Hutchison Whampoa Limited

(Incorporated in Hong Kong with limited liability)
(Stock Code: 13)

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

HIGHLIGHTS

	June 2008 **HK$ millions**	June 2007 HK$ millions	Changes
Total revenue	**176,219**	141,523	+25%
EBIT from established businesses	**30,550**	20,869	+46%
LBIT of the **3** Group	**(3,175)**	(11,324)	+72%
Total EBIT (excluding profits on property revaluation and disposal of investments and others)	**27,375**	9,545	+187%
Profit attributable to shareholders	**10,688**	28,759	-63%
Earnings per share	**HK$2.51**	HK$6.75	-63%
Interim dividend per share	**HK$0.51**	HK$0.51	-

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

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CHAIRMAN'S STATEMENT

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

Results

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

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

Dividends

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

Established Businesses

Ports and Related Services

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

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

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

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

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

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

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

Property and Hotels

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

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

Retail

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

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

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

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

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

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

Energy, Infrastructure, Finance and Investments

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

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

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

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

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

Hutchison Telecommunications International

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

Telecommunications – 3 Group

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

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

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

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

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

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

Key Business Indicators

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

Customer Base

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

Customer Revenue Base

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

12-month Trailing Average Revenue per Active User ("ARPU")(3) to 30 June 2008

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

Note 1: Active customers as at 30 June 2008 announced by listed subsidiary HTAL updated for net additions to 20 August 2008.
Note 2: Customers as announced by listed subsidiary HTIL as at 19 August 2008.
Note 3: ARPU equals total revenue excluding handset and connection revenues, divided by the average number of active customers during the period, where an active customer is one that has generated revenue from either an outgoing or incoming call or 3G service in the preceding three months.
Note 4: As mentioned in the Group's annual results announcement for 2007, **3** UK has discontinued promotional discount offerings in 2008. For better comparison purposes, the % increase KBIs have been calculated to measure against the previous year's amounts after deducting promotional discounts.

Highlights for the **3** Group are as follows:

UK & Ireland

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

Italy

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

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

Other 3 Group operations

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

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

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

Outlook

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

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

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

Li Ka-shing
Chairman
Hong Kong, 21 August 2008

Hutchison Whampoa Limited
Condensed Consolidated Profit and Loss Account
for the six months ended 30 June 2008

	Note	**Unaudited 2008 HK$ millions**	2007 HK$ millions
Company and subsidiary companies:			
Revenue	3	**119,164**	98,345
Cost of inventories sold		**(38,290)**	(34,297)
Staff costs		**(16,474)**	(13,570)
3 Group telecommunications expensed customer acquisition costs		**(1,762)**	(2,673)
Depreciation and amortisation	3	**(19,242)**	(18,537)
Other operating expenses		**(31,161)**	(30,896)
Change in fair value of investment properties		**672**	929
Profit (loss) on disposal of investments and others	4	**732**	(890)
Share of profits less losses after tax of:			
Associated companies before profit on disposal of investments and others		**7,385**	4,694
Jointly controlled entities		**2,226**	1,670
Associated company's profit on disposal of investments and others	4	**3,122**	35,820
	3	**26,372**	40,595
Interest and other finance costs	5	**(9,001)**	(9,157)
Profit before tax		**17,371**	31,438
Current tax charge	6	**(1,504)**	(792)
Deferred tax charge	6	**(1,302)**	(160)
Profit after tax		**14,565**	30,486
Allocated as : Profit attributable to minority interests		**(3,877)**	(1,727)
Profit attributable to shareholders of the Company	7	**10,688**	28,759
Interim dividend		**2,174**	2,174
Earnings per share for profit attributable to shareholders of the Company	8	**HK$ 2.51**	HK$ 6.75
Interim dividend per share		**HK$ 0.51**	HK$ 0.51

Hutchison Whampoa Limited
Condensed Consolidated Balance Sheet
at 30 June 2008

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

Notes

1 Basis of preparation

These unaudited condensed interim accounts are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These interim accounts should be read in conjunction with the 2007 annual accounts.

2 Significant accounting policies

These interim accounts have been prepared under the historical cost convention except for certain properties and financial instruments which are stated at fair values.

The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the 2007 annual accounts, except for the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for annual periods beginning 1 January 2008. The effect of the adoption of these standards, amendments and interpretations was not material to the Group's results of operations or financial position.

