CORPORATE INFORMATION

Chairman
LI Ka-shing, KBE, GBM, LLD, DSSc, JP

Deputy Chairman
LI Tzar Kuoi, Victor, BSc, MSc

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

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

Frank John SIXT, MA, LLL
Group Finance Director

LAI Kai Ming, Dominic, BSc, MBA

George Colin MAGNUS, OBE, MA

KAM Hing Lam, BSc, MBA

Directors
The Hon Michael David KADOORIE, GBS, LLD (Hon),
Officier de la Légion d'Honneur,
Commandeur de l'Ordre de Léopold II

Simon MURRAY, CBE

OR Ching Fai, Raymond, JP

William SHURNIAK, LLD +

Peter Alan Lee VINE, OBE, VRD, LLD (Hon), JP +

WONG Chung Hin, CBE, JP ♦

Company Secretary
Edith SHIH, BSE, MA, MA, EdM

Auditors
PricewaterhouseCoopers

Bankers
The Hongkong and Shanghai Banking Corporation Limited

Standard Chartered Bank

J P Morgan Chase

Share Registrars
Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor
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♦ *Chairman of Audit Committee*

\+ *Member of Audit Committee*

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FINANCIAL HIGHLIGHTS

Unaudited Results for Six Months Ended 30 June 2004

- Turnover grew 23%
- Profit attributable to shareholders increased 106%
- All Established Businesses reported EBIT growth except Husky Energy and Finance and Investments
- Telecommunications – 3G customer base increased by over 2.5 million since 1 January 2004 and totals over 3.2 million worldwide at 18 August 2004
- Realised HK$15,600 million cash value on sale of a non-core asset
- Cash and liquid investments totalled HK$139,006 million
- Net debt to net capital ratio of 26%

CHAIRMAN'S STATEMENT

Half Year Results

The Group's unaudited profit attributable to shareholders for the half year amounted to HK$12,482 million, a 106% increase compared to the same period last year. Earnings per share amounted to HK$2.93, an increase of 106%. These results include a profit on disposal of investments and provisions totalling HK$15,059 million, compared to HK$1,922 million last year, and is composed of a profit of HK$13,759 million on the disposal of all of the Group's remaining 20% interest in the Procter & Gamble-Hutchison joint venture in the Mainland and a profit of HK$1,300 million on disposal of a 26% interest in listed Hutchison Global Communications Holdings.

Dividend

Your Directors have today declared an interim dividend of HK$0.51 per share (2003 – HK$0.51), payable on 8 October 2004 to those persons registered as shareholders on 7 October 2004. The share register of members will be closed from 30 September 2004 to 7 October 2004, both days inclusive.

Operations

The Group's turnover and earnings before interest expense and taxation ("EBIT"), including the Group's share of associated companies' and jointly controlled entities' turnover and EBIT, are shown by business segment in Note 2 to the consolidated profit and loss account. Turnover for the period totalled HK$81,033 million, an increase of 23% over last year, mainly due to the continuous growth in health and beauty operations in the retail and manufacturing division, additional turnover contributed by the 3G operations which started commercial services in various countries in the second half of 2003 and earlier this year, increased throughput in the ports and related services division, higher production of Husky Energy and an increased 2G customer base mainly in India. All of the Group's established businesses reported EBIT ahead of last year, except Husky Energy, mainly due to forward selling part of its oil production during the period at prices lower than prevailing prices, and unrealised exchange gains on appreciation of the Canadian dollar together with non-recurring tax items recognised last year; and finance and investments, in line with the interest rate environment during the first half of 2004.

Ports and Related Services

The ports and related services division reported strong growth in turnover to HK$12,616 million, a 15% increase over the first six months of last year. The combined throughput of the division increased 16% to 22.6 million TEUs (twenty foot equivalent units) and EBIT increased a healthy 12% to HK$3,935 million. This division continues to provide a steady income to the Group, contributing 16% and 14% respectively of the Group's turnover and EBIT from its established businesses for the period.

The first half results for the division's major operations were as follows:

- In Hong Kong, Hongkong International Terminals reported growth of 12% in throughput and 5% in EBIT, compared to last year.

- Yantian port reported throughput growth of 20% and EBIT growth of 22%, reflecting new capacity from two new berths at Phase III which started operations at the end of 2003.

- The combined operations in Shanghai, Waigaoqiao, Ningbo, Xiamen and other Mainland ports reported strong growth with a 23% increase in throughput and a 35% increase in EBIT.

- In Europe, the combined throughput of the UK ports and Europe Container Terminals in Rotterdam grew by 21%. Combined EBIT increased 67%, mainly due to higher throughput and the effect of the strengthening British pound and the Euro against the Hong Kong dollar.

- Operations in other Asian countries, the Middle East and Africa reported combined throughput 13% better than last year and EBIT increased 22%.

- Operations in the Americas and the Caribbean reported combined throughput 8% ahead of last year and EBIT increased 1%.

This division continues to expand several of its existing operations to meet demand and to maintain earnings growth. In Yantian, the final two berths of Phase III are expected to be completed in the second half of 2004. The division continues to pursue selective acquisition opportunities around the world. During the period, the Group increased its stake in Korea International Terminals from 80% to 88%.

Telecommunications – 2G and Other Operations

The Group's telecommunications – 2G and other operations reported turnover of HK$9,754 million, a 38% increase over last year, and EBIT of HK$370 million was 103% better than last year. This division represents 13% and 1% respectively of the Group's turnover and EBIT from established businesses for the period. The subsidiaries and associates in this division currently serve over 11.4 million 2G customers, an increase of 26% from the beginning of the year. These results reflect the continuing growth of the operations in India, which grew its customer base by 47% since the beginning of the year, an improved performance by the Hong Kong fixed line business, and a 44% increase in EBIT reported by listed associate Partner Communications in Israel. Included in the above EBIT were losses recorded by the Thailand operation totalling HK$557 million related to a programme to churn low value and poor credit risk customers that resulted in the write-off of bad debts and related customer acquisition costs, and also a provision for inventories. Excluding these charges, EBIT for the division would have been HK$927 million, 409% better than last year.

During the period, the Group applied to The Stock Exchange of Hong Kong Limited for the listing of Hutchison Telecommunications International ("HTIL"), a company formed to hold the Group's interests in the mobile and fixed line telecommunication operations in Hong Kong and the mobile operations in Macau, Israel, India, Sri Lanka, Ghana, Paraguay and Thailand. If market conditions are sufficiently attractive, the Group currently intends to complete the listing of HTIL in the second half of the year and the profit thereon will be recorded at that time. The telecommunications – 2G and other operations division will continue to hold directly the Group's interests in Hutchison Telecommunications Australia's 2G operations and TOM Group. The telecommunications – 3G division, reported on below, will continue to hold directly the Group's interests in 3G operations in Australia, Austria, Italy, Sweden, Denmark, Norway, and the UK and Ireland.

Property and Hotels

The property and hotels division turnover totalled HK$3,948 million, a 20% increase over last year. EBIT of HK$1,765 million was 66% above last year, mainly due to the release of a provision of HK$270 million which had been made against a Hong Kong development project in previous years, increased profits from the sale of development projects in Hong Kong and the Mainland, and a recovery of the hotel business this year. This division contributed 5% and 6% respectively of the Group's turnover and EBIT from its established businesses for the period. The Group's rental properties in Hong Kong continue to provide strong recurrent income to the Group. Gross rental income, including the Group's share of associated companies' income amounted to HK$1,135 million, which was in line with last year. The rental properties portfolio is over 95% let. Development profit was primarily from the sale of the remaining residential units in Rambler Crest at Tsing Yi. The ongoing development projects in Hong Kong, the Mainland and overseas in London and Singapore are progressing satisfactorily. The Group's portfolio of hotels reported EBIT significantly better than last year's breakeven results when the tourism industry was adversely affected by SARS.

