Hutchison Telecommunications
(Australia) Limited
ABN 15 003 677 227
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ASX Market Announcements

Australian Securities Exchange

Date: 27 March 2020

Subject: 2019 Annual Report

The 2019 Annual Report for Hutchison Telecommunications (Australia) Limited incorporating the full year financial statements for the year ended 31 December 2019, is attached.

Yours faithfully

Naomi Dolmatoff
Company Secretary

AUTHORISED FOR RELEASE: By order of the Board

For further information, please contact the Company Secretary by email at investors@hutchison.com.au *or by* telephone on (02) 9015 5088.

2019
Annual Report

Hutchison Telecoms

Hutchison Telecommunications (Australia) Limited ("HTAL" or the "Company") (ASX: HTA) has a 50% interest in Vodafone Hutchison Australia Pty Limited ("VHA"). **HTAL was listed on the ASX in 1999 and in 2003 launched Australia's first 3G service under the 3 brand.**

In 2009, HTAL's operations were merged with Vodafone Australia to form VHA. VHA offers mobile telecommunications under the Vodafone brand in Australia.

AGM Details

The Annual General Meeting of HTAL will be held at:

177 Pacific Highway
North Sydney NSW 2060

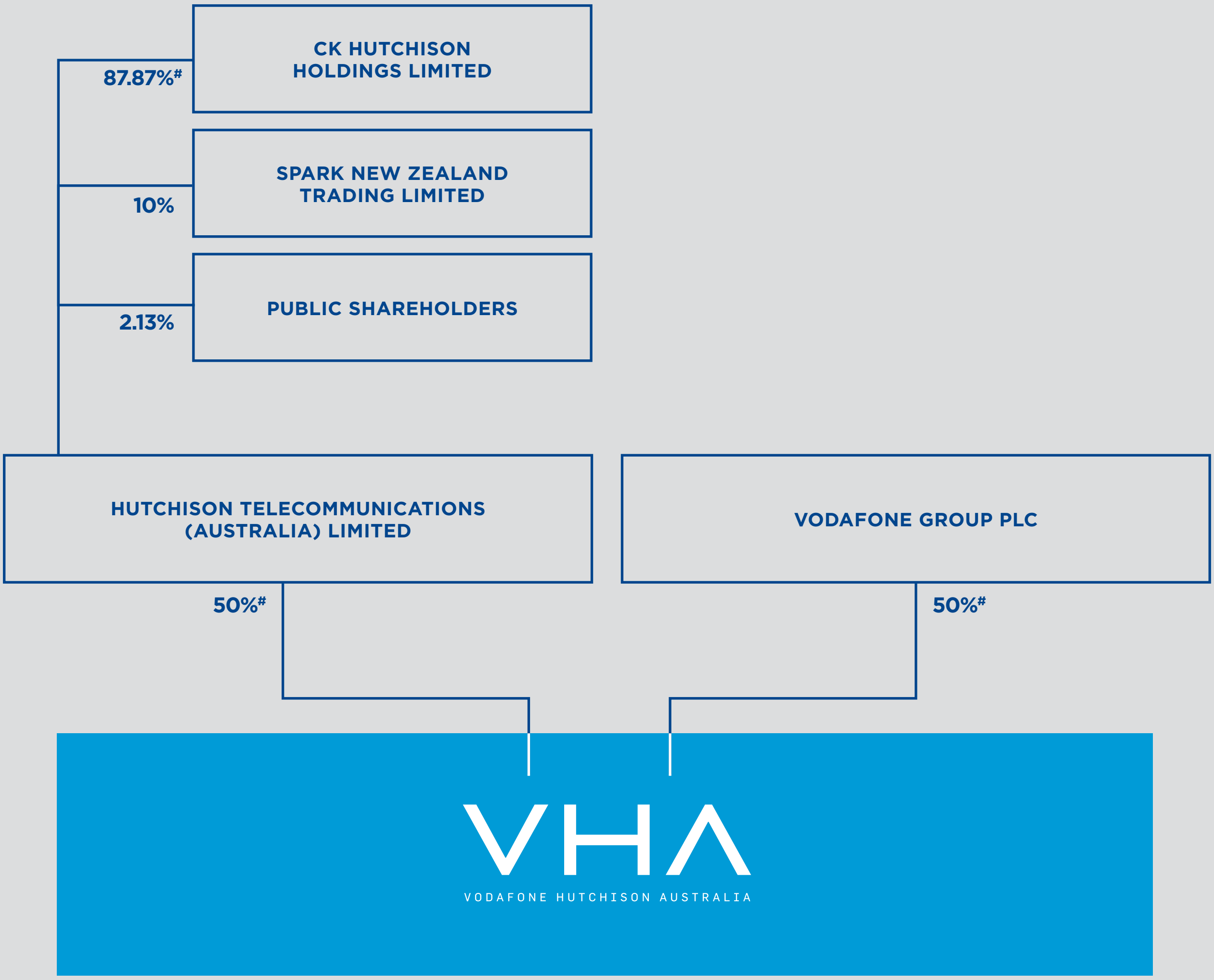
Thursday 7 May 2020
at 10.00 am

ABN 15 003 677 227

Contents

Ownership Structure

HTAL owns 50% of VHA. Vodafone Group Plc owns the remaining 50%. CK Hutchison Holdings Limited is the majority shareholder of HTAL, with an 87.87% stake[#].



Indirect ownership.

VHA Key Operational Highlights in 2019

6.9%

EBITDA growth YoY

DreamLab

Vodafone Foundation's app has been downloaded by

320,000

Users globally

and launched in 5 Vodafone markets

245.5%

Fixed customers growth YoY

Leading NPS

Highest NPS score every month throughout 2019, with a lead of 2 to 10 points over nearest competitor

Postpaid customers remained stable

Low complaints rate

TIO complaints were less than half the industry average

Financial Summary

VHA recorded 6.9 per cent YoY EBITDA growth in 2019, despite uncertainty caused by the ACCC's decision to oppose the VHA-TPG merger and the Huawei ban. In 2020, VHA looks forward to implementing the merger, subject to further approvals, following the Federal Court ruling to allow the merger, and rolling out its 5G network.

VHA financial and operating metrics

	2019	2018	YoY change %
The items below represent the 50% share of VHA attributable to HTAL			
Total revenue ($m)	**1,761.7**	1,813.2	(2.8%)
Service revenue ($m)[1]	**1,197.1**	1,227.0	(2.4%)
EBITDA ($m)[2]	**589.4**	551.1	6.9%
Net EBITDA adjustment AASB 16[3]	**71.0**	–	–
Net EBITDA without AASB 16	**518.4**	551.1	(5.9%)
Share of net loss of VHA ($m)[4]	**(159.1)**	(5.0)	3,082.0%
Net loss adjustment AASB 16[3]	**24.0**	–	–
Net loss without AASB 16	**(135.1)**	(5.0)	2,602.0%
The following items represent 100% of VHA's operating metrics			
Postpaid customers ('000)	3,416	3,454	(1.1%)
Prepaid customers ('000)	2,018	2,209	(8.6%)
VHA customers subtotal ('000)	5,434	5,663	(4.0%)
MVNO customers ('000)	310	356	(12.9%)
Total network customers ('000)	**5,744**	**6,019**	**(4.6%)**
Fixed Customers ('000)	114	33	245.5%
ARPU ($)[5]	33.35	35.05	(4.9%)

Notes:

1 Reclassification of $5.8 million content costs into net service revenue. The December 2018 figures reclassed for comparative was $8.1 million.

2 EBITDA is defined as earnings before net finance costs, tax and depreciation and amortisation.

3 AASB 16 *Leases* became effective for the Group on 1 January 2019. AASB 16 *Leases* establishes principles for the recognition and measurement of leasing arrangements. EBITDA for the year ended 31 December 2019 has increased as adopted AASB 16 *Leases* are no longer accounted for as operating expenses. Net losses for the year ended 31 December 2019 reflects the increase in EBITDA offset by depreciation expense of the right-of-use assets and interest expense on lease liabilities relating to adopted AASB 16 *Leases*.

4 Reconciliation for the Share of net loss of VHA is set out on pages 31 to 33.

5 ARPU represents a rolling 12 month average net service revenue per user per month at the end of the period excluding MVNOs and including Kogan and Lebara. Updated ARPU reflects the change in basis of calculation as a result of the reclassification of content costs into service revenue, and the exclusion of M2M IOT revenue. The prior year comparative has also been updated based on this change.

Chairman's Message

With continued support from CK Hutchison Holdings Limited and its joint shareholder Vodafone Group Plc, VHA achieved a steady EBITDA result.

Hutchison Telecommunications (Australia) Limited ("HTAL" or the "Company") (ASX: HTA) accounts for its investment in Vodafone Hutchison Australia Pty Limited ("VHA") using the equity method of accounting. Under this method, revenue from VHA's ordinary activities is not included in HTAL's consolidated revenues from ordinary activities.

In 2019, VHA achieved market-leading customer sentiment and maintained a broadly stable underlying financial performance. This is despite facing significant regulatory challenges including the Australian Competition and Consumer Commission's ("ACCC") opposition to VHA's proposed merger with TPG Telecom Limited ("TPG Telecom", ASX: TPM) and the Federal Government's 5G vendor restrictions.

With continued support from CK Hutchison Holdings Limited and its joint shareholder Vodafone Group Plc, VHA achieved a steady EBITDA result.

Key 2019 achievements and highlights of VHA:

- Progressed 5G with selection of Nokia as network vendor;
- Highest Net Promoter Score (NPS) of the major Mobile Network Operators;
- Continued to improve rate of customer complaints to the Telecommunications Industry Ombudsman ("TIO") with less than half the industry average;
- Recognised for its customer focus with two major industry awards;
- Reached 100,000 Vodafone NBN fixed customers; and
- VHA continued to progress regulatory approval of the merger with TPG Telecom by commencing Federal Court proceedings seeking competition approval of the merger.

2019 financial results

In a challenging regulatory environment and amidst continued aggressive competition, VHA produced a steady underlying financial performance.

VHA postpaid customer base was steady at 3.4 million, a 1.1% YoY decrease from 3.5 million. VHA maintained its base with its strong mobile network, generous data inclusions and best-in-market $5 Roaming product.

VHA prepaid customer base was 2.0 million, an 8.6% YoY decrease from 2.2 million, amidst very intense competition in the segment.

VHA's Mobile Virtual Network Operator (MVNO) customer base was 310,000, a 12.9% YoY decrease from 356,000.

VHA's fixed customer base was 114,000, a YoY increase of 245.5% from 33,000. VHA launched fixed services via the National Broadband Network in April 2018 and has been steadily growing its customer base.

HTAL's share of VHA total revenue decreased 2.8% YoY to $1,761.7 million from $1,813.2 million, due to the change in customer base.

VHA ARPU (Average Revenue Per User) was $33.35, which represented a 4.9% YoY decrease from $35.05, driven by increased competition.

HTAL's share of VHA's EBITDA increased 6.9% YoY to $589.4 million from $551.1 million. This is driven by a positive $71.0 million impact from the IFRS16 accounting change. The underlying decline of $38.3 million was due to a decline in revenue partially mitigated by continued focus on managing costs. In a year-on-year comparison without IFRS16, HTAL's share of VHA EBITDA would have been $518.4 million, a 5.9% decrease.

HTAL's share of VHA net loss was $159.1 million, a YoY increase from $5.0 million, driven by the EBITDA result, lower commission capitalisation, increased depreciation and amortisation, and interest costs. In a year-on-year comparison without IFRS16, HTAL's share of VHA net loss would have been $135.1 million.

VHA-TPG Telecom merger case heard in Federal Court

On 24 June 2019, following the ACCC's 8 May 2019 announcement that it would not provide competition clearance to the proposed merger between the two companies, VHA and TPG Telecom filed a legal action in the Federal Court of Australia seeking a declaration that the merger is not prohibited under Section 50 of the *Competition and Consumer Act* 2010.

The case was heard by Justice Middleton in Melbourne between 10 September and 1 October 2019.

On 13 February 2020, the Federal Court ruled that the proposed merger between VHA and TPG Telecom would not substantially lessen competition and should be allowed to proceed. VHA, along with TPG Telecom, will work to complete the merger in mid-2020, subject to the remaining regulatory and shareholder approvals and any appeal by the ACCC.

VHA is also undertaking a restructure of its debt facilities as a condition of the Scheme Implementation Deed and subject to the merger proceeding. The refinancing is expected to complete concurrently with the implementation of the merger.

VHA takes the next big step in 5G

In December 2019, VHA took another significant step in its 5G journey with the announcement that it has partnered with Nokia to roll out its 5G mobile network and deliver the benefits of the next generation of mobile networks to its customers.

The partnership builds on years of collaboration and enables VHA to deliver its commercial 5G services.

VHA will switch on its first commercial 5G sites in the first half of 2020, when it transforms an existing test network in the Sydney suburb of Parramatta into its first live 5G site.

VHA continues to lead customer sentiment, lowest complaints rate

VHA continued its track record as an industry leader in customer service in 2019 with the highest NPS of the mobile network operators, while its rate of customer complaints to the TIO was less than half the industry average.

VHA won a Canstar Blue award for Provider of the Year for SIM Only mobile plans and was recognised at the ACOMM industry awards for Best Mobile Solution for its endless data and no lock-in contracts.

VHA's $5 Roaming product, which is available in more than 80 global destinations, continues to be a key driver of customer acquisitions and upgrades.

The Vodafone NBN customer base more than tripled during 2019, with customers attracted to VHA's 4G back up and promotional offers to connect to the top tier NBN speed for a market-leading price.

VHA also became the first telco to partner with Amazon Prime to offer customers on selected plans a twelve-month Amazon Prime membership.

To further its digital transformation strategy, VHA welcomed the new Chief Information Officer and Director of Business Enablement, Rob James in September 2019. With responsibility for IT, Mr James' appointment enables the IT team, which previously sat with Network, to focus exclusively on IT strategy and key projects.

To raise brand awareness among key market segments, VHA continued its sponsorships with Rugby Australia, Supercars, Adelaide Strikers and the Sydney Gay and Lesbian Mardi Gras. Star cricketer Steve Smith and Supercars champion Jamie Whincup continued in the role of VHA brand ambassadors.

