Hutchison Telecommunications
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ASX Market Announcements

Australian Securities Exchange

Date: 20 August 2021

**Subject: Appendix 4D and Half-Year Financial Report for the period ended 30 June 2021**

Hutchison Telecommunications (Australia) Limited (ASX: HTA) (the **Company**) attaches the Company's Appendix 4D and Half-Year Financial Report for the period ended 30 June 2021.

Yours sincerely,

SDKeskar

Swapna Keskar
Joint Company Secretary

*AUTHORISED FOR RELEASE: By order of the Confirmation Committee 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.

Hutchison Telecommunications (Australia) Limited

ASX Appendix 4D and Half-year Financial Report

30 June 2021

# Hutchison Telecommunications (Australia) Limited

## ABN 15 003 677 227

## ASX Appendix 4D and Half-year Financial Report

## 30 June 2021

**Contents**



Lodged with the Australia Securities Exchange ("ASX") under Listing Rule 4.2A.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2020 and any public announcements made by Hutchison Telecommunications (Australia) Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001 (Cth)*.

## Hutchison Telecommunications (Australia) Limited
## Half-year ended 30 June 2021

### Results for announcement to the market

Hutchison Telecommunications (Australia) Limited ("HTAL" or the "Company") and its controlled entity (the "Group") report a statutory net loss of $5.7 million for the half-year ended 30 June 2021, representing a $739.7 million decrease on the $734.0 million net profit in the corresponding period ended 30 June 2020. HTAL's total direct and indirect (via 50% owned joint venture Vodafone Hutchison (Australia) Holdings Limited ("VHAH")) share of TPG Telecom Limited's ("TPG") (formerly Vodafone Hutchison Australia Limited ("VHA") [1]) results, after consolidation adjustments, included in HTAL's results for the period was a loss of $4.7 million for the half-year ended 30 June 2021 compared with a profit of $56.2 million in the corresponding period last year.

The Group's revenue from ordinary activities of $0.05 million for the current period represents bank interest income. The Group's revenue from ordinary activities for the comparative period of $1.2 million represented primarily interest income on a loan to VHA under a working capital facility which was terminated prior to the merger.

| | Jun 21 $'000 | Jun 20 $'000 | Movement $'000 | Movement % |
|---|---|---|---|---|
| **Revenue** from ordinary activities | 47 | 1,209 | (1,162) | (96%) |
| **Profit / (loss)** from ordinary activities after tax attributable to members | (5,685) | 733,987 | (739,672) | (101%) |
| **Net profit / (loss)** for the period attributable to members | (5,685) | 733,987 | (739,672) | (101%) |

| **Dividends / distributions** | Amount per security | Franked amount per security |
|---|---|---|
| Final dividend (prior year) | Nil | Nil |
| Interim dividend | Nil | Nil |

| | | |
|---|---|---|
| **Record date** for determining entitlements to the dividend | **n/a** | **n/a** |

Additional Appendix 4D disclosure requirements are located in the Supplementary Appendix 4D information, Directors' Report and notes to the consolidated Financial Statements set out in the following half-year Financial Report for the six-month period ended 30 June 2021.

[1] Vodafone Hutchison Australia Pty Limited ("VHA") was converted to a public company on 19 June 2020 and changed its name to Vodafone Hutchison Australia Limited. On 29 June 2020, VHA changed its name from Vodafone Hutchison Australia Limited to TPG Telecom Limited, (the company that previously bore that name having changed its name to TPG Corporation Limited) and was listed on the ASX on 30 June 2020.

## Hutchison Telecommunications (Australia) Limited
## ABN 15 003 677 227

## Directors' Report

The Directors present their report of Hutchison Telecommunications (Australia) Limited ("HTAL" or the "Company") and the entity it controls (the "Group") at the end of, or during, the half-year ended 30 June 2021.

## Directors

The following persons were Directors of HTAL during the whole of the half-year ended 30 June 2021 and up to the date of this report:

FOK Kin Ning, Canning
Barry ROBERTS-THOMSON
Melissa ANASTASIOU
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
WOO Chiu Man, Cliff

## Review of HTAL's results

The Group's revenue from ordinary activities represents interest income. The Group's revenue from ordinary activities for the half-year ended 30 June 2021 decreased from $1.2 million in the comparative period to $0.05 million. This is due to the lower interest income for the half-year ended 30 June 2021 as the working capital facility previously provided to Vodafone Hutchison Australia Limited ("VHA") was terminated prior to the merger.

