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Cover: Le Pique. Illustration by Heidi Ma
Hutchison Whampoa Limited (HWL) is the holding company of the Hutchison Whampoa Group of companies with origins dating back to the 1800s. HWL is also part of the Li Ka-shing group of companies, which together account for about 15% of the total market capitalisation of the Hong Kong stock market.

In 2000, consolidated turnover (including associates) was over US$10 billion, and consolidated net profit was approximately US$4.4 billion. With over 100,000 employees worldwide, the Group operates five core businesses in 36 countries: Ports & Related Services; Logistics; Finance & Insurance; Telecommunications & E-commerce; Property & Hotels; Retail & Manufacturing; and Energy & Infrastructure.

**Corporate**

**Roll of Honour**

Hutchison Whampoa Limited again ended the year with an impressive haul of regional and international awards from the financial media and other organisations, reflecting the Group’s ranking as one of the world’s leading companies. HWL was named in *Business Week*’s The Global 1000 (2001 Leaders). The *Asia Week* 1000 Largest Companies, *CFO Asia’s Performance 100 Ranking* and *Yazhou Zhuanke’s Top 500 Chinese Companies in the World.*

The Group also won recognition from the corporate world and was named by *Business Week* as the Best Corporate Borrower in Asia-Pacific – Conglomerate and Best Company in Asia-Pacific – Logistics. *Finance Asia* conferred no fewer than five Hong Kong-specific awards: Best Managed Company; Best E-commerce Strategy; Best Investor Relations; Commitment to Shareholder Value; and Best CFO (to Mr Frank Sixt).

*Investor Relations Magazine* picked out Hutchison in two categories: Best Communication of Shareholder Value and Best Investor Relations by a Hong Kong Company.

On the financial side, the *IFR Review of the Year* named HWL the Asia-Pacific Borrower of the Year while *Euromoney* identified the Group as the Best Corporate Borrower in Asia. Hutchison Chairman Mr Li Ka-shing was also spotlighted — by *Time* magazine in *The Time / CNN 25 Most Influential Global Business Executives.*

**Ports**

**LINE Launches Transport Link**

Logistics Information Network Enterprise (LINE) has launched Transport Link, a cross-border truck load matching service which will help reduce delivery times and save up to 15% on costs. Previously, cross-border truckers carrying loads to the Mainland had to return to Hong Kong with empty containers, and vice versa. Now, they can exchange them at Guanlan Inland Container Depots (GICD), located in central Shenzhen, about 30 km north of Hong Kong. Earlier, LINE joint ventured with Yue Yuen Industrial Holdings and its affiliate companies to provide supply-centric collaborative logistics solutions for the electronics and sports footwear industries. The new JV will also manage transportation and logistics on behalf of its customers, thereby increasing the efficiency of the flow of products from manufacturer to retail outlets on a global basis.

**ECT Acquisition Approved**

Hutchison Port Holdings (HPH) in November received approval from the European Commission to increase its stakeholding in Europe Container Terminals (ECT) to 60%. This followed the Commission’s decision to approve HPH’s acquisition of a 35% stake in July 2001. On completion of the transaction, HPH will have control over ECT, Europe’s leading container terminal operator, and will be entitled to further increase its stake in the future.

**HPH to Develop Yantian**

HPH in November 2001 signed official agreements with the Shenzhen Government and Yantian Port Group to jointly develop Phase III of Yantian International Container Terminals (YICT). A total of HK$6.6 billion (about US$846.1 million) will be invested. Scheduled to commence construction in early 2002, Phase III will be developed on 90 ha of land and will comprise four deep-water container berths. Upon completion in 2006, Phase III will have an annual handling capacity of 2 million TEU.

**Korean Terminals Acquired**


**XICT Expansion**

Hutchison Delta Ports (HDP) in September 2001 signed agreements to further invest in the expansion and development of container handling facilities at Xiamen International Container Terminals (XICT) at Haicang Port. The agreements are for the expansion of Berth No.4 and the construction of Berth No.1. Upon completion of the project, XICT will be able to accommodate 6th-generation vessels.

**applause**

HPH subsidiary HUD Automotive Services has won the U-drive sponsored “Best Automotive Service Centre of 2001” award, organised by *CarPlus* magazine.
**TELECOMS**

### New Licences Boost 3G Footprint

During the last quarter of 2001, Hutchison added three new UMTS licences to its worldwide portfolio—in Hong Kong, Denmark and Israel—increasing its 3G footprint to eight countries. Hutchison 3G HK, a JV between Hutchison (74.63%) and NTT DoCoMo, secured Block D of the 3G spectrum on offer in Hong Kong, the best available. The network is due to be operational by the end of the year. Hi3G Access, which already owns a Swedish licence, secured a 3G licence in Denmark through its wholly owned subsidiary Hi3G Denmark. In Israel, Partner Communications is also gearing up for the launch of 3G services following allocation by the Israeli government of one of three blocks of 3G spectrum licences.

### A Million More Handsets Ordered

Hutchison has placed a second order with NEC Corp, for over 1 million 3G wireless devices. Under the arrangement, NEC will begin delivery of 3G “videophones” to Hutchison’s 3G operations in the fourth quarter of this year. This is NEC’s largest agreement for the supply of 3G devices outside of Japan. The videophones covered under the agreement are all dual mode (2G:GSM/GPRS and 3G:UMTS/W-CDMA), providing maximum coverage regardless of location. As well as supporting mobile data applications, including JAVA functions and two-way video calls, the devices will include the most up-to-date multimedia services.

### Nokia to Supply Network Equipment

**SWEDEN**

Nokia has been chosen to supply the core network equipment as well as professional services for handling traffic of 3G Infrastructure Services, the jointly owned infrastructure company of Hutchison subsidiary Hi3G Access, Euroopolitan Vodafone and Orange. Nokia will also be responsible for installation, supervision, operation and maintenance of the equipment for a period of three years. While the individual operators are building their own dedicated infrastructure in Stockholm, Gothenburg, Malmoe and Karlskrona, 3G Infrastructure Services is set up to operate a common UMTS infrastructure outside of Sweden’s major urban areas.

### Football Sponsorship

**SWEDEN**

Hi3G has become an official sponsor of major football competitions in Sweden. As part of the agreement, Hi3G secures the rights to provide football content to 3G devices for the Allsvenskan, Damallsvenskan, Superettan and Svenska Cupen series, the home games of the Swedish National Team and UEFA Cup matches played in Sweden. Hi3G’s customers in Sweden will be able to view clips of the matches, replays of goals scored and access a wide range of other football-related information over their mobile devices.

### Full Funding for Italy

**ITALY**

Hi3G SpA, which is 88.22% Hutchison-owned, has secured an agreement with a 15-bank underwriting group mandating them to provide €3.2 billion (about US$2.8 billion) non-recourse and limited recourse financing for the development of its 3G network in Italy. Major equipment vendors are to provide an additional €1 billion on substantially the same terms as the non-recourse portion of the bank financing. The arrangement ensures availability of all Hi3G SpA’s funding requirements for the next ten years.

### More Suppliers Chosen

**UK** Hutchison 3G has selected ADC and E.piphany to supply software applications to enhance its 3G services. ADC, a global supplier of fibre optics, network equipment, software and integration services for broadband multiservice networks, will deploy its SingleView Convergent Billing System to support the company’s multimedia voice, data, e-mail, and information services. Earlier, E.piphany was selected to provide CRM (Customer Relationship Management) software, which provides the intelligence that drives the customer experience across each touchpoint by making real-time decisions based on analytical capabilities.

### Site Sharing Contract

**UK** Hutchison 3G has signed an agreement with GridCom of National Grid, to locate radio antennas on the company’s existing pylons. Under the agreement GridCom will be responsible for site surveying, obtaining permission from site owners and for the installation of Hutchison 3G’s telecommunications equipment. The contract covers up to 1,000 existing pylons, primarily located alongside key transport routes.

### BBC Technology Content Deal

**UK** BBC Technology has been awarded a contract by Hutchison 3G to manage the processing of audio-visual content, including news and entertainment, ensuring all services will be produced and edited to the highest standards.

### Glasgow Nerve Centre

**UK** Hutchison 3G is to set up its Scottish head-quarters in Glasgow, creating more than 600 jobs over the next three years. The operation will include a major Customer Care Centre.