Vodafone Foundation expands positive impact

In 2019, Vodafone Foundation continued to help improve the health and wellbeing of Australians through its technology-driven partnerships with the Garvan Institute of Medical Research and Hello Sunday Morning.

In 2019, the Foundation's DreamLab app, which helps solve cancer using the processing power of idle smartphones while users sleep, launched in Italy and Romania, bringing the app to five Vodafone markets. DreamLab's 350,000 users donated their computing power to help complete two more discoveries in half the time.

Vodafone Foundation also funded a pilot program with Infoxchange, to examine ways the AskIzzy app might better support people experiencing family and domestic violence.

Outlook

Intense competition in the Australian telecommunications market is expected to continue to impact industry revenues and ARPUs throughout 2020. VHA will continue its focus on reducing costs to manage its financial performance.

VHA will also continue its strategy of striking a balance between maintaining a sustainable business model, whilst delivering value to Australian customers.

On 13 February 2020 the Federal Court ruled that the proposed merger between VHA and TPG Telecom would not substantially lessen competition and should be allowed to proceed. VHA will work towards implementation of the proposed merger which remains subject to an appeal, as well as shareholder and other regulatory approvals.

The merger would create a third fully-integrated telecommunications company with the scale to compete head-to-head across the whole telecommunications market in Australia. It would also provide investment certainty for the future, including for the company's 5G rollout.

While the merger process continues, VHA will continue to work towards the launch of 5G mobile services in 2020 and take opportunities to deliver increased value propositions to mobile and fixed customers.

HTAL remains committed to its investment in VHA and will continue to support VHA in the future.

Additional matters

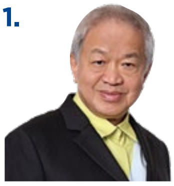
On 5 March 2020 the ACCC announced that it would not appeal the decision of the Federal Court and we are pleased that definitive Australian competition clearance for the proposed merger between VHA and TPG has now been obtained.

After the COVID-19 outbreak in early 2020, HTAL is paying close attention to the development of, and the disruption to business and economic activities caused by the outbreak and its potential impact on the financial position, cash flows and operating results. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of its impacts on HTAL's financial position, cash flows and operating results at the date of this annual report.

Fok Kin Ning, Canning
Chairman

Board of Directors

1.



2.

3.

4.

5.

6.

7.

8.

9.

1. Fok Kin Ning, Canning

(Chairman) BA, DFM, FCA (ANZ)

Fok Kin Ning, Canning, aged 68, has been a Director since February 1999. Mr Fok has been an executive director and group co-managing director of CK Hutchison Holdings Limited ("CKHH") since 2015. He has been a director of Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited ("HWL") since 1985 and 1984 respectively, both of which became wholly owned subsidiaries of CKHH in 2015. He has been chairman and a non-executive director of Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") since 2009 and of Hutchison Port Holdings Management Pte. Limited ("HPHM") as the trustee-manager of Hutchison Port Holdings Trust ("HPH Trust") since 2011, an executive director since 1985 and chairman since 2005 of Power Assets Holdings Limited ("Power Assets"), chairman and an executive director of HK Electric Investments Manager Limited ("HKEIML") as the trustee-manager of HK Electric Investments ("HKEI") and of HK Electric Investments Limited ("HKEIL") since 2013, co-chairman of Husky Energy Inc. ("Husky Energy") since 2000, and an executive director and deputy chairman of CK Infrastructure Holdings Limited ("CKI") since 1997. The aforementioned companies are either the ultimate holding company of HTAL, or subsidiaries or associated companies of CKHH of which Mr Fok oversees the management. Mr Fok has also been a director of VHA since 2001. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a Fellow of Chartered Accountants Australia and New Zealand.

2. Barry Roberts-Thomson

(Deputy Chairman)

Barry Roberts-Thomson, aged 70 has been a Director since February 1989 and was Managing Director of HTAL from its inception in 1989 until September 2001. In his capacity as Deputy Chairman, Mr Roberts-Thomson represents HTAL in government relations and strategic projects and has served as a director of VHA since 2001.

3. Susan Mo Fong Chow,

also known as Woo Mo Fong, Susan (alias Chow Woo Mo Fong, Susan)

(Director) BSc

Mrs Susan Chow (aged 66), has been a non-executive director of CK Hutchison Holdings Limited ("CKHH") since January 2017. She was an executive director and group deputy managing director of CKHH from June 2015 to July 2016, senior advisor of CKHH from August 2016 to December 2016, executive director of Hutchison Whampoa Limited ("HWL", which was privatised by way of a scheme of arrangement and became a wholly owned subsidiary of CKHH since June 2015) from October 1993 to June 2015, deputy group managing director from January 1998 to June 2015 and director from June 2015 to July 2016. Prior to joining HWL, Mrs Chow was a partner of Woo Kwan Lee & Lo, a major law firm in Hong Kong. Mrs Chow is an alternate director to director of CK Infrastructure Holdings Limited since May 2006, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited since November 2014.

She previously served as a member of the Listing Committee of The Stock Exchange of Hong Kong Limited, the Joint Liaison Committee on Taxation of the Law Society of Hong Kong, the Committee on Real Estate Investment Trusts of the Securities and Futures Commission, the Trade and Industry Advisory Board, the Court of the Hong Kong University of Science and Technology and the Appeal Boards Panel (Education). Mrs Chow is a qualified solicitor and holds a Bachelor's degree in Business Administration.

4. Justin Herbert Gardener

(Director) BEc, FCA, AGIA

Justin Herbert Gardener, aged 83, has been a Director since July 1999. Mr Gardener has been a director of a number of private and publicly listed companies including Austar United Communications Limited (appointed 1999 and retired 2008). From 1961, and until his retirement in 1998, Mr Gardener held a variety of positions with Arthur Andersen, becoming a partner in 1972 and for the last ten years in a management and supervisory role for Asia Pacific. Mr Gardener is a Fellow of the Institute of Chartered Accountants and an Associate of the Governance Institute and holds a Bachelor of Economics Degree.

5. Lai Kai Ming, Dominic

(Director) BSc, MBA

Lai Kai Ming, Dominic, aged 66, has been a Director since May 2004 and Alternate Director to Mr Sixt since May 2006 and to Mr Fok since December 2016. Mr Lai has been an executive director and deputy managing director of CKHH since 2015. Since 2000, he has been a director of HWL which became a wholly owned subsidiary of CKHH in 2015. Mr Lai has been a non-executive director since 2009 and an alternate director to directors since 2010 of HTHKH. He has been an alternate director to a director of TOM Group Limited ("TOM") since 2016. He has been a member of the board of commissioners of PT Duta Intidaya Tbk since 2018. The aforementioned companies are either the ultimate holding company of HTAL, or subsidiaries or associated companies of CKHH of which Mr Lai oversees the management. He has also been a director of VHA since 2016. Mr Lai has over 35 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

6. John Michael Scanlon

(Director)

John Michael Scanlon, aged 78, has been a Director since July 2005. Mr Scanlon is a special venture partner to Clarity Partners LLP, a private equity firm. From 1965 through to 1988, his career was with AT&T, primarily Bell Labs, rising to group vice president of AT&T. Mr Scanlon then went on to become president and general manager of Motorola's Cellular Networks and Space Sector, founding chief executive officer of Asia Global Crossing, chief executive officer of Global Crossing and chairman and chief executive officer of PrimeCo Cellular.

7. Frank John Sixt

(Director) MA, LLL

Frank John Sixt, aged 68, has been a Director since January 1998 and Alternate Director to Mr Lai since February 2008. Mr Sixt has been an executive director, group finance director and deputy managing director of CKHH since 2015. Since 1991, he has been a director of Cheung Kong (Holdings) Limited and HWL, both of which became wholly owned subsidiaries of CKHH in 2015. He has been chairman and a non-executive director of TOM since 1999 and an executive director of CKI since 1996. Mr Sixt has also been a director of Husky Energy since 2000. He has been an alternate director to a director of HKEIML as the trustee-manager of HKEI and of HKEIL since 2015. The aforementioned companies are either the ultimate holding company of HTAL, or subsidiaries or associated companies of CKHH of which Mr Sixt oversees the management. He has also been a director of VHA since 2001. Mr Sixt holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Québec and Ontario, Canada.

8. Ronald Joseph Spithill OAM

(Director) BScTech

Ronald Joseph Spithill, aged 78, has been a Director since November 2010. Mr Spithill was a director of Telecom Corporation of New Zealand Limited from 2006 until 2011 and serves on a number of NGO boards. Mr Spithill has also been a director of VHA since 2010. He was previously president of Alcatel Asia Pacific responsible for operations in 16 countries, executive vice president and chief marketing officer of the Paris-based Alcatel group and vice-chairman of Alcatel Shanghai Bell. He has been chief executive officer and chairman of Alcatel Australia. He is a past president of the Telecommunications Industry Association of Australia and served with the AEEMA Board, the Australian Business Council, the Malaysian Government Industry Advisory Panel, the New Zealand Independent Industry Oversight Group, the NSW Government IT Advisory Board and the Australian Government "Goldsworthy" Committee. Mr Spithill is a Fellow of the Australian Academy of Technological Sciences and Engineering and a Distinguished Fellow of the Telecommunications Society of Australia.

9. Woo Chiu Man, Cliff

(Director) BSc

Woo Chiu Man, Cliff, aged 66, has been a Director since August 2016. Mr Woo has been an executive director and chief executive officer of HTHKH since 2017 and was re-designated as co-deputy chairman and a non-executive director of HTHKH in 2018. He has been an alternate director to a director of VHA since 2016. He held various senior technology management positions in the telecommunications industry before joining in 1998 the group of HWL. He was deputy managing director of Hutchison Telecommunications (Hong Kong) Limited from 2000 to 2004. He was also an executive director of Hutchison Telecommunications International Limited in 2005. He was seconded to VHA as chief technology officer from 2012 to 2013 and was part of the core management team. He possesses extensive operations experience in the telecommunications industry and has been involved in cellular technology for over 30 years. Mr Woo holds a Bachelor's degree in Electronics and a Diploma in Management for Executive Development. He is a Chartered Engineer and also a Member of The Institution of Engineering and Technology (UK) and The Hong Kong Institution of Engineers.

Corporate Governance

This Corporate Governance Statement is dated 26 February 2020 and has been approved by the Board of the Company. Information about the Company and its corporate governance including current policies and charters are available on the Company's website at www.hutchison.com.au.

The Company and its Directors are committed to high standards of corporate governance. In December 2019, the Company completed a review of its corporate governance processes and procedures having regard to the ASX Principles and Recommendations (the "ASX Principles") (4th edition) and has updated its corporate governance documents to reflect the ASX Principles (4th edition) with effect from December 2019. This report reflects the main corporate governance practices adopted by the Company and its subsidiaries (collectively, the "Group") during the 2019 financial year ("Reporting Period"), noting where the Company does not comply with the ASX Principles (3rd edition), and the corporate governance processes and procedures updated in December 2019. The first full reporting of Company's compliance with the ASX Principles (4th edition) will be disclosed in its next Annual Report.

The Board

Role of the Board

The Board has responsibility for approving strategy, monitoring the implementation of the strategy and the performance of the Group, protecting the rights and interests of shareholders and overseeing the overall corporate governance within the Group.

The Board Charter is available on the Company's website.

The Board's responsibilities include:

- reviewing and approving the statement of values, strategic direction of the Group and establishing goals, both short-term and long-term, to ensure these strategic objectives are met and ensuring appropriate resources are available to meet these objectives;
- overseeing management in its implementation of the Group's strategic objectives, instilling of the Group's values and performance generally;
- overseeing the integrity of the Group's accounting and corporate reporting systems, including the external audit, control and accountability systems;
- satisfying itself that the Group has in place an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite within which the Board expects management to operate;
- satisfying itself that the Group's remuneration policies are aligned with its purpose, values, strategic objectives and risk appetite;
- ensuring the business risks facing the Group are identified and reviewing, ratifying and monitoring sound systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- satisfying itself of the effectiveness of the governance processes in place and that an appropriate framework exists for relevant information to be reported by management to the Board and whenever required, challenging management and holding it to account;
- monitoring the performance of management against these goals and objectives and initiating corrective action when required;
- ensuring that there are adequate internal controls and ethical standards of behaviour adopted and met within the Group;
- reviewing and approving annual financial plans and monitoring corporate performance against both short-term and long-term financial plans;
- appointing the chief executive officer, evaluating performance and determining the remuneration of senior executives and ensuring that appropriate policies and procedures are in place for recruitment, training, occupational health & safety, environmental issue remuneration and succession planning; and
- delegating to the chief executive officer the authority to manage and supervise the business of the Group with senior executives and other management, including the making of all decisions regarding the Group's operations that are not specifically reserved to the Board.

Composition of the Board

The Board comprises nine Directors whose appointment reflects the shareholding of the Company and the need to ensure that the Company is run in the best interest of all shareholders. All the Directors, including the Chairman, Mr Fok Kin Ning, Canning, are non-executives. The Board has considered the factors relevant to assessing the independence of a Director contained in the ASX Principles, and in light of this, the Board determined that the independent Directors are not substantial shareholders or officers of substantial shareholders, have not been employed as an executive of the Group or its majority shareholder, nor are they associated with any significant supplier, customer or professional adviser of the Group. Further, an independent Director does not have any significant contractual relationship with the Group nor is there any business relationship which could materially interfere with a Director's ability to act in the best interest of the Company.

Mr Justin Herbert Gardener and Mr John Michael Scanlon, being the only Directors who are not, or have not been, officers of a significant shareholder or have not been employed as an executive of the Group, are considered by the Board to be independent Directors. The Board does not consider that the length of tenure of either Mr Gardener or Mr Scanlon has compromised their independence. In light of the majority ownership by CKHH, the Board has resolved that, at this stage, it is not in the best interests of the Company that a majority of Directors or the Chairman be independent.

Board skills matrix

The Board has considered the skills that are appropriate for the Board as a whole and these include experience in:

- general business management, strategy and entrepreneurship;
- information and technology particularly in telecommunications or multimedia;
- marketing, sales and distribution in highly competitive markets;
- Government relations and policy;
- legal, governance and compliance risk management;
- human resources and remuneration;
- accounting, finance and audit; and
- banking, treasury and capital markets.