Retail and Manufacturing

Turnover for the retail and manufacturing division totalled HK$33,866 million, a 15% increase, mainly due to the growth of the health and beauty operations in Asia, the UK and Continental Europe. EBIT of HK$1,130 million was 89% ahead of last year, mainly due to the expansion of the health and beauty operations in Europe and better performances from these operations in Asia and Europe. The strengthening of the British pound and the Euro against the Hong Kong dollar contributed 6% of the EBIT growth. This division contributed 44% and 4% respectively to the Group's turnover and EBIT from its established businesses for the period. The retail and manufacturing division's relative contribution may be expected to improve in the second half, as the business now reflects a significantly larger degree of seasonality than prior years after the major expansion of its health and beauty businesses in Asia, the UK and Continental Europe. The Group's retail operations currently have over 3,700 retail outlets in 14 countries and these operations will continue to expand, with a focus on adding new stores to its existing strong retail chains in Europe and Asia.

Cheung Kong Infrastructure

Cheung Kong Infrastructure, a listed subsidiary, announced turnover of HK$2,078 million and profit attributable to shareholders of HK$1,438 million, 1.7% and 2.5% above last year respectively. CKI contributed 8% and 9% respectively to the Group's turnover and EBIT from its established businesses for the period.

Husky Energy

Husky Energy, a listed associated company, announced turnover of C$4,392 million and profit attributable to shareholders of C$502 million, 40% below last year, mainly due to an unrealised exchange gain on translation of US dollar denominated debt together with a tax item totalling C$319 million that were recognised in the first half of 2003. Husky's earnings for the first half of 2004 included a modest gain of approximately C$23 million for the same two items and reflected higher upstream production volumes offset by lower upstream net prices after taking into account the impact of forward sales of part of its oil production at lower than prevailing prices. Husky Energy contributed 11% and 4% respectively to the Group's turnover and EBIT from its established businesses for the period.

Finance and Investments

The Group's EBIT from its finance and investments operations, which mainly represents returns earned on the Group's substantial holdings of cash and liquid investments, amounted to HK$2,980 million, a decrease of 11%, mainly due to the uncertain interest rate environment, as a result of which the Group maintained the average duration of its portfolio shorter than in prior years and therefore was not in a position to realise profits on sale of fixed income investments as in the first half of 2003. These operations contributed 10% of the Group's EBIT from its established businesses for the period.

Cashflow of the Group was very strong. Consolidated earnings before interest, taxation, depreciation and amortisation ("EBITDA") totalled HK$30,975 million, a 71% increase over the comparable six months last year. This includes EBITDA from established businesses of HK$35,128 million, a 64% increase, and start-up losses before interest, taxation, depreciation and amortisation ("LBITDA") from the 3G operations of HK$4,153 million. The Group's consolidated cash and liquid investments at 30 June 2004 amounted to HK$139,006 million and consolidated debt totalled HK$242,729 million, resulting in a net debt position of HK$103,723 million and an overall net debt to net capital ratio of approximately 26%. Currently, over 60% of the Group's debt matures in 2009 and beyond.

Telecommunications – 3G

The first half was a landmark for the Group's 3G businesses all around the world (the "**3** Group").

Although limited availability of quality handsets in most markets continued to hamper operations for the first two months of the year, the situation was reversed in March-April with all of the Group's handset suppliers meeting requested volumes. Since then, all the **3** Group operations have had sufficient inventory to meet demand which has grown at a pace exceeding our expectations. Gross customer additions for all **3** Group operations in the first half to 18 August 2004 totalled over 2.5 million. **3** Group combined customer additions for the month of July alone were 697,701, averaging over 22,500 per day based on a seven-day week. As at the date of this statement, I am pleased to report that the **3** Group has over 3.2 million customers worldwide.

Average revenues per user, which are detailed below, have remained strong with the result that the **3** Group's revenue base is expanding in line with customer growth. Turnover for all **3** Group operations in the first six months of the year totalled HK$3,707 million. Turnover has continued to grow and for the month of July reached HK$1,239 million, well ahead of previous months.

Overall, cost trends in the businesses were positive. Fixed operational costs of all **3** Group operations were maintained at levels significantly below our budgets despite rapid customer growth. Direct costs including interconnect, call termination and domestic roaming charges all showed improving trends overall during the first half and into July. Customer acquisition costs, in particular, have trended down rapidly and consistently over the period. The **3** Group's average cost of acquiring a customer for the month of July was €252, significantly lower than the average cost of acquiring a customer for the first seven months of the year, which was €299. The seven-month average reflects both slow sales and more limited range and higher average manufacturer handset prices during the early months of the year. I expect this positive trend to continue as the **3** Group's businesses gain market share and benefit from increasing volumes, broader product ranges and overall rapidly declining unit costs under the Group's centralised major handset supplier arrangements.

The **3** Group loss before interest expense, taxation, depreciation and amortisation ("LBITDA") for the first six months was HK$4,153 million, which is within our planning expectations for the year and reflects the progress made building these businesses, compared to the LBITDA of HK$8,598 million reported in the second half of 2003. LBITDA is reported after capitalisation of customer acquisition costs incurred during the period totalling HK$5,538 million, which are amortised over the period from the date of customer connection to the earlier of the date of churn or 36 months. LBITDA for the first half also included one-time support contributions from several of the **3** Group's suppliers totalling HK$3,381 million. These were agreed during the period in order to help alleviate the impact of increased running costs and lost revenues of the **3** Group due to start-up delays.

Depreciation and amortisation for the period totalled HK$8,090 million, bringing the **3** Group loss before interest expense and taxation ("LBIT") to HK$12,243 million. This LBIT compares favourably with the LBIT for the second half of 2003 of HK$14,415 million which included a depreciation and amortisation charge of HK$5,817 million. As in full year 2003, LBIT continued to be adversely affected by the continuing strength of foreign currencies in which the **3** Group operates, in particular the Euro and the British pound. Foreign currency fluctuations resulted in a HK$1,016 million loss on translation which is included in the **3** Group's LBIT for the period.

The Group has adopted a conservative approach in the recording of deferred tax assets as greater visibility in this area is expected by the year end, both in terms of the interpretation of relevant accounting practice and standards and the full year operating and financial performance of the **3** Group businesses. In this interim report, deferred tax assets have only been recorded for the UK **3** operation, as in the UK, the Group enjoys the availability of Group relief in relation to taxation of the profits of a number of its other established businesses and indefinite carry forward of tax losses.

Accordingly, the Group is reporting a loss attributable to shareholders for the period from the telecommunications – 3G division of HK$8,920 million.

Key Business Indicators

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

	Customers at 18 August 2004	July 2004 Gross Additions	7-Month Average Revenue Per User (Local Currency/HK$)	7-Month Average Non-Voice Revenue Per User (%)	Mix of Contract/ Prepaid Customers (ratio)	* Estimated 3G Network Services Coverage at 31 July 2004 (%)	* Estimated Voice Services Network Coverage at 31 July 2004 (%)
Australia	292,292	34,099	A$91.13/514.54	11%	100/0	68%#	92%
Austria	83,100	11,116	€59.70/566.44	9%	100/0	41%	98%
Hong Kong	124,504	21,058	$239.00/239.00	22%	100/0	99%	99%
Italy	1,359,098	329,700	€50.47/480.03	10%	15/85	65%	99%
Sweden & Denmark	196,300	27,070	364.16kr/376.90	17%	98/2	74%	99%
UK	1,201,029	274,658	£43.22/612.48	14%	64/36	79%	99%
Total	3,256,323	697,701					

* % of population

% of licenced population

Important 3 Group Events

In June, the Group and NTT DoCoMo entered into an agreement whereby the Group has a right to purchase or procure the purchase of NTT DoCoMo's 20% investment in H3G UK Holdings, which NTT DoCoMo acquired from the Group for £1,200 million in 2000. This right is exercisable and the purchase will be completed subject to the Group paying all three payments of £80 million in September, £20 million in 2005 and £20 million in 2006. The payments may, depending on circumstances, be paid either in cash or in shares of HTIL. Under these agreements, the Group purchased from DoCoMo its loans to H3G UK for an aggregate cash consideration of £200 million in June.