### 3G LAB Joins Think Tank

**UK** 3G LAB is working with Hutchison 3G to design and develop new concept multimedia applications for the rollout of its 3G service, scheduled for the second half of this year.
Hutchison Telecommunications and Optus have announced deals to streamline their mobile and fibre capacity. As part of the mobile deal, Hutchison will transfer its GSM mobile resale base of approximately 260,000 customers to Optus for A$43 million (about US$22.48 million). Hutchison has been reselling the Optus digital mobile service for over six years. Hutchison and Optus have also signed a long-term transmission capacity agreement that includes an ongoing operation and maintenance contract. The aggregated value of this capacity deal is estimated to be over A$60 million for Optus. The transmission capacity will link Hutchison's Sydney, Melbourne, Brisbane, Adelaide and Perth operations and will support both the existing CDMA and future 3G networks. Hutchison has further signed a memorandum of understanding with Optus for the provision of national roaming services to its 3G customers.

**Paying by Phone**

Hutchison Telecom, Visa International and Dao Heng Bank have formed a partnership to develop a mobile payment service using Mobile 3-D Secure, a global specification that ensures the security of payments via mobile phones and other wireless devices. Mobile 3-D Secure is an easy-to-implement, globally interoperable payment authentication solution that can be tailored to different regional and local wireless networks including GSM, CDMA and, in the future, 3G. Hong Kong will be the first city in the world to conduct “live” mobile commerce payment through the service.

**Credit Facility to Boost HGCL Infrastructure**

Hutchison Global Crossing, which owns and operates Hong Kong’s largest all-fibre-optic network, has secured a HK$4.4 billion (about US$564 million) syndicated term loan, arranged by ABN AMRO Bank, Citibank / Salomon Smith Barney and Commerz (East Asia). The proceeds will be used to boost the company’s development in network infrastructure.

**Disney Downloads**

Hutchison Telecom has joined forces with Walt Disney Internet Group to distribute Disney branded wireless content over its Orange Dualband and CDMA networks. The service includes downloadable content based on Disney’s popular characters, including screensavers, wallpaper, logos, e-cards and ring tones.

**Roaming the Mainland**

Hutchison Telecom has signed an agreement with China Mobile to jointly develop a high-speed GPRS roaming service covering major cities in the Mainland, including Beijing, Shanghai, Guangzhou and Shenzhen.

**Hutchison Telecom HK** has been awarded the “Best Practice Partner” title in all three categories of a Customer Service Consortium Benchmarking Study conducted by the Hong Kong Productivity Council. Hutchison was the only organisation accredited with three titles: Call Centre, Service Centre and Billing.

**Powwow’s Production Plant**

Powwow, the biggest water cooler company in the UK, has opened a new £5 million (about US$ 7.7 million) production centre in Fillongley, Coventry. The new plant also manufactures water cooler bottles, marking a first for the UK water cooler industry, which has traditionally relied on offsite suppliers.

**Refreshing New Image**

Adding to its pure distilled water line, Watsons Water recently introduced a new product—Watsons Distilled Water with Minerals—to provide greater choice for consumers.

**PNS Opens 11 Stores**

PARKnSHOP Hong Kong opened 11 new stores in the fourth quarter of 2001, creating over 1,000 new jobs. The expansion takes the number of supermarkets operated by the chain to over 200, including 50 new-generation superstores, and the number of employees to around 10,000.
TOM Continues on Acquisition Trail

TOM announced in December that it had entered into an agreement to acquire up to 100% of Business Weekly Publishing, Taiwan’s leading Chinese-language magazine and book publisher. Under the agreement TOM will acquire Business Weekly and two of its subsidiaries—Nong Nong Magazine Co. and Business World Consulting Co. TOM also has the option to acquire Business Weekly’s four other businesses—E-Business Weekly Publishing, To’go Publishing, Sunbright Publishing and Abovewebs.com. A month earlier, TOM agreed to acquire 100% of Sharp Point Publishing Co., Taiwan’s largest youth magazine and book publisher. The deals make TOM the largest magazine and book publisher group in Taiwan. In the Mainland, TOM announced that it would acquire 100% of China Travel Network Co. (CTN) and, under a separate agreement, 45% of itravel Ltd. (itravel) from CTN Holdings. TOM already owns 55% of itravel, which operates the travel website GoChinaGo.com. Building on its Internet business, TOM’s broadband Internet value-added service subsidiary, Beijing GreaTom United Technology Co. (GreaTom), has formed a strategic alliance with KT Freetel Co., a subsidiary of Korea Telecom, to jointly develop wireless Internet multimedia services in China.

ESDlife (esdlife.com), the award-winning bilingual portal delivering both government and personal services in Hong Kong, launched Hong Kong’s first Online Government Bookstore in October 2001. Users can now buy Hong Kong SAR Government publications by visiting bookstore.esdlife.com. In January this year, ESDlife also launched wedding.esdlife.com to assist couples with their wedding arrangements.

Husky’s Spending Plans

Husky has announced a capital spending plan of C$1.4 billion (about US$ 878.9 million) for 2002. The company will invest C$1.2 billion in its upstream segment, with spending focused on oil and gas production in the British Columbia foothills and the Alberta Plains. Capital expenditures in the frontier and international areas are set at C$210 million with spending focused on the Wenchang Offshore China Exploration Project and the White Rose development. Capital expenditure in the midstream segment is expected to total C$130 million with C$92 million allocated for the Husky Lloydminster Upgrader.

VIP Visits

Indonesian President Megawati Sukarnoputri, in Shanghai to attend the APEC summit last October, hosted a dinner party at Seasons Villas Clubhouse for the city’s Indonesian community. Impressed by the first-rate services provided, the President expressed her appreciation to the management of Hutchison Whampoa Properties, which developed the property. Around the same time, international singing star Robbie Williams joined a long list of celebrities who have chosen to stay at the Harbour Plaza Hong Kong. Williams checked in during the Hong Kong leg of his Asian tour.

Energy & Infrastructure

The Government of Newfoundland and Labrador, as well as the Federal Government, announced in December they had accepted the findings of the Canada Newfoundland Offshore Petroleum Board Report, which approves Husky Energy’s proposals to develop the White Rose oil field. Husky is currently working towards partner sanction with its JV partner Petro-Canada, and has set a “first oil” target date for 2003. Meanwhile, Husky has also signed a MOU with the First Nation people of Frog Lake and Kehewin Cree to set up a workforce base to promote education and employment. Husky now has agreements with five First Nations: Frog Lake, Kehewin Cree, Woodland Cree, Lubicon Cree and Loon Lake.

Property & Hotels

Fresh, Fishy Idea

Corporate travellers to Hong Kong no longer have to return to an empty hotel room after a long day in the city. Not since Harbour Plaza North Point started providing company for its guests. The hotel has a number of aquarium fish, which it places in the rooms of travellers (in fishbowls, of course) to offer companionship during those lonely nights away from home. The creative idea recently caught the attention of the Hong Kong Tourism Board, which bestowed the “Bingo Award” in recognition of this novelty in hospitality.

Hutchison Whampoa Properties has named the “Golf Club with the Best Club Service” award-winning bilingual portal delivering both government and personal services in Hong Kong, launched Hong Kong’s first Online Government Bookstore in October 2001. Users can now buy Hong Kong SAR Government publications by visiting bookstore.esdlife.com. In January this year, ESDlife also launched wedding.esdlife.com to assist couples with their wedding arrangements.

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A timely donation gives a boost to PolyU’s initiatives of providing life-long learning opportunities.

By Cynthia Wan

On a sunny morning on December 4, 2001, students, academics and honoured guests gathered in the shade of Hong Kong Polytechnic University’s newest building to officially name the 18-storey tower after one of its chief benefactors.

Located at the heart of the campus, the Li Ka Shing Tower forms the centre-point of PolyU’s Phase VI development project, blending in seamlessly with the campus’ signature redbrick outlook, yet standing out as a distinctive architectural landmark. The overall design incorporates two basic forms prevailing on campus: blocks and cylinders, with interlocking geometrical glass and brick forms creating a sense of symmetry and solidity.