Details of the individual Directors' skills set, experience and date of appointment are set out on pages 2 and 3. Details of the non-executive Director remuneration are set out in the Remuneration Report which forms part of the Directors' Report on pages 12 to 15.

Subject to the Company's Constitution requirements in relation to the retirement of Directors, the appointment of all the current Directors will continue until the next Annual General Meeting ("AGM") in 2020, and will be automatically renewed for successive 12-month periods unless otherwise terminated. An election of Directors is held at the AGM each year, and information on the Directors standing for re-election is provided to shareholders in the Notice of Meeting for the AGM. Any Director who has been appointed during the year must stand for election at the next AGM. Each Director must retire every three years, and if eligible, may stand for re-election. Retiring Directors are not automatically reappointed.

Prior to the appointment of a new Director, appropriate checks are undertaken in areas such as education, employment and character references, and the balance of skills set and experience collectively on the Board will be taken into consideration. Each new Director receives a letter of appointment detailing the Company's expectations having regard to their familiarity with the Company and its investment in VHA. Written agreements are in place with each of the Directors setting out their terms of appointment.

In December 2019, Mrs Susan Chow was appointed as a non-executive Director. Prior to her appointment, the Company undertook appropriate background checks. The Company will provide shareholders with all the relevant information in its possession necessary for shareholders to consider voting on Mrs Chow's election at its 2020 AGM.

Upon appointment to the Board, a new Director receives an induction process arranged by the Company Secretary which includes a package of orientation materials on the Company. Thereafter, the Company provides professional development materials to Directors and facilitates their attendance at appropriate external seminars and information sessions to help them to keep abreast of current trends and issues facing the Group, including the latest changes in the commercial (including industry-specific and innovative changes), legal and regulatory environment and to refresh their knowledge and skills on the roles, functions and duties of a listed company director.

The Company evaluates the performance of the Board as a whole, the Board Committees and the Directors by questionnaire at the beginning of each year. The evaluation for the financial year ended 31 December 2018 was undertaken at the beginning of 2019 and that for the financial year ended 31 December 2019 has commenced. The objective of such evaluation is to ensure that the Board, its Committees and the Directors continued to act effectively in fulfilling the duties and responsibilities expected of them.

In connection with their duties and responsibilities, Directors and Board Committees have the right to seek independent professional advice at the Company's expense. Prior written notification to the Chairman is required.

Board Committees

The Board has two Committees to assist in the implementation of its corporate governance practices, fiduciary and financial reporting and audit responsibilities. These are an Audit & Risk Committee and a Governance, Nomination & Compensation Committee.

Each of these Committees has its own charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the Committee is to operate. Details of these charters are available on the Company's website.

Audit & Risk Committee

The responsibility of the Audit & Risk Committee is to assist the Board in fulfilling its duties through review and supervision of the Group's financial reporting process and the Group's system of risk management, internal control and legal compliance.

This Committee comprises three non-executive Directors, a majority of whom are independent Directors and is chaired by an independent Director who is not the Chairman of the Board. The composition of the Committee meets the requirements of the ASX Principles. It has appropriate financial expertise and knowledge of the telecommunications industry. Details of the Committee members, and their qualifications, expertise, experience and attendance at Committee meetings are set out on pages 2, 3 and 10.

This Committee considers the annual and interim financial statements of the Company and its subsidiaries and any other major financial statements prior to approval by the Board, and reviews standards of internal control and financial reporting within the Group. It is also responsible for overview of the relationship between the Group and its external auditor, including periodic review of the performance and the terms of appointment of the auditor. Furthermore, it considers any matters relating to the financial affairs of the Group and any other matter referred to it by the Board.

The main responsibilities delegated to this Committee are:

- to consider and recommend to the Board the appointment and remuneration of the Company's external auditor and to determine with the external auditor the nature and scope of the audit or review and approve audit or review plans;
- to assess the performance and independence of the external auditor, taking into account factors which may impair the auditor's judgement in audit matters related to the Company;
- to review the interim and annual financial statements of the Company before their submission to the Board;
- to ensure the Group's practices and procedures with respect to related party transactions are appropriate for compliance with the relevant legal and securities exchange requirements;
- to review the risk management practices and oversee the implementation and effectiveness of the risk management system including overseeing appropriate governance standards for tax management and the effectiveness of the tax control and governance framework including the monitoring of tax risk management strategies;
- to review and make recommendations to the Board regarding the adequacy of the Group's processes for managing risk and any changes that should be made to the Group's risk management framework or to the risk appetite set by the Board;
- to consider new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks;
- to review with management and the external auditor the presentation and impact of significant risks and uncertainties associated with the business of the Group and their effects on the financial statements of the Group; and
- to ensure corporate compliance with applicable legislation.

Governance, Nomination & Compensation Committee

This Committee comprises three non-executive Directors and is chaired by the Chairman of the Board. In light of the majority ownership by CKHH and that the Company does not currently have any senior executives, the Board has resolved that, at this stage, it is not in the best interests of the Company that a majority of members of this Committee be independent or that the Chair of this Committee be independent. Details of the Committee members, and their qualifications, expertise and experience are set out on pages 2, 3 and 10. No meetings of this Committee were required during the year ended 31 December 2019.

Compensation responsibilities

This Committee is responsible for the review of remuneration and other benefits, and the Group's policies in relation to recruitment and retention of staff. It will, where relevant, obtain independent advice from external consultants on the appropriateness of the remuneration policies of the Group.

Details of the compensation philosophy and practices of the Company, including equity based remuneration schemes, are set out in the Remuneration Report. As the Company does not currently have any senior executives, no process is in place for the evaluation of the performance of senior executives, although formal performance evaluation has been a part of the Company's practices in the past.

Governance and nomination responsibilities

The governance and nomination responsibilities related to Board performance and evaluation are:

- to periodically assess and provide recommendations to the Chairman of the Board on the effectiveness of the Board as a whole, the Board Committees, the contribution of individual Directors, and assessment of Directors;
- to periodically review the Company's investor relations and public relations activities to ensure that procedures are in place for the effective monitoring of the shareholder base, receipt of shareholder feedback and response to shareholder concerns in respect of Board nomination and remuneration matters;
- to oversee and periodically review the induction and education, and continuing professional development programs for Directors including whether there is a need for existing directors to undertake professional development;
- to ensure appropriate structures and procedures are in place so that the Board can function independently of management;
- to receive and consider any concerns of individual Directors relating to governance matters; and
- to review all related party transactions to ensure they reflect market practice and are in the best interests of the Group and consider any disclosure requirements.

The governance and nomination responsibilities related to the Directors are:

- to recommend to the Board criteria regarding personal qualifications for Board membership such as background, experience, technical skills, affiliations and personal characteristics; and
- to consider and recommend to the Board the skills matrix required for the Board generally including Director independence.

The governance and nomination responsibilities related to Board Committees are:

- to review from time to time and recommend to the Board the types, terms of reference and composition of Board Committees, and the nominees as chair of the Board Committees; and
- to review from time to time and make recommendations to the Board the length of service of members on Board Committees, meeting procedures, quorum and notice requirements, records and minutes, resignations and vacancies on Board Committees.

Diversity

The Company recognises the corporate benefit of diversity as that term is defined in the ASX best practice recommendations and its Diversity Policy is available on the Company's website.

The Company recognises the benefits of a Board that possesses a balance of skills set, experience, expertise and diversity of perspectives appropriate for the strategies of the Company. The Company supports diversity, with Directors from various parts of the world with experience of different cultures and possessing varied expertise, in finance and accounting, sales and marketing, operations, legal and technology relevant to operating a telecommunications company.

In assessing candidates for appointment to the Board, the Governance, Nomination & Compensation Committee will have regard to the diversity balance on the Board and the skills and experience of each candidate. The Board will give due consideration to ensuring that the diversity of the Board increases.

No objectives have been set for achieving gender diversity among employees or assessment undertaken as currently the Company has only one (male) employee who is not considered to be a senior executive (2018: 100% male). The Board currently comprises eight males (89%) and one female (11%) (2018: 100% male).

Company secretaries

The Company has two company secretaries, Ms Edith Shih and Ms Naomi Dolmatoff, who are responsible to the Board for ensuring that Board processes are followed and board activities are efficiently and effectively conducted.

In April 2019, Ms Louise Sexton resigned as a company secretary and Ms Dolmatoff was appointed. Biographies of the company secretaries are included in the Directors' Report.

External auditors

The performance of the external auditor is reviewed annually and applications for the tender of external audit services will be requested as deemed appropriate. PricewaterhouseCoopers was appointed as the external auditor in June 2014.

An analysis of fees paid to the external auditor, including a break-down of fees for non-audit services, is provided in Note 14 to the financial statements. The Company's policy in relation to awarding non-audit work to the external auditor requires that all proposed non-audit service assignments in excess of $100,000 will be approved by the Audit & Risk Committee and will only be awarded to the external auditor after completion of a competitive tendering process (where appropriate) which demonstrates that the external auditor is the preferred service provider on the basis of an objective assessment of price, capabilities and commitment. It is the policy of the external auditor to provide an annual declaration of their independence to the Audit & Risk Committee.

The external auditor attends and is available for questioning at the AGM by shareholders in relation to the conduct of the audit.

Risk management

The Board acknowledges its responsibility for risk oversight and ensuring that significant business risks are appropriately managed, whilst acknowledging that such risks may not be wholly eliminated. Details of the Company's risk management policy and internal compliance and control system are available on the Company's website. Material business risks faced by the Company are those associated with the Company's investment in VHA.

The Audit & Risk Committee has been delegated responsibility as the primary body for risk oversight and for ensuring that appropriate risk management policies, systems and resources are in place.

As all former operational activities of the Company are now undertaken in VHA, the associated risks are now in that entity. The Company no longer has an internal audit function, but the Audit & Risk Committee receives and considers all VHA reports prepared by the internal audit and risk management function of VHA for the VHA Audit and Risk Committee, including an annual review of the VHA risk management framework. One of the members of the Group's Audit & Risk Committee is a member of the VHA Audit and Risk Committee.

The VHA risk management framework ensures that adequate mechanisms are in place to identify, assess and manage strategic, financial and non-financial, operational and regulatory risks and that VHA corporate performance is reviewed across a broad range of issues. In addition to oversight of VHA's risk management, other key aspects of the Group's risk management framework are regular reports from external auditors and detailed financial reporting reviews with its major shareholder's finance team. During the Reporting Period, VHA undertook a review of its risk management framework and its board considers that it remains sound. VHA does not consider that it has a material exposure to any economic, environmental and social sustainability risks.

Corporate Governance
continued

As the Company no longer has executives performing the function of chief executive officer or chief financial officer, the Board has not received a declaration provided in accordance with section 295A of the *Corporations Act 2001* (Cth). However, the VHA board has received such a declaration in respect of the VHA financial statements.

Code of conduct

The need to ensure that a strong ethical culture within the Group has led to greater emphasis on the development of a strong culture with values designed to ensure that all Directors, managers and employees act with the utmost integrity and objectivity in their dealings with all people that they come in contact with during their working life with the Group. The Corporate Code of Conduct applies to all Directors, officers, employees, consultants, contractors, agents and other representatives engaged by the Company and compliance with the values underlying the Company's culture forming part of the performance appraisal of senior executives and managers. Details of this Code are available on the Company's website.

Dealing in shares

The Company has the following policy regarding dealing in its shares:

- the Chairman discusses any proposed dealing in HTAL shares with an independent Director prior to any dealing;
- Directors discuss any proposed dealing in HTAL shares with the Chairman prior to any dealing; and
- any other designated officer (being any person engaged in the management of the Company, whether as an employee or consultant) discuss any proposed dealing in HTAL shares with the Company Secretary or the chief executive officer prior to any dealing.

Unless there are unusual circumstances, dealings in HTAL shares by designated officers are limited to the period of one month after the release of the Company's half year and annual results to the ASX and from the lodgement of the Company's annual report with the ASX up to one month after the AGM of HTAL.

Directors, officers and employees must not engage in insider dealing in breach of the *Corporations Act 2001 (Cth)* and are prohibited from dealing in HTAL shares if in possession of price sensitive information. Directors and senior executives are also prohibited from engaging in short term speculative dealing. All Directors, officers and employees within the Group have been advised of their obligations in regard to price sensitive information. Directors, officers and employees are also aware of their obligations not to communicate price sensitive information to any other person who might deal in HTAL shares or communicate that information to another party.

The Company's practices are documented in a policy, details of which are available on the Company's website.

Continuous disclosure and shareholder communication

The Board strongly believes that the Company's shareholders should be fully informed of all material matters that affect the Group in accordance with its continuous disclosure obligations. Financial reports and other significant information are available on the Company's website for access by its shareholders and the broader community. Procedures are in place to review whether any price sensitive information has been inadvertently disclosed in any forum, and if so, this information is immediately released to the market. The Company Secretary resident in Australia has been appointed as the person responsible for communications with the ASX.

The Company seeks to enhance its communication with shareholders through the introduction of new types of communication through cost effective electronic means and the provision of information in addition to the reports required by legislation. Shareholders have the option to receive communications from the Company and to communicate with the Company and the Share Registry electronically.

Shareholders are encouraged to participate in general meetings physically or to appoint proxies to attend and vote at such meetings for and on their behalf if they are unable to attend. Notices of general meetings and the accompanying papers are provided within the prescribed time prior to the meetings on the Company's website and the ASX website (www.asx.com.au), by email to shareholders or by post to those shareholders who have elected to receive a hard copy version of such communication.

The Company's investor relations program is based upon appropriately responding to requests from shareholders and analysts for information to enable them to gain an understanding of the Company's business, governance, financial performance and prospects.

The Company's existing practices on information disclosure and shareholder communications are documented in the Continuous Disclosure Policy and the Shareholder Communications Policy, details of which are available on the Company's website.

Related party transactions

The Group draws great strength from its relationship with CKHH and other companies in the CKHH Group in relation to its financial support and management expertise. The Board is aware of the need to represent all shareholders and to avoid conflicts of interest. Where there is a conflict of interest or the potential appearance of a conflict, affected Directors do not participate in the decision making process or vote on such matters. All commercial agreements with related parties are negotiated on arms' length terms. Further information about the Company's related party transactions is set out in Note 17 to the financial statements.

