Press release

Stockholm, September 1, 2000

Investor and Hutchison Whampoa Submit UMTS application

Investor and Hong Kong-based Hutchison Whampoa submitted their application today for UMTS to the Swedish National Post and Telecom Agency (PTS). This was made through the newly formed company HI3G Access AB (HI3G).

HI3G is applying for a nationwide network, a so-called national license. HI3G intends to be the first company to establish a UMTS network in Sweden and will provide a network with complete coverage as soon as possible. HI3G´s technical solution and business vision is based on an open network with a multiplicity of players.

The Chairman of HI3G is Björn Svedberg, former Chairman and CEO of Ericsson. Commenting on the application, he says: "HI3G has the financial as well as the technical and marketing strength. This is supported by Hutchison Whampoa's outstanding record in establishing successful mobile communications businesses in markets throughout the world. Our company will be customer focused and be the leader in Sweden in introducing innovative UMTS services."

A summary of HI3G´s application is enclosed.

For further information:

Hutchison Whampoa Limited
Laura Cheung
Phone: +852 2128 1289
Fax: +852 2128 1766
E-mail: laurac@hwl.com.hk

Investor AB
Nils Ingvar Lundin
Phone: +46-70 514 2049
E-mail: nilsingvarlundin@investorab.com

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Summary of HI3G Access AB's application for a UMTS licence in Sweden

HI3G Access AB

HI3G Access AB ("HI3G") hereby requests a licence to provide network capacity for mobile telecommunications services in accordance with the UMTS/IMT-2000 standard. The licence, for which HI3G is applying, is one relating to a nationwide network, known as a "national licence". In line with HI3G's focus on third generation mobile telecommunications, the company is not applying for a licence to provide network capacity in accordance with the GSM standard.

HI3G will become Sweden's leading company in UMTS and has the financial, technical and market strength to reach the whole population of Sweden with third generation mobile telecommunications. HI3G is a Swedish company, 40% owned by Investor AB ("Investor") and 60% by Hutchison Whampoa Limited ("Hutchison Whampoa").
HI3G intends to provide a UMTS network with complete coverage as soon as possible.

- HI3G intends to be the first to establish a UMTS network in Sweden.
- HI3G's network will be built to the highest conceivable technical quality standard and fulfil the requirements set by the most advanced UMTS users.
- HI3G's network roll-out plan is based on highly detailed cell planning. The company has therefore obtained estimates which are as realistic as possible with regard to coverage and capacity.
- HI3G's owners have sufficient financial capacity and will set aside the financial resources required to achieve the company's objectives with regard to coverage and quality.
- HI3G intends to make use of technical solutions, collaboration and other options to minimise the environmental consequences and costs.
- HI3G's technical solution and company vision is based on an open network with a multiplicity of players.
- HI3G will be characterised by customer focus , openness, participation, innovative thinking and a long-term perspective.
- HI3G will take the lead in Sweden in the introduction of innovative services in the UMTS field.
- HI3G will act as a forcing house for the services, tailored to individuals and situations, which UMTS technology will enable, and will take an active part in the development of the market sectors which will emerge at different stages of the value chain.

- HI3G intends to offer one type of subscription, which will not have any connection or subscription charges. This will increase the customer's choice and makes prices and costs more transparent. This will facilitate rapid penetration and enable innovative distribution solutions to be used.
- HI3G's owners have comprehensive experience of setting up mobile networks and have repeatedly established and developed the technical infrastructure and the market organisation necessary for successful telecommunications companies.
- HI3G's owners consider the Swedish market to be of particular strategic significance. The company and its owners therefore intend to establish in Sweden, a European centre for the development of services for third generation mobile communications and to create a research foundation focused on the role of information technology in society.

Owners with strong financial, industrial and organizational capabilities

Investor is Sweden's leading investment company with a long history of active ownership in international companies with a footing in Sweden. Investor has for decades been a major shareholder in Telefonaktiebolaget LM Ericsson ("Ericsson") and has taken an active and central part in the development of the Swedish telecommunications industry over a long period.

A growing proportion of Investor's portfolio consists of companies in the growth areas of IT, telecommunications, healthcare, education and financial services. Besides its involvement with Ericsson, Investor participates in a range of Swedish and international IT and telecommunications companies. HI3G will be able to operationally leverage of Investor's network and get direct support on issues such as transfer of knowledge, recruitment and strategic partnerships.

Hutchison Whampoa is one of Hong Kong's largest companies, with 80,000 employees and a global presence on the mobile telecommunications market. Since the mid-1980s, Hutchison Whampoa has conducted significant operations both in fixed and mobile telecommunications, and has repeatedly set up companies which have been successful on the mobile telecommunications market.

The company's innovation-driven organisation has made it possible for Hutchison Whampoa to develop a leading position on the market even on markets where the company has come in as the third or fourth operator.

