

News

CORPORATE

HWL Half-Year Results

Hutchison Whampoa Limited's unaudited profit attributable to shareholders for the half year ended June 30, 2002 amounted to HK\$5,951 million (approximately US\$763 million) compared to HK\$7,179 million in the same period last year. Earnings per share were HK\$1.40 compared to HK\$1.68 in the same period last year. The interim dividend was HK\$0.51 per share, unchanged from the first six months of last year.

Total turnover increased 7% to HK\$46,593 million.

Total EBIT was HK\$9,834 million, 12% below last year's comparable period. All of the Group's core businesses reported EBIT ahead of the same period last year except for **Husky Energy** and the Finance & Investments division. Ports & Related Services, Telecommunications, Retail & Manufacturing and Cheung Kong Infrastructure divisions all reported EBIT growth of 10% or more while the Property & Hotels division was in line with the previous year's comparable period.

The results include profits totalling HK\$1,524 million (2001 – HK\$1,900 million) comprised of HK\$1,129 million profit from sales to strategic partners of equity interests, ranging from 1% to 3%, in certain ports and the write-back of a provision of HK\$395 million previously made for **Hutchison Harbour Ring**, which has been trading at a premium to the Group's book cost.

Consolidated cash and liquid assets totalled HK\$121,482 million compared to total borrowings of HK\$155,982 million, a debt to capital ratio of approximately 12%.

Full results at www.hutchison-whampoa.com/eng/investor3.htm

TURNOVER AND EBIT BREAKDOWN BY DIVISION FOR INTERIM 2002

	Turnover (HK\$ millions)	Change	EBIT (HK\$ millions)	Change
Ports & Related Services	9,375	36%	3,164	22%
Telecommunications	6,398	23%	678	10%
Property & Hotels	2,377	(11%)	981	0%
Retail & Manufacturing	16,364	12%	308	13%
CKI division	4,935	(2%)	2,171	10%
Husky Energy	5,304	(16%)	938	(29%)
Finance & Investments	1,840	(34%)	1,594	(53%)
TOTAL	46,593	7%	9,834	(12%)

CHEUNG KONG INFRASTRUCTURE

	Turnover (HK\$)	Profit attributable to shareholders	Earnings per share	Dividend per share
Interim 2002	1,875m	1,491m	0.66	0.215
Interim 2001	1,901m	1,509m	0.67	0.21

HONGKONG ELECTRIC HOLDINGS

	Turnover (HK\$)	Profit attributable to shareholders	Earnings per share	Dividend per share
Interim 2002	5,156m	2,418m	1.13	0.58
Interim 2001	4,909m	2,463m	1.15	0.56

HUTCHISON HARBOUR RING

	Turnover (HK\$)	Profit attributable to shareholders	Basic earnings per share	Dividend per share
Interim 2002	660.3m	23.3m	0.41 cents	-
Interim 2001	21.5m	(104.8m)	(1.88 cents)	-

TOM.COM

	Turnover (HK\$)	EBITDA	Operating profit	Profit attributable to shareholders
Interim 2002	679.2m	49.6m	(72.6m)	(124.5m)
Interim 2001	222.2m	(12.1m)	(119.4m)	(148.3m)

HUTCHISON TELECOMMUNICATIONS (AUSTRALIA)

	Turnover (A\$)	Profit attributable to shareholders	Basic earnings per share	Dividend per share
Interim 2002	114.2m	(72.7m)	(10.7 cents)	-
Interim 2001	213.6m	(91.1m)	(13.4 cents)	-

PARTNER COMMUNICATIONS

	Turnover (New Israeli Shekels)	EBITDA	Operating income	Net income
Interim 2002	1,921.1m	492.7m	241.7m	2.4m
Interim 2001	1,501.0m	261.3m	0.4m	(181.0m)

