

News

CORPORATE

HWL Interim Results

| | 2003 HK\$ million | 2002 HK\$ million | % Change |
|-------------------------------------|----------------------|----------------------|----------|
| Profit attributable to shareholders | 6,067 | 5,946 | 2% |
| Earnings per share | HK\$1.42 | HK\$1.39 | 2% |

Hutchison Whampoa Limited's unaudited profit attributable to shareholders for the half year ended June 30, 2003 amounted to HK\$6,067 million, (approximately US\$777.8 million) compared to HK\$5,946 million in the same period last year, a 2% increase.

Excluding exceptional gains and 3G start-up losses, profit attributable to shareholders actually increased 47%.

The results included a net profit on disposal of investments and provisions of HK\$1,922 million representing a profit of HK\$1,683 million on the disposal of the Group's European water businesses, a profit of

HK\$1,443 million from the disposal of holdings in **Vodafone Group** and **Deutsche Telekom**, a release of provisions of HK\$1,907 million, and a full write-off of the Group's HK\$3,111 million investment in **Global Crossing**.

Turnover for the period rose 41% to HK\$65,879 million.

All of the Group's divisions, except telecommunications, reported EBIT ahead of last year.

Cash and liquid investments totalled HK\$165,110 million on June 30, 2003.

For full results, see www.hutchison-whampoa.com/newsDIR/news

Bonds Bonanza

Locking in low borrowing costs, **HWL** has raised US\$4.65 billion in four separate international bond offerings this year. In July, HWL sold 10-year eurobonds valued at €1 billion (approximately US\$1.15 billion), the largest-ever 10-year euro-denominated debt offering from Asia. The lead manager was **HSBC**.

With Hutchison's business expanding in Europe, a euro-denominated bond issue complemented the company's balance sheet as it matches assets and liabilities in the same currency.

Market conditions were seen as favourable as government bond yields were near historic lows and yields on investment-

grade corporate debt had narrowed compared with government debt. Earlier in the year, HWL issued US\$3.5 billion 10-year bonds through three offerings, the largest-ever dollar-denominated debt deal from Asia. Meanwhile, a group of 15 international and local banks in July signed an agreement with **Hutchison International Finance Ltd.** in connection with a HK\$3.8 billion (approximately US\$487 million) five-year term loan facility guaranteed by HWL. The facility was oversubscribed at both the underwriting and general syndication stages.

E-COMMERCE

TOM Takes Control of CETV

The **TOM Group** has purchased a controlling stake in **Chinese Entertainment Television Broadcast Ltd.** (CETV).

TOM agreed to issue approximately 21 million TOM shares to **AOL Time Warner** at HK\$2.535 each to acquire a 64% stake in the TV channel, which is one of four with landing rights in Guangdong province, southern China.

As part of the deal, TOM will also inject up to US\$30 million over 30 months to finance CETV's operations.

TOM will take control of all management operations including business development, programme production, advertising sales and marketing



TOM Posts First Profit

TOM Group reported a first-time profit of HK\$10.2 million for the three months ended June 30, 2003, driven by strong growth of the Internet business. The group's quarterly revenue amounted to HK\$455 million, a 10% increase over the previous quarter. Internet revenue alone grew 31% quarter-on-quarter to HK\$124 million. Revenue for the six months ended June 30, 2003 was HK\$867 million, a 28% increase over the same period last year. Loss attributable to shareholders in the first half of 2003 was HK\$33 million, versus HK\$125 million for the corresponding period last year, a 74% improvement, or HK\$92 million.

For full results, see www.Tomgroup.com

noted

HWL has been ranked the No.1 business in Hong Kong and No.140 globally in this year's *BusinessWeek* Global 1000 list. *Forbes*, meanwhile, has ranked HWL 127 in its Global 500 list.

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 close to 40 countries. With over 150,000 employees worldwide, Hutchison operates and invests in five core businesses: ports and related services; telecommunications; property and hotels; retail and manufacturing; and energy and infrastructure. Its flagship companies include Hutchison Port Holdings, Hutchison Telecom, Hutchison Whampoa Properties, A.S. Watson, and Cheung Kong Infrastructure. In 2002, HWL's consolidated revenue was HK\$111,129 million (US\$14,247 million).



