This announcement is for information purposes only and does not constitute an offer or invitation to subscribe for or purchase any securities nor is it calculated to invite any such offer or invitation. In particular, this announcement is not an offer of securities for sale in Hong Kong, the United States or elsewhere. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer or selling security holder and that will contain detailed information about the company and management, as well as financial statements. The issuer intends to register a portion of the proposed offering in the United States.

HUTCHISON WHAMPOA LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 13

PROPOSED SEPARATE LISTING OF HUTCHISON TELECOMMUNICATIONS INTERNATIONAL LIMITED ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND ON THE NEW YORK STOCK EXCHANGE, INC.

CONDITIONAL PREFERENTIAL OFFERING

This announcement is made pursuant to the disclosure obligations under Rule 13.09(1) of the Listing Rules.

In connection with the Proposed Spin-off, HTIL has today publicly filed the Registration Statement with the US SEC in connection with the proposed public offering of HTIL Shares and ADSs in the United States. HTIL also plans to apply for a listing of its ADSs on the NYSE.

HTIL is also seeking a primary listing of the HTIL Shares on the Main Board of the Hong Kong Stock Exchange.

As referred to in the Spin-off Announcement, as part of the Proposed Spin-off, subject to the Global Offering and Proposed Spin-off becoming unconditional and the final decision of the Board to proceed with the Proposed Spin-off, Qualifying HWL Shareholders will be given assured entitlements to HTIL Shares by way of a preferential right of application in the Global Offering.

The register of members of HWL will be closed on 24 September 2004 for the purpose of determining the Assured Entitlements. No transfer of HWL Shares may be registered on that day. In order to qualify for the Assured Entitlements, all transfer forms accompanied by the relevant share certificates must be lodged with the Registrar by no later than 4:00 p.m. on 23 September 2004. If the Proposed Spin-off is postponed, the Board may determine another date(s) for closure of the register of members of HWL for the purpose of determination of Assured Entitlements, and if the Proposed Spin-off does not proceed for any reason, there will be no closure of the register of members of HWL on such date. HWL will make announcement(s) to inform the HWL Shareholders and other investors accordingly.

As the listing of the HTIL Shares pursuant to the Proposed Spin-off and Global Offering is subject to, among others, the final decision of the Board and the board of directors of HTIL and the Hong Kong Stock Exchange granting approval of the Proposed Spin-off and for the listing of, and permission to deal in, HTIL Shares on the Main Board of the Hong Kong Stock Exchange, the Proposed Spin-off and the Global Offering may or may not proceed. If the Proposed Spin-off and the Global Offering do not proceed for any reason, the Preferential Offering will not be made and there will be no determination of Assured Entitlements. Accordingly, HWL Shareholders and other investors are reminded to exercise caution when dealing in the securities of HWL.

PROPOSED SPIN-OFF AND BUSINESS OF THE HTIL GROUP

This announcement is made pursuant to the disclosure obligations under Rule 13.09(1) of the Listing Rules.

In connection with the Proposed Spin-off, HTIL has today publicly filed the Registration Statement with the US SEC in connection with the proposed public offering of HTIL Shares and ADSs in the United States. HTIL also plans to apply for a listing of its ADSs on the NYSE.

HTIL is also seeking a primary listing of the HTIL Shares on the Main Board of the Hong Kong Stock Exchange.

In the Spin-off Announcement we set out details of the information on, and the benefits of, the Proposed Spin-off. It is currently proposed that the Offer Shares and ADSs will be offered for sale pursuant to the Global Offering, which will include the Hong Kong Public Offering and the International Offering. In addition, the Global Offering will include a preferential offering of HTIL Shares to Qualifying HWL Shareholders as described in the section headed “Conditional Preferential Offering to Qualifying HWL Shareholders” below. HWL will remain the majority shareholder of HTIL following the Global Offering.

It remains the intention that the HTIL Group will comprise the HWL Group’s entire interests in the fixed line, 2G and 3G mobile telecommunications businesses in Hong Kong and its mobile telecommunications-related business interests in India, Thailand, Israel, Macau, Sri Lanka, Ghana and Paraguay. The HTIL Group’s operations include Hutchison Telephone Company Limited in Hong Kong which provides CDMA, 2G and 3G services under the brand “3”; Hutchison Global Communications Limited in Hong Kong an integrated telecommunications and information technology company providing fixed line broadband services via a fibre optic network; Hutchison India the third largest private mobile telecommunications operator in India operating under the “Orange” and “Hutch” brands; Partner Communications Company Limited, the first GSM mobile telecommunications operator in Israel; Hutchison CAT Wireless Multimedia Limited in Thailand which commenced operations of a CDMA2000 1X network in February 2003 under the “Hutch” brand; Hutchison Telecommunications Lanka (Private) Limited in Sri Lanka which holds one of 4 nationwide mobile telecommunications licence; Hutchison Telecommunications Paraguay S.A. which operates a nationwide GSM network in Paraguay; and Kasapa Telecom Limited in Ghana which operates an AMPS network in capital Accra and the adjacent port city of Tema.

The following financial information is extracted from the audited financial statements of HTIL for the financial years ended 31 December 2001, 2002 and 2003 and six months ended 30 June 2003 and 2004 (assuming that the requisite restructuring had been effected).

HUTCHISON TELECOMMUNICATIONS INTERNATIONAL LIMITED
COMBINED PROFIT AND LOSS ACCOUNTS

	Note	Year ended 31 December			Six months ended 30 June	
		2001	2002	2003	2003	2004
		HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*
Company and subsidiary companies						
Turnover	4,5	6,226	7,654	10,104	4,532	6,891
Interest income		62	87	56	30	9
Cost of inventories sold		628	533	547	250	821
Staff costs		672	995	1,081	527	704
Depreciation and amortisation	5	1,283	1,696	2,262	1,030	1,504
Other operating expenses		5,339	4,803	5,936	2,496	3,834
Profit on partial disposal of a subsidiary company	5	–	278	–	–	1,300
Operating profit (loss) of company and subsidiary companies	5	(1,634)	(8)	334	259	1,337
Share of profits less losses of associated companies		48	336	591	236	356
Share of profits less losses of jointly controlled entities		(102)	(22)	–	–	–
Operating profit (loss)		(1,688)	306	925	495	1,693
Interest and other finance costs, including share of associated companies and jointly controlled entities	6	1,009	1,087	1,026	500	552
Profit (Loss) before taxation		(2,697)	(781)	(101)	(5)	1,141
Current taxation charge	7	–	6	22	10	44
Deferred taxation charge (credit)	7	(406)	156	(195)	122	282
Profit (loss) after taxation		(2,291)	(943)	72	(137)	815
Minority interests		(402)	43	286	126	42
Net profit (loss) attributable to shareholders		(1,889)	(986)	(214)	(263)	773