HUSKY ENERGY

	Turnover (C\$)	EBIT	Basic earnings per share	Dividend paid per share
Interim 2002	3,018m	841m	0.93	0.18
Interim 2001	3,511m	586m	1.15	0.18

HUTCHISON WHAMPOA LIMITED



Hutchison Whampoa Limited (HWL) is the holding company of the Hutchison Whampoa Group of companies. With origins dating back to the 1800s, it is a Hong Kong-based, multinational corporation with a diversified portfolio. In 2001, HWL's consolidated turnover (including associates)

was HK\$89,038 million and net profit was HK\$12,088 million. With over 150,000 employees worldwide, the Group operates and invests in five core businesses in 41 countries: Ports & related services; Telecommunications; Property & hotels; Retail & manufacturing; and Energy & infrastructure.

On Top

In its *World Investments Report 2002*, the **United Nations Conference on Trade and Development (UNCTAD)** has ranked **Hutchison Whampoa Limited** at the top of the list of 100 largest transnational corporations (TNCs) from developing countries / economies worldwide.



RETAIL & MANUFACTURING

Acquisition puts A.S. Watson in Top Three

In its biggest acquisition to date, **A.S. Watson Group** (ASW) has acquired Netherlands-based **Kruidvat Group**, making ASW the world's third-largest health and beauty chain by outlets. The Kruidvat



portfolio includes **Superdrug** in the UK, **Kruidvat** and **Trekpleister** in the Netherlands, Kruidvat in Belgium; **Rossmann** (50% interest) in Poland, Hungary and the Czech Republic; and perfumery retail chain **ICI Paris XL** in Belgium and the Netherlands. Together these comprise 1,900 health and beauty outlets employing 24,000 people. The acquisition, subject to approval from European Union regulatory authorities, increases ASW's global reach to 3,200 retail stores in 20 countries. ASW paid approximately €1.3 billion (about US\$1.26 billion) for Kruidvat. Combined sales of ASW and the Kruidvat Group are expected

to exceed €7 billion this year, rising to €8 billion in 2003. The contribution by the retail division to HWL's total turnover is expected to increase from approximately 30% to 40%. ASW Group Managing Director Ian Wade said the Group aimed to increase the number of its stores worldwide to over 4,000 in three years and had set a target to become the world's largest health and beauty retail group within five years, overtaking US giants **Walgreens** and **Rite Aid**. ASW has the option to acquire a 40% stake in Rossmann's German operation within two years of the Kruidvat deal, providing 650 existing stores. The Kruidvat acquisition is the latest move in the Group's strategic expansion into Europe's retail market, following the purchase in 2000 of UK-based chain **Savers**, which currently has 280 stores nationwide. With the addition of 706 Superdrug stores, the total number of shop-fronts in the UK rises to 966 with more openings planned. The Group will use these stores to offer more points of sale for its 3G mobile communications business in the UK through the "store within a store" concept.

TELECOMS

Global Crossing Deal

Hutchison Telecommunications has joined forces with **Singapore Technologies Telemedia** to invest US\$250 million for a 61.5% majority interest in **Global Crossing** on its emergence from bankruptcy. Global Crossing's integrated global IP-based network reaches 27 countries and more than 200 major cities.

Under the terms of the August 9 agreement, Global Crossing's banks and creditors receive 38.5% of the common equity in the newly constituted Global Crossing, US\$300 million in cash and US\$200 million of new debt in the form of senior notes. Existing common equity and preferred shareholders of Global Crossing will not participate in the new capital structure. The agreement was approved by the Bankruptcy Court for the Southern District of New York with the support of Global Crossing's creditor groups.

The company is undergoing a Chapter 11 reorganisation plan and the new investment is expected to fund its emergence from bankruptcy in early 2003, subject to regulatory approvals.

