HUTCHISON UPDATES

**HUTCHISON HOLDINGS (40%) and Beijing Tourism Group (27.5%)**

The three companies are co-operating jointly in light of the many opportunities brought about by Beijing’s successful bid for the 2008 Olympic Games and the rapid development of China’s tourism industry.

Beijing Tourism’s assets include Beijing Badaling Tourism Development, Jian Guo Hotel Joint Venture Beijing, Beijing Long Qing Xia Tourism Development, Great Wall Hotel Joint Venture, and the Holiday Inn Civic Center in San Francisco. Beijing Enterprises is the primary overseas commercial window for the Beijing Municipal Government while Beijing Tourism Group is one of China’s largest tourist organisations.

**HUTCHISON WHAMPOA LIMITED**

Hutchison Whampoa (China) has become a founding JV partner (27.5%) of Beijing Tourism Development Co. (Beijing Tourism) together with Beijing Enterprises Holdings (40%) and Beijing Tourism Group (27.5%).

The three companies are co-operating jointly in light of the many opportunities brought about by Beijing’s successful bid for the 2008 Olympic Games and the rapid development of China’s tourism industry.

**HGW Annual Results**

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<th>2002</th>
<th>2001</th>
<th>Changes</th>
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<tbody>
<tr>
<td>Profit attributable to shareholders HK$' million</td>
<td>1,238</td>
<td>1,190</td>
<td>4%</td>
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<tr>
<td>Earnings per share HK$</td>
<td>2.81</td>
<td>2.63</td>
<td>6%</td>
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Hutchison Whampoa Limited recorded an audited profit attributable to shareholders for the year amounted to HK$1,238 million (approximately US$1,832 million), an increase of 4% compared to the previous year. Earnings per share amounted to HK$2.81, an increase of 6% with a total dividend per share of HK$1.73 (2001 - HK$1.73).

The results include profit on disposal of investments less provisions totalling HK$3,524 million (2001 - HK$3,124 million) which primarily relates to a profit of HK$1,129 million arising from the sale of equity interests in certain ports. Excluding these exceptional gains in both years, profit attributable to shareholders increased 4%, reflecting continuous growth in the Group’s recurring operations. Turnover for 2002 totalled HK$11,129 million, an increase of 25% over that of 2001. Total EBIT for the year increased 13% to HK$24,447 million. All of the Group’s divisions, other than the finance and investment division, reported EBIT ahead of last year. The Group’s cash and liquid investments, at market value, totalled HK$30,267 million. For full results, see www.hutchison-whampoa.com/NewsDIR/news.

**HGC Connects with China**

Hutchison Global Communications (HGC) and China Telecom have reached an agreement to increase their interconnection capacity by 10Gbit/s to a total of 12.5Gbit/s. The expansion provides an additional connection path for the Hong Kong-Shenzhen-Guangzhou Synchronous Digital Hierarchy (SDH) Ring, increasing network and route diversity. HGC plans to introduce a series of multimedia voice and video communications services, including Video Telephony, Video Mail, Share-e-See (a multi-party collaborative conferencing service) and e-Profile (an online biography application).

**Applause**

**Hutchison Whampoa Limited** has again received a number of accolades from various media for its performance in 2002. *Euromoney* magazine placed HWL at the top of the list in the “Best Asian Companies – Conglomerates” category and fourth in the “Best Companies in Asia-Pacific” category.

**Leading Companies (Hong Kong)”**

In its “Review 200” awards, an annual survey that asks readers to rank companies in the category “Asia’s Leading Companies (Hong Kong)” Global Finance meanwhile named HWL “Best Company in Asia-Pacific – Conglomerates/Logistics”.

**Partner Performs**

**Hutchison Telecom (HK)** and its prestigious brand Orange in December were each awarded the “Superbrand” title by the Superbrands Council. The brands successfully fulfilled the judging criteria, which include market dominance, longevity, goodwill, customer loyalty and overall market acceptance.

