Hutchison Telecoms

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Companies Announcements Office

Australian Stock Exchange

Date 27 September 2004

Subject: Half Year report to Shareholders

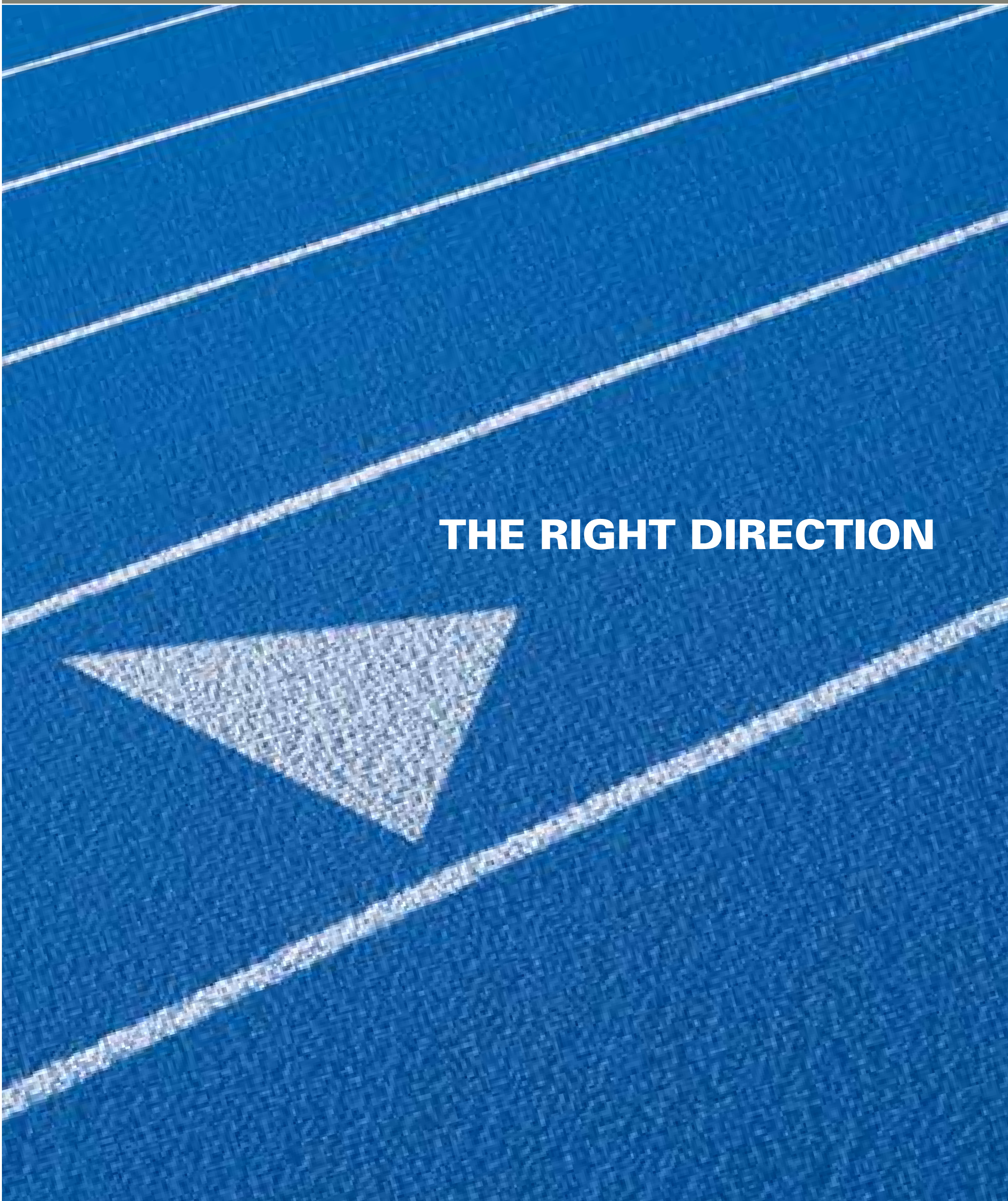
Please find attached the Company's Half Year report to shareholders which will be mailed to shareholders today. The information in the report is the same as that announced to the market on 18 August 2004.

