Hutchison Telecommunications
(Australia) Limited
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ASX Market Announcements

Australian Securities Exchange

Date: 26 August 2020

Subject: Appendix 4D and Half Year Report

Hutchison Telecommunications (Australia) Limited (ASX: HTA) (the **Company** or **HTAL**) attaches the Company's Appendix 4D and Financial Report for the half-year ended 30 June 2020.

Yours faithfully,

Naomi Dolmatoff
Company Secretary

AUTHORISED FOR RELEASE: By the Board

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

Hutchison Telecommunications (Australia) Limited

ASX Appendix 4D and Half-year Financial Report

30 June 2020

Hutchison Telecommunications (Australia) Limited

ABN 15 003 677 227

ASX Appendix 4D and Half-year Financial Report

30 June 2020

Contents

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

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by Hutchison Telecommunications (Australia) Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001 (Cth)*.

Hutchison Telecommunications (Australia) Limited
Half-year ended 30 June 2020

Results for announcement to the market

Hutchison Telecommunications (Australia) Limited ("HTAL") reports a statutory net profit of $734.0 million for the half-year ended 30 June 2020, representing a $891.1 million increase on the $157.1 million net loss in the previous corresponding period ended 30 June 2019. HTAL's share of TPG Telecom Limited's ("TPG") (formerly named Vodafone Hutchison Australia Limited ("VHA"))[1] net profit included in HTAL's results for the period was $56.2 million for the half-year ended 30 June 2020 compared with a net loss of $159.5 million in the corresponding period last year.

HTAL's revenue from ordinary activities represents interest income received on loan to TPG. HTAL's revenue from ordinary activities for the half-year ended 30 June 2020 decreased from $3.2 million in the corresponding period last year to $1.2 million mainly due to the decrease in shareholder loan balances provided to TPG which contributed lower interest income for half-year ended 30 June 2020.

	June 20 $'000	June 19 $'000	Movement $'000	Movement %
Revenue from ordinary activities *(Appendix 4D item 2.1)*	1,209	3,188	(1,979)	(62%)
Profit/ (loss) from ordinary activities after tax attributable to members *(Appendix 4D item 2.2)*	733,987	(157,086)	891,073	567%
Net profit/ (loss) for the period attributable to members *(Appendix 4D item 2.3)*	733,987	(157,086)	891,073	567%

Dividends / distributions *(Appendix 4D item 2.4)*	Amount per security	Franked amount per security
Final dividend (prior year)	Nil	Nil
Interim dividend	Nil	Nil

Record date for determining entitlements to the dividend *(Appendix 4D item 2.5)*	**n/a**	**n/a**

Additional Appendix 4D disclosure requirements are located in the Supplementary Appendix 4D information, Directors' Report and notes to the financial statements set out in the following Half-year Report for the six month period ended 30 June 2020.

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

Hutchison Telecommunications (Australia) Limited
ABN 15 003 677 227
Directors' Report

The Directors present their report on the Group consisting of HTAL (the "Company") and the entities it controlled (the "Group") at the end of, or during, the half-year ended 30 June 2020.

Directors

The following persons were Directors of HTAL during the whole of the half-year ended 30 June 2020 and up to the date of this report:

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

Review of HTAL's results

HTAL accounts for its investment in TPG using the equity method of accounting. Under this method, revenue from TPG's ordinary activities is not included in HTAL's consolidated revenues from ordinary activities.

HTAL's revenue from ordinary activities represents interest income received on loans made to TPG. HTAL's revenue from ordinary activities for the half-year ended 30 June 2020 decreased from $3.2 million in the corresponding period last year to $1.2 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 half-year ended 30 June 2020 remained at the similar level of the corresponding period at $0.7 million.

Profit for half-year ended 30 June 2020 before the share of results of equity accounted investments and one-off dilution gain of interest in joint venture amounted to $0.5 million. This is compared with a profit in the corresponding period last year of $2.4 million reflecting a lower interest income for the period as mentioned above.

