

SPHERE

11



THE INTELLIGENT ADVANTAGE

S P H E R E
CONTENTS

NUMBER 11 APRIL 2004

2

UPDATES
NEWSBITES

Latest developments from the Hutchison press box.



14

TELECOMS
3 CHEERS

Hong Kong enters the new era of video mobile communications.



20

COVER STORY
THE INTELLIGENT
ADVANTAGE

Harnessing the power of IT to stay ahead of the game.



9

COMMUNITY
COMMUNAL BONDS

HPH makes every effort to contribute to the well-being of the communities in which it operates.



28

HOSPITALITY
CAPITAL COMFORT

Beijing's newest luxury hotel offers the best of both worlds for discerning travellers.

Cover: Illustration by Eamonn O'Boyle

PUBLISHED BY Hutchison Whampoa Limited, 22/F Hutchison House, 10 Harcourt Road, Central, Hong Kong. Website: hutchison-whampoa.com. In-house Editorial Team: Laura Cheung, Nora Yong, Jeremy Lau, Pamela Wan, Wendy Luk. Editor: Mark Caldwell – Great Pacific Marketing Services Ltd. Design and production: Fiona Wat, Alvin Fong, Tanny Shek, Kelly Cheung – splash))) , a division of the Asia City Publishing Group. Tel: 2850 5500. Fax 2543 1220. Colour Separation and Printing by bigboXX.com Limited. No part of this magazine may be reproduced without the written permission of Hutchison Whampoa Limited. All rights reserved. Copyright © 2003 by Hutchison Whampoa Limited. Opinions expressed herein are those of the writers and do not necessarily reflect the opinion of Hutchison Whampoa Limited. All currency conversions are approximations.






Hutchison Whampoa Limited









News

C O R P O R A T E

HWL Annual Results

	2003 (HK\$)	2002 (HK\$)
 Turnover	145,609 million	111,129 million
 Profit attributable to shareholders	14,378 million	14,362 million
 Earnings per share	3.37	3.37
 Total dividend per share	1.73	1.73

Hutchison Whampoa Limited recorded an audited profit attributable to shareholders of HK\$14,378 million in 2003. Earnings per share amounted to HK\$3.37 and the total dividend per share was HK\$1.73, both unchanged from the year before. The results included a net profit on disposal of investments and provisions of HK\$8,893 million, primarily relating to profits on the disposal of the Group's European water businesses and its remaining holdings in **Vodafone Group** and **Deutsche Telekom** of HK\$1,683 million and HK\$2,627 million respectively, a release of provisions of HK\$7,810 million, partially offset by a full write-off of the Group's HK\$3,111 million investment in **Global Crossing** and other charges of HK\$116 million. Excluding exceptional profits and 3G start-up losses in both years, profit attributable to shareholders increased 25%.

Performance by Division	Turnover (HK\$ millions)	% change	EBIT (HK\$ millions)	% change
 PORTS	23,129	12	7,597	15
 TELECOMS (2G)	15,471	16	1,195	23
 TELECOMS (3G)	2,023	N/A	(11,939)*	N/A
 PROPERTY & HOTELS	11,224	(4)	3,121	21
 RETAIL & MANUFACTURING	63,086	60	2,305	124
 ENERGY & INFRASTRUCTURE	30,676	18	15,317	15

* Before amortisation and depreciation

Turnover for the year totalled HK\$145,609 million, an increase of 31% over last year, mainly due to additional turnover contributed by the **Kruidvat Group** acquired in October 2002, higher commodity prices for **Husky Energy**, and increased container throughput. The telecoms businesses reported combined turnover of HK\$17.5 billion. 2G operations surpassed 10 million customers worldwide, an increase of 64% while the 3G businesses contributed their first revenue and signed up more than one million customers. With the exception of the start-up 3G operations, all of the Group's operating business divisions reported EBIT ahead of last year. Excluding 3G start-up losses and exceptional profits, EBIT was 21% higher than last year. For full results see: www.hutchisonwhampoa.com/eng/investor/annual/annual.htm

Accolades Roll in

Hutchison had a busy year on the capital markets in 2003 with six separate corporate bond financing deals valued at US\$10.137 billion. These attracted much attention – and several awards – from the financial media.

Finance Asia named HWL “Borrower of the Year” and also awarded it “Best Overall Bond Deal”, “Best Investment Grade Bond Deal”, and “Best Country Deal Award - Hong Kong”.

Hutchison picked up the “Asia-Pacific Borrower of the Year 2003” title, awarded by *IFR*, along with the “Best Investment Grade Bond” title for HWL's US\$1.5 billion 10-year bond via **Merrill Lynch**.



Asiamoney awarded HWL the “Best Corporate Bond Deal of the Year 2003” and “Best Overall Bond Deal of the Year 2003” titles. Earlier, *Asiamoney* ranked Hutchison No.4 in the category “Overall Best Managed Company (Hong Kong)”, No.3 “Best Operational Efficiency (Hong Kong)”, No.3 “Best Focus on Shareholder Value (Hong Kong)”, and No.2 “Best Financial Management (Hong Kong)”. *The Asset* (Dec. issue) ranked HWL “The Best Credits in Asia - Weighted by Assets”,

“Best Issuer”, “Best Bond”, and “Best Investment Grade”.

Hutchison was named winner in “*The Banker* Company Awards - Hong Kong” (Dec. 2003 issue) and in the magazine's “Deals of the Year” awards (Feb. 2004 issue).

In its *Review 200* survey of 200 Asian companies, the *Far Eastern Economic Review* rated HWL No.3 in the “Company Leaders” category (Hong Kong) and No.4 for “Long-term Vision (Hong Kong)”.

HWL's *Annual Report 2002* meanwhile won gold in **MerComm's** “Galaxy 2003 Awards” and Hutchison was also the recipient of “The Hong Kong Council of Social Service Caring Company Award 2003/04.”

HUTCHISON WHAMPOA LIMITED



Hutchison Whampoa Limited (HWL), one of the largest companies listed on the main board of the Hong Kong Stock Exchange, is the holding company of the Hutchison Whampoa Group of companies. As one of the earliest big “hongs”, or trading companies, in

Hong Kong, Hutchison's history dates back to the 1800s. Today, HWL is a multi-national conglomerate with businesses spanning 39 countries. With over 170,000 employees worldwide, Hutchison operates and invests in five core businesses: ports and related services; telecommunications; property and hotels; retail and

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



PROPERTY & HOTELS



SONG BIRDS

Harbour Plaza Metropolis was proud to be selected as the official hotel to host “The 12 Girls Band”, when they visited in January to perform in Hong Kong. The talented Chinese musicians performed at the Hong Kong Coliseum and also starred at a celebration party at the Promenade Restaurant.



SNOW WONDER: Children were thrilled to have their first encounter with real snow at the Whampoa Snowy X'mas Carnival, held at Wonderful Worlds of Whampoa in Hong Kong. The 60 ft.-long “Sleigh Ride” was the most popular feature.

PORTS

Royal Arrival

Queen Mary 2, the world's largest cruise ship, docked at **Cristobal Cruise Terminal** on March 9, receiving a warm welcome from **Panama Ports Company (PPC)**. Although the majestic vessel is too big to transit the Panama Canal Locks, Cristobal is seen as an attractive cruise destination in its own right. Cristobal Cruise Terminal received two more cruise vessels on the same day, *Island Princess* and *Aida Aura*.



ECV Cruises to New Record

Ensenada Cruiseport Village (ECV) on the Baja California Pacific coast of Mexico recorded its busiest year for cruise passengers in 2003 with 442,767 passengers, a 39% increase. The busiest month was October, with 56,172 passengers. Many of the guests were passengers of **Carnival** and **Royal**

Caribbean cruise lines, which operate three- and four-day cruises from southern California. ECV also handled a wide range of partial and full “homeport” operations from several leading cruise lines. Besides cruise ship activity, ECV finished the year with an occupancy rate of 97% in its Marina facility.

JICT Boosts Operations

Jakarta International Container Terminal (JICT) in February acquired six new Rubber-Tyred Gantry Cranes (RTGCs) and 13 terminal tractors. JICT now has a total of 50 RTGCs and 116 terminal tractors covering a yard area of 46ha. JICT has also finished the construction of an additional deepwater quay, adding two berths, and has implemented a fully automated container terminal management system.



Noted

Reflecting the growing demand for rail transport, **Port of Felixstowe (PFL)** set a new milestone during Dec. 8-14, moving 6,676 containers. A total of 22 inbound and 21 outbound trains per day from PFL's North and South Rail terminals link the port to 14 centres throughout the UK. PFL also handles two forest-products trains per day at its dedicated paper-handling rail terminal.



XICT Extends its Reach

Xiamen International Container Terminals (XICT) has purchased two super post-Panamax quay cranes to further strengthen the terminal's productivity and enhance the competitiveness of the Haicang

Port Zone. With the new equipment, XICT has a total of eight quay cranes, all supported by an upgraded IT system, and can accommodate the latest generation 8,000-plus TEU container vessels.

Newsbites

ENERGY & INFRASTRUCTURE

HEI in Thai Power Play

Hongkong Electric International Ltd (HEI) on Feb. 27 finalised shareholding arrangements for a 1,400-megawatt gas-fired power plant project which will be one of the largest base-load low-cost generators in Thailand, producing 6% of the country's projected installed capacity.

HEI is the largest foreign shareholder with a 25% stake in the HK\$6.87 billion project. Other foreign investors are **Chubu Electric** and **Toyota Tsusho** with 15% and 10% respectively. The largest local shareholder, with a 25% interest, is **Ratchaburi Electricity**

Generating Holding Co Ltd. Petroleum and gas supplier **PTT Plc** has a 15% share and the **Saha Union Group** holds 10%. The plant in Ratchaburi Province will come into operation in 2008 and will sell 100% of its output to the **Electricity Generating Authority of Thailand**.

Hongkong Electric Results

In a challenging year in which the SARS virus had a negative impact on the local economy, **Hongkong Electric Holdings Ltd.** reported audited consolidated net profit after tax of HK\$6,057 million (approximately US\$776.5 million) in 2003 compared with HK\$6,624 million the year before. This included profits from overseas activities of HK\$437 million compared with HK\$335 million previously. Turnover was HK\$11,250 million, compared

with HK\$11,605 million in 2002, earnings per share were HK\$2.84 compared with HK\$3.10, and the recommended total dividend was HK\$1.71, unchanged from the year before.

For full results see: www.hec.com.hk/heh/financial/results03/contnts.htm



Husky Outperforms

Husky Energy Inc. reported another record performance in 2003 with net earnings of C\$1.32 billion (approximately US\$995 million) or C\$3.22 per share (diluted), an increase of 64% compared with C\$804 million or C\$1.88 per share (diluted) in 2002. Turnover increased 20% to C\$7,658 million. During the year, Husky paid a special dividend of C\$1.00. The declared dividend was C\$0.10 compared with C\$0.09 in 2002.

Net earnings included a net gain of C\$190 million on US-denominated debt translation and a positive adjustment of C\$161 million related to tax rate changes. For full results see: www.huskyenergy.ca/investors/



SHIPSHAPE: The *Sea Rose*, Husky Energy's Floating Production, Storage and Offloading (FPSO) vessel, was officially named at a ceremony at the Samsung Heavy Industries shipyard in Busan, South Korea on Jan. 9, 2004. The *Sea Rose* will produce oil from the White Rose oil field off the coast of Newfoundland and Labrador, starting in 2005/06.

Eight in a Row for CKI

Cheung Kong Infrastructure Holdings Ltd. achieved its eighth consecutive year of growth in 2003. Profit before tax was HK\$4,185 million (approximately US\$536.5 million), an increase of 8% over 2002. Profit after tax attributable to shareholders was HK\$3,349 million, an increase of 1% from the previous year. Turnover, including that of the proportionate share of jointly controlled entities, was HK\$3,454 million compared with HK\$3,595 million (restated) in 2002. Earnings per share were HK\$1.49 and the total dividend was HK\$0.715 per share, a 5% increase from HK\$0.68 per share in 2002. For full results see: www.cki.com.hk/english/hongKong/home/

Fuel from Corn

Husky Energy is to construct a major ethanol facility adjacent to its Heavy Oil Upgrader at Lloydminster, Saskatchewan. The new plant will be the largest in western Canada and have an annual production capacity of 130 million litres. It will cost between C\$90-C\$95 million (approximately US\$70-73 million) to build and is scheduled to be operational by the end of 2005.