Directors' Report

The Directors are pleased to present their report on the consolidated entity (the "Group") consisting of HTAL and the entities it controlled at the end of or during the year ended 31 December 2019.

Principal activities

During the year, the Group's principal activity was the ownership of a 50% interest in VHA which provides telecommunications services in Australia.

Review of operations

Comments on the operations of the Group, results of those operations, the Company's business strategies and its prospects for future years are set out on pages iv to 1. Details of the financial position of the Company are contained in page 20 of this report.

Significant changes in the state of affairs and matters subsequent to the end of the financial year

There was no significant change in the state of affairs of the Group during the financial year. No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Other than as set out in the Review of operations above, further information on business strategies and the future prospects of the Company has not been included in this report because the Directors believe that it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group's operations and business activities, through its investment in VHA, are subject to environmental regulations under both Commonwealth and State legislation and the requirements of the *Telecommunications Act 1997*. The Group's risk review and audit program is designed to ensure that the Group meets its obligations under current legislation.

VHA is subject to the *National Greenhouse and Environmental Reporting Act 2007* ("NGER") and is required to report information about greenhouse gas emissions, energy production, energy consumption and other information specified by the NGER. VHA has fulfilled its reporting requirements for its operations annually since 2009 under the NGER.

Dividends

No dividend was declared or paid during the year.

Directors

The following persons were Directors of HTAL during the whole of the year ended 31 December 2019 and up to the date of this report:

FOK Kin Ning, Canning

Barry ROBERTS-THOMSON

Susan Mo Fong CHOW, also known as WOO Mo Fong, Susan (alias CHOW WOO Mo Fong, Susan) (appointed on 9 December 2019)

Justin Herbert GARDENER

LAI Kai Ming, Dominic

John Michael SCANLON

Frank John SIXT

Ronald Joseph SPITHILL

WOO Chiu Man, Cliff

Directors' Report
continued

Further information on the Directors is set out on pages 2 and 3.

Director	Other Responsibilities	Particulars of Directors' Interests in ordinary shares of HTAL
Fok Kin Ning, Canning	Non-executive Chairman, Chairman of Governance, Nomination & Compensation Committee	5,100,000*
Barry Roberts-Thomson	Deputy Chairman	83,918,337**
Susan Mo Fong Chow^	–	–
Justin Herbert Gardener	Chairman of Audit & Risk Committee, Member of Governance, Nomination & Compensation Committee	1,957,358
Lai Kai Ming, Dominic	Member of Governance, Nomination & Compensation Committee	–
John Michael Scanlon	Member of Audit & Risk Committee	–
Frank John Sixt	Member of Audit & Risk Committee	1,000,000
Ronald Joseph Spithill	–	–
Woo Chiu Man, Cliff	–	–

* Direct holding of 100,000 shares

** Direct holding of 4,540 shares

^ Appointed as Director with effect from 9 December 2019

Notes:

Fok Kin Ning, Canning, holds a relevant interest in (i) 5,711,438 ordinary shares of CK Hutchison Holdings Limited ("CKHH"), a related body corporate of HTAL; and (ii) 1,202,380 ordinary shares of Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), a related body corporate of HTAL.

Susan Mo Fong Chow holds a relevant interest in (i) 129,960 ordinary shares of CKHH; and (ii) 250,000 ordinary shares of HTHKH.

Lai Kai Ming, Dominic holds a relevant interest in 34,200 ordinary shares of CKHH.

Frank John Sixt holds a relevant interest in (i) 166,800 ordinary shares of CKHH; and (ii) 255,000 ordinary shares of HTHKH.

Woo Chiu Man, Cliff holds a relevant interest in (i) 3,420 ordinary shares of CKHH; and (ii) 2,001,333 ordinary shares of HTHKH.

Meetings of Directors

The number of meetings of HTAL's Board of Directors and each of the Board committees held during the year ended 31 December 2019 and the number of meetings attended by each Director were:

Director	Board Meetings held during the year	Board Meetings attended as Director	Audit & Risk Committee Meetings held during the year	Audit & Risk Committee Meetings attended as Member of the Committee	Governance, Nomination & Compensation Committee Meetings held during the year	Governance, Nomination & Compensation Committee Meetings attended as Member of the Committee
Fok Kin Ning, Canning	4	3	N/A	N/A	Nil	Nil
Barry Roberts-Thomson	4	4	N/A	N/A	N/A	N/A
Susan Mo Fong Chow^	N/A	N/A	N/A	N/A	N/A	N/A
Justin Herbert Gardener	4	4	3	3	Nil	Nil
Lai Kai Ming, Dominic*	4	4	N/A	N/A	Nil	Nil
John Michael Scanlon	4	3	3	3	N/A	N/A
Frank John Sixt**	4	4	3	3	N/A	N/A
Ronald Joseph Spithill	4	4	N/A	N/A	N/A	N/A
Woo Chiu Man, Cliff	4	4	N/A	N/A	N/A	N/A

^ Appointed as Director with effect from 9 December 2019

* Mr Sixt attended one Board meeting as Alternate Director for Mr Lai

** Mr Lai attended one Board meeting and one Audit & Risk Committee meeting as Alternate Director for Mr Sixt

No meeting of the Governance, Nomination & Compensation Committee was held during the year as any matters that arose for possible consideration by the Committee were dealt with by the full Board.

Retirement, election and continuation in office of Directors

Mr Barry Roberts-Thomson is a Director retiring by rotation in accordance with the Constitution who, being eligible, offers himself for re-election.

Mrs Susan Mo Fong Chow is a Director who was appointed as additional director in accordance with the Constitution who, being eligible, offers herself for election.

Mr Lai Kai Ming, Dominic is a Director retiring by rotation in accordance with the Constitution who, being eligible, offers himself for re-election.

Mr Ronald Joseph Spithill is a Director retiring by rotation in accordance with the Constitution who, being eligible, offers himself for re-election.

Mr Woo Chiu Man, Cliff is a Director retiring by rotation in accordance with the Constitution who, being eligible, offers himself for re-election.

Company secretaries

Edith Shih

BSE, MA, MA, EdM, Solicitor, FCG (CS, CGP), FCS (CS, CGP)(PE)

Edith Shih has been a Company Secretary of the Company since 1999. Ms Shih is an executive director and company secretary of CKHH. She has been with the Cheung Kong (Holdings) Limited group since 1989 and was with HWL from 1991 to 2015. Both Cheung Kong (Holdings) Limited and HWL became wholly owned subsidiaries of CKHH in 2015. She has acted in various capacities within the HWL Group, including head group general counsel and company secretary of HWL and director and company secretary of HWL subsidiaries and associated companies. She has over 35 years of experience in the legal, regulatory, corporate finance, compliance and corporate governance fields. She is a solicitor qualified in England and Wales, Hong Kong and Victoria, Australia and a Fellow of both The Chartered Governance Institute (formerly known as the "Institute of Chartered Secretaries and Administrators") and The Hong Kong Institute of Chartered Secretaries, holding Chartered Secretary and Chartered Governance Professional dual designations.

Naomi Dolmatoff (appointed on 15 April 2019)

BCom., AGIA, ACIS

Naomi Dolmatoff is an experienced Company Secretary and has worked with ASX listed entities in financial services, technology, government bodies and mining and resources industries. Ms Dolmatoff holds a Bachelor of Commerce (Finance) and a Graduate Diploma in Applied Corporate Governance. Ms Dolmatoff is also an Associate of both The Governance Institute of Australia and The Chartered Governance Institute.

Louise Sexton (resigned on 15 April 2019)

BA, LLM, MBA (Exec), GAICD

Louise Sexton has almost 26 years of experience as a company secretary in listed companies and has been a Company Secretary of the Company since 1999. Ms Sexton has practised as a solicitor since 1983 with experience in government, private practice and in-house corporate practice.

Remuneration Report

As at 31 December 2019, the Company had one employee who is not ‘key management personnel’. As at the date of this report, the Company does not have any employees who are ‘key management personnel’. This report does not include any information relating to the employees or employment practices of VHA as it is not a subsidiary of the Company.

The compensation philosophy and policies referred to remain in place notwithstanding their currently limited application.

Compensation philosophy and practice

The Governance, Nomination & Compensation Committee is responsible for making recommendations to the Board on compensation policies and packages for all staff, including Board members. The Company’s compensation policy is designed to ensure that remuneration strategies are competitive, innovative, support the business objectives and reflect company performance. The Company’s performance is measured according to the achievement of key financial and non-financial measures as approved by the Board, and key management personnel’s remuneration packages (other than Directors) would be directly linked to these measures. The Group has been committed to ensuring it has compensation arrangements which would reflect individual performance, overall contribution to the Company’s performance and developments in the external market. Written service agreements setting out remuneration and other terms of employment would be required for key management personnel.

Principles used to determine the nature and amount of remuneration

The Company’s compensation policy is designed to ensure that remuneration strategies are competitive, innovative and support the business objectives while reflecting individual performance, overall contribution to the business and developments in the external market. Remuneration packages would generally involve a balance between fixed and performance based components, the latter being assessed against objectives which include both company and job specific financial and non-financial measures. These measures at the financial level directly relate to the key management’s contribution to meeting or exceeding the Company’s statement of comprehensive income and statement of financial position targets. At the non-financial level, the measures would reflect the contribution to achieving a range of key performance indicators as well as building a high performance company culture. The performance conditions are chosen to reflect an appropriate balance between achieving financial targets and building a business and organisation to be sustainable for the long term.

Directors’ fees

The remuneration of the non-executive and independent Directors, Mr Justin Herbert Gardener and Mr John Michael Scanlon, comprised a fixed amount only and was not performance based. The non-executive and non-independent Directors, Mr Fok Kin Ning, Canning, Mr Barry Roberts-Thomson, Mrs Susan Mo Fong Chow, Mr Lai Kai Ming, Dominic, Mr Frank John Sixt, Mr Ronald Joseph Spithill, and Mr Woo Chiu Man, Cliff did not receive any remuneration for their services as Directors.

Retirement allowances for Directors

No retirement allowances are payable to non-executive Directors.

Key management personnel

The Directors of HTAL are the key management personnel of HTAL having the authority and responsibility for planning, directing and managing activities for the period 1 January 2019 to 31 December 2019.

The appointment of Mr Fok Kin Ning, Canning, Mr Lai Kai Ming, Dominic, Mr Frank John Sixt, and Mr Woo Chiu Man, Cliff is part of and in conjunction with their executive duties within the CKHH group. Mrs Susan Mo Fong Chow's appointment is also in conjunction with her directorship within the CKHH Group. They are not separately remunerated by the Company for their services. The remuneration details of these directors are available from the disclosure in their respective CKHH group annual reports.

Details of remuneration

Details of the remuneration of each Director of HTAL including their personally-related entities, are set out in the following tables.

Directors of HTAL

2019	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Superannuation $	Options $	Total $
Fok Kin Ning, Canning	–	–	–	–	–	–
Barry Roberts-Thomson	–	–	–	–	–	–
Susan Mo Fong Chow^	–	–	–	–	–	–
Justin Herbert Gardener	50,000	–	–	4,750	–	54,750
Lai Kai Ming, Dominic	–	–	–	–	–	–
John Michael Scanlon	50,000	–	–	4,750	–	54,750
Frank John Sixt	–	–	–	–	–	–
Ronald Joseph Spithill	–	–	–	–	–	–
Woo Chiu Man, Cliff	–	–	–	–	–	–
Total	100,000	–	–	9,500	–	109,500

^ Appointed as Director with effect from 9 December 2019

Mr Fok Kin Ning, Canning, Mrs Susan Mo Fong Chow, Mr Lai Kai Ming, Dominic, Mr Frank John Sixt and Mr Woo Chiu Man, Cliff, as officers of CKHH group, are remunerated for their duties within the CKHH Group which include their directorships of HTAL.

2018	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Superannuation $	Options $	Total $
Fok Kin Ning, Canning	–	–	–	–	–	–
Barry Roberts-Thomson	–	–	–	–	–	–
Justin Herbert Gardener	50,000	–	–	4,750	–	54,750
Lai Kai Ming, Dominic	–	–	–	–	–	–
John Michael Scanlon	50,000	–	–	4,750	–	54,750
Frank John Sixt	–	–	–	–	–	–
Ronald Joseph Spithill	–	–	–	–	–	–
Woo Chiu Man, Cliff	–	–	–	–	–	–
Total	100,000	–	–	9,500	–	109,500

Share-based compensation

No ordinary shares were issued on the exercise of options during the year to any of the Directors or former key management personnel.

No Directors were issued options during the year or hold options over the ordinary shares of the Company. No options were vested and unexercisable at the end of the year.

Shareholdings

The number of shares in the Company held during the financial year by each Director, including their personally-related entities, are set out below.

Directors of HTAL

	ORDINARY SHARES			
Name	Balance at the start of the year	Received during the year on the exercise of options	Changes during the year	Balance at the end of the year
Fok Kin Ning, Canning	5,100,000*	–	–	5,100,000*
Barry Roberts-Thomson	83,918,337**	–	–	83,918,337**
Susan Mo Fong Chow^	–	–	–	–
Justin Herbert Gardener	1,957,358	–	–	1,957,358
Lai Kai Ming, Dominic	–	–	–	–
John Michael Scanlon	–	–	–	–
Frank John Sixt	1,000,000	–	–	1,000,000
Ronald Joseph Spithill	–	–	–	–
Woo Chiu Man, Cliff	–	–	–	–

* Direct holding of 100,000 shares

** Direct holding of 4,540 shares

^ Appointed as Director with effect from 9 December 2019

Shares under option

As at the date of this report there were no unissued ordinary shares of HTAL under option.

Shares issued on the exercise of options

No ordinary shares of HTAL were issued during the year ended 31 December 2019 or up to the date of this report on the exercise of options.

Loans to Directors and key management personnel

There were no loans made to the Directors of the Company, including their personally-related entities, during the years ended 31 December 2019 and 31 December 2018.

Other transactions with Directors and key management personnel

There were no other transactions with Directors for the years ended 31 December 2019 or ended 31 December 2018.

Directors' Report
continued

Non-audit services

HTAL may decide to employ the auditor, PricewaterhouseCoopers, on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The Board of Directors, in accordance with the advice received from the Audit & Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001 (Cth)*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001 (Cth)* for the following reasons:

- all non-audit services have been reviewed by the Audit & Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Details of the amounts paid to PricewaterhouseCoopers for audit and non-audit services provided during the year are set out in Note 14, Remuneration of auditors, on page 36 of the financial report.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001 (Cth)* is set out on page 17.