Yours faithfully

Louise Sexton
Company Secretary

Hutchison Telecoms

HALF YEAR REPORT 2004



THE RIGHT DIRECTION

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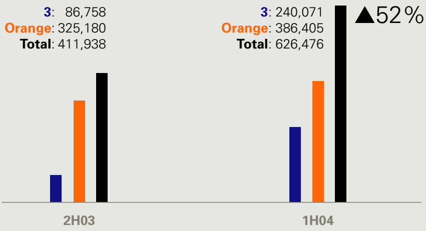
This interim financial report does not include the notes of the type normally provided in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2003, Appendix 4D for the period ending June 30 2004, and any public announcements made by Hutchison Telecommunications (Australia) Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The commentary included in the review of operations for the reporting period has been compared to the performance in the previous half year ending 31 December 2003. A comparison to the first six months of 2003 would not reflect the launch of the Company's 3G business in mid 2003.

FINANCIAL HIGHLIGHTS

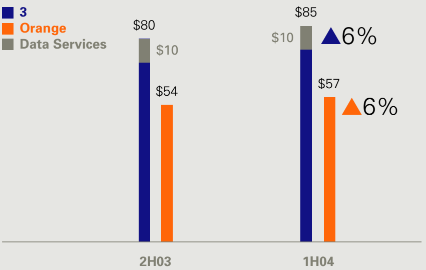
KEY OPERATING RESULTS

During the 6 months to 30 June 2004, Hutchison achieved the fastest customer and revenue growth rates in the Australian mobile market, clearly demonstrating its ability to build profitable market share in an increasingly competitive environment. With the expectation of ongoing strong operating results, the Company is on track to achieve 1 million mobile customers and positive EBITDA in 2005.



MOBILE CUSTOMER BASE

The Company's mobile customer base recorded a 52% increase in the reporting period compared with 39% increase in the previous half, delivering strong growth across both **3** and Orange.

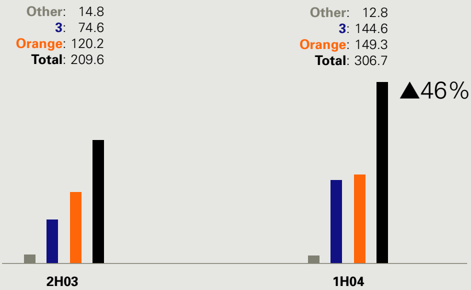


AVERAGE REVENUE PER USER

Total average revenue per user per month has increased across both **3** and Orange. At $85, including $10 contribution from data services, **3** has maintained its lead as the industry's highest ARPU.

For **3**, amounts represent the monthly average revenue at the end of the period.

Revenue ($ million)

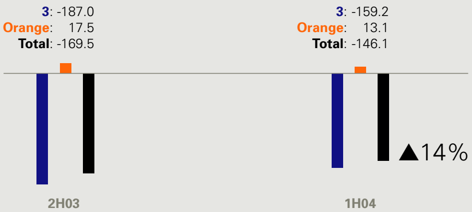


REVENUE

Total operating revenue increased by 46%, driven by strong customer growth and spend profiles in both **3** and Orange mobile.

Revenue from operating activities and excludes interest income and other non-operating revenue.

EBITDA ($ million)

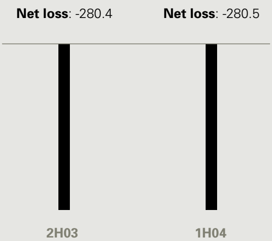


EBITDA

Hutchison remains on track for positive EBITDA by end 2005. EBITDA improved by 14% reflecting the increase in revenue partially offset by customer acquisition costs as a result of higher growth rates.

