

ASX Market Announcements

Australian Securities Exchange

Date: 6 April 2021

**Subject: 2020 Annual Report**

The 2020 Annual Report for Hutchison Telecommunications (Australia) Limited incorporating the full year financial statements for the year ended 31 December 2020, is attached.

Yours faithfully



Swapna Keskar  
Joint 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](mailto:investors@hutchison.com.au) or by telephone on (02) 9015 5088.*



## Contents

Ownership structure	2
Financial Summary	3
Chairman's Message	4
Board of Directors	6
Corporate Governance	8
Directors' Report	15
Auditor's Independence Declaration	23
Financial Report	24
Independent Auditor's Report	56
Shareholder Information	62
Corporate Directory	64

## AGM Details

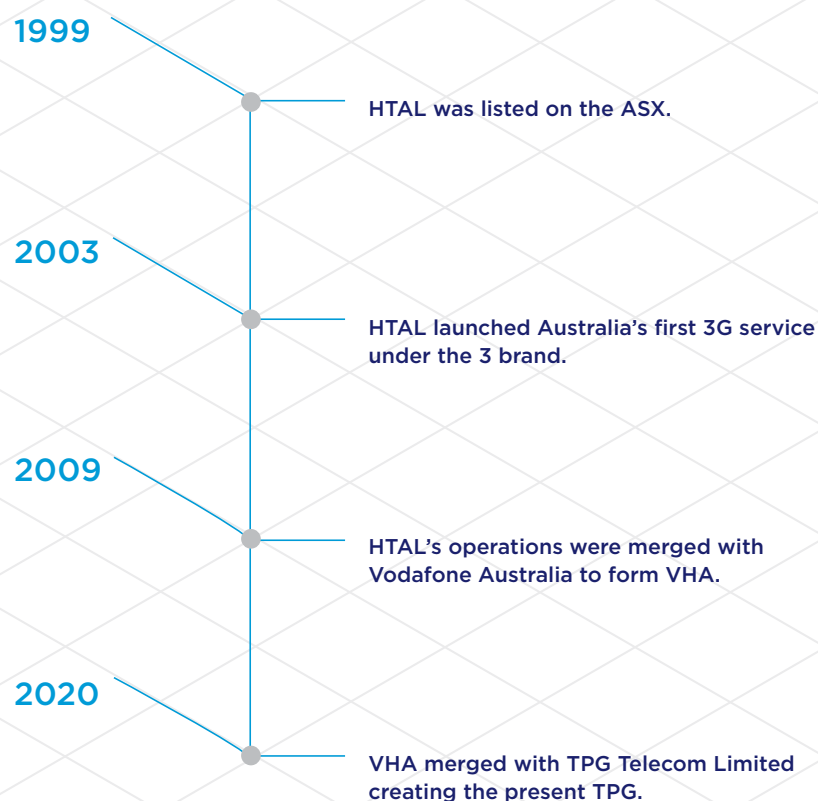
The Annual General Meeting  
of HTAL will be held at:

177 Pacific Highway  
North Sydney NSW 2060  
Friday 7 May 2021 at 10.00 am Sydney time

## WHO WE ARE

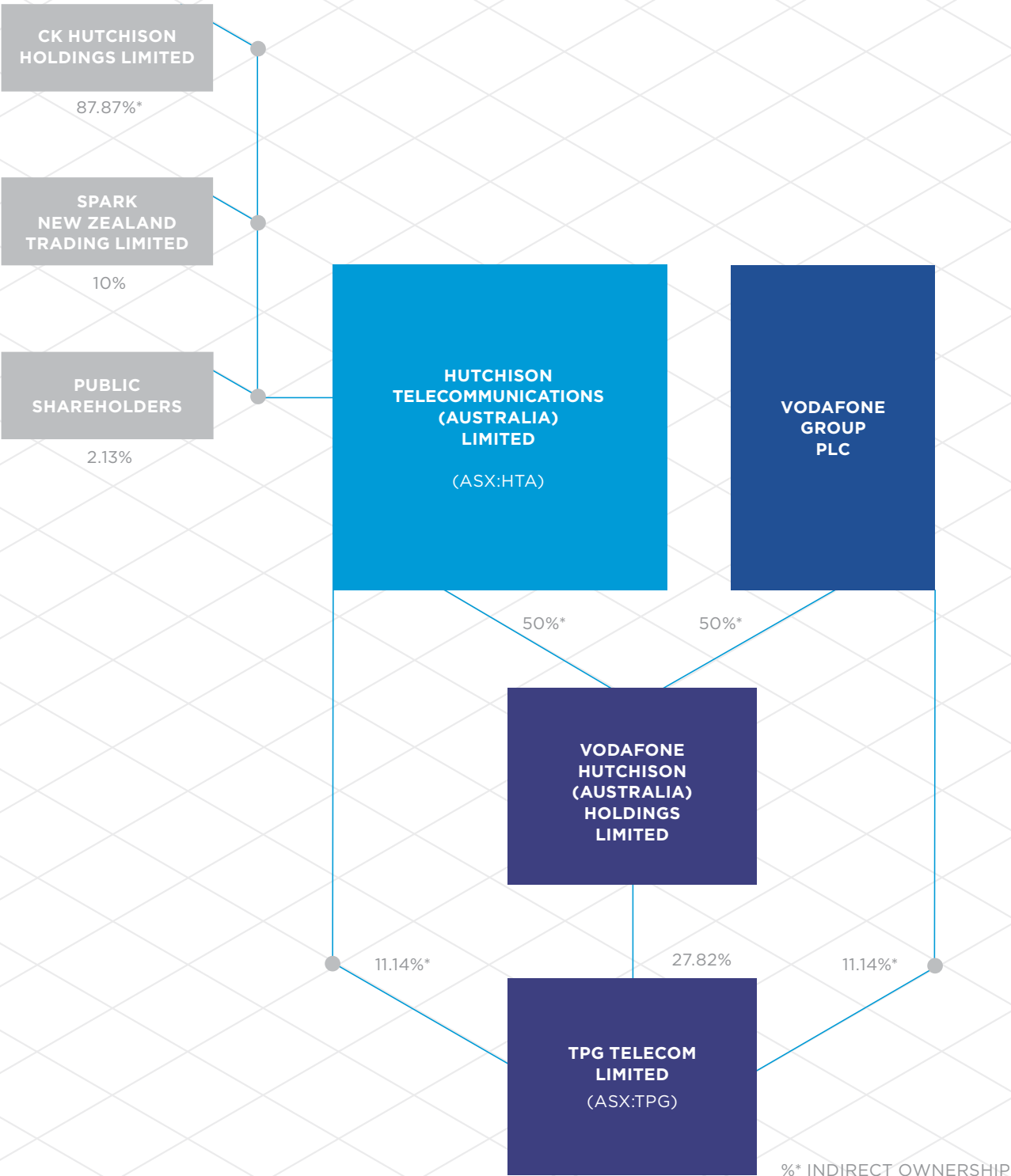
Hutchison Telecommunications (Australia) Limited (HTAL or the Company) (ASX:HTA) has a 25.05% equity interest in TPG Telecom Limited (ASX: TPG) (TPG) (formerly named Vodafone Hutchison Australia Limited (VHA)). This comprises 11.14% directly held by Hutchison 3G Australia Holdings Pty Limited ("H3GAH", a wholly owned subsidiary of HTAL) and an attributed 13.91% indirectly held by H3GAH through Vodafone Hutchison (Australia) Holdings Limited, a company domiciled in the United Kingdom in which H3GAH has a 50% shareholding.

TPG operates a number of leading mobile and internet brands including Vodafone, TPG, iiNet, Internode, Lebara and AAPT, providing consumers with a comprehensive portfolio of fixed and mobile products in the Australian telecommunications market.



# OWNERSHIP STRUCTURE

Hutchison Telecommunications (Australia) Limited (HTAL) listed on the Australian Securities Exchange in August 1999.



## FINANCIAL SUMMARY

### HTAL – Financial Summary

	Dec 20 (\$'000)	Dec 19 (\$'000)	Movement (\$'000)	Movement (%)
Revenue from ordinary activities	1,272	5,697	(4,425)	(78%)
Profit/(loss) from ordinary activities after tax attributable to members	825,441	(154,870)	980,311	633%
Net profit/(loss) for the year attributable to members	825,441	(154,870)	980,311	633%

### TPG – Financial Metrics

The items below represent the share of TPG attributable to HTAL.

	2020			2019	YoY change (%)
	Pre-merger <sup>1</sup>	Post-merger <sup>2</sup>	Total		
Total revenue (\$m)	742.5	717.7	1,460.2	1,761.7	(17.1%)
EBITDA (\$m) <sup>3</sup>	256.4	220.0	476.4	589.4	(19.2%)
Share of net (loss)/profit of TPG (\$m) <sup>4</sup>	(358.6)	148.3	(210.3)	(159.1)	32.2%

#### Notes:

- 1 Pre-merger results represent the period between 1 January 2020 and 26 June 2020.
- 2 Post-merger results represent the period between 27 June 2020 and 31 December 2020.
- 3 EBITDA is defined as earnings before net finance costs, tax and depreciation and amortisation.
- 4 Reconciliation for the share of net loss of TPG is set out on page 40.

## CHAIRMAN'S MESSAGE



Hutchison Telecommunications (Australia) Limited (“HTAL” or the “Company”) (ASX: HTA) accounts for its investments in TPG Telecom Limited (“TPG”) and Vodafone Hutchison (Australia) Holdings Limited (“VHAH”) using the equity method of accounting. Under this method, revenue from TPG’s and VHAH’s ordinary activities are not included in HTAL’s consolidated revenues from ordinary activities.

### HTAL 2020 Financial Results

HTAL’s revenue from ordinary activities represents interest income received on loans made to TPG. HTAL’s revenue from ordinary activities for the year ended 31 December 2020 decreased from \$5.7 million in the corresponding period last year to \$1.3 million, due to the decrease in shareholder loan balances provided to TPG. The shareholder loan was repaid post 30 June 2020, on 3 July 2020.

No dividend income was received from TPG during the period. HTAL’s other operating expenses for the year ended 31 December 2020 remained at the similar level of the corresponding period at \$1.4 million. Loss for year ended 31 December 2020 before the share of results of equity accounted investments and one off dilution gain of interest in joint venture amounted to \$0.2 million. This is compared with a profit in the corresponding period last year of \$4.3 million reflecting a lower interest income for the period as mentioned above.

### Completion of Merger

On 26 June 2020, the merger between Vodafone Hutchison Australia Limited (“VHA”) and TPG Corporation Limited (formerly named TPG Telecom Limited) (“TPM”) was sanctioned by the Supreme Court of New South Wales and became effective under Australian Accounting Standards. On 29 June 2020, VHA renamed to TPG and listed on the Australian Securities Exchange (“ASX”) on 30 June 2020. On 26 June 2020, HTAL’s ownership interest percentage effectively changed from 50% to 25.05%, giving rise to a gross dilution gain of \$1,036 million. This required HTAL to recognise previously unrecognised share of losses in VHA of \$358.6 million during the period.