The naming came in recognition of a HK$100 million (approximately US$12.8 million) donation made by the Li Ka-shing Foundation in support of the University’s mission to achieve “academic excellence in a professional context”. The building provides a total gross floor area of about 22,500 sq. m., greatly increasing the facilities available on campus. It accommodates 500 computer workstations, classrooms, lecture theatres, administrative offices, academic departments and staff restaurants while the top floor will serve as the Campus Headquarters, occupied by the University President, council members and the senate.

The tower stands on the former site of the Main Building, which was opened in 1957 at the then-Hong Kong Technical College. The HK$500-million construction fee was sponsored by the University Grants Committee, the funding allocation agency for all public universities in Hong Kong.

Construction commenced in early 1999 and the building was opened for occupation in phases from October 2000.

Students at PolyU were delighted with the new addition: “The 500 new computers will make a tremendous difference,” said English major Natalie Cheung. “Demand for work stations has been exceeding supply, especially during exam periods. This will help us all do better.”

Alex Leung, a first-year Tourism student, said he was eager to check out the new software available and to attend classes in the new lecture theatres. “Excellent facilities help produce excellent results,” he said.
University President Professor Poon Chung-kwong said Mr Li was well known for his views that education and a society's economic development are closely linked. “His donation is a demonstration of support for PolyU’s goal of forging ‘dedicated partnerships with business and industry’ and its motto ‘to learn and to apply, for the benefit of mankind’.”

The working class of Hong Kong previously had few opportunities to continue their education. The financial support provided by Mr Li Ka-shing is a donation not only to the PolyU, but also to Hong Kong as a whole, Professor Poon added.

“With the donation going to lifelong learning and the development of small- and medium-sized enterprises, we believe the community will benefit both directly and indirectly.”

The HK$100 million from Mr Li—the biggest personal donation ever received by PolyU—came as a godsend to the University’s ongoing, self-financed initiatives to provide education opportunities for mature and working students, as well as to enhance the competitiveness of business and industry.

The money will directly benefit the University’s School of Professional Education and Executive Development (SPEED) and the Institute for Enterprise (IE), which together offer over 1,170 programmes each year to more than 26,000 working adults.

SPEED is taking steps to expand its Associate Degree programme offerings and has submitted a proposal to the Government to establish a Community College, which, if approved, will be able to draw on the donation to assist students whose tuition is not subsidised.

The IE offers professional services to enhance the competitiveness of business and industry. It provides a self-financed one-stop-shop for companies and organisations wishing to make use of the University’s professional services in new technology and product development, management and executive training, and enterprise and business development.

Professor Poon said Mr Li’s support was particularly meaningful in a changing economic environment. “As Hong Kong heads towards a knowledge-based economy, Mr Li has enthusiastically donated towards the development of higher education to help strengthen its pool of talents. His vision and support for us thus means much more than sponsoring PolyU and tertiary education, it is about enhancing the competitive edge of Hong Kong as a whole.”

### The 3Qs of Success

**Mr Li Ka-shing’s Naming Ceremony Speech**

When my colleagues learned of today’s topic, they offered an abundance of diverse opinions. Some thought 5Qs would be more encompassing than just 3Qs and some said an infinite number of Qs would be required to cover everything. Well, everybody knows that I am neither a scholar nor am I presenting a paper today. I just want to share some of my observations and knowledge, drawn from reading and filtered through my experiences in life.

Is there a QED (quod erat demonstrandum) formula for success that holds true everywhere and always?

Each and every one of us may have grandiose visions and dream great dreams. The demarcation, of course, is whether we are able to turn our dreams into reality.

When we triumph, will we continue in our pursuit of excellence? When we fail, will we become fixated by nostalgia and fall into a dark abyss of despair? In life we all have to face tough impositions that at times cut right through us like chilling winds. That goes for the most learned and the most successful, and likewise for me. Like everyone else, I also have my share of unfulfilled dreams, disappointments, disillusionments and anger. And I have wept when sadness has taxed my soul.

Life, with all its complexity and ever-changing nature, is a perennial challenge. Our IQ helps us gauge problems cerebrally, logically and analytically, enabling us to acquire the technical skills and professional expertise that helps us navigate our course.

Our EQ (emotional quotient) guides us through self awareness and empathy, strengthening the “esprit de corps” in the family and in school as well as at work. Our SQ (spiritual quotient) is the compass that guides our quest for values and beliefs as we encounter life’s qualitative differences with independence of mind, critical thinking and creativity. SQ transforms experiences into sagacity, empowering us with perseverance and countenance.

For me, all three Qs are equally important. Together they add up to much more than the sum of their parts. Today, the global economic outlook is certainly not encouraging. This downturn makes life more difficult. Unfortunately there is no perfect solution in such times of change, which adds to the hardship, and there is no reassurance that our problems will ease shortly.

The wise have long realised that today is no longer yesterday; change, whether desirable or not, is inevitable. Even if devoid of immediate solutions, these wise individuals will not be paralysed into malady and inertia. They focus on the positive over the petty and paltry. They know that facing life’s vicissitudes proactively is part of what makes life worth living and that accumulating experiences fortifies the foundation of success. Even if their trials and tribulations persist they will prevail, because they are enterprising and ready for all possibilities.

Dear friends, we all at times wish for a magic wand that will bring us success by a mere wave of our hands. Some are totally consumed by this thought, yet the best of what we are lies in what we hope to be. In the book of life, each of us is the author of the chapter of our success.

Thank you very much.
MAKING WAVES

In one short year on air, Metro Finance has established itself as Hong Kong’s leading financial radio channel.

By Yulanda Chung

Lights, microphone, action! Surrounded by three microphones, four computer monitors and two video cameras, presenter Heung Shu-fai is unfazed by the myriad of multimedia equipment before him and appears utterly relaxed when he takes his first phone call from a listener. He talks knowledgeably about the latest market news and passes on snippets of gossip from the corridors of power. Gesturing with a hand pointed skyward, he forecasts a bullish market opening. The image is fed live to a giant TV screen on the wall of The Center building which can be seen from the studio situated on the 1st floor of the same building in Hong Kong’s Central district. Not only must Heung keep talking; he has to keep smiling for the camera too.

Pedestrians on their way to work watch the huge TV screen unblinkingly for their first dose of financial information, a stimulant more uplifting than their morning cup of coffee. Meanwhile, listeners in households, vehicles and workplaces throughout the city tune in to FM104 Metro Finance for the latest financial news and stock movements.

Hong Kong investors are known for their aptitude for finance and investment. They shout, “sell”, “buy” and “hold” faster than they order their favourite dim sum. After a year on air, Metro Finance has emerged as a star player in this investment playground.

Business tycoons and “finance jockeys” are elevated to celebrity status, hounded as ferociously by the paparazzi as are film stars and artistes.

Both entertaining and informative, Metro Finance is the World’s first and only round-the-clock Cantonese radio channel devoted to financial news. Launched on February 5, 2001 by the Metro Broadcast Corporation, one of Hong Kong’s three radio stations, Metro Finance has just celebrated its first anniversary. During the year, it has grown into a household name. Listeners tune in for up-to-the-minute stock quotes, investment advice and 24-hour financial information. Celebrity host Heung Shu-fai begins every trading morning with a spirited 7.30am on-air “breakfast meeting”, followed by a phone-in programme “Stock Exchange Live”.

In a city where politics and business rub shoulders, the station enlists the help of media veterans like Ng Ming-lam to report on public affairs.

Lifestyle programmes hosted by movers and shakers in the Hong Kong
business scene are also popular. Moguls, who are usually in great demand for their business insights, chat about everything but business “on the other side of the microphone”.

**BRIGHT IDEA**
The idea of launching a radio version of popular 24-hour financial TV channels was born out of a conversation in the summer of 2000 between Hutchison Whampoa Group Managing Director Canning Fok and Metro Broadcast CEO Kam Kwok-leung. They spotted a gap in the market nobody in Hong Kong broadcasting had attempted to fill—a channel in which serious financial news is delivered in a fast, accurate and entertaining way. Metro Finance was also a timely introduction by the ten-year-old Metro Broadcast, which also runs Metro Showbiz (FM99.7 – 102.1) and Metro Plus (AM1044). After the conversation had taken place, everything else happened at lightning speed. Kam flew to Toronto himself to recruit seasoned media man Sung Man-hei as the channel’s Chief Operating Officer.

