

# News

C O R P O R A T E



## JV to Promote China Tourism



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

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

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

T E L E C O M S

## HGC Connects with China

HONG KONG

### Hutchison Global Communications

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

applause

### Hutchison Whampoa Limited

has again received a number of accolades from various media for its performance in 2002. *Euromoney* magazine placed HWL at the top of the list in the "Best Asian Companies – Conglomerate" category and fourth in the "Best Companies in Hong Kong" category. In its "Review 200" awards, an annual survey that asks readers to rank companies in the region by their leadership qualities, the *Far Eastern Economic Review* ranked HWL third in the category "Asia's Leading Companies (Hong Kong)". *Global Finance* meanwhile named HWL "Best Company in Asia-Pacific – Conglomerates/Logistics".

## HWL Annual Results

	2002 HK\$ million	2001 HK\$ million	Changes
Profit attributable to shareholders	14,288	11,980	19%
Earnings per share	HK\$3.35	HK\$2.81	19%

Hutchison Whampoa Limited recorded an audited profit attributable to shareholders for the year amounted to HK\$14,288 million (approximately US\$1,832 million), an increase of 19% compared to the previous year. Earnings per share amounted to HK\$3.35, an increase of 19% with a total dividend per share of HK\$1.73 (2001 – HK\$1.73). The results include profit on disposal of investments less provisions totalling HK\$1,524 million (2001 – HK\$3,124 million) which primarily relates to a profit of HK\$1,129 million arising from the sale of equity interests in certain ports. Excluding these exceptional gains in both years, profit attributable to shareholders increased 44%, reflecting continuous growth in the Group's recurring operations. Turnover for 2002 totalled HK\$111,129 million, an increase of 25% over that of 2001. Total EBIT for the year increased 13% to HK\$24,447 million. All of the Group's divisions, other than the finance and investment division, reported EBIT ahead of last year. The Group's cash and liquid investments, at market value, totalled HK\$130,267 million. For full results, see [www.hutchison-whampoa.com/NewsDIR/news](http://www.hutchison-whampoa.com/NewsDIR/news)

applause

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

## Partner Performs

ISRAEL

### Partner Communications

has announced a strong financial performance for 2002. Revenues for the year amounted to NIS4,054.6 million (approximately US\$855.9 million), up 25% from NIS3,249.3 million in 2001. EBITDA was NIS1,052.2 million, up 60% from NIS656.4 million. Operating profit was NIS533.4 million, up 418% from NIS102.9 million in 2001. Net income was NIS84.2 million compared to a net loss of NIS303.4 million in 2001. Market share increased to an estimated 29%, up from 27% at the end of 2001. Reflecting Partner's solid performance, **Standard & Poor's** (S&P) in February revised its outlook on the company from stable to positive. S&P also affirmed its B+ long term corporate credit and B- senior unsecured debt ratings. Partner recently signed a new financial agreement with a number of banks and now has a fully funded business plan.

### HUTCHISON WHAMPOA LIMITED



Hutchison Whampoa Limited (HWL), one of the largest companies listed on the Hong Kong Stock Exchange, is the holding company of the Hutchison Whampoa Group of companies. As one of the earliest big "hongs" or trading companies in Hong Kong, Hutchison's history dates back to the 1800s. Today, HWL is a multinational conglomerate with businesses spanning 41 countries. With over 150,000 employees worldwide, Hutchison operates and invests in five core businesses: ports and related services; telecommunications; property and hotels; retail and manufacturing; and energy and infrastructure. Its flagship companies include Hutchison Port Holdings, Hutchison Telecom, Hutchison Whampoa Properties, A.S. Watson, and Cheung Kong Infrastructure. In 2002, HWL's consolidated revenue was HK\$111,129 million.

