

# Newsbites

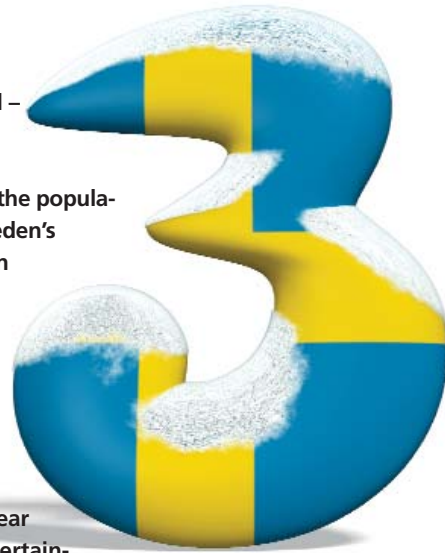
## 3 MOVES AHEAD IN SCANDINAVIA

Customers can't get enough of 3G services. Usage is growing fast around the world – as you'll see from other stories in this issue. 3 is now operating in eight markets. Here we look at what's happening in Scandinavia.

**SWEDEN** 3 has Europe's best 3G network coverage – reaching over 90% of the population – according to Swedish market regulator PTS. 3 is very popular with Sweden's many football fans, who enjoy watching goals from games in the two main leagues, Elitserien and Allsvenskan. Usage of other services is also growing fast: both bank account access, offered by 3 in conjunction with SEB, and financial information from Dagens Industri are indispensable for many customers.

**DENMARK** The first operator in the market, 3 has grown rapidly into a fully developed 3G service provider. Since the service launch, customers have been able to choose from a total of 10 handset models, including five new ones this year alone. Danes are heavy 3G users, with an emphasis on entertainment services such as gossip-based news, football, music and comedy.

3 is now preparing for launch in a third Scandinavian market – Norway. **T**



## Harmony, Health and Happiness in Hong Kong

Hutchison Whampoa Limited's Volunteer Team kicked off their 2005 service programme in March to promote "Harmony, Health and Happiness" in the community. The volunteers from various HWL business divisions are well known for their work to help the needy. Recent activities have included visiting house-bound elderly people, home cleaning, seminars on healthy eating and organising the donation of electrical appliances.

Now numbering 450 volunteers, the team is planning all sorts of different events in 2005. The programme will actively involve schools and social service organisations throughout the territory. **C**

## 3 FOR BLAIR

A supporter takes a picture of British Prime Minister Tony Blair on her 3 mobile during the recent General Election campaign. There was another "3" for Mr Blair the day after this picture was taken, as he was re-elected to his third term in government. **T**



CHRISTOPHER FURLONG/GETTY IMAGES



## HWL'S TRADITIONAL REMEDIES

Hutchison Whampoa Limited saw its traditional Chinese medicine (TCM) business make a big stride when its joint venture company with Guangzhou Baiyunshan Pharmaceutical Company Ltd (GBP) started operations in May.

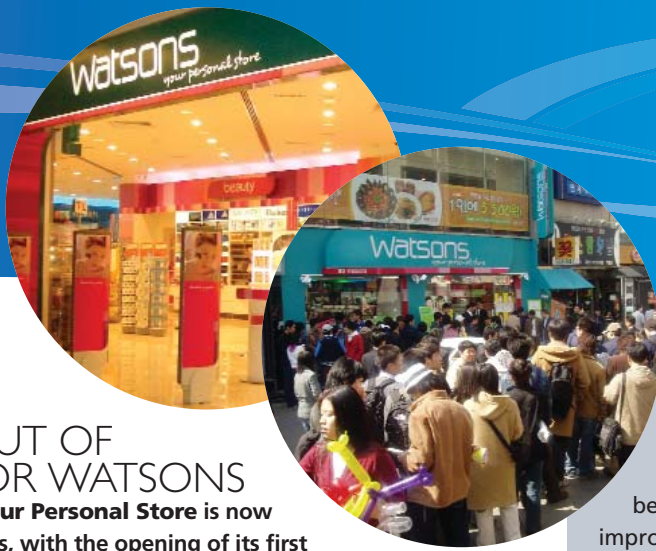
The JV, Hutchison Whampoa Guangzhou Baiyunshan Chinese Medicine Company Limited (HGB), is manufacturing and marketing a range of TCM products in China. Demand is growing fast and the JV is preparing itself to expand into overseas markets. HGB looks set to become a leading brand name in very short order. **R**