In June 2020, HTAL's investment in TPG was diluted from 50% to 25.05% as a result of the merger between TPG Corporation Limited (formerly named TPG Telecom Limited) ("TPM") and VHA. HTAL recognised a net gain of $677.3 million arising from the dilution during the current period, after charging $358.6 million losses of VHA up until 26 June 2020. HTAL's share of the post-merger results of TPG amounted to $56.2 million and is included in the "Share of profit/ (loss) of equity accounted investments, net of tax" in the consolidated statement of profit or loss and other comprehensive income. This is compared to a share of loss of $159.5 million in the corresponding period last year.

Reference should be made to the "Dilution accounting" section under "Critical accounting estimates and assumptions" in Note 1 and Note 3 to the consolidated financial statements for further details on the dilution gain and share of results of TPG for the period, as well as the background on the carving out of Vodafone Hutchison Finance Pty Limited ("VHF") debts from the TPG group and the establishment of Vodafone Hutchison

(Australia) Holdings Limited ("VHAH"), which is 50% owned by Vodafone Europe B.V. ("VEBV") and 50% owned by a wholly-owned subsidiary of HTAL, Hutchison 3G Australia Holdings Pty Limited ("H3GAH").

Profit for half-year ended 30 June 2020 is $734.0 million. This represents an increase of $891.1 million from $157.1 million loss reported in the corresponding period last year reflecting the changes and events discussed above.

No dividend was declared or paid by HTAL during the half-year ended 30 June 2020 (2019: nil).

TPG Performance

Although the merger of TPM and VHA was not implemented until 13 July 2020, it became effective for accounting purposes on 26 June 2020 and hence the results for the period ended 30 June 2020 includes four days' operating results of TPM (27 to 30 June 2020)[2] and TPM's assets and liabilities are consolidated within the TPG Group's balance sheet at 30 June 2020 (refer to TPG's Appendix 4D which has been lodged with the ASX on 21 August 2020 for an explanation of the TPG operating results).

Outlook - COVID-19 Pandemic

Since the reporting date, containment policies by the Australian Government and governments around the world remain in force to prevent the spread of COVID-19. The level of restrictions and measures to limit movement into and out of Australia, and also domestically, continues to evolve, as seen by stricter measures in certain parts of Australia introduced in July 2020. While there is prevailing uncertainty of the extent and duration of the COVID-19 pandemic, it is reasonably likely that the pandemic will continue to have an impact on the Group's operations and results in future periods.

[2] The four day operating results of TPG was impacted by the recognition of deferred tax assets within TPG of $226.5 million and four day operating results of TPM.

TPG financial metrics

	June 2020	June 2019[3]	YoY change %
The items below represent the share of TPG attributable to HTAL[4]			
Total revenue ($m)	758.2	864.0	(12.2%)
Service revenue ($m)	570.9	596.3	(4.3%)
EBITDA ($m)[5]	262.4	291.5	(10.0%)
Share of net loss of TPG ($m)	(15.2)	(159.5)	(90.5%)

[3] The 30 June 2019 TPG financial metrics are derived from the comparatives in the TPG 30 June 2020 half year report.
[4] HTAL had a share of 50% in VHA results up until 26 June 2020, when the merger between VHA and TPM became effective. From the 27 June 2020 to 30 June 2020 HTAL had a 25.05% share for the period in the merged VHA and TPM entity as a result of the dilution of its shares within the investment. Refer to Note 3 for further information.
[5] EBITDA is defined as earnings before net finance costs, tax and depreciation and amortisation.

Auditor’s independence declaration

A copy of the auditor’s independence declaration as required under section 307C of the *Corporations Act 2001 (Cth)* is set out on page 8.

Rounding of amounts

The Group is of a kind referred to *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 report. Amounts in the Directors’ Report and financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, 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, in accordance with section 306(3) of the *Corporations Act 2001 (Cth)*.