In August, the Group together with its subsidiary Hutchison Telecommunications Australia ("HTAL") and HTAL's 80% subsidiary, Hutchison 3G Australia ("H3GA"), announced the signing of Heads of Agreement with Telstra Corporation ("Telstra") to enter into arrangements under which they will jointly own and operate certain existing radio access network assets of H3GA as well as similar assets constructed or acquired in the future. Telstra and H3GA will each continue to own separate core networks, intelligent network elements, business and operating support systems and product and service delivery platforms and will conduct their customer facing 3G businesses separately and in full competition with each other. As a result of these arrangements, H3GA will receive payments from Telstra totalling A$450 million in installments, principally in 2005, for 50% of its existing network assets that are contributed by it and expects to realise substantial capital and operating cost reductions from 2005 onward.

Outlook

The results of the first half of the year reflect the overall healthy growth of the Group's established businesses and the realisation of exceptional profits and cash proceeds from the disposal of a non-core business. The performance of our telecommunications – 3G businesses since March have also been very encouraging. With well developed quality networks and an ample supply of a broad range of slimmer handsets with long battery life, it is clear that the major new technology risks involved in delivering 3G services have become insignificant. The **3** Group is now well into a marketing and sales phase to build up its customer base. While we do not underestimate the strength of our competitors, we believe the **3** Group has already achieved sufficient critical mass in several of its key markets to be in a position to continue to press its "first mover" advantages through the second half and into 2005. The **3** Group is now positioned to make a significant contribution to the growth of the Group over the coming two years and in the long-term, and I remain confident that the **3** Group will meet its free cash flow breakeven and profitability targets.

Although we are facing a rising interest rate environment and oil prices are likely to remain high in the second half of the year, it is expected that these factors will not have a material net impact on the overall business of the Group. With a number of supportive economic measures implemented by the Central Government, I am confident that the Hong Kong economy will continue to strengthen. The Group's established businesses outside Hong Kong continue to grow and expand, and with the encouraging performance of the **3** Group and our strong financial position, I am confident our businesses will continue to perform well and, in particular, meet the 3G financial targets. I would like to thank the Board of Directors and all employees around the world in all our businesses for their professionalism, hard work, support and dedication.

Li Ka-shing

Chairman

Hong Kong, 19 August 2004

GROUP CAPITAL RESOURCES AND OTHER INFORMATION

Group Capital Resources and Liquidity

The Group's total shareholders' funds increased 3% to HK$255,767 million at 30 June 2004 compared to HK$247,515 million at 31 December 2003.

Net debt of the Group was HK$103,723 million (31 December 2003 – HK$87,602 million) and the net debt to net capital ratio was 26% (31 December 2003 – 23%). This ratio is a combination of the net debt to net capital ratio of the established businesses of approximately 2% (31 December 2003 – 11%) and of the 3G start-up operations of approximately 49% (31 December 2003 – 35%). The Group will continue to benefit from the steady and growing cashflow and also the low net debt levels of its established businesses during the start-up phase of its 3G businesses. Consolidated EBITDA for the six months ended 30 June amounted to HK$30,975 million (2003 – HK$18,122 million) and funds from operations ("FFO"), before capital expenditure and changes in working capital, amounted to HK$5,591 million (2003 – HK$9,540 million). EBITDA and FFO from the Group's established businesses, excluding the start-up 3G operations, totalled HK$35,128 million (2003 – HK$21,463 million) and HK$12,255 million (2003 – HK$13,517 million) respectively. Consolidated EBITDA and FFO, including start-up 3G losses, covers consolidated net interest expense 10.5 and 1.1 times respectively (2003 full year – 5.4 times and 2.3 times). EBITDA and FFO from established businesses covers consolidated net interest expense 12.1 times and 3.6 times respectively (2003 full year – 17.3 times and 11.1 times).

At 30 June 2004, the Group's cash, liquid funds and other listed investments totalled HK$139,006 million (31 December 2003 – HK$185,542 million) of which 9% were denominated in HK dollars, 71% in US dollars, 2% in British pounds, 13% in Euros and 5% in other currencies. Cash and cash equivalents represented 53% of the total, listed held-to-maturity fixed income securities 38%, listed equity securities 6% and long-term deposits 3%. The listed held-to-maturity fixed income securities comprise US treasury notes (46%), government issued or guaranteed notes (23%), supranational notes (15%) and others (16%). These securities investments have an average credit-rating of Aa1/AA+, and an average duration of approximately 3.7 years.

The Group's total borrowings at 30 June 2004 were HK$242,729 million (31 December 2003 – HK$273,144 million) of which HK$110,386 million (31 December 2003 – HK$111,983 million) relates to the 3G operations, mainly in the UK and Italy. During the period, the Group repaid exchangeable notes of US$2,657 million on maturity in January 2004 and repaid the more expensive 3G UK project financing loan of £1,551 million in April 2004 as planned, utilising the cash raised from the issuance of seven to thirty year US dollar denominated bonds in the later half of last year. Subsequent to 30 June 2004, the Group has also repaid on maturity a floating rate note of HK$1,500 million in August. Also in August, an agreement was signed for a five year floating interest rate, A$1,500 million bank loan facility, which will be used to refinance existing loans and fund the 3G network expansion in Australia.

The Group's borrowings at 30 June 2004 are denominated and repayable as follows:

	HK$	US$	£	€	Others	Total
Within 6 months	1%	–	1%	–	3%	5%
In 2005	4%	–	–	–	2%	6%
In 2006	4%	–	1%	2%	3%	10%
In 2007	2%	3%	–	2%	1%	8%
In 2008	5%	–	–	2%	4%	11%
In years 6 to 10	2%	25%	–	15%	–	42%
In years 11 to 20	–	8%	2%	–	–	10%
Beyond 20 years	–	7%	–	–	1%	8%
	18%	43%	4%	21%	14%	100%

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

As at 30 June 2004, approximately 50% of the Group's borrowings bear interest at floating rates and the remaining 50% are at fixed rates. The Group has entered into various interest rate agreements with major financial institutions to swap approximately HK$106,163 million principal amount of fixed interest rate expense to floating interest rate expense. In addition, HK$5,786 million principal amount of an infrastructure related, floating interest rate expense was swapped to a fixed interest rate expense. After taking into consideration these interest rate swaps, as at 30 June 2004, approximately 92% of the Group's borrowings bear interest at floating rates and the remaining 8% are at fixed rates.

The Group's consolidated gross interest expense before capitalisation for the period, including the 3G start-up operations and the Group's share of associated companies and jointly controlled entities' interest expense totalled HK$6,261 million, compared to HK$5,678 million last year. Although interest expense from the established businesses decreased, reflecting repayment of certain loans and exchangeable notes as they matured, this was offset by higher interest expense from the start-up 3G businesses which is mainly due to two factors: a temporary higher loan balance as the Group issued bonds of US$5,000 million last year which was partially used to repay the £1,551 million 3G UK project financing loan in April this year; and a higher loan balance as loan facilities were drawdown mainly to fund the UK, Italy and Australia operations.

At 30 June 2004, the shares of Hutchison 3G Italy owned by the Group were pledged as security for its project financing facilities. The assets of this company totalled HK$72,762 million. At 31 December 2003, the shares of Hutchison 3G UK and Hutchison 3G Italy owned by the Group were pledged and the assets of these two companies were HK$165,732 million. The pledge on shares of Hutchison 3G UK was released during the period. In addition, HK$21,323 million (31 December 2003 – HK$17,628 million) of the Group's assets were pledged as security for bank and other loans of the Group. Committed borrowing facilities available to Group companies, but not drawn at 30 June 2004, amounted to the equivalent of HK$19,811 million (31 December 2003 – HK$39,997 million), of which HK$16,307 million (31 December 2003 – HK$38,730 million) related to 3G operations.