“I arrived in Hong Kong on October 31, 2000 and started working the next day. I was the only employee then,” Sung recalls. “I scratched my head at that time, wondering how I’d be able to get a channel up and running in a few short months.”

Fortunately for Sung, the burst of the dotcom bubble had liberated many experienced journalists onto the market, and he snapped up many of them for the new channel.

...consistently the first among the media outlets to bring breaking financial news...

Metro Finance’s winning formula goes beyond just reporting financial news. It is consistently the first among all the media outlets to bring breaking financial news to the public. By its very nature, radio is a medium well suited to delivering information almost instantly. Besides being a very convenient medium for the audience, who can listen to the news without having to read or watch, broadcasters can turn information around far more quickly than print or TV journalists. When news breaks, it can be inserted into a programme at any moment without the time-consuming need to go to print or edit video footage.

The station was among the first to report the September 11 attacks in the US, and also provided overnight coverage of the New York Stock Exchange when it opened four days later.

Senior government officials in Hong Kong, such as Chief Secretary Donald Tsang and Financial Secretary Antony Leung, also paid courtesy calls to Metro Finance after their policy speeches, ahead of the other media.

Trading action does not cease just because the Hong Kong market is closed. Investors nowadays recognise no borders or time zones, putting their money wherever opportunity beckons, so Metro Finance’s round-the-clock operations offer them a strong advantage. Presenters and journalists are on duty at the studio night and day to report the latest stock movements, keeping investors up-to-date with the action in the US, Europe and the rest.
of the world. “After Hong Kong has closed, Wall Street opens” says Sung, “so after 10.30 at night is another peak period for us.”

**Pulling Power**

Thanks to the staunch and resourceful support from its parent companies, in the short year of its existence Metro Finance has established a credible name unmatched in the industry. As a result, it has been able to invite media-shy personalities to appear exclusively on Metro Finance. Celebrity guests and hosts have included Frederick Ma and Francis Yuen, Executive Director and Vice Chairman of Pacific Century CyberWorks respectively; Francis Leung, Chairman of Salomon Smith Barney Asia, also nicknamed “The King of Red Chips”; Charles Chan, chairman of ITC Corporation; Vincent Cheng, Chief Executive of Hang Seng Bank; David Li, Chairman and Chief Executive of Bank of East Asia; and T. C. Chan, Country Corporate Officer of Citibank. And the list goes on.

Such a stellar gathering draws great numbers of listeners. “On one occasion we had fans waiting outside our studio for Francis Yuen’s autograph,” Sung reveals. “They almost broke down the glass doors.”

“We have no problem attracting top analysts to appear on our shows.”

Securities houses are supportive, too. “We have no problem attracting top analysts to appear on our shows,” says Sung. “In fact, we have a couple of programmes sponsored by them. They see the value of using Metro Finance as a platform.”

Quality research reports are made available to the masses; in return, Sung says, these companies gain broking business and brand recognition among their target audience.

Because of the tremendous influence the guests and hosts of Metro Finance wield, the channel commands the attention of a predominantly “high-net-worth” audience.

One evening, a woman listener phoned in and asked the programme host, an investment adviser, a ten-million-dollar question: “I have HK$10 million (about US$1.28 million) sitting in my account, what should I do with it?” she asked. Sung admits he is always surprised by just how “loaded” his listeners are, and this puts further pressure on him to be sure of every piece of information released.

**Market Niche**

The Metro Finance team’s hard work and diligence have paid off. According to a research survey conducted by the
University of Hong Kong Public Opinion Programme, the channel ranked top in October 2001 in radio audience numbers (27% of respondents). The channel also scored the highest ratings for its performance in terms of speed of news delivery and the level of professionalism of its programme hosts—far higher than competing channels.

Advertisers are happy to know that a significant proportion of the channel’s audience is aged between 30 and 49 (59%) and nearly half of them are professionals, managers, executives or owners (47%) with high incomes and greater purchasing power. About 48% has a personal monthly income of HK$20,000 or above while 43% have a university education.

The survey results, Sung reveals, match the forecasts. “Our focus groups were spot on. They provided us with a precise picture of what our future listeners should look like—and we got them.”

Apart from on-air programmes, Metro Finance also organises many off-air events to foster loyalty among listeners. Three investment seminars held in 2001 were jam-packed with over a thousand people attending, hungry for personal investment advice from high-profile hosts and speakers.

The channel also hosted a Young Investor Gala competition in August last year to capture the attention of the younger generation. The participants, all university students, played simulated stock-buying games and performed company analysis, displaying deep knowledge and savvy investment sense.

Metro Finance is constantly building on the success of its brand and listener loyalty. “We would not be surprised to hear a Metro Finance Club in the future,” envisages Sung. “That would be our long-term goal.”

Metro Finance has made an impact not seen before in Hong Kong’s broadcasting industry. What makes it all the more remarkable has been the speed with which it has achieved its goals. But even as the champagne corks pop to celebrate its first anniversary this February, Metro Finance has no intention of resting on its laurels.

“We’ve made some aggressive growth forecasts for 2002 that far exceed our already booming ratings,” Sung says. As The Year of the Snake draws to a close, the Year of the Horse will see Metro Finance galloping to a higher level. Stay tuned.
It’s not only about location, location, location. The property market, as history keeps reminding us, can be a fickle game. Fluctuating economies, land prices and interest rates mean the financial landscape is perpetually changing as the laws of supply and demand adjust. Yes, location helps. But in such a complex, unpredictable game, timing is just as critical.

Take Le Parc, in the Southern Chinese city of Shenzhen, for example. When the first phase of this 26-tower residential development came to market in mid-2000, prospective buyers queued outside the sales office for an entire week—day and night—hoping to secure a unit. By the time the sales office opened on July 1, the queue had swelled to over 1,000, and the 800 units on offer were snapped up almost immediately. Yet not everyone had foreseen how successful the project would be. In fact, when Hutchison Whampoa Property (HWP) bought the 1.68 million-sq.-ft. site from the local authorities in the wake of the 1997 economic crisis, rival developers, uncertain of the economic future, had all dropped out.

Hutchison Whampoa Property Group has helped shape the Hong Kong skyline. Now it’s applying its hard-won expertise further afield.

By Tim Metcalfe

Westgate Mall, a commercial development in Shanghai that has proved to be a hit with both tenants and the public.
“But we realised the location, next to the government offices and cultural centre, was one of the best in Shenzhen,” says HWP Managing Director Raymond Chow. “We could see it was going to be at the heart of the new city centre.”

Market demand is also critical. “There was not much of an expatriate market,” recalls, HWP Deputy Managing Director Tony Tsui, “but we sensed affluence was growing in Shenzhen. So, for the first time, we targeted the local Chinese market. We adapted what we had learned in Hong Kong”.

With around 3,200 flats, duplexes and “skyhouses” as well as schools, a clubhouse and shopping facilities, enhanced by a unique European-themed landscape design, Le Parc is the largest-ever luxury property development in Shenzhen.

**Smart-Living Plus**

For expatriate businessmen on short- and long-term contracts to Hong Kong, the biggest challenge of all can be settling into temporary accommodation. Besides the relatively high rents, an obligatory two-month deposit must usually be paid to the landlord, not to mention the cost of signing up for electricity, water and furniture. Factor in cleaning and laundry, and the bills mount higher.

An Internet service (preferably broadband) is also crucial. Plus a TV and music. Then there’s the fee for joining a fitness club. And will there be a place for our hard-working businessman (or woman) to relax beside a swimming pool on sweltering days off? The entire process can amount to a logistical and financial headache.

This is where Harbour Plaza Hotel’s innovative accommodation concept comes in.

Smart-Living Plus has become an extraordinary success story. Prices start at just HK$6,000 per month (about US$769), rising to HK$20,000 all-in for stylishly furnished serviced suites in a modern development, complete with sitting and sleeping areas, bathroom, pantry with refrigerator and microwave, and with easy access to superb recreational facilities plus convenient commuting links.

But that’s only the start of the value-added package. This arm of Hutchison Whampoa Property is literally “re-defining” the way Hong Kong lives, not only by including everyday necessities and facilities in the fixed price, but even defying
local convention by scrapping deposits. Guests sign up for as long as they like on a flexible contract, pay a month’s rent, and move in. Just like that.

