONS – 3 Group	13,605	65	13,670	15,474	–	15,474
	19,242	4,598	23,840	18,537	4,660	23,197

	Capital expenditure				
	Six months ended 30 June 2008				
	Fixed assets, investment properties and leasehold land HK\$ millions	Telecom-munications licences HK\$ millions	Brand names and other rights HK\$ millions	Telecom-munications postpaid CACS HK\$ millions	Total HK\$ millions
ESTABLISHED BUSINESSES					
Ports and related services	3,255	–	–	–	3,255
Property and hotels	42	–	–	–	42
Retail	729	–	–	–	729
Cheung Kong Infrastructure	54	–	–	–	54
Husky Energy	–	–	–	–	–
Finance & investments and others	33	–	–	–	33
Hutchison Telecommunications International	2,177	–	31	270	2,478
Subtotal – Established businesses	6,290	–	31	270	6,591
TELECOMMUNICATIONS – 3 Group ⁽¹⁾	5,051	384	52	7,736	13,223
	11,341	384	83	8,006	19,814

3 Segment information (continued)

Business segment (continued)

	Capital expenditure				Total HK\$ millions
	Six months ended 30 June 2007				
	Fixed assets, investment properties and leasehold land HK\$ millions	Telecom- munications licences HK\$ millions	Brand names and other rights HK\$ millions	Telecom- munications postpaid CACS HK\$ millions	
ESTABLISHED BUSINESSES					
Ports and related services	3,126	–	–	–	3,126
Property and hotels	52	–	–	–	52
Retail	749	–	–	–	749
Cheung Kong Infrastructure	18	–	–	–	18
Husky Energy	–	–	–	–	–
Finance & investments and others	70	–	–	–	70
Hutchison Telecommunications International	–	–	–	–	–
Subtotal – Established businesses	4,015	–	–	–	4,015
TELECOMMUNICATIONS – 3 Group ⁽⁹⁾	4,990	–	168	5,755	10,913
	9,005	–	168	5,755	14,928

Geographical segment

	Revenue							
	Six months ended 30 June 2008				Six months ended 30 June 2007			
	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	19,776	5,591	25,367	14%	15,726	7,720	23,446	17%
Mainland China	10,040	6,328	16,368	9%	8,873	4,583	13,456	9%
Asia and Australia	21,644	2,364	24,008	14%	11,835	8,217	20,052	14%
Europe	62,188	9,285	71,473	41%	56,794	6,931	63,725	45%
Americas and others	5,516	33,487	39,003	22%	5,117	15,727	20,844	15%
	119,164	57,055	176,219	100%	98,345	43,178	141,523	100%

3 Segment information (continued)

Geographical segment (continued)

	EBIT (LBIT) ^(b)							
	Six months ended 30 June 2008				Six months ended 30 June 2007			
	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	3,194	2,034	5,228	16%	2,064	2,209	4,273	9%
Mainland China	4,992	2,982	7,974	25%	2,107	1,764	3,871	9%
Asia and Australia	3,159	636	3,795	12%	1,513	1,686	3,199	7%
Europe	(1,560)	871	(689)	-2%	(9,793)	670	(9,123)	-20%
Americas and others	2,450	8,617	11,067	34%	2,481	4,844	7,325	16%
Change in fair value of investment properties	672	152	824	3%	929	–	929	2%
Profit (loss) on disposal of investments and others (See note 4)	732	3,122	3,854	12%	(890)	35,820	34,930	77%
EBIT (LBIT)	13,639	18,414	32,053	100%	(1,589)	46,993	45,404	100%
Group's share of the following profit and loss items of associated companies and jointly controlled entities:								
Interest and other finance costs	–	(1,523)	(1,523)		–	(1,894)	(1,894)	
Current tax	–	(2,117)	(2,117)		–	(1,173)	(1,173)	
Deferred tax	–	(2,040)	(2,040)		–	(1,371)	(1,371)	
Minority interests	–	(1)	(1)		–	(371)	(371)	
	13,639	12,733	26,372		(1,589)	42,184	40,595	