E - COMMERCE

TOM Posts First Profit

The **TOM Group** in 2003 recorded its first full year of profitability with profit attributable to shareholders of HK\$12.6 million (approximately US\$1.6 million), against a loss of HK\$409.579 million the year before. EBITDA was HK\$262.887 million compared with HK\$52.463 million in 2002. Operating profit was HK\$92.349 million against a loss of HK\$106.192 million.

Total revenue increased 29% to HK\$2,089 million with Internet operations accounting for 28% of turnover, up from 16% in 2002. The Taiwan-based publishing operation contributed 37% of total turnover, down from 46%, and outdoor advertising contributed 14% compared with 15% in 2002.

Online Arm Listed

Taking advantage of the market opportunity in China, the **TOM Group** in March staged a successful IPO for a new entity called **TOM Online**, raising net proceeds of approximately US\$170 million.

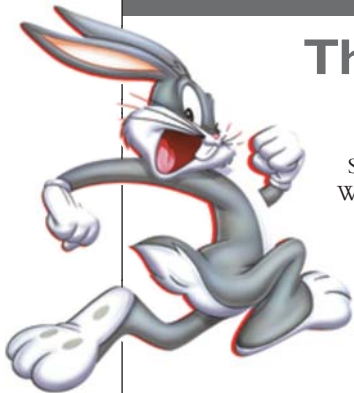
The company was listed on the **Nasdaq** in the form of American Depository Shares (ADS) on March 10 and on the **Growth Enterprise Market** (GEM) in Hong Kong the following day.

The debut of TOM Online marks a spinoff from TOM Group in a deal worth approximately 25% of the enlarged issued capital of the company. Pricing came in at HK\$1.50 per share after retail books closed 96 times and institutional books almost 50 times oversubscribed. Based in Beijing, TOM Online is a leading Internet company providing wireless value-added services, online advertising and commercial enterprise solutions to the China market. Proceeds of the listing will be used to expand services, boost R&D and fund potential acquisitions and alliances.



RETAIL & MANUFACTURING

The Wonderful World of Warner



Bugs Bunny, Harry Potter, Batman, Superman, Wonder Woman, Scooby-Doo, Tweety, Marvin the Martian and a host of their animated friends will soon be appearing "live" in a store near you, thanks to a merchandise tie-in that will feature these loveable characters in the Greater China region.

Warner Bros. Consumer Products (WBCP) has appointed **PMW Agency Ltd**, a JV between **Hutchison Harbour Ring** (HHR) and **Global Brands Group**, as the exclusive consumer products licensing agent for the company in Mainland China, Hong Kong and Macau. The agreement also establishes HHR as an Authorised Licensed Retailer for WBCP, with exclusive rights to operate **Warner Bros. Studio Stores** and **Warner Bros. Studios Presents** retail formats within the same markets. Additionally, HHR has been awarded non-exclusive licensing rights to manufacture and distribute

a wide range of merchandise based on Warner Bros. Consumer Products brands for sale in Authorised Licensed Retailers outside of the US and Canada. HHR Deputy Chairman Dominic Lai said the agreement would create a win-win situation for both companies. "We believe we can help Warner Brothers, using Hutchison's knowledge and network in the China market, while HHR acts as a service provider and agent for the internationally renowned brands," Mr Lai said.



ON THE BALL: Maria Sharapova, runner up in the Women's Singles title, in action during the *Watsons Water Champions Challenge*.

Champions Challenge

The *Watsons Water Champions Challenge* showcased some of the most exciting tennis seen in Asia for many years at **Victoria Park Tennis Centre** from Jan. 8-10, 2004. It was the fifth consecutive year **Watsons Water** has sponsored the tournament. Roger Federer won the Men's Singles title and Venus Williams the Women's Singles. Federer partnered with Martina Navratilova to win the Mixed Doubles. In conjunction with the **Leisure and Cultural Services Department**, **Watsons Water** also organised a Tennis Clinic where 100 students received coaching from Federer, Maria Sharapova, Max Mirnyi, Martin Verkerk and Chanda Rubin.



ACE SERVICE: Venus Williams, winner of the *Watsons Water Champions Challenge* Women's Singles title takes time out to do some shopping at **Fortress**.

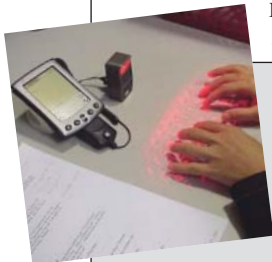
Profits Rise for HHR



Hutchison Harbour Ring (HHR) reported a 29.9% increase in profit attributable to shareholders totalling HK\$128.2 million (approximately US\$16.4 million), compared with HK\$98.7 million in 2002. EBIT increased 19.9% to

HK\$153.3 million. Turnover increased 20.7% to HK\$2,192.3 million and basic earnings per share rose 14.2% to 2.01 cents compared to 1.76 cents in 2002. The final dividend was 1.7 cents, up from 1.5 cents.

For full results see: www.hutchisonharbourring.com/finance_ann.htm



Virtual Keyboard is a Winner

i.Tech Dynamic has unveiled an astonishing device that will effectively give mobile phones or PDAs a full-sized keyboard that takes up very little space. *The Virtual Keyboard*, showcased at the 3GSM conference in Cannes on Feb. 23-26, works by projecting the image of a standard size keyboard onto a flat surface. An infrared system senses the letters typed and communicates them by wire or radio frequency to a PDA, mobile phone or laptop PC. Part of the

Hutchison Harbour Ring group, **i.Tech Dynamic** has a worldwide licence for manufacturing, marketing and sales of the product, which is based on technology developed by **VKB Inc.**



SENSATIONAL: Miss Holland Sanne de Regt, left, shares the latest health & beauty tips with a sales assistant at **Watsons Your Personal Store**. Sanne works at ASW-owned perfumery chain **ICI PARIS XL**. She stopped over in Hong Kong after taking part in the **Miss World 2003** beauty pageant held in China in December.

Newsbites

TELECOMS (2G)

Tie-up Creates Technology Powerhouse

ASIA

Three leading companies have joined forces to provide a wide range of IT and telecommunications services in Greater China and Asia. On Jan. 28, 2004 **Vanda Systems & Communications Holdings** (Vanda), the Hong Kong listed IT solutions company and an associate of **HWL**, agreed to purchase 100% of **Hutchison Global Communications Investments** (HGC), which wholly owns leading Hong Kong fixed line operator **Hutchison Global Communications Ltd** (HGCL). HGC is an indirect wholly owned subsidiary of HWL, which became a major shareholder in Vanda

in September 2003.

Vanda also agreed to buy 100% of **PowerCom Network Hong Kong** (PowerCom), a provider of broadband services that can be accessed through power sockets. PowerCom is a JV between **Cheung Kong Enterprises**, an indirect wholly owned subsidiary of **Cheung Kong (Holdings)** (CKH), and **CLP Telecommunications**, a wholly owned subsidiary of **CLP Holdings**. HWL is an associate of CKH.

The transaction was completed on March 12 and the new entity has been renamed **Hutchison Global Communications Holdings**.

Hutch Extends India Network

INDIA

Hutchison Telecom has extended its *Hutch* cellular phone network in India to Rajasthan and eastern Uttar Pradesh – with the brand now embracing 75% of the country's purchasing power.

In Rajasthan, **Hutchison Essar**, a JV of Hutchison Telecom and **Essar Group**, has earmarked Rs 200 crores (approximately US\$41 million)

to bring world-class mobile telephony, customer care and value-added services across the

desert state.

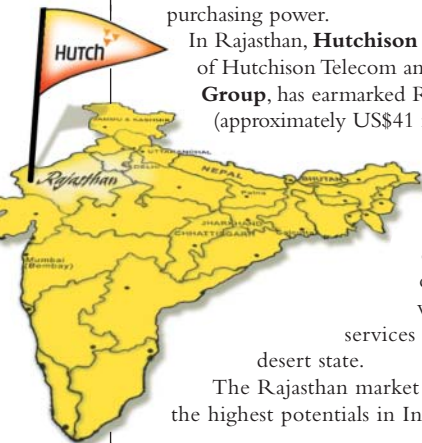
The Rajasthan market has one of the highest potentials in India, with

only 2.5% of the population currently using mobile phones.

Hutch has also expanded into eastern Uttar Pradesh with a total commitment of Rs 440 crores to extend from the current 65 key locations with 225 cell sites to 80 locations with 400 cell sites.

The *Hutch* network already embraces Mumbai, Delhi, Kolkata, Chennai, Gujarat, Andhra Pradesh, Karnataka and Haryana. It was recently voted "India's Most Respected Telecom Company" in a Business World-IMRB Survey and "Best Mobile Service in India" by TNS CellTrack, an annual survey covering mobile users in 13 telecom circles in India.

MMS usage on the *Hutch* network has meanwhile increased a phenomenal 20 times in a single year, from an average of 3,000 per a day in February last year to 60,000 in March 2004.



Videophone Banking

HONG KONG

CK Communications, a subsidiary of **Cheung Kong (Holdings)** and **Hutchison Global Communications** (HGC), has pioneered a pilot scheme with **HSBC** for the first videophone banking service in Asia enabled by the revolutionary *Vfone*. During a six-month pilot scheme, HSBC customers can utilise *Vfone* to speak with HSBC's customer service representatives face to face from their homes or offices.



Partner Rings up Record



ISRAEL

Partner Communications

reported record revenues in 2003 of NIS 4,467.7 million (approximately US\$1,020.3 million) compared with NIS 4,054.6 million in 2002. Net income before taxes was also a record at NIS 529.6 million compared to NIS 84.2 million the year before. Net income was NIS 1,162.7 million (2002 – NIS 84.2 million), or NIS 6.34 per diluted ADS share (2002 –

NIS 0.46), which included a NIS 633.0 million tax benefit.

Operating profit for 2003 increased to NIS 854.9 from NIS 533.4 million in 2002, a 60.3% rise.

EBITDA increased to NIS 1,379.8 million, up 31.1% from NIS 1,052.2. Estimated market share rose from 29% in 2002 to 31% in 2003.

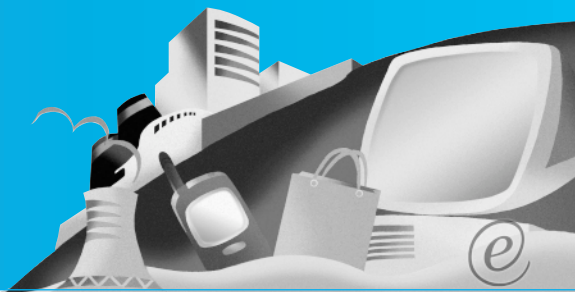
For full results see: www.orange.co.il/investor_site/financial_report.aspx

Ratings Rise

ISRAEL

Moody's Investors Service on Dec. 21,

2003 upgraded the ratings of **Partner Communications** from stable to positive. Partner's senior implied rating was upgraded from Ba3 to Ba2; its issuer rating from B2 to B1; its US\$175 million senior subordinated notes from B2 to B1; and the ratings for senior bank credit facilities from Ba3 to Ba2. On Feb. 16, 2004 **Maalot** upgraded Partner's corporate credit rating to A+.



TELECOMS (2 G)

HGC Shares Education Expertise

HONG KONG / CHINA Since its launch in March 2001, a far-sighted education initiative by **Hutchison Global Communications (HGC)** has been used by over 70% of primary and secondary schools in Hong Kong. Thanks to HGC, these schools have enjoyed high-speed broadband links that have opened the door to state-of-the-art multi-media education applications. The *School Fibre Broadband* initiative caught the eye of the education sector in the Mainland and a delegation from the **PRC Ministry of Education and Center for Educational Technology** visited Hong Kong in February to see the benefits for themselves. Senior Hong Kong educators, along with officials from HGC and **Mintel Inc.**, shared their experience on the use



of the Internet and multi-media platforms for education. HGC also met and reported to the PRC Ministry of Education on a joint project with Mintel in Dec. 2003 on promoting multi-media education platforms to Mainland schools. Officials came out in support of conducting trials in Beijing and Shanghai with a view to further extending the concept in China.