Dividends of $15.5 million were received from TPG Telecom Limited ("TPG") by wholly owned subsidiary Hutchison 3G Australia Holdings Pty Limited ("H3GAH") during the period. Dividend income received from equity accounted investment in TPG is recognised as a reduction in the carrying amount of the investment in the Group's consolidated financial statements. Additionally, $38.8 million of dividend income from TPG was received and retained by the joint venture, Vodafone Hutchison (Australia) Holdings Limited ("VHAH"). HTAL's other operating expenses for the half-year ended 30 June 2021 had increased from $0.7 million in the comparative period to $1.0 million. This is due to increased audit and staff training expenses.

Results for the half-year ended 30 June 2021 before the share of results of equity accounted investments amounted to a loss of $1.0 million. This is compared with a profit in the comparative period of $0.5 million (before a one-off dilution gain of $677.3 million) reflecting the lower interest income that had resulted from the terminated working capital facility and increase in operating expenses as mentioned above.

Share of profit/(loss) of these equity-accounted for investments in TPG and VHAH, after consolidation adjustments, amounted to a loss of $4.7 million for half-year ended 30 June 2021, compared with a profit of $56.2 million in the comparative period. This represents a decrease of $60.9 million.

HTAL's net loss after tax for the half-year ended 30 June 2021 is $5.7 million. This represents a $739.7 million decrease on the $734.0 million net profit in the comparative period reflecting the aforementioned changes and events from the prior year, primarily the dilution gain of $677.3 million reported in the comparative period.

No dividend was declared or paid by HTAL during the half-year ended 30 June 2021 (2020: nil).

## TPG Performance

Please refer to TPG's 30 June 2021 half-year financial statements which has been lodged with the Australian Securities Exchange ("ASX") on 20 August 2021 for an explanation of the TPG operating results.

## Outlook - COVID-19 Pandemic

Since the reporting date, containment policies by the Australian Government and governments around the world remain in force to prevent the spread of COVID-19. Restrictions and measures to limit movement into and out of Australia, and also domestically, are ongoing, and continue to impact inbound related connections, visitor revenue and international roaming revenues. While there remains uncertainty as to the extent and duration of the COVID-19 pandemic, it is reasonably likely that the pandemic will continue to have an impact on the Group's operations and results in future periods.

## TPG financial metrics

TPG announced a Total Revenue of $2,630 million, Service Revenue of $2,195 million, EBITDA of $886 million, and a net profit attributable to shareholders of $76 million for the half-year ended 30 June 2021, compared to $1,540 million, $1,173 million, $531 million and $83 million respectively for the same period last year. HTAL's attributable share of these items (before consolidation adjustments made by HTAL in applying the equity method of accounting) are set out below:[3]

| | June 2021 | June 2020[2] | YoY change % |
|---|---|---|---|
| Total revenue ($m) | 658.8 | 758.2 | (13.1%) |
| Service revenue ($m) | 549.8 | 570.9 | (3.7%) |
| EBITDA ($m)[4] | 221.9 | 262.4 | (15.4%) |
| Share of net profit / (loss) of TPG ($m) | 19.0 | (15.2) | 225.0% |

HTAL uses the equity method to account for its interests in TPG. The amount of HTAL's 25.05% share of TPG net profit/(loss) for the half-year ended 30 June 2021 is a profit of $6.8 million and is after an equity accounting adjustment for depreciation in TPG network assets. This amount is different from HTAL's share of net profit/(loss) of equity accounted investments for the half-year ended 30 June 2021 of a loss of $4.7 million reported on the consolidated statement of profit or loss and other comprehensive income as 13.91% of HTAL's interests in TPG is indirectly held through a joint venture company, VHAH, for which there are financing costs which flow through into the equity accounted results. Further details are included in Notes 1 and 3.

[2] HTAL had a share of 50% in VHA results up until 26 June 2020, when the merger between VHA and TPG Corporation Limited (formerly named TPG Telecom Limited ("TPM")) became effective for accounting purposes. From the 27 June 2020 to 30 June 2020, HTAL had a 25.05% share for the period in the merged VHA and TPM entity as a result of the dilution of its shares within the investment.
Refer to Note 3 for further information.

[3] Effective from 27 June 2020, HTAL's 25.05% interest in TPG comprises 11.14% interest directly held by H3GAH and an attributed 13.91% interest indirectly held by H3GAH through VHAH, a company domiciled in the United Kingdom in which H3GAH has a 50% shareholding. Refer to Note 3 for further information.

[4] EBITDA is defined as earnings before net finance costs, tax and depreciation and amortisation.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001 (Cth)* is set out on page 7.

## Rounding of amounts

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 ("ASIC"), relating to the "rounding off" of amounts in the Directors' report and half-year Financial Statements. Amounts in the half-year financial statements have been rounded off in accordance with that ASIC Instrument to the nearest thousand dollars, or in certain cases unless otherwise indicated, the nearest dollar or cent.