Directors' and officers' liability insurance

During the financial year, CKHH paid a premium to insure the Directors and officers of the Group against loss or liability arising out of a claim for a wrongful act, including any costs, charges and expenses that may be incurred in defending any actions, suits, proceedings or claims. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officer or the improper use by the officers of their position to gain advantage for themselves or someone else or to cause detriment to the Company.

Proceedings on behalf of HTAL

No person has applied to the Court under section 237 of the *Corporations Act 2001 (Cth)* for leave to bring proceedings on behalf of HTAL, or to intervene in any proceedings to which HTAL is a party, for the purpose of taking responsibility on behalf of HTAL for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of HTAL with leave of the Court under section 237 of the *Corporations Act 2001 (Cth).*

Rounding of amounts to nearest thousand dollars

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial statements. Amounts in the Directors' report and financial report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases to the nearest dollar or cent.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327B of the *Corporations Act 2001 (Cth)*.

This report is made in accordance with a resolution of the Directors.

Director
26 February 2020

Director
26 February 2020

Auditor's Independence Declaration

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Hutchison Telecommunications (Australia) Limited for the year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Hutchison Telecommunications (Australia) Limited and the entities it controlled during the period.

Rosalie Wilkie
Partner
PricewaterhouseCoopers

Sydney
26 February 2020

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Financial Report

For the year ended 31 December 2019

Contents

These financial statements cover the consolidated financial statements for the group consisting of Hutchison Telecommunications (Australia) Limited ("HTAL") and its controlled entities. The financial statements are presented in Australian dollars.

HTAL is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1, 177 Pacific Highway,
North Sydney NSW 2060

The financial statements were authorised for issue by the Directors on 26 February 2020. The Company has the power to amend and reissue the financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Notes	2019 $'000	2018 $'000
Revenue	3	5,697	10,619
Other operating expenses		(1,423)	(1,162)
Share of net losses of VHA Joint Venture accounted for using the equity method	7	(159,144)	(4,982)
Profit/(loss) before income tax		(154,870)	4,475
Income tax expense	4	–	–
Profit/(loss) for the year	12	(154,870)	4,475
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss:			
Changes in the fair value of cash flow hedges (share of VHA Joint Venture)		(494)	212
Other comprehensive income (loss) for the year, net of tax	12	(494)	212
Total comprehensive income/(loss) for the year attributable to members of the Company		(155,364)	4,687

		Cents	Cents
Earnings per share for profit/(loss) attributable to members of the Company			
Basic earnings per share	21	(1.14)	0.03
Diluted earnings per share	21	(1.14)	0.03

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2019

	Notes	2019 $'000	2018 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	108,057	18,598
Loans and receivables	6	76,193	434
Other receivables		13	6
Total Current Assets		184,263	19,038
Non-current Assets			
Loans and receivables	6	–	160,765
Investment accounted for using the equity method	7	–	159,638
Total Non-current Assets		–	320,403
Total Assets		184,263	339,441
LIABILITIES			
Current Liabilities			
Payables	9	558	372
Other financial liabilities	10	248,790	248,790
Total Current Liabilities		249,348	249,162
Total Liabilities		249,348	249,162
Net Assets		(65,085)	90,279
EQUITY			
Contributed equity	11	4,204,488	4,204,488
Reserves	12	70,368	70,862
Accumulated losses	12	(4,339,941)	(4,185,071)
Total Equity		(65,085)	90,279

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Notes	ATTRIBUTABLE TO MEMBERS OF THE COMPANY					
		Contributed equity $'000	Capital redemption reserve $'000	Cash flow hedging reserve $'000	Share-based payments reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2018		4,204,488	54,887	(117)	15,880	(4,189,546)	85,592
Profit for the year		–	–	–	–	4,475	4,475
Share of VHA Joint Venture's changes in the fair value of cash flow hedges		–	–	212	–	–	212
Total comprehensive income for the year, net of tax	12	–	–	212	–	4,475	4,687
Balance at 31 December 2018		4,204,488	54,887	95	15,880	(4,185,071)	90,279
Balance at 1 January 2019		4,204,488	54,887	95	15,880	(4,185,071)	90,279
Loss for the year		–	–	–	–	(154,870)	(154,870)
Share of VHA Joint Venture's changes in the fair value of cash flow hedges		–	–	(494)	–	–	(494)
Total comprehensive loss for the year, net of tax	12	–	–	(494)	–	(154,870)	(155,364)
Balance at 31 December 2019		4,204,488	54,887	(399)	15,880	(4,339,941)	(65,085)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Notes	2019 $'000	2018 $'000
Cash Flows from Operating Activities			
Payments to suppliers and employees (inclusive of GST)		(1,236)	(982)
Interest received		5,931	10,696
Net cash inflows from operating activities	20	4,695	9,714
Cash Flows from Investing Activities[1,2]			
Repayment of loans from VHA Joint Venture		84,764	–
Net cash inflows from investing activities		84,764	–
Cash Flows from Financing Activities			
Repayment of borrowings – entity within the CKHH Group		–	–
Net cash outflows from financing activities		–	–
Net increase in cash and cash equivalents		89,459	9,714
Cash and cash equivalents at 1 January		18,598	8,884
Cash and cash equivalents at 31 December	5	108,057	18,598

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. The cash flows in respect of the $84.8 million increase in cash and cash equivalents relates to VHA repayment of the working capital facility. Management has used the $84.8 million to repay the credit agreement from an entity within the CKHH Group subsequent to the issue of the financial statements. Refer to Note 23 for reference to this subsequent event.
2. The cash flows in respect of the 2018 $115.2 million decrease in Loans and Receivables and decrease in Other financial liabilities are composed of a $115.2 million repayment of borrowings from CKHH Group. The decrease of $115.2 million loans from VHA Joint Venture (an investing activity) were respectively satisfied by an entity within the CKHH Group which extends the loans from the Group.

Note 1 Summary of significant accounting policies

Hutchison Telecommunications (Australia) Limited (the "Company" or "Parent Entity") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Company and its subsidiaries (the "Group" or "HTAL") are described in the Directors' report. The financial statements were authorised and issued by the Board on the 26th of February 2020.

Vodafone Hutchison Australia Pty Limited or "VHA" is a joint venture in which HTAL has a 50% shareholding.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001 (Cth)*, Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and comply with other requirements of the law. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

For financial reporting purposes the Company is considered a "for-profit" entity.

Comparative figures have been adjusted to conform to the presentation of the financial statements and notes for the current financial year, where required. Amendments have been made to comparatives as appropriate to enhance comparability.

(b) Going concern

As at 31 December 2019, the Group has a deficiency of net current assets of $65.1 million (2018: net current assets deficiency of $230.1 million). Included in the Group's current liabilities is an amount of $248.8 million (2018: $248.8 million) which relates to an interest free financing facility provided from a subsidiary of the ultimate parent entity, CK Hutchison Holdings Limited ("CKHH"), which is repayable on demand. The Group has unused financing facilities of $1,351.2 million at 31 December 2019. CKHH has confirmed its current intention is to provide sufficient financial support to enable the Group to meet its financial obligations as and when they fall due for a minimum period of twelve months from the date of signing these financial statements. Consequently, the Directors have prepared the financial statements on a going concern basis.

Statement of compliance

Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ("IFRS").

As a consequence of the financial reporting relief provided by ASIC Class Order 10/654, the consolidated financial statements are presented without the parent entity financial statements. Disclosures in relation to the parent entity required under paragraph 295(3)(a) of the *Corporations Act 2001 (Cth)* have been included in Note 24.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

(c) Principles of consolidation

(i) Subsidiaries

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(ii) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control.

Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has under the relevant contract. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement. Joint ventures are accounted for under the equity method, after initially being recognised at cost in the consolidated balance sheet.

The results and net assets of joint ventures are incorporated in these accounts using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

Notes to the Financial Statements
continued

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies continued

(c) Principles of consolidation continued

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies and estimates of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investment is tested for impairment in accordance with Note 1(g).

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is HTAL's functional and presentation currency.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised as described below:

Interest income

Interest income is recognised using the effective interest method.

(f) Income tax

The current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Group's liability for current tax is calculated using Australian tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are recognised for deductible temporary difference and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the associated entity is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised, based on tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax is charged or credited to the statement of profit or loss and other comprehensive income, except when it relates to items charged or credited directly to equity, in which case the tax is also recognised directly in equity.

HTAL and its wholly owned Australian subsidiaries have not implemented the tax consolidation legislation.

(g) Impairment of assets

The investment in the VHA Joint Venture is tested for impairment annually and when there is an indication that it may be impaired. Other assets are tested for impairment whenever there is any indication that the carrying value of these assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. Such impairment loss is recognised in the statement of profit or loss and other comprehensive income.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(i) Other receivables

Other receivables are initially recognised at amortised cost, collectability is then reviewed on an ongoing basis.

(j) Loan receivables at amortised cost

Loan receivables are initially recognised at amortised cost and collectability is then reviewed on an ongoing basis. Contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved by collecting contractual cash flows.

(k) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. The Group's policy is not to utilise derivative financial instruments for trading or speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered and are subsequently remeasured to fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument. The Group designates certain derivatives as; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the Group documents the economic relationships between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. The fair value of derivative financial instruments designated in hedge relationships are separately identified and disclosed. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged items is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

As at 31 December 2019, the Group has not engaged in any hedging activities and only equity accounts for the share of the fair value changes of the cash flow hedge from the VHA Joint Venture investment.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit or loss and other comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss and other comprehensive income within other income or other expenses.

(l) Goodwill

Goodwill as part of joint venture equity accounting is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquire, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the fair value of the net identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquirer's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the statement of profit or loss and other comprehensive income as a bargain purchase gain.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if, events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for impairment testing.

Goodwill on acquisitions of associates/joint ventures is included in investments accounted for using the equity method and is tested whenever an event or periodically tested for impairment whenever events or changes in circumstances indicated that the carrying value may not be recoverable.

Notes to the Financial Statements

continued

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies continued

(m) Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid or payable within 30 days of recognition.

(n) Borrowings

Borrowings are initially recognised at fair value. Borrowings are subsequently measured at amortised cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(o) Contributed equity

Ordinary shares are classified as equity. Refer to Note 11 for further information.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit or loss attributable to members of the Company; and
- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to consider:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(r) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Operating segments have been identified based on the information provided to the chief operating decision maker. Operating segments that meet the quantitative criteria as prescribed by AASB 8 *Operating Segments* are reported separately. Refer to Note 19 for details of the Group's operating segment, being investment in telecommunication services.

(s) Critical accounting estimates and assumptions

The preparation of financial statements often requires the use of judgements to select specific accounting methods and policies from several acceptable alternatives. Furthermore, significant estimates and assumptions concerning the future may be required in selecting and applying those methods and policies in the accounts. The Group bases its estimates and judgements on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates and judgements under different assumptions or conditions.

(i) Impairment of investments in controlled entities and joint venture

In accordance with the Group's accounting policy, the investments in controlled entities and the joint venture are periodically tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of the Company's investment in controlled entities, and the recoverable amount of the Group's investment in its joint venture are determined as the higher of the fair value less cost of disposal or value in use methodology. The underlying calculation is based on the approved business plan for VHA. VHA uses a weighted average cost of capital ('WACC') methodology to compute its discount rate, with reference to external and internal data and risk assessment. VHA compares this WACC to external market data of a selection of peer companies and is satisfied that the WACC for VHA is in the range that a market participant would apply. These calculations require the use of estimates and assumptions.

A discounted cash flow calculation is undertaken on the approved business plan. A discounted cash flow calculation based on VHA five-year financial plan was prepared. A terminal value is calculated on the cash flows. The cash flows are then discounted using a suitable discount rate consistent with recent internal assessments of the Group's weighted average cost of capital. The resulting net present value is compared to the balance of the Group's equity accounted for investment in VHA Joint Venture. HTAL's share of VHA value in use is in excess of the investment book value.

The Directors believe that the carrying values of the Group's investment in VHA Joint Venture as at 31 December 2019 is appropriate and are not aware of any events or changes since the year end which may potentially impair the carrying values of the Group's investment in VHA Joint Venture as at the statement of financial position date.

(ii) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences if management considers that it is probable that sufficient future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of taxable profits generated in the foreseeable future together with future tax profit. Deferred tax assets have not been recognized as there is no convincing evidence that sufficient future taxable profit will be available against which unused tax losses or unused tax credits can be utilised.

(iii) Unrecognised losses in relation to the joint venture

The Group's investment in the VHA Joint Venture is carried to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate. Share of the VHA Joint Venture's losses beyond the investment will thereby not be recognised. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Refer to Note 2(b) for further information in relation to the joint venture accounting adjustment.

(t) Rounding of amounts to nearest thousand dollars

The Group is of a kind referred in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial statements. Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar or cent.

(u) Parent entity financial information

The financial information for the parent entity disclosed in Note 24 has been prepared on the same basis as the consolidated financial statements, except investments in subsidiaries and VHA Joint Venture entities are accounted for at cost in the financial statements of HTAL.

(v) New accounting standards and Interpretations

Accounting standards issued and mandatorily effective in the current year

The Group has adopted all of the new and revised effective/applicable standards, amendments and interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to the Group's operations and mandatory for annual periods beginning on or after 1 January 2019. These are:

- AASB 16 *Leases*
- AASB 2017–7 *Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures*
- AASB 2018–1 *Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle*
- Interpretation 23 *Uncertainty over Income Tax Treatments.*

The Group and VHA Joint Venture had to change its accounting policies as a result of adopting AASB 16. The Group elected to adopt the new rules retrospectively and recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in Note 2. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 2 Change in accounting policies and estimates

(a) AASB 16 *Leases*

This note explains the impact of the adoption of AASB 16 *Leases* on the Group's financial statements.

The Group and the VHA Joint Venture adopted AASB 16 from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The Group did not make any adjustments on adoption of AASB 16 as the Group did not have any lease contracts.

On adoption of AASB 16, the VHA Joint Venture recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 ranged between 4.15% to 8.10% depending on the remaining lease term on adoption.