## Butterflies in the Mall

Chongqing Metropolitan Plaza hosted a stunning exhibition of Butterfly Specimens in April. Co-presented by Chongqing

Museum of Nature, the exhibition provided a valuable platform for science education. Chongqing's children were fascinated to get a close look at the beautiful butterflies. **H**





## TEN OUT OF TEN FOR WATSONS

**Watsons Your Personal Store** is now in 10 markets, with the opening of its first stores in Turkey and Korea. Part of the A.S. Watson Group and the No.1 health and beauty retail brand in Asia, A.S. Watson is bringing its contemporary shopping concept of "health, beauty and fun" to consumers in both markets.

A.S. Watson moved into Turkey by acquiring the local health and beauty chain Cosmo Shop. The first A.S. Watson store, opened on 1 April, features 3,000 sq ft of space and offers customers over 7,000 high-quality products, from skin care to cosmetics and hair care to health products.

Turkey is an increasingly international market and A.S. Watson has ambitious plans for the health and beauty sector. All seven Cosmo shops will be re-branded during Q2 2005 and a further 15 stores opened over the next year. A.S. Watson aims to reach 100 stores throughout Turkey in the next five years.

Rapid expansion is also planned for the Korean market, where A.S. Watson is operating a joint venture with GS Retail. GS-Watsons, the new company, will leverage GS Retail's distribution network and site development skills to bring A.S. Watson's international health and beauty concepts to the Korean market. Ten more store openings are planned for 2005, with an accelerated rollout programme in the years to come. **R**

## Carnival of Cars

Large crowds flocked to the Whampoa Motor Carnival at Wonderful Worlds of Whampoa during the Easter holidays. Jointly organised with Metro Finance, the Carnival included an exciting collection of prestige cars as well as a group of charming "racing queens".

A particular highlight was a \$1 motor auction for charity. **H**



## APPLAUSE

The outstanding architectural design at **DYNASTY GARDEN, SHENZHEN** has been recognised with the award of 2004 National Best Residence title

## Stylish Living in Guangzhou

The glamorous Stylish Living Festival at Cape Coral in Guangzhou attracted over 1,000 VIP guests, who took a grand tour of the show flats and enjoyed an exhibition of luxury Rolls Royce cars. **H**



- CORPORATE **C**
- TELECOMMUNICATIONS **T**
- ENERGY & INFRASTRUCTURE **E**
- PROPERTY & HOTELS **H**
- RETAIL AND MANUFACTURING **R**
- PORTS AND RELATED SERVICES **P**

## HWL Annual Results

Hutchison Whampoa Limited (HWL) has clearly benefitted from its diversification strategy and from an improved global economic climate. Profits in 2004 were up 38% to HK\$16,128 million. Further details are given in the table below. The results reflect vigorous growth in ports and related services, retail and manufacturing and in finance and investment activities. There was very strong cash generation from all established businesses. Before the LBITDA\* from 3 Group, overall EBITDA\* grew 44% to HK\$65,618 million.

For full details of HWL's 2004 results, see

[www.hutchison-whampoa.com/eng/investor/annual/annual.htm](http://www.hutchison-whampoa.com/eng/investor/annual/annual.htm) **C**

\* EBITDA/LBITDA = Earnings/Losses before Interest, Taxation, Depreciation and Amortisation

HWL	2004 (HK\$)	2003 (HK\$)	CHANGE
<b>Turnover</b>	179,415 million	145,609 million	+23%
<b>Profit attributable to shareholders</b>	16,128 million	11,677 million	+38%
<b>Earnings per share</b>	3.78	2.74	+38%
<b>Total dividend per share</b>	1.73	1.73	—

## BUILDING LAND BANK IN THE MAINLAND

**Cheung Kong Holdings (CKH) and Hutchison Whampoa Property Group (HPWG)** are really building up their property development business in China. They have recently purchased land in Beijing, Tianjin, Changchun, Shanghai, Chengdu, Chongqing, Wuhan, Changsha, Guangzhou and Shenzhen, and are planning a range of residential and commercial developments. **The Group now has more than 30 developments in major Chinese cities, where it is aiming to create a modern, high quality living environment.** **H**





## Going Places with Harbour Plaza Hotels & Resorts

Harbour Plaza Hotels & Resorts (HPCR) has long provided travellers with the perfect destination. Now there is help with the travel, too.