3 Segment information

Segment information is presented in respect of the Group's primary business segment and secondary geographical segment. The column headed as Company and Subsidiaries refers to the Company and subsidiary companies' respective items. The column headed as Associates and JCE refers to the Group's share of associated companies' and jointly controlled entities' respective items and is included as supplementary information.

Telecommunications - **3** Group includes 3G operations in the UK, Italy, Sweden, Austria, Denmark, Norway, Ireland and Australia.

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

3 Segment information (continued)

Business segment

Revenue

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

EBIT (LBIT) [(b)]

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

3 Segment information (continued)
Business segment (continued)

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

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

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

3 Segment information (continued)

Geographical segment

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

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

3 Segment information (continued)

Geographical segment (continued)

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

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

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

(b) Earnings (losses) before interest expense and tax ("EBIT" or "LBIT") represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of associated companies and jointly controlled entities which is included as supplementary information. EBIT (LBIT) is defined as earnings (losses) before interest expense and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of profit (loss) from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is not a measure of financial performance under generally accepted accounting principles in Hong Kong and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to profit (loss) from operations as determined in accordance with generally accepted accounting principles in Hong Kong.

“EBIT - Established businesses” and “EBIT (LBIT) - Telecommunications - **3** Group” are presented before the change in fair value of investment properties and profit (loss) on disposal of investments and others.

(c) Included in EBIT of Property and hotels for the six months ended 30 June 2008 is a gain of HK$2,141 million (30 June 2007 - nil) on disposal of subsidiaries, whose principal asset is an investment property, by a listed subsidiary, Hutchison Harbour Ring ("HHR"). The result of operations of HHR, other than this gain, is presented under Finance & investments and others.

(d) Included in EBIT of Hutchison Telecommunications International for the six months ended 30 June 2008 are contributions from certain suppliers amounting to HK$731 million (30 June 2007 - nil) in relation to its Indonesian operations.

(e) Included in EBIT (LBIT) of Telecommunications - **3** Group for the six months ended 30 June 2008 are foreign exchange gains totalling HK$2,945 million (30 June 2007 - HK$368 million) which mainly comprise a HK$586 million gain arising from the Group's refinancing of certain non-Sterling borrowings with Sterling bank loans and a HK$2,359 million gain arising from the Group's refinancing of certain non-Euro borrowings with Euro bank loans. Last period's balance represented a HK$368 million gain arising from the Group's refinancing of certain non-Sterling borrowings with Sterling bank loans.

(f) Included in capital expenditure of Telecommunications - **3** Group for the six months ended 30 June 2008 is the effect of foreign exchange translation of overseas subsidiaries' fixed assets balances at 30 June 2008 which increased total expenditure by HK$987 million (30 June 2007 - HK$931 million).

4 Profit (loss) on disposal of investments and others

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

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

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

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

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

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

5 Interest and other finance costs

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

Notional non-cash interest accretion represents amortisation of upfront facility fees and other notional adjustments to accrete the carrying amount of certain obligations recognised in the balance sheet such as asset retirement obligation to the present value of the estimated future cash flows expected to be required for their settlement in the future.

6 Tax

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

Hong Kong profits tax has been provided for at the rate of 16.5% (30 June 2007 - 17.5%) on the estimated assessable profits less estimated available tax losses. Tax outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses. During the period, no deferred tax assets has been recognised for the losses of **3** Group (30 June 2007 - nil).

7 Profit attributable to shareholders of the Company

Included in profit attributable to shareholders is a surplus of HK$1,780 million (30 June 2007 - HK$164 million) transferred from revaluation reserves upon disposal of the relevant investments.

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

The calculation of earnings per share is based on profit attributable to shareholders of the Company HK$10,688 million (30 June 2007 - HK$28,759 million) and on 4,263,370,780 shares in issue during 2008 (30 June 2007 - 4,263,370,780 shares).

The Company has no share option scheme. Certain of the Company's subsidiary and associated companies have employee share options and convertible debts outstanding as at 30 June 2008. The employee share options and convertible debts of these subsidiary and associated companies outstanding as at 30 June 2008 did not have a dilutive effect on earnings per share.