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date. The VHA Joint Venture did not remeasure any lease liabilities or right-of-use assets associated with leases previously classified as finance leases on the date of initial application.

(i) Practical expedients applied

In applying AASB 16 for the first time, the Group and the VHA Joint Venture have used the following practical expedients permitted by the standard:

- The VHA Joint Venture has elected not to apply AASB 16 to contracts that were not previously identified as containing a lease applying AASB 117 and Interpretation 4;
- The VHA Joint Venture has elected to apply AASB 16 based on a portfolio of leases with similar characteristics as the VHA Joint Venture reasonably expects that the effects on the financial statements of applying AASB 16 to the portfolio would not differ materially from applying this standard to the individual leases within that portfolio;
- The VHA Joint Venture has elected to use a single discount rate to measure lease liabilities for each identified portfolio of leases having reasonably similar characteristics and lease term. Further, management has assessed that discount rates across each portfolio of leases are similar taking into consideration feedback from surveyed financial institutions on incremental borrowing rates available for the VHA Joint Venture as a lessee, and the nature of each lease portfolio. These discount rates range between 4.15% to 8.10% depending on the lease term;
- The VHA Joint Venture has elected to rely on its assessment of whether leases are onerous by applying the requirements of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* immediately before transition rather than performing an impairment review on adoption. These onerous provisions will be adjusted against the right-of-use assets recognised on transition;
- The VHA Joint Venture has elected to exclude the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- The VHA Joint Venture has elected to use hindsight where applicable when determining lease term and inclusions of options to extend or terminate the lease; and
- On a lease by lease basis, the VHA Joint Venture has determined whether to apply the practical expedient in relation to not measuring the lease liability for leases with a lease term that will end within 12 months of the date of initial application.

(ii) Measurement of VHA's lease liabilities

	2019 $'000
Operating lease commitments disclosed as at 31 December 2018	1,760,478
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(469,460)
(Less): short-term leases recognised on a straight-line basis as expense	(8,335)
(Less): lease offset as a result of site sharing agreement	(214,646)
Lease liability recognised as at 1 January 2019	**1,068,037**
Add: finance lease liabilities recognised as at 31 December 2018	591,600
Lease liability recognised as at 1 January 2019	**1,659,637**
Of which are:	
Current lease liabilities	153,171
Non-current lease liabilities	1,506,466
	1,659,637

(iii) Measurement of the VHA Joint Venture's right of use assets

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, and onerous provisions relating to that lease recognised in the balance sheet as at 31 December 2018. On 1 January 2019, the recognised right-of-use assets relate to the following types of assets:

	2019 $'000
Network Assets	526,528
Properties	1,013,593
Total right-of-use assets	**1,540,121**

(iv) Adjustments recognised in the VHA Joint Venture's balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet of the VHA Joint Venture on 1 January 2019:

- Property, plant and equipment – decrease by $526,528,000
- Right-of-use assets – increase by $1,540,121,000
- Other assets (Prepayments) – decrease by $39,395,000
- Trade and other receivables (Investment in sublease) – increase by $17,661,000
- Borrowings – decrease by $591,600,000
- Lease liabilities – increase by $1,659,637,000
- Other liabilities – decrease by $76,177,000

There was no impact on retained earnings of the VHA Joint Venture on 1 January 2019.

(b) VHA Joint Venture accounting adjustments

Depreciation of operating assets constitutes a substantial operating cost for the VHA Joint Venture. The cost of fixed assets is charged as a depreciation expense over the estimated useful lives of the respective assets using the straight-line method and this is reflected in the "Share of net losses of VHA Joint Venture accounted for using the equity method" in HTAL's consolidated statement of profit or loss and other comprehensive income. The Group decided to revise the useful life of some of its existing network assets from up to 20 years to between 3 and 18 years, which is consistent with the estimates adopted by the VHA Joint Venture. Along with the assessment of operating leases for AASB 16 resulting in the recognition of "right of use" assets, this change was made having considered developments in the environment, as a result of the Government issued security guidance advising network operators that the use of 5G equipment supplied by banned vendors from certain countries would not be permitted due to national security concerns; and the announced proposed merger between TPG Telecom Limited and VHA to become a full-service telecommunications company in Australia.

In implementing the revised useful lives, management has applied the change in the depreciation based on an assessment of individual asset lives prospectively from 1 January 2019 as required under Australian Accounting Standards. This will decrease/(increase) the share of VHA's profit/(loss) by $202.9 million over the remaining useful lives. The change has been disclosed as the VHA Joint Venture accounting adjustments in Note 7.

Note 3 Revenue

	2019 $'000	2018 $'000
Other revenue		
Interest	5,697	10,585
Other income	–	34
	5,697	10,619

Note 4 Income tax

	2019 $'000	2018 $'000
(a) Income tax expense		
Deferred tax	–	–
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) from operations before income tax expense	(154,870)	4,475
Tax at the Australian tax rate of 30% (2018: 30%)	(46,461)	1,343
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share of losses of VHA Joint Venture	47,743	1,495
	1,282	2,838
Deferred tax on temporary difference not recognised	12	12
Previously unrecognised tax losses now recouped to reduce current tax expense	(1,294)	(2,850)
Income tax expense	–	–
(c) Unrecognised tax losses		
Opening balance	164,826	174,322
Tax losses utilised during completion of income tax return	–	–
Tax losses recouped to reduce current tax expense	(4,314)	(9,496)
Unused tax losses for which no deferred tax assets have been recognised	160,512	164,826
Potential tax benefit @ 30% (2018: 30%)	48,154	49,448

All unused tax losses were incurred by Australian entities.

This benefit for tax losses will only be obtained if the specific entity carrying forward the tax losses derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and the company complies with the conditions for deductibility imposed by tax legislation.

(d) Recognised deferred tax assets

There are no recognised deferred tax assets at 31 December 2019 and 31 December 2018.

Note 5 Current assets – Cash and cash equivalents

	2019 $'000	2018 $'000
Cash at bank	108,057	18,598

Note 6 Loans and receivables

	2019 $'000	2018 $'000
Total current	76,193	434
Total non-current	–	160,765
Receivable from VHA Joint Venture (Note 17)	76,193	161,199

Receivable from VHA Joint Venture

At 31 December 2019, the $76.2 million pertains to an unsecured working capital facility (2018: $161.2 million). The weighted average interest on the working capital facility was charged at 3.44 % p.a. (2018: 4.0%).

Further information relating to receivable from VHA Joint Venture is set out in Note 17.

(a) Fair value

The carrying values of the current and non-current receivables are at cost and approximate to their fair value.

(b) Foreign currency and interest rate risk

The carrying amounts of the Group's current and non-current receivables and financial assets are denominated in the following currencies:

	2019 $'000	2018 $'000
Australian dollars	76,193	161,199
	76,193	161,199

For an analysis of the sensitivity of other financial assets to interest rate risk refer to Note 22.

(c) Credit risk

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The receivable is current with no indication of impairment. The Group does not hold any collateral as security. Refer to Note 22 for more information on the risk management policy of the Group.

Note 7 Non-current assets – Investment accounted for using the equity method

HTAL and Vodafone Group Plc each own a 50 per cent interest in a joint venture named Vodafone Hutchison Australia Pty Limited ("VHA"), which is involved in providing telecommunication services in Australia. HTAL's interest in VHA is held by a controlled entity, Hutchison 3G Australia Holdings Pty Limited ("H3GAH") and is accounted for in the consolidated financial reports using the equity method Note 1(c)(iii).

The aggregate share of losses from VHA for the year ended 31 December 2019 is $159,144,000 (2018: $4,982,000). Information relating to the joint venture is set out below:

	2019 $'000	2018 $'000
Reconciliation of interest in VHA Joint Venture		
Investment brought forward	159,638	167,008
Adjustment on the adoption of AASB 15 (net of tax)	–	(2,600)
Loss for the year	(159,144)	(4,982)
Share of change in fair value of cash flow hedges, net of tax	(494)	212
Interest in VHA Joint Venture at 31 December	–	159,638

Note 7 Non-current assets – Investment accounted for using the equity method continued

Summarised financial information of the joint venture, based on its Australian Accounting Standards financial statements and reconciliation with the carrying amount of the investment in consolidated financial statements, are set out below:

Summarised Statement of Financial position of VHA

	2019 $'000	2018 $'000
Current assets	1,421,176	1,350,623
Non-current assets	7,324,591	6,828,915
Current liabilities	(6,627,170)	(3,380,689)
Non-current liabilities	(3,320,962)	(5,720,915)
Net (Liabilities)	(1,202,365)	(922,066)
Proportion of the Group's ownership	50%	50%
Share of the VHA Joint Venture's net liabilities	(601,183)	(461,033)
Goodwill	165,321	165,321
Cumulative joint venture accounting adjustments	202,900	455,350
Cumulative unrecognised share of VHA Joint Venture loss	232,962	–
Carrying amount of the investment	–	159,638

The carrying value of HTAL's investment in VHA is predicated on the ongoing financial support from both of VHA's ultimate shareholders. At 31 December 2019, HTAL's share of VHA's net current asset deficiency is $2,603.0 million (2018: net current assets deficiency of $1,015.0 million). While HTAL is one of the shareholders of the VHA Joint Venture, HTAL does not have a present obligation (legal or constructive) to meet VHA's financial obligations as and when they fall due. Both of VHA's ultimate shareholders, CKHH and Vodafone Group Plc have each confirmed their current intention to provide sufficient financial support to enable VHA to meet its financial obligations as and when they fall due for a minimum period of twelve months from the date of signing the VHA financial statements as at 31 December 2019 unless the merger is effective within the twelve month period. HTAL has discontinued the recognition of its share of losses exceeding HTAL's interest in the VHA Joint Venture in accordance with Australian Accounting Standards.

Summarised statement of profit or loss and other comprehensive income of VHA

	2019 $'000	2018 $'000
Revenues	3,523,414	3,626,366
Expenses	(3,802,725)	(3,750,809)
Loss before income tax	(279,311)	(124,443)
Income tax expense	–	–
Loss for the year	(279,311)	(124,443)
Other comprehensive loss		
Changes in the fair value of cash flow hedges, net of tax	(988)	423
Total comprehensive loss	(280,299)	(124,020)

	2019 $'000	2018 $'000
50% share of VHA's loss for the year	(139,656)	(62,222)
VHA Joint Venture accounting adjustments (i)	(252,450)	57,240
Unrecognised share of VHA Joint Venture loss	232,962	–
Share of VHA Joint Venture's loss	(159,144)	(4,982)

(i) Joint venture accounting adjustments of the comparative period primarily related to differences in the economic useful lives of property, plant and equipment. The current period joint venture accounting adjustments reflect the revised useful life estimate during the period, as disclosed in Note 2(b). This change in estimate has resulted in a $309.7 million decrease in VHA Joint Venture accounting adjustment.

VHA Joint Venture's financial statements include the following specific items:

	2019 $'000	2018 $'000
Cash and cash equivalents	733,569	642,713
Current financial liabilities	(5,339,009)	(2,050,761)
Non-current financial liabilities	(3,286,968)	(5,544,204)
Depreciation and amortisation	(1,021,356)	(868,690)
Interest income	7,344	3,808
Finance costs	(444,005)	(361,802)

Note 8 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in Note 1(c):

			EQUITY HOLDING*	
Name of controlled entity	Country of Incorporation	Class of Shares	2019 %	2018 %
Hutchison 3G Australia Holdings Pty Limited **	Australia	Ordinary	100	100

* The proportion of ownership interest is equal to the proportion of voting power held.

** This entity has been granted relief from the necessity to prepare financial reports in accordance with instrument 2016/914 issued by the Australian Securities and Investments Commission.

Note 9 Current liabilities – Payables

	2019 $'000	2018 $'000
Trade creditors	258	219
Payables to VHA Joint Venture (Note 17)	300	153
	558	372

Further information relating to payables to VHA Joint Venture is set out in Note 17.

Liquidity risk

A summarised analysis of the Group's sensitivity of payables to liquidity rate risk can be found in Note 22.

Note 10 Current liabilities – Other financial liabilities

	2019 $'000	2018 $'000
Loan from an entity within the CKHH Group (Note 17)	248,790	248,790

(a) Loan from an entity within the CKHH Group

Further information relating to the loan from an entity within the CKHH Group is set out in Note 17. The loan from an entity within the CKHH Group is an interest free financing facility and is repayable on demand.

Note 10 Current liabilities – Other financial liabilities continued

(b) Financing arrangements

Unrestricted access was available at the statement of financial position date to the following lines of credit.

(c) Other financial liabilities

	2019 $'000	2018 $'000
Total facilities from an entity within the CKHH Group	1,600,000	1,600,000
Used at the statement of financial position date	(248,790)	(248,790)
Unused at the statement of financial position date	1,351,210	1,351,210

Note 11 Contributed equity

	2019 Shares	2018 Shares	2019 $'000	2018 $'000
Share capital				
Ordinary shares (fully paid)	13,572,508,577	13,572,508,577	4,204,488	4,204,488

(a) Share capital

Ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(b) Movement in ordinary shares

There has been no movement in the number of shares issued during the years ended 31 December 2019 and 31 December 2018.

(c) Options

There are no options outstanding as at the statement of financial position date.

(d) Capital risk management

The Group's primary objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, by pricing loans receivables commensurately with the level of risk.

The Group defines capital as total equity attributable to shareholders of the Group, comprising issued share capital and reserves, as shown in the consolidated statement of financial position. The Group actively and regularly reviews and manages its capital structure to ensure capital and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, projected operating cash flows and projected capital expenditures.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'Total equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December 2019 and 31 December 2018 were as follows:

	2019	2018
Gearing ratio	186%	72%

Note 12 Reserves and accumulated losses

(a) Reserves

	2019 $'000	2018 $'000
Capital reserve	54,887	54,887
Share of hedging reserve – cash flow hedges	(399)	95
Share-based payments reserve	15,880	15,880
	70,368	70,862
Movements:		
Capital reserve		
There has been no movement in the capital reserve during the year.		
Share of hedging reserve – cash flow hedges		
Balance at 1 January	95	(117)
Hedging movement	(494)	212
Balance at 31 December	(399)	95

Share-based payments reserve

There has been no movement in the share-based payments reserve during the year.

