

Newsbites

C O R P O R A T E

Sale of Mainland JV Nets US\$2 billion

Hutchison Whampoa (China) Ltd (HWCL) has sold its remaining 20% interest in the Mainland China joint venture **Procter & Gamble-Hutchison Ltd** (P&G-H) to **The Procter & Gamble Company** (P&G) for a cash consideration of US\$2 billion (approximately HK\$15.6 billion). The deal was completed in June with a gain on sale of HK\$13.7 billion realised by HWCL.

HWCL and P&G established the initial JV in Mainland China in 1988. In 1997, by mutual agreement HWCL sold approximately 10% of its interest in P&G-H to

a P&G subsidiary and agreed with P&G on options for it to acquire HWCL's remaining 20% between 2007 and 2017. The agreement accelerated the sale, which represented the realisation of value of a non-core asset of Hutchison.



Strategic Investment

HWL announced on June 9 that the Group has signed an agreement with **Hyundai Merchant Marine Co** (HMM) to purchase 12% of the shares of HMM at a consideration of approximately HK\$606 million (approximately US\$77.7 million).

HWL's business relationship with HMM began in 1993 when the shipping company first called at the Group's port terminals.

In 2001, HWL acquired the Jaseongdae terminal in Busan, South Korea, from HMM and led a consortium with HMM and **Hanjin Shipping** to operate a terminal in Kwangyang. HWL currently operates the Busan and Kwangyang ports through **Hutchison Port Holdings**.

Hutchison Whampoa Limited



Hutchison Whampoa Limited (HWL), one of the largest companies listed on the main board of the Hong Kong Stock Exchange, is the holding company of the Hutchison Whampoa Group of companies. As one of the earliest big "hongs", or trading companies, in Hong Kong, Hutchison's history dates back to the 1800s. Today, HWL is a multi-national conglomerate with businesses spanning 42 countries. With over 170,000 employees worldwide, Hutchison operates and invests in five core businesses: ports and related services; telecommunications; property and hotels; retail and manufacturing; and energy and infrastructure.

Its flagship companies include Hutchison Port Holdings, Hutchison Telecom, Hutchison Whampoa Properties, A.S. Watson, and Cheung Kong Infrastructure. In 2003, HWL's consolidated revenue was HK\$145,609 million (US\$18,668 million).

Noted

Hutchison Whampoa Limited has for the first time featured in the "Fortune Global 500" 2003 list of the world's 500 largest corporations.

R E T A I L & M A N U F A C T U R I N G

Fuel for Sport

To enter into the spirit of the Olympic Games, **Watsons Water** is focusing on "Sports" this year.

In April it joined **Hong Kong City Polytechnic University** and **Hong Kong Polytechnic University** to organise the "Watsons Water Bottle Label Design Competition."

The competition highlighted in an imaginative way that water is closely associated with sports and fitness and 90 tertiary design students took part. Meanwhile, the A.S. Watson Group is sponsoring the Hong Kong Outstanding Junior Athlete Awards for the second year running.

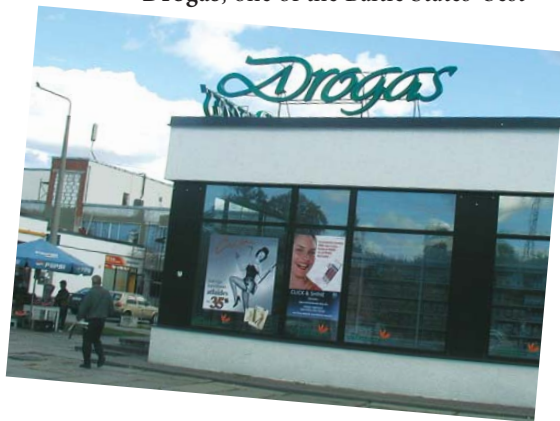


Winning Entry: The champion's work captures the energy of sports and reflects the theme that **Watsons Water** is part of daily life.