COMBINED BALANCE SHEETS

	As at 31 December			As at 30 June
	2001	2002	2003	2004
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*
ASSETS AND LIABILITIES				
Non-current assets				
Fixed assets	5,644	13,539	17,697	18,871
Other non-current assets	2,363	3,617	4,075	4,397
Goodwill	6,466	6,030	6,168	5,961
Deferred tax assets	1,293	1,139	910	695
Associated companies	(17)	634	1,581	1,649
Jointly controlled entities	2,608	–	–	–
Amounts due from related companies(1)	1,415	560	543	2,056
Long term deposits	117	106	93	86
Total non-current assets	19,889	25,625	31,067	33,715
Cash and cash equivalents	510	2,859	1,993	2,336
Restricted cash	30	575	6	16
Other current assets	1,984	1,639	3,177	3,965
Bank loans	2,163	4,807	3,723	4,037
Other loans	132	1,547	1,556	1,384
Debentures	11	–	204	–
Other current liabilities	2,726	4,736	5,943	6,380
Net current liabilities	(2,508)	(6,017)	(6,250)	(5,484)
Total assets less current liabilities	17,381	19,608	24,817	28,231
Non-current liabilities				
Long term loans	5,528	6,548	7,485	9,395
Amounts due to related companies(1)	16,916	18,805	22,903	23,236
Deferred tax liabilities	–	–	46	63
Pension obligations	2	–	15	11
Total non-current liabilities	22,446	25,353	30,449	32,705
Minority interests	(136)	327	743	902
Net liabilities	(4,929)	(6,072)	(6,375)	(5,376)

CAPITAL AND RESERVES

Share capital	–	–	–	–
Accumulated losses	(4,941)	(5,927)	(6,141)	(5,222)
Exchange reserve	12	(145)	(234)	(154)
Shareholders' deficits[1]	(4,929)	(6,072)	(6,375)	(5,376)

(1) As part of the Restructuring, substantially all of the amounts due to related companies, as at 30 June 2004 amounting to approximately HK$20,869 million, will be capitalised.

COMBINED CASH FLOW STATEMENTS

	Year ended 31 December			Six months ended 30 June	
	2001	**2002**	**2003**	**2003**	**2004**
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*
Operating activities					
Profit (loss) before taxation	(2,697)	(781)	(101)	(5)	1,141
Interest and other finance costs, Company and subsidiary companies	729	789	800	394	442
Interest and other finance costs, share of associated companies and jointly controlled entities	280	298	226	106	110
Depreciation and amortisation, Company and subsidiary companies	1,283	1,696	2,262	1,030	1,504
Depreciation and amortisation, share of associated companies and jointly controlled entities	474	467	479	205	216
Operating profit before depreciation and amortisation	69	2,469	3,666	1,730	3,413
Share of operating profit before depreciation and amortisation of associated companies and jointly controlled entities	(420)	(781)	(1,070)	(441)	(572)
Profit on partial disposal of a subsidiary company	–	(278)	–	–	(1,300)
Interest and other finance costs	(729)	(789)	(800)	(394)	(442)
Taxes paid	(1)	(5)	–	–	–
Loss on disposals of fixed assets	–	6	29	–	–
Other non cash items	1,535	226	234	–	–
Funds from operations	454	848	2,059	895	1,099
Changes in working capital	(587)	973	(1,055)	(553)	1
Cash flow from operating activities	(133)	1,821	1,004	342	1,100

Investing activities					
Purchases of fixed assets	(2,248)	(4,240)	(5,573)	(2,478)	(2,706)
Purchases of telecommunications licences	(767)	(52)	(343)	(25)	(142)
Additions to telecommunications customer acquisition costs	–	–	(490)	(18)	(377)
Reduction of long term deposits	–	11	13	6	7
Purchases of subsidiary companies, net of cash acquired	(909)	(726)	(89)	–	69
Purchases of associated companies	(1)	(522)	(63)	–	–
Advances to jointly controlled entities	(254)	–	–	–	–
Repayments from jointly controlled entities	561	–	–	–	–
Proceeds on disposal of fixed assets	131	22	63	4	94
Proceeds on disposal of partial interest in subsidiary company	–	–	–	–	1,578
Cash flows from investing activities	(3,487)	(5,507)	(6,482)	(2,511)	(1,477)
Financing activities					
Net cash flows from financing activities	4,736	5,725	4,026	678	2,243
Decrease (increase) in amounts due from related companies	(1,253)	855	17	(5)	(1,513)
Decrease (increase) in restricted cash	81	(545)	569	567	(10)
Cash flows from financing activities	3,564	6,035	4,612	1,240	720
Increase (decrease) in cash and cash equivalents	(56)	2,349	(866)	(929)	343
Cash and cash equivalents at beginning of year/period	566	510	2,859	2,859	1,993
Cash and cash equivalents at end of year/period	510	2,859	1,993	1,930	2,336
Analysis of net debts					
Total cash and cash equivalents	510	2,859	1,993	1,930	2,336
Bank and other interest bearing borrowings	7,838	12,906	12,972	13,308	14,820
Net debts	7,328	10,047	10,979	11,378	12,484

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Accumulated losses	Exchange reserve	Total
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*
At 1 January 2001	–	(3,052)	(160)	(3,212)
Company and subsidiary companies' loss for the year	–	(1,555)	–	(1,555)
Share of results of associated companies	–	(203)	–	(203)
Share of results of jointly controlled entities	–	(131)	–	(131)
Exchange translation differences	–	–	172	172
At 31 December 2001	–	(4,941)	12	(4,929)
At 1 January 2002	–	(4,941)	12	(4,929)
Company and subsidiary companies' loss for the year	–	(1,002)	–	(1,002)
Share of results of associated companies	–	53	–	53
Share of results of jointly controlled entities	–	(37)	–	(37)
Exchange translation differences	–	–	(157)	(157)
At 31 December 2002	–	(5,927)	(145)	(6,072)

