HUTCHISON WHAMPOA LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 013)

UNAUDITED RESULTS FOR SIX MONTHS ENDED 30 JUNE 2004

HIGHLIGHTS

	2004 HK$ millions	2003 HK$ millions	Change
Turnover	**81,033**	65,879	+23%
Profit attributable to shareholders	**12,482**	6,067	+106%
Earnings per share	**HK$2.93**	HK$1.42	+106%
Interim dividend per share	**HK$0.51**	HK$0.51	–

- **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

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 a 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 subscribers, 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 program 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 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 Months Average Revenues Per User (Local Currency /HK$)	7 Months Average Non-Voice Revenues Per User (%)	Mix of Contract/ Pre paid 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

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the six months ended 30 June

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

CONSOLIDATED BALANCE SHEET

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

Notes

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**	Company and Subsidiaries *HK$ millions*	Associates and JCE *HK$ millions*	Total *HK$ millions*	Percent-age
ESTABLISHED BUSINESSES				(note e)				(note e)
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	

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**	Company and Subsidiaries *HK$ millions*	Associates and JCE *HK$ millions*	Total *HK$ millions*	Percent-age
ESTABLISHED BUSINESSES				(note e)				(note e)
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 amortisation and depreciation (note c)	**(4,153)**	**–**	**(4,153)**		(3,341)	–	(3,341)	
Amortisation and depreciation	**(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.

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

	Current taxation HK$ millions	Deferred taxation HK$ millions	Six months ended 30 June 2004 Total HK$ millions	2003 Total HK$ millions
Hong Kong				
Subsidiary companies	**354**	**51**	**405**	356
Associated companies	**200**	**64**	**264**	378
Jointly controlled entities	**35**	**(1)**	**34**	35
Outside Hong Kong				
Subsidiary companies	**610**	**(1,848)**	**(1,238)**	(543)
Associated companies	**280**	**326**	**606**	507
Jointly controlled entities	**97**	**36**	**133**	75
	1,576	**(1,372)**	**204**	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).

5 Profit attributable to shareholders

Included in profit attributable to shareholders is a surplus of HK$121 million (30 June 2003 – deficit of HK$1,569 million) transferred from revaluation reserves upon disposal of the relevant investments.

6 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).

7 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

8 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

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 in other categories, (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.

PUBLICATION OF FURTHER INFORMATION

All the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in force prior to 31 March 2004, which remains applicable to results announcements in respect of accounting periods commencing before 1 July 2004 under the transitional arrangements, will be published on the Company's and the Stock Exchange's websites in due course. The Group's unaudited interim consolidated financial statements have been reviewed by the Company's auditors, PricewaterhouseCoopers, in accordance with SAS700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants. Their review report will be included in the Interim Report to Shareholders.

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

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