The Group's capital expenditures, excluding expenditures for properties under development and for sale, totalled HK$12,771 million (31 December 2003 – HK$36,393 million), of which HK$8,605 million (31 December 2003 – HK$24,557 million) related to 3G operations. The Group's capital expenditures were funded primarily from cash generated from operations, cash on hand and, to the extent required by borrowings.

The Group is currently rated A- by Fitch Ratings, A3 by Moody's, and A- by Standard & Poor's.

Treasury Policies

The Group's overall treasury and funding policies focus on managing financial risks, including interest rate and foreign exchange risks, on assuring the permanent availability of liquid funds well in excess of foreseeable requirements and on cost efficient funding of the Group and its companies. For synergies, efficiency and control, the Group operates a central cash management system for all its unlisted subsidiaries in Hong Kong. Except for listed and certain overseas entities, the Group generally obtains long-term financing at the Group level to on-lend to its subsidiaries and associates to meet their funding requirements. For overseas subsidiaries and associates and other investments, which consist of non-HK and non-US dollar assets, the Group generally endeavours to hedge its foreign currency positions with the appropriate level of borrowings in those same currencies. For transactions directly related to the underlying businesses, forward foreign exchange contracts and interest and currency swaps are utilised when suitable opportunities arise and, when considered appropriate, to hedge against major non-HK and non-US dollar currency exposures as well as assist in managing the Group's interest rate exposures.

Contingent Liabilities and Guarantees

At 30 June 2004, the Group had provided guarantees for banking and other borrowing facilities granted to associated companies and jointly controlled entities of HK$12,829 million (31 December 2003 – HK$13,193 million). At 30 June 2004, the Group had contingent liabilities in respect of guarantees of HK$4,517 million (31 December 2003 – HK$5,005 million), mainly for property businesses and performance guarantees.

Employee Relations

At 30 June 2004, the Company and its subsidiaries employed 134,562 people (30 June 2003 – 120,643 people) and the related employee costs for the six-month period, excluding Director's emoluments, totalled HK$11,211 million (30 June 2003 – HK$9,505 million). Including the Group's associated companies, at 30 June 2004 the Group employed 175,908 people of whom 32,261 are employed in Hong Kong. All of the Group's subsidiary companies 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 Group subsidiaries and associates 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 year for employees on a Group-wide basis. Group employees also participated in community-orientated events.

Purchase, Sale or Redemption of Shares

During the six months ended 30 June 2004, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's ordinary shares. In addition, the Company has not redeemed any of its ordinary shares during this period.

DISCLOSURE OF INTERESTS

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

As at 30 June 2004, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Company were deemed or taken to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

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

Long positions in the shares/underlying shares of the Company

Name of Director	Capacity	Nature of Interests	Number of Shares Held	Number of Underlying Shares Held	Total	Approximate % of Shareholding
Li Ka-shing	(i) Founder of discretionary trusts	(i) Other interest	2,141,698,773 (1)	–		
	(ii) Interest of a controlled corporation	(ii) Corporate interest	6,833,000 (2)	–	2,148,531,773	50.3951%
Li Tzar Kuoi, Victor	(i) Beneficiary of trusts	(i) Other interest	2,141,698,773 (1)	–		
	(ii) Interest of controlled corporations	(ii) Corporate interest	1,086,770 (3)	–	2,142,785,543	50.2604%
Fok Kin-ning, Canning	Interest of a controlled corporation	Corporate interest	2,410,875 (4)	757,939 (5)	3,168,814	0.0743%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	150,000	–	150,000	0.0035%
Frank John Sixt	Beneficial owner	Personal interest	50,000	–	50,000	0.0012%
Lai Kai Ming, Dominic	Beneficial owner	Personal interest	50,000	–	50,000	0.0012%
George Colin Magnus	(i) Beneficial owner	(i) Personal interest	990,100	–		
	(ii) Interest of spouse	(ii) Family interest	9,900	–	1,000,000	0.0235%
Kam Hing Lam	Beneficial owner	Personal interest	60,000	–	60,000	0.0014%

Name of Director	Capacity	Nature of Interests	Number of Shares Held	Number of Underlying Shares Held	Total	Approximate % of Shareholding
Michael David Kadoorie	Beneficiary of trust(s)	Other interest	15,984,095 [(6)]	–	15,984,095	0.3749%
Simon Murray	(i) Beneficial owner (ii) Beneficiary of trust	(i) Personal interest (ii) Other interest	25,000 17,000 [(7)]	– –	42,000	0.0010%
William Shurniak	Beneficial owner	Personal interest	165,000	–	165,000	0.0039%
Peter Alan Lee Vine	Beneficial owner	Personal interest	33,000	–	33,000	0.0008%

Notes:

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

(a) *2,130,202,773 shares held by certain subsidiaries of Cheung Kong (Holdings) Limited ("Cheung Kong"). 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 are held by a company of which Mr Li Ka-shing is interested in the entire issued share capital.

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

(4) Such shares are held by a company which is equally owned by Mr Fok Kin-ning, Canning and his spouse.

(5) Such underlying shares are the maximum number of shares that may be interested in under the US$5,000,000 notes due 2005 issued by BNP Paribas and are held by a company which is equally owned by Mr Fok Kin-ning, Canning and his spouse.

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

(7) Such shares are held by an offshore family trust fund under which Mr Simon Murray is a discretionary beneficiary.

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

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

As at 30 June 2004, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in the following by virtue of, inter alia, their interests in the shares of Cheung Kong or the Company as described in Note (1) above:

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

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

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

(iii) 1,429,024,545 shares, representing approximately 36.741% 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;

(iv) 146,794,919 common shares, representing approximately 34.656% of the then issued share capital, in Husky Energy Inc. ("Husky Energy") and 41,584 underlying common shares derived from 22,393 unlisted and physically settled transferable warrants in Husky Energy which were held by a wholly owned subsidiary of the Company;

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

(vi) (a) 3,875,632,628 ordinary shares, representing approximately 56.155% of the then issued share capital, in Hutchison Global Communications Holdings Limited ("HGCH") of which 248,743,835 ordinary shares and 3,626,888,793 ordinary shares were held by certain wholly owned subsidiaries of each of Cheung Kong and the Company respectively; and

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

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

As Mr Li Ka-shing may be regarded as a founder of DT3 for the purpose of SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of DT3 as disclosed in Note (1) above, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in 152,786,548 common shares, representing approximately 36.071% of the then issued share capital, in Husky Energy and 43,281 underlying common shares derived from 23,307 unlisted and physically settled transferable warrants in Husky Energy which were held by a company in respect of which TDT3 as trustee of DT3 is indirectly entitled to substantially all the net assets thereof and of which Mr Li Ka-shing is additionally entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings. In addition, Mr Li Ka-shing had, as at 30 June 2004, corporate interests in (i) 4,600 class C common shares, representing approximately 53.315% of the then issued share capital, in Husky Oil Holdings Limited; (ii) 231,912,000 ordinary shares, representing approximately 3.360% of the then issued share capital, in HGCH; and (iii) a nominal amount of US$1,500,000 in the Partner Communications Notes, which were held by a company of which Mr Li Ka-shing is interested in the entire issued share capital.

Mr Li Tzar Kuoi, Victor had, as at 30 June 2004, the following interests:

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

(ii) corporate interests in (a) a nominal amount of US$11,000,000 in the 6.5% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited; (b) a nominal amount of US$2,000,000 in the 7% Notes due 2011 issued by Hutchison Whampoa International (01/11) Limited; (c) 20,000,000 ordinary shares, representing approximately 0.290% of the then issued share capital, in HGCH; and (d) a nominal amount of US$10,989,000 in the Partner Communications Notes, which were held by a company 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 2004, the following interests:

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

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

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

(iii) corporate interests in 10,000,000 ordinary shares, representing approximately 0.145% of the then issued share capital, in HGCH;

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

(v) corporate interests in 225,000 American Depositary Shares (each representing one ordinary share), representing approximately 0.123% of the then issued share capital, in Partner Communications; and

(vi) corporate interests in a nominal amount of Eur20,900,000 in the 5.875% Notes due 2013 issued by Hutchison Whampoa Finance (03/13) Limited, a nominal amount of US$4,000,000 in the Partner Communications Notes and a nominal amount of US$6,500,000 in the 6.25% Notes due 2014 issued by Hutchison Whampoa International (03/33) Limited.