(b) Accumulated losses

	2019 $'000	2018 $'000
Accumulated losses at 1 January	(4,185,071)	(4,186,946)
Adjustment on the adoption of AASB 15 (net of tax)	–	(2,600)
Profit/(loss) attributable to members of the Company	(154,870)	4,475
Accumulated losses at 31 December	(4,339,941)	(4,185,071)

(c) Nature and purpose of reserves

Capital reserve

The capital reserve relates to the surplus arising on initial consolidation of a 19.9% stake in Hutchison 3G Australia Holdings Pty Limited.

Hedging reserve – cash flow hedges

The hedging reserve is used to record gains and losses on a hedging instrument in VHA Joint Venture cash flow hedge that are recognised directly in equity, as described in Note 1(k)(ii).

Amounts are recognised in the statement of profit or loss and other comprehensive income when the associated hedged transaction affects profit or loss.

Share-based payments reserve

The share-based payments reserve is used to:

(i) recognise the grant date fair value of options issued to employees but not exercised; and

(ii) recognise the fair value of the 850 MHz spectrum licence assigned from Telecom New Zealand ("TCNZ"). The fair value was determined by reference to the fair value of the option granted to TCNZ in exchange for the spectrum licence.

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For the year ended 31 December 2019

Note 13 Director and key management personnel compensation

(a) Director and key management personnel compensation

	2019 $	2018 $
Short term employee benefits	109,500	109,500

(b) Loans to key management personnel and other transactions with key management personnel

There were no loans made to Directors of the Company, including their personally-related entities, during the years ended 31 December 2019 and 31 December 2018. There were no other transactions with the Directors of the Company for the years ended 31 December 2019 and 31 December 2018.

Note 14 Remuneration of auditors

	2019 $	2018 $
PricewaterhouseCoopers Australia		
Assurance services		
Audit services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001 (Cth)*	161,670	105,350
Total remuneration for assurance services	161,670	105,350
Non-Assurance services		
Tax services	12,000	–
Total auditors remuneration	173,670	105,350

It is the Group's policy to employ the auditors on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important. These assignments are principally tax, compliance and advice. It is the Group's policy to seek competitive tenders for all major consulting projects.

Note 15 Contingencies

There were no contingencies for HTAL or its controlled entities at 31 December 2019 and 31 December 2018. The Directors are not aware of any other material contingent liabilities existing at the reporting date.

Contingencies for the VHA Joint Venture are disclosed below:

	2019 $'000	2018 $'000
Guarantees		
Secured guarantees	37,197	46,195
Unsecured guarantees	14,648	18,935
Total contingencies	51,845	65,130

VHA's contingent liabilities consist of $14.6 million (2018: $18.9 million) unsecured guarantees and $37.2 million (2018: $46.2 million) secured guarantees. To support the issuance of the guarantees, VHA has placed $18.6 million deposit with the issuing bank.

Note 16 Commitments

There were no commitments contracted by HTAL or its controlled entities not recognised as liabilities or payables at 31 December 2019 and 31 December 2018.

Commitments for the VHA Joint Venture are disclosed below:

	2019 $'000	2018 $'000
VHA's commitments		
Operating leases	–	1,760,478
Right-of-use assets (2018: Finance lease)	22,143	18,478
Other commitments	180,248	127,666
Capital commitments	378,426	492,451

VHA's operating leases pertain to various networks sites, offices, retail shops and warehouses under non-cancellable operating leases expiring within one to forty years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

VHA's other commitments generally pertain to payment of information technology, network support services and sponsorships under contracts in existence at the reporting date but not recognised as liabilities.

VHA's capital commitments pertain to the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities or payables.

Note 17 Related party transactions

(a) Parent entities

The holding company and parent entity is Hutchison Telecommunications (Amsterdam) B.V. which, at 31 December 2019, owns approximately 88% of the issued ordinary shares of the Company. The ultimate parent entity is CK Hutchison Holdings Limited (incorporated in Cayman Islands).

(b) Directors

The names of persons who were Directors of the Company at any time during the financial year are as follows:
FOK Kin Ning, Canning; Barry ROBERTS-THOMSON; Susan Mo Fong CHOW; Justin Herbert GARDENER; LAI Kai Ming, Dominic; John Michael SCANLON; Frank John SIXT; Ronald Joseph SPITHILL and WOO Chiu Man, Cliff.

(c) Key management personnel compensation

Disclosures relating to key management personnel compensation are set out in Note 13.

(d) Transactions with related parties

During the year, the following transactions occurred with related parties:

	2019 $	2018 $
Loans to related parties		
Advanced to VHA Joint Venture	–	(40,000,000)
Repayments from VHA Joint Venture	84,764,621	115,235,379
Loans from related parties		
Advanced from an entity within the CKHH Group	–	40,000,000
Repayments to an entity within the CKHH Group	–	(115,235,379)
Interest revenue		
VHA Joint Venture	5,399,924	10,368,503
Operating expenses		
VHA Joint Venture	(485,000)	(485,000)

Notes to the Financial Statements
continued

For the year ended 31 December 2019

Note 17 Related party transactions continued

(e) Outstanding balances

The following balances are outstanding at the statement of financial position date in relation to transactions with related parties:

	2019 $	2018 $
Current financial assets		
VHA Joint Venture (Note 6)	76,193,205	434,429
Non-current financial assets		
VHA Joint Venture (Note 6)	–	160,764,621
Payables		
VHA Joint Venture (Note 9)	(299,635)	(152,952)
Current liabilities – Other financial liabilities		
Entity within the CKHH Group (Note 10)	(248,789,571)	(248,789,571)

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

(f) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates, except interest on some loans between the parties that are interest free. All these loans have been disclosed.

Note 18 Deed of cross guarantee

The Company and Hutchison 3G Australia Holdings Pty Ltd ("H3GAH") are parties to a deed of cross guarantee, under which each company guarantees the debt of the others. There have been no changes to the deed of cross guarantee as at 31 December 2019 in comparison to 31 December 2018.

(a) Closed Group consolidated statement of profit or loss and other comprehensive income and a summary of movements in the Closed Group consolidated retained earnings

HTAL and H3GAH represented a 'Closed Group' for the purposes of the Class Order. As there are no other parties to the deed of cross guarantee that are controlled by HTAL, H3GAH also represents the 'Extended Closed Group'. H3GAH is a holding company with no material operations and owns 50% of VHA.

Set out below is the Closed Group consolidated statement of profit or loss and other comprehensive income and a summary of movements in the Closed Group consolidated accumulated losses for the years ended 31 December 2019 and 31 December 2018.

	2019 $'000	2018 $'000
Statement of profit or loss and other comprehensive income		
Revenue	5,697	10,619
Other operating expenses	(1,423)	(1,162)
Income before income tax	4,274	9,457
Income tax expense	–	–
Income for the year	4,274	9,457
Share of movements in consolidated accumulated losses		
Accumulated losses at the beginning of the financial year	(4,067,299)	(4,076,756)
Income for the year	4,274	9,457
Accumulated losses at the end of the financial year	(4,063,025)	(4,067,299)

(b) Statement of financial position

Set out below is a statement of financial position as at 31 December 2019 and 31 December 2018 of the Closed Group consisting of H3GAH and HTAL.

	2019 $'000	2018 $'000
ASSETS		
Current Assets		
Cash and cash equivalents	108,057	18,598
Loans and receivable	76,193	434
Other receivables	13	6
Total Current Assets	184,263	19,038
Non-current Assets		
Loans and receivable	–	160,765
Other financial assets	277,315	277,315
Total Non-Current Assets	277,315	438,080
Total Assets	461,578	457,118
LIABILITIES		
Current Liabilities		
Payables	558	372
Other financial liabilities	248,790	248,790
Total Current Liabilities	249,348	249,162
Total Liabilities	249,348	249,162
Net Assets	212,230	207,956
EQUITY		
Contributed equity	4,204,488	4,204,488
Reserves	70,767	70,767
Accumulated losses	(4,063,025)	(4,067,299)
Total Equity	212,230	207,956

Note 19 Segment reporting

The Group has identified its operating segment based on the internal reports that are reviewed and used by the Group in assessing performance and in determining the allocation of resources.

In 2019, the Group continued to invest in an operator within the telecommunications industry.

The chief operating decision maker of the Group receives information to manage its operations and investment based on one operating segment, an investor in an operator of telecommunication services. As such, the Group believes it is appropriate that there is one operating segment, investment in telecommunication services.

Key financial information used by the chief operating decision maker of the Group when evaluating the investment in telecommunication services operating segment includes:

	2019 $'000	2018 $'000
HTAL's share of the following items of VHA*		
Total Revenue	1,761,707	1,813,183
Net loss*	(159,144)	(4,982)

* after VHA Joint Venture accounting adjustments.

Further information reviewed by the chief operating decision maker with regards to the performance of the Group's investment in VHA is disclosed in Note 7.

Note 20 Reconciliation of profit/(loss) after income tax to net cash inflows from operating activities

	2019 $'000	2018 $'000
Profit/(loss) after income tax	(154,870)	4,475
Share of losses of VHA Joint Venture partnership accounted for using equity method (see Note 7)	159,144	4,982
Change in operating assets and liabilities		
Increase in other financial assets	234	127
Decrease in payables	187	130
Net cash inflows from operating activities	4,695	9,714
Net debt reconciliation		
Cash and cash equivalents	108,057	18,598
Borrowings	(248,790)	(248,790)
Net debt	(140,733)	(230,192)

	Cash $'000	Borrowings due within 1 year $'000	Borrowings due after 1 year $'000	Total $'000
Net debt as at 1 January 2019	18,598	–	(248,790)	(230,192)
Cash flows	89,459	–	–	89,459
Other loans (non-cash) from shareholder	–	(248,790)	248,790	–
Net debt as at 31 December 2019	**108,057**	**(248,790)**	**–**	**(140,733)**

Note 21 Earnings per share

	CONSOLIDATED	
	2019 Cents	2018 Cents
(a) Basic earnings per share		
Profit/(loss) attributable to members of the Company	(1.14)	0.03
(b) Diluted earnings per share		
Profit/(loss) attributable to members of the Company	(1.14)	0.03
(c) Earnings used in calculating earnings per share		
Basic earnings per share		
Profit/(loss) attributable to members of the Company used in calculating basic earnings per share	(154,870)	4,475
Diluted earnings per share		
Profit/(loss) attributable to members of the Company used in calculating diluted earnings per share	(154,870)	4,475

	CONSOLIDATED	
	2019 Number	2018 Number
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	13,572,508,577	13,572,508,577
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	13,572,508,577	13,572,508,577

There were no (2018: nil) options outstanding at 31 December 2019 that are anti-dilutive and accordingly there was no impact on the earnings per share calculation for the year ended 31 December 2019.

Note 22 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. It is the Group's policy not to enter into derivative transactions for speculative purposes. It is also the Group's policy not to invest liquidity in financial products, including hedge funds or similar vehicles, with significant underlying leverage or derivative exposures.

Risk management is carried out by the management of HTAL under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

For the presentation of market risks (including interest rate risk, exchange rate risk and market price risk), AASB 7 *Financial Instruments: Disclosures* requires disclosure of a sensitivity analysis for each type of market risk that show the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the reporting date on profit or loss and total equity.

The effect that is disclosed in the following sections assumes that (a) a hypothetical change of the relevant risk variable had occurred at the reporting date and had been applied to the relevant risk variable in existence on that date; and (b) the sensitivity analysis for each type of market risk does not reflect inter-dependencies between risk variables.

The preparation and presentation of the sensitivity analysis on market risk is solely for compliance with AASB 7 disclosure requirements in respect of financial instruments. The sensitivity analysis measures changes in the fair value and/or cash flows of the Group's financial instruments from hypothetical instantaneous changes in one risk variable (e.g. interest rate), the amount so generated from the sensitivity analysis are what-if forward-looking estimates. The sensitivity analyses are for illustration purposes only and it should be noted that in practice market rates rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the global markets which may cause fluctuations in market rates (e.g. interest rate) to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.

Note 22 Financial risk management continued

(a) Market risk continued

(i) Interest rate risk

The Group's main interest rate risk arises from cash balances and other financial assets. Management has assessed there is minimal material interest rate risk on both the other loans receivables from VHA and the loan from an entity within the CKHH Group. This is because a 1% change on the Australian market rate on the loans and receivables will result in an immaterial $1.8 million change in interest revenue based on 31 December 2019 balances. There is no interest rate risk in relation to the loan from an entity within the CKHH Group as it is an interest free financing facility.

(ii) Foreign currency exchange risk

Management has assessed there is minimal foreign currency exchange risk as the Group does not carry any material balances in foreign currency.

(iii) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets to interest rate risk.

		INTEREST RATE RISK			
		-1%		+1%	
31/12/2019	Carrying amount $'000	Post-tax loss $'000	Other equity $'000	Post-tax loss $'000	Other equity $'000
Financial assets					
Cash and cash equivalents	108,057	(1,081)	–	1,081	–
Loans and receivable	76,193	(762)	–	762	–
Total increase (decrease)	184,250	(1,843)	–	1,843	–

		INTEREST RATE RISK			
		-1%		+1%	
31/12/2018	Carrying amount $'000	Post-tax loss $'000	Other equity $'000	Post-tax loss $'000	Other equity $'000
Financial assets					
Cash and cash equivalents	18,598	(186)	–	186	–
Loans and receivable	161,199	(1,612)	–	1,612	–
Total increase (decrease)	179,797	(1,798)	–	1,798	–

(a) Credit risk

Credit risk is managed on an entity basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to related parties. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Credit risk further arises from loans and receivables from the VHA Joint Venture. The recoverability of the loan and receivable is supported by a letter of support from CK Hutchison Holdings Limited and Vodafone Group Plc.

(i) Impairment of financial assets

All of the entity's debt investment is measured at amortised cost and is considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months' expected losses. Debt investment is considered to be low credit risk as the debt investment is held solely by VHA which has never defaulted on any payments of principal and/or interest.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the support from related parties.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group maintains flexibility in funding by keeping committed credit lines available with a variety of counterparties. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

The table below analyses the Group's financial assets and liabilities' relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant. Other financial liabilities include an amount of $248.8 million relating to an interest free loan from a subsidiary in the CKHH group. CKHH has confirmed its current intention to provide sufficient financial support to enable the Parent entity to meet is financial obligations as and when they fall due. This undertaking is provided for a minimum of 12 months from signing these financial statements.