Revenues Rise

AUSTRALIA **Hutchison Australia** reported total operating revenue of A\$340.1 million (approximately US\$248.2 million) in 2003, an increase of 50% on 2002. The company recorded a net loss after tax of A\$409.8 million compared to a loss of A\$197.3 million in the prior year, an increase that is principally attributed to the launch of **3**. The year was marked by a 61% increase in mobile revenue and strong customer growth in both the **3** and the *Orange* brands. Launched in Sydney and Melbourne in April 2003 and expanded to other licence areas in July, **3** contributed A\$88.2 million to total revenue with an EBITDA loss of A\$306.1 million, reflecting start-up losses. Customer numbers grew to 86,758 by year-end and passed the 100,000 mark early in 2004. Average revenue per user was A\$80, an industry high, with a churn rate of 1.1%. The *Orange* business recorded its first full year positive EBITDA of A\$21.6 million compared with an EBITDA loss of A\$14.1 million in 2002. The *Orange* mobile customer base grew 23% to 325,180, contributing A\$221.9 million to total revenue, an increase of 15%. For full results see: www.hutchison.com.au

Ethernet Link-up

ASIA **Hutchison Global Communications (HGC)** and **KT Corporation (KT)** on March 2 established the world's first inter-Autonomous System (AS) International Ethernet network. The network, driven by Virtual Private LAN Service (VPLS) technology, offers multipoint-to-multipoint International Ethernet services and allows enterprises to connect their Hong Kong and South Korean Ethernet LANs in a simple, flexible and cost-effective manner.

TELECOMS (3 G)

Hot Handsets

GLOBAL Two new model video mobile phones were exclusively released into **3** operations around the globe in February. The *Motorola A925* is a powerful dual mode (3G/2.5G) device with industry-leading features that include video calling, MPEG4 video streaming, video messaging, MP3, fully functional PDA, and POP3 & IMAP4 e-mail access. It supports up to 256MB memory stick duo, has 65K colour touch screen, a Symbian Operating System for installing third party software, Java application downloads, and has



GPRS with transmission speeds of up to 53.6kbps. It is also Global Satellite Positioning (AGPS) enabled, has bluetooth connectivity, a built-in 180° rotatable VGA camera and quad-band UMTS/GSM capability. The *NEC 313* supports video calling, MPEG4 video streaming, video messaging, MP3, POP3 & IMAP4 e-mail access and Java application downloads. It supports up to 128MB memory stick duo and has a 65K colour screen and a built-in 180° rotatable VGA camera.



Good Timing

GLOBAL **3** kicked off video coverage of the **UEFA Champions League** with the first game between **Bayern München** and **Real Madrid** on Feb. 24. The service allows customers of **3** to stay informed about current action and results with near-live video coverage of at least two games per game day. The highlights of the rest of the matches are also available and fans who don't want to miss a single goal can subscribe to the *Flash* service.



Newsbites

TELECOMS (3G)

Lingua Franca

AUSTRALIA In March, **3 Australia** launched its latest content offerings to appeal to the Italian speaking community, including daily video news bulletins in Italian provided by *AnsaLive*, the news service of *ANSAweb*, along with soccer video news from *Serie A*. **3** also offers daily video news bulletins from Hong Kong in Cantonese.



Other exciting content includes *Live Surfcam* showing surfing conditions at Australia's most popular east coast surf beaches. Subscribers can also get AFL and Rugby Union content, highlights of the **English Premier League**, *Eat and Drink* information and *What's On* city guides for Sydney, Melbourne, Brisbane, Perth and Adelaide.

In conjunction with the global launch of the *Motorola A925*, **3** in February released a new suite of video-based financial information services. Customers of **3** can get information on **ASX**-listed stocks, including near live quotes, performance charts and a list of the Top 10 movers. They can also track the Aussie dollar and the All Ordinaries against other global currencies and indices. All stock data is provided by **Reuters** in association with the ASX.

Today On 3

UK Marking the latest evolution in mobile entertainment, **3 UK** in March launched *Today on 3*, the UK's first live video mobile news and entertainment channel. The channel is updated throughout the day and showcases the latest footage available on **3**, including clips from **Sky Sports**, **MTV**, **Pete Tong**, **ITN**, the **Barclaycard Premiership** and **UEFA Champion's League**. Clips of up to eight minutes long can be streamed using **3**'s unique *Quickplay* option, or downloaded, stored and replayed.

Fans Bowled Over

UK The gentle art of watching cricket entered a new era in the UK in March when, for the first time, fans could watch video highlights of England Tests and One Day Internationals on their **3** video mobile phones. The service was launched ahead of England's first test against the West Indies in Jamaica.



Getty Images

Better Connections

ITALY **Telecom Italia Mobile (TIM)** and **3** have extended the range of their commercial association and revised the terms of their roaming, site sharing and interconnection agreements. The Feb. 11 agreement renews the preceding voice roaming agreement until June 2006 and adds a mechanism whereby **3** benefits from a traffic volume-based price reduction on roaming, while TIM enjoys a minimum turnover commitment. GPRS roaming service pricing terms have also been set until the end of 2006 and the two companies have agreed to implement a co-siting plan that will provide **3** with more sites than agreed under the original contract. The deal also includes provisions for sharing the two carriers' mobile phone football broadcast rights, covering 14 top clubs plus the **Italian National Team**.

Watching Big Brother

ITALY **3 Italy** in January launched the first Mobile TV service on a 3G mobile network with a screening of the fourth episode of *Big Brother*. Henceforth, fans of the show can view all the vicissitudes of *Big Brother's* protagonists in real time from virtually anywhere for a connection fee of just 90 euro cents for five minutes.

3GEO Leads the Way

EUROPE In January, **3** added a unique feature to the list of mobile communications services available to customers in Austria, Denmark, UK and Sweden. The **3GEO** mobile navigational system tells customers where they are and leads them along the quickest path to their destination via detailed maps. It also pinpoints the nearest restaurant, bank, or landmark and can access up-to-the-minute information on traffic and parking conditions, or speed up the arrival of a roadside towing service. Similar services will soon be available in **3**'s other worldwide markets.



Pocket Art

AUSTRIA In February, subscribers to **3 Austria** were invited to enter into a specially created mobile art space called *Virtual Frame*, containing video clips, cartoons, music videos, high-tech animations, abstract software suites, typographical fairytales, digital poems and interactive works that can be activated on a **3** video mobile phone. At launch, a total of 40 artists and teams of artists had created some 140 artworks for the new medium, establishing a new cultural platform.



Applause

SWEDEN Together with its communications agency **BAS**, **3** has won an award from the **Swedish Federation of Trade** for having the most attractive stores.





COMMUNAL BONDS

HPH is a caring global citizen that makes every effort to contribute to the well-being of the communities in which it operates.

By Tim Metcalfe



With a population of over 200 million, more than half of the people in Indonesia are vulnerable to poverty. For many, feeding the family is a daily challenge, and providing a good education for their children seems like an unattainable dream.

Yet in the poor agricultural village of Bekasi, about 20km from Jakarta, the

dream of a decent education has come true for local children thanks to the generous efforts of Jakarta International Container Terminal (JICT).

Acknowledging the vital role that education plays in community development, JICT supports the At-Tauhid school for needy children. The Port's contribution helps pay the salaries of the teachers and

administrators, subsidises schoolbooks and learning aids for the 50 neediest students and provides education for a total of 200 children ranging in age from kindergarten to junior high school.

"Without such financial support, it is doubtful the school could continue operating," says JICT's HR & Admin Director, Abdul Malik. "JICT felt it important to



provide something more than just employment for the community. By paying these salaries we enable the opportunity for all the children to be educated.”

JICT’s community efforts are but one example of the contributions made by Hutchison Port Holdings (HPH) companies worldwide.

As a source of careers and livelihoods for more than 25,000 employees at its 32 container ports across the globe, it is not surprising that HPH is a popular employer and valuable asset to each respective local economy. In many port regions, HPH is the single-largest employer.

Keenly aware of its obligations as a “corporate citizen”, the world’s largest private ports operator supports community projects wherever it operates. Its contributions are tailored to fit the needs and circumstances of local communities.

Not only does HPH contribute as a group but the HPH staff themselves take the initiative to be responsible corporate citizens. Employees have collectively raised funds to fight the SARS crisis in Hong Kong, participated in running events for cancer charities in Europe, helped flood victims in Argentina and assisted underprivileged people in Korea,

to mention but a few.

HPH’s long-term contribution to communities is especially significant through its “HPH Dock Schools” projects.

From its founding in Hong Kong just over a decade ago with the adoption of the

“Without HPH’s financial support, it is doubtful the school could continue operating”

first Dock School, the programme has since been extended to bring funding, scholarships and technical support — especially in the area of IT — to schools and universities in countries as diverse as China, Myanmar, the UK and Panama.

Of course, it is in HPH’s interests to help educate the next generation of potential port employees. “Like any other organisa-

tion, people are our greatest asset,” says HPH Managing Director John Meredith.

But the concept extends beyond self-interest. “Education is our priority because we seek to ensure that tomorrow’s citizens of our port regions are better equipped to deal with the world they will inherit,” Meredith explains.

HELPING ON THE HOME FRONT

HPH launched its Dock School Programme in Hong Kong in 1992, adopting the Tsuen Wan Trade Association Primary School. The school was a natural choice as it is close to Hongkong International Terminals (HIT), the city’s giant container port and the company’s home base. Since then, HIT has awarded annual scholarships to promising students and has also organised numerous school visits to the HIT terminal, along with recreational events at its sports centre.

When it adopted Hong Kong’s Chuen Yuen College as its second Dock School in 1999, HIT focused on sharing IT expertise with all 1,100 students.

“As a pioneer in utilising information technology in the container port industry, we can share our expertise with the younger generation,” explained Eric Ip, Managing Director of HIT.



Last year HIT sponsored a group of students to visit a poor community in Hunan, China. The exchange helped broaden the students' horizons, bringing a greater appreciation of the privileges they enjoy in Hong Kong.

HIT has also sponsored college community programmes in which students have cleaned up local communal areas or visited homes for the elderly and homes for children with disabilities. "It is a pleasure and privilege to be one of HIT's Dock Schools," says college principal Ruth Lee.

In 2002, the volunteer HIT Community Caring Group was established to co-ordinate the efforts of staff in reaching out to children, the elderly, infirm, ill and disadvantaged.

More than just volunteering their time, HIT staff have together contributed tens of thousands of dollars to help finance charitable work. When Hong Kong was struck by the SARS virus in 2003, HIT rallied in response, contributing urgently needed medical supplies to Princess Margaret Hospital in neighbouring Kwai Chung. Civic-minded staff raised half of the HK\$200,000 needed, with HIT contributing the balance.

With interests in ten ports in Mainland China and two in South Korea, HPH's community work is felt up and down the coastlines of Asia.

"As a source of careers and livelihoods, HPH is a popular employer and valuable asset to each respective local economy"

Another beneficiary of HPH's Dock School programme is Myanmar Maritime University, in the capital Yangon, where Myanmar International Terminals Thilawa (MITT) recently donated US\$10,000 towards an English Language Learning Laboratory, officially opened in August 2002.

Equipped with books, computers and

software, the laboratory is a key education aid for the 4,000 university students — and MITT hopes it will become an important institution in support of Myanmar's growing maritime industry. Says MITT's General Manager, Roger Chai: "It's part of our continuing efforts to foster the community's youth and nurture fresh talent for the shipping and container industries."

In 2002, Shanghai Container Terminals (SCT) provided on-the-job training for dozens of college graduates. The six-month internship programme taught the new grads practical work experience and modern management techniques.

To mark its 10th anniversary in August last year, SCT donated 500,000 yuan to the Shanghai Red Cross. It was a timely and welcome gesture and the money was earmarked for rebuilding schools in flood-devastated provinces of China and for upgrading Red Cross clinics in Shanghai.

Elsewhere in Mainland China, staff at Xiamen International Container Terminals (XICT) have joined hands with the Red Cross to provide annual blood donations for transfusions. XICT employees also actively participate in activities to enrich their local community. Every Mid-Autumn Festival, for example, they distribute mooncakes and



good cheer to the elderly and orphans.