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**Hutchison Whampoa Limited**

Hutchison Whampoa Limited (HWL), one of the largest companies listed on 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 multinational conglomerate with businesses spanning 41 countries. With over 150,000 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 2002, HWL’s consolidated revenue was HK$111,129 million.
Hutchison Essar claimed a world first in January when its affiliated companies across India launched HutchAlive – a personalised, interactive broadcast service that automatically updates mobile phones with text news headlines. Phones carry menus, such as a list of headlines, and users pay for selecting related information, such as the story behind the headline, which is sent by the network. Apart from News, key content areas are Cricket, Entertainment, Astrology, Lifestyle and Promotional Offers. HutchAlive was simultaneously introduced across Mumbai, Delhi, Kolkata, Chennai, Gujarat, Andhra Pradesh and Karnataka under the Orange and Hutch brands.

Hutchison had an exclusive head-start period for the use of the “cellular broadcast” technology licensed from privately held Israeli firm Celltick. From Feb 8, coinciding with the inaugural game, the company launched the Cricket World Cup video service exclusively on Hutch GPRS phones, allowing subscribers to see video clip replays. As part of HutchWorld, Hutchison Essar is also offering photo messaging, e-mail and games. Reflecting the company’s progressive approach to technology as well as management leadership, speedy response to change, environmental consciousness and social responsiveness, Hutchison emerged as the clear No. 1 in a country-wide poll as the “Most Respected Company in the Telecom Sector” published in Businessworld in January.

NEC Corporation in October acquired from HWL a 5% strategic equity interest in both Hutchison Telephone Company Ltd. (HTCL) and Hutchison 3G HK Holdings (H3G HK) for a total cash consideration of US$73 million. HTCL and one of its subsidiaries are the licensed providers of cellular mobile telephone services in Hong Kong and Macau. H3G HK, through a subsidiary, is the licensed operator of 3G mobile services in Hong Kong. As part of this transaction, HWL’s interest in HTCL and H3G HK has changed from 74.63% to approximately 71%, while NTT DoCoMo’s stake changed from 25.37% to approximately 24% for both companies. The deal creates a strong strategic partnership, with NEC providing comprehensive support for Hutchison’s worldwide 3G businesses.

Hutchison CAT Wireless MultiMedia Ltd., a joint venture between The Communications Authority of Thailand and Hutchison Wireless Multimedia Holdings, commercially launched a new mobile phone service in February under the Hutch brand. The Hutch service deploys CDMA2000 1X, which supports high speed wireless technology that enable multimedia functions, bringing customers more information, communication and entertainment choices on the move. Hutch has also teamed up with Sanyo of Japan and Samsung of Korea to provide customised terminals equipped with HTML compatible browser and multimedia capabilities to handle new content-rich applications and high-speed data transmission.

Hutchison 3G UK has entered into agreements with Dixons/The Link (290 stores), Carphone Warehouse (470 stores) and Phones 4U (325 stores) to retail its 3 brand products and services.

Ericsson and HWL have signed a global agreement on an end-to-end solution that supports video telephony between personal computers and 3G handsets. The solution will be deployed in Hutchison 3G markets worldwide.
**ENERGY & INFRASTRUCTURE**

**Husky’s Strong Earnings to Fuel Exploration**

Husky Energy’s net earnings for Q4 2002 increased by 438% to C$242 million (approximately US$160 million) compared to C$45 million in the same period the year before. Net earnings for 2002 increased 23% to C$804 million (C$1.88 per share – diluted).

Following a 47% increase in net earnings for Q3 2002, the company in December announced a capital expenditure of approximately C$1.8 billion for 2003. Planned expenditures reflect Husky’s focus on long-term projects such as the White Rose offshore oil project in the Jeanne d’Arc Basin off the east coast of Canada, exploration and development programmes in the South China Sea, and oil sands development at the Tucker and Kearl properties in Canada.

A total of C$1.66 billion was earmarked for Husky’s upstream segment. Husky estimates production of 305 to 325 thousand barrels of oil equivalent per day during 2003.

