Roll of Honour

Reflecting the Group’s ranking as one of the world’s leading companies, Hutchison Whampoa Limited (HWL) has again notched up an impressive haul of regional and international titles and awards during the past six months.

The company was rated for its size and performance in a variety of categories through surveys conducted by leading financial magazines. The annual “Business & Global 1000” (July 14 issue) ranked HWL No.140 globally and No.1 in Hong Kong. Forbes (July 21) rated HWL No.127 overall in the “The Global 500.”

Forbes magazine (Sept. issue) named HWL No.1 in the category “Best Corporate Governance: Hong Kong & China,” and in the category “Best Corporate Governance: Emerging Markets.” The Asset (Sept. issue) named HWL No.1 in the category “Best Credit in Asia — Conglomerates.”

One-third of HWL’s revenue is generated from its 51% joint venture company, Hutchison Whampoa Limited (HWL), one of the largest companies listed on the main board of the Hong Kong Stock Exchange, and the holding company of the Hutchison Whampoa Group of companies. As one of the earliest big “hongs”, or trading companies, in Hong Kong but working globally, the Group’s legal team undertakes a range of complex M&A, financing, IP/IT and regulatory work.

Hutchison’s Group Treasurer K. S. Chan “Corporate Risk Manager of the Year,” an accolade widely seen as a positive vote of recognition of the company’s prudent risk management strategy. HWL featured prominently in a long list of rankings in the Chinese magazine Yazhou Zhoukan (Oct. 12). It ranked No.1 in the category “Top 500 Chinese Companies in the World,” No.1 “Top 20 Companies in Hong Kong & China” and No.1 “Top 20 EBIT Chinese Companies.”

in five core businesses: ports and related infrastructure; transportation and logistics; energy and power; hotels; retail and manufacturing; and energy and infrastructure. Its flagship companies include Hutchison Port Holdings, Hutchison Telecommunications, Hutchison Whampoa Properties, A. S. Watson, and Cheung Kong Infrastructure.

In its sixth visit to the market in 2003, Hutchison completed the largest-ever corporate bond financing to Asia ex Japan on Nov. 20 with a US$5 billion three-tranche issue via Citigroup, Goldman Sachs, HSBC and Merrill Lynch as main book runners. Deutsche Bank, J.P. Morgan and Morgan Stanley served as separate joint book runners on the three different tranches.

The Right Medicine

China Beijing Tongrentang (Group) Co. Ltd. (Tongrentang) and Hutchison Chinese Medicine Investment Ltd. (HCML), a wholly-owned subsidiary of Hutchison Whampoa (China) Ltd., on Dec. 12 signed a contract to form a joint venture in Beijing to develop and invest in traditional Chinese medicine (TCM) business.

The JV company, to be named Hutchison Chinese Medicine Investment Ltd. (China) Ltd. (HCMIL), a wholly owned subsidiary of Hutchison Whampoa (China) Ltd., on Dec. 12 signed a contract to form a joint venture in Beijing to develop and invest in traditional Chinese medicine (TCM) business.

HWL Sets Bond Financing Record

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£2m Donation Stokes UK Scholarships Scheme

HWL Chairman Li Ka-shing has pledged to donate through HWL a total of £2 million over three years to support Mainland and Hong Kong scholars in their doctoral studies in the UK. The sum will be matched by the UK Government under its Dorothy Hodgkin Postgraduate Awards scheme.

The Hutchison scholarships will support up to 53 students and form a major part of a new scheme, announced by British PM Tony Blair on Nov. 17, to bring outstanding overseas PhD students to top UK universities.

Mr Blair applauded HWL for recognising the importance of scientific knowledge and highly skilled people. Starting in 2004, students will study science, engineering, medicine, social sciences and technology.

Mr Li’s donation is the latest move to support Mainland and Hong Kong scholars to study in the UK. In October 2002, the Group donated £2.02 million to expand the British Chevening Scholarships scheme to include 63 extra postgraduate scholarships each year over a four-year period.

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 39 countries. With around 167,000 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.

As a pillar of the Hong Kong SAR’s economy, Hutchison has contributed significantly to the development of the city and its neighbours.