Director
26 August 2020

Director
26 August 2020

Auditor's Independence Declaration

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

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

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

Rosalie Wilkie
Partner
PricewaterhouseCoopers

Sydney
26 August 2020

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Hutchison Telecommunications (Australia) Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2020

	June 2020 $'000	June 2019 $'000
Revenue	**1,209**	3,188
Operating expenses	**(702)**	(757)
Net gain on dilution of interest in joint venture	**677,315**	-
Share of profit/ (loss) of equity accounted investments, net of tax	**56,165**	(159,517)
Profit/ (loss) before income tax	**733,987**	(157,086)
Income tax expense	**-**	-
Profit/ (loss) for the period	**733,987**	(157,086)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Recycling of hedging reserves	**2**	-
Changes in the fair value of cash flow hedges (share of equity accounted investments), net of tax	**23**	(121)
Other comprehensive income/ (loss) for the period, net of tax	**25**	(121)
Total comprehensive income/ (loss) for the period attributable to members of Hutchison Telecommunications (Australia) Limited	**734,012**	(157,207)
	Cents	Cents
Earnings per share for profit/ (loss) attributable to the ordinary equity holders of the Company		
Basic earnings per share	**5.41**	(1.16)
Diluted earnings per share	**5.41**	(1.16)

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

Hutchison Telecommunications (Australia) Limited
Consolidated statement of financial position
As at 30 June 2020

	June 2020 $'000	Dec 2019 $'000
ASSETS		
Current Assets		
Cash and cash equivalents	**23,995**	108,057
Loans and receivables	**76,007**	76,193
Trade and other receivables	**17**	13
Total Current Assets	**100,019**	184,263
Non-Current Assets		
Investment accounted for using the equity method	**733,505**	-
Total Non-Current Assets	**733,505**	-
Total Assets	**833,524**	184,263
LIABILITIES		
Current Liabilities		
Trade and other payables	**572**	558
Other financial liabilities	**164,025**	248,790
Total Current Liabilities	**164,597**	249,348
Total Liabilities	**164,597**	249,348
Net Assets/ (Liabilities)	**668,927**	(65,085)
EQUITY		
Contributed equity	**4,204,488**	4,204,488
Reserves	**70,393**	70,368
Accumulated losses	**(3,605,954)**	(4,339,941)
Total Equity	**668,927**	(65,085)

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

Hutchison Telecommunications (Australia) Limited
Consolidated statement of changes in equity
For the half-year ended 30 June 2020

	Attributable to members of Hutchison Telecommunications (Australia) Limited					
		Reserves				
	Contributed equity	Capital Redemption Reserve	Cash flow Hedging reserve	Share-based Payments reserve	Accumulated losses	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2019	4,204,488	54,887	95	15,880	(4,185,071)	90,279
Loss for the period	-	-	-	-	(157,086)	(157,086)
Share of equity accounted investments' changes in the fair value of cash flow hedges, net of tax	-	-	(121)	-	-	(121)
Total comprehensive loss for the period	-	-	(121)	-	(157,086)	(157,207)
Balance at 30 June 2019	4,204,488	54,887	(26)	15,880	(4,342,157)	(66,928)
Balance at 1 January 2020	**4,204,488**	**54,887**	**(399)**	**15,880**	**(4,339,941)**	**(65,085)**
Profit for the period	**-**	**-**	**-**	**-**	**733,987**	**733,987**
Recycling of hedging reserves	**-**	**-**	**2**	**-**	**-**	**2**
Share of equity accounted investments' changes in the fair value of cash flow hedges, net of tax	**-**	**-**	**23**	**-**	**-**	**23**
Total comprehensive income for the period	**-**	**-**	**25**	**-**	**733,987**	**734,012**
Balance at 30 June 2020	**4,204,488**	**54,887**	**(374)**	**15,880**	**(3,605,954)**	**668,927**

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

Hutchison Telecommunications (Australia) Limited
Consolidated statement of cash flows
For the half-year ended 30 June 2020