TELECOMS

HGC Broadens Broadband Service

HONG KONG **Hutchison Global Communications**

(HGC) and **PowerCom Network Hong Kong** in May jointly introduced *Yes TV Plus*, a multi-media platform that provides sports, news and music entertainment TV programmes on personal computers. *Yes TV Plus* is provided by **Yes Television**. Exclusively available at www.hgcbroadband.com, the service initially offered three channels – *Channel NewsAsia*, *The Soundtrack Channel* for free, and highly popular *MUTV* (*Manchester United Television*) at a monthly subscription. More programmes will be added later this year.

To extend video telephony service from the corporate market to the general



public, HGC earlier launched *Net.me.Look*, a service that enables residential broadband users to make video phone calls with ease.

Strictly Business

ISRAEL

In another significant step to broaden the company's range of business services, **Partner Communications** in April launched *Orange omail*, a service that offers secured access to the office from your Orange brand mobile at all times, from anywhere in Israel and many destinations abroad.

The orange omail service, a cooperative venture with **Onset**, dramatically increases the customer's ability to keep up to date constantly when out of the office, out of the house or even out of the country.

All the World's a Stage

INDIA **Hutchison Essar South**

has been staging street plays as a novel way of promoting its mobile phone service. The company has been using short bilingual plays performed by a local theatre group to tell people about new



features, such as enhanced coverage in the southern state of Andhra Pradesh. The company chose street plays rather than mass media as the objective was to communicate enhanced coverage in specific pockets in the city, not expanded coverage of the footprint to new towns. "This medium has been effective as it engaging and direct," said Chief Operating Officer Kumar Ramanathan. Hutchison Essar South said it would increase its coverage from 31 towns in Andhra Pradesh to about 100. **Hutchison Whampoa**, through affiliates, runs mobile services in the cities of Delhi, Mumbai, Chennai and Kolkata. In addition to Andhra Pradesh, it also operates networks in the states of Gujarat and Karnataka.

Signed, Sealed, Delivered

HONG KONG **Hutchison Telecom** has

been selected by **Hongkong Post** as the sole GPRS (General Packet Radio Service) network provider for the department's *Hong Kong-first* Collection and Delivery Management System.

The co-operation puts Hongkong Post at the forefront of deploying innovative technology for courier services, utilising Hutchison Telecom's advanced GPRS network in conjunction with PDAs equipped with a barcode-scanning function.



A Good Result

AUSTRALIA **Hutchison Telecommunications**

(Australia) has reported positive EBITDA for the second consecutive half year. EBITDA for the period to June 30, 2003 was A\$12.2 million (approximately US\$7.9 million), compared with A\$2.1 million in the previous half. Total operating revenue was A\$130.5 million, an increase of 16% on the corresponding

period last year. The **Orange Mobile** business contributed A\$101.7 million to total revenue spurred by 5.8% growth in the subscriber base, to 278,861 customers. The 3G operation reported its first revenue of A\$13.6 million. EBITDA was A\$76.4 million in the red, reflecting start-up costs consistent with the business' early stage of development.

applause

Hutchison Telecom (HK) received four citations in this year's Asia Pacific Customer Relationship Excellence Awards, organised by the **Hong Kong Management Association**: Customer Service Centre of the Year (Telecoms), Corporate Service Team of the Year (Telecoms), Customer Loyalty Programme of the Year (Telecoms) and CRM Director of the Year.

The sales team also gained recognition for the fourth consecutive year with five staff receiving the "Distinguished Salesperson Award."

Newsbites



TELECOMS

Partner Profits Rise

ISRAEL Israel-based **Partner Communications** reported continued improvements in operational and financial performance in its Q2 results. Partner's Q2 2003 revenues totalled NIS1,077.2 million (approximately US\$249.8 million), up 8.6% from NIS991.6 million in Q2 2002.

EBITDA rose to NIS348.2 million, up 30.5% from NIS266.8 million in Q2 2002 while operating profit soared 58% to NIS218.0 million, up from NIS138.0 million for Q2 2002. Net income rose to NIS155.1 million from NIS25.2 million for Q2 2002. Subscriber numbers increased 14.4% to 1,949,000. Market share was estimated at 29%, up 1%.