In 1997, Hutchison established a charitable trust, the Hutchison Scholarships Trust, to support students from Mainland China and Hong Kong in their undergraduate studies in the UK.

Starting in 2004, students will study science, engineering, medicine, social sciences and technology. A total of £2.02 million will be committed to the British Chevening Scholarships scheme to include 63 extra postgraduate scholarships each year over a four-year period.

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**PROPERTY & HOTELS**

**Reaching for the Stars**

Just two weeks after his historic trip into orbit on Oct. 15, China’s space hero, astronaut Colonel Yang Liwei, and a delegation of Chinese space experts chose Harbour Plaza Hong Kong as their base while on a flying six-day visit to the territory. By all accounts Colonel Yang was “over the moon” about the service and accommodation.

General Manager Jonathan Wilson presented Colonel Yang with a 2.5kg hand-made chocolate named “Shenzhou V” after the spacecraft. The delicacy was specially designed by the hotel’s award-winning pastry chef Roger Luk.

Earlier, on Oct. 24-26, 20 contestants of the first Ms Shanghai Beauty Pageant visited Hong Kong – and where better for them to stay than at the elegant Harbour Plaza Hong Kong?

A welcome cocktail party was held at the 4,000-sq.-ft. luxury Presidential Suite, with a live piano performance and panoramic views of Victoria Harbour adding to the evening’s ambience.

Meanwhile, the 2003 Miss Chinese Universe Pageant, organised by Phoenix Satellite Television, was held at The Piazza at Harbour Plaza Metropolis with more than 50 entrants participating.

**E-COMMERCE**

**TOM Reports Q3 Profit**

The TOM Group reported its second consecutive quarter of profit attributable to shareholders in the third quarter. Net profit rose 81% to HK$18.5 million (approximately US$2.3 million) quarter on quarter while EBITDA rose 25% from Q2 to HK$82 million. Revenue for the nine months ended Sept. 30, 2003 amounted to HK$1.3 billion, 17% up on the corresponding period in 2002. Operating profit was HK$115 million compared to an operating loss of HK$75 million for the same period in 2002.

**Anyone for Tennis?**

TOM has formed a JV with popular newspaper Beijing Youth Daily to market and promote the China Open, to be held in Beijing in September 2004. Through its sports marketing subsidiary Media Serv, TOM has secured the rights from the Association of Tennis Professionals (ATP) to organise the first-ever ATP tennis tournament in Beijing. The JV, China Open Sports Marketing Co. Ltd., will combine the strong local advertising and client network strength of Beijing Youth Daily with the sports marketing expertise of TOM.

**JV Fuels China Growth**

The TOM Group has set up its first Sino-foreign JV with state-owned publisher Sanlian. TOM has a 49% stake in the venture, called Beijing Sanlian Shiji Wenhua Chuanbo. It will be involved in the print media business, including advertising sales and distribution of Sanlian’s four magazines, which have a combined circulation of 3.8 million. TOM will invest 24.5 million yuan (approximately US$3 million) with Sanlian contributing 15.5 million yuan in cash and 10 million yuan in assets.

**PRICELESS:** Miss Hong Kong (above left) visited the Priceline booth during the opening ceremony at New Town Plaza of the “E-Commerce Adoption Campaign Roadshows — e-Commerce in Real Life” led by the Hong Kong General Chamber of Commerce and funded by the government.

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Husky Energy has acquired all of the issued and outstanding shares of Marathon Canada Ltd. and the Western Canadian assets of Marathon International Petroleum Canada for a total purchase price of US$588 million. Production from Marathon Canada is approximately 27,000 gross barrels of oil equivalent per day (boe/d). The effective date of the transaction was Oct. 1, 2003.

In a separate transaction, Husky agreed to sell certain of the Marathon Canada oil and gas properties with gross production of approximately 7,500 boe/d to a third party for US$320 million. The acquisition will add approximately 19,500 boe/d to Husky’s production.

Husky Reports 40% YOY Earnings Rise

Husky Energy Inc. reported third quarter net earnings of C$345 million (approximately US$144 million) and C$1.1 billion for the first nine months of 2003. Net earnings rose 45% year on year or C$0.54 per share (diluted) in Q3 compared with C$1.37 million or C$0.38 per share (diluted) in Q3 2002. Cash flow from operations in Q3 was C$604 million or C$1.42 per share (diluted), up from C$599 million or C$0.39 per share (diluted) in the comparable period the year before.