In November, Husky announced that a significant natural gas discovery in Shackleton, Saskatchewan, would add approximately 75 billion cubic feet of proven natural gas reserves in 2002 and increase reserves to 250 billion cubic feet over the next two to three years.

Husky has completed two gathering and compression systems to develop the 300,000-acre Shackleton field. Together these systems are designed to handle up to 30 million cubic feet per day.

In February, Husky announced it had entered into a series of commodity hedging contracts for 2003 that hedge 26 million barrels of crude oil at an average strike price of approximately US$29.50. These hedges cover approximately 34% of expected crude oil production for 2003.

The Company also has 37 billion cubic feet of natural gas hedged at approximately US$5.20 per MMBtu, representing about 17% of its expected natural gas production for 2003.

**Tunneling Begins**

CrossCity Motorway, a joint venture of Cheung Kong Infrastructure Holdings (50%), DB Capital Partners (30%) and Bilfinger Berger BOT GmbH (20%), started work in January on a major transport infrastructure project in Sydney, Australia.

When completed, the 2.2km Cross City Tunnel will revolutionise travel patterns across Sydney, taking a large number of vehicles per day off the city’s streets, improving environmental quality and freeing up the city for pedestrians and public transport.

**PROPERTY & HOTELS**

**Hot Property**

Hutchison Whampoa Property has put Britain’s most expensive flat on the market – for an estimated £10 million (approximately US$16 million). For those who can dig deep enough, the prized penthouse, located at the Albion Riverside development in Battersea, South London, is the size of three Wimbledon centre courts.

Designed by world-renowned architect Sir Norman Foster, right down to the bathroom fittings, the Albion is both high-tech and high luxury. The top floor, with 13 luxury penthouse suites, is due for completion this year.

The Horizon Cove residential project in Zhuhai, southern China, has been awarded the “Xin Xin Ren Jia (avant-garde) Architectural Design Prize” by the Center for Housing Industrialization Ministry of Construction P.R. China and China Real Estate News for its supreme design and construction.
The Port of Felixstowe in February began work to extend its Trinity Terminal, providing an additional 270m of deep-water quay and 14ha of additional container storage space. The quay is expected to be fully operational by March 2004 and will increase annual capacity by some 415,000 TEUs to over three million, creating around 400 jobs. On completion, two of the latest generation of large container vessels will be able to berth simultaneously, thereby securing the port’s ability to compete against other European container ports. In line with the expansion, the Port has ordered three more Ship-to-Shore Gantry Cranes (SSGCs) and ten new Rubber-Tyred Gantry Cranes (RTGCs) from Zhenhua Port Machinery Company of Shanghai. The Jan. 2004 delivery will bring the total to 28 SSGCs and 86 RTGCs. Meanwhile, in a move that will significantly increase the volume of containers being transported to and from Felixstowe by rail and thus reduce lorry traffic, English, Welsh & Scottish Railway has started a new rail service, carrying 9ft 6”-high cube containers from the Port to Widnes.

Hongkong United Dockyards in November changed its name to HUD Group, reflecting the diversification and expansion of its business interests. A joint venture between HWL and the Swire Group, HUD specialises in ship repair and marine engineering operations and is also the largest tug and salvage operator in Hong Kong. HUD’s main business interests have diversified over the years to include non-marine activities, including automotive, electrical, mechanical and process engineering services, and container ship handling. Hongkong International Terminals (HIT) has received an award from the IT publication Intelligent Enterprise Asia, for the development of Yard Model 3, a computer simulation model for yard management systems. The annual “Intelligent 20 Awards” showcase outstanding IT implementations with high business value. The award highlights HIT’s use of computer modelling to test processes and workflows in the container yard. With limited terminal operating area, HIT continues to succeed in developing globally recognised systems and processes, handling its 70 millionth container on Nov. 11. In another development that will enhance efficiency, HIT in January launched Guider, a ship planning system that reduces by 25% the time required to create a ship profile. Developed in-house, Guider is a major advancement over previous systems, improving the flow of information between HIT and the shipping lines, and can process planning systems for vessels over 10,000 TEU in size.