RETAIL & MANUFACTURING

ASW Increases Global Portfolio

In line with its strategy to expand in Asia and Europe, **A.S. Watson (ASW)** announced in June that it has acquired **Drogas**, one of the Baltic States’ best-



known health & beauty retail businesses operating in Latvia and Lithuania. Nicknamed “The Baltic Tigers”, Latvia, Lithuania and Estonia are the newest members of the European Union (EU), with a combined population of 7.3

Priceline Results

US-based e-tailer **Priceline.com**, of which **HWL** is a major shareholder, on May 3 reported that Q1 gross travel bookings rose 46% year-over-year to US\$360.2 million. Revenues were US\$224.1 million, a 12% increase over Q1 2003. Gross profit grew 31% to US\$43.4 million, compared to US\$33.0 million a year ago. Priceline.com announced that it had acquired 71.4% of the equity interests in **Travelweb.com**, bringing its total ownership to 85.7%. Travelweb has supply agreements with more than 11,000 participating properties in the Travelweb system, including its

million. Meanwhile, the Malaysian unit of ASW on July 12 announced the proposed RM14 million (approximately US\$3.7 million) acquisition of **Apex Pharmacy** from **Apex Healthcare Bhd (AHB)**, a Bursa Malaysia main board-listed company. Watsons Malaysia will also license from AHB the exclusive right to use the “Apex Pharmacy” trade name to leverage its strong brand equity and large customer base. Currently, there are 24 Apex Pharmacy stores nationwide.



founder hotels, **Hilton, Hyatt, InterContinental Hotels Group, Marriott, and Starwood**, and has distribution agreements with a number of travel websites, including **Orbitz.com**. Priceline has also entered into an agreement to purchase the remaining 14.3% outstanding equity interest held by **InterContinental Hotels Group** at a future date.

Applause

Nuance-Watson (HK) was highly commended at the **Raven Fox Awards Ceremony for Travel-Retail Excellence in Asia/Pacific** in five categories: Best Fragrances & Cosmetics Travel Retailer; Best Fashion, Leathersgoods & Accessories Travel Retailer; Best Confectionery & Food Travel Retailer; Best Gifts Travel Retailer; and, Best New Shop Opening at an airport in Asia/Pacific. The event was held on May 20th at the Tax Free Exhibition in Singapore.



Newsbites

PORTS

YICT Loan to Fund Phase III Project

Shenzhen-based Yantian International Container Terminals (YICT) in April signed a HK\$3.3 billion (approximately US\$423 million) five-year term loan facility with a consortium of banks. The consortium, which includes Bank of China, Industrial and Commercial Bank of China, China Construction Bank, Agricultural Bank of China and China

Development Bank, will provide YICT with loan facilities in HK dollars, US dollars and RMB, totalling HK\$3.3 billion, to finance YICT's Phase III project. The facility was four times oversubscribed. With a total investment of HK\$6.6 billion, the Phase III Project includes four 9,000-plus TEUs vessel berths along with



the necessary support facilities. The first two berths commenced operations in Oct. and Nov. 2003 respectively with the remaining two due for this year. The entire project will be completed in 2005.

Noted

Hongkong International Terminals (HIT) handled its 80 millionth container on June 10. It was discharged from the vessel *YM March*.

HPH Cultivates Leaders

Hutchison Port Holdings (HPH) in April launched its second Global Leadership Development Programme, which aims to identify and foster management talent. Over 30 managers selected from the Group's global network of ports

are enrolled in a training programme held in three different countries over a six-month period. The course encompasses in-class university training as well as hands-on business experience at ports worldwide.

ENERGY & INFRASTRUCTURE

Husky Q1 Results

Husky Energy reported net earnings of C\$263 million or C\$0.60 per share (diluted) in Q1 2004, compared with C\$408 million or \$1.01 per share (diluted) in the same quarter of 2003. Cash flow from operations was C\$583 million or C\$1.36 per share (diluted), compared with C\$747 million or C\$1.76 per share (diluted) in the corresponding period the year before. Sales and operating revenues, net of royalties, were C\$2.1 billion in the first quarter of 2004, compared with \$2.2 billion in the first quarter of 2003. The variance in results for net earnings, cash flow and revenues is due to the effects of lower exchange rates between the Canadian and US dollar, and tax

related changes. Husky increased overall gas production by 4% compared with the same period in 2003. For full results, see: www.huskyenergy.ca/investors/



SeaRose FPSO Arrives

The *SeaRose FPSO*, **Husky's** Floating Production, Storage and Offloading vessel, docked at Marystown on the eastern seaboard of Canada on April 6, completing a 14,000-nautical mile maiden journey from South Korea.