Production averaged 300,200 barrels of oil equivalent (boe) per day, compared with 305,100 boe per day in Q3 2002, a decrease of 2%, mainly due to shut-downs, turnarounds at producing facilities and natural reservoir declines.

Husky’s net earnings for the first nine months of 2003 were C$1.1 billion or C$2.60 per share (diluted) compared with C$652 million or C$1.31 per share (diluted) in the first nine months of 2002, an increase of 91%. Husky’s debt meanwhile decreased by C$834 million.

As of Sept. 30, 2003, net debt stood at C$1.2 billion, down 40% from C$2.1 billion on Dec. 31, 2002.

FPSO is Ready to Set Sail

The Sea Rose, Husky Energy’s Floating Production Storage and Offloading (FPSO) facility, was launched in Korea in July. Preparations continue for its deployment at the White Rose oil field in St. John’s, Newfoundland and Labrador, scheduled to begin production in 2005/06. The vessel will sail from Korea to Newfoundland in January 2004 where the topside production facilities will be installed before deployment to the field.

Acquisition Lifts Capacity

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China Sea Exploration

Husky Energy has signed a petroleum contract with China National Offshore Oil Corp. (CNOOC) for the 04/35 exploration block in the East China Sea. The block is located 350km east of Shanghai. This is the first exploration contract signed by Husky with CNOOC in the region and is Husky’s sixth offshore contract with CNOOC. Husky currently holds four exploration blocks comprising more than 15,000 sq. km in the South China Sea and has a 40% interest, in partnership with CNOOC, in the Wenchang 13-1/2 offshore oil fields.

Hands Free

Hutchison is introducing an accessory to the UK market that allows mobile-phone users to make and receive mobile calls without the need to hold their handsets and without troublesome wire attachments. The Bluetooth Clip Headset, manufactured by i.Tech Dynamic, a division of Hutchison Harbour Ring (HHR), deploys Bluetooth wireless technology that enables electronic devices to communicate with each other. Thus, when the phone rings it can be conveniently left in a pocket or handbag while providing a perfect signal to a light and compact “earphone.”

The launch leverages on upcoming legislation on the use of mobile phones when driving. The product will also be introduced in other markets.

Tree-mendous

The “Watsons Water Tree” (right) turned heads at the Lifestyle Asia Design Fair 2003 held in December. The exhibitor, created from 800 Watsons Water bottles, marked the completion of the company’s centennial campaign – “Year of Hong Kong Creativity.”

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Two ASW store managers have won the Hong Kong Retail Management Association 2003 Service & Courtesy Award. They are Clement Yip Ming-chi of Fanling PARKnSHOP and Jennifer Yee of Hing Wai Building Watson’s Wine Cellar. Other winners included Watsons Health and Fitness Advisor Wong Tsz in the category “Supermarkets / Convenience Stores Frontline Level,” and Assistant Store Manager Susan Wan of Watson’s “Department Store Supervisory Level” category.
**PORTS**

**Felixstowe Expands**

Port of Felixstowe has officially opened the first phase of Trinity Terminal (T2) expansion, incorporating 64ha of back-up land behind the existing Trinity Terminal and increasing the port’s storage capacity by 6,500 TEU. A further section of storage area is expected to open early in 2004 and the quay will be fully operational by July 2004.

In another development, Freightliner has launched a new service providing one inbound and one outbound train daily between Port of Felixstowe and Daventry, with a further destination in the vicinity while Freightliner has put an pilot at the new berth and will gradually replace the existing system.

The second berth and a container yard of 200,000 sq.m is set for completion by the end of 2003, with the whole project due for completion by the end of 2005. Phase III, covers 90ha with total investment of HK$6.6 billion (approximately US$846 million) and includes four 100,000-ton-plus container berths.

The “Next-Generation System” (nGen) on pilot at the new berth and will gradually replace the existing system. Phase III covers 90ha with total investment of HK$6.6 billion (approximately US$846 million) and includes four 100,000-ton-plus container berths.

**SCT Marks Milestone**

Shanghai Container Terminals (SCT) celebrated its 10th anniversary on Aug. 12. First year of operations.