COMBINED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Share capital	Accumulated losses	Exchange reserve	Total
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*
At 1 January 2003	–	(5,927)	(145)	(6,072)
Company and subsidiary companies' loss for the year	–	(1,062)	–	(1,062)
Share of results of associated companies	–	848	–	848
Exchange translation differences	–	–	(89)	(89)
At 31 December 2003	–	(6,141)	(234)	(6,375)
At 1 January 2003	–	(5,927)	(145)	(6,072)
Company and subsidiary companies' loss for the period	–	(393)	–	(393)
Share of results of associated companies	–	130	–	130
Exchange translation differences	–	–	27	27
At 30 June 2003	–	(6,190)	(118)	(6,308)
At 1 January 2004	–	(6,141)	(234)	(6,375)
Company and subsidiary companies' profit for the period	–	617	–	617
Share of results of associated companies	–	156	–	156
Waiver of loan from an intermediate holding company	–	146	–	146
Exchange translation differences	–	–	80	80
At 30 June 2004	–	(5,222)	(154)	(5,376)

The accumulated losses of the HTIL Group include accumulated losses of HK$282 million retained by jointly controlled entities as at 31 December 2001 and retained profits of HK$935 million retained by associated companies as at 30 June 2004 (as at 31 December 2003 – retained profits of HK$743 million, as at 30 June 2003 – retained profit of HK$54 million, as at 31 December 2002 – accumulated losses of HK$67 million and as at 31 December 2001 – accumulated losses of HK$104 million).

THE FOLLOWING IS AN EXTRACT OF SOME OF THE NOTES TO THE COMBINED ACCOUNTS

1 RESTRUCTURING AND NATURE OF OPERATIONS

Hutchison Telecommunications International Limited (the "Company") was incorporated in the Cayman Islands on 17 March 2004 as a company with limited liability. It is a wholly owned subsidiary company of Hutchison Whampoa Limited ("HWL"), a conglomerate based in Hong Kong and listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange"). HWL operates five core business divisions in 39 countries. The five divisions are: (1) ports and related services; (2) telecommunications; (3) property and hotels; (4) retail and manufacturing; and (5) infrastructure, energy, finance and investments.

The Restructuring

HTIL and HWL will undertake a restructuring (the "Restructuring") in contemplation of a listing of the Company on the Hong Kong Stock Exchange and the New York Stock Exchange ("NYSE"), whereby HWL will transfer to HTIL the operations and related assets and liabilities of its mobile telecommunications and related businesses in Hong Kong, India, Israel, Thailand, Sri Lanka, Paraguay, Ghana and Macau, including HWL's third-generation ("3G") mobile and fixed line telecommunications businesses in Hong Kong.

HTIL and its subsidiary companies are collectively referred to as the "HTIL Group." The direct and indirect subsidiary companies of HWL outside the HTIL Group are collectively referred to as "related companies".

Following the Restructuring, HWL will continue to operate its existing second-generation ("2G") mobile telecommunications businesses in Australia and Argentina and its 3G mobile telecommunications businesses in Western Europe and Australia through other subsidiary companies and affiliates. As part of the Restructuring, HTIL will enter into a non-competition agreement with HWL, whereby the HTIL Group will have the right, exclusive of HWL and related companies, to engage in the telecommunications business in Asia, Eastern Europe, the Middle East, Africa and South America (except Argentina). HTIL will be granted an option by Hutchison Telecommunications Limited to acquire HWL's mobile telecommunications related interests in Argentina at HWL's investment cost plus interest. The option expires three years after the date of the Restructuring.

As part of the Restructuring, HTIL and HWL will enter into an administrative services agreement pursuant to which HWL will continue to provide certain administrative services, including company secretarial, legal, financial, information technology, tax and other supporting services to the HTIL Group in connection with the operation of its business. The fees for services provided will be based upon the level of services to be provided by HWL and time incurred by its related companies' employees. In addition, a loan facility of HK$1 billion granted by a related company to the HTIL Group in 2004 continues to be available on the same terms.

Historically, the HTIL Group received loans and advances from HWL or other related companies to finance its operations, in most cases interest free. As part of the Restructuring, the amounts due to related companies at 30 June 2004, excluding the amount due to the related company under the HK$1 billion loan facility mentioned above and net of amounts due from related companies at 30 June 2004 amounting to HK$20,869 million, will be capitalised.

Nature of Operations

The HTIL Group is engaged in mobile telecommunications and related businesses in Hong Kong, India, Israel, Thailand, Sri Lanka, Paraguay, Ghana and Macau, including 2G and 3G mobile and fixed-line telecommunications businesses in Hong Kong.

2 BASIS OF PREPARATION

The Restructuring has been accounted for as a reorganisation of businesses under common control in a manner similar to a pooling of interests. The accompanying combined profit and loss accounts and combined cash flow statements include the results of operations and cash flows of the companies now comprising the HTIL Group as if the current group structure had been in existence throughout the years ended 31 December 2001, 2002 and 2003, and the six months periods ended 30 June 2003 and 2004 or since their respective dates of incorporation or acquisition. The accompanying combined balance sheets have been prepared to present the financial position of the HTIL Group as at 31 December 2001, 2002 and 2003 and 30 June 2004 as if the current group structure had been in existence as of these dates. All significant intra-group transactions and balances have been eliminated on combination. Minority interests, representing the interest of outside shareholders in the operating results and net assets of the companies now comprising the HTIL Group, have been accounted for in arriving at the HTIL Group's net profit or loss attributable to shareholders and net liabilities.

On this basis, the combined accounts of the HTIL Group include the accounts for each of the three years ended 31 December 2001, 2002 and 2003, and for the six months ended 30 June 2003 and 2004 (the "Relevant Periods") of HTIL and its subsidiary companies and also incorporate the HTIL Group's interest in associated companies and jointly controlled entities on the basis set out in Notes 3D and 3E below. Results of subsidiary and associated companies and jointly controlled entities acquired or disposed of during the relevant year are included as from their effective dates of acquisition to 31 December or up to the dates of disposal as the case may be.

At 31 December 2001, 2002 and 2003 and 30 June 2004, the HTIL Group has net liabilities and net current liabilities. While the HTIL Group's operations have generated cash in each of these periods, investments in the HTIL Group's businesses have consumed cash in excess of amounts generated from operations. The consequent financing requirement has been met by bank and other loans and support from HWL and related companies, mainly through advances and guarantees of bank and other third party loans extended to the HTIL Group.

3 PRINCIPAL ACCOUNTING POLICIES

The combined accounts have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with the accounting standards issued by the Hong Kong Society of Accountants and are prepared under the historical cost convention.