Capital expenditure^(f)

	Six months ended 30 June 2008				
	Fixed assets, investment properties and leasehold land HK\$ millions	Telecom-munications licences HK\$ millions	Brand names and other rights HK\$ millions	Telecom-munications postpaid CACS HK\$ millions	Total HK\$ millions
Hong Kong	608	–	31	270	909
Mainland China	440	–	–	–	440
Asia and Australia	2,773	–	–	984	3,757
Europe	6,441	384	52	6,752	13,629
Americas and others	1,079	–	–	–	1,079
	11,341	384	83	8,006	19,814

3 Segment information (continued)

Geographical segment (continued)

	Capital expenditure ^(a)				Total HK\$ millions
	Six months ended 30 June 2007				
	Fixed assets, investment properties and leasehold land HK\$ millions	Telecom- munications licences HK\$ millions	Brand names and other rights HK\$ millions	Telecom- munications postpaid CACS HK\$ millions	
Hong Kong	152	–	–	–	152
Mainland China	1,104	–	–	–	1,104
Asia and Australia	1,322	–	–	630	1,952
Europe	5,594	–	168	5,125	10,887
Americas and others	833	–	–	–	833
	9,005	–	168	5,755	14,928

- (a) The percentages shown represent the contributions to total revenues and EBIT of established businesses.
- (b) Earnings (losses) before interest expense and tax ("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 costs and tax. 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 (loss) 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 (loss) from operations as determined in accordance with generally accepted accounting principles in Hong Kong.
- "EBIT – Established businesses" and "EBIT (LBIT) – Telecommunications – 3 Group" are presented before the change in fair value of investment properties and profit (loss) on disposal of investments and others.
- (c) Included in EBIT of Property and hotels for the six months ended 30 June 2008 is a gain of HK\$2,141 million (30 June 2007 - nil) on disposal of subsidiaries, whose principal asset is an investment property, by a listed subsidiary, Hutchison Harbour Ring ("HHR"). The result of operations of HHR, other than this gain, is presented under Finance & investments and others.
- (d) Included in EBIT of Hutchison Telecommunications International for the six months ended 30 June 2008 are contributions from certain suppliers amounting to HK\$731 million (30 June 2007 - nil) in relation to its Indonesian operations.
- (e) Included in EBIT (LBIT) of Telecommunications – 3 Group for the six months ended 30 June 2008 are foreign exchange gains totalling HK\$2,945 million (30 June 2007 - HK\$368 million) which mainly comprise a HK\$586 million gain arising from the Group's refinancing of certain non-Sterling borrowings with Sterling bank loans and a HK\$2,359 million gain arising from the Group's refinancing of certain non-Euro borrowings with Euro bank loans. Last period's balance represented a HK\$368 million gain arising from the Group's refinancing of certain non-Sterling borrowings with Sterling bank loans.
- (f) Included in capital expenditure of Telecommunications – 3 Group for the six months ended 30 June 2008 is the effect of foreign exchange translation of overseas subsidiaries' fixed assets balances at 30 June 2008 which increased total expenditure by HK\$987 million (30 June 2007 - HK\$931 million).

4 Profit (loss) on disposal of investments and others

	Six months ended 30 June	
	2008	2007
	HK\$ millions	HK\$ millions
ESTABLISHED BUSINESSES		
Group's share of Husky's gain on partial disposal in a resource property ^(a)	3,122	–
Profit on disposal of certain telecommunications tower assets ^(b)	732	–
Loss on disposal of a toll road infrastructure investment in Mainland China ^(c)	–	(890)
Group's share of HTIL's gain on disposal of CGP ^(d)	–	35,820
	3,854	34,930

(a) During the period, Husky Energy ("Husky"), a Canadian listed associated company, formed an integrated oil sands joint venture with a third party and contributed its Sunrise oil sands property to the joint venture in exchange for a 50% equity interest in the joint venture.