	June 2020 $'000	June 2019 $'000
Cash Flows from Operating Activities		
Payments to suppliers and employees (inclusive of GST)	**(890)**	(713)
Interest received	**1,593**	3,277
Net cash inflows from operating activities	**703**	2,564
Cash Flows from Investing Activities	**-**	-
Proceeds from loan to equity accounted investment	**-**	-
Net cash inflows/ (outflows) from investing activities	**-**	-
Cash Flows from Financing Activities		
Repayment of borrowings – entity within the CKHH Group	**(84,765)**	-
Net cash outflows from financing activities	**(84,765)**	-
Net (decrease)/ increase in cash and cash equivalents	**(84,062)**	2,564
Cash and cash equivalents at 1 January	**108,057**	18,598
Cash and cash equivalents at 30 June	**23,995**	21,162

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

Note 1 - Summary of significant accounting policies

Basis of preparation of Half-year Report

This financial report of HTAL and the Group for the interim half-year reporting period ended 30 June 2020 has been prepared in accordance with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001 (Cth).*

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by HTAL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001 (Cth)*.

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

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

Going concern

As at 30 June 2020, the Group has a deficiency of net current assets of $64.6 million (31 December 2019: net current assets deficiency of $65.1 million). Included in the Group's current liabilities is an amount of $164.0 million (31 December 2019: $248.8 million) which relates to an interest free financing facility provided from a subsidiary of the ultimate parent entity, CK Hutchison Holdings Limited ("CKHH"), which is repayable on demand. CKHH has confirmed its current intention to provide sufficient financial support to enable the Group to meet its financial obligations as and when they fall due for a minimum period of twelve months from the date of signing this financial report. Consequently, the Directors have prepared the financial report on a going concern basis.

Principles of consolidation

(i) Subsidiaries

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

(ii) Joint arrangements

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

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

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

(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. Investments in associates are accounted for under the equity method.

For the purposes of determining associates and significant influence, voting rights held directly and indirectly are considered.

(iv) Equity method

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

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

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

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

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

If 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.

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.

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not amortised but tested for impairment annually and when there is an indication that they may be impaired. For the purpose of impairment testing, they are allocated to cash-generating units. Cash-generating units to which these assets have been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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 in order 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.

Segments 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.

Critical accounting estimates and assumptions
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 assumptions concerning the future may be required in selecting and applying those methods and policies in the accounts. In preparing the interim financial report, the Group has made accounting related estimates based on assumptions about current and, for some estimates, future economic and market conditions and in particular has assumed that the current market conditions as a result of the Coronavirus Disease 2019 ("COVID-19") pandemic is not a long-term norm. 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 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 periodically tested for impairment 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 30 June 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 (formerly named VHA) during the half-year ended 30 June 2020, however based on an impairment analysis, there has been no impairment deemed necessary for the period.

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. Given that the recent merger between VHA and TPM gives a recent transaction basis of determining the fair value less cost of disposal, this method has been used to assess the recoverable amount of the investment in TPG. 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 period.

(ii) Recovery of deferred tax assets

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the liability method.

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 liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and investment accounted for using the equity method, 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 reporting 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 reporting 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.

Management have determined that the estimated future cashflows from TPG dividends are uncertain, and as a result no recognition of deferred tax assets arises on that basis.

(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, as the best proxy for determining the fair value of the dilution gain consideration at the date of acquisition, as it is the most reliable measure compared with other observable values.

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) Investment "look-through"

On 26 June 2020, HTAL's ownership interest in equity accounted investments was effectively diluted from 50% to 25.05%. Upon completion of the necessary merger implementation activities, HTAL's 25.05% ownership is comprised of 11.14% directly held by H3GAH, and 13.91% indirectly held by H3GAH through VHAH, which H3GAH jointly controls with VEBV.

VHAH's 13.91% interest in TPG has been disclosed in aggregate together with HTAL's 11.14% interest, so as to reflect HTAL's overall interest in TPG of 25.05%. As at 30 June 2020, VHF remained legally part of the VHA group, but as the debt restructuring was an integral part of the merger implementation between VHA and TPM, which came into effect on 26 June 2020, the above disclosure has been prepared to reflect that VHA's debt restructuring has been completed from an accounting perspective. On 9 July 2020, VHF became a wholly owned subsidiary of VHAH.