Revenue less operating expenses.

NLAT ($ million)



NET LOSS AFTER MINORITIES

Net loss result of $280.5 million was comparable to previous half year result and was within Company guidance and expectations. Revenue growth has been partially offset by increased acquisition costs as well as higher depreciation of network assets and higher borrowing costs on the start-up funding of the **3** business.

NLAT attributable to Hutchison Telecommunications (Australia) Ltd after outside equity interests.

CONTINUED GROWTH

MESSAGE FROM THE CHAIRMAN

Dear shareholder,

We are pleased to report a record growth half for Hutchison. In the first half of 2004, the business delivered industry leading customer growth across both **3** and Orange coupled with increasing average revenue per user.

The strong growth was achieved within a proven dual-brand strategy that addresses the mobile market from two angles: the value-oriented Orange proposition; and the market-leading high-level service proposition of **3**.

This differentiated positioning has enabled both brands to grow strongly simultaneously, with **3** targeting a younger demographic, attracted to a vibrant brand with market-leading services, and Orange targeting a broader demographic focussed on simple value-based voice.

Our immediate priority is continued growth, with tight discipline in capital and operational expenditure. As we drive toward the 1 million mobile customer mark, we will remain focussed on delivering market-leading services at competitive prices, supported by a competitive cost base.

We look forward to the rest of 2004 and into 2005 with a strong sense of purpose and belief that our approach is taking Hutchison and our investors firmly in the right direction.

FOK KIN-NING, CANNING
CHAIRMAN

In the first half of 2004, Hutchison recorded strong operating results. Despite increasingly aggressive and competitive market conditions placing significant pressure on customer acquisition and retention, our core businesses ran ahead of the pack, resulting in record customer and revenue growth.

Combining **3** and Orange, we have increased the number of mobile customers by 52% to 626,476 at 30 June 2004. More importantly, we have done so while substantially increasing our share of net post-paid market growth.

In the second half of 2003, Hutchison had 40% of the net post-paid customer additions among the top four mobile operators. In the first half of 2004, this figure climbed to 80%, with Hutchison accounting for 215,000 of the 269,000 total net post-paid customer additions in the market.

Total operating revenue for the reporting period was $306.7 million, representing a 46% increase compared to the six months ended 31 December 2003. This result was driven by strong customer and ARPU growth in both **3** and Orange mobile.

Total operating expenditure for the Company's Orange and **3** businesses was $452.8 million compared with $379.1 million in the half year ending 31 December 2003. This reflects a $31.5 million increase in the Orange business and an increase of $42.2 million in the **3** business.

The **3** business reported operating losses consistent with our expectations for a business in the early stages of development. Its negative EBITDA result of $159.2 million is an improvement on the negative EBITDA of $187.0 million in the previous half.

Orange delivered its fourth consecutive half year of positive EBITDA. The $13.1 million result was lower than the $17.5 million in the previous half, mainly due to increased customer acquisition costs associated with strong customer growth. Revenue benefits from these high growth rates will be evident in the second half of the year.

Net loss performance in the first half tracked in line with the previous corresponding period. The Company made a net loss after tax of $280.5 million, compared with a net loss of $280.4 million in the half year ending 31 December 2003. This is due to revenue growth being partially offset by increased customer acquisition costs associated with strong growth rates, as well as higher depreciation of network assets and higher borrowing costs on the start-up funding of the **3** business.

MESSAGE FROM THE CHAIRMAN CONTINUED

3

The **3** business, which launched in mid 2003, continued to build momentum in all areas: sales, brand awareness, handsets, service offerings and usage and operational performance.

During the half year, the business maintained its strong position in post-paid customer growth and recorded $144.6 million of operating revenue, an increase of 94% from the half-year ending 31 December 2003.

Rapid, high quality customer growth

At 30 June 2004, **3** had 240,071 customers, representing a net growth of over 153,000 post-paid customers in the six month period.