A Subsidiary companies

A company is a subsidiary company if the HTIL Group, directly or indirectly, has more than 50% of the voting control or otherwise has governing power, or by virtue of the HTIL Group's funding or financing arrangements bears the majority of the economic risks and is entitled to the majority of the rewards of that company on a long term basis.

The particulars of the HTIL Group's principal subsidiary companies as at 30 June 2004 are shown in Note 33 to the combined accounts.

B Partnership

A partnership is an entity in which the HTIL Group has the decision-making powers to control or to obtain control of the partnership or its assets. The results of the partnership acquired or disposed of during the year are included in the combined profit and loss accounts from the effective date of acquisition or up to the effective date of disposal, as appropriate.

C Minority Interests

Recognition of minority interests' share of losses of subsidiary companies is generally limited to the amount of such minority interests' portion of the common equity of those subsidiary companies.

Minority interests' share of losses is generally not recognised once the minority holders of common equity of subsidiary companies have their investment value reduced to zero as such amounts do not represent a receivable by the HTIL Group and the minority holders are not obligated to provide additional funding.

D Associated Companies

An investee company or a joint venture is classified as an associated company if significant influence is exercised over its management but there is no contractual agreement between the shareholders to establish the HTIL Group's control or joint control over the economic activities of the entity. Results of the associated companies are incorporated in the accounts to the extent of the HTIL Group's share of the post acquisition results. Investments in associated companies represent the HTIL Group's share of their net assets, after attributing fair values to their net assets as at the date of acquisition, less provision for impairment in value.

E Jointly Controlled Entities

An investment in a joint venture is classified as a jointly controlled entity if it is held as a long term investment and a contractual arrangement between the shareholders establishes joint control over the economic activities of the joint venture. Results of the jointly controlled entities are incorporated in the accounts to the extent of the HTIL Group's share of the post acquisition results. Investments in jointly controlled entities represent the HTIL Group's share of their net assets, after attributing fair values to their net assets at the date of acquisition, less provision for impairment in value.

F Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Fixed assets are depreciated on a straight-line basis, at rates sufficient to write off their costs over their estimated useful lives.

Buildings	20-50 years
Telecommunications and network equipment	10-35 years
Motor vehicles	20-25%
Office furniture & equipment and computer equipment	15-20%
Leasehold improvements	Over the unexpired period of the lease or 15%, whichever is the greater

During the six month period ended 30 June 2004, the Directors re-assessed the useful lives of certain of the HTIL Group's telecommunications and network equipment in relation to the HTIL Group's fixed line business. As a result of this re-assessment the Directors concluded that the useful lives of these assets should be extended from 6.67 – 25 years to 20 – 35 years. The Directors consider this to be a change in accounting estimate and have therefore accounted for the change prospectively from 1 January 2004. The effect of this change in accounting estimate is to decrease depreciation charged for the six months ended 30 June 2004 by HK$27 million.

Leasehold land is amortised over the remaining period of the lease. The period of the lease includes the period for which a right of renewal is attached at nil or a de minimis additional cost.

The cost of maintenance and repairs is charged to operations as incurred. Expenditures, which extend the useful life of the asset or increase the capacity or quality of output or standard of performance, are capitalised and depreciated at the applicable depreciation rates.

Construction in progress is stated at cost, which includes borrowing costs incurred to finance the construction, and is proportionally attributed to the qualifying assets.

G Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand and in banks and all demand deposits placed with banks with original maturities of three months or less from the date of placement or acquisition.

H Restricted Cash

Restricted cash represents cash deposited with banks as collateral for the HTIL Group's banking facilities.

I Trade and Other Receivables

Trade and other receivables are recorded net of provision for doubtful debts, based upon a review of the collectibility of the outstanding amounts at the end of the year/ period. Accounts are written off as bad debt during the period in which they are determined not to be collectible.

J Internal-use Software

The HTIL Group capitalises direct costs incurred during the application development stage and the implementation stage for developing, purchasing or otherwise acquiring software for internal use. These costs are amortised over the estimated useful lives of the software, generally 5 years. All costs incurred during the preliminary project stage, including project scoping, identification and testing of alternatives, are expensed as incurred.

K Leased Assets

Assets acquired pursuant to finance leases and hire purchase contracts that transfer to the HTIL Group substantially all the rewards and risks of ownership are accounted for as if purchased.

Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Lease payments are treated as consisting of capital and interest elements. The capital element of the leasing commitment is included as a liability and the interest element is charged to the combined profit and loss accounts.

All other leases are accounted for as operating leases and the rental payments are charged to the combined profit and loss accounts on an accrual basis.

L Other Non-current Assets

Licences granted to the HTIL Group by the government in each of the countries where the HTIL Group does business include the right to use spectrum. The methods of payment for these rights vary from country to country and include fixed upfront payments, fixed periodic payments with variable periodic payments in subsequent years and variable only payments. Payments prior to commercial launch of services are recorded at cost and included in other non-current assets and amortised from the date of first commercial launch over the remaining licence period. Upfront payments and fixed periodic payments made subsequent to the commercial launch of services are recognised in the profit and loss account on a straight line basis over the period of the related licence. Variable periodic payments are recognised in the profit and loss account as incurred.

Costs to acquire a mobile telecommunications customer are capitalised and amortised over the estimated customer relationship period. In the event that a customer leaves the network, any unamortised acquisition costs are written off.

Prepaid capacity and maintenance is telecommunications capacity leased on an indefeasible right of use (“IRU”) basis and related maintenance services. Prepaid capacity and maintenance is stated at cost and amortised on a straight line basis from the date that the related capacity is activated over the shorter of the term of the IRU agreement or estimated useful life.

M Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the HTIL Group’s share of the net assets of the acquired subsidiary company, associated company or jointly controlled entity at the date of its acquisition.

Goodwill on acquisitions is reported in the balance sheet as a separate asset or, as applicable, included within investments in associated companies and jointly controlled entities, and is amortised using the straight line method over its estimated useful life.

N Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the HTIL Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of the obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the HTIL Group. A contingent asset is not recognised but is disclosed in the accounts when the inflow of economic benefit has become probable and is recognised when the inflow has become virtually certain.

O Asset Impairment

Intangible and tangible assets are tested for impairment when an event that might affect asset carrying value has occurred. A provision for impairment in value is recognised to the extent that the carrying amount cannot be recovered either by selling the asset or from the discounted future earnings from operating the asset. Such provision is recognised in the combined profit and loss accounts.