In South Korea, the staff of Hutchison Korea Terminals (HKT) formed a volunteer group and donated their spare time to renovate a welfare centre for the elderly in Busan. In 2002, management and staff came to the rescue of a doomed fruit orchard struck by flooding.

In Pakistan, Karachi International Container Terminal (KICT) has supported the SOS Children's Village by organising a painting competition for orphans.

DEVELOPING A RICH LEGACY

Panama Ports Company (PPC) is justifiably proud of its annual scholarship programme for the brightest and most promising children of its 700-plus employees. Launched in 1998, the 50 scholarships are divided among elementary and high school students — and are the stepping-stone to a lifetime career with one of Panama's biggest and most popular employers.

Says PPC General Manager, Alejandro Kouruklis: "Charity begins at home and it gladdens my heart that we provide help for deserving children of our employees." PPC also came to the rescue of the country's cash-strapped young footballers, paying for their tickets to contest the WorldYouth Cup

in Dubai. The port is also a major sponsor of the country's annual 36-hour Telethon fundraiser for special-needs children.

Since it opened in 1997, Freeport Container Port (FCP) has joined forces with the Grand Bahama Port Authority and

"We seek to ensure that tomorrow's citizens of our port regions are better equipped to deal with the world"

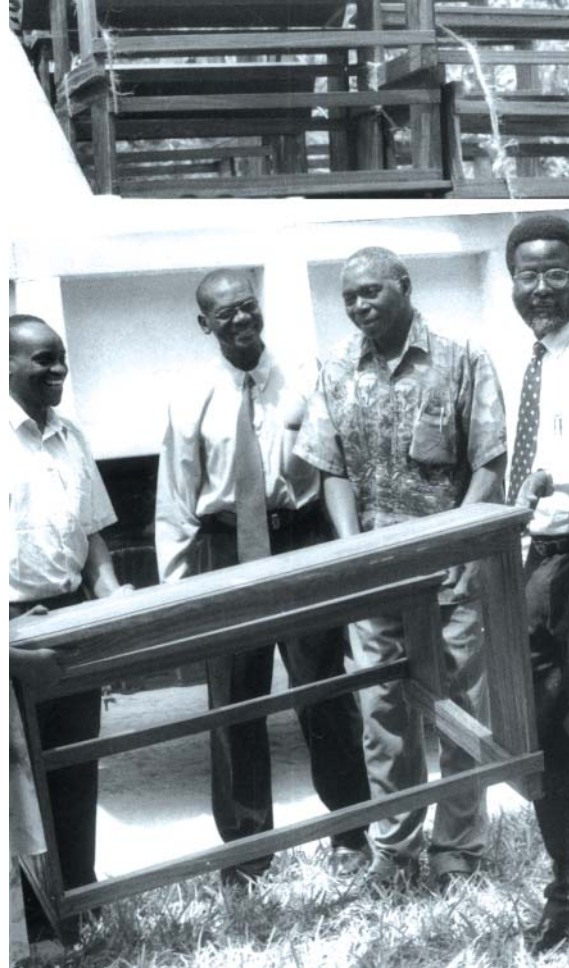
Group Companies to award more than 300 scholarships to promising youngsters. The initiative is contributing to studies that will ultimately prove most beneficial to Grand Bahama. Areas of sponsored study have included aviation management, banking, accounting, engineering, IT, nursing, culi-

nary arts and architecture. FCP and its partners also donate to local schools, churches, sporting groups and individuals in need of medical help or disaster relief.

Ensenada International Terminal (EIT) in Mexico strengthens its links with the community by providing practical work experience to local university students, some of whom join the company as full-time employees. Staff at Ensenada Cruiseport Village (ECV) meanwhile support several local orphanages with food, medical help and counselling.

PARTNERING WITH THE PEOPLE

Every little bit helps, and Harwich International Port (HWH) was delighted to support Harwich School's campaign to be officially designated a Language College. Under the UK's "Specialist Schools Programme", the status entitled The Harwich School to government grants totalling £100,000 (approximately US\$180,000) over nine years. To be eligible, the school had to find its own sponsorship to the value of £50,000 and HWH had no hesitation kick-starting the fundraising drive, pledging £2,000 a year for three years. Donations from other sponsors enabled The Harwich School to reach its



target — and its lucrative designation. Since then, the comprehensive school has transformed an old school block into state-of-the-art language laboratories, teaching classes in French, German, Spanish, Dutch and Mandarin to some 1,150 pupils.

Port of Felixstowe (PFL) has long-standing connections with Orwell High School. Many employees were former students or currently have their own children studying there. It was therefore natural that PFL came out in support of the school's bid to achieve "Technology College" status — a move that will see the school receive £650,000 government funding over four years. The money will enable the future college to concentrate on teaching technology, IT, science and mathematics. Once it has gained "Technology College" status, Orwell will develop closer links with the Port to give students a clearer picture of the career opportunities available to them locally. The college will also provide resources and teaching assistance to other schools in Felixstowe.

Back in 2001, PFL answered a call from the local Trimley St. Martin Primary School to fund a new Information Communication Technology room, equipped with 16 networked computers,

each with Internet access.

A long-term supporter of community projects for the disadvantaged, PFL also backs The Woolverstone Project, a local charity that has introduced thousands of disabled people of all ages to the joy of sailing. PFL sponsors

"Staff have together contributed tens of thousands of dollars to help finance charitable work"

one of the boats and helps pay for teams to compete in international championships for the disabled.

Across the Channel, staff at Europe Container Terminals (ECT) each year enter the world's longest non-stop relay race, the gruelling 530-km "Roparun" from Rotterdam to Paris, which raises funds for cancer charities.

ALLEVIATING HARDSHIP

When Santa Fe City in Argentina suffered its worst flooding for 500 years in May 2003, with the disaster leaving 25,000 homes under water, staff at Buenos Aires Container Terminal (BACTSSA) responded by contributing blankets, medicine, clothes, and food.

The BACTSSA staff also sponsor "The Sun of Bernal" sports and social club, which represents a beacon of hope for children in desperate need, providing basic needs as well as sports facilities.

Following a train disaster in Tanzania in June 2002 that claimed 300 lives, staff at Tanzania International Container Terminal Services (TICTS) donated much-needed medical supplies. The port was also happy to help a deserving school in need of desks for pupils, as well as providing a much-needed water well in a nearby district.

The 250 TICTS T-shirts donated to Nunge Camp for the disabled in Dar es Salaam may sound like a humble contribution, but they were very gratefully received. A small gesture such as this goes a long way in helping to communicate HPH's simple mission — to assist the needy and help make the world a better place for everybody.



3 CHEERS

Thanks to 3, Hong Kong has entered a brand new era of video mobile communications.

By Mark Caldwell



Adam Chan* was the very first customer in Hong Kong to get his hands on a 3 video mobile phone. "I bought it so I could watch and listen to music," he said as he emerged beaming from the bustling 3Shop in Central.

Businessman Eric Wong was another early customer — in fact, he bought two video mobiles. "Now I can see my wife more," he said.

Wong spends long hours at the office or travelling abroad, and the video calling capabilities of his NEC 616s will keep him in visual touch not only with his wife but with his London-based daughter as well. "I am also looking forward to trying out the other functions, like being able to receive news and access voice, e-mail and faxmail while on the move," Wong added.

Carol Ng and two of her friends also joined the "early adopters". They bought six video mobiles between them and before long they were conducting video calls with each other at a coffee shop in Central.

Life in Hong Kong will never be the same.

Heralded by lion dancing and a carnival atmosphere, the 3 Service went live in Hong Kong on the sixth day of the Lunar New Year (January 27, 2004) — an auspicious date in the Chinese calendar. The event signalled the beginning of a new 3G (third-

generation) mobile communications era in a city famous for the eagerness of its citizens to be first to adopt new technology.

Mobile communications are already an integral part of the Hong Kong lifestyle. Second-generation (2G) penetration stands at over 100% with more mobile phones in the territory than there are people. 3 Hong Kong (3 HK) believes there will now be a steady migration by consumers to the faster and smarter 3 video mobile phones which deliver a far greater range of content and services.

Since opening their doors in January 2004 for pre-bookings, the distinctive 3Shops (see sidebar, p.17) have been inundated by a public eager to catch the first wave. Within days of the rollout in January, a growing band of early adopters could be spotted city-wide "surfing" content offerings and trying out the new video call applications.

DISTINCTLY DIFFERENT

The launch was accompanied by an advertising blitz that saw billboards, TV and newspaper advertisements festooned with the slogan: "The difference is 3".

To succeed in this highly competitive marketplace, communicating to the public the difference between 3 and competing 2G services is indeed vital.

Empowered by the advanced 3G (UMTS) technology, 3 delivers a range of applications that 2G simply cannot match. While so-called 2.5G services have for some time been offering users the ability to take photographs and to send and receive them, 3 adds a visual dimension to mobile communications not seen in Hong Kong before. The most obvious difference between the new 3 service and those of incumbent operators is 3's ability to simultaneously make and receive live video calls.

Added to that, 3 provides a selection of streamed video content — ranging from news, financial updates and sport to music, games and fashion — that allows the user to truly enter the realm of moving pictures within the mobile environment.

Subscribers gain entry into a space that is altogether more useful, more diverse and more fun than the screen on their old 2G device. It's a space that entertains and informs, with the capacity to surprise, delight and entertain. It's the difference between looking at a picture on the wall and looking at the world through a window.

As never before, 3 creates the sensation of "being there" and "being with". Eye-to-eye video contact in real time is a delightful move up the communications ladder, allowing Grandma to see her new grandson

(*Names have been changed to protect customers' privacy.)



as well as hear him gurgle — or enabling a buyer to view a property without actually being in it.

“The new era of video mobile communications has commenced,” says 3 HK Managing Director Agnes Nardi. “This is a revolution that people should try and use as soon as possible. It is becoming the new style of communications. We are talking about a new lifestyle. It’s fun and useful and compelling. In future, people will wonder how they lived without it.”

IT TAKES 3 TO TANGO

As Metcalfe’s Law states: “The usefulness of the network increases with the number of people who use it.” Accordingly it is now vital for 3 to sign up as many customers as possible to drive the revolution.

By offering a rich selection of applications and services at affordable prices, 3 appeals to a wide range of niche-interest groups. With something extra for everybody, from home security to horse racing, more and more subscribers are finding that there’s something special that they want, motivating them to move to the next level.

In a March report in which he described a week of testing the new service with family and friends, Goldman Sachs analyst Mike Warren expressed the opinion that users only need one or two unique features in 3G to justify the migration from 2G.

“Our favourite applications were video calling and downloading English football video clips,” he said, adding “our first video calls with the family were an unforgettable experience and, importantly, the novelty factor has not worn off!”

Warren noted that he could easily see how downloading news clips could become

a way of life for commuters travelling to and from work. “At the end of the day, the same news is in the press, but video brings the stories to life,” he said.

CLEVER INSIDE; EASY TO USE

With just a couple of clicks needed to navigate, it’s relatively simple to master the mechanics of the 3 video mobile phones.

The various functions can be divided into two general categories — “interactive communication” and “information & entertainment” (see sidebar, p.19).

Interactive communication covers person-to-person video calls, voice calls, and video messaging. With the capacity to switch seamlessly and automatically between 3G and 2G networks, users can stay in touch wherever they are — and the 3 service offers video and voice roaming capabilities in over 170 countries and regions.

Along with video links to Japan’s FOMA users, 3 provides international video calling in the six other markets where the brand currently operates. Subscribers can make and receive video calls while in Austria, Australia, Denmark, Italy, Sweden and the UK as well as access 3 Hong Kong’s 3Grid while in Austria, Denmark, Italy, Sweden and the UK.

Apart from videocall connectivity between 3 video mobile phones, users can also make eye contact by connecting to VJones (see sidebar, p.18) or via webcalls to camera-equipped PCs.

In the area of information and entertainment, 3 offers a wide range of easy-to-access content through specially designed portals and push-content features to enable customers to

watch updated clips easily and conveniently.

Pioneered by 3 HK, *TodayOn3* features an innovative “rolling portal” that allows users to easily see content offerings without the need to manually scroll up or down. If there’s something that catches their interest, they can get the full story with a couple of clicks. The success of *TodayOn3* in HK has led to its introduction in 3’s other markets worldwide.

For added convenience, *DailyExpress* delivers a variety of information and entertainment services in video throughout the day with scheduled and personalised alert services for selected information updates.