The Group's share of Husky's gain on partial disposal in a resource property represents the Group's share of the calculated gain on Husky's disposal of 50% of its Sunrise oil sands property under HKFRS.

(b) Profit on disposal of certain telecommunications tower assets represents the Group's profit on the sale by a listed subsidiary, Hutchison Telecommunications International ("HTIL"), of certain mobile telecommunications tower assets in Indonesia.

(c) Loss on disposal of a toll road infrastructure investment in Mainland China for the six months ended 30 June 2007 represented the Group's loss on the sale by a listed subsidiary, Cheung Kong Infrastructure, of its entire equity and loan interests in Guangzhou ESW Ring Road.

(d) The Group's share of HTIL's gain on disposal of CGP Investments (Holdings) Limited ("CGP") for the six months ended 30 June 2007 represented the Group's share of the disposal gain of HTIL, a listed associated company of the Group at the time of the transaction, on the sale of CGP, which indirectly held the entire interest in its mobile business in India.

5 Interest and other finance costs

	Six months ended 30 June	
	2008	2007
	HK\$ millions	HK\$ millions
Interest and other finance costs	8,821	9,176
Notional non-cash interest accretion	399	204
	9,220	9,380
Less: interest capitalised	(219)	(223)
	9,001	9,157

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.

6 Tax

	Six months ended 30 June	
	2008	2007
	HK\$ millions	HK\$ millions
Current tax charge		
Hong Kong	387	193
Outside Hong Kong	1,117	599
	1,504	792
Deferred tax charge (credit)		
Hong Kong	(129)	165
Outside Hong Kong	1,431	(5)
	1,302	160
	2,806	952

Hong Kong profits tax has been provided for at the rate of 16.5% (30 June 2007 - 17.5%) on the estimated assessable profits less estimated available tax losses. Tax 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 assets has been recognised for the losses of 3 Group (30 June 2007 - nil).

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

The calculation of earnings per share is based on profit attributable to shareholders of the Company HK\$10,688 million (30 June 2007 - HK\$28,759 million) and on 4,263,370,780 shares in issue during 2008 (30 June 2007 - 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 2008. The employee share options and convertible debts of these subsidiary and associated companies outstanding as at 30 June 2008 did not have a dilutive effect on earnings per share.

8 Fixed assets

During the period, the Group acquired fixed assets with a cost of HK\$11,302 million (30 June 2007 - HK\$8,942 million). Fixed assets with a net book value of HK\$624 million (30 June 2007 - HK\$188 million) were disposed of during the period, resulting in a gain on disposal of HK\$848 million (30 June 2007 - loss of HK\$45 million).

9 Deferred tax

	30 June 2008 HK\$ millions	31 December 2007 HK\$ millions
Deferred tax assets	17,231	17,619
Deferred tax liabilities	18,388	17,957
Net deferred tax assets (liabilities)	(1,157)	(338)
Analysis of net deferred tax assets (liabilities):		
Unused tax losses	19,586	20,118
Accelerated depreciation allowances	(3,886)	(3,867)
Fair value adjustments arising from acquisitions	(6,058)	(6,081)
Revaluation of investment properties and other investments	(4,421)	(5,089)
Withholding tax on unremitted earnings	(4,734)	(3,449)
Other temporary differences	(1,644)	(1,970)
	(1,157)	(338)

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 2008, the Group has recognised deferred tax assets amounting to HK\$17,231 million (31 December 2007 - HK\$17,619 million) of which HK\$16,180 million (31 December 2007 - HK\$16,646 million) relates to 3 Group.

The potential net deferred tax asset mainly arising from unutilised tax losses, after appropriate offsetting, which has not been provided for in the accounts amounted to HK\$51,382 million at 30 June 2008 (31 December 2007 - HK\$45,737 million).