9 Cash and cash equivalents

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

10 Trade and other receivables

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

The Group has established credit policies for customers in each of its core businesses. The average credit period granted for trade receivables ranges from 30 to 45 days. The carrying amount of these assets approximates their fair value.

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

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

11 Trade and other payables

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

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

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

GROUP CAPITAL RESOURCES AND LIQUIDITY

Treasury Management

The Group's treasury function sets financial risk management policies in accordance with policies and procedures approved by the Executive Directors, which are also subject to periodic review by the Group's internal audit function. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates and to minimise the Group's financial risks. The Group's treasury function operates as a centralised service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost-efficient funding to the Group and its companies. It manages the majority of the Group's funding needs, interest rate, foreign currency and credit risk exposures. The Group cautiously uses derivatives, principally interest rate and foreign currency swaps and forward currency contracts as appropriate for risk management purposes only, for hedging transactions and for managing the Group's assets and liabilities. It is the Group's policy not to enter into derivative transactions for speculative purposes. It is also the Group's policy not to invest liquidity in financial products, including hedge funds or similar vehicles, with significant underlying leverage or derivative exposure.

Cash Management and Funding

The Group operates a central cash management system for all of its unlisted subsidiaries. Except for listed and certain overseas entities conducting businesses in non-HK or non-US dollar currencies, the Group generally obtains long-term financing at the Group level to on-lend or contribute as equity to its subsidiaries and associates to meet their funding requirements and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings, which change depending upon financial market conditions and projected interest rates. The Group regularly and closely monitors its overall debt position and reviews its funding costs and maturity profile to facilitate refinancing.

Interest Rate Exposure

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate, the Group uses a combination of interest rate swaps and forward rate agreements to manage its long-term interest rate exposure and exposure to short-term interest rate volatility respectively. The Group's main interest rate exposures relate to US dollar, British pound, Euro and HK dollar borrowings.

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

Foreign Currency Exposure

For overseas subsidiaries and associates and other investments, which consist of non-HK dollar or non-US dollar assets, the Group generally endeavours to establish a natural hedge with an appropriate level of borrowings in those same currencies. For overseas businesses that are in the development phase, or where borrowings in local currency are not attractive, the Group may not borrow in the local currency and instead monitor the development of the businesses' cashflow and the relevant debt markets with a view to refinancing these businesses with local currency borrowings in the future when conditions are appropriate. Exposure to movements in exchange rates for individual transactions directly related to the underlying businesses is minimised by using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist.

At 30 June 2008, the Group had currency swap arrangements and foreign exchange forward contracts with banks to swap US dollar principal amount of borrowings equivalent to HK$98 million to non-US dollar principal amount of borrowings to match the currency exposures of the underlying businesses. The Group's borrowings, excluding loans from minority shareholders and after taking into consideration these currency swaps, are denominated as follows: 12% in HK dollars, 28% in US dollars, 12% in British pounds, 37% in Euro and 11% in others currencies. During the first half of 2008, HTIL closed out THB15,547 million (approximately HK$3,665 million) of swap contracts under which HTIL agreed to sell Thai Baht and buy US dollar at pre-agreed rates. HTIL entered into these contracts solely to fulfill local exchange control requirements when HTIL injected additional funding into Thailand for repayment of its outstanding external debt in 2007. HTIL recognised a loss of HK$5 million in its profit and loss statement in respect of these transactions. At 30 June 2008, HTIL had remaining contracts to sell Thai Baht and buy US dollars with a notional principal amount of THB21,067 million (approximately HK$4,874 million) and continues to seek regulatory approval to close out these positions.

Credit Exposure

The Group's holdings of cash, managed funds and other liquid investments expose the Group to credit risk of counterparties. The Group controls its credit risk to non-performance by its counterparties through monitoring their credit ratings and setting approved counterparty credit limits that are regularly reviewed.

Credit Profile

The Group aims to maintain a capital structure that is appropriate for long-term investment ratings of A3 on the Moody's Investor Service scale, A- on the Standard & Poor's Rating Services scale and A- on the Fitch Ratings scale. Actual credit ratings may depart from these levels from time to time due to economic circumstances. At 30 June 2008, our long-term credit ratings were A3 from Moody's, A- from Standard & Poor's and A- from Fitch and all ratings are with a stable outlook.