Traditional Hong Kong landlords might shudder at the thought. After all, the deposit system is designed for security—in case a tenant skips town owing rent. More cynically, the down payment is also a lucrative, interest-free nest egg.

But the Smart-Living Plus concept is anything but traditional. “We’re treating people how we would want to be treated—with an element of trust,” says Stephen Chu, Deputy General Manager for Leasing.

The entire concept of Smart-Living Plus is simple, straightforward and painless, even the licence agreement. “We’ve shredded the paperwork right down to just one sheet.”

Harbour Plaza Resort City, set beside a giant park in the modern “garden city” of Tin Shui Wai, is the flagship for Smart-Living Plus.

The two towers housing 1,102 suites overlook the Mainland China border but modern freeways place it just 35 minutes to Central, and 45 minutes to the airport at Chek Lap Kok. A bus terminal adjacent the complex serves the Mainland border (convenient for guests working in China) as well as the rest of Hong Kong, and there is also a Light Rail Transport terminal.

The commercial concept is simple: to offer an affordable product tailored to the requirements of a specific market sector.

“Traditionally, Hong Kong people regarded a hotel stay as a luxury rather than an affordable long-term option,” Chu explains, “so we set about changing these perceptions.”

At Harbour Plaza Resort City, for example, the Company earmarked Cathay Pacific and Dragonair cockpit and cabin crew as potential guests, consulting with them even before the development was completed.

Not only was a regular shuttle-bus service to the airport important, it emerged, but a connection to every conceivable CX or Dragonair flight in and out of Hong Kong. The shuttle times were therefore co-ordinated.

Flight attendants, in particular, also expressed concern over security; so a professional Gurkha guard-force was installed. Aircrew even have their own dedicated computer in the lobby to check flight-times and company e-mails.

As a result, aircrew now represent a sizeable proportion of the guests at Resort City.

Finally, the consultations showed potential guests were looking for shopping, although that required no special effort: Resort City is in the middle of Tin Shui Wai’s modern shopping centre with 200 outlets, including one of the biggest PARKnSHOP supermarkets in Hong Kong, and eight cinemas.

While the product was originally targeted at busy, Hong Kong salarymen, the concept has also become a big hit with expatriates. Resort City is the first choice for a sizeable contingent of Japanese businessmen, some accompanied by their families, as well as British and Australian construction specialists contracted on various infrastructure projects.

“It sounds like a cliché, but Smart-Living Plus really is value-for-money,” says Chu. “The concept has become so competitive that many local Hong Kong families have moved in, too.”

Local mothers and children, in particular, are regulars at the tai-chi, aerobics and dancing classes organised daily at The Club Fitness & Spa, where everything except massage and beauty treatment is free to guests.

“We have the most high-tech facilities in the New Territories,” notes Spa manager Venus Vargas.

Smart-Living Plus has proved to be a smart strategy. “Hong Kong’s accommodation market is a completely different animal from five years ago when everyone was forced to pay through the nose,” says Chu. Competition is tougher and we have become more guest-oriented. We listen very carefully to our guests’ needs. That’s how we came up with Smart-Living Plus in the first place.”
A Real Estate E-Revolution

While observers may wonder whether dotcoms are overly bold ventures during a downturn in the sector that has witnessed bubbles bursting all around, Hutchison Whampoa Properties (HWP) is keeping an "e-step" ahead of real estate competitors by harnessing the Internet with two new portals.

Hutchison Premium Services websites (www.hps.com.hk and www.hps.com.cn) aim to create "the first truly intelligent" homes and offices for the Group's property developments on both sides of the border; and Pacific Property Net (www.pacificproperty.net) is positioned to become China's first online real estate agency.

These two portals are nothing like the infamous get-rich-quick dotcoms that have made headlines around the world, says Raymond Tam, Finance Director at Hutchison Whampoa Properties. Instead, they are aligned principally to support the Group's property interests—embracing Internet technology to provide value-added services to tenants with Hutchison Premium Services (HPS) while creating a real estate revolution in China with Pacific Property Net (PPN).

"The failure of most dotcoms has been down to people thinking of an idea for a business they are not in, and knowing nothing about," Tam explains. "This is what we call the horizontal approach. But our approach to e-business is vertical. The two portals both compliment existing businesses and have a specific value-added purpose. It's another medium through which to communicate with our customers and improve our service to them."

HPS, he says, is primarily a tool to improve the Group's real estate management services and customer relations. Residents of HWP developments will benefit from online concierge and hospitality services, ranging from e-shopping and payment of utilities bills to booking sports facilities at estate clubhouses or keeping track of neighbourhood social events through noticeboards and chatrooms.

Commercial tenants will be "clicking" for such services as laundry, florists and booking of function rooms.

The first "pilot" site has recently been launched at HWP's prestigious new development, Shenzhen Le Parc. In stages it will extend through the Group's estates, apartments and offices in both the Mainland and Hong Kong.

PPN, on the other hand, is supporting a conventional "offline" property consultancy recently launched by HWP in Beijing, Shanghai, Shenzhen and Dongguan. Although it highlights Group developments and serves as a purchasing and leasing platform for them, its scope is extending to landlords, tenants, owners and developers across China.

Property can not only be bought, sold or leased on the website, but an extensive database of customers, transactions, details of developments, latest listings and property market news and analysis provides a complete, interactive, high-tech gateway to the Mainland's real estate industry.

"Essentially, it integrates the supply and demand chains online," says Tam. "Pacific Property Net is leading a revolution in the China's real estate industry."
LAYING THE FOUNDATIONS

Hutchison has honed its skills at home, Hong Kong's fortunes, especially over the last 20 years, have been built on real estate, and the Group's property arm has been a major player from the start.

A century ago, the Hutchison Group ran one of the earliest dry-docking and ship repair operations in Hong Kong. Inevitably, as Hong Kong developed into the principal gateway to China, Hutchison's port operations moved to Kwai Chung.

The timing was perfect. Kwai Chung quickly became the world's busiest port while the redundant docks at Aberdeen and Hung Hom became the birthplaces of Hutchison's property development business.

"In retrospect," says Chow, "all the pieces fitted perfectly together."

By the mid-1970s Hong Kong's middle-class was growing at a frantic pace. But the one thing affluence could not buy, it seemed, was space. Yet space was the Hung Hom dockland district's biggest asset. Hutchison's first major development, the 814-unit Hung Hom Bay Centre, may have been a tiny undertaking by today's standards, but it had plenty of room to grow.

The district has now been integrated into Whampoa Garden, the first of HWP's "garden cities," housing over 40,000 citizens who have space to stroll outdoors or browse in modern shopping malls, space for schools and clinics, and space to have fun. The fun element is exemplified by a quirky symbol in the midst of the district's shopping and recreational complex. The Whampoa, built in the shape of a ship and "berthed" in the original No 1 Dry Dock, has become an enduring landmark.

Over at the Aberdeen docks, a similar approach was adopted with pleasant "garden city" living at affordable prices.

By the mid-1990s, the business of altering Hong Kong's skyline and accommodating a fast-growing population accounted for the largest portion of the Group's profits.

In percentage terms, property is no longer the cornerstone it once was for Hutchison. Today, Group interests are widely diversified into five core sectors. But the Property Division's present contribution to profits remains significant and, as Raymond Chow notes: "The rest of the Group has grown on the strength of property returns."

Significantly, HWP is now spearheading Hutchison's massive investment initiatives into Mainland China.

“Even before construction starts it’s important to know your customers and what they really want.”

STRATEGIC BLUEPRINT

At both Whampoa Garden and Aberdeen, HWP developed a formula of selling homes while maintaining ownership of shopping centres, food outlets and offices. This brought continuing rental income and ensured standards were maintained. Many other developments followed a similar formula: the Provident Centre, Laguna City, South Horizons, Belvedere Garden, Tierra Verde and The Paramount all bear the distinctive HWP stamp.

Throughout, HWP’s philosophy has remained the same: first, build quality but still-affordable housing incorporating shopping, recreational facilities and even schools to create communities. Next, create commercial premises that attract businesses...
that create employment—and complete the self-contained picture. The challenge throughout has not only been about identifying new markets but also understanding the market’s aspirations and providing customers with what they want.

**Branching Out**

With the benchmark set, HWP has now extended far beyond its traditional “territory”. Having fine-tuned its craft in Hong Kong, the Group is now applying its expertise across the globe, with interests in the UK (see story, p.20), Singapore, Japan and even the Bahamas. But by far the biggest market of all is in the Mainland.