PARKnSHOP Megastores Open in China

PARKnSHOP has launched two new megastores in Southern China following the success of the first, which opened in February 2001 at the Cultural Plaza, Dongguan. In July, the supermarket chain launched a 200,000-sq-ft megastore in the City Owner District of Shenzhen. This was followed by the **PARKnSHOP** Guangzhou Fujing Garden Megastore, which opened for business in September. With an area of 203,880 sq ft, it is **PARKnSHOP**'s biggest store in China to date. The megastore format offers a huge range of products in its many Mini-Worlds, from groceries and fresh food to textiles, toys, electronics and cosmetics. **PARKnSHOP** meanwhile was named Hong

Kong's "Most Favoured Brand" in a worldwide survey by research house **Ipsos-Reid**, which polled more than 17,000 people in 22 countries. Hong Kong was the only country in which a retailer took top spot.



Premier Visits Newest Watsons Store

Symbolising her intent to reduce the price of medicines in the Philippines, President Gloria Macapagal Arroyo in July paid a visit to the opening of **Watsons'** latest health, drug and beauty outlet in Manila, the Mandaluyong

City store at the SM Megamall. The President was accompanied by Secretary of Trade and Industry Manuel Roxas, Health Secretary Manuel Dayrit, and Dr William Torres, Chief of the Philippines Bureau of Food and Drug.

Continuity Solution

HONG KONG

Hong Kong-based **Hutchison Global**

Crossing has changed its English name to **Hutchison Global Communications** (HGC), effective August 20. The change followed **Hutchison's** repurchase of **Asia Global Crossing's** 50% interest in HGC in April 2002, making HGC a wholly owned subsidiary of **HWL**. HGC's Chinese name remains unchanged.

Meanwhile, building on its fibre optic network, HGC in August launched **ContinuityONE**, a one-stop business continuity solution that offers seamless connectivity, sophisticated network equipment, networked storage technology and data centre management. With HGC as the service integrator, **ContinuityONE** also provides consultancy, infrastructure design, installation, network testing and implementation, and disaster recovery operation and management. Customers needing to build a data centre can also take advantage of the world-leading hosting facilities of **Hutchison GlobalCenter**.

Newsbites

TELECOMS

Hutchison adds Visual Dimension to Communications

HONG KONG Since **Hutchison Telecom's** June launch of the *Orange MMS* service, Hong Kong residents have been using their handsets to take and exchange photographs integrated with text and voice. *Orange MMS* users can take a picture with their MMS handset then send it to their personal "Photo Album" at www.orangehk.com for storage, or to the "Gallery Area". They can even arrange to have their photos printed via "Fotomax", the one-stop online printing service. *Orange MMS* offers over 170 choices of images provided by **Sanrio**, **So-net**, **Ori-sun.com**, **Hallmark**, **Yeahmobile** and **Orange** in-house images for downloading. Users can download these images from *Orangeworld's* MMS library, or from the MMS library at



www.orangehk.com, then send to their friends' MMS handsets or email accounts. Users can also compose their own MMS and upload to www.orangehk.com. In another boost for customers, Hutchison Telecom has teamed up with **m499.com** and **Sierra Wireless** to deliver the first tri-band wireless datacard in Hong Kong - *AirCard 750* - on its GSM/GPRS network, allowing *Orange* users to enjoy reliable access to the Internet, email and other corporate solutions via laptop computers or PDAs. With Hutchison Telecom's GPRS roaming coverage, users enjoy mobile data services in 21 countries and regions round the world. Services include *Orange MMS*, *BlackBerry* Wireless E-mail Solution, Wireless Internet access and *Orangeworld* wirefree Internet service (WAP).

Music on the Move

ITALY **H3G** has contracted **Vitaminic** to provide content for its radiomobile network. Under the deal, **Vitaminic** will use its own content and technology to create, plan and develop an M-site for the new **3** service. The M-site - an Internet site designed for on-the-move use via mobile terminals - will offer access to music from more than 95,000 artists and 1,500 labels as well as music-related services and information.