Liquid Assets

The Group continues to have a strong financial position benefiting from both the steady and growing cash flow from its established businesses and improving cash flow from the **3** Group businesses. Cash, liquid funds and other investments ("liquid assets") on hand amounted to HK$172,289 million at 30 June 2008, 5% lower than the balance at 31 December 2007 of HK$180,499 million, mainly due to the acquisition of an additional 9% equity interest in HTIL for HK$4,851 million and other capital expenditure and investment spending. Of the liquid assets, 10% were denominated in HK dollars, 68% in US dollars, 3% in British pounds, 6% in Euro and 13% in other currencies.

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

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

Cash Flow

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

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

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

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

Debt Maturity and Currency Profile

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

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

	HK$	US$	GBP	Euro	Others	Total
Within 6 months	4%	-	6%	3%	1%	14%
In 2009	3%	-	-	9%	3%	15%
In 2010	2%	4%	-	1%	6%	13%
In 2011	3%	4%	1%	14%	-	22%
In 2012	-	1%	-	-	-	1%
In year 2013 - 2017	-	14%	3%	10%	-	27%
In year 2018 - 2027	-	1%	2%	-	-	3%
Beyond year 2027	-	4%	-	-	1%	5%
Total	12%	28%	12%	37%	11%	100%

The non-HK dollar and non-US dollar denominated loans are either directly related to the Group's businesses in the countries of the currencies concerned, or the loans are balanced by assets in the same currencies. None of the Group's consolidated borrowings, as a matter of policy, have credit rating triggers that would accelerate the maturity dates of the debt outstanding.

Changes in Financing

The significant financing activities in the first half of 2008 were as follows:

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

Capital, Net Debt and Interest Coverage Ratios

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

As additional information, the following table shows the net debt to net total capital ratio calculated on the basis of including loans from minority shareholders and also with the Group's investments in its listed subsidiaries and associated companies marked to market value at 30 June 2008.

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

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

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

Secured Financing

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

Borrowing Facilities Available

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

Contingent Liabilities

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

EMPLOYEE RELATIONS

At 30 June 2008, the Company and its subsidiaries employed 166,679 people (30 June 2007 – 176,011 people) and the related employee costs for the six-month period, excluding Directors' emoluments, totalled HK$17,489 million (2007 – HK$14,477 million). Including the Group's associated companies, at 30 June 2008, the Group employed 223,678 people of whom 29,648 were employed in Hong Kong. All of the Group's subsidiaries are equal opportunity employers, with the selection and promotion of individuals based on suitability for the position offered. The salary and benefit levels of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system, which is reviewed annually.

The Company does not have a share option scheme for the purchase of ordinary shares in the Company. Certain subsidiaries and associates of the Group offer various equity-linked compensation elements appropriate to their sector and market. A wide range of benefits including medical coverage, provident funds and retirement plans and long service awards are also provided to employees. In addition, training and development programmes are provided on an on-going basis throughout the Group. Many social, sporting and recreational activities were arranged during the period for employees on a Group-wide basis. Group employees also participated in community-oriented events.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company strives to attain the highest standards of corporate governance. Throughout the six months ended 30 June 2008, the Company has been fully compliant with all code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

COMPLIANCE WITH THE MODEL CODE

The Board has adopted the Model Code set out in Appendix 10 to the Listing Rules as the Group’s code of conduct regarding Directors’ securities transactions. All Directors of the Company have confirmed that throughout the six months ended 30 June 2008, they have complied with the provisions of such Model Code.

REVIEW OF ACCOUNTS

The unaudited condensed consolidated accounts of the Company and its subsidiary companies for the six months ended 30 June 2008 have been reviewed by the Company’s auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The auditor’s independent review report will be included in the Interim Report to shareholders. The unaudited condensed consolidated accounts of the Company and its subsidiary companies for the six months ended 30 June 2008 have also been reviewed by the Audit Committee of the Company.

CLOSURE OF REGISTER OF MEMBERS

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

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 KAM Hing Lam

Non-executive Directors:
Mr George Colin MAGNUS
Mr William SHURNIAK

Independent Non-executive Directors:
The Hon Sir Michael David KADOORIE
Mr Holger KLUGE
Mr William Elkin MOCATTA
(Alternate to The Hon Sir Michael David Kadoorie)
Mr OR Ching Fai, Raymond
Mr WONG Chung Hin