As part of its merger implementation activities, VHA, HTAL and Vodafone Group Plc (“Vodafone Group”) were required to restructure the existing VHA debt, which involved the transfer of Vodafone Hutchison Finance Pty Limited (“VHF”) which held external debt of \$4,475 million in return for VHA shares (of which Hutchison 3G Australia Holdings Pty Limited (“H3GAH”) (HTAL’s wholly owned subsidiary), through its 50% ownership of VHAH effectively owned shares valued at \$2,237 million).

VHAH, is 50% owned by H3GAH and which H3GAH jointly controls with Vodafone Europe B.V. ("VEBV"). HTAL's 50% investment in VHAH has been accounted for in the consolidated financial reports using the equity method. On 9 July 2020, VHF became a wholly owned subsidiary of VHAH. Refer to Note 1 (t) (iii) Dilution Accounting, under Critical accounting estimates and judgements, for further understanding of the debt restructure.

On 14 July 2020, upon completion of all merger implementation and debt restructuring activities, HTAL's 25.05% ownership comprises of 11.14% directly held by H3GAH, and an attributed 13.91% indirectly held by H3GAH through VHAH.

Under the TPG Scheme Implementation Deed, HTAL and its wholly-owned subsidiary, H3GAH and Vodafone Group Plc and its relevant subsidiaries entered into an escrow deed under which, subject to certain exceptions, they must not dispose, directly or indirectly, of any of their TPG shares for a period of 24 months following merger implementation. Furthermore, the VHAH shareholders' agreement entered into between HTAL, Vodafone Group Plc, VHAH and others dated 24 June 2020: (i) places restrictions on direct and indirect transfers of shares in VHAH for a 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, at 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. Following the merger between VHA and TPM, TPG generated \$342 million of net cash flow in first six months with continued support from CK Hutchison Holdings Limited ("CKHH") and its other shareholders.

#### Key 2020 achievements and highlights of TPG

In 2020, TPG:

- implemented the merger between VHA and TPM, delivering increased competition, innovation and enhanced network services under a unified and experienced senior management team;
- carefully navigated COVID-19 and regulatory challenges to its operations;
- introduced 5G technology into its network;
- continued to provide great value and service to its customers;
- made good progress on its merger integration plans; and
- delivered a maiden dividend of 7.5 cents per share to its shareholders.

TPG is fast-tracking its 5G mobile rollout, with 5G services now available in more than 350 suburbs in Sydney, Melbourne, Brisbane, Perth, Adelaide, Canberra, the Gold Coast and Newcastle and around 1,600 sites in the planning and design phase.

During 2020, TPG achieved net growth of 415,000 National Broadband Network ("NBN") subscribers, introduced highly competitive mobile and fixed products and offers and launched infinite data mobile plans with higher speed tiers and fibre, TPG's carbon neutral, 100% powered by renewable electricity digital-native brand, bringing innovation and more value to its customers.

On the technology side, more than 1.8 million Australians are benefiting from enhanced mobile performance after TPG deployed 1800 MHz spectrum to around 320 sites around Australia.

TPG is nearing completion of a program to integrate around 400 small cells into the mobile network in Sydney, Melbourne, Brisbane and Adelaide.

TPG's program to connect an additional 700 mobile sites to dark fibre is ahead of schedule and around 60% of iiNet mobile customers have so far migrated to TPG's mobile network.

During 2020, total data traffic on TPG's mobile network grew 12% to 611 million Gigabytes from 545 million Gigabytes in 2019 as customers continued to stream, browse and share more on their smartphones, mobile devices and tablets.

#### TPG 2020 financial results

As the merger between VHA and TPM was effective for accounting purposes on 26 June 2020, TPG's reported results for 2020 include a full 12 months of VHA and a contribution of 6 months and 4 days from TPM.

TPG's reported revenue for the year ended 31 December 2020 increased 24% from 2019 to \$4.35 billion and reported EBITDA increased by 18% to \$1.39 billion.

TPG's NPAT of \$734 million includes a one-off, non-cash credit to income tax expense of \$820 million.

In the first six months' post-merger, the TPG group has generated \$342 million of net cash flow.

TPG's results demonstrate that despite the impact of COVID-19, especially global travel restrictions, continued NBN headwinds, on-going mobile competition and regulatory challenges, TPG has delivered for its customers and shareholders.

#### Outlook

Reduced roaming revenue and the absence of international visitors (attributable to global travel restrictions) will continue to impact TPG's business, as will the on-going NBN headwinds and the introduction of the Regional Broadband Scheme Levy.

However, TPG is confident that its growth strategies and synergy program will help to offset these and as a merged entity, TPG is in a stronger position to respond to the ongoing COVID-19 challenges and aggressive competition in the mobile market.

TPG's plans and targets for 2021 are ambitious and on track. These include a target to achieve 85% 5G population coverage in the top six cities by the end of 2021 using TPG's 3.6 GHz spectrum and 700 MHz spectrum, together with a new standalone core. In addition, TPG plans to achieve more than \$70 million in merger synergies.

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



**Fok Kin Ning, Canning**  
Chairman



## BOARD OF DIRECTORS

1.



2.



### 1. FOK KIN NING, CANNING

(Chairman) BA, DFM, FCA (ANZ)

Fok Kin Ning, Canning, aged 69, has been a Director since February 1999. Mr Fok has been an executive director and group co-managing director of 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. He has also been an executive director and deputy chairman of CK Infrastructure Holdings Limited ("CKI") since 1997. Mr Fok has also been a director of TPG (listed on the Australian Securities Exchange on 30 June 2020, previously known as Vodafone Hutchison Australia Limited) (ASX: TPG) since 2001 and a director of Cenovus Energy Inc. ("Cenovus Energy") since January 2021. The aforementioned companies are either the ultimate holding company of HTAL, or subsidiaries or associated companies of CKHH of which Mr Fok has oversight. He was a co-chairman from 2000 to December 2020 and has been a director since 2000 of Husky Energy Inc. (delisted on 5 January 2021 following its combination with Cenovus Energy). 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 71, 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.

Mr Roberts-Thomson has also served as a director of TPG from 2001 until his resignation in July 2020 and he also serves as a director on HTAL's subsidiary, Hutchison 3G Australia Holdings Pty Limited.

### 3. MELISSA ANASTASIOU

(Director)

Melissa Anastasiou, aged 49, has been a Director since March 2020. Ms Anastasiou is currently General Counsel for Spark New Zealand Limited ("Spark") where she is responsible for oversight of the legal and compliance functions, providing Spark with strategic legal and commercial guidance, ensuring the business acts lawfully and with the utmost integrity. Ms Anastasiou joined Spark in 2009 and undertook a range of legal roles across the organisation before being appointed as Group General Counsel in 2012 and to the Spark Leadership Squad on 1 July 2018. Ms Anastasiou is the Executive Sponsor for Spark's Wholesale business, a director on a number of Spark subsidiary boards (including Spark New Zealand Trading Limited and Spark Finance Limited (NZX Listed Issuer)) and has also played a pivotal role in leading Spark's diversity and inclusion programme. Prior to joining Spark, Ms Anastasiou spent a number of years as a Senior Legal Counsel for UK mobile provider Telefonica O2. She also has extensive experience working for leading corporate law firms in Auckland and the UK. Ms Anastasiou has a Bachelor of Laws from Victoria University of Wellington.

### 4. SUSAN MO FONG CHOW, ALSO KNOWN

AS WOO MO FONG, SUSAN (ALIAS CHOW WOO MO FONG, SUSAN)

(Director) BSc

Susan Mo Fong Chow, aged 67, has been a Director since December 2019. Mrs Chow has been a non-executive director of CKHH since 2017. She was an executive director and group deputy managing director from June 2015 to July 2016 and senior advisor from August 2016 to December 2016 of CKHH. From 1993 to 2016, she was a director of HWL which became a wholly owned subsidiary of CKHH in 2015. 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 a director of CKI since 2006, HKEIML as the trustee-manager of HKEI

3.



4.



5.



6.



7.



8.



9.



and HKEIL since 2014. She is an independent non-executive director of Hong Kong Exchanges and Clearing Limited since May 2020. 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.

**5. JUSTIN HERBERT GARDENER  
(Director) BEC, FCA, AGIA**

Justin Herbert Gardener, aged 84, 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.

**6. LAI KAI MING, DOMINIC  
(Director) BSc, MBA**

Lai Kai Ming, Dominic, aged 67, 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. He was finance director and chief operating officer of the A.S. Watson Group, the retail arm of CKHH, from 1994 to 1997 and group managing director of the Harbour Plaza Hotel Management Group, the former hotel business of HWL, from 1998 to 2000. 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 2017 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 ("PTDI") since 2018. The aforementioned companies are either the ultimate holding company of HTAL, or subsidiaries or associated companies of CKHH of which Mr Lai has oversight. He was a director of TPG from October 2016 to June 2020. 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.

**7. JOHN MICHAEL SCANLON  
(Director)**

John Michael Scanlon, aged 79, 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.

**8. FRANK JOHN SIXT  
(Director) MA, LLL**

Frank John Sixt, aged 69, 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. He has been an alternate director to a director of HKEIML as the trustee-manager of HKEI and of HKEIL since 2015. He has also been a director of TPG since 2001 and a director of Cenovus Energy since January 2021. The aforementioned companies are either the ultimate holding company of HTAL, or subsidiaries or associated companies of CKHH of which Mr Sixt has oversight. He has almost four decades of legal, global finance and risk management experience, and possesses deep expertise in overseeing financial reporting systems, risk management and internal control systems as well as sustainability issues and related risks. Mr Sixt has

also been a director of Husky Energy (delisted on 5 January 2021 following its combination with Cenovus Energy) since 2000. 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.

**9. WOO CHIU MAN, CLIFF  
(Director) BSc**

Woo Chiu Man, Cliff, aged 67, 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 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 TPG as chief technology officer from 2012 to 2013 and was part of the core management team. He was an alternate director to a director of TPG from October 2016 to June 2020. 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 25 February 2021 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](http://www.hutchison.com.au). The Company and its Directors are committed to high standards of corporate governance. This report reflects the main corporate governance practices adopted by the Company and its subsidiaries (collectively, the "Group") during the 2020 financial year ("Reporting Period"), noting where the Company does not comply with the ASX Corporate Governance Council's Principles and Recommendations (4th edition) ("ASX Principles").

## 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. Eight of the Directors, including the Chairman, Mr Fok Kin Ning, Canning, are non-executives. One Director, Mr Frank Sixt is considered to be an executive Director as he is the person directly responsible to the Board in respect of carrying out the Chief Executive Officer function and Chief Financial Officer function pursuant to section 295A of the *Corporations Act 2001 (Cth)*. Mr Sixt is not formally appointed to either role and accordingly, the Company does not have "senior 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 service of either Mr Gardener or Mr Scanlon has compromised their independence. In light of the majority ownership by CK Hutchison Holdings Limited ("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 mix of skills which are appropriate for the Board as a whole, that is currently required and that the Board would seek to maintain in its membership. 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 6 and 7 of the Annual Report. Details of the executive and non-executive Director remuneration are set out in the Remuneration Report which forms part of the Directors' Report on pages 18 to 21.