Fit for a Princess: Stephen Sun (right), President & CEO of **Hutchison CAT Wireless MultiMedia**, presents a **Hutch Wireless Card** to Thailand's HRH Princess Maha Chakri Sirindhorn at the ICT & CAT booth during the "@home 03 by IT Trade" exhibition which Hutch was invited to jointly host in July. The Princess also received a Hutch CDMA2000 1X terminal, Sanyo SCP550 from Dr Surapong Suebwonglee, the Information and Communication Technology Minister (centre).

ENERGY & INFRASTRUCTURE

CKI to Test-Drive "Green" Bus

In a bid to promote the use of cleaner fuels and improve air quality, **Cheung Kong Infrastructure** (CKI) has joined forces with affiliate company Canadian-listed **Stuart Energy** to test an environmentally friendly hydrogen-powered bus in Hong Kong. This world-first hydrogen-powered internal combustion engine bus will primarily be used to provide transportation for staff at Green

Island Cement (a CKI subsidiary) in Tuen Mun. The fuel will be generated at the cement plant through a process of electrolysis, which draws hydrogen from water. The prototype bus, powered by **Ford's** newly developed 2.3-litre internal combustion engine, will be delivered before the end of the year. Technical feasibility and cost effectiveness will be assessed over a 12-month period.

Record Results for Husky

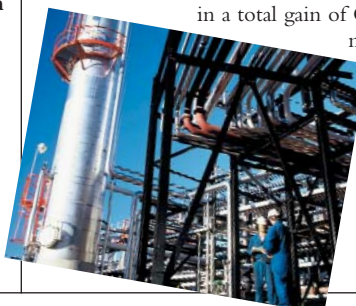


On the back of record earnings in the first quarter, **Husky Energy** again posted strong results for Q2. Benefiting from strong oil and gas prices and increased production, Husky in July reported record net earnings of C\$427 million (approximately US\$309 million) or C\$1.05 per share (diluted), compared with C\$263 million or C\$0.64 per share (diluted) in the second quarter of 2002.

Cash flow from operations amounted to C\$540 million, or C\$1.27 per share (diluted), up from C\$498 million or C\$1.17 per share (diluted) in the corresponding period last year.

The main contributors to the company's financial performance were strong commodity prices, foreign exchange gains on US denominated debt translation and lower tax provisions.

Reflecting the record earnings, Husky declared a Q2 dividend of C\$0.10 per share on its common shares, representing an increase of approximately 11% per share from the Q1 dividend of C\$0.09 per share. Additionally, the Board of Directors declared a special cash dividend of C\$1.00 per share on its common shares, resulting



in a total gain of C\$161 million for **HWL**, which owns 35% of Husky.

CKI Lifts Profits

The unaudited consolidated profit of **Cheung Kong Infrastructure** for the six months to June 30, 2003 amounted to HK\$1,403 million (approximately US\$179.8 million), 8.5% higher than the same period last year.

Turnover was HK\$770 million compared to HK\$1,028 million (restated) previously. Earnings per share were HK\$0.62 compared with HK\$0.64 (restated) in the corresponding period last year and the proposed interim dividend was unchanged at HK\$0.215.

For full results see www.cki.com.hk/

HKE Results

The unaudited consolidated profit of **Hongkong Electric Holdings** for the six months to June 30, 2003 amounted to HK\$2,193 million (approximately US\$281 million), 5.9% lower than the same period last year.

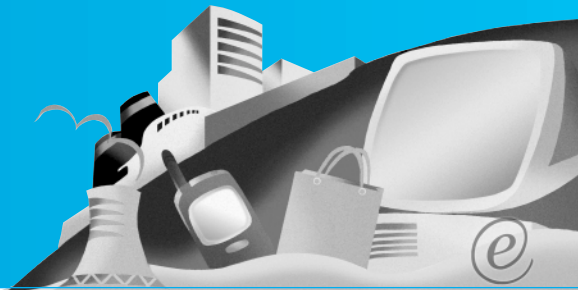
Turnover was HK\$5,207 million compared to HK\$5,156 million previously. Earnings per share were HK\$1.03 compared with HK\$1.09 in the corresponding period last year and the interim dividend was unchanged at HK\$0.58.