Rapid consumer growth was supported by increasing customer spend profile. The **3** business achieved average revenue per user (ARPU) of $85, significantly above the industry average, and an increase of 6% compared with the reported figure in 2003. Non-voice ARPU was steady at $10 a month despite a broadening of the customer base.

At the same time, monthly churn, a useful indicator of customer satisfaction, was 1.1% for the period of operation, well within industry benchmarks.

Expanded depth and breadth of content

Non-voice ARPU was supported by significant additions to **3**'s content offering including high profile and innovative services such as live streaming cams from the Big Brother house, full audio tracks and music videos from Sony and Warner Music, premier services and a comprehensive range of local and international sports content. The services, which are unrivalled in the industry, are proving a competitive acquisition tool and will continue to evolve and expand in the second half of the year.

Pricing plans that broaden the customer pool

During the reported half, the highly successful "$99 Talk Cap" plan launched in 2003 continued to sell well, particularly to the higher spend mobile customers. **3** also enhanced its service plan options with $0 upfront handset offers featuring a range of minimum monthly commitments and a choice of business plans.

The new pricing plans expand the pool of **3**'s potential customer segments. They combine highly competitive voice offers, made possible by the network efficiencies of 3G technology, with an unmatched range of video based services and high-speed mobile data access.

More recently, **3** has introduced a pre-paid product to its product range, which will further broaden the appeal of its services.

Strong handset roadmap

Significantly, the business handset range was strengthened during the reported half, particularly with the introduction of an LG handset model, with improved form and battery life. Other handset models have since been introduced and the range now includes handsets from Nokia, Sony-Ericsson, Motorola and NEC. In April, the Company also launched a wireless broadband data card for PC users designed primarily for mobile professionals, small to medium-sized businesses and those with field work forces.

The handset roadmap for the remainder of 2004 remains strong and handset prices are expected to continue to decline.

Comprehensive sales channels

During the reporting period, we added eight company-owned **3** shops to the business's distribution reach, creating a total of 65 shops and over 500 selling points of presence. Further expansion is expected in 2004 together with some additions in direct, dealer and other sales channels.

High quality network

Network enhancements continued during the period, with capital expenditure on developing the **3** operations totalling $105.0 million including site deployment, network, IT systems and product development. The **3** business remains on track to complete the peripheral build of over 200 network sites this year, which will bring the number of sites to approximately 2,000 across the licence areas.

Network enhancements and improvements in software and network optimisation, lowered the average national dropped voice call rate to 2%, comparing favourably with incumbent GSM network performance in the metro areas.

On 4 August 2004 Hutchison signed a Heads of Agreement with Telstra Corporation Limited to share its 3G W-CDMA radio access network. Under the agreement, Telstra and Hutchison 3G Australia (H3GA), a subsidiary of Hutchison, will establish a 50/50 enterprise to jointly own and operate H3GA's existing 3G radio access network and fund future network development. The agreement also allows both parties to share their 3G spectrum. In return for the 50% beneficial interest

MESSAGE FROM THE CHAIRMAN CONTINUED

in the radio access network, Telstra has agreed to pay Hutchison $450 million under a fixed payment schedule starting November 2004.

This agreement is a strong endorsement of the quality of the Company's 3G network and puts in place another building block that assists the **3** business in achieving an industry leading operating cost structure. Significantly, the agreement cements the longer term position of Hutchison at the forefront of 3G service quality and network footprint.

Competitive position

Growing awareness of **3**'s leading products and services will reinforce Hutchison's competitive position in the years ahead. We believe new entrants to 3G in 2005 will further boost consumer and business interest in 3G. **3** will simply be the best positioned brand and service in Australia to capitalise on this interest.

ORANGE MOBILE

Orange had a very strong first half of 2004. In a 2G post-paid market characterised by slowing or negative growth, Orange stands out as a clear leader, driving customer acquisition, ARPU growth and continued positive operating cash flow.