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 2021, 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 core activities being its investment in TPG Telecom Limited ("TPG"). Written agreements are in place with each of the Directors setting out their terms of appointment.

In March 2020, Ms Melissa Anastasiou was appointed as a non-executive Director following Mr Ronald Spithill's resignation. Prior to her appointment, the Company undertook appropriate background checks. The Company provided shareholders with all the relevant information in its possession necessary for shareholders to consider voting on Ms Anastasiou'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 2019 was undertaken at the beginning of 2020 and that for the financial year ended 31 December 2020 has commenced. The objective of such evaluation is to ensure that the Board, its Committees and the Directors continue to act effectively in fulfilling the duties and responsibilities expected of them. It also includes an evaluation of whether there is a need for existing Directors to undertake professional development to maintain the skills and knowledge needed to adequately perform their roles as Directors. The Company does not employ any senior executives and accordingly, no performance evaluation was conducted in respect of senior executives.

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.



## CORPORATE GOVERNANCE CONTINUED

### 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 6, 7 and 17 of the Annual Report.

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.

The Board, prior to approving the full year results for the year ended 31 December 2020, received a signed declaration provided in accordance with section 295A of the *Corporations Act 2001 (Cth)* by Mr Frank Sixt. The Company did not receive a signed declaration in respect of the half year results for the period ended 30 June 2020, but anticipates to do so for future reporting periods.

In reviewing and approving periodic corporate reports for the Company, the Audit & Risk Committee and Board relies on a signed statement by persons responsible for preparing and verifying information contained in such reports. The appropriate persons are required to confirm that the information contained in such corporate reports have been validated with supporting documents including but not limited to confirmation of balances with financial institutions, contracts with business partners, and/or other source documents maintained by the Company. The Company has received signed verification statements for the Directors' Report and operating review in respect of the half year and annual reports during the Reporting Period.

### 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 6, 7 and 17 of the Annual Report. No meetings of this Committee were required during the year ended 31 December 2020, as any matters that arose for possible consideration by this Committee were dealt with by the full Board.

## 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 Corporate Governance 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 Board or 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 measurable gender diversity objectives have been set having regard to the Company's current structure, size and type of operations. The Company currently only has one employee and no senior executives. Notwithstanding, the Company will continue to consider and make future appointments to its Board, senior executives (if required) and workforce generally based on merit, skill and experience necessary.

The Board currently comprises seven males (78%) and two females (22%) (2019: 89% male, 2018: 100% male). The Company has only one (male) employee who is not considered to be a senior executive (2019: 100% male, 2018: 100% male).

## CORPORATE GOVERNANCE CONTINUED

### Company secretaries

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

In December 2020, Ms Naomi Dolmatoff resigned as a company secretary and Ms Keskar 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 13 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.

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.

Following the TPG merger completed in July 2020, the Company undertook a review of its corporate governance practices and reporting processes. Changes were implemented, reflective of the Company's holding in TPG reducing from a 50% to 25.05% interest. HTAL's sole activity is its investment in TPG. The operational activities of TPG are undertaken entirely by TPG and the associated operational risks are in that entity. Two of HTAL's Directors, Mr Canning Fok and Mr Frank Sixt are nominated to the TPG board and additionally, Mr Frank Sixt also serves as an observer of the TPG board's audit & risk committee.

TPG has its own policies and risk management framework and is required to report to ASX and its investors in its own capacity as an ASX-listed entity. These may be accessed on the ASX announcements platform under ASX ticker code "TPG", and on its website at [www.tpgtelecom.com.au](http://www.tpgtelecom.com.au).

HTAL's Audit & Risk Committee has undertaken a review of its risk management framework in respect of the Reporting Period and considers it to be sound and operating with due regard to the risk appetite as set by CKHH, being the Company's ultimate parent company and holder of 87.87% of the issued capital in the Company.

The Company has not identified any material exposures to environmental and social risks. Material business risks faced by the Company are those associated with the Company's investment in TPG. As set out earlier, information in respect of TPG may be accessed via TPG's separate disclosures available on the ASX announcements platform and on the TPG website.

Due to the size and structure of the Company, an internal audit function has not been established. The Audit & Risk Committee is the responsible body for receiving risk reporting, reviewing the Company's risk register and framework and considering the effectiveness of the Company's governance, risk management and internal control processes, in accordance with its charter.

## Our values and expected behaviour

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 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.

The Code of Conduct also sets out the Company's zero-tolerance approach to bribery and corruption.

HTAL aspires to operate openly, fairly, lawfully, ethically and responsibly with honesty and integrity. The Company's Code of Conduct sets out HTAL's values in which we strive to:

- make everything we do simple and relevant;
- always look for ways to make our way of doing business better;
- be courageous and bold in our thinking;
- think of others in everything we do;
- deliver on our promises;
- listen, understand and treat others as an individual;
- be honest and open, have real conversations;
- make conscious commitments – keep your word;
- celebrate success; and
- listen to and learn from each other.

## Whistleblower policy

The Company encourages a culture of reporting actual or suspected conduct which is illegal, unacceptable or undesirable and any person who reports conduct as a whistleblower who is acting honestly, reasonably and with a genuine belief about the conduct will be supported and protected. The Company has adopted a Whistleblower Policy that outlines the protected disclosure can be reported, how the Company will investigate and deal with improper conduct, and how persons making a disclosure will be supported and protected throughout this process.

Copies of the Company's Code of Conduct and Whistleblower Policy are available on the Company's website. The Board or the Audit & Risk Committee will be informed of any material breaches or any material incidents reported under the Code of Conduct and Whistleblower Policy.

## 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 does not have an equity-based remuneration scheme in place.

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. All Directors receive a copy of all material ASX announcements promptly after they have been made.

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



## CORPORATE GOVERNANCE CONTINUED

electronically. The Company does not currently prepare investor or analyst presentations, but if it were to do so, and contain new and substantive information, a copy of such presentation will be released to the ASX and also made available on the Company's website.

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 in person. 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](http://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. All substantive resolutions put to shareholders in general meeting are decided on a poll, rather than a show of hands. All resolutions put to the 2020 AGM were conducted by a poll with the results of the meeting announced to the ASX.

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 16 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 2020.

## Principal activities

From 1 January until 26 June 2020 when the merger between VHA and TPM occurred, the Group's principal activity was the ownership of a 50% equity interest in VHA. From 26 June 2020 onwards, the Group's principal activity was the ownership of a combined 25.05% equity interest in TPG. TPG operates a number of leading mobile and internet brands including Vodafone, TPG, iiNet, Internode, Lebara and AAPT, providing consumers with a comprehensive portfolio of fixed and mobile products in the Australian telecommunications market.

## 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 4 to 5. Details of the financial position of the Company are contained in page 27 of this report.

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

On 26 June 2020, the merger between VHA and TPM was sanctioned by the Court and became effective under Australian Accounting Standards. On 29 June 2020, VHA was renamed to TPG and listed on the ASX on 30 June 2020. On 26 June 2020, HTAL's ownership interest percentage effectively changed from 50% to 25.05%, giving rise to a gross dilution gain of \$1,036 million. This required HTAL to recognise previously unrecognised share of losses in VHA of \$358.6 million during the period. As part of its merger implementation activities, VHA, HTAL and Vodafone Group were required to restructure the existing VHA debt, which involved the transfer of VHF which held external debt of \$4,475 million in return for VHA shares (of which H3GAH, through its 50% ownership of VHAH effectively owned shares valued at \$2,237 million). Following the debt restructure, VHF became a 100% owned subsidiary of VHAH, a company domiciled in the United Kingdom in which H3GAH has a 50% shareholding, together with VEBV who owns the other 50% shareholding.

On 30 November 2020, the outstanding US\$3.5 billion Syndicated Banking Facility held by VHF matured and VHF repaid in full the outstanding balance and accrued interest using funds received from VHAH as a result of VHAH entering into a new US\$3.5 billion Syndicated Banking Facility ("New SFA"). The related cross currency swap contracts and guarantee fee arrangement with VHF's ultimate shareholders were also terminated as part of the transaction. The New SFA is guaranteed by the VHAH's ultimate parent entities, CKHH and Vodafone Group. CKHH and Vodafone Group have also entered into a Counter Indemnity Agreement with VHAH but no guarantee fee is charged to VHAH.

There were no other significant changes in the state of affairs of the Group during the financial year. No other matter or circumstance has arisen since 31 December 2020 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 Group 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 TPG, 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.

TPG 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. TPG has fulfilled its reporting requirements for its operations annually since 2010 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 2020 and up to the date of this report, unless otherwise stated:

FOK Kin Ning, Canning  
Barry ROBERTS-THOMSON  
Melissa ANASTASIOU (appointed on 20 March 2020)  
Susan Mo Fong CHOW, also known as WOO Mo Fong, Susan (alias CHOW WOO Mo Fong, Susan)  
Justin Herbert GARDENER  
LAI Kai Ming, Dominic  
John Michael SCANLON  
Frank John SIXT  
WOO Chiu Man, Cliff  
Ronald Joseph SPITHILL (resigned on 20 March 2020)

Further information on the Directors is set out on pages 6 and 7.

## DIRECTORS' REPORT CONTINUED

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**
Melissa Anastasiou^	-	-
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, Member of Audit & Risk Committee	-
John Michael Scanlon	Member of Audit & Risk Committee	-
Frank John Sixt^^^	Executive Director	1,000,000
Woo Chiu Man, Cliff	-	-
Ronald Joseph Spithill^^^^	-	-

\* Direct holding of 100,000 shares

\*\* Direct holding of 4,540 shares

^ Appointed as Director with effect from 20 March 2020

^^ Appointed as member of the Audit & Risk Committee in place of Mr Frank Sixt with effect from 2 December 2020

^^^ Ceased to be member of the Audit & Risk Committee with effect from 2 December 2020

^^^^ Resigned as Director with effect from 20 March 2020. Shares held are known as at 20 March 2020

### Notes:

Fok Kin Ning, Canning, holds a relevant interest in (i) 6,011,438 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 2020 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	4	N/A	N/A	Nil	Nil
Barry Roberts-Thomson	4	3	N/A	N/A	N/A	N/A
Melissa Anastasiou^	4	3	N/A	N/A	N/A	N/A
Susan Mo Fong Chow	4	4	N/A	N/A	N/A	N/A
Justin Herbert Gardener	4	4	4	4	Nil	Nil
Lai Kai Ming, Dominic^^	4	4	4	N/A	Nil	Nil
John Michael Scanlon	4	4	4	3	N/A	N/A
Frank John Sixt^^^	4	4	4	4	N/A	N/A
Woo Chiu Man, Cliff	4	4	N/A	N/A	N/A	N/A
Ronald Joseph Spithill^^^^	4	1	N/A	N/A	N/A	N/A

\* Mr Lai attended two Board meetings as Alternate Director for Mr Fok

^ Appointed as Director with effect from 20 March 2020

^^ Appointed as member of the Audit & Risk Committee in place of Mr Frank Sixt with effect from 2 December 2020

^^^ Ceased to be member of the Audit & Risk Committee with effect from 2 December 2020

^^^^ Resigned as Director with effect from 20 March 2020

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 Fok Kin Ning, Canning is a Director retiring by rotation in accordance with the Constitution who, being eligible, offers himself for re-election.