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

Mr George Colin Magnus in his capacity as a beneficial owner had, as at 30 June 2004, personal interests in 25,000 American Depositary Shares (each representing one ordinary share), representing approximately 0.014% of the then issued share capital, in Partner Communications.

Mr Kam Hing Lam in his capacity as a beneficial owner had, as at 30 June 2004, personal interests in 100,000 shares, representing approximately 0.004% of the then issued share capital, in Cheung Kong Infrastructure.

Mr Peter Alan Lee Vine in his capacity as a beneficial owner had, as at 30 June 2004, personal interests in 80,000 shares, representing approximately 0.004% of the then issued share capital, in Hongkong Electric.

Save as disclosed above, as at 30 June 2004, none of the Directors and chief executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code contained in the Listing Rules, 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 Disclosable under the SFO

So far as is known to any Directors or chief executives of the Company, as at 30 June 2004, other than the interests and short positions of the Directors or chief executives of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

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

(2) *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.*

Saved as disclosed above, as at 30 June 2004, there was no other person (other than the Directors or chief executives of the Company) who was recorded in the register of the Company as having 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 required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

CORPORATE GOVERNANCE

Code of Best Practice

The six Non-executive Directors of the Company have no set term of office and retire from office on a rotational basis. Save and except as aforementioned, none of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the interim report, in compliance with Appendix 14 to the Listing Rules.

Audit Committee

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

Model Code

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules in respect to directors' securities transactions in relation to the accounting period covered by the interim report. The Directors of the Company have complied with, and there has been no non compliance with, the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions, as supported by specific enquiry made of all Directors of the Company.

INDEPENDENT REVIEW REPORT

To the board of directors of
Hutchison Whampoa Limited (Incorporated in Hong Kong with limited liability)

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 20 to 32.

Respective responsibilities of directors and auditors

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

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

Review work performed

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

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2004.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 19 August 2004

INTERIM FINANCIAL STATEMENTS

Consolidated Profit and Loss Account

for the six months ended 30 June

Unaudited 2004 US$ millions		Note	Unaudited 2004 HK$ millions	2003 HK$ millions
	Turnover			
7,658	Company and subsidiary companies		**59,733**	47,404
2,731	Share of associated companies and jointly controlled entities		**21,300**	18,475
10,389		2	**81,033**	65,879
	Company and subsidiary companies			
7,658	Turnover		**59,733**	47,404
(3,083)	Cost of inventories sold		**(24,042)**	(20,410)
(1,329)	Staff costs		**(10,366)**	(7,565)
(1,470)	Depreciation and amortisation		**(11,468)**	(3,627)
(2,250)	Other operating expenses	2(c)	**(17,549)**	(11,611)
1,931	Profit on disposal of investments and provisions	2(d)	**15,059**	1,922
1,457		2	**11,367**	6,113
516	Share of profits less losses of associated companies		**4,025**	4,238
179	Share of profits less losses of jointly controlled entities		**1,392**	960
2,152	**Earnings before interest expense and taxation**	2	**16,784**	11,311
(748)	Interest and other finance costs, including share of associated companies and jointly controlled entities	3	**(5,829)**	(4,562)
1,404	**Profit before taxation**		**10,955**	6,749
(202)	Current taxation charge	4	**(1,576)**	(1,236)
176	Deferred taxation credit	4	**1,372**	428
1,378	**Profit after taxation**		**10,751**	5,941
222	Minority interests		**1,731**	126
1,600	**Profit attributable to shareholders**		**12,482**	6,067
279	**Interim dividend**		**2,174**	2,174
US37.5 cents	**Earnings per share**	5	**HK$ 2.93**	HK$ 1.42
US6.54 cents	**Interim dividend per share**		**HK$ 0.51**	HK$ 0.51

Consolidated Balance Sheet

Unaudited 30 June 2004 US$ millions		Note	Unaudited 30 June 2004 HK$ millions	Audited 31 December 2003 HK$ millions
	ASSETS			
	Non-current assets			
24,097	Fixed assets		**187,956**	181,099
14,210	Other non-current assets	6	**110,837**	108,688
1,097	Goodwill		**8,559**	8,583
1,438	Deferred tax assets	11	**11,213**	9,338
6,484	Associated companies		**50,578**	51,132
5,012	Interests in joint ventures		**39,096**	39,051
8,390	Liquid funds and other listed investments	7	**65,439**	63,929
60,728	**Total non-current assets**		**473,678**	461,820
9,432	Cash and cash equivalents	8	**73,567**	111,933
6,915	Other current assets	8	**53,940**	49,924
8,966	Current liabilities	9	**69,932**	90,240
7,381	**Net current assets**		**57,575**	71,617
68,109	**Total assets less current liabilities**		**531,253**	533,437
	Non-current liabilities			
28,777	Long term liabilities	10	**224,464**	230,182
1,177	Deferred tax liabilities	11	**9,184**	9,032
138	Pension obligations		**1,073**	960
30,092	**Total non-current liabilities**		**234,721**	240,174
5,226	**Minority interests**	12	**40,765**	45,748
32,791	**Net assets**		**255,767**	247,515
	CAPITAL AND RESERVES			
137	Share capital	13	**1,066**	1,066
32,654	Reserves		**254,701**	246,449
32,791	**Shareholders' funds**		**255,767**	247,515

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June

Unaudited 2004 US$ millions		Unaudited 2004 HK$ millions	2003 HK$ millions
	Operating activities		
3,971	Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	**30,975**	18,122
(1,044)	Share of EBITDA of associated companies and jointly controlled entities	**(8,140)**	(7,567)
300	Dividends received from associated companies and jointly controlled entities	**2,338**	3,527
191	Distribution from property jointly controlled entities	**1,493**	1,243
(1,936)	Profit on disposal of subsidiary and associated companies and jointly controlled entities and fixed assets	**(15,101)**	(1,708)
(626)	Interest and other finance costs	**(4,885)**	(3,662)
(140)	Taxation paid	**(1,089)**	(415)
716	Funds from operations	**5,591**	9,540
(1,694)	Changes in working capital	**(13,217)**	(845)
(978)	Cash flows from operating activities	**(7,626)**	8,695
	Investing activities		
(538)	Purchase of fixed assets for established businesses	**(4,198)**	(5,193)
(1,103)	Purchase of fixed assets for 3G businesses	**(8,605)**	(13,768)
(710)	Additions to telecommunications customer acquisition costs	**(5,538)**	(556)
209	Proceeds on disposal of subsidiary companies	**1,632**	4,710
2,000	Proceeds on disposal of associated companies	**15,605**	–
(349)	Other investing activities	**(2,722)**	(1,193)
(491)	Subtotal	**(3,826)**	(16,000)
1,085	Net transfer from liquid funds and other listed investments	**8,461**	12,502
594	Cash flows from investing activities	**4,635**	(3,498)
	Financing activities		
(3,778)	Net cash flows from financing activities	**(29,475)**	42,323
(90)	Dividends paid to minority shareholders	**(699)**	(797)
(667)	Dividends paid to shareholders	**(5,201)**	(5,201)
(4,535)	Cash flows from financing activities	**(35,375)**	36,325
(4,919)	Increase (decrease) in cash and cash equivalents	**(38,366)**	41,522
14,350	Cash and cash equivalents at 1 January	**111,933**	42,852
9,431	Cash and cash equivalents at 30 June	**73,567**	84,374
	Analysis of cash, liquid funds and other listed investments		
9,431	Cash and cash equivalents, as above	**73,567**	84,374
5,974	Managed funds, outside Hong Kong	**46,597**	37,510
1,282	Held-to-maturity listed debt securities and long term deposits	**10,001**	26,460
593	Listed equity securities, Hong Kong	**4,620**	2,764
541	Listed equity securities, outside Hong Kong	**4,221**	14,002
8,390	Liquid funds and other listed investments	**65,439**	80,736
17,821	Total cash, liquid funds and other listed investments	**139,006**	165,110
31,119	Bank and other interest bearing borrowings	**242,729**	226,593
13,298	Net debts	**103,723**	61,483