This report is made in accordance with a resolution of the Directors, in accordance with section 306(3) of the *Corporations Act 2001 (Cth)*.

Director
20 August 2021

Director
20 August 2021

# *Auditor's Independence Declaration*

As lead auditor for the review of Hutchison Telecommunications (Australia) Limited for the half-year ended 30 June 2021, 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 review; and

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

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

Rosalie Wilkie
Partner
PricewaterhouseCoopers

Sydney
20 August 2021

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## Hutchison Telecommunications (Australia) Limited
## Consolidated statement of profit or loss and other comprehensive income
## For the half-year ended 30 June 2021

| | Notes | June 2021 $'000 | June 2020 $'000 |
|---|---|---|---|
| Revenue | | **47** | 1,209 |
| Operating expenses | | **(1,018)** | (702) |
| Net gain on dilution of interest in joint venture | **3** | **-** | 677,315 |
| Share of net profit/(loss) of equity accounted investments | **3** | **(4,714)** | 56,165 |
| **Profit / (loss) before income tax** | | **(5,685)** | 733,987 |
| Income tax expense | | **-** | - |
| **Profit / (loss) after tax for the period** | | **(5,685)** | 733,987 |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | **-** | - |
| **Items that may be reclassified to profit or loss** | | | |
| Recycling of hedging reserve | | **-** | 2 |
| Net gain on cash flow hedges taken to equity (share of equity accounted investments) | **3** | **410** | 23 |
| Tax relating to items that will not be reclassified to profit or loss | | **-** | - |
| **Other comprehensive income for the period, net of tax** | | **410** | 25 |
| **Total comprehensive income/(loss) for the period attributable to members of the Company** | | **(5,275)** | 734,012 |
| | | **Cents** | Cents |
| **Earnings per share for profit/(loss) attributable to members of the Company** | | | |
| Basic earnings per share | **4** | **(0.04)** | 5.41 |
| Diluted earnings per share | **4** | **(0.04)** | 5.41 |

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

## Hutchison Telecommunications (Australia) Limited
## Consolidated statement of financial position
## As at 30 June 2021

| | Notes | June 2021 $'000 | Dec 2020 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | | **37,906** | 23,657 |
| Loans and receivables | | **-** | 7 |
| Other receivables | | **1** | 20 |
| Total Current Assets | | **37,907** | 23,684 |
| | | | |
| **Non-Current Assets** | | | |
| Investments accounted for using the equity method | **3** | **806,257** | 825,742 |
| Total Non-Current Assets | | **806,257** | 825,742 |
| **Total Assets** | | **844,164** | 849,426 |
| | | | |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Payables | | **653** | 991 |
| Other financial liabilities | **5** | **88,013** | 88,013 |
| Total Current Liabilities | | **88,666** | 89,004 |
| **Total Liabilities** | | **88,666** | 89,004 |
| **Net Assets** | | **755,498** | 760,422 |
| | | | |
| **Equity** | | | |
| Contributed equity | | **4,204,488** | 4,204,488 |
| Reserves | | **71,195** | 70,434 |
| Accumulated losses | | **(3,520,185)** | (3,514,500) |
| **Total Equity** | | **755,498** | 760,422 |

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

## Hutchison Telecommunications (Australia) Limited
## Consolidated statement of changes in equity
## For the half-year ended 30 June 2021

| | Attributable to members of the Company | | | | | |
|---|---|---|---|---|---|---|
| | | Reserves | | | | |
| | **Contributed equity** | **Capital redemption reserve** | **Cash flow hedging reserve** | **Share-based payments reserve** | **Accumulated losses** | **Total equity** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Balance at 1 January 2020** | 4,204,488 | 54,887 | (399) | 15,880 | (4,339,941) | (65,085) |
| Profit for the period | - | - | - | - | 733,987 | 733,987 |
| Other comprehensive income: | | | | | | |
| Recycling of hedging reserve | - | - | 2 | - | - | 2 |
| Net gain on cash flow hedges (share of equity accounted investments) | - | - | 23 | - | - | 23 |
| Tax relating to components of other comprehensive income | - | - | - | - | - | - |
| **Total comprehensive income for the period** | - | - | 25 | - | 733,987 | 734,012 |
| **Balance at 30 June 2020** | 4,204,488 | 54,887 | (374) | 15,880 | (3,605,954) | 668,927 |
| **Balance at 1 January 2021** | **4,204,488** | **54,887** | **(333)** | **15,880** | **(3,514,500)** | **760,422** |
| Loss for the period | **-** | **-** | **-** | **-** | **(5,685)** | **(5,685)** |
| Other comprehensive income: | | | | | | |
| Recycling of hedging reserve | **-** | **-** | **-** | **-** | **-** | **-** |
| Net gain on cashflow hedges (share of equity accounted investments) | **-** | **-** | **410** | **-** | **-** | **410** |
| Tax relating to components of other comprehensive income | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total comprehensive income for the period** | **-** | **-** | **410** | **-** | **(5,685)** | **(5,275)** |
| Other reserve (share of equity accounted investments), net of tax | **-** | **-** | - | **351** | - | **351** |
| **Balance at 30 June 2021** | **4,204,488** | **54,887** | **77** | **16,231** | **(3,520,185)** | **755,498** |