**First Call**

On Oct. 16, the Cosco container vessel Leonor was the first ship to berth at the Phase III Project at Yantian International Container Terminals (YICT) in China. The “Next-Generation System” (nGen), terminal operation control system, jointly developed by YICT and HIT, has been put on pilot at the new berth and will gradually replace the existing system.

The second berth and a container yard of 200,000 sq.m is set for completion by the end of 2003, with the whole project due for completion by the end of 2005. YICT has meanwhile been recognized as one of the “Hundred Outstanding Overseas Chinese Enterprises in China.” The award was made in September at the People’s Great Hall in Beijing.

**TELECOMS**

**Easy on the Eyes**

Hutchison Global Communications (HGC) has launched a new service called 1Voice. Utilising broadband based “VoIP” technology the system allows users to make unlimited video and voice calls between 1Voice for a flat rate of just HK$48 per month (approximately US$6.15). For HK$86, subscribers can make unlimited voice calls to all Hong Kong fixed-line and mobile networks as well as to overseas 1Voice users. The 1Voice plugs into a broadband Internet connection and is compatible with TV and 3G devices. It can also be connected to digital camcorders and other appliances so that calls can be recorded and archived. What’s more, with the “voice-knows feature,” users can see what’s going on even when they are away from home.

**Location, Location**

Hutchison Essar has launched two new location-based services. BuddyService lets subscribers know if their friends are in the vicinity while 1Voice Tracking Solution keeps tabs on commercial vehicles.

**Library Contract**

HGC has won a contract to deploy its MetroNET Gigabit Ethernet Wide Area Network (WAN) solution to extend the Hong Kong Public Libraries’ Multimedia Information System (MMIS) from the Central Library to 26 libraries across the territory. Meanwhile, HGC is collaborating with Internet Thailand Public Co. Ltd. (INET) and HiNet, Taiwan, to target market opportunities in IP-related services. HGC has established business links in more than 30 overseas markets in the past 12 months.

**Smart Moves**

The first batch of “smart and secure” containers at content developers supply chain security initiative. Hutchison Port Holdings (HPH) has been a proactive participant in developing security measures for the maritime transport of containers since the US Government implemented the Container Security Initiative (CSI).

**Hot Services**

Hutchinson International Terminals (HIT) won a “Productivity Award” and a “Certificate of Merit for Environmental Performance” at the “2003 Hong Kong Awards for Industry,” coordinated by the Hong Kong Productivity Council.
3 Heralds Era of Video Mobile Communications in Hong Kong

Hutchison has marked the start of the 3G era in Hong Kong with the unveiling of its 3 service.

At a media event on Dec. 15, HHW Group Managing Director Canning Fok hailed the move as a breakthrough for the telecommunications industry in Hong Kong which will enable people to easily gather and share information while on the move. When 3 goes live, it will deliver to customers an integrated information, communication and entertainment service via its new generation of mobile phones, which also offer video calling and video messaging.

“What we are going to offer has not been seen before, but it will become a part of your everyday life,” Mr Fok said.

“I will put Hong Kong at the forefront of mobile communications globally.”

He demonstrated person-to-person video calling by linking up with Kevin Russell, CEO of 3 Australia, in Sydney. Mr Fok also showed off some of 3’s other features, including HomeWatch, a remote surveillance service, and 3 Daily Express, which allows customers to receive a host of information and entertainment services delivered automatically throughout the day, just like SMS. The services Mr Fok demonstrated included news, business information, weather details and traffic updates.

The launch of the Hong Kong service is a vital link in 3’s global network. Using the world’s most sophisticated mobile telecommunications infrastructure, and also a shareholder in our operations,” Mr Fok said.

Together with our JV partner NTT DoCoMo, we are very pleased to announce this important handset launch and, most importantly, to know that we share NEC’s full support for the future.”

NEC Corp. President Mr Akinobu Kanasugi said one million NEC 616s would be delivered by year end and another 1.5 million by the end of Q1 2004.

Agnes Nardi, Managing Director of 3 Hong Kong, said: “We are fortunate we can leverage the resources of the global Hutchison 3G Group to bring these new services to market faster than our competitors. These services have only just become available in Europe and Australia through our sister companies.”

