

## **Hutchison Whampoa and Global Crossing Form US\$1.2 Billion (HK\$9.3 Billion) Fixed-Line Telecommunications and Internet 50/50 Joint Venture in Hong Kong**

- 50/50 joint venture combines Hutchison Whampoa's existing fiber-optic telecommunications network and certain Internet-related assets in Hong Kong with Global Crossing's international cable capacity and growing inventory of Web hosting, Internet applications and data services.
- Hutchison gains technological expertise and global connectivity.
- Global Crossing gains entry into attractive markets in Hong Kong and the Greater China region.
- Partnership will expand Hutchison's existing network, the largest fully fiber-optic network in Hong Kong, as the cornerstone of the planned China Crossing, when regulations permit.
- Global Crossing anticipates the integration of its share of new partnership with the Asia Global Crossing joint venture that includes Microsoft and Softbank.

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**Hong Kong** – Hutchison Whampoa Limited ("Hutchison") and Global Crossing Ltd. ("Global Crossing") announced today that they have agreed to form a 50/50 joint venture to pursue fixed-line telecommunications and Internet opportunities in the Hong Kong Special Administrative Region, China ("Hong Kong").

The 50/50 joint venture will combine Hutchison Whampoa's existing territory-wide, building-to-building fixed-line telecommunications and certain Internet-related assets in Hong Kong with Global Crossings international cable capacity and growing inventory of Web hosting, Internet applications and data services. For its 50 percent share, Global Crossing will directly provide to Hutchison Whampoa US\$400 million (HK\$3,108 million) in Global Crossing convertible preferred stock. Additionally, Global Crossing will contribute to the joint venture international telecommunications capacity rights on its global fiber-optic network and global data center related capabilities which together are valued at US\$350 million (HK\$2,720 million), as well as US\$50 million (HK\$389 million) in cash. In aggregate, Global Crossing's investment values the joint venture enterprise, which will be named Hutchison Global Crossing ("HGC"), at US\$1.2 billion (HK\$9.3 billion).

Hutchison Whampoa chairman Li Ka-shing remarked, "I am very pleased that Hutchison will have a successful company like Global Crossing as our partner for the telecommunication business in Hong Kong and potentially in the Greater China region. I am very impressed by Mr. Winnick's achievement in the industry, which he entered less than three years ago."

Commenting on the announcement, Gary Winnick, founder and chairman of Global Crossing, said: "Hutchison Whampoa is one of the great conglomerates of Asia and, under the leadership of its chairman, Li Ka-shing, has been transformed into an agent of economic change admired around the world. Mr. Li Ka-shing is one of the greatest builders and innovators of our times and absolutely the right partner for the venture revealed here today that will do so much for the people of Hong Kong and, when appropriate, we hope for all of China."

Under the joint sponsorship of Global Crossing and Hutchison, HGC will build on Hutchison's position as the largest full-service alternative telecom operator in Hong Kong, one of the fastest growing telecommunications markets in Asia. HGC will pursue fixed-line telecommunications network business in Hong Kong, as well as seek to pursue fixed-line telecommunications opportunities in the Greater China region as and when regulations permit. The venture will focus initially on the expansion of Hutchison's existing network, the largest fully fiber-optic network in

Hong Kong, to become the cornerstone of HGC's planned venture China Crossing. The venture will enhance Hutchison's rapid penetration of the Hong Kong corporate market by adding low cost global connectivity and a variety of Web hosting services.

Using this network infrastructure as a platform, HGC will offer high quality broadband telecom services to high volume customers in Hong Kong, including multinational corporations, government bodies, ISPs and other telecom operators. In addition, HGC will adopt a focused approach to the roll out of telephony services in Hong Kong. By leveraging Global Crossing's extensive global network connections and strong customer relationships, the venture will offer a full suite of international telecommunication services.

Jack Scanlon, chief executive officer of Asia Global Crossing, said: "This is an important strategic step that immediately introduces the Greater China region to the Global Crossing Network, which by year end will link Asia across the Pacific to North America and onto Europe. As the Greater China region sustains and expands its remarkable economic successes and becomes a central player in the world economy in the new millennium, it is essential that it have unsurpassed access to the full commercial and informational resources of broadband communication. We anticipate integrating our share of this new enterprise into the strategic mission of Asia Global Crossing, our recently established joint venture with Microsoft and Softbank, to bring world-class broadband services to Asia. The high-quality, customer-focused assets and talents added to the mix by Hutchison Whampoa create a platform for us in Hong Kong from which we can provide our business customers with a competitive advantage in their respective industries."