Public Offering

Husky Energy on June 16 announced a public offering in the United States of US\$300 million of 6.15%, 15-year notes, due June 15, 2019. The notes will rank *pari passu* with other unsecured

indebtedness of Husky and significantly extend the average term-to-maturity of the Company's debt. Sales closed on June 18, 2004.

The net proceeds from the sale will be used to repay existing bank indebtedness. The offering was lead by **Citigroup**. Joint bookrunners were **CIBC World Markets** and **HSBC** and the issue was oversubscribed.

ENERGY & INFRASTRUCTURE

CKI Invests in Tunnel Project

Further increasing its investments in Australia, **Cheung Kong Infrastructure** (CKI) has acquired a 40% stake in **Lane Cove Tunnel Company Pty Ltd**, for A\$239 million (approximately US\$170 million).

In Dec. 2003, Lane Cove was awarded a 30-year concession to build and operate the 3.4km tunnel,



A\$1.7 billion tunnel has commenced and completion is scheduled for mid-2007.

which is poised to become a crucial part of the link between northwestern and downtown Sydney.

Building of the

Applause

Hongkong Electric has been named Silver Award winner of the Pacific Basin Economic Council annual Environmental Award. This is the first time in the award's six-year history that an electricity company in the region has been honoured.

PROPERTY & HOTELS

Rural Relief

Shanghai Westgate Mall was transformed into a traditional Chinese rural scene during Labour Day Golden Week in May. Participants competed for the championship prize in traditional skills such as walking the watermill, pushing the stonemill, bamboo climbing, shoulder pole balancing, and loach catching.



Star-studded Luxury

Where do international stars unwind after performing for their fans in Hong Kong? When Whitney Houston visited for a one-night-only performance on July 28, the internationally acclaimed recording artist and star of the 1992 hit movie *The Bodyguard* chose to stay in the sleek new Presidential Suite at the **Harbour Plaza Hong Kong**.

Besides its astounding panoramic harbour views, the two-storey suite features a beautiful marble master bathroom with sauna, a massive master bedroom, a living room with a Steinway Baby Grand piano, and a study, kitchen, and adjoining guest room.

Terrific at Two

The **Harbour Plaza Metropolis** celebrated its second birthday on June 28. Since it officially opened for business, the hotel has gained a reputation as the preferred accommodation for both business and leisure travellers with its exceptional service, first-class cuisine,

cosmopolitan image and idyllic location offering panoramic views of Victoria Harbour.

The Group's flagship hotel, the award-winning **Harbour Plaza Hong Kong**, meanwhile celebrated its ninth anniversary in July.

Applause

Grand Hyatt Beijing has been named the "Best Business Hotel in China" by *21st Century Business Herald*.

Noted

Harbour Plaza Chongqing was selected as the designated hotel for "Sweden Day" hosted by the Swedish Embassy on May 18 and 19.



Newsbites

TELECOMS

DoCoMo Takes Stake in HTIL

GLOBAL

Hutchison Whampoa Limited (HWL) and **NTT DoCoMo** in May agreed to exchange DoCoMo's 20% investment in **Hutchison 3G UK Holdings** (H3G UK) for a stake in **Hutchison Telecommunications International** (HTIL), a subsidiary company of

HWL. The total consideration of the transaction was £120 million. The consideration will be made to DoCoMo in three instalments in the form of HTIL shares, subject to the listing of HTIL, which has applied for a listing on the Stock Exchange of Hong Kong, or, at HWL's

discretion, in cash. The final instalment is scheduled for Dec. 2006. Under a separate agreement, the £200 million shareholder loan provided in May 2003 by DoCoMo to H3G UK was transferred at cost to **Hutchison 3G Europe Investments** a subsidiary of HWL.

3 Extends Handset Range

3 has introduced the latest models in its growing range of 3G video mobile phones. The stylish **LG U8110** was launched in Europe and Australia

and the **LG U8120** in Hong Kong. Both boast an array of features to enable customers to make the most of the unique benefits of the 3 video mobile network. Measuring 95.7mm x 49.5mm x 23.1mm and weighing just 126g, the clamshell handsets are the smallest phones in the 3 range and have been designed for the ultimate in portability and comfort. The launch was the result of a global agreement between LG



Electronics and **Hutchison Whampoa** under which three million handsets will be delivered in 2004 to the 3 group of companies globally.