Consolidated Statement of Changes in Equity

for the six months ended 30 June

	Share capital HK$ millions	Share premium HK$ millions	Revaluation reserves HK$ millions	Exchange reserve HK$ millions	Retained profit HK$ millions	Total HK$ millions
At 1 January 2004	**1,066**	**28,359**	**9,083**	**13,552**	**195,455**	**247,515**
Company and subsidiary companies' profit for the period	**–**	**–**	**–**	**–**	**11,319**	**11,319**
Share of reserves of associated companies	**–**	**–**	**–**	**(247)**	**1,073**	**826**
Share of reserves of jointly controlled entities	**–**	**–**	**–**	**(86)**	**90**	**4**
Net goodwill released upon disposal of subsidiary and associated companies and jointly controlled entities	**–**	**–**	**–**	**–**	**62**	**62**
Revaluation surplus on investments	**–**	**–**	**421**	**–**	**–**	**421**
Valuation released upon disposal of investments	**–**	**–**	**(121)**	**–**	**–**	**(121)**
Deferred tax effect on revaluation	**–**	**–**	**2**	**–**	**–**	**2**
Exchange translation differences	**–**	**–**	**–**	**940**	**–**	**940**
2003 final dividend paid	**–**	**–**	**–**	**–**	**(5,201)**	**(5,201)**
At 30 June 2004	**1,066**	**28,359**	**9,385**	**14,159**	**202,798**	**255,767**
At 1 January 2003	1,066	28,359	4,590	997	187,133	222,145
Company and subsidiary companies' profit for the period	–	–	–	–	3,015	3,015
Share of reserves of associated companies	–	–	104	1,226	2,525	3,855
Share of reserves of jointly controlled entities	–	–	–	(74)	527	453
Net goodwill released upon disposal of subsidiary and associated companies and jointly controlled entities	–	–	–	–	1,170	1,170
Revaluation surplus on Vodafone and Deutsche Telekom shares	–	–	1,485	–	–	1,485
Revaluation surplus on other investments	–	–	1,212	–	–	1,212
Valuation released upon disposal of Vodafone and Deutsche Telekom shares	–	–	1,569	–	–	1,569
Deferred tax effect on revaluation	–	–	(24)	–	–	(24)
Exchange translation differences	–	–	–	6,174	–	6,174
2002 final dividend paid	–	–	–	–	(5,201)	(5,201)
At 30 June 2003	1,066	28,359	8,936	8,323	189,169	235,853

As at 30 June 2004, included in revaluation reserves are investment properties revaluation surplus of HK$10,008 million (1 January 2004, 1 January 2003 and 30 June 2003 – HK$10,006 million, HK$11,788 million and HK$11,788 million respectively) and investment revaluation deficit of HK$623 million (1 January 2004, 1 January 2003 and 30 June 2003 – HK$923 million, HK$7,198 million and HK$2,852 million respectively). Included in share premium is a capital redemption reserve of HK$404 million in all reporting periods.

1 Accounting Policies

These unaudited condensed consolidated interim accounts ("interim accounts") are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting", as applicable to condensed interim accounts, issued by the Hong Kong Society of Accountants ("HKSA"), and Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited. These interim accounts should be read in conjunction with the 2003 annual accounts.

The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended 31 December 2003.

The HKSA is pursuing its policy objective of full convergence with the standards and interpretations set by the International Accounting Standards Board ("IASB") effective for the Group's financial year beginning 1 January 2005. To this end, the HKSA has recently issued over a dozen new Hong Kong Accounting Standards ("HKAS"), and various exposure drafts with the objective to eliminate, to the greatest extent possible, the differences that currently exist between HKAS and International Accounting Standards ("IAS"). These changes could have a material impact on the Group's accounting policies which could have a material impact on prior years' reported results and these interim results where retrospective application and restatement of comparative figures are required by the new HKAS.

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

2 Segment information

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

Turnover from external customers is after elimination of inter-segment turnover. The amount eliminated attributable to Telecommunications – 2G and other operations is HK$59 million (30 June 2003 – HK$22 million), Property and hotels is HK$165 million (30 June 2003 – HK$205 million) and Retail and manufacturing is HK$70 million (30 June 2003 – HK$39 million).

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

Business segment

	Turnover from external customers							
	Six months ended 30 June 2004				Six months ended 30 June 2003			
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**Total HK$ millions**	**Percent–age** (note e)	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	Total HK$ millions	Percent–age (note e)
ESTABLISHED BUSINESSES								
Ports and related services	**11,116**	**1,500**	**12,616**	**16%**	9,629	1,304	10,933	16%
Telecommunications – 2G and other operations (note a)	**7,761**	**1,993**	**9,754**	**13%**	5,350	1,705	7,055	11%
Property and hotels	**2,312**	**1,636**	**3,948**	**5%**	1,574	1,729	3,303	5%
Retail and manufacturing	**31,385**	**2,481**	**33,866**	**44%**	27,520	1,832	29,352	45%
Cheung Kong Infrastructure	**1,228**	**4,625**	**5,853**	**8%**	1,265	4,157	5,422	8%
Husky Energy	**–**	**8,901**	**8,901**	**11%**	–	7,610	7,610	12%
Finance and investments	**2,224**	**164**	**2,388**	**3%**	1,821	138	1,959	3%
Subtotal – established businesses	**56,026**	**21,300**	**77,326**	**100%**	47,159	18,475	65,634	100%
TELECOMMUNICATIONS – 3G (note b)	**3,707**	**–**	**3,707**		245	–	245	
	59,733	**21,300**	**81,033**		47,404	18,475	65,879	

2 Segment information (continued)

Business segment (continued)

	Earnings (losses) before interest expense and taxation							
	Six months ended 30 June 2004				Six months ended 30 June 2003			
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**Total HK$ millions**	**Percent–age** (note e)	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	Total HK$ millions	Percent–age (note e)
ESTABLISHED BUSINESSES								
Ports and related services	**3,366**	**569**	**3,935**	**14%**	3,067	452	3,519	27%
Telecommunications – 2G and other operations (note a)	**(179)**	**549**	**370**	**1%**	(17)	199	182	1%
Property and hotels	**1,181**	**584**	**1,765**	**6%**	777	284	1,061	8%
Retail and manufacturing	**798**	**332**	**1,130**	**4%**	390	209	599	5%
Cheung Kong Infrastructure	**504**	**2,032**	**2,536**	**9%**	559	1,961	2,520	19%
Husky Energy	**–**	**1,252**	**1,252**	**4%**	–	2,051	2,051	15%
Finance and investments	**2,881**	**99**	**2,980**	**10%**	3,310	42	3,352	25%
Subtotal – established businesses	**8,551**	**5,417**	**13,968**	**48%**	8,086	5,198	13,284	100%
TELECOMMUNICATIONS – 3G (note b)								
LBIT before depreciation and amortisation (note c)	**(4,153)**	**–**	**(4,153)**		(3,341)	–	(3,341)	
Depreciation and amortisation	**(8,090)**	**–**	**(8,090)**		(554)	–	(554)	
Subtotal – telecommunications – 3G	**(12,243)**	**–**	**(12,243)**		(3,895)	–	(3,895)	
PROFIT ON DISPOSAL OF INVESTMENTS AND PROVISIONS (note d)								
Established businesses	**15,059**	**–**	**15,059**	**52%**	15	–	15	0%
Telecommunications – 3G	**–**	**–**	**–**		1,907	–	1,907	
	11,367	**5,417**	**16,784**	**100%**	6,113	5,198	11,311	100%

Notes:

(a) Telecommunications – 2G and other operations includes the fixed line business of Hutchison Global Communications in Hong Kong and the 2G operations in Hong Kong, India, Israel, Australia and other countries and CDMA2000 1X operations in Thailand.