Customers can also personalise their preferences through *ExpressLink*, which provides quick access to the type of information and content they use most frequently by having it delivered directly to their video mobile phone screen.

Another innovative offering called *HomeWatch* provides a live video mobile service that allows customers to make visual contact with their home or office via an installed web camera. Similar technology is used to provide live scenes of traffic conditions in Hong Kong.

With a total of some two dozen communications and infotainment channels already on the 3 portal, the door has now been flung wide open for exciting new content and services offerings to emerge.

In March, 3 HK unveiled the 3 Developer Programme, designed to inspire and encourage the development of new 3G content and services. The introductory forum attracted some 300 industry players and content/application developers from the telecom sector.



COOL ON THE OUTSIDE, HOT ON THE INSIDE

When customers visit a 3 brand retail outlet, or 3Shop, they not only enter into an ultra-chic physical environment but are also invited to enter a new space that is only a few centimetres in size. The space in question is the screen on a 3 video mobile handset. It provides a window to an exciting world of communication, information and entertainment not seen before in Hong Kong.



The flagship 3Shop opened in Central on January 24 to much fanfare, followed by more 3Shops, 3Corners and several 3Service Centres across the territory. Within two months of the service rollout, 3 had extended its retail network to over 100 sales outlets, including all Orange shops as well as Fortress and CM Concept stores.

FREE WITH 3

To celebrate its rollout in Hong Kong, 3 offered various incentives and attractive promotions to encourage people to sign up.

Unique to HK, a free limited-edition white gold diamond badge valued at over HK\$1,000 (approximately US\$128) was given to those who had pre-registered and then subscribed to the HK\$533 tariff plan or who purchased a pair of video mobile phones. This diamond badge fits neatly onto a video mobile phone and has a real sparkling diamond at its centre.

A special promotion from March 4 - 6 saw nine lucky taxi passengers receive a free video mobile phone and enjoy free 3 Services for three consecutive months.



One hundred "3 Cars" (taxis emblazoned with the 3 logo) were equipped with 3 video mobile phones. At 3.15pm during the promotion period, three of these would ring and passengers who answered hit the jackpot. Family and friends accompanying the lucky winners were awarded a HK\$500 coupon each towards the purchase of a 3 video mobile phone for themselves.

Meanwhile, the first 1,000 customers who purchased a Motorola A925 video mobile phone enjoyed a 50% discount.

Customers who traded in their old 2G phones for the brand new NEC 313 or NEC 616 enjoyed a discount of up to HK\$2,700.

Other attractive offers included free and additional text and multimedia content usage, free local video call minutes, discounts on international and roaming video and voice calls as well as data usage.



“The content portfolio will continue to be enriched,” Nardi confirms, “and all these services will continue to be provided in a very user-friendly manner.”

PIONEERING TECHNOLOGY

Mobile communications technology has improved by leaps and bounds over the past few years and Hutchison Telecom (HK) has been at the forefront of introducing 1G analogue, 2G and 2.5G digital services in Hong Kong.

With the introduction of 3, Hutchison is again spearheading the advancement of mobile communications in the territory.

3G has a far greater bandwidth capacity than 2G to handle data, allowing greater volumes of information to be processed more quickly than by second-generation technologies.

The 3 HK network is comprised of over 1,200 3G radio base stations and is supplemented by the *Orange* GSM network.

“NEC is our supplier for both video mobile phones and the 3G radio network, and is also a shareholder in our 3 Hong Kong operations,” says Nardi. “Our 3 network provides full coverage in Hong Kong. In the last two years, our network team has done thousands of kilometres of testing.”

The global rollout of 3, starting in the UK and Italy in March 2003, has smoothed the way for 3 in Hong Kong. Technology development, content deals, brand building and handset procurement have all been done on an international basis, making it a lot easier than if 3 were starting from scratch.

Hutchison already enjoys 2G market leadership in Hong Kong with *Orange* and these customers will be a natural target to migrate to 3. But Nardi, who is in charge of both, is comfortable with the numbers.

“3G is the future,” she says. “We are the largest 2G operator in Hong Kong and have obtained 30% of the market share. We are looking to attract the other 70%. We have something that the other operators do not have. There are different market segments with different requirements and we now offer two very compelling propositions. There will be a transition period and we will facilitate the transition.”

Hong Kong consumers are well informed. Citing a recent survey, Nardi says 70% of those questioned knew something about 3G and 30% said they were willing to try it.

“We have also seen very positive signs among our first customers. About 95% of our subscribers have tried out our video call service and browse different content. This is

📡 EYE CONTACT

3 has joined forces with CK Communications and Hutchison Global Communications to provide video communications capabilities between 3 video mobile phones and *Vfone* devices in Hong Kong.

Vfone is a video phone that plugs into a broadband connection and utilises V²oIP technology.

The move represents a key milestone in video communications and is the first time in the world that a video phone has been successfully connected to a 3G video mobile phone.

Plans are in place to extend this pioneering connection between 3 and *Vfone* to other countries.

This will be particularly useful in countries where 3G networks do not yet exist. There will be no IDD charges involved when 3 users make video calls to overseas *Vfone* users.

3 users can also conduct remote surveillance through their *Vfone*, using *Vfone*'s Auto-Answer feature.



positive usage behaviour. Over time 3G will do well.”

There are four 3G licences holders in Hong Kong, but 3 is the first and, so far, the only service that is up and running.

“We have the early-mover advantage,” says Nardi. “We think our competitors are six to nine months behind. Furthermore, by being part of the Hutchison Group, which is rolling out 3G services on a global scale, we enjoy synergies and economies of scale that our competitors will find hard to match. We have the ability to source video mobile phones at good prices as well as draw on compelling international content such as English Premier League and UEFA football.”

PUTTING IT ALL TOGETHER

As a brand, 3 brings together the latest network and video mobile communication technology and the best content — and delivers it to the public in an attractive and affordable package.

By being first in Hong Kong, 3 has been able to sign up a strong portfolio of content providers, which may leave late entrants struggling to compete.

In the build-up to the Hong Kong launch, 3 signed contracts with several leading content and service providers over and above an already impressive list of international content providers that were signed up earlier by 3's European and Australian operations.

3 HK has ensured it has enough video mobile phones to meet demand. At launch, 3 HK became the first operator in the world to deliver the stylish *NEC 616* video mobile phone. This was soon followed by the introduction of the affordable *NEC 313* for the mass market and the *Motorola A925*, aimed at the business sector. In April, 3 HK launched the compact *Motorola A835* for the incredible price of only HK\$498 (approximately US\$64) each. New models will follow, providing ever-greater choice for consumers.

Tariff plans are also highly competitive, ranging from HK\$123 to HK\$533 (approximately US\$16 to US\$68) per month to cater for different needs. Each plan provides a full range of services including voice minutes, video minutes, text messages, plus a bundle of multimedia content downloads and wireless data. The deal provides subscribers with easy entry to upgrade from their 2G or 2.5G mobiles, comparing favourably with the approximately HK\$2,000 they can expect to pay for a 2.5G camera phone and the HK\$200 tariff that the typical Hong Kong consumer spends per month.

With 3 up and running, Hong Kong has begun an exciting new journey down the mobile information highway. A significant number of early adopters have already entered the realm and the take-up rate is likely to accelerate into the 3G future. As the advertisement on the fleet of “3 Cars” says, it’s “full speed ahead”.



ON THE MENU

“Content is king”, and 3 provides plenty of it. The service puts a rich selection of news and “infotainment” within convenient reach of everyone — anywhere, anytime.

Among the content providers, Reuters and Metro Radio deliver financial news, investment information, current affairs and interviews with top business leaders.

A partnership with pay-TV channel i-CABLE Communications provides 24-hour video mobile news reports and traffic updates. Subscribers to the 3 Service can also visit the “M-Site” to access i-CABLE’s soccer website (www.isoccer18.com). Thanks to deals signed earlier in the UK and Europe, fans in Hong Kong can also access English Premier League UEFA Champions League and Italian Football League Serie A action.

3 has also joined forces with TVB, the largest producer of Chinese-language television programming in Hong Kong. Under the deal, video clips of popular TV series, variety shows, celebrity interviews and news are available to 3 customers.

3 users can also watch Phoenix InfoNews for current affairs and financial information from Mainland China, Taiwan, Hong Kong and the world. The Yes TV Plus’ Soundtrack Channel meanwhile features the hottest music videos from the movies and television, movie news from Hollywood and interviews with the stars.

The services of 3 are classified into “Interactive Communications” and “Information and Entertainment”.

Here’s what’s on offer:

INTERACTIVE COMMUNICATIONS

**VideoCall**

Speak face to face with friends, relatives and business associates in real time.

**WebCall**

Visually connect to anyone with a 3 video mobile phone, Vfone or camera-equipped PC with Internet link.

**Mail**

Send and receive multimedia messages while on the move and organise all your voicemail, e-mail, fax-mail and contacts.

**VoiceCall**

Local and international voice calls are crystal clear and easy to manage.

**VideoMessaging**

Create your own movie clip then send it instantly.

**M-Card**

Make someone’s day by sending them an M-card.

INFORMATION & ENTERTAINMENT

**News**

Breaking news from around the world from leading news providers in video, audio and text formats.

**Xtreme**

Video clips of snowboarding, surfing, motocross, skateboarding and more.

**Games**

A selection of exciting sports, shooting and adventure games.

**Finance**

Gather market intelligence from Asian, US and European stock markets 24 hours a day.

**Movie**

Find out what’s on the silver screen — with previews of the latest releases.

**M-Sites**

Direct connection to quality sites hosted by selected partners.

**Weather**

Keep tabs on the weather locally and globally.

**Music**

Stream and download full version music videos and original songs.

**3Express**

Personalise the profiles of *DailyExpress* and *ExpressLink*.

**Traffic**

Connect to cameras at key traffic points.

**Entertainment**

Highlights of TV dramas, showbiz and more.

**3Care**

An easy way to manage passwords, bill information and other key facts.

**HomeWatch**

Monitor your home or office via a security camera.

**Fashion**

Seasonal fashion-show videos from the most renowned brands.

**Download**

An entertaining selection of downloads, wallpaper and ringtones.

**Sport**

News and action from top sporting events.

**Playboy**

Access for over 18s to content from *Playboy* magazine.

**Dining**

A unique guide to Hong Kong’s best restaurants.

**Football**

Score updates plus video highlights from the UK, Europe and Asia.

**Sensation**

Asian adult content for over 18s.

**Comedy**

Enjoy a good chuckle over humorous video clips.



THE INTELLIGENT ADVANTAGE

Well-known for its “old economy” business acumen, HWL is also a world leader in harnessing the power of information technology to improve performance.

By Arun Sudhaman



When Hutchison Whampoa Limited (HWL) successfully completed a US\$5 billion corporate bond financing deal last November, it was not just the huge sum involved that caught the attention of the industry but the speed and efficiency at which the company was able to pull it off.

The apparent behemoth had again proved to be remarkably nimble in its ability to crunch the numbers.

Taking advantage of relatively low borrowing rates and high levels of liquidity to launch the multi-tranche facility, HWL initiated and then closed the deal, which was the largest ever in Asia outside of Japan, in a matter of days.

It was the Group's sixth visit to the bond markets in 2003, bringing the total for the year to some US\$10 billion and prompting a barrage of plaudits from the financial media. Among them, *International Financing Review* (IFR) and *FinanceAsia* named Hutchison “Borrow of the Year” for its “phenomenal” feat.

The achievement was a powerful testimony to the Group's ability to provide financial data at short notice through the deployment of advanced and customised IT reporting systems.

Amid the everyday tales of crashed computers, malfunctioning servers, debilitating viruses and junk e-mail, it is easy to forget that information technology (IT) exists to make life easier. Utilised in the right way, it allows a company to work smarter, faster and more productively.

STRATEGIC VISION

At the dawn of the new millennium, HWL foresaw the future. Having led the drive for faster financial reporting for some years, the company decided it was time to take a fresh look at its financial systems.

With Group Finance Director Frank Sixt at the forefront, the Group initiated an IT programme that would stretch its lead even further.

Whilst the rest of the world played catch-up over the next few years, and the clamour for quarterly reporting grew, HWL had already embarked on a journey that would see it create a state-of-the-art financial software system that supports continued world-class corporate governance.