HPCR has announced a partnership with Asia Miles, Asia's leading travel reward programme. Guests will be awarded Asia Miles for each stay at any of the group's five Hong Kong hotels and two mainland properties.

To celebrate the partnership, all the hotels are offering double Asia Miles through to early September.

Additionally, selected restaurants at the group's Hong Kong properties are awarding Asia Miles to dining patrons. **H**

## New Partners in UK Infrastructure Investment

Cheung Kong Infrastructure Holdings Limited (CKI) has welcomed new strategic partners to its investment in North of England Gas Distribution Network (NEG). CKI has sold 9.9% of NEG shares to Challenger Life No. 2 Limited and SAS Trustee Corporation for £4.59 million. Challenger and STC will also take over 9.9% of the equity contribution obligations to NEG and the transaction costs, totalling around £53.1 million.

After the new investments and the sale of 19.9% of NEG shares to Hongkong Electric Holdings Limited, CKI's stake is now 40%. **E**



“The future looks bright for 3 Group: customer numbers are growing fast, value-added services are very popular and revenues are above market average”

## GROUNDBREAKING CEREMONY FOR ZHUHAI PHASE II

Hutchison Port Holdings (HPH) has recently received approval from the National Development and Reform Commission for the Phase II project at Zhuhai International Container Terminals (Gaolan) (ZICT(G)). With the economic growth in southern China, HPH is well-positioned to meet the increasing demand for port services in the region.

A joint venture between Hutchison Delta Ports (HDP) and Zhuhai Port Enterprises Group Company, ZICT(G) is in a key

position to become the shipping hub of the western Pearl River Delta. Phase II will make ZICT(G) even more attractive to shipping companies by providing two new 50,000-tonne container berths, plus a total quay length of 824 metres and depth alongside of 15 metres - capable of handling large container vessels up to 70,000 tonnes. **P**

## Turnover and Profits up again at HHR

Hutchison Harbour Ring (HHR) performed strongly again in 2004. Turnover grew by 18.7% to HK\$2,602 million, while profits attributable to shareholders went up 14.2% to HK\$163 million. Earnings per share rose to HK2.43 cents.

Toys still account for the largest proportion of revenues, though the rising cost of plastics has had an impact on profitability. HHR's diversification strategy has been highly effective, with the new technology operations achieving growth of 191% in earnings before interest expense and taxation to HK\$52 million. **R**



# GOAL!

UNITED KINGDOM

Hutchison scores again!

“Football at 5.15” from Hutchison 3G UK Limited has been voted the UK's best mobile service.

Users of the 3 video mobile can see every goal in Barclays Premiership football matches – just minutes after the game. Readers of *What Mobile* magazine gave this service the highest vote in the What Mobile Awards 2004/5 – the biggest ever reader participation awards in the industry. **T**

## FURTHER DEVELOPMENT OF KARACHI PORT

Karachi International Container Terminal (KICT), a subsidiary of HPH is working with the Karachi Port Trust (KPT) on further development of the West Wharf at Karachi Port. As well as extending the existing concession period, this project involves deepening the alongside draft, enhancing handling capacity and providing additional container yard equipment.

HPH's investment in KICT has strengthened Karachi's role as the region's premier transport hub and enabled it to handle Pakistan's fast-growing international trade. **P**



## Food Fit for a King

Harbour Plaza Hong Kong hosted the Korean Palace Food Festival in association with the highly



acclaimed Korean drama television series "Jewel in the Palace." Guests enjoyed dishes eaten by Korean monarchs down the years, prepared in part by Ms Han Bok Ryo, the President and top Chef from Korea's Institute of Royal Palace Cuisine and consultant to the show. **H**

## SAVE THE ENVIRONMENT, SAVE MONEY

**PARKnSHOP** launched a big environmental protection initiative in May. "Don't Down the Earth Campaign" gives customers a cash incentive to use fewer plastic bags when they shop.