(b) Telecommunications – 3G includes 3G operations in the UK, Italy, Australia, Hong Kong, Sweden, Denmark, Norway, Austria and Ireland.

(c) Included in losses before interest expense and taxation ("LBIT") of Telecommunications – 3G for the period are contributions from key suppliers totalling HK$3,381 million (2003 – nil) which resulted from discussions with some of our key 3G suppliers regarding the adverse effects of delays and the small beginning of the year customer base on revenues and costs.

(d) Profit on disposal of investments and provisions for the six months ended 30 June 2004 represents a profit of HK$13,759 million on the disposal of Procter & Gamble-Hutchison and a profit of HK$1,300 million from the disposal of a portion of shares in Hutchison Global Communications Holdings by way of share placement. The comparative amount for the six months ended 30 June 2003 represents a profit of HK$1,683 million on the disposal of the European water businesses, a profit of HK$1,443 million from the disposal of equity investments in Vodafone and Deutsche Telekom, a release of provisions amounting to HK$1,907 million and a full write-off of the HK$3,111 million investment in Global Crossing.

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

2 Segment information (continued)

Geographical segment

	Turnover from external customers					
	Six months ended 30 June 2004			Six months ended 30 June 2003		
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	Total HK$ millions
Hong Kong	**17,400**	**4,744**	**22,144**	16,228	4,459	20,687
Mainland China	**4,819**	**3,636**	**8,455**	3,777	3,202	6,979
Asia and Australia	**10,710**	**3,186**	**13,896**	7,135	2,619	9,754
Europe	**23,465**	**751**	**24,216**	17,080	524	17,604
Americas and others	**3,339**	**8,983**	**12,322**	3,184	7,671	10,855
	59,733	**21,300**	**81,033**	47,404	18,475	65,879

	Earnings (losses) before interest expense and taxation					
	Six months ended 30 June 2004			Six months ended 30 June 2003		
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	Total HK$ millions
Hong Kong	**2,252**	**1,958**	**4,210**	2,046	1,517	3,563
Mainland China	**1,342**	**1,172**	**2,514**	1,080	940	2,020
Asia and Australia	**(911)**	**990**	**79**	476	656	1,132
Europe	**(8,045)**	**12**	**(8,033)**	(2,042)	15	(2,027)
Americas and others	**1,670**	**1,285**	**2,955**	2,631	2,070	4,701
	(3,692)	**5,417**	**1,725**	4,191	5,198	9,389
Profit on disposal of investments and provisions (note d above)	**15,059**	**–**	**15,059**	1,922	–	1,922
	11,367	**5,417**	**16,784**	6,113	5,198	11,311

3 Interest and other finance costs

	Six months ended 30 June	
	2004 HK$ millions	2003 HK$ millions
Company and subsidiary companies	**5,317**	4,778
Less: interest capitalised	**(432)**	(1,116)
	4,885	3,662
Share of associated companies	**716**	682
Share of jointly controlled entities	**228**	218
	5,829	4,562

4 Taxation

	Six months ended 30 June 2004			Six months ended 30 June 2003		
	Current taxation HK$ millions	**Deferred taxation HK$ millions**	**Total HK$ millions**	Current taxation HK$ millions	Deferred taxation HK$ millions	Total HK$ millions
Hong Kong						
Subsidiary companies	**354**	**51**	**405**	246	110	356
Associated companies	**200**	**64**	**264**	177	201	378
Jointly controlled entities	**35**	**(1)**	**34**	27	8	35
Outside Hong Kong						
Subsidiary companies	**610**	**(1,848)**	**(1,238)**	530	(1,073)	(543)
Associated companies	**280**	**326**	**606**	197	310	507
Jointly controlled entities	**97**	**36**	**133**	59	16	75
	1,576	**(1,372)**	**204**	1,236	(428)	808

Hong Kong profits tax has been provided for at the rate of 17.5% (30 June 2003 – 17.5%) on the estimated assessable profits less estimated available tax losses. Taxation outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses. During the period, the Group recognised deferred tax assets related to the start up losses of 3G businesses in various countries totalling to HK$2,296 million (30 June 2003 – HK$1,211 million) (see note 11).

5 Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders of HK$12,482 million (30 June 2003 – HK$6,067 million) and on 4,263,370,780 shares in issue during 2004 (30 June 2003 – 4,263,370,780 shares).

6 Other non-current assets

	30 June 2004 HK$ millions	31 December 2003 HK$ millions
Licences for 3G telecommunications spectrum, net of accumulated amortisation	**96,688**	97,926
3G Telecommunications customer acquisition costs, net of accumulated amortisation	**6,447**	3,080
Other unlisted investments		
Held-to-maturity debt securities	**497**	509
Equity securities and advances	**4,245**	4,238
	4,742	4,747
Others	**2,960**	2,935
	110,837	108,688

7 Liquid funds and other listed investments

	30 June 2004 HK$ millions	31 December 2003 HK$ millions
Managed funds, outside Hong Kong		
Listed held-to-maturity debt securities	**45,626**	42,998
Cash and cash equivalents	**971**	2,814
	46,597	45,812
Listed held-to-maturity debt securities	**6,182**	20,020
Long term deposits	**3,819**	316
Equity securities		
Listed equity securities, Hong Kong	**4,620**	4,410
Listed equity securities, outside Hong Kong	**4,221**	3,051
	65,439	73,609
Less: current portion	**–**	(9,680)
	65,439	63,929

8 Current assets

	30 June 2004 HK$ millions	31 December 2003 HK$ millions
Stocks	**16,876**	11,966
Trade receivables	**10,545**	6,916
Other receivables and prepayments	**26,519**	21,362
Current portion of liquid funds and other listed investments	**–**	9,680
Total other current assets	**53,940**	49,924
Cash and cash equivalents	**73,567**	111,933
	127,507	161,857

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

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

Current	**7,691**	4,081
31-60 days	**1,512**	1,378
61-90 days	**694**	502
Over 90 days	**648**	955
	10,545	6,916

9 Current liabilities

	30 June 2004 HK$ millions	31 December 2003 HK$ millions
Bank loans	**12,348**	13,908
Other loans	**690**	946
US$2,657 million exchangeable notes, 2% due 2004	**–**	20,723
Other notes and bonds		
HK$ notes, HIBOR + 0.8% due 2004	**1,500**	1,500
Trade payables	**11,758**	11,978
Other payables and accruals	**42,115**	39,560
Taxation	**1,521**	1,625
	69,932	90,240
At end of period, the ageing analysis of the trade payables is as follows:		
Current	**8,615**	9,007
31-60 days	**1,474**	1,930
61-90 days	**709**	539
Over 90 days	**960**	502
	11,758	11,978

10 Long term liabilities

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

	Bank loans HK$ millions	**Others loans HK$ millions**	**Notes and bonds HK$ millions**	**30 June 2004 Total HK$ millions**	31 December 2003 Total HK$ millions
2004, remainder of year	**8,207**	**630**	**1,500**	**10,337**	37,077
2005	**14,296**	**93**	**–**	**14,389**	30,726
2006	**16,596**	**961**	**7,056**	**24,613**	22,660
2007	**14,675**	**92**	**5,806**	**20,573**	20,471
2008	**19,066**	**1,367**	**5,725**	**26,158**	22,376
2009 to 2013	**35,314**	**4,111**	**59,697**	**99,122**	90,336
2014 to 2023	**33**	**–**	**24,089**	**24,122**	23,937
2024 and thereafter	**–**	**3**	**19,685**	**19,688**	19,676
	108,187	**7,257**	**123,558**	**239,002**	267,259
Less: current portion	**(12,348)**	**(690)**	**(1,500)**	**(14,538)**	(37,077)
	95,839	**6,567**	**122,058**	**224,464**	230,182