Panama Ports Company has ordered five new quay cranes for the Port of Balboa Container Terminal from Hyundai Heavy Industries as part of the Port’s Phase III development programme. The procurement forms part of an expansion programme to double the capacity of the port, increasing its fleet of high-speed container cranes to eight.

Jakarta International Container Terminal (JICT) on Nov. 6 welcomed the arrival of MV E.R Canberra, marking the start of a new weekly route by the AAA Consortium, an alliance between MISC, MOL, OOCL and PIL. In December, JICT completed construction that increases its quay length by 133m, allowing it to serve larger vessels. JICT has also taken delivery of nine new RTGCs and three Post-Panamax cranes.

A new direct service has been launched by Powick (HK) Shipping between Shantou International Container Terminals (SICT) and Japan, offering a cost-effective choice to shippers.

For the first time ever, three cruise vessels simultaneously called at the Panama Ports Company. The historical milestone took place on Jan. 19 when Sun Bed from Sun Cruises, Radisson Diamond from Radisson Seven Seas and Coral Princess from Princess Cruises docked at Pier 6 with a total of 5,590 passengers and crew.
Hutchison Whampoa and Nestlé Waters in January signed an agreement for the acquisition by Nestlé Waters of the Powwow group, from A.S. Watson (ASW), a subsidiary of HWL, for €560 million.

Under ASW, the Powwow group started its European “Home and Office Delivery” water business in September 1998. It developed its activities across Western Europe through a series of acquisitions and strong organic growth to become one of the leading players in Europe.

With 1,500 employees in seven countries – France, Germany, the Netherlands, the UK, Denmark, Italy and Portugal – Powwow’s turnover in 2002 was €120 million. The transaction is a result of a major review of ASW’s European businesses following its acquisition of the Kruidvat group, one of the largest health and beauty chains in Europe. ASW will continue its Asian water and beverage businesses.
Basket of Awards Reflects ASW’s Success

Members of the A.S. Watson Group (ASW) raked in an impressive list of awards during 2002, reflecting excellent service, quality and teamwork.

- Nuance-Watson won the prestigious Hong Kong Retail Management Association (HRMRA) “Service & Courtesy” Award in the travel retail category for the fourth consecutive year.
- Fiona Chan Chun-fung of Labels received top honours in the “Supervisory Level Award.”
- Liong Kam-wa, sales manager of Fortress electrical appliance store at Ginza Plaza, won the HRMRA Service & Courtesy Award for Supervisors.
- In the “Yahoo! Emotive Brand Awards” PARKnSHOP was voted the “Brand Yahoo! Users Trust the Most.”
- PARKnSHOP also won Next Magazine’s “Top Service Award 2002” for a record 12th time in the Supermarket/Convenience Store category.
- Great Food Hall was voted “The Best Food Shop” by readers of HK Magazine.
- Watson’s Wine Cellar was voted “The Best Wine Store” by readers of HK Magazine.
- Already a “Superbrand” in Hong Kong, Watsons Water was a triple winner in the “4 A’s Creative Awards” for its latest TV advertising campaign. The “It’s Your Body – Sport” TV commercial earned an editing and cinematography award, while its “Life” counterpart also earned a cinematography award.
- The new Watsons Water bottle, launched in June 2002, won the “Best Packaging Material Printing” category in the Hong Kong Print Awards.
- ASW was presented the “Diamond Donors Award” by the Community Chest in recognition of the group’s donation drives throughout the year, which collectively raised many thousands of dollars for good causes.

Watsons Philippines Sees Rapid Expansion

Watsons Philippines opened an amazing 14 new stores in the last two months of 2002, bringing the total number of outlets to 83 within just a year of operation.

Four units were opened in Bicutan, a new shopping mall located near the Manila airport and home to Watsons’ latest expansion idea: full-service beauty departments within department stores. Watsons has opened a 5,000-sq. ft. beauty department incorporating the first nailbar and full facial and treatment room in a department store – customers can even enjoy a mud bath!