Hutchison and Global Crossing consider the Internet a key area of focus for HGC. The joint venture will initially build on certain of Hutchison's existing Internet and multimedia businesses, including the successful and fast-growing ISP portal "HutchCity." HGC will also implement the contract recently awarded to Hutchison by the Hong Kong Government to build and operate a public electronic services delivery ("ESD") system in Hong Kong, and the joint venture will expand this platform to facilitate other private sector e-commerce services. In addition, with the assistance of Global Crossing, HGC will establish a global data center in Hong Kong which will connect to existing and planned centers in North America, Europe and Asia-Pacific. This state-of-the-art data center will provide Web hosting, application services and other Internet facilities management services in Hong Kong.

Commenting on the announcement, Mr. Canning Fok, managing director of Hutchison, said: "This transaction is a perfect partnership for both Hutchison and Global Crossing. Global Crossing is one of the most dynamic and visionary companies in the global telecom industry, and will bring significant technological expertise and global connectivity to our business. On the other hand, Hutchison offers Global Crossing an entry into the attractive market in the Greater China region with Hutchison as its partner when regulations permit. I am excited at the future prospects of this partnership and particularly the level and range of services this partnership will bring to the business community and consumers of Hong Kong."

The transaction, which has been approved by the boards of directors of Hutchison Whampoa and Global Crossing Ltd., is expected to be completed by January 2000, subject to certain regulatory and other approvals and customary closing conditions. Hutchison Whampoa was advised by Goldman Sachs. Global Crossing was advised by Salomon Smith Barney.

#### **ABOUT HUTCHISON WHAMPOA**

Hutchison Whampoa is a Hong Kong-based conglomerate with origins dating back to the 1800's. With a market capitalization of US\$42 billion, Hutchison is one of the largest companies in Hong Kong. In 1998, consolidated turnover was over US\$6.6 billion, and after-tax earnings were approximately US\$1.1 billion. With 80,000 employees worldwide, Hutchison operates five core businesses in 25 countries: ports and related services; telecommunications; property development and holdings; retail, manufacturing and other services; and energy and infrastructure. Hutchison's telecommunications businesses and holdings span several continents,

and include such diverse products as cellular telephone network services, fixed-line services, paging, trunked mobile radio services, VSAT and radio broadcasting. For more information, please visit [www.hutchison-whampoa.com.hk](http://www.hutchison-whampoa.com.hk).

#### **ABOUT GLOBAL CROSSING**

Global Crossing (NASDAQ: GBLX), based in Hamilton, Bermuda, is building and offering services over the world's first global fiber-optic network with 92,700 announced route miles serving five continents, 25 countries and more than 170 major cities. The Global Crossing network and its telecommunications and Internet product offerings will be available to over 80 percent of the world's international communications traffic. Global Crossing hosts more than 300 top Internet brands in its Global Centers. Among the brands are some of the largest and most densely trafficked sites on the Internet, including Yahoo!, The Motley Fool, Ziff Davis, MP3.com and eToys. Through its Global Marine Systems subsidiary, Global Crossing also owns the largest fleet of cable laying and maintenance vessels in the world and currently services more than a third of the world's undersea cable miles. Global Crossing is included in both the S&P 500 and the NASDAQ 100. Global Crossing's operations are headquartered in Hamilton, Bermuda, with executive offices in Los Angeles, California, Morristown, New Jersey, and Rochester, New York. For more information, please visit [www.globalcrossing.com](http://www.globalcrossing.com).

Global Crossing operates in Asia through a joint venture of three global technology leaders: Global Crossing, Softbank Corporation and Microsoft Corporation. Global Crossing will be responsible for the management and operation of a network which will link Japan, China, Singapore, Hong Kong, Taiwan, South Korea, Malaysia and the Philippines to Global Crossing's worldwide fiber-optic network serving North America, Europe and South America. This joint venture will provide advanced network-based telecommunication services to businesses and consumers throughout Asia in the years ahead.

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*Global Crossing's news releases are archived for historical purposes. While the information in the releases was accurate at the time of release, information regarding the matters discussed in the releases, including material information, changes over time. Information in a release may, therefore, no longer be accurate or in effect after the date of the release, and Global Crossing undertakes no duty to update such information.*