Mr Justin Herbert Gardener is a Director retiring by rotation in accordance with the Constitution who, being eligible, offers himself for re-election.

Mr John Michael Scanlon is a Director retiring by rotation in accordance with the Constitution who, being eligible, offers himself for re-election.

# DIRECTORS' REPORT CONTINUED

## 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. Ms Shih is a non-executive director of Hutchison China MediTech Limited and HPHM as the trustee-manager of HPH Trust; and a member of the board of commissioners of PTDI. The aforementioned companies are either the ultimate holding company of HTAL, or subsidiaries or associated companies of CKHH of which Ms Shih has oversight. She has over 35 years of experience in the legal, regulatory, corporate finance, compliance and corporate governance fields. Ms Shih is the immediate past International President and current member of the Executive Committee of The Chartered Governance Institute ("CGI") as well as a past President and current chairperson of various committees and panels of The Hong Kong Institute of Chartered Secretaries ("HKICS"). She is a solicitor qualified in England and Wales, Hong Kong and Victoria, Australia and a Fellow of both CGI and HKICS, holding Chartered Secretary and Chartered Governance Professional dual designations. She holds a Bachelor of Science degree in Education, Master of Arts degrees and a Master of Education degree.

### SWAPNA KESKAR (APPOINTED ON 3 DECEMBER 2020)

**MCom., LLB, FGIA, FCIS, FCS, GAICD**

Swapna Kesar has extensive experience in providing company secretarial, governance consulting and corporate administration services to clients, including a large number of ASX companies, across a range of different industries, including financial services, retail, resources and energy. Ms Kesar is a Graduate of the Australian Institute of Company Directors and a Fellow member of the Governance Institute of Australia, The Chartered Governance Institute and the Institute of Company Secretaries of India.

### NAOMI DOLMATOFF (RESIGNED ON 3 DECEMBER 2020)

**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.

## Remuneration Report

As at 31 December 2020, 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 TPG as it is not a subsidiary of the Company.

Mr Frank Sixt is the person directly responsible to the Board in respect of carrying out the Chief Executive Officer function and Chief Financial Officer function pursuant to section 295A of the *Corporations Act 2001 (Cth)*, however Mr Sixt is not formally appointed to either role. He was not remunerated in the current year for this responsibility.

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, Ms Melissa Anastasiou, Mrs Susan Mo Fong Chow, Mr Lai Kai Ming, Dominic, Mr Ronald Joseph Spithill and Mr Woo Chiu Man, Cliff did not receive any remuneration for their services as Directors. Mr Frank John Sixt also did not receive any remuneration for his service as an executive Director.

## RETIREMENT ALLOWANCES FOR DIRECTORS

No retirement allowances are payable to non-executive and 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 2020 to 31 December 2020.

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

2020	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	-	-	-	-	-	-
Melissa Anastasiou^	-	-	-	-	-	-
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	-	-	-	-	-	-
Woo Chiu Man, Cliff	-	-	-	-	-	-
Ronald Joseph Spithill^^	-	-	-	-	-	-
Total	100,000	-	-	9,500	-	109,500

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.

^ Appointed as Director with effect from 20 March 2020

^^ Resigned as Director with effect from 20 March 2020

## DIRECTORS' REPORT CONTINUED

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 <sup>#</sup>	-	-	-	-	-	-
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

<sup>#</sup> Appointed as Director with effect from 9 December 2019

### STATUTORY PERFORMANCE INDICATORS

The below table shows measures of the Company's financial performance over the last five years as required by the *Corporations Act 2001*.

	2020	2019	2018	2017	2016
Profit/(loss) for the year attributable to owners of HTAL (\$'000)	<b>825,441</b>	(154,870)	4,475	(37,557)	(63,453)
Basic earnings per share (cents)	<b>6.08</b>	(1.14)	(0.03)	(0.28)	(0.47)
Dividend payments (\$'000)	-	-	-	-	-
Dividend payout ratio (%)	<b>n/a</b>	n/a	n/a	n/a	n/a
Increase/(decrease) in share price (%)	<b>21</b>	9	69	(14)	(6)
Total KMP incentives as percentage of profit/(loss) for the year (%)	<b>0.01</b>	(0.1)	2.3	(0.3)	(0.2)

The dividend payout ratio is calculated based on dividends paid and profit for the year.

### 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

Name	ORDINARY SHARES			
	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**
Melissa Anastasiou^	–	–	–	–
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
Woo Chiu Man, Cliff	–	–	–	–
Ronald Joseph Spithill^^	–	–	–	–

\* Direct holding of 100,000 shares

\*\* Direct holding of 4,540 shares

^ Appointed as Director with effect from 20 March 2020

^^ Resigned as Director with effect from 20 March 2020

## 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 2020 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 2020 and 31 December 2019.

## Other transactions with Directors and key management personnel

There were no other transactions with Directors for the years ended 31 December 2020 or ended 31 December 2019.

*The above Remuneration Report has been audited by PricewaterhouseCoopers.*



## DIRECTORS' REPORT CONTINUED

### Non-audit services

HTAL may engage 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 13, Remuneration of auditors, on page 45 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 23.

### 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)*.

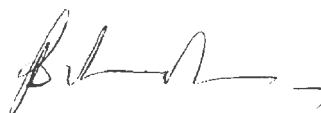
### Rounding of amounts to nearest thousand dollars

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  
25 February 2021



Director  
25 February 2021

## AUDITOR'S INDEPENDENCE DECLARATION



### *Auditor's Independence Declaration*

As lead auditor for the audit of Hutchison Telecommunications (Australia) Limited for the year ended 31 December 2020, 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.

A handwritten signature in black ink, appearing to read 'Rosalie Wilkie'.

Rosalie Wilkie  
Partner  
PricewaterhouseCoopers

Sydney  
25 February 2021


---

**PricewaterhouseCoopers, ABN 52 780 433 757**  
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW  
2001/[www.pwcactuarial.com](http://www.pwcactuarial.com)  
T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)  
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124  
T: +61 2 9659 2476, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

# FINANCIAL REPORT

For the year ended 31 December 2020



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 25 February 2021. The Company has the power to amend and reissue the financial statements.

# FINANCIAL REPORT

For the year ended 31 December 2020

## Contents

<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>26</b>
<b>Consolidated Statement of Financial Position</b>	<b>27</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>28</b>
<b>Consolidated Statement of Cash Flows</b>	<b>29</b>
<b>Notes to the Financial Statements</b>	<b>30</b>
Note 1 Summary of significant accounting policies	30
Note 2 Revenue	37
Note 3 Income tax	37
Note 4 Current assets – Cash and cash equivalents	38
Note 5 Current assets – Loans and receivables	38
Note 6 Non-current assets – Investment accounted for using the equity method	38
Note 7 Controlled entities	42
Note 8 Current liabilities – Payables	42
Note 9 Current liabilities – Other financial liabilities	42
Note 10 Contributed equity	43
Note 11 Reserves and accumulated losses	44
Note 12 Director and key management personnel compensation	45
Note 13 Remuneration of auditors	45
Note 14 Contingencies	45
Note 15 Commitments	46
Note 16 Related party transactions	46
Note 17 Deed of cross guarantee	48
Note 18 Segment reporting	49
Note 19 Reconciliation of profit/(loss) after income tax to net cash inflows from operating activities	50
Note 20 Earnings per share	50
Note 21 Financial risk management	51
Note 22 Events occurring after the reporting date	53
Note 23 Parent entity disclosures	54
<b>Directors' Declaration</b>	<b>55</b>
<b>Independent Auditor's Report</b>	<b>56</b>
<b>Shareholder Information</b>	<b>62</b>
<b>Corporate Directory</b>	<b>64</b>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 \$'000	2019 \$'000
<b>Revenue</b>	2	<b>1,272</b>	5,697
Operating expenses		<b>(1,457)</b>	(1,423)
Net gain on dilution of interest in joint venture		<b>677,315</b>	-
Share of net profit/(loss) of equity accounted investments, net of tax	6	<b>148,311</b>	(159,144)
<b>Profit/(loss) before income tax</b>		<b>825,441</b>	(154,870)
Income tax expense	3	-	-
<b>Profit/(loss) for the year</b>	11	<b>825,441</b>	(154,870)
<b>Other comprehensive income/(loss)</b>			
Items that may be reclassified subsequently to profit or loss:			
Recycling of hedging reserve		<b>2</b>	-
Changes in the fair value of cash flow hedges (share of equity accounted investments), net of tax		<b>64</b>	(494)
<b>Other comprehensive income/(loss) for the year, net of tax</b>	11	<b>66</b>	(494)
<b>Total comprehensive income/(loss) for the year attributable to members of Hutchison Telecommunications (Australia) Limited</b>		<b>825,507</b>	(155,364)
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit/(loss) attributable to members of the Company</b>			
Basic earnings per share	20	<b>6.08</b>	(1.14)
Diluted earnings per share	20	<b>6.08</b>	(1.14)

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 2020

	Notes	2020 \$'000	2019 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	23,657	108,057
Loans and receivables	5	7	76,193
Other receivables		20	13
<b>Total Current Assets</b>		<b>23,684</b>	184,263
<b>Non-current Assets</b>			
Investment accounted for using the equity method	6	825,742	-
<b>Total Non-current Assets</b>		<b>825,742</b>	-
<b>Total Assets</b>		<b>849,426</b>	184,263
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	8	991	558
Other financial liabilities	9	88,013	248,790
<b>Total Current Liabilities</b>		<b>89,004</b>	249,348
<b>Total Liabilities</b>		<b>89,004</b>	249,348
<b>Net Assets/(Liabilities)</b>		<b>760,422</b>	(65,085)
<b>EQUITY</b>			
Contributed equity	10	4,204,488	4,204,488
Reserves	11	70,434	70,368
Accumulated losses	11	(3,514,500)	(4,339,941)
<b>Total Equity</b>		<b>760,422</b>	(65,085)