P Borrowing Costs

Borrowing costs are accounted for on the accrual basis and charged to the combined profit and loss accounts in the year/period incurred, except for certain costs related to funding of fixed assets which are capitalised as part of the cost of that asset up to the date of commencement of its operations.

Fees paid for the arrangement of syndicated loan facilities and debt securities are deferred and amortised on a straight line basis over the period of the loans.

Q Advertising Expenses

Advertising expenses are charged to the combined profit and loss accounts as incurred.

R Stocks

Stocks consist of handsets and phone accessories and are valued using the weighted average cost method. Stocks are stated at the lower of cost and net realisable value. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expense.

S Deferred Taxation

Deferred taxation is provided, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values in the accounts. Deferred tax liabilities are provided in full on all taxable temporary differences while deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences (including tax losses) can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiary and associated companies and jointly controlled entities, except when the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

T Pension Plans

Pension plans are classified into defined benefit and defined contribution plans.

From 1 January 2002, pension accounting costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the combined profit and loss account so as to spread the regular cost over the service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans each year. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the balance sheet date based on high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. Cumulative unrecognised net actuarial gains and losses at the previous financial year end to the extent of the amount in excess of 10% of the greater of the present value of plan obligations and the fair value of plan assets at that date are recognised over the average remaining service lives of employees. In accordance with transitional provisions, transitional liabilities at 1 January 2002 are recognised as an expense on a straight line basis over a period of less than five years from 1 January 2002.

The HTIL Group's contributions to the defined contribution plans are charged to the combined profit and loss account in the year incurred.

Pension costs are included in the combined profit and loss account within staff costs.

The pension plans are generally funded by the relevant HTIL Group companies taking into account the recommendations of independent qualified actuaries and by payments from employees for contributory plans.

U Foreign Exchange

The reporting currency of the HTIL Group is Hong Kong dollars. Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are included in the determination of operating profit.

The accounts of overseas subsidiary and associated companies and jointly controlled entities are translated into Hong Kong dollars using the year/period end rates of exchange for the balance sheet items and the average rates of exchange for the year/period for the profit and loss account items. Exchange differences are dealt with as a movement in reserves.

The HTIL Group endeavours to hedge its foreign currency positions with the appropriate level of borrowings in the 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 currency exposures as well as assist in managing the HTIL Group's interest rate exposures.

Fees paid for the arrangement of the forward foreign exchange contracts and interest and currency swaps are deferred and amortised on a straight line basis over the period of the relevant contract.

V Revenue Recognition

The HTIL Group recognises revenue on the following bases:

a. Installation and connection fees are recognised in turnover on connection of the service.

b. Sales of handsets are recognised upon delivery to the distributors, dealers or directly to customers.

c. Revenues from usage charges are recognised when services are rendered and collectibility can be reasonably assured.

d. Revenues from pre-paid calling cards are recognised upon customer's usage of the cards or upon the expiry of the service period.

e. Revenues for monthly fees and value added services are recognised on a time proportional basis, taking into account customers' usage of the services.

f. Network interconnection with international carriers and roaming revenues are recognised as rendered/incurred and are presented on a gross basis.

W *Interest Income*

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

X *Use of Estimates*

The preparation of the combined accounts in conformity with Hong Kong generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts that are reported in the combined accounts and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions that the company may undertake in the future, actual results may be different from the estimates.

Y *Dilution of Interest in Subsidiary and Associated Companies or Jointly Controlled Entities*

Changes in the HTIL Group's proportionate share of the underlying equity of a subsidiary or associated company or jointly controlled entity, which result from the issuance of additional equity by the entity, are recognised as gains or losses as incurred.

4 TURNOVER

Turnover comprises revenues from the provision of mobile telecommunications services and handset and accessory sales in both Hong Kong and outside Hong Kong and fixed telecommunications services in Hong Kong. An analysis of turnover of the HTIL and subsidiary companies is as follows:

	Year ended 31 December			Six months ended 30 June	
	2001	**2002**	**2003**	**2003**	**2004**
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*
Mobile telecommunications services	5,784	6,423	8,031	3,559	5,478
Mobile telecommunications products	442	371	445	204	185
Fixed telecommunications services	–	860	1,628	769	1,228
	6,226	7,654	10,104	4,532	6,891

5 SEGMENT INFORMATION

Segmental information is provided on the basis of primary geographical regions which is the basis on which the HTIL Group manages its world-wide interests. The Hong Kong and Macau region is further subdivided based upon its business segments. Management of the HTIL Group measures the performance of its segments based upon operating profit (loss).

	Turnover					Operating profit (loss)				
	Year ended 31 December			Six months ended 30 June		Year ended 31 December			Six months ended 30 June	
	2001	2002	2003	2003	2004	2001	2002	2003	2003	2004
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*
Company and subsidiary companies										
Hong Kong and Macau										
Mobile telecommunications	3,970	3,730	3,485	1,752	1,749	(1,594)	354	619	276	(39)
Fixed telecommunications	-	860	1,628	769	1,228	12	(245)	236	86	109
India	2,165	2,974	4,497	1,951	3,202	153	69	706	220	425
Thailand	37	34	355	16	604	(48)	(334)	(1,113)	(260)	(407)
Others (note a)	54	56	139	44	108	(157)	(130)	(114)	(63)	(51)
	6,226	7,654	10,104	4,532	6,891	(1,634)	(286)	334	259	37
Profit on partial disposal of a subsidiary company						-	278	-	-	1,300
						(1,634)	(8)	334	259	1,337

	Depreciation and amortisation					Capital expenditures				
	Year ended 31 December			Six months ended 30 June		Year ended 31 December			Six months ended 30 June	
	2001	2002	2003	2003	2004	2001	2002	2003	2003	2004
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*
Company and subsidiary companies										
Hong Kong and Macau										
Mobile telecommunications	710	662	565	305	393	1,088	1,222	1,280	495	323
Fixed telecommunications	-	237	437	195	235	-	978	1,257	580	396
India	508	611	872	395	529	853	1,320	1,617	527	1,095
Thailand	-	107	305	93	300	199	1,260	1,344	444	351
Others (note a)	65	79	83	42	47	224	90	48	16	44
	1,283	1,696	2,262	1,030	1,504	2,364	4,870	5,546	2,062	2,209

Note

(a) Others includes Paraguay, Sri Lanka and Ghana.