When the Group began its search for software that would bring increased benefits to its financial reporting systems, it was careful to avoid the trap of implementing the latest technology simply for its own sake. Rather, it wanted the kind of system that would precisely align with its business objectives — to make the Group and its people even faster and better at what they do.

Out of these requirements, the Group's vision of *EBIS* (Enterprise Business Information System) began to take shape.

“We wanted to improve both internal and external reporting processes by making them faster and more accurate, but there were no off-the-shelf offerings that could do this,” says Kwan

Cheung, HWL's Deputy Group Chief Accountant. "So we got IBM and Oracle involved and began work on *HARP* (Hutchison Accounts Reporting Package) — a customised solution built on top of a standard Oracle financial system."

The enormity of the task soon became clear. Not only did the Group's business processes and financial systems require standardisation but the actual philosophy underpinning these systems would need to evolve.

"This was not just about systems but also about the thinking underlying them," notes Cheung. "We were using world-class technology to change people's thinking and meet our objectives."

PERFORMANCE-ENHANCING

The new *EBIS* software would not just improve the technological infrastructure, but would also enhance the processes behind the systems — and the people behind the processes. By introducing a standard consolidated system of data input across all business groups, data integrity immediately improved, reporting became more accurate and human errors could be traced to their point of

origin, creating a greater focus on individual accountability.

"The system is only as good as the information fed in," says Cheung. "*EBIS* certainly affected a shift in thinking and accountability, and removed human error to a large extent by automating a large part of the more tedious manual tasks previously required."

This transition would not have been possible if the software did not exactly match the needs of various Hutchison divisions in different countries. *EBIS* works by standardising figures from disparate reporting structures, making adjustments automatically and leaving a clear audit trail.

To best understand the *EBIS* system's mechanics, it is helpful to consider a practical example of how the results of Hutchison Port Holdings' (HPH) widespread operations get consolidated into the Group results.

The results of an individual port, once completed and verified, are automatically summarised in HPH's reporting format and then translated to Hong Kong dollars, HWL's reporting currency. A similar process occurs across all the HPH operations, with consolidated information submitted from

*"Top management
can now log on
securely anywhere
in the world"*



around the world. When HPH has consolidated the results of all its operations, they in turn are rolled up into the Group's consolidated results. The reporting format, translation, transfer of data and actual consolidation process are all automated, making the process faster and more accurate.

INFORMATION ON TAP

The Group, its divisions and its subdivisions are all able to quickly and accurately extract the analysis they require via the HARP system.

If EBIS represents the building blocks that are so necessary for the efficient financial reporting of the various divisions, the top of the pyramid is occupied by the Group's Management Information Portal.

"It is about getting the right information to the right people," explains David Nicholls, Head of the Group Information Systems Department. "Top management can now log on securely anywhere in the world and get up-to-date information about the state of the business."

Taken individually, the various enhancements brought about by

EBIS are impressive enough. Taken as a whole, they have allowed HWL to revolutionise the speed at which it can report as well as assess and make decisions based on financial data, providing the company with a significant competitive edge.

As Nicholls points out: "This is not akin to being in the top 25% or 10%. Successful companies are about being as agile as they need to be, and this technology allows us to capture opportunities in the smallest of windows."

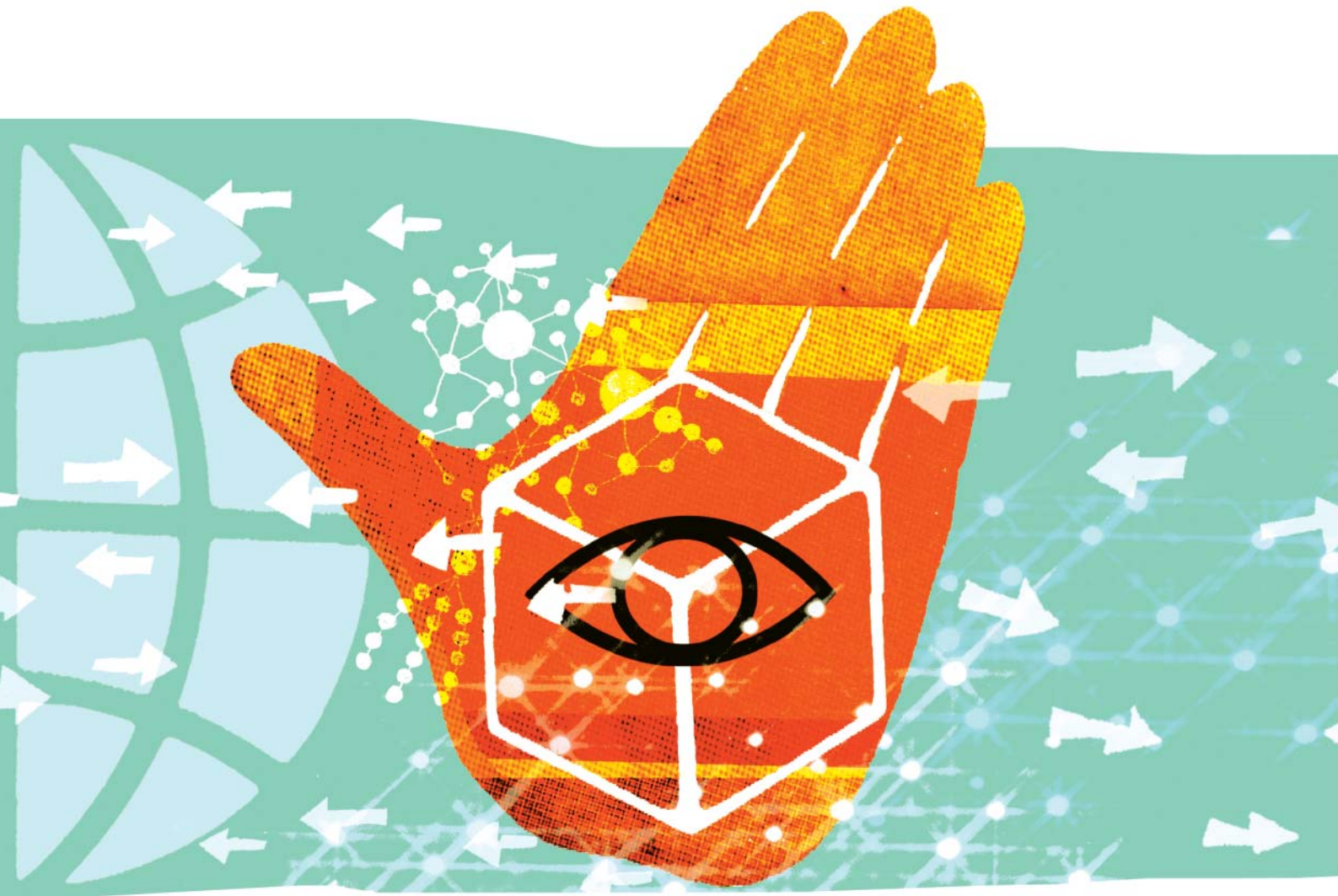
HWL's US\$5 billion bond issue in November 2003 was a case in point. The deal had to be closed in less than two weeks and would not have been possible without the improved reporting timetable.

"We have moved from closing in three weeks to being able to close in seven days," says Cheung.

"This technology allows us to capture opportunities in the smallest of windows"

BUSINESS-FRIENDLY

The evolution of EBIS demonstrates HWL's ability to utilise technology in the most effective manner possible. The Group has never been afraid to translate sophisticated technology into some-



thing commercially viable by using it where necessary to make the conglomerate more efficient and more profitable.

Nicholls stresses that, at Hutchison, technology must be business-friendly. "We make sure that we talk and, more importantly, listen to our customers and then install simple technology that helps people," he explains. "We are early adopters when it suits us, but information technology has to be driven by the business."

This approach has helped to foster a working culture at Hutchison that values the contribution made by IT to the com-

pany's daily operations. The controlled deployment of advanced technology has also produced a workforce that favours innovation because it has already experienced the benefits.

"We have opened the doors for people to become more tech-enabled, by providing them with relevant training," says Nicholls. "The partnership between business and IT allows people to come up with innovative solutions which best suit their business requirements."

Continuous training of its staff is one of the reasons why the

THE OPERATIONAL ADVANTAGE

When a customer buys an item at a PARKnSHOP store, the transaction automatically triggers a chain reaction that goes all the way up and down the supply chain.

Integrated software responds to the "event" by updating information for various departments throughout the organisation. Not only is the transaction filed for accounting purposes but the distribution chain is also alerted, ensuring that the store never runs out of supplies.

"From the moment the bar-code is scanned by the cashier at point of sale, the information is transmitted via the store server to a centralised computer," explains C. K. Lai, Financial Controller, Group Finance at A.S. Watson & Co. Ltd.

"If the customer purchases a bag of rice, for example, the inventory level is automatically reduced by one. When the number of units on the store shelf falls below a pre-set level, a purchase order is automatically sent to the supplier who sends more bags of rice to the PARKnSHOP warehouse, which in turn are delivered to the particular store to re-stock the shelves. This is a huge change from the old days when staff had to manually count items to keep track of inventory," Mr Lai explains.

"The information flows both ways," he adds. "When prices change, head office prepares the information and sends it to the various store servers. Of course, the staff still have to physically change the price tags on the products, but the point-of-sale scanners already have the new information factored in. All of this dramatically cuts down on man-hours, reduces error and improves the experience for shoppers."

The A.S. Watson Group operates more than 3,500 supermarkets and retail outlets across Asia and Europe, which together sell over 200,000 product lines to some 10 million customers per week in 16 different countries and regions.

To source, stock and sell such a vast selection of items out of so many stores requires a very high degree of logistical dexterity which would not be possible without the use of IT.

When Hutchison introduced the EBIS system across all its business units, ASW took the opportunity to deploy new layers of IT that would

both support the specific requirements of its businesses and also dovetail with EBIS. It was to be the biggest IT initiative ASW had ever undertaken and would ultimately result in seamless front and back office operations, delivering a competitive edge that has been a driving force behind ASW's rapid global expansion.

After examining the options, ASW selected a Web-based

approach, enabling the company to build flexible solutions that help it to communicate anytime, anywhere using secure office, home and wireless technology that allows management, employees and, vitally, suppliers and customers to stay in touch at all times.

To support this flexible Web-based approach, ASW developed an IT strategy called *SIMPLE* (*Smart Infrastructure Makes People's Lives Easier*). Essentially, *SIMPLE* comprises the technical architecture, the two data centres, the network system servers and the common databases upon which all the other IT systems sit.

"The architecture is designed with mobile deployment and 3G technology in mind, so ASW can take advantage of the exciting developments in these areas," says Mr Lai.

ASW then introduced software systems that were appropriate for its various subdivisions. For example, its PARKnSHOP and Fortress subdivisions deployed Retek software, an Oracle-based suite of applications that provides solutions in the areas of merchandising, warehouse data, distribution management, demand forecasting, sales auditing, customer order management and various other functions important for the smooth running of retail businesses.

"The vision that was set for ASW's IT team was to develop systems that are of great value, but also simple to use," Mr Lai confirms.

"With EBIS, ASW has achieved a very cost-effective solution through deployment of a single system that can be accessed by over 800 users in five countries — Hong Kong, China, Taiwan, Singapore and Malaysia."

The net result is that today millions of product lines throughout ASW's retail operations are sourced, transported, tracked, stored, stocked, sold and replaced according to standardised practices and with the minimum of fuss.

Staff productivity has increased dramatically, customers enjoy exceptional value, and all financial transactions are handled smoothly and efficiently, leaving a clear audit trail and allowing top management easy access to data at the press of a button.

"What's more," says Mr Lai, "whenever ASW opens a new store anywhere in the world we can deploy standardised IT systems that enable the new entity to seamlessly fit in with the rest of the operation. Thanks to the intelligent use of IT, ASW has succeeded in keeping costs under control, increased profitability and made a very complicated organisation run like clockwork."



AGE OF THE INTERNET



Hutchison
GlobalCenter

Hutchison GlobalCenter owes its very existence to the Internet, due to a core business that revolves around the provision of managed data hosting services and total IT outsourcing solutions to its customers.