As a result, although H3GAH has a 50% joint venture investment interest in VHAH, given VHAH has a 27.82% interest in TPG, the investment is accounted for on "look-through" basis resulting in a 13.91% indirect interest in TPG via VHAH. This combined with H3GAH's direct interest of 11.14% gives a total of investment interest of 25.05% which is treated in combination as significant influence and therefore accounted as such under the equity method on a consolidated basis.

Rounding of amounts to nearest thousand dollars

The Group is of a kind referred to 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 Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar or cent.

New accounting standards and interpretations

The Group has adopted all of the new and revised effective / applicable standards, amendments and interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to the Group's operations and mandatory for annual periods beginning on or after 1 January 2020, however adoption of these have not had a material impact for the period ended 30 June 2020.

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 early adopted Amendment to *AASB 16: COVID-19-Related Rent Concessions* ahead of its effective date and 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 period.

With the exception of Amendments to *AASB 16: COVID-19-Related Rent Concessions*, the Group has not early adopted the forthcoming new or amended standards that have been issued but not yet effective in preparing the Half-year Financial Report. The Group is continuing to assess the impact of these new or amended standards that have been issued but not yet effective, that the Group has not early adopted.

Note 2 - Operating segment

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

In 2020, the Group continued to invest in an operator within the telecommunications industry.

As part of the debt restructuring required to implement the merger between VHA and TPM, HTAL and Vodafone Group Plc transferred debt out of VHA into a separate entity VHAH, and in return obtained shares in VHA. The chief operating decision maker of the Group continues to receive information to manage its operations and investment based on one operating segment, an investor in an operator of telecommunication services. As such, the Group believes it is appropriate that there is one operating segment.

Key financial information used by the chief operating decision maker of the Group when evaluating the investment in telecommunication services operating segment includes total revenue, EBITDA and the results of the associates/ joint ventures. For the key financial information refer to page 6 for the financial metrics for the period and Note 3 for the results of the associates/ joint ventures in which HTAL has an investment within.

Note 3 - Investment accounted for using the equity method

	June 2020	Dec 2019
	$'000	$'000
Equity accounted investments	**733,505**	-

Movement in equity accounted carrying values	**June 2020**	Dec 2019
	$'000	$'000
Opening balance	**-**	159,638
New investments during the period	**2,237,517**	**-**
Net gain on dilution of interest in joint venture	**677,315**	**-**
Share of profit/ (loss) of equity accounted investments, net of tax	**56,165**	(159,144)
Restructuring of debt between investments	**(2,237,517)**	-
Recycling of hedging reserves	**2**	-
Share of change in fair value of cash flow hedges, net of tax	**23**	(494)
Closing Balance	**733,505**	**-**

	June 2020	Dec 2019
Name of equity accounted investments (i)	**%**	**%**
TPG Telecom Limited (formerly Vodafone Hutchison Australia Limited)*	**25.05%**	50.00%
Vodafone Hutchison (Australia) Holding Limited	**50.00%**	0.00%

* HTAL's 25.05% ownership 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.

At 31 December 2019, HTAL and Vodafone Group Plc each owned a 50% interest in a joint venture named VHA, which provides telecommunication services in Australia. HTAL's interest in VHA was held by a controlled entity, 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. On 29 June 2020, VHA 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. The net dilution gain reported above includes pre-merger unrecognised losses up until 26 June 2020 of $359 million. 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 debt restructure did not legally occur on 26 June 2020, however, was an implied transaction for accounting purposes, of which a payable was recognised by VHAH at 30 June 2020. Refer to (iii) Dilution Accounting, under Critical accounting estimates and assumptions for further background. This required HTAL to recognise previously unrecognised share of losses in VHA of $359 million during the period. 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 has been accounted for in the consolidated financial reports using the equity method.