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

## Hutchison Telecommunications (Australia) Limited
## Consolidated statement of cash flows
## For the half-year ended 30 June 2021

| | **June 2021 $'000** | June 2020 $'000 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Payments to suppliers and employees (inclusive of GST) | **(1,330)** | (890) |
| Interest received | **47** | 1,593 |
| Dividends from associate | **15,532** | - |
| **Net cash inflows from operating activities** | **14,249** | 703 |
| | | |
| **Cash Flows from Financing Activities** | | |
| Repayment of borrowings – entity within the CKHH Group | **-** | (84,765) |
| **Net cash outflows from financing activities** | **-** | (84,765) |
| | | |
| **Net increase/(decrease) in cash and cash equivalents** | **14,249** | (84,062) |
| Cash and cash equivalents at 1 January | **23,657** | 108,057 |
| **Cash and cash equivalents at 30 June** | **37,906** | 23,995 |

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

## Note 1 - Summary of significant accounting policies

### Basis of preparation of half-year report

This financial report of Hutchison Telecommunications (Australia) Limited ("HTAL" or the "Company") and its controlled entity (together the "Group") for the half-year period ended 30 June 2021 has been prepared in accordance with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001 (Cth).*

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2020 and any public announcements made by HTAL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001 (Cth)*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, with the exception of the considerations in the section "New accounting standards and interpretations".

For the purposes of preparing these financial statements, the Company is a for-profit entity.

### Deficiency of net current assets

As at 30 June 2021, the Group has a deficiency of net current assets of $50.8 million (31 December 2020: net current assets deficiency of $65.3 million). Included in the Group's current liabilities is an amount of $88.0 million (31 December 2020: $88.0 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. CKHH has confirmed its current intention 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.

### Principles of consolidation

*(i) Subsidiaries*

A subsidiary is an entity over which the Company has control. The Company 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.

## Note 1 - Summary of significant accounting policies (continued)

## Principles of consolidation (continued)

The results and net assets of joint arrangements 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.

*(iii) Associates*

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights directly or indirectly. Where the Group holds less than 20% of the voting rights of an investee, representation on the board of directors or equivalent governing body of the investee and participation in the investee's policy making processes, including participation in decisions about dividends or other distributions, are also considered when determining whether the Group has significant influence. Investments in associates are accounted for under the equity method.

*(iv) 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 associates and 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.

On acquisition of the equity accounted investment, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in the consolidated statement of profit or loss and other comprehensive income in the period in which the investment is acquired.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

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 of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

When there is a decrease in the ownership percentage of an investment, this will give rise to a deemed disposal of the investment. A gain or loss on the deemed disposal should be recognised in profit or loss upon completion of the dilution / deemed disposal.

The dilution gain or loss is calculated by comparing the difference between the carrying amount of interest deemed to be disposed (i.e. change in ownership %) to the fair value of the interest deemed to be disposed.

## Note 1 - Summary of significant accounting policies (continued)

### Impairment of assets

Equity accounted investments are tested for impairment annually and when there is an indication that it may be impaired. The requirements to test for impairment are applied to the net investment in the equity accounted investee. Fair value adjustments and goodwill recognised on acquisitions of equity-accounted investees are not recognised separately. After applying the equity accounting method, the net investment is tested for impairment when there is an indication of possible impairment. The guidance in *AASB 128 Investments in Associates* and *Joint Ventures* is used to determine whether it is necessary to perform an impairment test for investments in equity-accounted investees. If there is an indication of impairment, then the impairment test applied follows the principles in *AASB 136 Impairment of Assets*.

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.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss. Non-financial assets other than goodwill that have suffered an impairment are reviewed for possible reversal of impairment at the end of each reporting period or when there is an indication that the impairment loss may no longer exist. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 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.

## Note 1 - Summary of significant accounting policies (continued)

## Critical accounting estimates and assumptions

The preparation of half-year financial statements often requires the exercise 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 half-year financial statements. In preparing the interim financial report, the Group has made accounting related estimates based on assumptions about current and, for some estimates, future economic and market conditions and in particular has assumed that the current market conditions as a result of the Coronavirus Disease 2019 ("COVID-19") pandemic is not a long-term norm.