31/12/2019	Weighted average interest rate	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
Cash and cash equivalents	1.1%	108,057	–	–	–	108,057
Loans and receivables	3.4%	76,193	–	–	–	76,193
Payables	–	(558)	–	–	–	(558)
Other financial liabilities	–	(248,790)	–	–	–	(248,790)
Total ($'000)		(65,098)	–	–	–	(65,098)

31/12/2018	Weighted average interest rate	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
Cash and cash equivalents	1.1%	18,598	–	–	–	18,598
Loans and receivables	4.0%	434	160,765	–	–	161,199
Payables	–	(372)	–	–	–	(372)
Other financial liabilities	–	(248,790)	–	–	–	(248,790)
Total ($'000)		(230,130)	160,765	–	–	(69,365)

Note 23 Events occurring after the reporting date

Proposed merger between joint venture investment VHA and TPG Telecom Limited ("TPG Telecom")

On 13 February 2020 the Federal Court ruled that the proposed merger between VHA and TPG Telecom would not substantially lessen competition and should be allowed to proceed. VHA, along with TPG Telecom, will work to complete the merger in mid-2020, subject to the remaining regulatory and shareholder approvals and any appeal by the Australia Competition and Consumer Commission. This announcement does not significantly impact the financial performance for the year ended and financial position of VHA and HTAL as at 31 December 2019.

The working capital facility with VHA and the credit agreement with an entity within the CKHH Group have been extended to February 2021 under similar terms and conditions in February 2020. HTAL also made a repayment of $84.8 million on the aforementioned credit agreement in February 2020.

There has been no other matter or circumstance that has arisen after the reporting date that has significantly affected or may significantly affect:

(i) the operations of the Group in future financial years, or

(ii) the results of those operations in future financial years, or

(iii) the state of affairs of the Group in future financial years.

Note 24 Parent entity disclosures

(a) Summary financial information

	2019 $'000	2018 $'000
Financial position		
ASSETS		
Current Assets	184,263	179,802
Non-current Assets	277,315	277,315
Total Assets	461,578	457,117
LIABILITIES		
Current Liabilities	249,348	249,161
Total Liabilities	249,348	249,161
Net Assets	212,230	207,956
EQUITY		
Contributed equity	4,204,488	4,204,488
Reserves	15,880	15,880
Accumulated losses	(4,008,138)	(4,012,412)
Total Equity	212,230	207,956
Financial performance		
Profit for the year	4,274	9,457
Total comprehensive Profit for the year	4,274	9,457

(b) Commitments and Contingencies

There were no commitments contracted for by HTAL but not recognised as liabilities or payable at 31 December 2019 and 31 December 2018.

The Directors of the Parent Entity are not aware of any other material contingent liabilities existing at the reporting date.

As at 31 December 2019, the Parent Entity has a deficiency of net current assets of $65.1 million (2018: deficiency of net current assets of $69.4 million). Included in the Parent Entity's current liabilities is an amount of $248.8 million (2018: $248.8 million) which relates to an interest free financing facility provided from a subsidiary of the ultimate parent entity, CKHH, which is repayable on demand. The Parent Entity has unused financing facilities of $1,351.2 million at 31 December 2019. CKHH has confirmed its current intention to provide sufficient financial support to enable the Parent Entity to meet its financial obligations as and when they fall due. This undertaking is provided for a minimum period of twelve months from the date of signing these financial statements. Consequently, the Directors have prepared the financial statements on a going concern basis.

(c) HTAL's investment in H3GAH

	2019 $'000	2018 $'000
Investment in H3GAH		
Investment at cost	3,664,655	3,664,655
Prior year Impairment recognised to date	3,387,340	3,387,340
Value of investment	277,315	277,315

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 18 to 44 are in accordance with the *Corporations Act 2001 (Cth),* including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that Hutchison Telecommunications (Australia) Limited will be able to pay its debts as and when they become due and payable; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 18 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 18.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer of Vodafone Hutchison Australia Pty Limited required by section 295A of the *Corporations Act 2001 (Cth)*.

This declaration is made in accordance with a resolution of the Directors.

Director
26 February 2020

Director
26 February 2020

Independent Auditor's Report

Independent auditor's report

To the members of Hutchison Telecommunications (Australia) Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Hutchison Telecommunications (Australia) Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2019
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Hutchison Telecommunications (Australia) Limited (HTAL) is an entity listed on the ASX whose primary activity is to hold a 50% interest in a joint venture, Vodafone Hutchison Australia Pty Limited (VHA). VHA operates the Vodafone brand in Australia within the telecommunications industry and primarily services the Australian market through providing mobile and fixed broadband services. The Group's share of the results of VHA are included in the Group's financial report as described in Note 7.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- We identified VHA as a significant component of the group, and audit procedures were undertaken over its financial information under our instruction and supervision.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

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Key audit matter	*How our audit addressed the key audit matter*
Estimate of useful life of network assets of VHA *(Refer to note 2 (b))* Depreciation of network assets constitutes a substantial operating cost for the VHA joint venture. The assets are depreciated over their estimated useful lives (using the straight-line method) and this is reflected in the "share of net losses of a joint venture accounted for using the equity method" in the Group's consolidated statement of profit or loss and other comprehensive income. Effective 1 January 2019, the Group re-assessed it's estimates of the useful life of its existing network assets from up to 20 years to between 3 and 18 years, which is consistent with the estimates adopted by VHA in line with industry developments. The HTAL Directors' estimate of the useful lives of network assets was a key audit matter as it required the Directors to make a collective assessment on the likely future use of the network assets and the potential impact of anticipated future technological changes on existing assets. The estimation is impacted by company-specific factors along with broader industry considerations.	We performed the following audit procedures, amongst others: • We assessed the new estimates of useful lives of between 3 to 18 years for the impacted network assets at VHA including: o discussions with the VHA technology strategy department, o obtaining an understanding of the impacts of regulatory developments on network assets as described in note 2(b) of the financial statements. o considering the nature of the telecommunications industry where there are varying practices with regards to useful lives adopted by operators. We compared the estimate of useful lives against other telecommunication operators in Australia and overseas and noted that the Group's estimate was within the range we observed as commonly adopted in the industry. • We tested the accuracy of the calculation for the useful life adjustment by understanding management's calculation methodology and testing whether the logic was in accordance with Australian Accounting Standards. We also recalculated the depreciation for a sample of individual fixed assets. • We enquired with management and the Directors of HTAL about their assessment of the impact of anticipated technology, industry or regulatory developments on the assets and their useful lives. • We evaluated the adequacy of disclosures made by the Group in notes 2(b) of the financial report in view of the requirements of Australian Accounting Standards.

Key audit matter	*How our audit addressed the key audit matter*
Accounting for investment in joint venture *(Refer to note 7)* Equity accounting is applied for HTAL's investment in VHA and its current year share of the net profit/loss of VHA. As at 31 December 2019, HTAL's cumulative share of losses of VHA exceeds its interest in the joint venture, and HTAL has discontinued recognising its share of further losses. As prescribed by accounting standards, losses in excess of the cost of the investment in the joint venture are not recognised where there is no legal or constructive obligations by HTAL to financially support VHA. Accounting for the joint venture was a key audit matter because of the magnitude of the investment in VHA. There is judgement and complexity involved in assessing the constructive obligations of HTAL in accordance with the accounting standards.	We assessed the appropriateness of the accounting considerations applied to cease joint venture accounting of VHA by performing the following audit procedures, amongst others: • Enquired with management and Directors whether HTAL has any present obligations (legal or constructive) to fund current or future VHA losses. We examined existing guarantee arrangements for external borrowings held by VHA, which showed that HTAL is not a guarantor party. We examined confirmation by the ultimate shareholders of VHA, of their current intention to jointly provide financial support to enable VHA to meet its financial obligations. This also included considering the impacts of the merger between VHA and TPG Limited. • Assessed whether HTAL had any other long-term interests in VHA which could be deemed to be an investment requiring equity accounting. This included representations from management and the Directors as to the nature of the working capital loan by HTAL to VHA. • We examined the loan agreement between HTAL and VHA as well as past drawdowns and repayments which indicated that the nature of this loan is that of working capital finance and not a long-term investment. We also considered the source of the funding for HTAL for the VHA working capital loan, which is dependent on funding from a controlled entity of the CKHH group. • We agreed key items which are disclosed in the HTAL financial statements to the audited financial statements of VHA. We also evaluated the adequacy of disclosures made by the Group in the financial report in view of the requirements of Australian Accounting Standards.

Independent Auditor's Report
continued

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Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 12 to 15 of the directors' report for the year ended 31 December 2019.

In our opinion, the remuneration report of Hutchison Telecommunications (Australia) Limited for the year ended 31 December 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Rosalie Wilkie
Partner

Sydney
26 February 2020

Shareholder Information

The shareholder information set out below was applicable as at 26 February 2020.

Substantial shareholders

Substantial shareholders in the Company (as disclosed to the ASX) are:

Shareholder	Shareholding	% Issued Capital
CK Hutchison Holdings Limited and its subsidiaries#	12,009,393,175	88.48
Li Ka-Shing Unity Trustee Company Limited as trustee for The Li Ka-Shing Unity Trust##	12,009,393,175	88.48
Vodafone Group Plc and subsidiaries*	12,009,393,175	88.48
Spark New Zealand Trading Limited and Spark New Zealand Limited	1,357,250,858	10.00

Notes:

Substantial shareholding includes relevant interest arising from an equitable mortgage of shares from Leanrose Pty Limited of approximately 0.62% of the issued capital of the Company.

Substantial shareholding arises solely because Li Ka-Shing Unity Trustee Company Limited as trustee for The Li Ka-Shing Unity Trust is the registered holder of 26.02% of the shares in CK Hutchison Holdings Limited and therefore has a relevant interest in the same shares in the Company in which CK Hutchison Holdings Limited has a relevant interest. Li Ka-Shing Unity Trustee Company Limited as trustee for The Li Ka-Shing Unity Trust or otherwise does not hold any shares in the Company.

* Substantial shareholding arises solely as a result of the relevant interests which Vodafone Group Plc and its subsidiaries have in shares in the Company in which CK Hutchison Holdings Limited and its subsidiaries have a relevant interest. Vodafone Group Plc's relevant interests arise under a Shareholders Agreement between Vodafone Group Plc, Hutchison Whampoa Limited (currently a subsidiary of CK Hutchison Holdings Limited) and other parties in relation to Vodafone Hutchison Australia Pty Limited. The acquisitions of such relevant interests were approved by shareholders on 2 April 2009. None of Vodafone Group Plc or any of its subsidiaries holds any shares in the Company.

Distribution of equity securities

Range	Number of Shareholders	% Issued Capital
1 – 1,000	1,367	0.01
1,001 – 5,000	2,334	0.05
5,001 – 10,000	862	0.05
10,001 – 100,000	1,051	0.25
100,001 – and over	248	99.64
Total	5,862	100.00

There were 3,076 holders of less than a marketable parcel of ordinary shares.

Twenty largest shareholders

The names of the 20 largest holders of quoted ordinary shares as at 26 February 2020 are as follows:

Shareholder	Shareholding	% Issued Capital	Rank
Hutchison Telecommunications (Amsterdam) B.V.	11,925,479,378	87.87	1
Spark New Zealand Trading Limited	1,357,250,858	10.00	2
Leanrose Pty Ltd	83,913,797	0.62	3
Mr Dimitrios Piliouras & Mrs Konstantina Piliouras <Energia Super Fund A/C>	14,300,000	0.11	4
HSBC Custody Nominees (Australia) Limited	12,351,497	0.09	5
Mr Kenneth Kin Kau Heung & Mr Rene Conrad Heung <RK Super Fund A/C>	4,830,000	0.04	6
Citicorp Nominees Pty Limited	4,624,853	0.03	7
J P Morgan Nominees Australia Pty Limited	4,170,483	0.03	8
Mr Dimitrios Piliouras	4,100,000	0.03	9
Arjee Pty Ltd	4,033,575	0.03	10
Mr George Thomson	3,470,503	0.03	11
Mr George Thomson <Thomson Superfund A/C>	3,077,622	0.02	12
Mr Hung Fong Chong	2,816,000	0.02	13
Mr Yi Wei Sun	2,700,000	0.02	14
Mrs Yim Fong Leung	2,255,000	0.02	15
Mrs Yu Jie Zhi	2,000,000	0.01	16
Mr Justin Herbert Gardener & Mrs Anne Louise Gardener <JH & AL Gardener S/F A/C>	1,957,358	0.01	17
Mr Bin Liu	1,880,000	0.01	18
Mr Yet Kwong Chiang & Mrs Ho Yuk Lin Chiang	1,870,965	0.01	19
Mr Ting Hua Kho	1,700,000	0.01	20

Voting rights

The voting rights attaching to each class of equity securities are:

Ordinary shares

On a show of hands, every member present, in person or by proxy, attorney or representative, has one vote.

On a poll every member has one vote for each share.

On-market buy-back

There is currently no on-market buy-back.

Corporate Directory

Directors

Fok Kin Ning, Canning

Barry Roberts-Thomson

Susan Mo Fong Chow, also known as Woo Mo Fong, Susan (alias Chow Woo Mo Fong, Susan)

Justin Herbert Gardener

Lai Kai Ming, Dominic (also alternate to Fok Kin Ning, Canning and Frank John Sixt)

John Michael Scanlon

Frank John Sixt (also alternate to Lai Kai Ming, Dominic)

Ronald Joseph Spithill

Woo Chiu Man, Cliff

Company Secretaries

Edith Shih

Naomi Dolmatoff

Investor Relations

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Share Registry

Link Market Services

Level 12, 680 George Street

Sydney NSW 2000

Tel: 1800 629 116 or +61 1800 629 116 (International)

www.linkmarketservices.com.au

Auditor

PricewaterhouseCoopers

One International Towers Sydney

Watermans Quay

Barangaroo NSW 2000

Securities Exchange Listing

HTAL shares are listed on the Australian Securities Exchange (ASX)

ASX Code: HTA

Notice of Annual General Meeting

The Annual General Meeting of HTAL will be held at:

177 Pacific Highway

North Sydney NSW 2060

Date: 7 May 2020

Time: 10.00 am

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