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 2020

	ATTRIBUTABLE TO MEMBERS OF THE COMPANY					
	RESERVES					Total equity \$'000
	Contributed equity <sup>(i)</sup> \$'000	Capital redemption reserve <sup>(ii)</sup> \$'000	Cash flow hedging reserve <sup>(iii)</sup> \$'000	Share-based payments reserve <sup>(iii)</sup> \$'000	Accumulated losses <sup>(iii)</sup> \$'000	
<b>Balance at 1 January 2019</b>	4,204,488	54,887	95	15,880	(4,185,071)	90,279
Loss for the year	-	-	-	-	(154,870)	(154,870)
Share of equity accounted investments' changes in the fair value of cash flow hedges, net of tax	-	-	(494)	-	-	(494)
<b>Total comprehensive loss for the year, net of tax</b>	-	-	(494)	-	(154,870)	(155,364)
<b>Balance at 31 December 2019</b>	4,204,488	54,887	(399)	15,880	(4,339,941)	(65,085)
<b>Balance at 1 January 2020</b>	<b>4,204,488</b>	<b>54,887</b>	<b>(399)</b>	<b>15,880</b>	<b>(4,339,941)</b>	<b>(65,085)</b>
Profit for the year	-	-	-	-	<b>825,441</b>	<b>825,441</b>
Recycling of hedging reserve	-	-	<b>2</b>	-	-	<b>2</b>
Share of equity accounted investments' changes in the fair value of cash flow hedges, net of tax	-	-	<b>64</b>	-	-	<b>64</b>
<b>Total comprehensive income for the year, net of tax</b>	-	-	<b>66</b>	-	<b>825,441</b>	<b>825,507</b>
<b>Balance at 31 December 2020</b>	<b>4,204,488</b>	<b>54,887</b>	<b>(333)</b>	<b>15,880</b>	<b>(3,514,500)</b>	<b>760,422</b>

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

(i) See note 10

(ii) See note 11 (a)

(iii) See note 11 (b)

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 \$'000	2019 \$'000
<b>Cash Flows from Operating Activities</b>			
Payments to suppliers and employees (inclusive of GST)		<b>(1,088)</b>	(1,236)
Interest received		<b>1,272</b>	5,931
<b>Net cash inflows from operating activities</b>	19	<b>184</b>	4,695
<b>Cash Flows from Investing Activities</b>			
Repayment of loans from equity accounted investment	16	<b>76,193</b>	84,764
<b>Net cash inflows from investing activities</b>		<b>76,193</b>	84,764
<b>Cash Flows from Financing Activities</b>			
Repayment of borrowings – entity within the CKHH Group	16	<b>(160,777)</b>	–
<b>Net cash outflows from financing activities</b>		<b>(160,777)</b>	–
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(84,400)</b>	89,459
Cash and cash equivalents at 1 January		<b>108,057</b>	18,598
<b>Cash and cash equivalents at 31 December</b>	4	<b>23,657</b>	108,057

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



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 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. A description of the nature of the operations and principal activities of the Company and its controlled entities (the "Group" or "HTAL") is included in the Directors' report on pages 15 to 22. The financial report was authorised for issue by the Board on the 25th February 2021. The Company has the power to amend and reissue the financial report.

TPG is an equity accounted investment in which HTAL has an effective 25.05% 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 Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. For the purposes of preparing the financial statements, the Company is a for-profit entity.

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* have been included in Note 24.

These financial statements have been prepared under the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative figures have been adjusted to conform to the presentation of the financial statements and notes for the current financial year, where required, to enhance comparability.

### (b) Net current asset deficiency

As at 31 December 2020, the Group has a deficiency of net current assets of \$65.3 million (2019: net current assets deficiency of \$65.1 million). Included in the Group's current liabilities is an amount of \$88.0 million (2019: \$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 Group has unused financing facilities of \$1,512.0 million at 31 December 2020. 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.

### (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 2 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 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 joint ventures and associates 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).

#### **(v) Gain/loss on dilution of interests in equity accounted investments**

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 interest deemed to be disposed.

Where 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.

#### **(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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2020

## Note 1 Summary of significant accounting policies continued

### (g) Impairment of assets

Equity accounted investments are 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.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). 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 suffered an impairment are reviewed for possible reversal of the 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.

### (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 fair value and subsequently at amortised cost, collectability is then reviewed on an ongoing basis.

### (j) Loan receivables at amortised cost

Loan receivables are initially recognised at fair value and subsequently amortised cost, 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 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 2020, 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 TPG equity accounted 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 equity accounted investments is initially measured as the excess of 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) 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.

#### **(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. Transaction costs associated are capitalised and amortised over the term of the debt.

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 10 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 18 for details of the Group's operating segment, being investment in telecommunication services.

#### **(s) Leases**

The Group does not have any outstanding leases as at the balance date. The TPG equity accounted investment leases various network sites, offices, retail stores and data centres. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2020

## Note 1 Summary of significant accounting policies continued

### (s) Leases continued

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received and makes adjustments specific to the lease, e.g. term of lease.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(g)). The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and typically have an underlying value of less than \$10,000.

### (t) Critical accounting estimates and judgements

The preparation of financial statements often requires the exercise of judgements to select specific accounting methods and policies from several acceptable alternatives. Furthermore, significant estimates and judgements concerning the future may be required in applying those methods and policies in the accounts. In preparing the annual 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. Although our estimates and assumptions contemplate current and, as applicable, expected future conditions that the Group considers are relevant and reasonable, including but not limited to the potential impacts to our operations arising from the COVID-19 pandemic and different monetary, fiscal and government policy responses aimed at reviving the economy, it is reasonably possible that actual conditions could differ from our expectations.

In particular, a number of estimates in relation to impairment of investments in controlled entities and equity accounted investments have been and will continue to be affected by the ongoing COVID-19 outbreak. The severity, magnitude and duration, as well as the economic consequences of the COVID-19 pandemic, are uncertain, rapidly changing and it is currently impossible to predict. As a result, our accounting estimates and assumptions may change over time in response to how market conditions develop. In addition, actual results could differ significantly from those estimates and assumptions. Uncertainty about these judgements, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected and the amount and timing of results of operations, cash flows and disclosures in future periods.

### (i) Impairment of investments in controlled entities and equity accounted investments

In accordance with the Group's accounting policy, the investments in controlled entities and equity accounted investments are tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

In assessing whether there is any indication of potential impairment as at 31 December 2020, the Group has reviewed internal and external criteria. The ongoing COVID-19 pandemic has been deemed to be an impairment trigger which is expected to have had an adverse effect on the performance of the investment in TPG during the year ended 31 December 2020, however based on an impairment analysis, there has been no impairment deemed necessary for the year.



Furthermore, the recoverable amount of the Company's investment in controlled entities, and the recoverable amount of the Group's equity accounted investments are determined as the higher of the fair value less cost of disposal or value in use methodology. Fair value is derived, when available and appropriate, from quoted share price of the business or comparable businesses, historically completed transactions of comparable businesses or metrics of publicly traded companies or market observable pricing multiples of similar businesses, and possible control premiums. The value in use calculation is based on a discounted cash flow ("DCF") model which is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. As TPG is listed on the ASX, TPG's share price at 31 December 2020 provides a basis for estimating the fair value less cost of disposal. This approach has been used to assess the recoverable amount of the investment in TPG in the current year impairment assessment. These calculations require the use of estimates and assumptions in terms of the share-price used as part of the determination of the fair value less cost of disposal, and as the resulting recoverable amount is in excess of the carrying amount, no impairment has been deemed necessary for the year.

#### **(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 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) Dilution accounting**

On 26 June 2020, the merger between VHA and TPM was sanctioned by the Supreme Court of New South Wales (the "Court"). 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 in VHA effectively diluted from 50% to 25.05%. HTAL has recognised a gain on dilution of its interest in the VHA joint venture by comparing the acquisition date fair value of TPM's equity interest to HTAL's carrying value investment for the 24.95% relating to its ownership reduction.

The fair value of TPM has been determined by the acquisition date fair value of TPG's consideration, which is one TPG share for one TPM share. Under *AASB 13 Fair Value Measurement*, HTAL management has used the quoted price of TPG shares when it first traded on 30 June 2020 to proxy the fair value of the dilution gain consideration at the date of acquisition.

Under *AASB 3 Business Combinations*, the TPG merger is considered effective on the Second Court date (i.e. 26 June 2020), as TPM shareholders had approved the Scheme and was subsequently sanctioned by the Court on that date. Merger implementation activities after this date and prior to the implementation date of 13 July 2020 are deemed to be administrative in nature and are viewed to have occurred on the merge effective date of 26 June 2020 for accounting purposes. The recognition timing of HTAL's dilution gain/loss aligns with the TPG merger effective date of 26 June 2020, with the relevant implementation activities deemed to have occurred on this date.

#### **(iv) 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, net of tax" 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. 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 VHA and TPM to become a full-service telecommunications company in Australia.

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 equity accounted investment's current year profit by \$83.1 million (2019: \$252.5 million). The change has been included in the summarised financial information of TPG as disclosed in Note 6.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2020

## Note 1 Summary of significant accounting policies *continued*

### (u) 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.

### (v) Parent entity financial information

The financial information for the parent entity disclosed in Note 23 has been prepared on the same basis as the consolidated financial statements, except investments in subsidiaries and investments in associates, which are accounted for at cost in the financial statements of HTAL.

### (w) 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 that are relevant to the Group's operations and mandatory for annual periods beginning on or after 1 January 2020. In addition, the Group has early adopted *Amendment to AASB 16: COVID-19-Related Rent Concessions* ahead of its effective date. Adoption of these have not had a material impact in the current year.

#### AASB 16: COVID-19-Related Rent Concessions

The amendment 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 Group has applied the practical expedient to all its COVID-19-related rent concessions from 1 January 2020. 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 year.

#### AASB 7, AASB 9 and AASB 139: Interest Rate Benchmark Reform

Amendments have been made to *AASB 7 Financial Instruments: Disclosures*, *AASB 9 Financial Instruments: Recognition and Measurement*, with an effective date of 1 January 2020. The amendments provide certain reliefs in relation to interest rate benchmark reforms. The amendments did not have an impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### AASB 3: Definition of a Business

Amendments have been made to *AASB 3 Business Combinations* to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. As a business combination was carried out within the Group during the current year, the adoption of the definition of a business was relevant to the Group.

The Group also applied the following amendments for the first time for their annual reporting period commencing 1 January 2020:

- *AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material [AASB 101 and AASB 108]*.
- *Conceptual Framework for Financial Reporting and AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework*.

These amendments 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 2020 reporting periods. With the exception of *Amendment to AASB 16: COVID-19-Related Rent Concessions*, these new accounting standards and interpretations 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 Revenue

	2020 \$'000	2019 \$'000
<b>Other revenue</b>		
Interest	1,272	5,697

## Note 3 Income tax

	2020 \$'000	2019 \$'000
<b>(a) Income tax expense</b>		
Deferred tax	-	-
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Profit/(loss) from operations before income tax expense	825,441	(154,870)
Tax at the Australian tax rate of 30% (2019: 30%)	247,632	(46,461)
Tax effect of amounts which are not deductible or taxable/(non-assessable or deductible) in calculating taxable income:		
Non-assessable dilution gain on dilution of interest in associate	(203,195)	-
Share of (profits)/losses of equity accounted investments	(44,493)	47,743
	(56)	1,282
Deferred tax on temporary difference not recognised	(41)	12
Previously unrecognised tax losses now recouped to reduce current tax expense	-	(1,294)
Additional tax losses not recognised in the current period	97	-
Income tax expense	-	-
<b>(c) Unrecognised tax losses</b>		
Opening balance	160,512	164,826
Tax profits identified during completion of income tax return	(24)	-
Tax losses recouped to reduce current tax expense	-	(4,314)
Additional tax losses generated	323	-
Unused tax losses for which no deferred tax assets have been recognised	160,811	160,512
Potential tax benefit @ 30% (2019: 30%)	48,243	48,154

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 or liabilities at 31 December 2020 and 31 December 2019.