In recent years, the trend towards outsourcing a company's IT processes has taken firm hold around the world, accompanied by a pressing need for increased data centre capability. In meeting these demands, Hutchison GlobalCenter uses secure, best-of-breed IT applications to position itself as a market leader.

Cost-effective Internet infrastructures enhance the sales & marketing processes, streamlining communications channels and improving customer service management.

The security of its data-hosting systems is of critical importance to Hutchison GlobalCenter's success, and the company has been awarded British Standard (BS) 7799 certification. It incorporates the world recognised information security practice to assure its customers unobstructed operations and bullet-proof information protection.



Hong Kong-based office supplies provider *bigboXX.com* uses the Internet to enhance its competitive edge in the B2B arena. Deploying state-of-art technology with an integrated distribution system, *bigboXX* offers corporate clients a value-added online procurement solution that reduces their administrative workloads and enhances operational efficiencies. The company sells and delivers a range of some 8,000 office supplies — from paper and stationery to furniture and business machines.

The IT platform enables *bigboXX* to take orders directly and process payments over the Internet. By operating a "virtual" shop front, supported by efficient IT-enabled backroom, warehousing and delivery operations, *bigboXX* achieves significant savings on operational costs, which are passed on to consumers.

Throughout its divisions, Hutchison has been able to effectively leverage the remarkable power of the Internet to streamline communications, create business opportunities and enhance competitiveness.

At a basic level, the ability to communicate and exchange data via the Internet has brought marked improvements in terms of efficiency and cost-savings. The Internet also serves as a valuable information resource for both the Group and its customers through the use of interactive websites.

In the e-commerce arena, Hutchison has been quick to realise the sales opportunities afforded by the Internet. *Priceline*, *bigboXX.com* and *ESDlife* are all prime examples of businesses that utilise the Internet as a virtual shop floor to provide customers with convenient access to products and services.



Based on the extremely successful US model selling airline tickets, hotel accommodation and car hire, Hutchison owns and operates *Priceline* in Hong Kong and Singapore, with rights to expand into other Asian countries. Deploying a sophisticated IT platform, *Priceline* matches buyers with sellers via its Internet portal, selling air tickets and hotel rooms at substantial savings and convenience to customers. The IT system can "match-make" offers with some 9,000 hotels and over 30 airlines, creating a win-win situation for buyers and sellers alike. The services are available at: *priceline.com.hk* and *priceline.com.sg*



ESDlife (www.esdlife.com) is a pioneering award-winning one-stop public and e-commerce services to Hong Kong citizens. It can be accessed through the Internet and a network of Internet kiosks. *ESDlife* allows people to book, apply and pay for government services — ranging from wedding registration, sports facilities and appointment booking for smart identity card replacement to filing tax returns. In total, *ESDlife* offers bilingual access to over 180 government services from more than 50 departments and public agencies.

ESDlife also operates a fast-growing e-shop, selling a variety of products and services through its website and is developing a successful online advertising business



At Hutchison Whampoa Property Group (HWPG), Internet and networking technologies have been used extensively to improve business efficiency and effectiveness. Today, HWPG has built an advanced IT infrastructure based on its corporate intranet, enabling it to effectively centralise its global operations.

Nowadays more and more business processes rely on the architecture for information that provides intelligence for operational efficiency and decision-making support. For example, there is a single full-fledged web-based flat sales system serving all sales operations and management. A new class of video-conferencing service is also provided to offices in HWPG through the corporate intranet over which other mission-critical business applications are being delivered concurrently.

PROGRESS THROUGH INNOVATION



Situated in the world's busiest container port, Hongkong International Terminals (HIT) is the flagship operation of Hutchison Port Holdings (HPH). Here, outsized cranes do most of the heavy lifting while computers do the thinking.

Every hour, hundreds of heavy containers are moved with the precision of pieces on a chess board. In a two-way cycle, the boxes are collected or delivered by trucks, stacked at the quayside and transferred from ship to shore or shore to ship with mind-boggling efficiency.

To the untrained eye the entire operation resembles the random chaos of toys spread out in a child's playroom, but on a gigantic scale. In practice, however, each container, each truck, each crane and each ship is carefully monitored and controlled with the help of specially designed computer technology.

With a yard capacity of over 80,000 containers, HIT not only needs to carefully track each container but also needs to place the boxes in the most appropriate position to swiftly be moved along the logistics conveyor belt.

"The terminal keeps getting more efficient," says Patty Wong, General Manager of IT. "We set another new record in July, loading 272 containers in one hour on to a single ship. That's more than nine containers every two minutes and it beat our previous record by 36.

"In fact," Ms Wong adds, "HIT has increased productivity by over 70% and seen business growth of over 40% in the past ten years without any increase in land or berth — all due to the introduction of highly efficient operational procedures supported by advanced IT solutions."

One such solution is the *Productivity Plus Programme (3P)*, which has significantly improved stacking capacity, increased handling capacity and expanded overall yard operations, translating into quicker turnaround times for all users of the terminals.

"Before vessels even berth at HIT, key information, such as the number, weight, size and type of containers is sent to the terminal via the *Electronic Data Interchange (EDI)* and *Customer Plus* systems," Ms Wong explains. "Using this information, the ship planning system, called *Guider*, designs an effective game plan for loading and offloading containers in the most efficient order, and this is implemented as soon as the vessel arrives. Moreover, planners are able to determine the most appropriate yard areas for grounding containers according to their designated vessel, weight class and port of discharge. This is made possible via the latest *Yard Planning and Advanced Grounding Strategy* system, which maximises the efficiency of container flow through HIT's container yard."

The hub of operations is HIT's Control Tower, which commands and co-ordinates activities throughout the terminal. The Control Tower is equipped with the *Operations Monitoring System (OMS)* and supported by closed circuit television, providing an overview of terminal activities and productivity — all on a single computer screen.

Due to the dynamic requirements of the supply chain, the key elements of all of these systems are versatility and speed. HIT is able to handle all unanticipated changes, whether they are last-minute customer requests or adverse weather conditions requiring well-executed contingency plans.

Besides facilitating the smooth flow of containers into and out of the port, IT is also used extensively for the flow of information, keeping relevant parties connected. *Customer Plus* is

an on-line platform that provides a direct link between HIT and its customers, enhancing HIT's communication with all terminal users and enabling business information to be exchanged electronically.

"The system has the benefits of streamlining business processes and reducing procedures while improving response time and accuracy," says Wong. "It also provides customers flexibility and control over information."

Using *Customer Plus*, shipping lines can retrieve vessel and container reports, access updated information on vessel schedules and container status, input data and transmit instructions. General terminal users can use *Customer Plus* to get terminal information and make general enquiries while barge operators can access information on barge schedules, make ID enquiries and download barge EDI templates.

HIT further streamlines its barge operations using the *Barge Identity Card (BID)* system, which automates identity authentication processes and facilitates the flow of information between barges and the terminal.

To streamline the flow of road traffic, external truck drivers can make appointments using HIT's *Tractor Appointment System*, thereby minimising waiting time and reducing terminal congestion. The system uses interactive voice response and the driver's *Tractor Identity (TID)* card. Upon arrival at the terminal, vehicles are recognised through TID scans then directed by the *Mobile Terminal Message* system to the exact location in the yard for pickup or grounding of a container.

"This not only speeds up pickup and drop-off times, but also enhances safety as the driver can remain in the vehicle throughout the procedure," Wong explains. "The entire process is monitored by HIT's *3P* system. At the exit gate, vehicles can record their movement confirmation from inside the cab simply by swiping their TID card at the checkpoint computer. A terminal receipt is printed out and the vehicle is free to leave."

It's not just at HIT where information technology plays a major role. IT streamlines operations at all the 32 ports where HPH operates, with individual ports deploying appropriate technology to enhance their efficiencies.

Yantian International Container Terminals (YICT), for example, developed the *Integrated Community System* to provide users with real-time information on container movements, vessel schedules and customs inspection status.

In another initiative, YICT, together with Dapeng Customs office, jointly developed a *Customs Electronic Inspection System* that transmits real-time information on customs inspection requirements, processes and results, replacing the previous practice of manual document interchange.

In the area of container security, HPH has been a leading player in the global development of *Smart and Secure Tradelanes*, a radio frequency tracking system that deploys technology that was first developed by the US Department of Defense.



Group has been able to attract the brightest personnel in the IT field.

“Our aim is to recruit the best, train the best and retain the best,” says Nicholls. “Over a three-year period from the start of EBIS, we invested over 100,000 training days for our IT staff in the China region alone, ranging from overviews to detailed technical courses which carry worldwide accreditation. As a policy we encourage our staff to adopt a continuous training and learning philosophy, supporting the development of new skills both technical and personal.”

AHEAD OF THE CURVE

Now that the building blocks are in place, Nicholls foresees a future where HWL's divisions across the globe can deploy complex financial IT systems quickly and easily.

“We now have a new baseline,” he says. From this improved starting point we can accelerate the pace at which we get better. A.S. Watson and HPH can now rapidly roll out financial systems anywhere in the world — all that is needed are lease lines, PCs, training and templates.”

The next stage in the progression of EBIS will see continued consolidation of financial systems across the different divisions to provide even greater levels of interoperability.

A.S. Watson has implemented an Oracle-based IT system to standardise its customer relations, merchandising, trade and distribution management in accordance with the EBIS ethos. Other divisions are following suit, harnessing the astonishing power of IT to bring real benefits to the Group and its stakeholders.


“Individually our sub-groups are passionate about deploying the right technology to maintain leading positions in each of the markets around the globe,” Nicholls says.

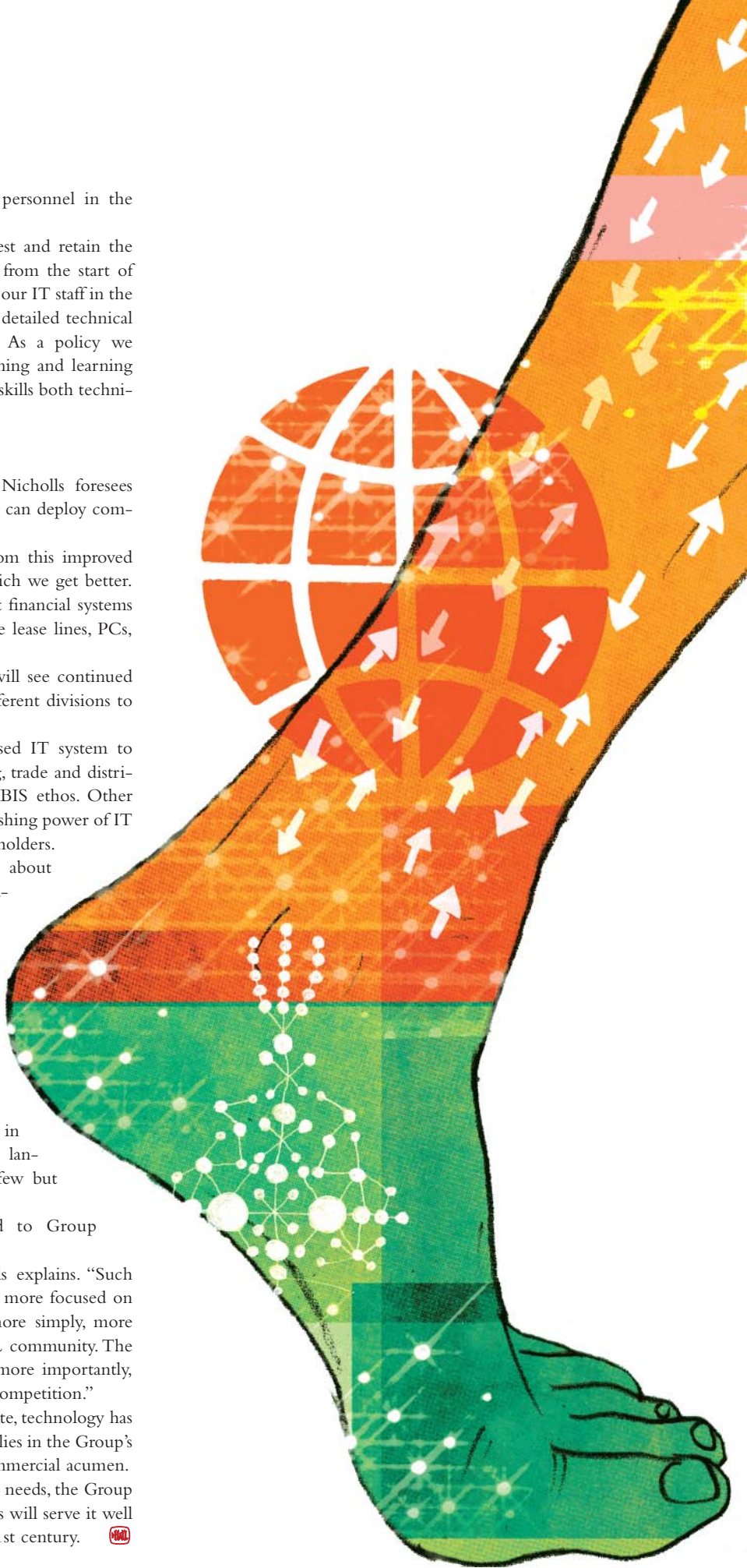
“Collectively however, the combined power of knowledge, experience and solutions becomes far more powerful when applied across the whole Group. We are doing more and more to capture this additional energy with regular technology events and discussion forums across all levels in our organisations. The results of having shared goals will be realised in a number of areas – common skills, common language, the very best corporate contracts and few but clear policies and technology standards.”