Fast Cards

3 has joined forces with **Lucent Technologies** and **Novatel Wireless** to provide UMTS wireless PC cards to 3 customers in Australia, Denmark, Italy, Sweden and Hong Kong. The April agreement is also



available to other 3 markets worldwide. The **Merlin U530** PC cards operate on 3's 3G networks at speeds up to 384kb per second, allowing customers all the benefits of high-speed access to the Internet and corporate intranet while fully mobile. Lucent and Novatel will also supply system software and services.

Doubling Up

Globally, 3 signed up 77,000 net new subscribers on average each week in Q2, 2004, more than double the 37,800 average weekly sign-up rate up it had maintained for the first three months of the year.

Big Brother; Small Screen

AUSTRALIA

3 Australia has become a major sponsor of **Network Ten's Big Brother**, bringing a new technological twist that provides access to live footage of the reality TV show via 3 video mobile phones.



3Reload Launched

SWEDEN

3 in April launched **3Reload** pre-paid cards on the Swedish market, making it possible for customers to access 3's large service offering without a set fee monthly subscription.



TELECOMS

Hutch to Consolidate India Operations

INDIA

Hutchison Max Telecom (HMTL)

on June 14 filed with India's Foreign Investment Promotion Board an application for the Hutchison Essar Telecom group of companies to consolidate its various telecom interests in India under a single entity. The application will allow the shareholders of **Hutchison Essar Telecom** (Delhi), **Fascel** (Gujarat), **Hutchison Telecom East** (Calcutta), **Hutchison**

Essar South (AP, Karnataka, Chennai, Punjab, UP West, West Bengal) and **Aircel Digilink India** (UP East, Rajasthan, Haryana) to transfer all their shares in these companies to HMTL, thereby becoming shareholders of HMTL.

The consolidation will create one of the largest mobile operations in India. The combined subscriber base at the end of May was 5.6 million covering approximately 56% of the population

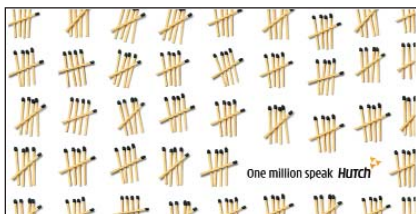


and about three-quarters of its purchasing power.

Million Milestone

Hutch on May 24 announced that it had exceeded one million subscribers in Gujarat. Hutch doubled its customer base in a year to become the first mobile service provider in the state to achieve this milestone.

Hutch in Gujarat is the third circle in the Hutch fold to cross the one million mark, after New Delhi and Mumbai.



Hutch Debuts in Punjab

Hutch launched its services in Punjab on July 13 with the latest range of multimedia mobile services, including GPRS-based services like push2talk, mobile gaming and *Click&Print MMS*, and state-wide customer service support. Punjab has the highest mobile penetration amongst the Indian states.

Hutch Acquires Aircel

Subject to approvals, **Hutchison Essar** in June acquired 100% of **Aircel Ltd** and **Aircel Cellular Ltd** (together Aircel) from **Sterling Infotech Ltd**.

Aircel operates GSM 900 cellular licences in the city of Chennai and the state of Tamil Nadu and had over 1.1 million subscribers as of May 31, 2004.

Hutchison Essar already operates a GSM 1800 licence in Chennai.

Plug-n-Talk

Hutch has launched a value-added courtesy service in the form of around 100 battery-charge kiosks placed in strategic positions such as airports, railway and bus stations. All the "recharge zones" have a selection of plugs for different handsets, so even cus-



tomers of rival companies can use the facilities.

Push2Talk

Hutch on May 27 launched *push2talk*, which combines a walkie-talkie experience with instant messaging, SMS, MMS and voice messaging.

The service is the result of a partnership between Hutch and **Fastmobile**, and is the first such service to be available nationally.

E-mails on the Move

Hutch on May 5 launched Microsoft *Outlook on Hutch*, a unique corporate solution developed jointly by Hutch and **Microsoft** that allows Hutch users to access their office e-mails on their mobiles.

Applause

Hutchison India, along with agency **Ogilvy & Mather**, completed a virtual clean sweep at the Abby Awards 2004 for creative excellence in advertising, winning four Golds, three Silvers and three Special Awards of Excellence.

Newsbites

TELECOMS



Models embody the “3 is more than 3G” slogan in Chinese at a ceremony to mark HTHK’s unified brand identity.