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2020

## Note 4 Current assets – Cash and cash equivalents

	2020 \$'000	2019 \$'000
Cash at bank	23,657	108,057

## Note 5 Current assets – Loans and receivables

	2020 \$'000	2019 \$'000
Receivable from related party (Note 16)	7	76,193

### Receivable from TPG equity accounted investment

On 3 July 2020, TPG fully repaid the outstanding working capital facility balance of \$76 million to HTAL, including accompanying interest payments.

Further information relating to receivables from related parties is set out in Note 16.

### (a) Fair value

The carrying values of the 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 receivables and financial assets are denominated in the following currencies:

	2020 \$'000	2019 \$'000
Australian dollars	7	76,193

For an analysis of the sensitivity of other financial assets to interest rate risk refer to Note 21.

### (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 21 for more information on the risk management policy of the Group.

## Note 6 Non-current assets – Investment accounted for using the equity method

	2020 \$'000	2019 \$'000
Equity accounted investments	825,742	–

At 31 December 2019, HTAL and Vodafone Group Plc each owned a 50% interest in a joint venture named Vodafone Hutchison Australia Limited ("VHA"), which provided telecommunication 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. At 31 December 2019, VHF was a wholly owned subsidiary of VHA.

On 26 June 2020, the merger between VHA and 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 VHAH, in which HTAL has a 50% ownership interest.

As part of its merger implementation activities, VHA, HTAL and Vodafone Group Plc were required to restructure the existing VHA debt, which involved the transfer of VHF which held external debt of \$4,475 million 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 for further background.

Under the TPG Scheme Implementation Deed, HTAL and its wholly-owned subsidiary, H3GAH and Vodafone Group Plc and its relevant subsidiaries entered into an escrow deed under which, subject to certain exceptions, they must not dispose, directly or indirectly, of any of their TPG shares for a period of 24 months following merger implementation. Furthermore, the VHAH shareholders' agreement entered into between HTAL, Vodafone Group Plc, VHAH and others (the "VHAH Shareholders Agreement") dated 24 June 2020: (i) places restrictions on direct and indirect transfers of shares in VHAH for a 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, at 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% interests directly held by H3GAH, and an attributed 13.91% interests indirectly held by H3GAH through Vodafone Hutchison (Australia) Holdings Limited ("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 has been accounted for in the consolidated financial reports using the equity method.

As at 31 December 2020, the Group held interests in the following associate and joint venture:

Name of associate/joint venture	Principal activity	Country of operation	OWNERSHIP INTEREST	
			2020 %	2019 %
TPG Telecom Limited (formerly Vodafone Hutchison Australia Limited)	Telecommunications Services	Australia	<b>11.14%*</b>	50.00%
Vodafone Hutchison (Australia) Holdings Limited	Financing and investing activities	United Kingdom	<b>50.00%</b>	0.00%

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

#### Movement in equity accounted investments carrying values

	2020 \$'000	2019 \$'000
Opening balance	-	159,638
New investments during the year	<b>50</b>	-
Net gain on dilution of interest in joint venture	<b>677,315</b>	-
Share of net profit/(loss) of equity accounted investments, net of tax**	<b>148,311</b>	(159,144)
Recycling of hedging reserve	<b>2</b>	-
Share of change in fair value of cash flow hedges, net of tax	<b>64</b>	(494)
<b>Closing balance</b>	<b>825,742</b>	-

\*\* 2020 balance represents HTAL's share of post-merger profit and 2019 balance represents HTAL's share of pre-merger loss from equity accounted investment, net of tax.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2020

## Note 6 Non-current assets – Investment accounted for using the equity method continued

### Summarised Financial Information

#### 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(t) Critical accounting estimates and assumptions for further background.

	2020				2019 <sup>1</sup>
	VHAH \$'000	\$'000 Pre-merger <sup>2</sup>	\$'000 Post-merger <sup>3</sup>	\$'000 Total pre and post-merger	TPG \$'000
<b>Gross amount of the following items of the equity accounted investments:</b>					
Revenue	-	1,484,937	2,865,261	4,350,198	3,513,000
Interest income	116	1,928	9,150	11,078	10,000
Expenses	(3,505)	(974,090)	(1,996,129)	(2,970,219)	(2,345,000)
Share of profits from investment in TPG, net of tax	212,391	-	-	-	-
Depreciation and amortisation	-	(572,447)	(836,786)	(1,409,233)	(1,525,000)
Net finance costs	(82,476)	(191,645)	(97,666)	(289,311)	(437,000)
Profit/(loss) before income tax	126,526	(251,317)	(56,170)	(307,487)	(784,000)
Income tax expense	-	-	819,616	819,616	-
Profit/(loss) for the year	126,526	(251,317)	763,446	512,129	(784,000)
Other comprehensive income/(loss)	-	92	2,155	2,247	(1,000)
Total comprehensive profit/(loss)	126,526	(251,225)	765,601	514,376	(785,000)
<b>Reconciliation to the Group's share of profit/(loss) of the equity accounted investments:</b>					
Group interest:	50%	50%	11.14% <sup>4</sup>	Sub Total	50%
Group's share of the following items:					
Profit/(loss) for the year	63,263	(125,659)	85,048	(40,611)	(392,106)
Unrecognised share of joint venture loss	-	125,659	-	125,659	232,962
Recognise previously unrecognised share of joint venture loss <sup>①</sup>	-	(358,620)	-	(358,620)	-
Group's share of profit/(loss) of equity accounted investments	63,263	(358,620)	85,048	(273,572)	(159,144)

- (i) 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.

1. The comparatives are derived from the comparatives in the TPG 31 December 2020 financial report.

2. Pre-merger results represent the period between 1 January 2020 and 26 June 2020.

3. Post-merger results represent the period between 27 June 2020 and 31 December 2020.

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

### Summarised Statement of Financial Position

Summarised financial information with respect to the 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.

	2020		2019
	VHAH \$'000	TPG \$'000	TPG <sup>5</sup> \$'000
Current assets	352,390	683,000	1,422,000
Non-current assets <sup>(ii)</sup>	3,449,507	18,654,000	8,060,000
Current liabilities	(11,223)	(1,456,000)	(6,629,000)
Non-current liabilities	(4,901,962)	(5,476,000)	(3,321,000)
Net (Liabilities)/Assets <sup>(iii)</sup>	(1,111,288)	12,405,000	(468,000)
Reconciliation to the carrying amount of the Group's investment accounted for using the equity method			
Group interest	50%	11.14% <sup>6</sup>	50%
<b>Group's share of net (liabilities)/assets</b>	<b>(555,644)</b>	<b>1,381,386</b>	<b>-</b>

The summarised statement of financial position includes the following items

	2020		2019
	VHAH \$'000	TPG \$'000	Total \$'000
Cash and cash equivalents	342,085	120,000	734,000
Current financial liabilities	(11,062)	(93,000)	(5,341,000)
Non-current financial liabilities	(4,901,962)	(5,381,000)	(3,287,000)

- (i) On 20 November 2020, VHAH entered into a US\$3.5 billion Syndicated Facility Agreement ("New SFA") with a syndicate of lenders. The facility bears interest at 3 month US Libor + 1.00% and it will mature in 2023. An upfront fee of US\$10.5 million was charged by the syndicate of lenders. The New SFA is guaranteed by the VHAH ultimate parent entities, CKHH and Vodafone Group Plc. CKHH and Vodafone Group Plc have also entered into a Counter Indemnity Agreement with VHAH but no guarantee fee is charged to VHAH.

In order to protect against exchange rate movements, VHAH entered into cross currency interest rate swaps to coincide with the maturity of the loan. The swaps in place cover 100% of the outstanding loan balance and have a fixed exchange rate and effectively swap US dollar debt for Australian dollar debt. The swaps were entered into with related parties associated with the VHAH joint venture partners. The company's effective rate of interest is based on the Australian 3 month BBR plus a margin. The cross currency swaps are settled in full on the same date as interest payment is made to the facility agent. VHAH utilised the funds from the New SFA to repay the outstanding principal of the existing US\$3.5 billion Syndicated Facility Agreement owed by VHF, its 100% owned subsidiary, which matured on the 20 November 2020.

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

- (iii) HTAL's investment in VHAH is predicated on the ongoing financial support from both of VHAH's ultimate shareholders. The New SFA is fully guaranteed by VHAH's ultimate parent entities.

5. The comparatives are derived from the comparatives in the TPG 31 December 2020 financial report. HTAL had discontinued the recognition of its share of losses exceeding its interest in TPG (formerly VHA) in accordance with Australian Accounting Standards.

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

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2020

## Note 7 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):

Name of controlled entity	Country of Incorporation	Class of Shares	EQUITY HOLDING*	
			2020 %	2019 %
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 2016/785 issued by the Australian Securities and Investments Commission.

## Note 8 Current liabilities – Payables

	2020 \$'000	2019 \$'000
Trade creditors	120	258
Payables to related parties (Note 16)	871	300
	991	558

Further information relating to payables to related parties is set out in Note 16.

### Liquidity risk

A summarised analysis of the Group's sensitivity of payables to liquidity rate risk can be found in Note 21.

## Note 9 Current liabilities – Other financial liabilities

	2020 \$'000	2019 \$'000
Loan from an entity within the CKHH Group (Note 16)	88,013	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 16. The loan from an entity within the CKHH Group is an interest free financing facility and is repayable on demand.

### (b) Financing arrangements

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

	2020 \$'000	2019 \$'000
<b>(c) Other financial liabilities</b>		
Total facilities from an entity within the CKHH Group	1,600,000	1,600,000
Used at the statement of financial position date	(88,013)	(248,790)
Unused at the statement of financial position date	1,511,987	1,351,210

## Note 10 Contributed equity

	2020 Shares	2019 Shares	2020 \$'000	2019 \$'000
<b>Share capital</b>				
Ordinary shares (fully paid)	<b>13,572,508,577</b>	13,572,508,577	<b>4,204,488</b>	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 2020 and 31 December 2019.