10 Other non-current assets

	30 June 2008 HK\$ millions	31 December 2007 HK\$ millions
Other unlisted investments		
Loans and receivables		
Unlisted debt securities	1,882	1,984
Infrastructure project investments	556	577
	2,438	2,561
Available-for-sale investments		
Unlisted equity securities	1,747	1,647
Pension assets	581	542
Fair value hedges		
Interest rate swaps	247	277
Cash flow hedges		
Interest rate swaps	70	55
Forward foreign exchange contracts	7	-
	5,090	5,082

11 Liquid funds and other listed investments

	30 June 2008 HK\$ millions	31 December 2007 HK\$ millions
Available-for-sale investments		
Managed funds, outside Hong Kong	38,058	46,444
Listed debt securities	6,004	5,514
Listed equity securities, Hong Kong	3,620	6,312
Listed equity securities, outside Hong Kong	5,329	5,685
	53,011	63,955
Loans and receivables		
Long term deposits	539	4,196
Financial assets at fair value through profit or loss	1,010	1,041
	54,560	69,192
Components of Managed funds, outside Hong Kong are as follows:		
Listed debt securities	37,415	45,877
Cash and cash equivalents	643	567
	38,058	46,444

12 Cash and cash equivalents

	30 June 2008 HK\$ millions	31 December 2007 HK\$ millions
Cash at bank and in hand	14,058	13,650
Short term bank deposits	103,671	97,657
	117,729	111,307

13 Trade and other receivables

	30 June 2008 HK\$ millions	31 December 2007 HK\$ millions
Trade receivables	29,782	28,951
Other receivables and prepayments	27,979	26,235
Fair value hedges		
Interest rate swaps	–	100
Cash flow hedges		
Forward foreign exchange contracts	74	88
	57,835	55,374

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. The carrying amount of these assets approximates their fair value.

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

Less than 31 days	14,479	13,305
Within 31 to 60 days	2,466	3,388
Within 61 to 90 days	845	1,312
Over 90 days	11,992	10,946
	29,782	28,951

14 Trade and other payables

	30 June 2008 HK\$ millions	31 December 2007 HK\$ millions
Trade payables	25,120	27,206
Other payables and accruals	54,601	53,145
Provisions	6,217	6,476
Interest free loans from minority shareholders	3,229	3,088
Fair value hedges		
Interest rate swaps	–	3
Cash flow hedges		
Cross currency interest rate swaps	9	–
Forward foreign exchange contracts	137	111
	89,313	90,029

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

Less than 31 days	13,920	14,322
Within 31 to 60 days	2,192	3,290
Within 61 to 90 days	2,242	2,556
Over 90 days	6,766	7,038
	25,120	27,206

15 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 2008 Total HK\$ millions
2008, remainder of year	46,421	71	–	46,492
2009	38,892	6,832	1,211	46,935
2010	27,012	264	13,565	40,841
2011	57,746	75	13,417	71,238
2012	4,463	72	410	4,945
2013 to 2017	–	12	88,251	88,263
2018 to 2027	22	51	9,957	10,030
2028 and thereafter	–	3	16,172	16,175
	174,556	7,380	142,983	324,919
Less: current portion	(54,494)	(6,727)	(396)	(61,617)
	120,062	653	142,587	263,302

	Bank loans HK\$ millions	Other loans HK\$ millions	Notes and bonds HK\$ millions	31 December 2007 Total HK\$ millions
2008	42,250	134	7,871	50,255
2009	26,738	6,762	667	34,167
2010	23,629	244	13,414	37,287
2011	59,678	72	13,027	72,777
2012	3,724	84	341	4,149
2013 to 2017	–	13	85,932	85,945
2018 to 2027	20	51	10,006	10,077
2028 and thereafter	–	3	15,681	15,684
	156,039	7,363	146,939	310,341
Less: current portion	(42,250)	(134)	(7,871)	(50,255)
	113,789	7,229	139,068	260,086

In July 2008, the Group obtained a 3 year floating rate term loan facility of HK\$3,800 million to refinance certain of the current portion of debts.