On 14 July 2020, upon completion of all merger implementation and debt restructuring activities, HTAL's 25.05% ownership is comprised of 11.14% directly held by H3GAH, and an attributed 13.91% indirectly held by H3GAH through VHAH, which is half owned by H3GAH and which H3GAH jointly controls with 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, in which HTAL has a 50% ownership interest. VHF has an external loan of US$3.5 billion as at 30 June 2020 from a group of external lenders, which has a current maturity date of 30 November 2020. This loan is guaranteed by VHF's ultimate shareholders, CKHH and Vodafone Group Plc ("the Shareholder Groups").

Summarised financial information of material equity accounted investments
Summarised financial information of material equity accounted investments, based on its Australian Accounting Standards financial statements and reconciliation with the carrying amount of the investment in consolidated financial statements, are set out below.

	June 2020 $'000	Dec 2019[6] $'000
Summarised Statement of Financial Position (i)		
Current assets	**6,294,000**	1,421,000
Non-current assets	**17,659,000**	7,324,000
Current liabilities	**(11,549,000)**	(6,626,000)
Non-current liabilities	**(1,164,000)**	(3,321,000)
Net Assets	**11,240,000**	(1,202,000)
Proportion of the Consolidated Entity's ownership	**25.05%**	50.00%
Share of the equity accounted investments' net assets/ (liabilities)	**2,815,620**	(601,000)
Goodwill	**82,826**	165,321
Cumulative equity accounting adjustments	**72,576**	202,717
Share of debt held in equity accounted joint venture*	**(2,237,517)**	-
Cumulative unrecognised share of losses	**-**	232,962
Carrying amount of the investment	**733,505**	**-**

*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) ("new TPG shares").

[6] The comparatives are derived from the comparatives in the TPG 30 June 2020 half year report.

	June 2020 $'000 Pre-merger[7]	June 2020 $'000 Post-merger[8]	June 2020 $'000 Total	June 2019[9] $'000
Summarised Statement of Profit or Loss and Other Comprehensive income				
Revenues	**1,486,865**	**59,083**	**1,545,948**	1,728,000
Expenses	**(1,630,762)**	**(58,896)**	**(1,689,658)**	(1,881,000)
Profit/ (loss) before income tax	**(143,897)**	**187**	**(143,710)**	(153,000)
Deferred income tax credit	**-**	**226,503**	**226,503**	-
Profit/ (loss) for the period/ year	**(143,897)**	**226,690**	**82,793**	(153,000)
Other comprehensive profit/ (loss)	**92**	**2**	**94**	-
Total comprehensive profit/ (loss)	**(143,805)**	**226,692**	**82,887**	(153,000)
Share of investment's profit/ (loss) (ii)	**(71,948)**	**56,785**	**(15,163)**	(76,500)
Equity accounting adjustments	**(53,710)**	**(620)**	**(54,330)**	(105,659)
Previously unrecognised share of joint venture loss (iii)	**-**	**-**	**-**	22,642
Recognise previously unrecognised share of joint venture loss (iv)	**(232,962)**	**-**	**(232,962)**	-
Share of associate/ joint venture's loss	**(358,620)**	**56,165**	**(302,455)**	(159,517)

	June 2020 $'000	Dec 2019[9] $'000
VHA Specific financial statement items		
Cash and cash equivalent	**470,000**	734,000
Current financial liabilities	**(9,280,000)**	(5,341,000)
Non-current financial liabilities*	**(1,070,000)**	(3,287,000)

	June 2020 $'000	June 2019[9] $'000
Depreciation and amortisation	**(479,000)**	(506,000)
Interest income	**2,000**	4,000
Finance costs	**(197,000)**	(234,000)

*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).