Smart Buildings

HONG KONG **Hutchison Telecom** has been selected by **Hongkong Land** to deploy an Integrated Radio Distribution System (IRDS) in the property developer's nine commercial buildings in Central. Utilising Hutchison Telecom's **Orange** network, the system will provide coverage in all public areas, covering shopping arcades, restaurants, podiums, basements, car parks and even underground in the MTR stations. The buildings include One, Two and Three Exchange Square, Prince's Building, Alexandra House, Gloucester and Edinburgh Towers at The Landmark, Jardine House and Chater House.



Plug in for Broadband

HONG KONG **Hutchison Global Communications** (HGC) has teamed up with a joint venture comprising **Cheung Kong (Holdings)** (81%) and **CLP Telecom** (19%) to provide Hong Kong's first-of-its-kind broadband Internet service via electric power networks. Meanwhile, Malaysian mobile operator **TIME dotCom** has contracted HGC to provide voice, data and multimedia services to multinational corporations in Malaysia.



Alcatel Builds Backbone

ITALY **Alcatel** has signed a frame agreement with **H3G** to implement H3G's backbone and metropolitan transmission networks in Italy. Alcatel will supply its DWDM and SDH multi-service transport systems and SDH microwave radio systems on a turn-key basis. Their deployment - spanning about 6,000km from Turin in the North to Palermo in the South - will allow H3G's transmission platform to support a wide range of broadband and UMTS-based services, while maximising savings.

Ratings Upgrade

ISRAEL **Moody's Investors Service** in June upgraded the credit ratings of **Partner Communications**. Partner's senior implied rating went up to Ba3 from B1, its issuer rating to B2 from B3, and the rating regarding Partner's US\$175 million senior subordinated global notes, due in 2010, to B2 from B3.



On the Map

EUROPE **Hutchison 3G UK** has secured the services of content providers **Ordnance Survey**, the UK's national mapping agency, and **Tele Atlas**, which will provide mapping data for the UK and Europe, supplying street plans and routing and navigation information for over 30,000 cities. The service will be available to all Hutchison's 3G operations in Europe.

Hi to Hutch

INDIA **HUTCHISON Essar** in June launched mobile operations in Chennai, Andhra Pradesh and Karnataka circles under the common brand name **Hutch**, the first of a family of brands the company will unveil. Hutchison, which continues to operate in Mumbai under the **Orange** brand, is the only mobile operator in India with a service in all four metros.

applause

Hutchison Telecom has won the title "Best Asian CDMA Operator" presented by *Telecom Asia* Readers' Choice Awards 2002. It also won last year.



TELECOMS

Software Sign-ups

UK

Hutchison 3G continues to sign up software vendors to provide key components of the middleware infrastructure of its 3G network. Most contracts allow for the deployment of platforms first in the UK then in other countries where Hutchison 3G has a presence. Recent signings include:

SchlumbergerSema

Usimera – USIM smart cards.

Elata

Senses – wireless Java delivery manager.

Whereonearth / Telcontar

Location-based services software, data engineering tools and professional services.

IONIC Software

Standards based software such as *Web Feature Server (WFS)* and *Web Map Server (WMS)*.

TeleCommunication Systems (TCS)

Location-based software and services, including *Xypoint* Location Platform (XLP).

Vendor Software Solution

Collaboration Deals

SWEDEN

Hi3G and **Telia AB** are working together on the co-location of masts. Under the terms of a September agreement, **Telia Mobile** will lease space on its existing masts in Sweden for co-locating and installing Hi3G's UMTS antennas where there is available space. Telia Mobile is equally granted co-location on Hi3G's masts. Meanwhile, Hi3G is collaborating with **Vodafone** to allow Hi3G's customers in Sweden to use Vodafone's GSM (national roaming) network in areas where Hi3G lacks coverage.

Roaming Agreement

AUSTRIA

Hutchison 3G Austria has signed an agreement with GSM operator **Mobilkom** to provide 2G national voice and data roaming, which will give Hutchison 3G almost full national coverage for voice, GPRS and SMS services from the very first day of operation.