	Total assets			
	As at 31 December			As at 30 June
	2001	2002	2003	2004
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*
Segment assets of Company and subsidiary companies				
Hong Kong and Macau				
Mobile telecommunications	7,097	8,613	8,393	8,979
Fixed telecommunications	1,181	7,004	7,710	10,115
India	7,966	9,577	11,435	12,360
Thailand	1,451	2,586	5,071	5,085
Others (note a)	834	1,145	1,143	1,149
	18,529	28,925	33,752	37,688
Investment in associated companies and jointly controlled entities				
Hong Kong and Macau				
Mobile telecommunications	–	–	–	4
Fixed telecommunications	2,608	–	164	3
Israel	(17)	634	1,417	1,642
	2,591	634	1,581	1,649
Deferred tax assets				
Hong Kong and Macau				
Mobile telecommunications	662	558	474	400
India	576	519	379	295
Thailand	55	62	57	–
Total assets	22,413	30,698	36,243	40,032

Segment assets comprise fixed assets, other non-current assets, goodwill, amounts due from related companies, long term deposits, cash and cash equivalents, restricted cash and other current assets.

	Total liabilities			
	As at December 31			As at 30 June
	2001	2002	2003	2004
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*
Segment liabilities of Company and subsidiary companies				
Hong Kong and Macau				
Mobile telecommunications	11,517	12,472	11,825	12,585
Fixed telecommunications	4,090	7,655	8,419	9,084
India	9,316	11,068	12,398	12,928
Thailand	1,508	3,058	6,874	7,362
Others (note a)	1,047	2,189	2,284	2,427
	27,478	36,442	41,800	44,386
Current and deferred tax liabilities				
Hong Kong and Macau				
Fixed telecommunications	–	–	–	12
India	–	1	29	71
Thailand	–	–	46	37
Total liabilities	27,478	36,443	41,875	44,506

Segment liabilities comprise bank and other loans, debentures, other current liabilities, long term loans, amounts due to related companies and pension obligations.

Note

(a) Others includes Sri Lanka, Paraguay and Ghana.

6 INTEREST AND OTHER FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2001	2002	2003	2003	2004
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*
Company and subsidiary companies					
Bank loans and overdrafts	435	544	373	208	197
Other loans repayable within 5 years	88	31	82	55	39
Other loans not wholly repayable within 5 years	–	–	1	–	–
Debentures repayable within 5 years	29	48	79	35	9
Amounts due to related companies	218	188	208	88	118
Guarantee and other finance fees	7	68	211	68	98
	777	879	954	454	461
Less: interest capitalised	(48)	(90)	(154)	(60)	(19)
	729	789	800	394	442
Share of associated companies	251	283	226	106	110
Share of jointly controlled entities	29	15	–	–	–
	1,009	1,087	1,026	500	552

Guarantee and other finance fees included fees paid to related companies amounting to approximately HK$77 million for the six months ended 30 June 2004 (year ended 31 December 2003–HK$126 million, six months ended 30 June 2003–HK$54 million, year ended 31 December 2002–HK$53 million, year ended 31 December 2001–nil).

The capitalisation rate applied to funds borrowed for the funding of fixed assets is between 1.94% to 5.43% per annum.

Following the capitalisation of the long term amounts due to related companies as part of the Restructuring detailed in Note 1, interest on amounts due to related companies has subsequently ceased.

7 TAXATION

	Current taxation	Deferred taxation	Year ended 31 December 2001 Total	Current taxation	Deferred taxation	Year ended 31 December 2002 Total	Current taxation	Deferred taxation	Year ended 31 December 2003 Total
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*
Hong Kong									
Subsidiary companies	–	(230)	(230)	–	105	105	–	88	88
Associated companies	–	–	–	–	–	–	1	–	1
Outside Hong Kong									
Subsidiary companies	–	(176)	(176)	6	51	57	21	201	222
Associated companies	–	–	–	–	–	–	–	(484)	(484)
	–	(406)	(406)	6	156	162	22	(195)	(173)

	Current taxation	Deferred taxation	Six months ended 30 June 2003 Total	Current taxation	Deferred taxation	Six months ended 30 June 2004 Total
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*
Hong Kong						
Subsidiary companies	–	15	15	–	73	73
Associated companies	–	–	–	–	–	–
Outside Hong Kong						
Subsidiary companies	10	107	117	44	119	163
Associated companies	–	–	–	–	90	90
	10	122	132	44	282	326

Hong Kong profits tax has been provided for at the rate of 17.5% (2003–17.5%, 2002–16%, 2001–16%) on the estimated assessable profits less available tax losses. In 2003, The Government of the Hong Kong Special Administrative Region enacted a change in the profits tax rate from 16% to 17.5% for the fiscal year 2003/2004. Taxation outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less available tax losses.

Thailand	30%
India	35.88%
Sri Lanka	30%
Paraguay	30%
Ghana	32.5%

The Indian entities benefit from certain tax incentives provided to the telecommunications industry under Indian tax laws. These incentives provide a deduction from taxable income of an amount equal to (a) 100% of profits derived from telecommunication business for the first 5 assessment years commencing at the choice of HTIL, at any time during the Benefit Period defined below and (b) 30% of the profits for a further 5 assessment years. The deduction may be claimed, at the option of HTIL, for any 10 consecutive assessment years out of 15 years beginning from the year in which HTIL starts providing telecommunications service ("Benefit Period").

The differences between the HTIL Group's expected tax charge (credit) at respective domestic tax rate and the HTIL Group's tax charge (credit) for the years were as follows:

	Year ended 31 December			Six months ended 30 June	
	2001	2002	2003	2003	2004
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*
Tax calculated at the domestic rates applicable to profits in the country concerned	(496)	(75)	19	38	138
Income not subject to taxation	(2)	(2)	(14)	–	–
Expenses not deductible for taxation purposes	57	76	61	(2)	(66)
Recognition of previously unrecognised tax losses of subsidiary companies	(6)	–	(30)	–	182
Recognition of previously unrecognised tax losses of an associated company	–	–	(484)	–	–
Under (over) provision in prior years	(2)	13	4	5	(33)
Tax losses not recognised	43	150	318	135	105
Effect of change in tax rate	–	–	(47)	(44)	–
Total taxation charge (credit)	(406)	162	(173)	132	326

The combined financial statements are prepared in accordance with Hong Kong GAAP, which differs in various material aspects from US GAAP. The following table sets forth a comparison of our net profit (loss) attributable to shareholders and shareholders' deficits in accordance with Hong Kong GAAP and US GAAP for the periods indicated:

	As of or for the year ended 31 December		As of or for the period ended 30 June	
	2002	2003	2003	2004
	(HK$ in millions)			
Net profit (loss) attributable to shareholders				
Hong Kong GAAP	(986)	(214)	(263)	773
US GAAP	(995)	(534)	(209)	539
Shareholders' deficits				
Hong Kong GAAP	(6,072)	(6,375)	(6,407)	(5,376)
US GAAP	(7,078)	(7,730)	–	(6,944)

The following table sets forth HTIL's short-term liabilities and capitalisation as of June 30, 2004.