### (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 2020 and 31 December 2019 were as follows:

	2020	2019
<b>Gearing ratio</b>	<b>9%</b>	186%

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2020

## Note 11 Reserves and accumulated losses

	2020 \$'000	2019 \$'000
<b>(a) Reserves</b>		
Capital redemption reserve	54,887	54,887
Share of hedging reserve – cash flow hedges	(333)	(399)
Share-based payments reserve	15,880	15,880
	<b>70,434</b>	<b>70,368</b>
<b>Movements:</b>		
<i>Capital redemption reserve</i>		
There has been no movement in the capital redemption reserve during the year.		
<i>Share of hedging reserve – cash flow hedges</i>		
Balance at 1 January	(399)	95
Hedging movement	66	(494)
Balance at 31 December	<b>(333)</b>	<b>(399)</b>

*Share-based payments reserve*

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

	2020 \$'000	2019 \$'000
<b>(b) Accumulated losses</b>		
Accumulated losses at 1 January	(4,339,941)	(4,185,071)
Profit/(loss) attributable to members of the Company	825,441	(154,870)
Accumulated losses at 31 December	<b>(3,514,500)</b>	<b>(4,339,941)</b>

### (c) Nature and purpose of reserves

#### Capital redemption reserve

The capital redemption 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 TPG equity accounted investment 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.



## Note 12 Director and key management personnel compensation

### (a) Director and key management personnel compensation

	2020 \$	2019 \$
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 2020 and 31 December 2019. There were no other transactions with the Directors of the Company for the years ended 31 December 2020 and 31 December 2019.

## Note 13 Remuneration of auditors

	2020 \$	2019 \$
<b>PricewaterhouseCoopers Australia</b>		
<i>Assurance services</i>		
Audit services		
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001 (Cth)</i>	355,292	161,670
Total remuneration for assurance services	355,292	161,670
<i>Non-Assurance services</i>		
Tax services	12,000	12,000
<b>Total auditors' remuneration</b>	<b>367,292</b>	<b>173,670</b>

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 14 Contingencies

There were no contingencies for HTAL or its controlled entities at 31 December 2020 and 31 December 2019. The Directors are not aware of any other material contingent liabilities existing at the reporting date.

At balance date, guarantees existing in respect of interests in equity accounted investments are as follows:

	VHAH		TPG	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Guarantees</b>				
Secured guarantees	-	-	-	37,197
Unsecured guarantees	-	-	13,138	14,648
<b>Total guarantees</b>	<b>-</b>	<b>-</b>	<b>13,138</b>	<b>51,845</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2020

## Note 15 Commitments

There were no commitments contracted by HTAL or its controlled entities not recognised as liabilities or payables at 31 December 2020 and 31 December 2019.

At balance date, capital commitments existing in respect of interests in equity accounted investments contracted but not provided for in the financial statements are as follows:

	VHAH		TPG	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Capital commitments <sup>(i)</sup>	-	-	366,340	378,426
Other commitments <sup>(ii)</sup>	-	-	276,280	180,248
<b>Total commitments</b>	<b>-</b>	<b>-</b>	<b>642,620</b>	<b>558,674</b>

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

(ii) TPG'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.

## Note 16 Related party transactions

### (a) Parent entities

The holding company and parent entity is Hutchison Telecommunications (Amsterdam) B.V. which, at 31 December 2020, 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; Melissa ANASTASIOU (appointed as Director with effect from 20 March 2020); Ronald Joseph SPITHILL (resigned as Director with effect from 20 March 2020) and WOO Chiu Man, Cliff.

### (c) Key management personnel compensation

Disclosures relating to key management personnel compensation are set out in Note 12.

### (d) Transactions with related parties

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

	2020 \$	2019 \$
<i>Loans to related parties</i>		
Repayments from equity accounted investments	76,193,205	84,764,621
<i>Loans from related parties</i>		
Repayments to an entity within the CKHH Group	160,776,989	-
<i>Interest revenue</i>		
Received from TPG equity accounted investment	954,555	5,399,924
<i>Operating expenses</i>		
Paid to TPG equity accounted investment	(626,529)	(485,000)

#### (e) Outstanding balances

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

	2020 \$	2019 \$
<i>Current loans and other receivables</i>		
VHAH equity accounted investment (Note 5)	6,828	-
TPG equity accounted investment (Note 5)	-	76,193,205
<i>Payables</i>		
TPG equity accounted investment (Note 8)	(870,750)	(299,635)
<i>Current liabilities – Other financial liabilities</i>		
Entity within the CKHH Group (Note 9)	(88,012,582)	(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.

On 20 November 2020, VHAH entered into the New SFA with a syndicate of lenders. The New SFA is guaranteed by the VHAH ultimate parent entities, CKHH and Vodafone Group Plc. CKHH and Vodafone Group Plc have also entered into a Counter Indemnity Agreement with VHAH but no guarantee fee is charged to VHAH.

#### (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. From 20 November 2020, no guarantee fee is charged to VHAH under the Counter Indemnity Agreement entered into with CKHH and Vodafone Group Plc.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2020

## Note 17 Deed of cross guarantee

The Company and 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 2020 in comparison to 31 December 2019.

### (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 25.05% of TPG (11.14% directly and 13.91% indirectly through its 50% investment in the VHAH joint venture).

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 2020 and 31 December 2019.

	2020 \$'000	2019 \$'000
<b>Statement of profit or loss and other comprehensive income</b>		
Revenue	1,272	5,697
Reversal of prior period impairment of TPG investment held within Closed Group <sup>(i)</sup>	1,217,185	-
Other operating expenses	(1,457)	(1,423)
<b>Income before income tax</b>	<b>1,217,000</b>	4,274
Income tax expense	-	-
<b>Income for the year</b>	<b>1,217,000</b>	4,274
<b>Share of movements in consolidated accumulated losses</b>		
Accumulated losses at the beginning of the financial year	(4,063,025)	(4,067,299)
Income for the year	1,217,000	4,274
<b>Accumulated losses at the end of the financial year</b>	<b>(2,846,025)</b>	(4,063,025)

- (i) During the financial year, the Closed Group recognised a reversal of prior period impairment of \$1,217 million (2019: \$nil) on H3GAH's investment in TPG (formerly VHA) as a result of an increase in its recoverable value arising from the merger between VHA and TPM. The merger had the effect of improving the investment's performance and it also provided an observable market price for H3GAH's underlying investment in TPG following its listing on the ASX. The recoverable value has been determined as the investment's fair value less costs to sell.

### (b) Statement of financial position

Set out below is a statement of financial position as at 31 December 2020 and 31 December 2019 of the Closed Group consisting of H3GAH and HTAL.

	2020 \$'000	2019 \$'000
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	23,657	108,057
Loans and receivable	7	76,193
Other receivables	20	13
<b>Total Current Assets</b>	<b>23,684</b>	<b>184,263</b>
<b>Non-current Assets</b>		
Other financial assets	1,494,550	277,315
<b>Total Non-Current Assets</b>	<b>1,494,550</b>	<b>277,315</b>
<b>Total Assets</b>	<b>1,518,234</b>	<b>461,578</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	996	558
Other financial liabilities	88,013	248,790
<b>Total Current Liabilities</b>	<b>89,009</b>	<b>249,348</b>
<b>Total Liabilities</b>	<b>89,009</b>	<b>249,348</b>
<b>Net Assets</b>	<b>1,429,225</b>	<b>212,230</b>
<b>EQUITY</b>		
Contributed equity	4,204,488	4,204,488
Reserves	70,762	70,767
Accumulated losses	(2,846,025)	(4,063,025)
<b>Total Equity</b>	<b>1,429,225</b>	<b>212,230</b>

## Note 18 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 2020, the Group continued to invest in an operator within the telecommunications industry.

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:

	2020 \$'000	2019 \$'000
<b>HTAL's share of the following items of the equity accounted investments*</b>		
Total Revenue	1,460,214	1,761,707
Net Profit/(Loss)*	148,311	(159,144)

Further information reviewed by the chief operating decision maker with regards to the performance of the Group's investment in TPG is disclosed in Note 6.

\* after equity accounted investment accounting adjustments.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2020

### Note 19 Reconciliation of profit/(loss) after income tax to net cash inflows from operating activities

	2020 \$'000	2019 \$'000
Profit/(loss) after income tax	825,441	(154,870)
Net gain on dilution of interest in joint venture	(677,315)	-
Share of (profit)/loss of equity accounted investments (see Note 6)	(148,311)	159,144
Change in operating assets and liabilities		
(Decrease)/Increase in other financial assets	(66)	234
Increase in payables	435	187
Net cash inflows from operating activities	184	4,695
<b>Net debt reconciliation</b>		
Cash and cash equivalents	23,657	108,057
Borrowings	(88,013)	(248,790)
<b>Net debt</b>	<b>(64,356)</b>	<b>(140,733)</b>

	Cash \$'000	Borrowings due within 1 year \$'000	Total \$'000
Net debt as at 1 January 2020	108,057	(248,790)	(140,733)
Cash flows	(84,400)	160,777	76,377
Net debt as at 31 December 2020	23,657	(88,013)	(64,356)

### Note 20 Earnings per share

	CONSOLIDATED	
	2020 Cents	2019 Cents
<b>(a) Basic earnings per share</b>		
Profit/(loss) attributable to members of the Company	6.08	(1.14)
<b>(b) Diluted earnings per share</b>		
Profit/(loss) attributable to members of the Company	6.08	(1.14)
	\$'000	\$'000
<b>(c) Earnings used in calculating earnings per share</b>		
<i>Basic earnings per share</i>		
Profit/(loss) attributable to members of the Company used in calculating basic earnings per share	825,441	(154,870)
<i>Diluted earnings per share</i>		
Profit/(loss) attributable to members of the Company used in calculating diluted earnings per share	825,441	(154,870)

	CONSOLIDATED	
	2020 Number	2019 Number
<b>(d) Weighted average number of shares used as the denominator</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<b>13,572,508,577</b>	13,572,508,577
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<b>13,572,508,577</b>	13,572,508,577

There were no (2019: nil) options outstanding at 31 December 2020 that are anti-dilutive and accordingly there was no impact on the earnings per share calculation for the year ended 31 December 2020.

## Note 21 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.

#### (i) Interest rate risk

The Group's main interest rate risk arises from cash balances and other financial assets. At 31 December 2020, there are no material loans receivable from equity accounted investments and entities within the CKHH Group. As such, a 1% change on the Australian market rate on the loans and receivables will result in an immaterial change in interest revenue based on 31 December 2020 balances.

#### (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.



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2020

## Note 21 Financial risk management continued

### (a) Market risk continued

#### (iii) Summarised sensitivity analysis

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

31/12/2020	Carrying amount \$'000	INTEREST RATE RISK			
		-1%		+1%	
		Post-tax loss \$'000	Other equity \$'000	Post-tax loss \$'000	Other equity \$'000
<b>Financial assets</b>					
Cash and cash equivalents	23,657	(237)	-	237	-
Loans and receivable	7	-	-	-	-
<b>Total increase/(decrease)</b>	<b>23,664</b>	<b>(237)</b>	<b>-</b>	<b>237</b>	<b>-</b>

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

### (b) 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 equity accounted investments. The recoverability of the loan and receivable is supported by a letter of support from CKHH 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 TPG (formerly VHA) which has never defaulted on any payments of principal and/or interest.