(i) VHAH's 13.91% interest in TPG (i.e. H3GAH's indirect interest at HTAL's 50% share in VHAH) has been disclosed in aggregate together with H3GAH's direct 11.14% interest, so as to reflect HTAL's overall interest in TPG of 25.05%. As at 30 June 2020, VHF remained legally part of the VHA group, but as the debt restructuring was an integral part of the merger implementation between VHA and TPM, the above disclosure has been prepared to reflect that TPG's debt restructuring has been completed from an accounting perspective with an effect on 26 June 2020. On 9 July 2020, VHF became a wholly owned subsidiary of VHAH.

(ii) The post-merger net profit recognised of $57 million is mainly attributable to the 25.05% share of TPG's $227 million deferred tax asset recognised as part of the merger.

(iii) As at 31 December 2019, the carrying value of HTAL's investment in VHA is predicated on the ongoing

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[7] Pre-merger results represent the period between 1 January 2020 and 26 June 2020.
[8] Post-merger results represent the period between 27 June 2020 and 30 June 2020.
[9] The comparatives are derived from the comparatives in the TPG 30 June 2020 half year report.

financial support from both of VHA's ultimate shareholders. At 31 December 2019, HTAL's share of VHA's net current asset deficiency is $2,603 million. While HTAL was one of the shareholders of VHA, HTAL did not have a present obligation (legal or constructive) to meet VHA's financial obligations as and when they fall due. Both of VHA's ultimate shareholders, CKHH and Vodafone Group Plc had each confirmed their current intention to provide sufficient financial support to enable VHA to meet its financial obligations as and when they fall due for a minimum period of twelve months from the date of signing the VHA financial statements as at 31 December 2019. At 31 December 2019, HTAL had discontinued the recognition of its share of losses exceeding HTAL's interest in the VHA Joint Venture in accordance with Australian Accounting Standards.

(iv) 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.

Note 4 - Other financial liabilities

The balance represents a loan from an entity within the CKHH Group amounting to $164.0 million as at 30 June 2020. On 22 June 2020, its maturity date was extended by one year from 21 February 2021 to 21 February 2022.

Note 5 - Events occurring after the reporting date

On 3 July 2020, TPG fully repaid the working capital facility to HTAL, including accompanying interest payments.

On 9 July 2020, TPG completed the sale agreement to sell VHF shares to VHAH.

On 9 July 2020, the share subscription agreement previously entered into by H3GAH and TPG was completed and consequently new TPG shares were issued to H3GAH.

On 14 July 2020, the conditional sale and purchase agreement entered into by H3GAH and VHAH was completed, and consequently the new TPG shares issued to H3GAH on 9 July 2020 were transferred to VHAH.

No other matter or circumstance has arisen after the reporting period that has significantly affected, or may significantly affect:

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

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

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

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 9 to 21 are in accordance with the *Corporations Act 2001 (Cth),* including:

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

(ii) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and

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

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

Director
26 August 2020

Director
26 August 2020

Hutchison Telecommunications (Australia) Limited
Supplementary Appendix 4D information

NTA Backing *(Appendix 4D item 3)*

	June 2020	June 2019
Net tangible asset backing per ordinary share	**$0.05**	($0.00)

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

Additional dividend/distribution information *(Appendix 4D item 5)*
Details of dividends/distributions declared or paid during or subsequent to the year ended 30 June 2020 are as follows:

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

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

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

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

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

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

Hutchison Telecommunications (Australia) Limited
Compliance Statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views and/ or other standards acceptable to ASX.

2 This report, and the financial statements upon which the report is based (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed.

4 This report is based on +accounts to which one of the following applies.

(Tick one)

☐	The +accounts have been audited.	✓	The +accounts have been subject to review.
☐	The +accounts are in the process of being audited or subject to review.	☐	The +accounts have *not* yet been audited or reviewed.

5 The auditor's review report is attached.

6 The entity has a formally constituted audit committee.

Director
26 August 2020

Director
26 August 2020

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

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Hutchison Telecommunications (Australia) Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Hutchison Telecommunications (Australia) Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

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

1. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the half-year ended on that date;

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Rosalie Wilkie

Rosalie Wilkie
Partner

Sydney
26 August 2020