New reusable "Green" foldable shopping bags in three colours are available at **PARKnSHOP** stores for just HK\$6.90. Customers will get rebates on their shopping, up to a full cash refund for the bag price. And there are further savings. Users of the



**PARKnSHOP** bag will also receive double bonus stamps for the "Lifestyle Rewards Marathon" programme, offering many popular lifestyle items.

**PARKnSHOP** is already working hard for the environment. It is raising funds for Green Power by donating HK\$1 for every reusable bag sold and placing collection boxes at all checkouts to encourage customers to donate their loose change. Other initiatives include the recycling of all used cartons and paper, tree planting schemes and training programmes for front-line staff on energy saving measures. **R**

## Going Green on Lamma

Hongkong Electric Company (HEC) has started work on the construction of the first commercial-scale wind turbine in Hong Kong. Sited at Tai Ling on Lamma Island, the 800-kW turbine will produce 1 GWh of electricity a year when it goes into operation in 2006.

This project is an important step towards the development of renewable energy sources in Hong Kong. Concern for the environment has been a major consideration. Trees and scrub will be planted to minimise the impact on the landscape and HEC is planning to use the site as an educational facility for wind power and other forms of renewable energy. **E**



## PLACE YOUR BETS

**HONG KONG** Life has just got better for Hong Kong's many horse-racing enthusiasts. Now they can watch races on their mobile phones and also place their bets – thanks to **3 Hong Kong**.

"Horse Racing Live", the world's first live racing broadcast service on 3G video mobile phones, enables 3 customers to watch real-time races and results.

And not just watch the racing. 3 also provides a 3G mobile betting service. It's very user-friendly. Once customers have opened an account with The Hong Kong Jockey Club, they can bet on all races directly via their video mobile phones. 3 customers can also place bets on football matches and Mark Six.

3 Hong Kong is first past the post again! **T**





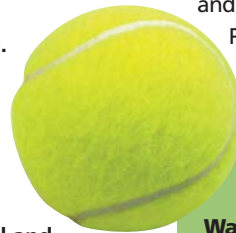
## BROADBAND BOOST

HONG KONG **Hutchison**

**Global Communications Limited (HGC)** is leveraging its optical fibre broadband network to provide innovative infotainment by delivering the pay TV service "SuperSUN" from Galaxy Satellite Broadcasting Limited (Galaxy) in Hong Kong. The synergies are huge. HGC has Hong Kong's largest

fibre-to-the-building (FTTB) telecommunications network, covering 1.2 million homes and offering high quality fixed-line telephone and broadband Internet access. Galaxy delivers a vast array of local and international programmes through 40 pay-TV channels and covers 600,000 homes.

Now HGC and Galaxy will deliver an unmatched infotainment experience. Bundled service packages will incorporate Galaxy's pay TV with HGC's broadband services. To enjoy SuperSUN TV programmes, subscribers will simply install a set-top box with HGC's broadband connectivity. The combination will boost services for customers and help HGC realise the full potential of its network. **T**



GAME, SET AND MATCH!

**Watsons Water** served an ace with its sponsorship of the Watsons Water Champions Challenge tennis tournament. Held in Hong Kong, the tournament presented a star-studded line-up.

Five of the world's top 10 female tennis players participated, including Maria Sharapova, Venus and Serena Williams, Svetlana Kuznetsova, Elena Dementieva, plus tennis legend Arentxa Sanchez-Vicario. Watsons Water delivered the January event with a full spectrum of media including TV, Internet and 3G mobile phone broadcast. **R**

**YEAH!**

**SUPERDRUG** is celebrating its "Best Pharmacy" win in the Health & Beauty Awards from *Top Sante*, one of the UK's leading women's magazines.



## TOM Keeps on Growing

**TOM Group's** 2004 results, the first since its transfer from Hong Kong's GEM Board to the Main Board HKSE, showed a second full year of profitability.