ENERGY & INFRASTRUCTURE

CKI/HEH Acquire Australian Power Company

Cheung Kong Infrastructure Holdings (CKI) and **Hongkong Electric Holdings** (HEH) in July acquired Australian electricity company **CitiPower** for a net A\$1.418 billion (approximately US\$792 million). The acquisition, from **AEP Resources**, the wholly owned Australian subsidiary of **American Electric Power**, follows the September 2000 purchase by CKI/HEH of **Powercor Australia**, and of **ETSA Utilities** at the end of 1999. CitiPower distributes approximately 5,300 GWh of electricity to around 265,000 customers in the Melbourne area. Consisting of a network distribution business as well as a retail operation, the total consideration for the CitiPower tender was A\$1.555 billion. The

CKI/HEH partnership will take up the distribution business, valued at A\$1.418 billion, and on-sell the retail business to **Origin Energy** for A\$137 million. This follows the practice seen in both the ETSA and Powercor transactions, in which CKI and HEH have focused on building strong critical mass in power distribution while disposing of related retail businesses. Together with Powercor, CKI/HEH will own two out of five electricity distributors in Victoria, supplying almost 14,000 GWh to 880,000 customers. In South Australia, ETSA Utilities supplies 10,000 GWh to approximately 747,000 customers. The three together make CKI/HEH the biggest electricity distributor in Australia.

First Oil from Wenchang

Husky Energy and co-partner **China National Offshore Oil Corp** (CNOOC) in June achieved first oil production from the Wenchang offshore project in the South China Sea. Blocks 13-1 and 13-2 are producing oil from two fixed platforms and from the FPSO vessel *Nanghai Endeavour*. Husky has a 40% working interest in the Wenchang oil fields, which have estimated reserves of 83 million barrels.

Meanwhile, Husky has contracted Norway's **Knutsen OAS Shipping** for two new-build shuttle tankers to transport oil from the White Rose offshore project to market once production begins in late 2005. Husky and **Petro-Canada**, as co-charterers, signed the

time charter agreements with Knutsen as owner. One tanker will be chartered for 10 years and the other for five years, with options to extend. The shuttle tankers – each with a one million-barrel capacity – will be built by South Korea's **Samsung Heavy Industries**. Delivery of the Suezmax-size vessels is planned for the second quarter of 2005.

In a further development, Husky has awarded a C\$250 million (about US\$159.5 million) contract to **Technip CSO Canada** for the subsea production system of the White Rose oil field project. The contract covers design, supply and installation.



PROPERTY & HOTELS

applause

Our Lucaya Beach & Golf Resort in Grand Bahama has earned a prestigious "2002 Gold Key Award" from *Meetings & Conventions* magazine. The award is bestowed on "The World's Finest Meeting Properties" and properties are judged on strict industry criteria including: staff attitude, quality of meeting rooms, guest services, food and beverage service, reservations proficiency, recreational facilities and availability of technical equipment and support.

Metropolis Opens

Harbour Plaza Hotels and Resorts celebrated the latest addition to the family on June 28 when the **Harbour Plaza Metropolis** opened for business. Located in Kowloon, the hotel boasts stunning views of Victoria Harbour and is minutes away from the MTR, the Tsimshatsui East Ferry Pier and the downtown shopping district. With 690 guestrooms and suites, the Metropolis offers a comprehensive range of top-quality services and facilities.



Newsbites

PORTS

YICT Boosts Productivity

Yantian International Container Terminals (YICT) has taken delivery of 17 new “one-over-five high” Rubber-tyred Gantry Cranes (RTGCs) from **Zhenhua Port Machinery**, bringing to 70 the number of cranes in operation. The equipment will increase the container yard’s productivity, accelerating container turnover and improving service to truckers.