The NEC 616 video mobile phones will be sold at HK$4,380 (approximately US$561) each in Hong Kong, or HK$3,980 (approximately US$501) each in Australia, Austria, Sweden and Denmark. Customers will be able to make video calls to Australia, Austria, Denmark, Italy, Japan, Sweden and the UK, and the network of such countries is expanding rapidly.

Hutchison and NEC also launched the latest NEC 616 video mobile phone.

“NEC is our supplier for both video mobile phones and the 3G infrastructure, and also a shareholder in our 3 Hong Kong operations,” Mr Fok said.

“3G" is our supplier for both video mobile phones and the 3G infrastructure, and also a shareholder in our 3 Hong Kong operations,” Mr Fok said.

New Videophones Enter the Market

The second generation of 3G video mobile phones handset has arrived, spearheaded by three new models that offer high-resolution video calls and videomessages of photo quality, along with a basket of powerful applications.

The Motorola A835 (212g), launched in early Autumn, is a tri-band GSM/GPRS/UMTS “communicator” with integrated GPS, camera, audio/video player, video calling and full messaging support. It is a particularly powerful business tool.

The Motorola A835 (168g) offers the latest in multimedia entertainment with advanced messaging, video phone, Bluetooth wireless technology, full browsing and a large display capable of supporting up to 64,000 colours.

The NEC 616 (151g), released in December, features a slim, cutting-edge style, and it loaded with video and audio streaming. Global Positioning Satellite technology for enhanced location services, Bluetooth connectivity, memory card support, dial deplated and camera light.

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Numbers Gain

Hutchison’s global 3 network on Dec. 15 reported it had a total of 660,000 subscribers in Australia, Austria, Denmark, Italy, Sweden and the UK, up from 520,000 announced on Aug. 21, 2003. The subscriber numbers were: 340,000 in Italy; 210,000 in the UK and a combined 110,000 in Australia, Austria, Sweden and Denmark.

Kicking In

H3G Ireland and Vodafone Ireland have jointly secured the FA Premier League mobile rights in a three-season deal starting with the 2004/05 season. Customers of 3 in Ireland will have access, via their mobiles, to all 380 FA Premier League matches and related highlights. HUG UK already has mobile broadcasting rights for the League.
See with 3

AUSTRALIA

A new TV commercial launched by H3G Australia in September taps into the visual nature of video calling in a very emotional way, illustrating the benefit of being able to see rather than just hear. The commercial opens on a father working in his office. He receives a video call from his daughter who is at school. He quickly establishes she is hearing-impaired. She uses sign language to communicate with her father about what time he will pick her up from school. This simple communication is only possible through video calling and it supports 3’s proposition of making an everyday moment better with 3.

Tua Good for Words

ITALY

H3G Italy launched Tua on Sept. 28. The campaign was aired in Italy from Sept. 21, followed by the release of three new commercials in October that focused on seniors as an underexplored market for new technology, specifically 3G mobile video phones. The piece made reference to the TV campaign of 3’s Australian counterparts, in which a grandmother in Italy is able to see and speak to her deaf and blind granddaughter in Australia. The special price is 50% lower than for similar offers and the price for SMS is also lower. Tua is not just offered to the deaf, but to relatives and friends as well. It also introduced an interactive sign language dictionary available free on the Austrian TVZone.

Seniors Synergy

ITALY

Italian weekly Viva di Repubblica carried an article in October that focused on seniors as an underexplored market for new technology, specifically 3G mobile video phones. The piece made reference to the TV campaign of 3’s Australian counterparts, in which a grandmother in Italy is able to see and speak to her family in Australia. Continuing on the theme of the seniors market, H3G Italy is launching an educational course for the elderly that teaches them about the uses of the new technology via a video mobile phone.

MTV on 3

EUROPE

In a move that will see music fans dancing in the streets in Europe, 3 has signed a deal with MTV to distribute music videos on its networks. Customers can access music videos, live performance footage and music news reports. Tailored clips from MTV’s own programming, such as Jackass and Dirty Sanchez, will also be available.

MTV will provide localized content in four categories. Daily News features showbiz news and gossip; What’s Hot includes reviews of live performances and videos; Best of MTV uses clips from MTV’s own programming and MTV Live Lounge provides archived live performance footage.