Revenues grew by 24% to HK\$2.6 billion, while EBITDA was up 35% to HK\$354 million. Excluding one-time non-recurring items TOM Group announced a profit attributable to shareholders of HK\$129 million, a nine-fold increase over 2003. Most sectors of the Group, including TOM Online and the Outdoor Media Group, attained double-digit growth in revenues. **R**

## Two for 3

**3 Hong Kong** is receiving great recognition for its achievements. It has been named "Mobile Operator of the Year, Hong Kong" in the Asian MobileNews Awards 2005, organised by *Asian MobileNews* magazine, the region's leading publication for mobile telecom operators. An impressive follow up to 3's



success at the 11th Annual Most Popular TV Commercial Awards, where it won the Most Popular TV Commercial, Most Romantic TV Commercial and Most Popular Jingle categories. Congratulations! **T**



## Top Ads

Congratulations to **Hutch India** on its success in the 2005 ABBY awards, the Oscars of the Indian publicity industry, which honour creative excellence in advertising. Hutch won three Gold awards, for Campaign of the Year and for the best Business Products and Services ads in both Print and TV. **T**





## LEARNING IS FUN WITH HEC

"To learn with fun" was the theme when 700 primary school students visited **Hongkong Electric's** power station during the Lamma Fun Days in March.

The students went on an exciting energy journey round the power plant that provides electricity to more than 550,000 consumers on Hong Kong and Lamma Islands. HEC also made sure that the students learned about the need for energy conservation.

HEC is planning more learning opportunities for students. **E**



## Container Port Development In Egypt

**Hutchison Port Holdings (HPH)** has formed a joint venture with a consortium led by the Alexandria Port Authority to build and operate two terminals at Alexandria Port and El Dekheila Port in Egypt. Alexandria International Container Terminals, the new JV, will develop the existing cargo terminals into state of the art container handling facilities.

The Egyptian government is committed to modernising

port facilities to support the country's fast-growing international trade. Welcoming the agreement, Admiral Mohamed Youssef, Chairman of the Alexandria Port Authority, said, "We have full confidence that this partnership with HPH will be a success. The terminals will benefit from the transfer of terminal management expertise and best practices." **P**

## HIGH VALUE CALLS FROM HGC

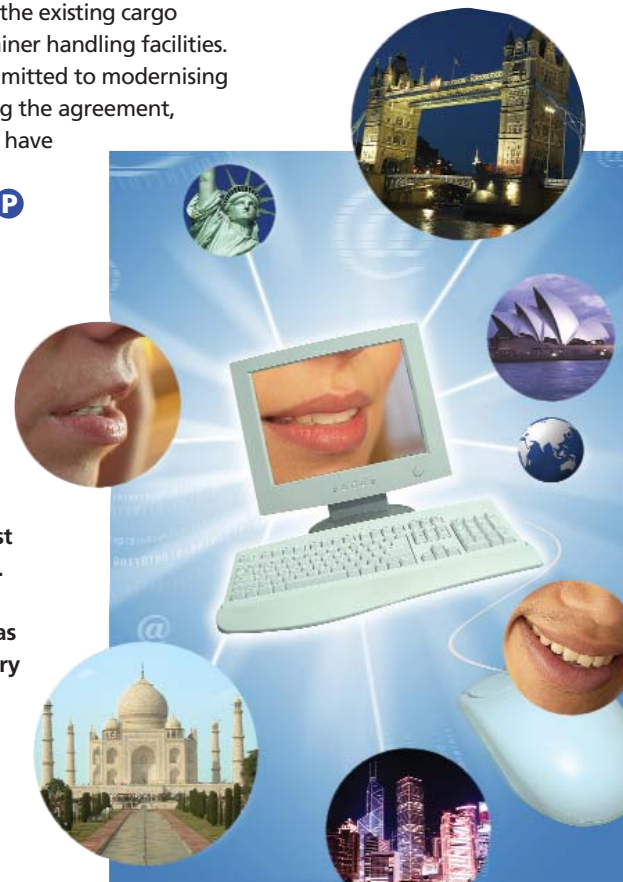
**HONG KONG** Hong Kong has an attractive new Voice over Internet Protocol (VoIP) service. **Hutchison Global Communications Limited (HGC)** is partnering with Skype Technologies S.A. (Skype), the Global Internet Telephony Company™, to offer a co-branded portal in Hong Kong. HGC-Skype offers free Skype to Skype global calling via the Internet, plus SkypeOut, SkypeIn and Skype Voicemail services at low prices.