16 Other non-current liabilities

	30 June 2008 HK\$ millions	31 December 2007 HK\$ millions
Fair value hedges		
Interest rate swaps	188	264
Cash flow hedges		
Cross currency interest rate swaps	10	22
Forward foreign exchange contracts	124	187
Obligations for telecommunications licences and other rights	4,053	4,579
Provisions	1,083	877
	5,458	5,929

17 Share capital

	30 June 2008 Number of shares	31 December 2007 Number of shares	30 June 2008 HK\$ millions	31 December 2007 HK\$ millions
Authorised:				
Ordinary shares of HK\$0.25 each	5,500,000,000	5,500,000,000	1,375	1,375
7-½% 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

18 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 2008	1,066	28,359	28,954	8,563	243,072	310,014	48,644	358,658
Fair value changes in available-for-sale investments	-	-	-	(1,427)	-	(1,427)	(167)	(1,594)
Fair value adjustment upon transfer from other properties to investment properties	-	-	-	8	-	8	2	10
Valuation released upon disposal of available-for-sale investments	-	-	-	(1,780)	-	(1,780)	(89)	(1,869)
Gain (loss) on cash flow hedges	-	-	-	7	-	7	(28)	(21)
Transfer to profit and loss on cash flow hedges	-	-	-	56	-	56	39	95
Transfer to initial carrying amount of non-financial items on cash flow hedges	-	-	-	(12)	-	(12)	-	(12)
Exchange translation differences	-	-	(616)	-	-	(616)	1,493	877
Net actuarial losses of defined benefit plans	-	-	-	-	(643)	(643)	(101)	(744)
Deferred tax effect on net actuarial losses of defined benefit plans	-	-	-	-	130	130	15	145
Net income (expense) recognised directly in equity	-	-	(616)	(3,148)	(513)	(4,277)	1,164	(3,113)
Profit after tax	-	-	-	-	10,688	10,688	3,877	14,565
Total recognised income and expense	-	-	(616)	(3,148)	10,175	6,411	5,041	11,452
Dividends paid relating to 2007	-	-	-	-	(5,201)	(5,201)	-	(5,201)
Dividends paid to minority interests	-	-	-	-	-	-	(1,630)	(1,630)
Equity contribution from minority interests	-	-	-	-	-	-	270	270
Capitalisation of loan from minority interests	-	-	-	-	-	-	302	302
Share option scheme	-	-	-	18	-	18	23	41
Share option scheme lapsed	-	-	-	(22)	22	-	-	-
Relating to repurchase of shares from minority shareholders	-	-	-	-	-	-	(289)	(289)
Relating to purchase of minority interests	-	-	-	-	-	-	(4,653)	(4,653)
Relating to disposal of subsidiary companies	-	-	(255)	(21)	-	(276)	(208)	(484)
At 30 June 2008	1,066	28,359	28,083	5,390	248,068	310,966	47,500	358,466