Tantalising TV

ITALY

A "teaser" TV campaign featuring beautiful celebrities Malika El Hazzazi, Luana Spagnolo and Alexandra Merino was aired in Italy from Sept. 21, followed by the release of three new commercials on Sept. 28.

TVC

ITALY

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The campaign was developed after general public feedback on how useful 3 would be to the deaf community. During the campaign, 3 worked with the Royal Institute for Deaf and Blind Children to develop scripts and ensure sign language was easily understood over a 3 mobile. The clip has researched as one of 3’s most recalled TV commercials with wide appeal across all ages.

Sign of the Times

ITALY

H3G Austria launched a special package called 3Visuell in October that enables more than 15,000 deaf people and their sign language-fluent relatives to communicate inexpensively via a video mobile phone. The special price is 50% lower than for similar offers and the price for SMS is also lower. 3Visuell is not just offered to the deaf, but to relatives and friends as well. It also introduced an interactive sign language dictionary available free on the Austrian TVZone.
**News on Stream**

**DENMARK / SWEDEN**

Since Oct. 29, subscribers to 3 in Denmark and Sweden have had access to streamed video news via their mobiles, allowing them to view video directly instead of clips first being downloaded and then played. The news service is presented by TV2.

**Pre-Booking**

**DENMARK**

Following a national advertising campaign by H3G Denmark, customers started pre-booking video mobile phones on Oct. 13 via a 3 homepage (www.3.dk) and through the new 3Store in Copenhagen and Langelinie. Customers could also pre-book at selected distributors. Deliveries began in October.

**E-mail, Banking and Dating on the Move**

**STEFIE**

Customers of 3 in Sweden have gained access to several innovative services via their 3 video mobile phones. 3 announced in October that it had developed two solutions for companies that enable their employees to read e-mail on their mobile handsets. One solution resembles a web-mail service (users are able to access a WAP page with e-mail, calendar and contacts) while the other solution synchronises e-mail, calendar and contacts in the company network with information on mobile handsets. 3 also teamed up with SEB to launch mobile banking services for private subscribers, enabling users to make transactions and payments, trade shares, and access quotations and financial news. The services are included in all 3 video mobile basic service packages. Customers can also receive uncapped video news presented by Tidningenarnas Telegrambyrå (TT). On a lighter note, subscribers of 3 can follow Channel 5’s popular TV “docusoap” called Masterpies, allowing fans to enjoy the opportunity to constantly see what the participants are doing. 3 has also joined hands with Lovresearch to co-operate on a simple video-dating service whereby users can download short video clips on to the Lovresearch members’ site. The seed, according to Beatrice Ståhle, creative director at Lovresearch, is that users will be able to see all potential dates within a 10m radius of their mobile phone.

**Tempting Tariffs**

**DENMARK**

H3G has been luring customers to its 3 networks with a selection of tariff plans. H3G Access AB in Sweden launched two options, named 3fix (Fixe) for as little as SEK19.50 (approximately US$19.50) per month (approximately US$19.50) with no connection fees and the price for SMS to any mobile. 3 also launched a student package that offers a £50 discount on the A820. H3G UK has unveiled two new monthly tariff plans. Videotalk 100 includes 100 voice minutes for £5.50 and Football 500 is a £20 plan that combines 500 voice minutes with unlimited football content. 3 also introduced a wide range of content add-ons for as little as £5. Video for Voice is a promotion under which customers can make video calls for the same price as voice calls for the first three months of a 12-month contract. 3 celebrated the festive season with free video calls for all between Dec. 22 and Jan. 2 inclusive. “Down under,” H3G Australia offered great savings on the Motorola A820 when customers pre-ordered and connected to 3 for all on a 24-month service plan. With 3 for All, which replaces the First on 3 introductory offer, connection fees and the price for Videotalk calls have been cut in half while customers can pay as little as 10c per SMS to any mobile.

**Roaming Liaison**

**DENMARK**

H3G Denmark in August signed an agreement of collaboration with telecom company TDC which will ensure that customers of the 3 service have roaming access to the national network for mobile telephony and SMS in areas outside the company’s own mobile broadband network.