*(i) Impairment assessment on investment accounted for using equity method*

Investments accounted for using the equity method are subject to impairment testing requirements. The requirements to test for impairment are applied to the net investment in the equity accounted investee. After applying the equity accounting method, the net investment is assessed for impairment annually and when there is an indication of possible impairment. The Group has assessed whether there are any indications of potential impairment of its equity accounted investments in TPG Telecom Limited ("TPG") at 30 June 2021 and noted the decrease in TPG's share price during the current period. It was determined that the decrease in TPG's share price did not indicate an impairment of the Group's investment in TPG as the recoverable amount of the equity accounted investment exceeds its carrying value.

*(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. 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 against which deductible temporary differences can be utilised. Deferred tax assets have not been recognised as there is no convincing evidence that sufficient future taxable profits will be available against which unused tax losses or unused tax credits can be utilised.

*(iii) TPG equity accounting*

When assessing whether HTAL has significant influence over TPG, management has considered HTAL's combined 25.05% interest in TPG. Depreciation of operating assets constitutes a substantial operating cost for TPG.

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 profit/(loss) of equity accounted investments" in HTAL's consolidated statement of profit or loss and other comprehensive income. In 2019, the Group decided to revise the useful life of some of TPG's existing network assets from up to 20 years to between 3 and 18 years, which is consistent with the estimates adopted by TPG.

In implementing the revised useful lives, management applied the change in the depreciation of the TPG existing network assets based on an assessment of individual asset lives prospectively from 1 January 2019 as required under Australian Accounting Standards. This resulted in a decrease in the share of net profit/loss of equity accounted investment's of $12.3 million (2020: $54.3 million).

## Rounding of amounts to nearest thousand dollars

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the half-year Financial Statements have been rounded off in accordance with that ASIC Instrument to the nearest thousand dollars, or in certain cases unless otherwise indicated, the nearest dollar or cent.

## Note 1 - Summary of significant accounting policies (continued)

## New accounting standards and interpretations

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 2021, however adoption of these standards have not had a material impact for the period ended 30 June 2021.

**AASB 16: COVID-19–Related Rent Concessions beyond 30 June 2021**

The Group has early adopted *AASB 16: COVID-19-Related Rent Concessions* beyond 30 June 2021 ahead of its effective date. The amendment extends, by one year, the original amendment issued by Australian Accounting Standards Board in June 2020. It permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors. The amount recognised in profit or loss for the reporting period arising from application of the practical expedient is insignificant to the results for the period.

**AASB 2020-8 Amendments to Australian–Interest Rate Benchmark Reform–Phase 2**

The Australian Accounting Standards Board published Interest Rate Benchmark Reform Amendments to *AASB 9 Financial Instruments*, *AASB 139 Financial Instruments: Recognition and Measurement* and *AASB 7 Financial Instruments: Disclosures* representing the finalisation of Phase II of the project on 27 August 2020 to address issues that might affect financial reporting when an existing interest rate benchmark is replaced with an alternative benchmark interest rate, i.e., replacement issues.

The Phase II amendments do not supersede the Phase I amendments. The Phase II amendments apply to all entities and are not optional and effective for annual periods beginning on or after 1 January 2021 with early application permitted. The amendments are applied retrospectively and include the potential reinstatement of hedge relationships that were discontinued solely due to changes directly required by the reform. The adoption of these amendments is not expected to have material impacts to the Group's half-year financial statements as the Libor rate applicable to the Group will only discontinue after 30 June 2023.

## Note 2 - Operating segment

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

The chief operating decision maker of the Group continues to receive 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.

Key financial information used by the chief operating decision maker of the Group when evaluating the investment in telecommunication services operating segment includes total revenue and the results of the associates/ joint ventures. For the key financial information refer to page 5 for the financial metrics for the period and Note 3 for the results of the associates/joint ventures in which HTAL has an investment.

## Note 3 - Non-current assets – Investment accounted for using the equity method

| | **June 2021** | Dec 2020 |
|---|---|---|
| | **$'000** | $'000 |
| Equity accounted investments | **806,257** | 825,742 |

Pre-merger, HTAL and Vodafone Group Plc ("VGP") each owned a 50% interest in a joint venture named Vodafone Hutchison Australia Limited ("VHA"), which provided telecommunications services in Australia. HTAL's interest in VHA was held by a controlled entity, Hutchison 3G Australia Holdings Pty Limited ("H3GAH") and was accounted for in the consolidated financial reports using the equity method. Also at that time, Vodafone Hutchison Finance Pty Limited ("VHF") was a wholly owned subsidiary of VHA.