	As of 30 June 2004		As of 30 June 2004	
	Actual	**Pro Forma**	**Actual**	**Pro Forma**
	(HK$ in millions)		*(US$ in millions)*	
Short-term liabilities (including current portion of long-term liabilities)				
Unguaranteed and unsecured short-term liabilities	119	119	15	15
Unguaranteed and secured short-term liabilities(1)	19	19	3	3
Total unguaranteed	138	138	18	18
Guaranteed and unsecured short-term liabilities(2)	4,545	4,545	582	582
Guaranteed and secured short-term liabilities(1)(2)	738	738	95	95
Total guaranteed	5,283	5,283	677	677
Total short-term liabilities	5,421	5,421	695	695
Long-term liabilities (excluding current portion of long-term liabilities)				
Unguaranteed and unsecured long-term liabilities	50	50	6	6
Unguaranteed and secured long-term liabilities(1)	2	2	–	–
Total unguaranteed	52	52	6	6
Guaranteed and unsecured long-term liabilities(2)	3,358	3,358	431	431
Guaranteed and secured long-term liabilities(1)(2)	1,879	1,879	241	241
Total guaranteed	5,237	5,237	672	672
Covered by letter of comfort by a related company	4,110	4,110	527	527
Amounts due to related companies	23,236	311	2,979	40
Total long-term liabilities	32,635	9,710	4,184	1,245

Note: on a pro forma basis to reflect the capitalisation of HK$20,869 million (US$2,676 million) of loans provided by Hutchison Whampoa and its affiliates (net of HK$2,056 million due from related companies and HK$311 million drawn under the HK$1,000 million loan facility provided by Hutchison International Limited and assumed by HTIL)

Shareholder's equity (HK$0.25 par value per ordinary share, 1 ordinary share (actual) and 4,500,000,000 ordinary shares (pro forma) issued and outstanding)	–	20,869	–	2,676
Accumulated other comprehensive loss(3)	(154)	(154)	(20)	(20)
Accumulated loss(4)	(5,222)	(5,222)	(669)	(669)
Total shareholder's equity	(5,376)	15,493	(689)	1,987
Total capitalization	32,680	30,624	4,190	3,927

(1) Amounts are secured by fixed assets and current assets of certain subsidiary companies.

(2) Amounts are guaranteed by Hutchison Whampoa and other related companies.

(3) Comprises exchange reserves of our intermediate holding companies as of 30 June 2004.

(4) Comprises accumulated losses of our group as of 30 June 2004.

CONDITIONAL PREFERENTIAL OFFERING TO QUALIFYING HWL SHAREHOLDERS

As referred to in the Spin-off Announcement, it is the intention and expectation of HWL that, subject to the Global Offering and Proposed Spin-off becoming unconditional and the final decision of the Board and the board of directors of HTIL to proceed with the Proposed Spin-off, Qualifying HWL Shareholders will be given assured entitlements to HTIL Shares by way of a preferential right of application in the Global Offering. The assured entitlements will not be extended to Overseas HWL Shareholders.

The Global Offering and Proposed Spin-off will be conditional upon, amongst others, the following:

(i) the granting by the Listing Committee of the Hong Kong Stock Exchange of listing of, and permission to deal in, the HTIL Shares;

(ii) the Registration Statement for the HTIL Shares and ADSs which has been filed with the US SEC becoming effective and the NYSE granting approval for the inclusion of the ADSs for trading on the NYSE;

(iii) relevant notifications, consents and regulatory approvals (including the Hong Kong Stock Exchange's approval) required for the implementation of the Proposed Spin-off and the Global Offering having been obtained, made and/or waived; and

(iv) the obligations of the underwriters, under the underwriting agreements to be entered into between, among others, HTIL and the underwriters in respect of the Global Offering becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by or on behalf of the underwriters) and such underwriting agreements not having been terminated in accordance with their terms or otherwise, on or before the dates and times to be specified therein.

It is currently proposed that Qualifying HWL Shareholders will be entitled to subscribe for one Reserved Share for every whole multiple of 75 HWL Shares held by them at 4:00 p.m. on the Record Date. This ratio of HWL Shares to Reserved Share may be subject to change and the final ratio will be stated in the Prospectus. Any Qualifying HWL Shareholder holding less than 75 HWL Shares (or such other number of HWL Shares as will be stated in the Prospectus) will not be entitled to apply for the Reserved Shares. A valid application for a number of Reserved Shares which is less than or equal to a Qualifying HWL Shareholder's Assured Entitlement will be accepted in full. Qualifying HWL Shareholders may apply for a greater number of Reserved Shares than their Assured Entitlements, but the excess portion of such applications will only be met to the extent that there are sufficient available Reserved Shares resulting from other Qualifying HWL Shareholders declining to take up some or all of their Assured Entitlements. Any Reserved Shares not taken up by Qualifying HWL Shareholders will be reallocated first to satisfy the excess portion of such applications for Reserved Shares from Qualifying HWL Shareholders on a fair and reasonable basis and thereafter to the International Offering.

Qualifying HWL Shareholders should note that their assured entitlements to Reserved Shares may represent HTIL Shares not in multiples of a full board lot of HTIL Shares, and dealings in odd lots of HTIL Shares may be at prices below their prevailing market price. Assured Entitlements of Qualifying HWL Shareholders will not be transferable and there will be no trading in nil-paid entitlements on the Hong Kong Stock Exchange. Any HTIL Shares to be issued pursuant to the Preferential Offering shall be fully paid and rank pari passu in all respects with other HTIL Shares then in issue.

If the Proposed Spin-off and Global Offering does not proceed for any reason, the Preferential Offer will not be made and, in such case, no Qualifying HWL Shareholders will be entitled to apply for any Reserved Shares thereunder and there will be no determination of Assured Entitlements.