18 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 2007	1,066	28,359	21,801	3,807	218,761	273,794	16,771	290,565
Fair value changes in available-for-sale investments	–	–	–	4,953	–	4,953	230	5,183
Valuation released upon disposal of available-for-sale investments	–	–	–	(164)	–	(164)	2	(162)
Loss on cash flow hedges	–	–	–	(72)	19	(53)	(17)	(70)
Transfer to initial carrying amount of non-financial items on cash flow hedges	–	–	–	2	–	2	–	2
Exchange translation differences	–	–	4,963	–	–	4,963	339	5,302
Net actuarial gains of defined benefit plans	–	–	–	–	560	560	60	620
Deferred tax effect on net actuarial gains of defined benefit plans	–	–	–	–	(173)	(173)	(22)	(195)
Net income recognised directly in equity	–	–	4,963	4,719	406	10,088	592	10,680
Profit after tax	–	–	–	–	28,759	28,759	1,727	30,486
Total recognised income and expense	–	–	4,963	4,719	29,165	38,847	2,319	41,166
Dividends paid relating to 2006	–	–	–	–	(5,201)	(5,201)	–	(5,201)
Dividends paid to minority interests	–	–	–	–	–	–	(1,671)	(1,671)
Equity contribution from minority interests	–	–	–	–	–	–	6	6
Capitalisation of loan from minority interests	–	–	–	–	–	–	558	558
Share option scheme	–	–	–	36	–	36	2	38
Relating to subsidiary companies acquired	–	–	–	–	–	–	29,328	29,328
Relating to disposal of an associated company	–	–	(57)	80	–	23	5	28
At 30 June 2007	1,066	28,359	26,707	8,642	242,725	307,499	47,318	354,817

(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 2008, revaluation reserve surplus amounted to HK\$4,946 million (1 January 2008 - HK\$8,145 million and 30 June 2007 - HK\$8,576 million), hedging reserve surplus amounted to HK\$218 million (1 January 2008 - HK\$167 million and 30 June 2007 - deficit of HK\$153 million) and other capital reserves surplus amounted to HK\$226 million (1 January 2008 - HK\$251 million and 30 June 2007 - HK\$219 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.

19 Notes to condensed consolidated cash flow statement

(a) Reconciliation of profit after tax to cash generated from operating activities before interest and other finance costs, tax paid, 3 Group telecommunications expensed CACs and changes in working capital

	Six months ended 30 June	
	2008 HK\$ millions	2007 HK\$ millions
Profit after tax	14,565	30,486
Adjustments for:		
Current tax charge	1,504	792
Deferred tax charge	1,302	160
Interest and other finance costs	9,001	9,157
Change in fair value of investment properties	(672)	(929)
Depreciation and amortisation	19,242	18,537
Non-cash items included in profit (loss) on disposal of investments and others	(3,122)	890
Share of associated companies' and jointly controlled entities':		
Minority interests	1	371
Current tax charge	2,117	1,173
Deferred tax charge	2,040	1,371
Interest and other finance costs	1,523	1,894
Change in fair value of investment properties	(152)	—
Depreciation and amortisation	4,598	4,660
EBITDA^a	51,947	68,562
3 Group telecommunications expensed CACs	1,762	2,673
EBITDA before 3 Group telecommunications expensed CACs	53,709	71,235
Share of EBITDA of associated companies and jointly controlled entities	(19,738)	(51,653)
Loss (profit) on disposal of fixed assets, leasehold land and investment properties	(856)	24
Dividends received from associated companies and jointly controlled entities	4,143	20,192
Distribution from property jointly controlled entities	67	1,546
Profit on disposal of subsidiary and associated companies and jointly controlled entities	(2,418)	(152)
Other non-cash items	(2,588)	653
	32,319	41,845

- a 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 other finance costs, tax, 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.

19 Notes to condensed consolidated cash flow statement (continued)

(b) Changes in working capital

	Six months ended 30 June	
	2008 HK\$ millions	2007 HK\$ millions
Decrease in inventories	562	2,291
Decrease (increase) in debtors and prepayments	841	(2,830)
Increase (decrease) in creditors	(4,203)	211
Other non-cash items	1,209	(191)
	(1,591)	(519)