### (c) 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 \$88.0 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 its financial obligations as and when they fall due. This undertaking is provided for a minimum of 12 months from signing these financial statements.

	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
31/12/2020						
Cash and cash equivalents	0.05%	23,657	-	-	-	23,657
Loans and receivables	-	7	-	-	-	7
Payables	-	(991)	-	-	-	(991)
Other financial liabilities	-	(88,013)	-	-	-	(88,013)
Total (\$'000)	-	(65,340)	-	-	-	(65,340)

	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
31/12/2019						
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)

### Note 22 Events occurring after the reporting date

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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2020

## Note 23 Parent entity disclosures

### (a) Summary financial information

	2020 \$'000	2019 \$'000
<b>Financial position</b>		
<b>ASSETS</b>		
Current Assets	23,684	184,263
Non-current Assets	1,080,200	277,315
<b>Total Assets</b>	<b>1,103,884</b>	461,578
<b>LIABILITIES</b>		
Current Liabilities	89,004	249,348
<b>Total Liabilities</b>	<b>89,004</b>	249,348
<b>Net Assets</b>	<b>1,014,880</b>	212,230
<b>EQUITY</b>		
Contributed equity	4,204,488	4,204,488
Reserves	15,880	15,880
Accumulated losses	(3,205,488)	(4,008,138)
<b>Total Equity</b>	<b>1,014,880</b>	212,230
<b>Financial performance</b>		
Profit for the year <sup>(i)</sup>	802,651	4,274
Total comprehensive profit for the year	802,651	4,274

(i) Profit for the year includes a \$802.9 million gain on reversal of prior period impairment of HTAL's investment in H3GAH.

### (b) Commitments and contingencies

There were no commitments contracted for by HTAL but not recognised as liabilities or payable at 31 December 2020 and 31 December 2019.

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

As at 31 December 2020, the Parent Entity has a deficiency of net current assets of \$65.3 million (2019: deficiency of net current assets of \$65.1 million). Included in the Parent Entity's current liabilities is an amount of \$88.0 million (2019: \$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 \$1,512 million at 31 December 2020. 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

	2020 \$'000	2019 \$'000
<b>Investment in H3GAH</b>		
Investment at cost	3,664,655	3,664,655
Prior year Impairment recognised to date	(2,584,455)	(3,387,340)
<b>Value of investment</b>	<b>1,080,200</b>	277,315

## DIRECTORS' DECLARATION

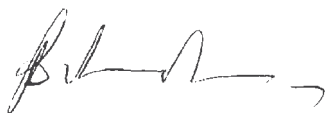
In the Directors' opinion:

- (a) the financial statements and notes set out on pages 24 to 54 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 2020 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 17 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 17.

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 Mr Frank John Sixt, being person responsible to the Board for performing the Chief Executive Officer function and Chief Financial Officer function of Hutchison Telecommunications (Australia) Limited required by section 295A of the *Corporations Act 2001 (Cth)*.

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



Director  
25 February 2021



Director  
25 February 2021

# 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 2020 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 2020
- 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 financial statements, which include significant accounting policies and other explanatory information
- 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 & 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.

---

**PricewaterhouseCoopers, ABN 52 780 433 757**

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001/[www.pwcactuarial.com](http://www.pwcactuarial.com)

T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124

T: +61 2 9659 2476, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

## 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.



Materiality	Audit scope
<ul style="list-style-type: none"> <li>For the purpose of our audit we used overall Group materiality of \$8.5 million, which represents approximately 1% of the Group's total assets.</li> <li>We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.</li> <li>We chose an asset base benchmark because, in our view, the primary function of the Group is to hold the investment in TPG Telecom Limited (TPG). We performed further audit procedures over the consolidation of the Group, including adjustments for the equity accounting of TPG.</li> <li>We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.</li> </ul>	<ul style="list-style-type: none"> <li>Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.</li> <li>The Group audit team conducted an audit of the financial information contained within the consolidated financial statements and the component auditors of TPG performed procedures for the equity accounted investment.</li> <li>We, as the Group engagement team, determined and undertook an appropriate level of involvement in the work performed by the component audit team, in order for us to be satisfied that sufficient audit evidence had been obtained to support our opinion on the Group financial report as a whole. This included written instructions to the component auditors.</li> </ul>



## 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.

Key audit matter	How our audit addressed the key audit matter
<p><i>Equity accounting for Hutchison Telecommunication Australia Limited (HTAL)'s investment in TPG (refer to note 6)</i></p> <p>Following the TPG (formerly named Vodafone Hutchison Australia Pty Limited) merger, equity accounting continues to be applied for HTAL's investment in TPG for its combined 25.05% ownership investment. These investments are held by HTAL via a:</p> <ul style="list-style-type: none"> <li>13.91% indirect interest through Vodafone Hutchison Australia Holdings Limited (VHAH), which HTAL jointly controls through a wholly owned subsidiary, and</li> <li>11.14% direct interest in TPG via a wholly owned subsidiary.</li> </ul> <p>As at 31 December 2020, HTAL's equity accounted investment in TPG is carried at \$826 million and its current year share of the net profit of TPG, accounted for using the equity accounting method, is \$148 million.</p> <p>Accounting for TPG was a key audit matter because of the magnitude of the investment, as well as the reduction in shareholding which led to an assessment of appropriate values for the purposes of calculating the gain on dilution for HTAL in accordance with the accounting standards.</p>	<p>To assess the equity accounting for the Group's investment in TPG, we performed the following procedures amongst others:</p> <ul style="list-style-type: none"> <li>Considered the appropriateness of the equity accounting method.</li> <li>Developed an understanding of the Group's methodology for the dilution gain calculation.</li> <li>Tested the mathematical accuracy of the calculations of the dilution gain and assessed whether they were in accordance with the Group's methodology.</li> <li>Agreed the financial statements of TPG as at 31 December 2020 to the equity accounting schedule.</li> <li>For borrowings and derivatives held by VHAH:                         <ul style="list-style-type: none"> <li>obtained supporting documentation with regards to the refinancing transaction</li> <li>tested the fair value of the derivatives associated with the borrowings with the assistance of valuation experts, and</li> <li>obtained third party confirmation of borrowings.</li> </ul> </li> <li>Tested equity accounting adjustments in HTAL to historical records and supporting schedules for accuracy.</li> <li>We also evaluated the adequacy of disclosures made by the Group in the financial report in view of the requirements of Australian Accounting Standards.</li> </ul>





#### *Key audit matter*

#### *How our audit addressed the key audit matter*

##### *Impairment assessment of HTAL's equity accounted investment in TPG (refer note 6)*

HTAL's equity accounted investment in TPG is the most significant asset of the Group and under Australian Accounting Standards is subject to an impairment assessment which involves application of judgement in determining the recoverable amount.

We performed the following procedures amongst others:

- Developed an understanding of the process by which the Group conducted the impairment assessment.
- Considered the share price of TPG throughout the year and at year end, and any other relevant factors which could impact the valuation.
- Recalculated the recoverable amount of the investment based on the year-end share price of TPG.
- Evaluated the related financial statement disclosures for consistency with Australian Accounting Standards.

#### *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 2020, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Review of Operations, Board of Directors, the Directors' Report and Corporate Directory. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or 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.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

## INDEPENDENT AUDITOR'S REPORT CONTINUED



---

### *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: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 18 to 21 of the directors' report for the year ended 31 December 2020.

In our opinion, the remuneration report of Hutchison Telecommunications (Australia) Limited for the year ended 31 December 2020 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

  
Rosalie Wilkie  
Partner

Sydney  
25 February 2021

## SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 25 February 2021.

### Substantial shareholders

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

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

Notes:

- <sup>#</sup> 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.
- <sup>##</sup> 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.
- <sup>\*</sup> 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. None of Vodafone Group Plc or any of its subsidiaries holds any shares in the Company. Previously, Vodafone Group Plc's relevant interests arose 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 (name changed to Vodafone Hutchison Australia Limited and then to TPG Telecom Limited) (the "VHA Shareholders Agreement"). The acquisition of the relevant interests was approved by shareholders in April 2009. The VHA Shareholders Agreement was terminated in June 2020. At or about the time of termination of the VHA Shareholders Agreement, Vodafone Group Plc, CK Hutchison Holdings Limited, the Company and other parties entered into a Shareholders Agreement in relation to Vodafone Hutchison (Australia) Holdings Limited (the "New Shareholders Agreement"). As a result of certain provisions in the New Shareholders Agreement, Vodafone Group Plc and its subsidiaries have a relevant interest in shares in the Company in which CK Hutchison Holdings Limited and its subsidiaries have a relevant interest.

### Distribution of equity securities

Range	Number of Shareholders	% Issued Capital
1 – 1,000	1,361	0.01
1,001 – 5,000	2,282	0.05
5,001 – 10,000	803	0.04
10,001 – 100,000	955	0.22
100,001 – and over	230	99.68
<b>Total</b>	<b>5,631</b>	<b>100.00</b>

There were 3,158 holders of less than a marketable parcel of ordinary shares at a share price of \$0.13 on 25 February 2021.

## Twenty largest shareholders

The names of the 20 largest holders of quoted ordinary shares as at 25 February 2021 are as follows:

Shareholder	Shareholding	% Issued Capital	Rank
Hutchison Telecommunications (Amsterdam) B.V.	11,925,479,378	87.86	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>	16,700,000	0.12	4
HSBC Custody Nominees (Australia) Limited	12,213,282	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	4,537,063	0.03	7
Mr Dimitrios Piliouras	4,500,000	0.03	8
Mr Ting Hua Kho	4,200,000	0.03	9
J P Morgan Nominees Australia Pty Limited	4,181,983	0.03	10
Arjee Pty Ltd	4,033,575	0.03	11
Boscaini Investments Pty Ltd	3,000,000	0.02	12
Mr Hung Fong Chong	2,816,000	0.02	13
Mrs Yim Fong Leung	2,255,000	0.02	14
Mr George Thomson	2,001,300	0.01	15
Mr Ian Keith Flint	2,000,000	0.01	16
Mr Arthus Katropoulos & Mrs Despina Katropoulos <Enigma Super Fund A/C>	2,000,000	0.01	17
Mrs Yu Jie Zhi	2,000,000	0.01	18
Mr Justin Herbert Gardener & Mrs Anne Louise Gardener <JH & AL Gardener S/F A/C>	1,957,358	0.01	19
Mr Yet Kwong Chiang & Mrs Ho Yuk Lin Chiang	1,870,965	0.01	20
	13,441,740,559	99.04	

## 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

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

## Company Secretaries

Edith Shih

Swapna Keskar

## Investor Relations

Tel: +61 2 9015 5088

Email: [investors@hutchison.com.au](mailto:investors@hutchison.com.au)

[www.hutchison.com.au](http://www.hutchison.com.au)

## Registered Office

Level 1, 177 Pacific Highway

North Sydney NSW 2060

Tel: +61 2 9015 5088

[www.hutchison.com.au](http://www.hutchison.com.au)

## 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](http://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 2021

Time: 10.00 am Sydney time