# bites



## TELECOMS



**Introducing HutchAlive.**  
Non-stop action flashing on your Hutch phone.

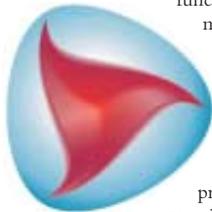
### Hutchison Essar Hits the Headlines

**INDIA** **Hutchison Essar** claimed a world first in January when its affiliated companies across India launched *HutchAlive* – a personalised, interactive broadcast service that automatically updates mobile phones with text news headlines. Phones carry menus, such as a list of headlines, and users pay for selecting related information, such as the story behind the headline, which is sent by the network. Apart from News, key content areas are Cricket, Entertainment, Astrology, Lifestyle and Promotional Offers. *HutchAlive* was simultaneously introduced across Mumbai, Delhi, Kolkata, Chennai, Gujarat, Andhra Pradesh and Karnataka under the **Orange** and **Hutch** brands. Hutchison had an exclusive head-start

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

### “Hutch” Service Launched

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



### Retail Agreements

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



### NEC Takes Equity Stake

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

### Orange in the Black

**AUSTRALIA** **Hutchison Telecommunications (Australia) Ltd.** under the **Orange Mobile** brand recorded an EBITDA loss of A\$14.1 million (about US\$8.3 million) for 2002, a dramatic improvement on the 2001 loss of A\$112.9 million. For the first time, second half EBITDA was positive at A\$2.1 million. The turnaround was delivered through customer and revenue growth and ongoing rationalisation of operating costs. Profitability was also enhanced by reduced capital expenditure, down from A\$254.2 million in 2001 to A\$31.1 million. The company also reported it was at advanced stages of the technical integration, stabilisation and end-to-end testing of the network, platforms, operating systems and devices for its 3G operation under the **3** brand.

### Video Telephony Deal

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

# Newsbites

## ENERGY & INFRASTRUCTURE

### Husky's Strong Earnings to Fuel Exploration

**Husky Energy's** net earnings for Q4 2002 increased by 438% to C\$242 million (approximately US\$160 million) compared to C\$45 million in the same period the year before. Net earnings for 2002 increased 23% to C\$804 million (C\$1.88 per share – diluted). Following a 47% increase in net earnings for Q3 2002, the company in December announced a capital expenditure of approximately C\$1.8 billion for 2003.

Planned expenditures reflect

development at the Tucker and Kearl properties in Canada.

A total of C\$1.66 billion was earmarked for Husky's upstream segment.

Husky estimates production of 305 to 325 thousand barrels of oil equivalent per day during 2003.

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

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

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

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



Husky's focus on long-term projects such as the White Rose offshore oil project in the Jeanne d'Arc Basin off the east coast of Canada, exploration and development programmes in the South China Sea, and oil sands

## PROPERTY & HOTELS

### Hot Property

**Hutchison Whampoa Property** has put Britain's most expensive flat on the market – for an estimated £10 million (approximately US\$16 million).

For those who can dig deep enough, the prized penthouse, located at the Albion Riverside development in Battersea, South London, is the size of three Wimbledon centre courts.

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



### *applause*

The Horizon Cove residential project in Zhuhai, southern China, has been awarded the "Xin Xin Ren Jia (avant-garde) Architectural Design Prize" by the **Center for Housing Industrialization Ministry of Construction P.R. China** and *China Real Estate News* for its supreme design and construction.



### Tunneling Begins

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

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





P O R T S

## Felixstowe Expansion Under Way

The **Port of Felixstowe** in February began work to extend its Trinity Terminal, providing an additional 270m of deep-water quay and 14ha of additional container storage space.

The quay is expected to be fully operational by March 2004 and will increase annual capacity by some 415,000 TEUs to over three million, creating around 400 jobs. On completion, two of the latest generation of large container vessels will be able to berth simultaneously, thereby securing the

port's ability to compete against other European container ports.

In line with the expansion, the Port has ordered three more Ship-to-Shore Gantry Cranes (SSGCs) and ten new Rubber-Tyred Gantry Cranes (RTGCs) from **Zhenhua Port Machinery Company** of Shanghai. The Jan. 2004 delivery will bring the total to 28 SSGCs and 86 RTGCs.

Meanwhile, in a move that will significantly increase the volume of containers being transported to and from Felixstowe by rail and thus reduce lorry traffic, **English, Welsh & Scottish Railway** has started a new rail service, carrying 9ft 6"-high cube containers from the Port to Widnes.