On 26 June 2020, the merger between VHA and TPG Corporation Limited (formerly named TPG Telecom Limited) ("TPM") was sanctioned by the Court and became effective under Australian Accounting Standards. This date has been deemed to be the acquisition date to account for the underlying business combination. On the same date, HTAL's ownership interest percentage in VHA effectively diluted from 50% to 25.05%, giving rise to a gross dilution gain of $1,036 million. From 26 June 2020, HTAL no longer had joint control in the investment, and has attained the ability to exercise significant influence over the new merged company. As such, HTAL's 25.05% investment in VHA has been accounted for in the consolidated financial reports using the equity method. VHA was renamed to TPG on 29 June 2020 and listed on the ASX on 30 June 2020. On 9 July 2020, VHF became a wholly owned subsidiary of Vodafone Hutchison (Australia) Holdings Limited ("VHAH"), in which HTAL has a 50% ownership interest.

As part of its merger implementation activities, VHA, HTAL and VGP were required to restructure the existing VHA debt, which involved the transfer of VHF which held external debt of $4,475 million (AUD equivalent) in return for VHA shares (of which H3GAH was issued shares valued at $2,237 million). This required HTAL to recognise previously unrecognised share of losses in VHA up until 26 June 2020 of $359 million during the year. The net gain on dilution of interest in VHA shown in the table below is reported after charging the pre-merger unrecognised losses of $359 million. Refer to (iii) Dilution Accounting, under Note 1(t) Critical accounting estimates and assumptions in the annual report for the year ended 31 December 2020 for further background.

Under the TPG Scheme Implementation Deed, HTAL and its wholly-owned subsidiary, H3GAH and VGP and its relevant subsidiaries entered into an escrow deed under which, subject to certain exceptions, they must not dispose of, directly or indirectly, any of their TPG shares for a period of 24 months following merger implementation. Furthermore, the VHAH shareholders' agreement entered into between HTAL, VGP, VHAH and others dated 24 June 2020: (i) places restrictions on direct and indirect transfers of shares in VHAH for a

## Note 3 - Non-current assets – Investment accounted for using the equity method (continued)

period of 2 years from the merger implementation, and (ii) places restrictions on VHAH from selling its shares in TPG for a period of 2 years from merger implementation and also provides that, on expiry of 3 years from the merger implementation, either VHAH shareholder group may require VHAH to sell no more than 10% of VHAH's TPG shares in any 9-month period subject to the other shareholder group having a right of first offer to purchase the shares prior to them being sold to a third party.

On 14 July 2020, upon completion of all merger implementation and debt restructuring activities, HTAL's 25.05% ownership interests in TPG comprises 11.14% interest directly held by H3GAH, and an attributed13.91% interest indirectly held by H3GAH through VHAH, a company domiciled in the United Kingdom in which H3GAH has a 50% shareholding and which H3GAH jointly controls with Vodafone Europe B.V. HTAL's 50% interests in VHAH, including its 50% share of VHAH's bank debt, has been accounted for in the consolidated financial reports using the equity method.

As at 30 June 2021, the Group held interests in the following associate and joint venture:

| | | | **Ownership interest** | |
|---|---|---|---|---|
| **Name of entities** | **Principal activity** | **Country of operation** | **June 2021 %** | Dec 2020 % |
| ***Associate:*** | | | | |
| TPG Telecom Limited (formerly Vodafone Hutchison Australia Limited) | Telecommunications Services | Australia | **11.14%**[5] | 11.14% |
| ***Joint venture:*** | | | | |
| Vodafone Hutchison (Australia) Holdings Limited | Financing and investing activities | United Kingdom | **50.00%** | 50.00% |

| **Movement in equity accounted carrying values** | **June 2021** <br> **$'000** | Dec 2020 <br> $'000 |
|---|---|---|
| Opening balance as at 31 December 2020 | **825,742** | - |
| New investments during the period/year | **-** | 50 |
| Net gain on dilution of interest in joint venture | **-** | 677,315 |
| Share of profit/(loss) of equity accounted investments, net of tax | **(4,714)** | 148,311 |
| Recycling of hedging reserve | **-** | 2 |
| Net gain on cash flow hedges taken to equity (share of equity accounted Investments), net of tax | **410** | 64 |
| Share-based payment reserve (share of equity accounted Investments), net of tax | **351** | - |
| Share of dividend received from equity accounted investment[6] | **(15,532)** | - |
| Closing Balance | **806,257** | 825,742 |

[5] HTAL's 25.05% interest in TPG comprises 11.14% interest directly held by H3GAH and an attributed 13.91% interest indirectly held by H3GAH through VHAH, a company domiciled in the United Kingdom in which H3GAH has a 50% shareholding.