True to its track-record of innovative service offerings, HGC is the world's first fixed network services operator to reach a co-branding agreement with Skype. Skype shows just how the best voice communications technologies can be integrated with the Internet platform to deliver real value-added services. It has more than 40 million registered users, making it easily the leading VoIP-category product worldwide. The number of users is growing at more than 150,000 per day – a rate that can only increase now that HGC is making the service so easily available to Hong Kong consumers. **T**

## Profits for Hongkong Electric

**Hongkong Electric Holdings Ltd** reported a 3.7% increase in net profits in 2004, to HK\$6,280 million, despite unfavourable market conditions, with coal prices at 250% above 2003 levels, freight costs tripling and a significant increase in government rates. Combined with relatively low consumption caused by unseasonably cool weather in the second half of the year, these increased costs meant that the Hong Kong business earned less than the permitted return under the Scheme of Control Agreement.

Overseas operations continued to perform well and contributed HK\$759 million to overall profits, up from HK\$437 million in 2003. Hongkong Electric increased its total dividend, to HK\$1.77 per share. **E**



## Q1 UPDATES

### Strong Start for Hutchison Telecom

Hutchison Telecommunications International has made a flying start to 2005. Key performance indicators for Q1 show that the mobile customer base has grown to 13.3 million – up 6.2% from the previous quarter and a huge 35.1% rise compared to the same quarter in 2004. **T**

### Husky Up on Commodity Prices

Husky Energy Inc reported a 51% rise in net earnings in Q1 2005, up to C\$384 million, compared with C\$255 million for the same quarter in 2004. **E**

### Partner Buys Back Shares

Partner Communications Company Ltd reported first quarter revenues of NIS 1.26 billion, up 3.4% from the same period the previous year. Partner also completed a public debt offering of NIS 2.0 billion – the largest ever in Israel – and completed a repurchase of 18% of its outstanding shares. **T**



## GLOBAL TELECOMS STRATEGY

Hutchison Telecommunications International Limited is growing fast in Asia. It has agreed to take a 60% stake in PT Cyber Access Communications in Indonesia, one of only two mobile operators with a combined nation-wide 2G and 3G licence. Indonesia offers huge opportunities: mobile penetration is still low at around 15%.

Vietnam is another market with huge demand for mobile phone services. Now it will be met by Hutchison Telecom. A wholly owned subsidiary, Hutchison Telecommunications (Vietnam), has formed a partnership with Hanoi Telecommunication to build, operate and develop a mobile phone network.



In line with its strategy of exiting markets where it has no growth ambitions, Hutchison Telecom has sold its mobile operations in Paraguay to America Movil S.A. of Mexico. The sale will be completed during Q3 2005. **T**



### White Rose Shuttle Tanker

A naming ceremony has been held in South Korea, for the first of two shuttle tankers for Husky Energy Inc's White Rose field off Newfoundland and Labrador in Canada. The tankers are being built at Samsung Heavy Industries' Koje shipyard, which also built the SeaRose Floating Production,

Storage and Offloading (FPSO) vessel.

With a million barrel capacity, the tankers will be used to transport oil from White Rose to markets along the eastern seaboard of Canada and the USA.

The SeaRose FPSO reached Canada in April 2004 and its topsides facilities have been installed. Work is now going on to complete the hook-ups and commission the vessel for service. **E**

## HELPING KIDS TO HEAL

**ITALY** New and imaginative uses are being found for 3G videophone technology every day, it seems. Now

**3 Italy** has come up with the heart-warming idea of using it to keep sick children in touch with their families.

**3 Italy** has provided a leading paediatric hospital with videophones, so that their patients can stay in close contact with their parents and other family members even when visiting is impossible. Another first for **3G** – and a helping hand for children struggling to get well. **T**



## 3G SWEDEN'S THRILLING RIDE



**SWEDEN** Life in the telecom business often feels like a roller-coaster ride. It really was when **3 Sweden**

launched its state-of-the-art videomail service, 3VideoSvar, at Stockholm's Gröna Lund amusement park. 3VideoSvar, a joint venture between **3** and Ericsson Global Services using a Mobeon platform, is another first for **3 Sweden**. And just as exciting as any of the rides at Gröna Lund.

There's a lot going on at **3 Sweden**. Together with Nordic Web Radio, they've just launched the world's first interactive **3G** radio service. **T**