CLOSURE OF REGISTER OF MEMBERS

The register of members of HWL will be closed on 24 September 2004 for the purpose of determining the Assured Entitlements. No transfer of HWL Shares may be registered on that day. In order to qualify for the Assured Entitlements, all transfer forms accompanied by the relevant share certificates must be lodged with the Registrar by no later than 4:00 p.m. on 23 September 2004. However, if the Proposed Spin-off is postponed, the Board may then determine another date(s) for closure of the register of members of HWL for the purpose of determination of Assured Entitlements, and if the Proposed Spin-off does not proceed for any reason, there will be no closure of the register of members of HWL on such date. In such circumstances, HWL will make announcement(s) to inform the HWL Shareholders and other investors accordingly.

GENERAL

The Board expects that, if the Proposed Spin-off proceeds, the Prospectus containing, among other matters, details of the Preferential Offering, will be despatched to the Qualifying HWL Shareholders in due course. Beneficial owners of HWL Shares whose shares are registered in the name of stockbrokers or nominees as at the Record Date may be approached by their stockbrokers or nominees with respect to applications for the Reserved Shares. Beneficial owners of Shares who are in any doubt about applications for the Reserved Shares should consult their stockbrokers or nominees.

In connection with the Global Offering, the price of the Offer Shares may be stabilised in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Details of any intended stabilisation and how it will be regulated under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) will be contained in the Prospectus.

Further announcement(s) will be made to update the HWL Shareholders and investors of any significant developments related to the Proposed Spin-off and the Global Offering (including its size and the price range of the Offer Shares) as and when appropriate.

As the listing of the HTIL Shares pursuant to the Proposed Spin-off and Global Offering is subject to, among others, the final decision of the Board and the board of directors of HTIL and the Hong Kong Stock Exchange granting approval of the Proposed Spin-off and for the listing of, and permission to deal in, HTIL Shares on the Main Board of the Hong Kong Stock Exchange, the Proposed Spin-off and the Global Offering may or may not proceed. If the Proposed Spin-off and the Global Offering do not proceed for any reason, the Preferential Offering will not be made and there will be no determination of Assured Entitlements. Accordingly, HWL Shareholders and other investors are reminded to exercise caution when dealing in the securities of HWL.

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

Executive Directors:
Mr. LI Ka-shing *(Chairman)*
Mr. LI Tzar Kuoi, Victor *(Deputy Chairman)*
Mr. FOK Kin-ning, Canning
Mrs. CHOW WOO Mo Fong, Susan
Mr. Frank John SIXT
Mr. LAI Kai Ming, Dominic
Mr. George Colin MAGNUS
Mr. KAM Hing Lam

Non-executive Directors:
Mr. Simon MURRAY
Mr. William SHURNIAK

Independent Non-executive Directors:
Mr. Michael David KADOORIE
Mr. William Elkin MOCATTA
(Alternate to Mr. Michael David Kadoorie)
Mr. OR Ching Fai, Raymond
Mr. Peter Alan Lee VINE
Mr. WONG Chung Hin

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

"ADS(s)"	American depositary share(s), each of which will represent the right to receive a certain number of HTIL Shares;
"Assured Entitlement(s)"	the entitlement(s) of Qualifying HWL Shareholders to apply for Reserved Shares under the Preferential Offering;
"Board"	the board of directors of HWL;
"Directors"	the directors of HWL;
"Global Offering"	the Hong Kong Offering, the Preferential Offering and the International Offering;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Hong Kong Dollar" or "HK$"	the lawful currency of Hong Kong;
"Hong Kong Public Offering"	the proposed conditional offer for sale of HTIL Shares to the public in Hong Kong;
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"HTIL"	Hutchison Telecommunications International Limited和記電訊國際有限公司, currently a wholly-owned subsidiary of HWL incorporated in the Cayman Islands on 17 March 2004;
"HTIL Group"	HTIL, its subsidiaries and associated companies;
"HTIL Share(s)"	ordinary share(s) in the share capital of HTIL;
"HWL"	Hutchison Whampoa Limited, a company incorporated in Hong Kong and the shares of which are listed on the Main Board of the Hong Kong Stock Exchange;
"HWL Group"	HWL and its subsidiaries;
"HWL Share(s)"	ordinary share(s) of HK$0.25 each in the share capital of HWL;
"HWL Shareholder(s)"	the holder(s) of the HWL Shares;

"International Offering"	the proposed conditional international offering of HTIL Shares to professional, institutional and other investors in connection with the Proposed Spin-off including in the form of ADSs (which may, at the option of investors, be delivered in the form of HTIL Shares);
"Listing Committee"	the listing committee of the Hong Kong Stock Exchange;
"Listing Rules"	the rules governing the listing of securities on the Hong Kong Stock Exchange;
"NYSE"	New York Stock Exchange, Inc.;
"Offer Shares"	the HTIL Shares to be offered under the Global Offering, if made;
"Overseas HWL Shareholder(s)"	registered holder(s) of HWL Shares, whose addresses on the register of members of HWL at 4:00 p.m. on the Record Date are outside Hong Kong;
"Preferential Offering"	the proposed conditional preferential offering to Qualifying HWL Shareholders for acquisition of Reserved Shares;
"Proposed Spin-off"	the proposed spin-off by HWL of HTIL by way of a separate listing of the HTIL Shares on the Main Board of the Hong Kong Stock Exchange and a separate listing of ADSs on the NYSE;
"Prospectus"	the prospectus to be issued by HTIL in relation to the Hong Kong Public Offering and the Preferential Offering;
"Qualifying HWL Shareholders"	HWL Shareholders whose names appear on the register of members of HWL at 4:00 p.m. on the Record Date, other than Overseas HWL Shareholders;
"Record Date"	24 September 2004, being the record date for ascertaining the Assured Entitlements;
"Registrar"	Computershare Hong Kong Investor Services Limited of Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong;
"Registration Statement"	a registration statement on Form F-1 under the US Securities Act of 1933, as amended;
"Reserved Shares"	the Offer Shares to be offered pursuant to the Preferential Offering;
"Spin-off Announcement"	the announcement dated 29 March 2004 issued by HWL in relation to the Proposed Spin-off;
"United States"	United States of America; and
"US SEC"	United States Securities and Exchange Commission.

By Order of the Board

Edith Shih
Company Secretary

Hong Kong, 3 September 2004

Please also refer to the published version of this announcement in The Standard dated 4 September 2004.

Hutchison Whampoa Limited