[6] HTAL's dividend income received from TPG for the 11.14% interest directly held by H3GAH is recognised as a reduction in the carrying amount of the investment.

## Note 3 - Non-current assets – Investment accounted for using the equity method (continued)

### Summarised Statement of Profit or Loss and Other Comprehensive Income

Summarised financial information with respect to the profit or loss and other comprehensive income of the Group's equity accounted investments, based on their respective Australian Accounting Standards financial statements, and reconciliation of the summarised financial information to the Group's share of profit / (loss) of equity accounted investments, net of tax, are set out below. The amounts included in the summarised financial information have been adjusted to reflect adjustments made by HTAL in applying the equity method. The adjustments principally relate to a fixed asset depreciation overlay carried out in 2019 to align the Group's useful life of some of TPG's existing network assets from up to 20 years to between 3 and 18 years, to be consistent with the estimates adopted by TPG. Please refer to Note 1 Critical accounting estimates for further background.

| | **June 2021** | | June 2020[7] |
|---|---|---|---|
| | **VHAH** | **TPG** | TPG[8] |
| Gross amount of the following items of the equity accounted investments: | **$'000** | **$'000** | $'000 |
| Revenues | **-** | **2,630,000** | 1,540,000 |
| Other Income | **-** | **8,000** | 6,000 |
| Expenses | **(388)** | **(1,752,000)** | (1,015,000) |
| Share of profits from investment in TPG, net of tax | **7,515** | **-** | - |
| Depreciation and amortisation | **-** | **(744,986)** | (589,701) |
| Net finance costs | **(22,573)** | **(81,000)** | (195,000) |
| Profit/(loss) before income tax | **(15,446)** | **60,014** | (253,701) |
| Income tax expense | **-** | **(33,000)** | 226,503 |
| Profit/(loss) for the year | **(15,446)** | **27,014** | (27,198) |
| Other comprehensive income | **455** | **1,637** | 94 |
| Total comprehensive profit/(loss) | **(14,991)** | **28,651** | (27,104) |
| Reconciliation to the Groups' share of profit/ (loss) of the equity accounted investments: | | | |
| Group Interest: | **50%** | **11.14%** | |
| Group's share of the following items: | | | |
| Profit/(loss) for the period | **(7,723)** | **3,009** | (69,493) |
| Recognise previously unrecognised share of joint venture loss[9] | **-** | **-** | (232,962) |
| Group's share of profit/(loss) of equity accounted Investments | **(7,723)** | **3,009** | (302,455) [10] |

HTAL's share of profit/(loss) of equity accounted investments for the half-year ended 30 June 2021 represents the combined total of the Group's 50% share of net loss of VHAH of $7.7 million which includes the Group's 50% share of VHAH's financing costs of $11.3 million, and the Group's 11.14% share of net profit of TPG of $3.0 million after taking into account equity accounted adjustments as presented in the table above. The amount for corresponding period ended 30 June 2020 was $56.2 million net profit.

[7] Amendments have been made to certain prior period comparatives to enhance comparability.

[8] HTAL had a share of 50% in VHA results up until 26 June 2020, when the merger between VHA and TPM became effective for accounting purposes. From 27 June 2020 to 30 June 2020, HTAL had a 25.05% share for the period in the merged VHA and TPM entity as a result of the dilution of its shares within the investment.

[9] On 26 June 2020, due to the debt restructuring as required under the Scheme Implementation Deed, HTAL's investment in VHA became positive which allowed HTAL to recognise previously unrecognised share of losses in the dilution gain during the period.

[10] Previously unrecognised share of joint venture losses of $358.6 million up until 26 June 2020 was offset against the gross dilution gain during the half-year ended 30 June 2020. As result, the share of profits for equity accounted investments is $56.2 million as disclosed in the Consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2020.

## Note 3 - Non-current assets – Investment accounted for using the equity method (continued)

### Summarised Statement of Financial Position

Summarised financial information with respect to the consolidated statement of financial position of the Group's equity accounted investments, based on its Australian Accounting Standards financial statements, and reconciliation of the summarised financial information to the Group's carrying amount of these investments, are set out below. The amounts included in the summarised financial information have been adjusted to reflect adjustments made by HTAL in applying the equity method.