## New Name for Old Firm

**Hongkong United Dockyards** in November changed its name to **HUD Group**, reflecting the diversification and expansion of its business interests. A joint venture between **HWL** and the **Swire Group**, HUD specialises in ship repair and marine engineering operations and is also the largest tug and salvage operator in Hong Kong. HUD's main business interests have diversified over the years to include non-marine activities, including automotive, electrical, mechanical and process engineering services, and container ship handling.



## Balboa Boosts Capacity

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

## IT Model is a Winner

**Hongkong International Terminals (HIT)** has received an award from the IT publication *Intelligent Enterprise Asia*, for the development of *Yard Model 3*, a computer simulation model for yard management systems.

The annual "Intelligent 20 Awards" showcase outstanding IT implementations with high business value. The award highlights HIT's use of computer modelling to test processes and workflows in the container yard. With limited terminal operating area, HIT continues to succeed in developing globally recognised systems and processes, handling its 70 millionth container on Nov. 11.

In another development that will enhance efficiency, HIT in January launched *Guider*, a ship planning system that reduces by 25% the time required to create a ship profile. Developed in-house, *Guider* is a major advancement over previous systems, improving the flow of information between HIT and the shipping lines, and can process planning systems for vessels over 10,000 TEU in size.



## JICT in the Loop

**Jakarta International Container Terminal (JICT)** on Nov. 6 welcomed the arrival of *MVER Canberra*, marking the start of a new weekly route by the **AAA Consortium**, an alliance between **MISC, MOL, OOCL** and **PIL**.

In December, JICT completed construction that increases its quay length by 133m, allowing it to serve larger vessels. JICT has also taken delivery of nine new RTGCs and three Post-Panamax cranes.

## Container Milestone

**ECT Delta Dedicated West Terminal** in Rotterdam handled its millionth container on Oct. 7, two-and-a-half years after the fully automated terminal opened.



## SICT Direct to Japan

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

## All Aboard

For the first time ever, three cruise vessels simultaneously called at the **Panama Ports Company**. The historical milestone took place on Jan. 19 when *Sun Bird* from **Sun Cruises**, *Radisson Diamond* from **Radisson Seven Seas** and *Coral Princess* from **Princess Cruises** docked at Pier 6 with a total of 5,590 passengers and crew.

# Newsbites

RETAIL & MANUFACTURING

## Sen – The New Face of Chinese Healthcare

Introducing a revolutionary new concept that brings the art and science of Traditional Chinese Medicine (TCM) to the western world, **Sen**, a wholly owned subsidiary of **HWL**, has opened its first store in London's bustling South Molton Street.

The store's emphasis is on expert guidance that demystifies TCM in a way that is accessible and relevant to modern living without losing the ancient Chinese artistry.

Fully qualified practitioners are on hand to ensure all customers are given in-depth product knowledge before any purchase. There is also a Liquid Health Bar offering customers caffeine-free alternatives to tea and coffee. Beverages include green tea, herbal teas and herbal juice mixes "for the body, mind and spirit."

More Sen stores will open in London this year with a national and global launch planned. The retail programme will also include the sale of Sen products through "shops within shops" in established pharmacy and retail outlets.



## Priceline Offers More

Internet travel retailer **Hutchison-Priceline (Travel)** has embarked on a major expansion drive designed to revolutionise the breadth of its travel-product choices in Asia.

The addition of these retail products means visitors to [priceline.com.hk](http://priceline.com.hk) and [priceline.com.sg](http://priceline.com.sg) will be presented with two options that deliver significant travel discounts.

Alongside its innovative Name Your Own Price model, the company has introduced a new range of discounted, published-price travel products. These include car rentals, via a special partnership with **Hertz Rent A Car** and hotel reservations via a tie-up with **octopustravel.com Ltd.**



## Powwow Sold to Nestlé Waters

**Hutchison Whampoa** and **Nestlé Waters** in January signed an agreement for the acquisition by Nestlé Waters of the **Powwow** group, from **A.S. Watson (ASW)**, a subsidiary of **HWL**, for €560 million.

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

With 1,500 employees in seven countries – France, Germany, the Netherlands, the UK, Denmark, Italy and Portugal – Powwow's turnover in 2002 was €120 million.