“We’ve been watching China for a long time,” says Chow. “Since the late 1970s, we’ve seen market conditions improving there on a daily basis. Initially, what attracted us was the tremendous increase in the number of expatriates.

“There was obviously going to be a demand for quality housing with the kind of facilities that expatriates expect, including landscaped areas and international schools.”

The southern city of Guangzhou was chosen as the site of HWP’s first foray across the border because multinationals like Procter & Gamble, Nike and IBM had all established major manufacturing facilities in the region.

With that niche market in mind, The Greenery, a low-density, self-contained residential estate of 208 duplex and apartment units surrounding a landscaped garden, was developed in Guangzhou’s new commercial centre of Tianhe. Facilities included a clubhouse with squash and tennis courts, a gym, children’s play area, swimming pool, snooker room, international school, clinic and plenty of car parking, plus a shuttle bus service to the city.

It was just what the market was missing and canny investors, many from Hong Kong, snapped up the properties, reaping a 25% investment yield. Similar excitement is expected over Guangzhou Huangsha, a “City Oasis” above the Huangsha underground railway station with 2,000 deluxe residential units, clubhouse and a shopping mall.

**Doing the Homework**

Before a brick is laid, Chow explains, HWP abides by a tried and tested strategy. “We have an entire Development & Marketing Department, now numbering 204 staff, mostly in China, who identify sites and ascertain economic trends and demand. Their information helps us to formulate strategy.”

“It’s also a case of taking new ideas to the market,” adds Tsui. “There are a lot of developers in China and the market is highly competitive. We strengthen our competitiveness and reinforce our edge over our rivals by developing quality products that are unique to the market.”

That strategy is being applied throughout China, with HWP’s interests extending from Beijing, Shanghai, Qingdao and Chongqing to Guangzhou, Shenzhen, Dongguan and Zhuhai.

In Shanghai, for example, Chow points to the success of Westgate Mall, a 1.05 million-sq.-ft commercial development at Nanjing Road West. The location may have seemed in direct competition to the neighbouring CITIC Square and Hang Lung’s Plaza 66, but for one crucial difference.

HWP judged that the neighbours were pitching “too upmarket”. So Westgate Mall secured anchor tenants “a level down” and combined them with more prestigious outlets
including Burberrys, Ermenegildo Zegna and Versace. The office tower, meanwhile, has attracted many well-known multinationals.

“We had a specific target and got results. Our business is much better than the competition’s now,” Chow says. “Everyone in Shanghai knows Westgate Mall. It always goes back to one thing: positioning the product right.”

“Even before construction starts,” adds Tsui, “it’s important to know your customers and what they really want.”

On those principles, offices, flats and shops at Phase 1 of Walton Plaza in Shanghai were pre-sold before they even opened, and HWP is currently extending it with prime offices and luxury apartments scheduled for completion in 2004.

Meanwhile, over in Shanghai’s Pudong Huamu district the Seasons Villas development, comprising houses and apartments for over 500 mainly expatriate families, is nearing completion and plans are already underway to build an adjacent complex.

The deluxe Shanghai Gubei Project targets affluent local buyers as well as overseas Chinese, including people from Hong Kong and Taiwan.

“Building for your customers,” repeats Raymond Chow, “is akin to an HWP mantra.”

One customer, Tsingtao Beer, liked The Qingdao Pacific Plaza so much that it purchased the entire 19-storey office building for use as its headquarters. The complex also comprises four high-rise apartment blocks, garden duplexes a clubhouse and a shopping centre.

**TOP FLOOR**

Prestige can count a lot in certain circumstances, says Chow, which is why HWP employs world-class architects like Norman Foster and Richard Rogers (see story, p.20).

And you don’t get much more prestigious than Beijing Oriental Plaza, the biggest integrated commercial development in the capital. Located on a 1 million-sq.-ft. site in the centre of Beijing, abutting both the prestigious Changan Avenue and the famous Wangfujing Street, it incorporates a grand shopping mall, eight Grade-A office towers, deluxe apartments and a five-star hotel. The US$2 billion project nearing completion is set to consolidate HWP’s position as a premier developer in the Mainland.

Closer to Hong Kong, Zhuhai is buzzing with excitement over its largest-ever development at HWP’s Mediterranean-style Horizon Cove, while in Shenzhen, the next phase of Le Parc goes on sale soon.

With 21 projects so far in China, Chow says HWP’s future over the border appears limitless. He anticipates selling 4,000 units a year in the Mainland for the next decade—or four times the number being sold today.

But he is also cautious about expanding too fast. “We could go to any city and I’m sure we would make money,” he says. “But it would become harder to monitor our developments with too many offices expanding too fast. We’re focusing on keeping everything under control to ensure we develop the best quality products.

“Although we’re newcomers to the Mainland market, we’ve established a reputation as a quality, reputable developer, not only of prestigious residences but also of large-scale shopping malls, intelligent office towers, world-class hotels and even golf courses. And we intend to keep that reputation. We’re moving steadily on the right track.”
The 181,000-sq.-ft. site—adjacent to the River Thames between the historic Battersea and Albert bridges and overlooking the best of the city’s skyline—was one of the most promising in London.

It is rare for such a large space to become available but this one did, thanks to a warehouse and a neighbouring bus depot being sold off at the same time. The plan was to build something special.

Hutchison Whampoa Property had been interested in the area—Battersea—for some time, having already successfully developed the Montevetro tower with joint venture partner Taylor Woodrow Capital Development a short distance downstream. In times past, there was something of a stigma attached to the area, but the development of attractions such as the Tate Modern art gallery has changed perceptions considerably.

The Richard Rogers-designed Montevetro project proved that people would buy luxury apartments on the once-unfashionable South Bank. HWP wanted to make the most of the view, and in turn to create something distinctive and eye-catching when viewed from the North Bank, so internationally renowned architects Foster and Partners were called in to design a landmark building, their first residential development on this scale.

In October 1997, Professor Bill Hillier of the University of London’s Space and Syntax Laboratory assessed the site. He plotted the best lines down to the river and came up with a “spiral geometry”. Plans for a 21-storey glass-and-aluminium building were drawn up, incorporating a staggered curve based on the lines of a seashell to give the north facing units the maximum possible river view.

But there were problems. The site, opposite the historic Cheyne Walk in Chelsea, was sensitive to development and the first objection came from English Heritage, the Government-sponsored buildings watchdog, over the proposed height.

So, taking these concerns into account, the architects went back to the drawing board on a 16-storey design.

Revised plans were submitted in mid-1998, only for the Secretary of State for the Environment to call it in due to concerns over the bulk, height and lack of affordable housing.

“We were back to square one,” recalls Edmond Ho, Executive Director & General Manager of HWP (Europe). HWP then decided to go for something more modest, and submitted plans in August 1999 for an 11-storey 197-unit building. It finally got the full go-ahead in March 2001.

It was then that construction-management company Exterior was brought in to turn the plans into reality. To begin, the entire site was excavated almost down to water level, to be transformed into an underground parking lot. “The site became a gigantic hole,” Ho recalls.

By October 2001 the hole was covered and the foundations laid. Albion Riverside was off the ground at last.

Marketing began in mid-October, targeting prominent journalists and bolstered by advertising in the Financial Times, London Property News and Country Life, and spearheaded by an on-site marketing suite.

The marketing suite, says Ho, has proven to be “the major marketing tool”, showing off to prospective buyers the quality of the interior finish, including specially designed kitchens, bathrooms and Lord Foster’s own choice of furniture and fittings.
Lord Foster’s involvement, and that of his business partner Ken Shuttleworth, is an obvious attraction, and not without reason. Everything was designed by their practice, including the landscaping, street furniture and lighting, right down to ergonomic door handles in each apartment.

“For what is essentially a residential project, there is a lot that excites us,” says Andy Bow, a director at Foster and Partners. The building’s curves, for example, are the product of new computer-assisted design technologies.

Foster and Partners are internationally known for innovative architecture that creates calm, light and airy interiors. The glass façades at Albion Riverside will cause its appearance to inflect according to prevailing light and changing viewpoints. Apartments will open out to views of the river beneath, where some moorings are available.

