

Media Release

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Hutchison Doubles Share of Mobile Market Revenue In 2004 Leads industry post-paid growth

- On track for 1 million customers in 2005
- Share of mobile market service revenue up from 3.5% to 7%
- Mobile customer base increased by 113% to 879,000
- Service revenue rose by 117% to \$523 million
- Industry leading average revenue per user (ARPU); **3** non-voice services climbing
- Annual loss peaked in 2004, targeting positive EBITDA exiting 2005

Strong growth in **3** and Orange Mobile in 2004 has seen Hutchison double its share of mobile market service revenue from 3.5% to 7% in only 12 months, the company said today.

Orange continued its steady improvement in operating earnings, recording a second full year of positive EBITDA. Consistent with market guidance, the company net loss of \$552 million reflects start up losses in the **3** business, and is expected to trend downwards in full-year 2005.

Announcing full-year financial results for 2004, Hutchison Chief Executive Kevin Russell said the high points were strong growth in revenue share and customer numbers and the increase in non-voice revenue.

"In a year of intense competition, our two brands grew strongly, more than doubling Hutchison's overall market share, and with 405,000 customers added, outstripping all others in terms of post-paid growth," Mr Russell said.

"But more importantly, the company has been building share of industry revenue at an even greater rate. We are rapidly acquiring high quality customers," he said.

"In 2004 our service revenue jumped 117% to \$523 million – and we took our share of industry revenue from 3.5% to 7% -- that is a terrific improvement in the space of 12 months."

"This was illustrated by Hutchison's continuing leading position in a key metric of the mobile industry – average revenue per user," Mr Russell said.

"We have led industry averages on ARPU since the launch of **3** in 2003," he said.

"In 2004, Hutchison's blended ARPU grew from \$56 to \$68, at a time when operators are struggling to maintain ARPU levels. ARPU in **3** has also continued to maintain industry-leading levels strengthening from \$80 per month to \$88.

"In **3**, we also continue to lead the industry in non-voice contribution to ARPU – and we are extending our lead in this important growth area.

"Our non-voice contribution to ARPU went from \$10 to \$11 over the full year, but the trend in the last months of the year was much stronger, with the December monthly figure coming in at \$15.

“As others players enter the 3G market later this year, we expect the sector to grow significantly. 3’s leadership in the category makes us ideally placed to exploit that growth opportunity – both in terms of service revenue and overall market share.”

“Anticipated cost savings in 2005 resulting from a number of initiatives during 2004 will initially be invested in customer acquisition activities, however we expect to report a reduced loss position over full-year 2005. We remain on track to exit 2005 with a positive monthly EBITDA position after fully expensing the costs of customer acquisition.”

“The mobile market is highly competitive, but the industry is showing increasing signs of growth in mobile voice and SMS usage, new 3G services and substitution of fixed-line call volumes with mobile.

“At Hutchison, we are uniquely placed to get the maximum benefit from all three areas of growth as 2005 unfolds.”

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Contact:

Media Relations:

0433 102 107

Investor Relations:

Karen Mazor

0433 104 233