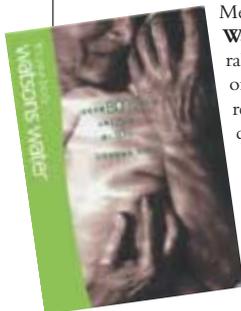
The transaction is a result of a major review of ASW's European businesses following its acquisition of the **Kruidvat** group, one of the largest health and beauty chains in Europe. ASW will continue its Asian water and beverage businesses.





RETAIL & MANUFACTURING

## Basket of Awards Reflects ASW's Success



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

- **Nuance-Watson** won the prestigious **Hong Kong Retail Management Association (HKRMA)** "Service & Courtesy Award" in the travel retail category for the fourth consecutive year.

- Nuance-Watson employee Natallia Chan Pui-kei won both the HKRMA "Junior Frontline Award" and the overall "On The Job Performance Award."
- Fiona Chan Chun-fung of **Labels** received top honours in the "Supervisory Level Award."
- Liong Kam-wa, sales manager of **Fortress** electrical appliance store at Ginza Plaza, won the HKRMA Service & Courtesy Award for Supervisors."
- In the "Yahoo! Emotive Brand Awards" **PARKNSHOP** was voted the "Brand Yahoo! Users Trust the Most."
- **PARKNSHOP** also won *Next Magazine's* "Top Service Award 2002" for a record 12th

time in the Supermarket/Convenience Store category.

- **Great Food Hall** was voted "The Best Food Shop" by readers of *HK Magazine*.
- **Watson's Wine Cellar** was voted "The Best Wine Store" by readers of *HK Magazine*.
- Already a "Superbrand" in Hong Kong, **Watsons Water** was a triple winner in the "4 'A's Creative Awards" for its latest TV advertising campaign. The "It's Your Body – Sport" TV commercial earned an editing and cinematography award, while its "Life" counterpart also earned a cinematography award.
- The new Watsons Water bottle, launched in June 2002, won the "Best Packaging Material Printing" category in the Hong Kong Print Awards.
- ASW was presented the "Diamond Donors Award" by the **Community Chest** in recognition of the group's donation drives throughout the year, which collectively raised many thousands of dollars for good causes.



## PARKNSHOP Express

**PARKNSHOP** has launched two 24-hour **PARKNSHOP Express** stores, one in Kowloon and the other on Hong Kong Island.

Express stores are similar to mini-supermarkets, stocking one thousand products with a focus on instant food and emergency items such as medicine.



E - C O M M E R C E

## TOM Expands Portfolio

In separate joint ventures in December, the **TOM Group** teamed up with **Charm Art & Advertising** (Charm), the leading advertising agent of **China Central Television (CCTV)**, and with **Henan Ming Sheng Advertising** (Ming Sheng), China's foremost print media advertising agent.

TOM holds a 60% interest in Charm, which has registered capital of approximately ten million yuan (about US\$1.2 million). The JV will provide design, production and agency sales services for TV and other media.

The JV with Ming Sheng will focus on advertising, design & production for print media and advertising agency services.

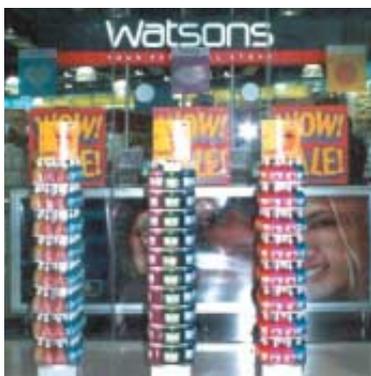
Registered capital is approximately two million yuan with TOM holding a 51% interest.

Ming Sheng represents over 266 periodicals and magazines and 23 newspapers nationwide.

In a separate deal, TOM has acquired the businesses of two Hong Kong magazines, *Cup* and *AV*, from **Sing Pao Media**. TOM agreed to pay approximately HK\$800,000 (about US\$102,500) for fixed assets and HK\$1 for the magazines' brands and businesses.



## Watsons Philippines Sees Rapid Expansion



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

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