The residential entrance, with a private drop-off point, will lead via a grand staircase to the glazed “cloister” on the first floor, which will run virtually the entire length of the building, providing uninterrupted views over the landscaped garden and the river beyond. Direct access will also be available by lift from the underground car park.

Not only does it look good, but Foster’s vision also provides functionality and flexibility to suit the practical details of modern-day living. Apartment front doors, for instance, will be wider than average for the delivery of furniture, while many of the flats will have sliding partitions to allow spaces to be opened up or divided for different uses.

Buyers are also amazed at just how “intelligent” their new homes will be. Besides fast ISDN telephone and Internet connections, the flats are pre-wired for smart technology, enabling main services to be controlled remotely via the Internet or by mobile phone.

“Residents will be able to call home to run their bath, close the curtains and turn on the oven, or have their doorbell linked to their mobile so they can speak to visitors even when they are not at home,” Ho muses.

Although winter 2003 (the completion date) is some distance off, by January 2002 more than 110 units had already been reserved, with buyers putting down a non-refundable £2,500 on units under £1m and £5,000 for those over this figure. Due to the strong demand, including from “a few sports and music celebrities,” Albion Riverside is not officially being marketed elsewhere.

“Some customers have reserved more than one apartment with the intention of combining the space,” Ho reveals.

There is no doubt that the lucky few who secure units will enjoy lavish comfort combined with outstanding views in what is rapidly becoming a much-sought-after area of the city.

But that does not mean HWPs work is all done. Albion Riverside is a mixed-use development, and tenants for 100,000-sq.-ft. of commercial space beneath the main residential block have yet to be selected. “Destinations” such as a high-class restaurant, cafés, shops, a leisure centre and office space are favoured. These will all add to the vibrancy of the open-to-all public space by the river. This space, according to Bow, “will be one of the few places in London where you can sit and watch the sunset over the Thames away from the traffic.”

And finally, after all the hurdles, the local authority planners are also happy. “They want us to do more,” says Ho, “and if another piece of land becomes available here, perhaps we can.”
HELLO INDIA

Hutchison’s remarkable progress in the tough India cellular market is seen as a triumph over adversity, and subscription numbers are climbing fast.

By Bilal Khan

On January 26, 2001, an earthquake measuring 7.8 on the Richter Scale struck the Indian state of Gujarat. The damage was immediate and massive with villages and towns reduced to rubble. Amidst the destruction, only one telephone network was left standing and fully operational—Fascel, the Hutchison joint venture.

The network’s voice and SMS (Short Message Service) capabilities played a significant role in the massive relief efforts that followed the earthquake. Fascel immediately swung into action, rushing in specialised equipment to provide local mobile communications. For two days after the catastrophe, calls were free. The company also gave handsets and airtime to relief agencies, and waived charges on incoming calls to government officials. Fascel also set up mobile Public Call Offices, which handled 15,000 calls per day during the aftermath, and a toll-free helpline was established so that worried relatives could send free messages to any other part of the country. The entire operation was an exercise in masterful management under deplorable conditions.

Today, Fascel is the largest operator in India outside the four major cities with more than 260,000 subscribers. The dramatic events associated with Fascel’s rise over the past year exemplify the Hutchison cellular story in India. It is characterised by dedication in the face of stiff challenges, an unwavering commitment to the customer and a steadfastly focused long-term view fully supported by its partners in India. It is a story that has helped change the face of communications in the world’s second most populous nation.

SPREADING THE WORD
Mumbai provides an insight into the telecommunications phenomenon that is sweeping across the whole country. The city is festooned with billboards advertising Hutchison Max Telecom, Mumbai’s leading cellular operator. Mobile phones have become an integral part of life for many of the city’s 18 million residents, in particular the thriving business community.

Local courier companies and sales forces use them in the field, with text messaging playing a particularly important role. Fisherwomen rely on them to take dockside orders; executives keep up to date with their customers, colleagues and the latest cricket scores. Even priests are occasionally seen sporting a mobile on route to prayers. In short, the mobile
The mobile phone has entered all walks of life in India, serving as a valuable communications tool for both business and leisure.

phone has drastically altered the lifestyles of the people of India, and Hutchison has been a driving force behind this change.

When the Group first entered the newly liberalised Indian mobile telephony market in 1995, the signs were not particularly encouraging. Growth in fixed-line communication was (and still is) fraught with difficulties. Tele-density hovers at around 3.5% nationally, and owning a fixed-line phone in India is something that only wealthy people can take for granted.

In 1995, pessimists felt that cellular telephony would not gain mass acceptance. They could not have been further off the mark. With its relatively low infrastructure costs and ability to reach isolated areas, mobile technology has come as a life-changing opportunity. Rural residents no longer need to travel to the district Post Office to place a phone call, and city dwellers can relax in the knowledge that they have an alternative option to long waiting periods for a land line.

India now boasts over 5.5 million cellular subscribers, and the market has grown by more than 80% in the past year alone. In this remarkable environment, Hutchison, in partnership with local companies, has established itself as one of the leading national operators.

With its relatively low infrastructure costs and ability to reach isolated areas, mobile technology has come as a life-changing opportunity.

THE RIGHT NUMBERS

With over 1 million customers (more than 20% of the total cellular population), the Group’s affiliates jointly constitute one of the largest cellular subscriber bases in India. Between January and November 2001, the base increased 70% against a 60% industry growth rate. Furthermore, almost three-quarters of the Group’s growth has been organic.

Asim Ghosh, Managing Director of Hutchison Max Telecom, believes that the Company’s success is due to its keen focus on the customer: “We set out to create a business that is consumer friendly,” Ghosh says. “Recognising that many local users are on tight budgets, we moved from a customer-focused to a customer-driven organisation, establishing a ‘low-cost-structure’ business model that is very sensitive to consumer needs.”

In the process, Hutchison helped revolutionise the concept of customer service. In 1995, Integrated Voice Response (IVR) systems did not exist in India, and customers were serviced through face-to-face or postal interaction. “We began a steady programme to introduce IVR
systems, remaining particularly mindful of the need to educate."

As a result, Hutchison affiliates now boast some of the highest standards of customer service in the world, with Hutchison Max Telecom the only telecom company in India to have achieved ISO 9001 certification.

**One-to-One Communication**

A vast bank of customer information based on surveys and feedback from users and dealers is preferred over input from consultants. This direct approach enables the Hutchison affiliates to work together with mass marketing initiatives. The ultimate goal is to position all of them as process-oriented, boundaryless organisations—ones that, essentially, live or die according to customer judgments.

The Indian cellular market is extremely price-sensitive, which has made value-added services crucially important. That Hutchison has, for the most part, managed to achieve this across its affiliates is also testimony to the impressive raft of

**Straight Talk**

In an environment where too much “technospeak” often baffles consumers, Hutchison has remained entirely consumer focused, building on the fundamental values of honesty, dynamism and friendliness.

Back in 1995, Hutchison Max Telecom successfully launched the Max Touch brand following a barrage of unique and imaginative pre-launch advertising. Using ‘Hello Bombay’ as the tagline, the campaign effectively communicated the arrival of a world-class service with a truly international pedigree by using celebrities from various backgrounds to endorse the brand and build on local relevance.

In February 2001, Orange replaced Max Touch, pulling off a major marketing coup in the process. By successfully replacing a highly recognised brand with a virtual unknown in just two weeks, the company essentially redefined Indian communication strategies.

The results of the company’s advertising and marketing strategy, which has set new standards in innovation and creativity, have been impressive. Hutchison Max Telecom recently won the Mumbai advertising industry’s ‘Campaign of the Year’ award, and competitors have often mimicked the company’s marketing initiatives.

Thanks to their highly focused marketing and advertising campaigns, Hutchison’s affiliates have rapidly achieved aspirational and premium overtones in their brand imagery, with very high brand awareness amongst consumers.

Remarkably, this was accomplished without employing the broadcast medium, as each brand is city or state specific and not national. Instead, billboards and print media have been at the forefront of most advertising, engaging consumers through focused localised campaigns. In Mumbai, for example, advertisements compare the cost of a mobile phone call to cutting chai, the locally sold inexpensive tea. Similar examples are used for other locations.

Besides advertising, the Group has also raised its brand profiles through strategic sponsorships. In Mumbai, it has allied itself to the theatre, music and book launches—events that hold great resonance for the city’s middle-class citizens.