Hutchison Whampoa has always met or exceeded requirements set by licence conditions and contracts, and has many times been the first to introduce new technical solutions. The company has a strong belief in the future of UMTS technology which is shown not least by its commitment to invest £4.4 billion in one of the five British licences.

Together, Investor and Hutchison Whampoa combine the financial, managerial and technological capabilities required to achieve a rapid roll-out of complete UMTS coverage in Sweden.

The Market for Third Generation Mobile Communications
UMTS technology will combine the visual features of the TV and video media and the immediate access to information which the Internet provides, with the opportunities for immediate connectivity, independent of time and pace, of mobile telephones. HI3G is therefore convinced that third generation mobile communications will bring about a new method of communication - a new medium.

UMTS will increase freedom for the individual to form his own identity and to control his own life. Dependence on time and place will reduce, which will simplify both professional and private life. New types of services will increase access to knowledge and information and provide new channels for entertainment, shopping, education, etc. The introduction of UMTS will influence and simplify professional, social and commercial activities and bring about a whole new dynamic in the media and communications markets.

A completely new communications medium, strong potential among current mobile users, great opportunities for new areas of usage and a very large number of players means that the introduction of UMTS will have great significance for Sweden and generate strong market growth. The power of the UMTS medium will not only give new opportunities for communications, but will also change the basic structure of the market. In the opinion of HI3G the UMTS market will not be characterised by the vertical integration which dominates the current GSM market. Instead of a limited number of firms integrating the whole value chain, the future market for mobile communications will consist of a range of different market sectors, where a large number of different players compete. The provision of various content services on the UMTS network will largely operate in the same way as the current market for content on the Internet. The large number of players will encourage growth and have a positive effect on the rate of innovation and development of services at every stage of the value chain.

HI3G's objective is to take a leading role in the development of this new market.

UMTS for the whole of Sweden - High Quality and Rapidly Established Services

To achieve HI3G's vision and strategy, the company will build an infrastructure which will meet high quality requirements and which is dimensioned to be more than adequate for future development of the service. The network will be characterised by total coverage with the same high capacity level throughout.

For its network building plans, HI3G has used a highly detailed cell planning tool. The company is therefore certain that the capital which has been reserved for establishment of the network will meet the proposed levels of coverage and high capacity.

HI3G intends to launch UMTS (i.e. the provision of network capacity for mobile telecommunications services in a publicly accessible network) as soon as the company has control of the allocated frequencies.
The equipment on which the system is based is of very high quality, not only in its accessibility and stability, but also in its flexibility for future upgrading. Furthermore HI3G's network will be an open system allowing the development of services by many different players. The system which has been selected is based on the current standards of 3GPP/IMT-2000.
The company will encourage third party competition to begin as early as possible and will develop services favourable to Mobile Virtual Network Operators (MVNOs). HI3G plans to provide network capacity to other players as soon as the company has control of the allocated frequencies, however no later than 1 January 2002.

An open and Innovation-driven Organisation

HI3G intends to set up an organisation which reflects the selected technical solution of openness. The capability for other players to act in various market sectors will be facilitated by the company’s openness, and also by its aim to be the leader in the development of the new market sectors which will emerge.

Many of the markets for services and content in mobile telecommunications are in early stages of development and HI3G's aim is to establish and develop these markets – in order to create interest and volume for its own services and to encourage competition and innovation. HI3G has the strength and resilience which is required and will be a forcing house for the innovative, individually tailored services which the market will demand.

Through its owners, HI3G will have access to a strong and global brand and comprehensive management and technical resources. During the establishment phase of the company, personnel with direct experience of commissioning mobile networks will take a central role.

HI3G and its owners place great weight on Sweden's strategic significance for the future mobile telecommunications market in general and for UMTS in particular. The combination of leading and innovative companies and a population highly familiar with technology means Sweden has all the conditions required to develop a leading position in the area.

In order to take full advantage of the opportunities in the Swedish market, Hutchison Whampoa will co-operate with HI3G in Sweden to establish a European development centre for UMTS services. This centre will build on experience from the Swedish market and from other European markets and be a platform for partnership with Swedish companies working in various sectors of the UMTS market.

In addition HI3G intends - together with its owners - to establish a research foundation for studies into information technology and its role in society. HI3G will be part of a network where experience, technical expertise, innovations and service development by associated companies in other leading markets will rapidly and readily be available to its benefit.
Access to this network means that significant resources can be applied at short notice and that HI3G will avoid "re-inventing the wheel" when faced with challenges already tackled elsewhere. Innovative services and technical solutions will be able to be rapidly deployed in the Swedish market, while in parallel, HI3G and its partners will have openings to corresponding markets around the world.

In the company's relations with customers, employees and others, HI3G wishes to be perceived as an open, innovative, exciting company that takes a long-term perspective and is interested in individual development