| | **June 2021** | | Dec 2020 | |
|---|---|---|---|---|
| | **VHAH** | **TPG**[12] | VHAH[11] | TPG[12] |
| | **$'000** | **$'000** | $'000 | $'000 |
| Current assets | **348,677** | **772,000** | 342,189 | 683,000 |
| Non-current assets | **3,419,072** | **18,762,858** | 3,449,507 | 18,654,000 |
| Current liabilities | **(7,280)** | **(1,283,000)** | (11,223) | (1,456,000) |
| Non-current liabilities | **(4,886,357)** | **(5,961,000)** | (4,891,761) | (5,476,000) |
| Net (Liabilities) / Assets | **(1,125,888)** | **12,290,858** | (1,111,288) | 12,405,000 |
| Reconciliation to the carrying amount of the Group's investment accounted for using the equity method | | | | |
| Group Interest | **50%** | **11.14%** | 50% | 11.14% |
| Group's share of net (liabilities) / assets | **(562,944)** | **1,369,201** | (555,644) | 1,381,386 |

HTAL's investments accounted for using the equity method of $806.3 million at 30 June 2021 (31 December 2020: $825.7 million) represents the combined total of the Group's 50% share of net liabilities of VHAH of $562.9 million (31 December 2020: $555.6 million) which includes the Group's 50% share of VHAH's bank debt of US$3.5 billion, and the Group's 11.14% share of net assets of TPG of $1,369.2 million (31 December 2020: $1,381.4 million) presented in the table above.

### Summarised Statement of Financial Position includes the following items:

| | **June 2021** | | Dec 2020 | |
|---|---|---|---|---|
| | **VHAH** | **TPG** | VHAH[11] | TPG |
| | **$'000** | **$'000** | $'000 | $'000 |
| Cash and cash equivalents | **348,631** | **79,000** | 342,085 | 120,000 |
| Current financial liabilities | **(7,280)** | **(65,000)** | (11,223) | (93,000) |
| Non-current financial liabilities | **(4,886,357)** | **(5,777,000)** | (4,891,961) | (5,381,000) |

[11] Amendments have been made to certain prior period comparatives to enhance comparability.

[12] HTAL's 25.05% ownership interest in TPG comprises 11.14% interest directly held by H3GAH and an attributed 13.91% interest indirectly held by H3GAH through VHAH, a company domiciled in the United Kingdom in which H3GAH has a 50% shareholding.

## Note 4 - Earnings per share

The calculation of earnings per share is based on the loss attributable to the members of the Company of $5,685,000 (30 June 2020: profit of $733,987,000) and on the weighted average number of shares, being 13,572,508,577 shares in issue during the six months ended 30 June 2021 and 30 June 2020.

There were no (2020: nil) options outstanding at 30 June 2021 that are anti-dilutive and accordingly there was no impact on the earnings per share calculation for the period ended 30 June 2021 and 30 June 2020

## Note 5 - Other financial liabilities

The balance represents a loan from an entity within the CKHH Group amounting to $88.0 million as at 30 June 2021 (31 December 2020: $88.0 million). On 22 June 2020, its maturity date was extended by one year from 21 February 2021 to 21 February 2022

## Note 6 - Events occurring after the reporting date

No matter or circumstance has arisen after the reporting period 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.

## Directors' Declaration

In the Directors’ opinion:

(a) the half-year financial statements and notes set out on pages 8 to 21 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 Group's financial position as at 30 June 2021 and of its performance for the half-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.

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

Director
20 August 2021

Director
20 August 2021

## Hutchison Telecommunications (Australia) Limited
## Supplementary Appendix 4D information

**NTA Backing** *(Appendix 4D item 3)*

| | **June 2021** | June 2020 |
|---|---|---|
| Net tangible asset backing per ordinary share | **$0.06** | $0.05 |

**Controlled entities acquired or disposed of** *(Appendix 4D item 4)*
N/A

**Additional dividend/distribution information** *(Appendix 4D item 5)*
Details of dividends/distributions declared or paid during or subsequent to the period ended 30 June 2021 are as follows:

| | |
|---|---|
| Dividends/distributions declared or paid | N/A |
| Dividend/distribution reinvestment plans | N/A |

**Dividend/distribution reinvestment plan** *(Appendix 4D item 6)*
N/A

**Associates and Joint Venture entities** *(Appendix 4D item 7)*
Refer to Note 3.

**Foreign Accounting standards** *(Appendix 4D item 8)*
The Company is an Australian incorporated firm.

**Opinions issued by auditors** *(Appendix 4D item 9)*

The accounts have been subjected to review. (Refer to compliance statement)

# Independent auditor's review report to the members of Hutchison Telecommunications (Australia) Limited

## *Report on the half-year financial report*

### *Conclusion*

We have reviewed the half-year financial report of Hutchison Telecommunications (Australia) Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Hutchison Telecommunications (Australia) Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### *Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### *Responsibilities of the directors for the half-year financial report*

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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*Auditor's responsibilities for the review of the half-year financial report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Rosalie Wilkie

Rosalie Wilkie
Partner

Sydney
20 August 2021