This new way of working has also led to Group sponsored projects.

“We build once and deploy many,” Nicholls explains. “Such approaches allow our divisions to become even more focused on providing state-of-the-art business solutions, more simply, more quickly and with more support from the HWL community. The result is that we will keep getting better and, more importantly, keep all our companies two steps ahead of the competition.”

But as Hutchison continues to ably demonstrate, technology has little value unless used effectively. The true value lies in the Group's ability to combine technological savvy with commercial acumen.

By realising and articulating its future business needs, the Group has ensured that its groundbreaking IT initiatives will serve it well in the fast-paced business environment of the 21st century. 



HOSPITALITY



CAPITAL COMFORT

Beijing's newest luxury hotel offers the best of both worlds for discerning travellers.

By Gwyneth Roberts



The Oriental Plaza development along East Chang'an Avenue may not be Beijing's most famous landmark but it is rapidly becoming one of the most popular. Just a few minutes walk from the Forbidden City, the prestigious complex adds a physical dimension to this historic capital that reflects China's emergence as an economic global powerhouse.

Developed by a Hutchison-led consortium, Oriental Plaza is a modern retail, office and residential complex of epic proportions. In fact, it is the largest in Mainland China, covering a million square feet of land.

The development is made up of The Malls, featuring five themed shopping arcades with more than 200 brand-name stores, a six-theatre multiplex, and a central plaza with a musical fountain and landscaped gardens — all serviced by an enormous indoor car park. The Towers consists of eight commercial buildings that are the Mainland headquarters of many global companies, and four blocks of luxury serviced apartments. The five-star Grand Hyatt Beijing hotel is the resplendent centrepiece.

When the developers of the Oriental Plaza were looking for a company to manage their luxury hotel property, they turned to the Grand Hyatt.

The Chicago-based Hyatt Hotels Group needed a site in the Chinese capital to complement its network of deluxe properties in prestigious locations around the world. Talks began in August 2001 and in October that year the Grand Hyatt Beijing opened to the public.



"It was an opportunity for both Hyatt and the developers," says Mr Foued EL Mabrouk, Director of Marketing for the Grand Hyatt Beijing. "It presented value on both sides."

Hyatt now has seven hotels in Greater China, with properties in Shanghai, Tianjin, Xian, Taipei, Hong Kong and Macau.

The Grand Hyatt Beijing's opening had its challenges: doors opened within weeks of the September 11 terrorist attacks in New York, which brought business traffic out of the United States and many other parts of the world to a grinding halt. The SARS outbreak last year was another heavy blow for the Asian hotel industry. Yet the Grand Hyatt Beijing has already made an indelible mark on the city's budding hotel scene.

"We are positioned as the leading hotel in the city," says Mr EL Mabrouk. "We have had a good start for a new hotel."

Last year, Grand Hyatt Beijing achieved the No.1 ranking in terms of revenue per available room in the city. Corporate and business travellers make up 90% of the guest mix, mostly top-level executives from multinational companies.

The hotel is also known as the city's premier high-end meeting venue. It hosted the World Economic Forum's China Summit last April and November, which draws top-level decision-makers and strategists from around the world.

Part of the success of Grand Hyatt Beijing is its artful blend of old and new. It combines ultra-modern facilities and contemporary design with the rich and diverse history of which the city is so proud.

In a metropolis that is developing at hel-

ter-skelter pace, the hotel is firmly embedded in a powerful cultural heritage. It is built using the quadrangular principles of ancient Chinese architecture. Fountains at the entrance initiate a water theme based on *fengshui* principles, guiding the visitor into

the grand foyer illuminated by sweeping floor-to-ceiling windows that allow plenty of natural light.

On the south side, the hotel looks on to the busy East Chang'an Avenue, ten minutes' walk from Tiananmen Square, the Forbidden City and the Great Hall of the People and close to the popular Wangfujing shopping area. To the north it overlooks traditional Chinese buildings believed to have housed the emperor's tutor in years gone by, and now part of a teaching hospital.

The hotel's contemporary architecture is enhanced by the understated luxury of natural wood, glass, stainless steel and marble finishes. Its permanent art collection includes the work of leading Chinese artists put together by Hong Kong-based contemporary art expert Alice King, who owns the Alisan Fine Arts Gallery. The works of renowned painters and sculptors — including Wang Dalin, Jiang Je and Long Xiang — are combined with a tasteful collection of Chinese ceramics and furniture, fine silks and fresh floral arrangements, which enhance private rooms and public areas alike.

Throughout the hotel, the emphasis is on privacy and discretion. It has 582 rooms and suites, full conference and business centre facilities and boasts state-of-the-art communications systems and a resort-style gym that meet the needs of any high-end corporate or leisure traveller. Food and beverage outlets

SENSATIONAL SERVICE

The 582-room Grand Hyatt Beijing employs close to 900 staff, ranging from cleaners and concierges to masseurs, sales staff and even an Italian chef.

The management team is led by Christopher Koehler, who has recently relocated from his post as Resident Manager at Grand Hyatt Shanghai. Mr Koehler is switching roles with Peter Chau, who has been at the helm since the hotel opened in 2001.

"At Hyatt we believe that fresh eyes can look at a hotel in a different way," says Director of Marketing Foued EL Mabrouk. "It is part of our philosophy of constantly seeking to improve and strengthen the brand in all locations."

Staff training is a continual process, with the hotel's dedicated training divi-

sion tailor-making a year-round calendar based on the needs of each department. On any given day the hotel's three training rooms are filled with Hyatt students learning anything from English to hygiene and presentation.

"Ongoing training is part of our positioning," says Mr EL Mabrouk. "We want to be different and we have our own unique style and way of delivering. Beijing is a competitive market and we also need to compete on an international level."

Training in the hotel complements a group-wide programme whereby Hyatt aims to maintain its global brand promise.

"We always respect the local culture of the place in which we operate," says Mr EL Mabrouk. "And we need the level of service and delivery of that service to be the same wherever we are."



SOUND BUSINESS SENSE

If the walls of the Grand Hyatt Beijing could only talk they would have a few interesting tales to tell. Deals are done every day, and often late into the night, in the top hotel of the capital of the world's fastest growing economy.

"All business starts in Beijing," says Director of Marketing Mr EL Mabrouk. "You may want to operate in Guangzhou but you first need to come to the capital to obtain the necessary approval and licensing."

Most of the hotel's bookings are made from the US, followed by Hong Kong and Mainland China. The majority of guests are employed in multinational companies in major industries such as finance, IT and telecommunications.

Many corporate guests make use of the hotel's Grand Club facilities, incorporating four floors of exclusive accommodation on the upper floors.

On arrival by chauffeur-driven limousine or taxi (just less than an hour from Beijing Capital International Airport) guests are whisked discreetly up to the 17th floor Grand Club lounge where they enjoy a pri-

vate check-in and a welcome drink before being escorted to their rooms.

Busy executives can easily stay in touch with the world at large as well as the office, wherever it may be. Rooms and suites offer seamless communication systems with computer dataports, free broadband access, dual-line or direct-line telephones and televisions with a selection of international channels.

The business centre provides confidential services, fax, copying and computer facilities as well as an information library.

The Grand Club lounge serves complimentary continental breakfasts and evening cocktails and canapés, offering business travellers just the right environment to prepare for the day or relax and recharge in the company of colleagues and like-minded travellers.

Thanks to its prime location, the hotel allows corporate travellers a unique combination of business and pleasure.

"We've had guests who say they've been to Beijing half a dozen times and have never seen the Forbidden City," says Mr EL Mabrouk. "Our location means guests can

see the sights when they have a bit of free time and still get on with their work."

The hotel's health and fitness complex known as Club Oasis, built on a Balinese theme, offers a restorative retreat from the hustle and bustle of downtown Beijing. Guests can use the resort-style 50-metre pool while immersed in tropical vegetation and the calming sounds of birdsong, which filters underwater, beneath a vast virtual sky that adjusts according to the time of day. The centre also boasts state-of-the-art gym equipment as well as several Jacuzzis, saunas, steambaths and a solarium. Massage facilities are available in a dedicated area or in the privacy of guest suites.

The hotel offers 1,600 square metres of meeting and function facilities, with all rooms on the same level and equipped with the latest technology to handle anything from a global conference to an annual general meeting, cocktail party, product launch or private board meeting.

The in-house Convention Service Department offers a one-stop shop for clients who deal with a dedicated skilled meeting planner when organising an event.



are among the best in the city. All restaurants have private dining areas and VIP rooms catering to guests' distinctive needs.

Guests can dine at the Grand Café on the mezzanine level, which offers French, Italian and home-style Beijing cooking 24 hours a day. An interactive show kitchen allows diners to watch skilled chefs prepare meals with the freshest ingredients. Within the Grand Café is Da Giorgio, a fine boutique restaurant offering classic Italian food.

The hotel's newest dining experience, Made In China, offers Northern Chinese cuisine in another compelling mix of old and new. Here again diners can enjoy an interactive experience with traditional and modern dishes prepared before their eyes, as well as an impressive wine cellar and a dedicated Chinese tearoom.

Noble Court serves Cantonese cuisine prepared by master chefs from Hong Kong in an elegant setting resembling the home of a Chinese nobleman. The hotel also has its own patisserie, which prepares Hyatt-style desserts, pastries, cakes and chocolates made from the freshest ingredients. The Fountain Lounge offers afternoon teas and evening drinks.

Grand Hyatt Beijing's latest venue is the Redmoon bar and restaurant, which has caused a stir among the city's new up-and-coming set since opening late last year. Created by renowned Japanese interior

designers Super Potato together with Hong Kong graphic designer Alan Chan, it offers a trendy private club experience perfect for pre-dinner drinks or late-night cocktails. The venue includes a sushi bar and cigar bar, while a four-piece female band Moon Mood performs modern music on traditional Chinese instruments.

“Grand Hyatt Beijing achieved the number one ranking in terms of revenue per available room in the city”

With its innovative concepts, superior service and twin commitment to heritage and progress, the Grand Hyatt Beijing offers a distinctive experience for visitors to the Chinese capital.

“This hotel in many ways reflects the

changing face of China,” says Mr EL Mabrouk, a Beijing veteran of 20 years. “There’s been a complete change in this country. The standards of living have improved enormously. Here we are positioned in a deluxe hotel on the footsteps of the Forbidden City and Tiananmen Square alongside an advanced entertainment and shopping complex that puts Beijing on a par with any advanced city in the region. The progress has been enormous.”

The hotel's commitment to excellence has certainly paid off. It has twice been named the best hotel in Beijing by *Business Traveller* magazine and in March was voted the best hotel in Beijing by *Asiamoney* magazine, which polled executives and corporate travellers at top companies in the region.

“At present we are concentrating on growing our market share and growing profits for the owning companies,” says Mr EL Mabrouk.

With two new F&B outlets added last year and a full range of services and facilities, the young hotel has already distinguished itself as a dynamic presence.

As the city gears up for the 2008 Olympic Games and consolidates its position as one of the world's major business and tourism centres, the Grand Hyatt Beijing is comfortably positioned at the forefront of Oriental opulence. 