3 is More than 3G

HONG KONG

Hutchison Telecommunications

Hong Kong Ltd (HTHK) has consolidated its 3G, GSM Dualband and CDMA mobile networks under the 3 brand to provide greater value and a bigger portfolio of services.

Fun for the Young

In conjunction with the launch of the *LG U8120* 3G handset in June, 3 HK introduced several new features and services aimed at the young and young-at-heart, including two innovative location based services.

My Nearest covers more than 15,000 entertainment and leisure hot spots, while *Follow Me*, *Follow U*



allows consenting users to keep track of each other’s whereabouts. 3 HK also launched a fortune-telling site, a Korean music video and download site and a cartoon channel. It also upgraded the *Traffic* channel to include traffic conditions at a popular local beach.

Property Portal on 3

3 HK and **Midland Realty** on July 9 launched the territory’s first mobile multimedia property portal, which enables customers of 3 to keep track of the property market. The *Midland Realty* portal also helps property agents who can provide their customers with first-hand information via their 3 video mobile phone.

Live TV with 3

ITALY

A cooperation between

3 and **Cfn/Cnbc**, the Italian-language global digital TV station that covers finance and economics, allows correspondents to report live using 3 videophones. Through a UMTS connection with the TV studio, journalists can transmit video footage live from board meetings, press conferences and other important financial events.

Noted

3 Italy announced on July 15 that it had signed up one million customers with more than half signing up in the previous four months. The landmark was reached 16 months after the service was launched.

TELECOMS

Hutch Launches Prepay Cards

THAILAND

Thailand-based **Hutchison CAT**

Wireless MultiMedia has launched *HutchSay Prepay*, a new prepay service that offers the greatest flexibility for phone users to top up their card value

or extend days of usage separately. The new service helps customers to maximise their Hutch phone usage to meet their needs for both low and high usage without changing their promotion choice.



Upwardly mobile: A “Vespa caravan” draws participants to *The Real Adventure* by Hutch competition, which was staged around Siam Square, Bangkok.

3-cycling

UK

3 UK, in partnership with **Fonebak**,

launched a handset-recycling scheme on June 7. The initiative aims to raise £40,000 for two charities through the recycling of old and unwanted mobiles.

Brainwave, a leading charity for children with special needs, and **Groundwork**, a world-class environmental

regeneration charity, were selected by **3** following an internal staff vote.

Under the scheme, **3** is inviting the public to deposit their

plastics are either recycled and reused, or incinerated, with the energy produced used for heating.

Applause

3's ground-breaking mobile package *VideoTalk 750* won first place in the “Consumer Post-Pay Price Plan” category at the Mobile Retailer Awards, held in the UK in June. The award identifies the tariff that represents best value for over 15 million mobile users signed up to a monthly contract. When launched in June 2003, *VideoTalk 750* challenged mobile pricing convention with an unrivalled package that offers 750 minutes worth of calls for £35 and the freedom to use this call “bundle” to call any network at any time. “**3** has quite simply redefined voice tariffs in the UK,” one judge commented.

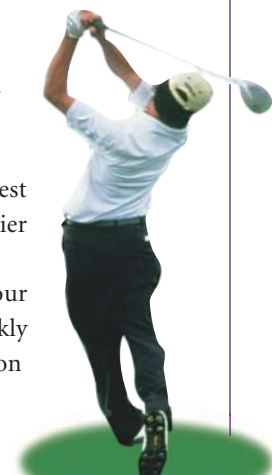
ThreePay, **3**'s Pay-As-You-Go offer, was runner-up in the pre-pay category.

Game On

3 UK launched a mobile content service with **Gamer.tv** in June to provide video reviews of the latest releases to hit the exciting world of computer and video games. The video clips can be accessed through *Today on 3*.

The Sporting Life

3 UK has entered into a partnership with **Sky Sports**. Under the June agreement, Sky Sports video news and action will be available to customers of **3** through their video mobiles. The service builds on **3**'s success with the **Barclaycard FA Premier League** highlights, which have proved popular with customers. The Sky Sports service will offer **3** customers the latest Sports News, Premier League Football News, European Tour Golf and Sky's weekly Soccer AM television show.



old mobiles into the Fonebak recycling boxes located in all 160 **3** stores around the UK.

When a handset is recycled through Fonebak's award-winning recycling scheme, it is dismantled, the batteries go to a specialist battery recycler, metals are extracted and used again, and the