This kind of niche-sector approach has transformed consumer perceptions, with Hutchison Max Telecom becoming overwhelmingly associated with leadership and innovation.

The Group’s development across the country is matched by a seamless progression in advertising, with a common look and feel coupled to a high degree of creative insight. The strategic direction has been to consistently “talk” of the tangible benefits delivered in a refreshingly direct approach. That it has succeeded with this approach throughout the country speaks volumes about the quality of the creative work, and the strategy of talking directly and simply to the customer.
products which the Group has introduced.

Of these, the most significant has been the introduction of roaming services. In 1996, Hutchison Max Telecom was the first cellular company to establish national roaming, and today Hutchison affiliates offer connections to over 400 Indian cities and 78 countries, making it India’s top roaming operator with over 23% of the roaming business.

Another key service to have found favour with users is SMS. Hutchison’s affiliates were the first to open up their networks to SMS, and since November 2000 the proportion of their consumer base using SMS has soared from 15% to 60-70%. Fascel created SMS in “Gujlish,” a mix of English and the local state language, and each affiliate has produced an innovative SMS dictionary of words, phrases and “emoticons,” further promoting SMS usage.

Hutchison also took the lead in providing value-added services by regularly sending Privileges booklets containing the latest offers from leading international and national brands. Alliances have been forged with the top hotel chains and the finest restaurants and shops, providing customers with a bounty of attractive offers. On average, there is a remarkable 15% redemption rate and the favourite categories are dining, holidays, shopping and entertainment. In Mumbai alone, over 125,000 customers have utilised these offers, which are now being replicated elsewhere so that, on an all-India basis, customers can benefit locally and when roaming.

“The products we develop on our own are exciting and totally relevant to the market,” says Ghosh.

For example, the innovative Voice Recognition Service enables subscribers in Mumbai to access real-time news, stock market information, and cricket scores via a single number. The product has been developed using a cutting-edge platform that allows users to interact with the system in a manner closely resembling human conversation. The user-friendly interface hides the complexity of the technology, which allows the system to be navigated using common words, like “cricket.” More than

Perserverance in a difficult market has borne fruit for Hutchison.

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**RINGING THE CHANGES**

- **'92**
  India is mired in the fixed-line era with low penetration and unreliable connections. Analogue telephone exchanges are outdated, costly and inefficient. Fixed line tele-density is less than 2% and it can take years to get a connection. The Group enters the Indian market through Hutchison Max Telecom—a JV partnership with local company Max India.

- **'94**
  The Mumbai licence is issued in November and Hutchison Max Telecom moves quickly to build a network.

- **'95**
  Hutchison Max Telecom launches the Max Touch brand following an advertising campaign in which celebrities endorse the “Hello Bombay” tagline. Cricketer Sunil Gavaskar makes the first call on July 16 to Aniljit Singh, Chairman of Hutchison Max Telecom. This is followed by a soft launch in September and commercial operations begin in November.

- **'96**
  In December, Max Touch becomes the first operator to bundle airtime and handsets. Handsets retail for about US$1,400, while calls cost a prohibitive US$0.52 per minute. The bundling strategy reduces costs and has an immediate positive effect on customer uptake. Subscribers now talk more and are motivated to stop using cell phones as pagers.
  Hutchison Max Telecom also becomes the first to establish national roaming services.

- **'97**
  In August, for the first time ever in India, Hutchison Max Telecom introduces prepaid cell phone cards over the counter, without the need for paperwork or documentation, further increasing mass access to mobile communications.
80,000 voice samples went into its development and, amazingly, the platform understands various Indian English accents.

**Key Strategies**

Hutchison’s remarkable progress in India has proceeded with a mixture of commitment and caution.

When the Group initially entered the Indian market in 1992 through Hutchison Max Telecom, the Company took just 10 months to build the Mumbai network, a characteristically speedy approach that was to serve it well in the years to come.

But when the market opened up further in 1996, with regional licences being offered by the Government, Hutchison chose to sit out of the bidding due to its concerns over both licence terms and high fees.

ÓWe are risk takers, but measured risk takers,Ó says Ghosh. ÓSitting out was a wise decision for Hutchison.Ó

Ghosh’s understated comments mask the critical nature of the situation, in which back-breaking licence fees pushed operators to the wall and severely stunted the development of

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**2000**

In January the Group acquires 49% of Sterling Cellular, which operates the Essar brand in the Delhi metro circle. Its Indian partners, principally Essar Teleholdings, own the balance.

In Mumbai, the Orange brand is launched on February 14 to replace Max Touch.

In July, Usha Martin Telesom is acquired, covering the Kolkata circle under the Command brand.

In September, the Group acquires an interest in Fascel, the top cellular operator in Gujarat, operating under the CellForce brand.

Also in September, Orange-world mobile Internet services are launched, allowing access to a wide range of information via Orange WAP phones.

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**2001**

After the January 26 earthquake in Gujarat, Fascel is the only telecom operator left fully functioning.

On July 31, Hutchison affiliates are allotted three more licences to operate 1800 MHz services in the states of Karnataka and Andhra Pradesh, and in the city of Chennai.

September heralds the launch of Yahoo SMS services in Mumbai and Voice Command is launched in November.

By September, Hutchison India affiliates have 1 million subscribers and rising fast.

Between December 2000 and November 2001, Hutchison’s total India affiliate base increased 75%, all organically grown.
the cellular industry. By 1998, commentators were forecasting the death of the sector as most foreign players bailed out. Ghosh notes that it was Hutchison’s long-term commitment—along with its understanding and experience of the same business elsewhere—that enabled it to keep faith and therefore remain in India.

With the Indian cellular market set to open up further this year, the Group will face more competition and challenges. A recent move to allow landline service providers to offer mobility has antagonised the larger cellular operators, further proof that India’s regulatory environment is not for the faint hearted.

“This is a market that requires a lot of stamina and back-breaking effort,” says Ghosh, “but if you have the vision, the commitment and a clear strategy, results will come. Our basic approach is to take the long view, but execute like hell for the short-term results.”

**Paying Dividends**

The Group’s commitment to India began to pay dividends in 1999, when the Government overhauled the industry’s regulatory structure to favour a competitive environment that would stimulate affordable, effective telecommunication for all citizens. The new National Telecom Policy replaced fixed licence fees with a revenue-sharing scheme and increased the licence period from 10 to 20 years.

“The market structure changed to one that suited a long-term player like Hutchison,” Ghosh confirms.

Almost immediately, Hutchison embarked on an expansion programme, acquiring stakes in three licences through joint ventures. The Group acquired interests in Sterling Cellular in Delhi, Usha Martin in Kolkata and Fascel in Gujarat. In nine months, Hutchison established itself as one of the country’s major players.

Hutchison’s ability to forge strong alliances with like-minded Indian partners has been a key aspect of its success.

Hutchison’s presence in the affiliates has also facilitated the alignment of strategies and processes over the past 18 months. Customer service, sales and marketing are all areas that have seen swift harmonisation, and the next stage will see the establishment of a single corporate entity with common branding.

In July 2001, a Hutchison joint venture acquired three additional cellular licences for the high-tech states of Karnataka and Andhra Pradesh and also the fourth metro city of Chennai, with a strong exposure to the South. Hutchison affiliates now enjoy a footprint of 23% of the national population, which in turn has 50% of the purchasing power. “The Group has an exquisitely focused and premium footprint,” Ghosh enthuses.

The Group’s phenomenal development in India also owes much to a workforce that has set new standards in innovation and dedication. A palpable sense of verve runs through the ranks at Hutchison Max Telecom’s Mumbai headquarters, where the strategy has been to recruit and retain the brightest minds. Their inspired creativity drives the progress of the businesses, and Ghosh is fulsome in his praise of the employees.

“This is a company with a tremendously motivated group of people. The *esprit de corps* and work ethic are simply remarkable. Throughout the Group, we have one of the country’s best workforces and we have a tremendous restlessness to learn further,” says Ghosh. “The goal is to be a leading player, not just in India, but to do things that are leading edge by any international standards. We shall definitely persevere.”

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**Hutchison’s ability to forge strong alliances with like-minded Indian partners has been a key aspect of its success.**

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Across the social spectrum, everyone’s talking.