11 Deferred taxation

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 following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	30 June 2004 HK$ millions	31 December 2003 HK$ millions
Deferred tax assets	**11,213**	9,338
Deferred tax liabilities	**9,184**	9,032
Net deferred tax liabilities (assets)	**(2,029)**	(306)
Analysis of net deferred tax liabilities (assets):		
Unused tax losses	**(12,935)**	(10,710)
Accelerated depreciation allowances	**3,601**	2,704
Investments in subsidiary and associated companies and joint ventures	**6,455**	6,644
Withholding tax on unremitted earnings	**749**	703
Other temporary differences	**101**	353
	(2,029)	(306)

Deferred tax assets are recognised for the carryforward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Recognition therefore involves judgment regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. The Group has recognised accumulated deferred tax assets aggregating to HK$10,597 million at 30 June 2004 (31 December 2003 – HK$8,206 million) related to certain of its start up 3G operations, mainly in the UK and Italy, on the basis that other Group businesses can utilise the losses as prescribed by the tax rules and the financial models and budgets show that there will be sufficient taxable profit available as the businesses are built up to utilise this amount of carryforward unused tax losses. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at each balance sheet date and to the extent that it is no longer probable that sufficient taxable profit will be available to allow utilisation of the carryforward tax losses, the asset balance will be reduced and charged to the profit and loss accounts.

The Group has not recorded deferred tax assets related to other carryforward tax losses where it is currently judged that it is probable that offsetting future taxable profits will not be available in these entities.

The potential deferred tax liabilities (assets) which have not been provided for in the accounts are as follows:

	30 June 2004 HK$ millions	31 December 2003 HK$ millions
Arising from unutilised tax losses	**(9,344)**	(6,766)
Arising from accelerated depreciation allowances	**674**	789
Arising from deductible temporary differences	**8**	306

The unrecognised tax losses carried forwards amounted to HK$37,168 million at 30 June 2004 (31 December 2003 – HK$29,685 million), out of which HK$17,614 million (31 December 2003 – HK$9,272 million) is attributable to the start up 3G businesses.

12 Minority interests

	30 June 2004 HK$ millions	31 December 2003 HK$ millions
Equity interests	**31,358**	34,127
Loans – interest free	**5,680**	5,736
Loans – interest bearing	**3,727**	5,885
	40,765	45,748

In November 2003, the Group entered into an agreement with KPN Mobile N.V. ("KPN") whereby the Group has the right to purchase or procure the purchase of KPN's 15% interest in Hutchison 3G UK Holdings, subject to payments of £60 million in November 2003 and three equal installments of £10 million each on the last day of 2005, 2006 and 2007 for an aggregate amount of £90 million. The first payment of £60 million was made in cash and included in the Other Unlisted Investments – Equity Securities and Advances (Note 6 to the condensed interim accounts). If the Group fails to make any of the payments, the agreement terminates automatically, subject to, inter alia, KPN's right to put the shares at a later date to the Group for the total of the unpaid amounts plus accrued interest thereon up to the date of payment. The put option is exercisable during the period from 1 July to 31 December in the year after the relevant payment date. Subject to either party exercising their respective rights, completion of the transfer of the shares would take place when full and final payment is made and until that date the Group does not have the voting rights, or right to dividends arising from the shares. No gain or loss, if any, would be recognised until and subject to completion of the entire transaction.

In May 2004, the Group entered into an agreement with NTT DoCoMo, Inc. ("DoCoMo") whereby the Group has the right to purchase or procure the purchase of DoCoMo's 20% interest in Hutchison 3G UK Holdings, subject to payments of £80 million in September 2004, £20 million in January 2006 and £20 million in December 2006 for an aggregate amount of £120 million. If the Group fails to make any of the payments, the agreement terminates automatically subject to, inter alia, DoCoMo's right to put the shares at a later date to the Group for the total of the unpaid amounts plus accrued interest thereon up to the date of payment. The put option is exercisable during a three month period commencing six months after the first and second payment dates and 21 business days after the final payment date. Subject to either party exercising their respective rights, completion of the transfer of the shares would take place when full and final payment is made and until that date the Group does not have the voting rights, or right to dividends arising from the shares. No gain or loss if any, would be recognised until and subject to completion of the entire transaction. In addition, the Group has an option to make the payments to DoCoMo in cash or shares of Hutchison Telecommunications International Limited ("HTIL"), a subsidiary of the Group which has submitted an application to list its shares in the Hong Kong Stock Exchange. The amount of the payments (including the amounts payable on completion following exercise of the put) may be adjusted upward or downward to account for increases or decreases in the market prices of HTIL shares held by DoCoMo pursuant to previous payments satisfied by HTIL shares.

Should either the Group or the other parties in the future exercise the rights as described above, Hutchison 3G UK Holdings would become a wholly-owned subsidiary of the Group and the credit balance related to the minority interest at that time would be eliminated. As at 30 June 2004, the credit balance of these minority holdings in Hutchison 3G UK Holdings amounted to HK$17,732 million (31 December 2003 – HK$18,925 million).

13 Share capital

	30 June 2004 Number of shares	31 December 2003 Number of shares	30 June 2004 HK$ millions	31 December 2003 HK$ millions
Authorised:				
Ordinary shares of HK$0.25 each	**5,500,000,000**	5,500,000,000	**1,375**	1,375
7-1/2% cumulative redeemable participating preference shares of HK$1 each	**402,717,856**	402,717,856	**403**	403
			1,778	1,778
Issued and fully paid:				
Ordinary shares	**4,263,370,780**	4,263,370,780	**1,066**	1,066

14 Contingent liabilities

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

	30 June 2004 HK$ millions	31 December 2003 HK$ millions
To associated companies		
Other businesses	**1,149**	1,204
To jointly controlled entities		
Property businesses	**4,500**	5,041
Telecommunication – 2G and other businesses	**5,909**	5,648
Other businesses	**1,271**	1,300
	11,680	11,989

At 30 June 2004 the Group had contingent liabilities in respect of guarantees of HK$4,517 million (31 December 2003 – HK$5,005 million) mainly for property businesses and performance guarantees.

15 Commitments

There have been no material changes in the total amount of capital commitments since 31 December 2003 except for the amounts taken up during the period in the normal course of business.

16 Related parties transactions

The Group has entered into joint ventures with Cheung Kong (Holdings) Limited, a substantial shareholder of the Company, to undertake various, mainly property, projects. At 30 June 2004, included in associated companies and interests in joint ventures on the balance sheet is a total amount of HK$20,706 million (31 December 2003 – HK$19,943 million) representing equity contributions to and the net amount due from these related entities. The Group had guaranteed bank and other borrowing facilities of HK$4,500 million (31 December 2003 – HK$5,041 million) for the benefit of these same entities.

17 Legal proceedings

Other than the disputes with CIRtel described below, the Group is not engaged in any material litigation or arbitration proceeding, and no material litigation or claim is known by the Group to be pending or threatened against it.

CIRtel Arbitration

Hutchison 3G Italia SpA ("H3G Italia") and Hutchison International Limited ("HIL") are currently involved in arbitration proceedings pending before the International Chamber of Commerce for the resolution of a dispute with its joint venture partner CIRtel as to whether CIRtel is in breach of its funding obligations under the H3G Italia shareholders' agreement in demanding the repayment of a €373.2 million shareholder loan from CIRtel to H3G Italia, being CIRtel's pro rata contribution to finance the acquisition of a 3G national network license in Italy and H3G Italia's initial working capital. HIL and H3G Italia initiated the arbitration proceedings, pursuant to the terms of the shareholders' agreement to seek a ruling that CIRtel is required to irrevocably commit to provide the disputed amount of funding to the joint venture. Final submission by the parties were concluded in October 2003. The arbitration tribunal has not yet issued its judgment.

18 US dollar equivalents

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