(c) Purchase of subsidiary companies

	Six months ended 30 June		
	2008 Book Value HK\$ millions	Fair Value HK\$ millions	2007 Fair Value HK\$ millions
Aggregate net assets acquired at acquisition date:			
Fixed assets	–	–	19,592
Leasehold land	–	–	6
Telecommunications licences	–	–	4,566
Telecommunications postpaid CACs	–	–	368
Goodwill	–	–	5,282
Brand names and other rights	–	–	4,659
Associated companies	–	–	2
Liquid funds and other listed investments	–	–	444
Inventories	–	–	453
Cash and cash equivalents	–	–	45,564
Trade and other receivables	–	–	5,899
Bank and other debts	–	–	(18,373)
Pension obligations	–	–	(22)
Other non-current liabilities	–	–	(3,084)
Creditors and current tax liabilities	–	–	(7,801)
Deferred tax liabilities	–	–	(612)
Loans from minority shareholders	–	–	(272)
Minority interests	–	–	(29,389)
	–	–	27,282
Goodwill arising on acquisition		–	67
		–	27,349
Less: Cost of investments just prior to purchase		–	(27,225)
Discharged by cash payment		–	124
Net cash inflow arising from acquisition:			
Cash payment		–	124
Cash and cash equivalents acquired		–	(45,564)
Total net cash consideration		–	(45,440)

19 Notes to condensed consolidated cash flow statement (continued)

(c) Purchase of subsidiary companies (continued)

Included in the net assets acquired for the period ended 30 June 2007 was acquisition of a further 0.25% shareholding in HTIL in June 2007 that resulted in HTIL ceasing to be an associated company and becoming a subsidiary company of the Group.

The goodwill can be attributable to the anticipated profitability of the acquired 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 2008 and 2007.

(d) Disposal of subsidiary companies

	Six months ended 30 June	
	2008 HK\$ millions	2007 HK\$ millions
Aggregate net assets disposed at date of disposal (excluding cash and cash equivalents):		
Fixed assets	8	16
Investment properties	3,217	—
Leasehold land	1	—
Goodwill	189	—
Interests in joint ventures	254	—
Inventories	—	44
Trade and other receivables	18	176
Bank and other debts	—	(60)
Creditors and current tax liabilities	(150)	(123)
Other non-current liabilities	—	(9)
Deferred tax liabilities	(603)	—
Minority interests	(113)	—
Reserves	(259)	—
	2,562	44
Profit on disposal	2,125	65
Net consideration	4,687	109
Satisfied by:		
Cash and cash equivalents received as consideration	4,877	175
Less: Cash and cash equivalents sold	(190)	(66)
Total net cash consideration	4,687	109

20 Contingent liabilities

The holding company, Hutchison Whampoa Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to its associated companies and jointly controlled entities of HK\$6,790 million (31 December 2007 - HK\$7,352 million).

The amount utilised by its associated companies and jointly controlled entities are as follows:

	30 June 2008 HK\$ millions	31 December 2007 HK\$ millions
To associated companies		
Other businesses	2,467	2,522
To jointly controlled entities		
Property businesses	2,387	2,996
Other businesses	1,306	1,172
	3,693	4,168

At 30 June 2008, the Group had provided performance and other guarantees of HK\$7,755 million (31 December 2007 - HK\$9,390 million) primarily for telecommunications businesses.

21 Commitments

There have been no material changes in the total amount of capital commitments since 31 December 2007 except for the amounts taken up during the period in the normal course of business.

22 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 2007.

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 2008, included in associated companies and interests in joint ventures on the balance sheet is a total amount of HK\$24,128 million (31 December 2007 - HK\$22,509 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\$2,812 million (31 December 2007 - HK\$2,996 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 the key management personnel compensation).

23 Legal proceedings

As at 30 June 2008, 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.

24 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 2008, 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 Stock Exchange of Hong Kong Limited

STOCK CODE

13

PUBLIC FLOAT CAPITALISATION

As at 30 June 2008

Approximately HK\$161,146 million (approximately 48% of the issued share capital of the Company)

FINANCIAL CALENDAR

Closure of Register of Members

25 September 2008 - 2 October 2008

Payment of 2008 Interim Dividend

3 October 2008

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INVESTOR INFORMATION

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