For full results see www.hke.com.hk/heh/financial/result03/contents.htm

Academic Funding

Husky Energy in June announced a C\$2 million (approximately US\$1.5 million) endowment for the establishment of the Husky Energy Chair in Oil and Gas Research at **Memorial University of Newfoundland** on the East Coast of Canada.

The research will focus on the utilisation of seismic imaging to enhance the interpretation of porosity and permeability within reservoirs.



P O R T S

Mexican Wave

HPH in July acquired a 51% stake in **LC Terminal Portuaria de Contenedores S.A. de C.V. (LCT)**.

This is the fourth Port in Mexico where HPH operates and the 32nd worldwide.

LCT recently won the concession to operate and develop container-handling facilities in the **Port of Lazaro Cardenas**, on the Pacific coast. The long-term concession, which was awarded in April this year, allows for the immediate re-opening of an existing one-berth

terminal, as well as providing development rights for an 85-ha deepwater green field site.

A highly industrial deepwater port, Lazaro Cardenas is significantly closer to Mexico City than Manzanillo, the only other Mexican Pacific port serving this important market.

With existing on-dock rail facilities, the terminal is well positioned to benefit from the NAFTA rail corridor, which will stretch from the Gulf of Mexico to the US Mid-West.



HIT Eclipses Record

Hongkong International Terminals (HIT) set a new record on July 17 for vessel productivity. Serving the vessel, *Ever Repute*, the terminal achieved a remarkable rate of 272 moves per hour. This eclipses HIT's previous record of 236 moves per hour, set in April 2000.

On July 22, HIT officially launched **Container Terminal Nine**

(CT9), located on Tsing Yi Island. Once completed in early 2005, HIT will operate two berths at CT9 North.



HPH in Shanghai JV

Hutchison Port Holdings (HPH) is a 30% shareholder in a newly formed company called **Shanghai Pudong International Container Terminals (SPICT)**.

Other shareholders in the JV are **Shanghai Waigaoqiao Free Trade Zone Stevedoring Company** (40%), **COSCO Pacific (China) Investments Ltd.** (20%), and **Shanghai Investment Infrastructure Holdings Ltd.** (10%).

With a tenure of 50 years and registered capital of 1.9 billion yuan (approximately US\$230 million), SP ICT operates **Waigaoqiao Terminal Phase I**, located in the Waigaoqiao Free Trade Zone. The terminal handled over 1.78 million TEU in 2002.

YICT on Growth Track

Shenzhen Pingyan Railway Company (Pingyan Railway) on May 1 commenced new multi-modal transportation services for customers of **Yantian International Container Terminals (YICT)**.

Owned and operated by HPH (65%) and **Shenzhen Yantian Port Group** (35%), Pingyan Railway supports the development of the vast inland market by providing value-added and cost-effective services while extending international container transportation from the port to the inland catchment areas.

It utilises a dedicated 24-km railway line that connects with the Guangshen Railway at Pinghunan Railway Station where it joins the main rail arteries of China.

KIT Link to Vietnam

The maiden call of *Silver Island* at **Korea International Terminals (KIT)** on March 8 signified the commencement of a new direct service between Korea and Vietnam.

Jointly operated by **Sinokor** and **Hanjin Shipping**, the service deploys three vessels, calling at KIT every Saturday and leaving on the same day for Busan, Hong Kong, Ho Chi Minh, Singapore and Pasir Gudang.

Additionally, Hanjin Shipping will use Kwangyang as their transshipment port for cargo destined for the US.

HUD Enters Australia

HUD Group (HUD) and Melbourne-based **Australian Maritime Services (AMS)** in June signed an agreement for HUD to acquire on private terms a 55% majority shareholding in AMS, along with management control of the company.

The acquisition represents the next step in the development of AMS, which commenced operations as a new company in Melbourne in May 2002, as a long-term provider of harbour towage services in Australia. A leading provider of towage services, **HUD Marine** has expanded from its Hong Kong base throughout the world in recent years.