Thamesport Factory Development

Thamesport has signed a 15-year contract with **Winpac (UK)** for the development of a purpose-built 30,000-sq-ft factory at the port. With the aim of expanding Winpac’s paperboard operation, the raw product will be transferred directly from the vessel into quayside warehouses, then delivered to the

factory for processing, labelling and packaging, and on to waiting trucks for delivery – all to customers’ exact specifications. The factory will be operational by February 2003 and is expected to handle 50,000 tonnes a year initially, rising to over 70,000 tonnes within two years.

HIT Enhances Service

Hongkong International Terminals (HIT) has implemented a new phase of its *Customer Plus* system, a B2B interface used for exchanging terminal/container information with shipping lines. The web-based system offers streamlined access to information about more than 30

registered shipping lines.

HIT meanwhile has won the “Best Container Terminal Operator” in this year’s *Lloyd’s List Maritime Asia Awards*.



Felixstowe on Track for Growth

In a move that will significantly reduce the number of lorries on Britain’s roads, Ipswich-based **Meditate Shipping** has contracted **GB Railfreight (GBRf)** to increase container train links to the **Port of Felixstowe**. The services from Port of Felixstowe to Selby and Doncaster in North Yorkshire, and from Felixstowe to Hams Hall near Birmingham, will use dedicated resources. Services will increase to five days a week for both the routes, up from three times and twice a week respectively. Rail volumes represent 20% of the port’s available UK

domestic throughput. The service is fully supported by a track access grant from the **Strategic Rail Authority** and will save more than 25,000 long-haul lorry trips a year, per train.

Meanwhile, **Port of Felixstowe** welcomed its namesake, the 280m long, 5,400 TEU vessel **COSCO Felixstowe**, on its inaugural voyage in May.



Balboa Expands

Panama Ports in July started construction work on Phase III of the **Balboa Container Terminal** development project. The company is investing US\$200 million to expand its container handling facilities at the **Port of Balboa**, located on the Pacific side of Panama. On completion, the terminal will provide 840m of quay with 12.9m of draft. The project includes a 15.4-ha fully equipped container yard for an annual total handling capacity of one million TEUs.

A Cruiser Calls

Harwich International Port in July saw the inaugural call of **Royal Caribbean International’s** new cruise ship *Brilliance of the Seas*, the first of six planned calls in 2002. At 292m, the vessel can carry 2,501 passengers and 864 crew and is the largest ship to have berthed at Harwich.

In a further development, **Stena Line** in September launched a new service from Harwich to Rotterdam.



Contract Cemented

Harwich International Port has signed a 15-year contract with **Derby Cement** to import cement to the UK. The July agreement will see the construction of a purpose-built 4,800-sq-m cement terminal able to store more than 20,000 tonnes of bulk-bagged cement and with equipment enabling the dispatch of bulk tanker loads or 1.5 tonne bulk-bags.

Meanwhile, a new four-lane freight entrance has opened at the Port, giving direct access to the recently opened second phase of the Parkeston bypass. The Port worked in partnership with **Essex County Council** to build the new bypass at a cost of £1 million (approximately US\$1.55 million). The freight entrance is equipped with an automated weighbridge.

E-COMMERCE

TOM Moves in to Mainland

Marking its first move into the Mainland China publishing business, the **TOM Group** has teamed up with state-owned **SDX Joint Publishing** (Sanlian), acquiring a 49% stake for 40 million yuan (about US\$4.8 million). Sanlian publishes four national magazines, including *Sanlian Life Weekly*. TOM has also signed a letter of intent to set up a Sino-foreign JV with **Popular Computer Week Publishing**

House and **China Science Media**. The JV will operate the distribution and advertising business of *Popular Computer Week*, *Popular Computer Week CD-ROMs*, *Popular Computer Week Bound Volume* and other IT-related reference books. This JV will be a model for similar partnerships in China’s recently re-formed media market. TOM holds 49% interest in the JV, which has a term of at least 20 years.