JICT Heralds New Era

Heralding the beginning of a new era of international trade for Indonesia, **HPH** and **P.T. Pelabuhan Indonesia II (PELINDO II)** marked the official launch on March 24 of a new container hub port in Jakarta.

Since 1999, HPH and PELINDO II have together invested over US\$400 million in a modernisation programme. The construction of additional quay deck has created a continuous berth of 1,200m linking **Jakarta International Container Terminal (JICT)** and **KOJA Container Terminal**.

Newsbites

RETAIL & MANUFACTURING

Makeover for Watsons

Introducing a bright, contemporary and spacious feel, **Watsons Your Personal Store**, Asia's largest personal care chain, celebrated the opening of its first "third generation" store in June. Located at Pacific Place, Hong Kong, the 4,000-sq-ft outlet features a new range of products and is the first to introduce brand bias-free beauty consultants.

The opening kicks off a major expansion plan in Asia for Watsons that includes refurbishment of its current network of 682 stores in the region and expansion to 700 stores by the end of 2003.

In March, Watsons Your Personal Store launched its first ever outlets at the **Hong Kong International Airport (HKIA)**.

In partnership with its sister company **Nuance-Watson**, the airport's largest retail operator, three stores were officially opened on March 10.

A fourth outlet will open on completion of expansion of the East Hall.

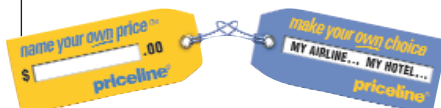
HHR Results

The unaudited consolidated profit of **Hutchison Harbour Ring** for the six months to June 30, 2003 amounted to HK\$32.8 million (approximately US\$4.2 million), compared to HK\$23.4 million (restated) in the same period last year.

Turnover was HK\$796.3 million compared to HK\$660.3 million previously. For full results see www.harbourring.com.hk/finance_ann.htm

Priceline Adds Choices

Hutchison-Priceline (Travel) has launched "Make Your Own Choice" air ticket services to complement its "Name Your Own Price" business model. The online retailer, which specialises in selling air tickets, hotel rooms and car rental to Hong Kong and Singapore-based consumers, anticipates that sales from tickets for named airlines will account for a third of its revenue.



Facelift for Fortress

Fortress, the consumer electronics retail arm of HWL, has announced a HK\$100 million (approximately US\$12.8 million) upgrading and expansion drive that will see a facelift at its existing 68-stores by the end of next year. The move is expected to boost Fortress sales by 20%. The stores will be re-categorised in three formats: Fortress World, which will offer household electrical appliances; Fortress Vision, focusing on plasma television and audio products; and Fortress Digital, selling mainly high-tech consumer products.

In June, Fortress began showing monthly movie trailers on all TVs in its stores and introduced Fortress Radio, an in-house programme.



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PARKnSHOP China has been ranked 36 in the "China's Top Hundred Chain Store 2002" list by the China Chain Store Business Association. The 19-store chain had a turnover of 1.825 billion yuan (approximately US\$213 million) in 2002.

PROPERTY & HOTELS

Buyers Queue up to Invest in Rambler Crest Lifestyle

More than 20,000 prospective buyers flocked to view show flats of **Rambler Crest** when the development opened its doors for public viewing on May 31. Approximately 100 units were sold over the weekend with about 1,000 units snapped up in the first three weeks.

The 1,585-unit project, jointly developed by **Hutchison Whampoa Property Group (HWPG)** and **Cheung Kong (Holdings)**,

is located on the southeastern waterfront of Tsing Yi Island, Hong Kong.

It comprises five 40-storey towers and boasts magnificent water features that include a 200m outdoor swimming pool, massage pools, giant waterfalls, and more.

Buyers were also attracted by the range of indoor facilities, including a "6-Zone Senses Sky Garden", an Internet lounge and a

spacious clubhouse with gym and sauna.

The development even offers an array of exclusive services, including a car pool, storage space, free 24-hour satellite TV channels, in-home domestic services and special rental rates for holiday resort houses in China.

The project is scheduled for completion in April 2004.