Strong revenue and customer growth

Despite the increasingly competitive operating environment, in the first half of the year Orange added almost as many customers as it did for the entire year in 2003, maintaining its lead on simple value voice offerings in the market. As a result, underlying revenue for the period grew to $149.3 million, from $120.2 million in the previous half and $101.7 million in the corresponding 30 June half.

In parallel, the Orange mobile customer base grew by 19% to 386,405 customers, representing a net growth of more than 61,000 post-paid customers. This compares favourably with a net growth of approximately 15,300 and 46,300 in the six months ended 30 June and 31 December 2003 respectively.

Segmented plans and improved handsets increase voice usage

This growth reflects Orange's success in delivering a strong value proposition to customers offering simple and competitive mobile-voice plans combined with on-net and fixed-line replacement incentives. Equally, the Orange marketing is simple and concise: without fuss and without fanfare.

During the half year, Orange re-launched its "2 for 1" and "capped" plans with new pricing structures. Orange now has plans catering to both high spend customers who use their mobile device as a key communication tool and those who combine their mobile and home fixed line usage into the one communication tool.

All plans are designed to stimulate increased voice and SMS usage, including migration of fixed-line usage through a combination of highly competitive mobile rates, on-net (Orange to Orange) and fixed line (Orange to land-line) price incentives.

During the reporting period, the new plans were supported by significant improvements to the handset range including the introduction of high-resolution colour screen phones from leading

MESSAGE FROM THE CHAIRMAN CONTINUED

manufacturers. Orange handsets now compete with GSM handsets on size, fashion, function and price.

As a result, the Orange mobile business reported a strong increase in voice usage and a 6% increase in the ARPU from $54 in the previous half year to $57 in the reporting period.

Notwithstanding the intense activity to stimulate customer growth, average customer acquisition costs remained relatively stable. They are in line with previous reporting periods and are at an acceptable level in the current market conditions.

Network expansion for a growing customer base

To support continued customer growth, during the first half of the year, Orange began upgrading its CDMA network with 1x technology to deliver extra capacity and improved performance. The upgrade includes an overlay on existing base station sites, together with four new sites and an enhanced voicemail system.

As a result, total capital expenditure for the Orange business for the reporting period was $6.6 million, comprising initial network payments required as part of the capacity upgrade to the Orange CDMA network. Capital expenditure requirements for the upgrade have been estimated at approximately $40 million, of which the majority of network payments are to be made in the second half of 2004.

Australia's leading voice offering

In the last six months, Orange has cemented its leadership in basic voice services with simple, targeted mobile calling rates, on-net and fixed line replacement incentives and clear, concise market communications. Growth remains solid and the business continues to operate with strict cost discipline.

Our aim with Orange is to continue to target fixed-to-mobile substitution and draw consumer and business customers from our bigger competitors by offering better consumer value and superior customer service.

Going forward, service enhancements will target proven revenue earning areas including international SMS, ring tones and enhanced internet-delivered information services.

With a clearly established value offering, a handset range competitive with GSM models and a network upgrade providing

increased capacity and improved performance, we expect Orange to deliver continued customer growth and improved EBITDA in the second half of the year.

Orange Paging, Messaging and Resale
Hutchison's other Orange branded products – Orange Paging, Messaging and CDMA Resale Services, – continued to be profitable. With a combined customer base of 47,200 as at 30 June 2004, declining demand saw these products deliver combined revenue of $12.8 million for the half-year, compared with $14.8 million in the half-year ending 31 December 2003.

OUTLOOK

Hutchison remains on track to break through to positive EBITDA by the end of 2005.

The strong growth that characterised the first half of 2004 has continued in the early months of the second half of the year, with a total mobile customer base at mid August 2004 of over 690,000

Ongoing revenue growth, through profitable customer acquisition, is our key financial driver. This will be supported by incremental revenues, through the ongoing introduction and promotion of innovative non-voice services in **3**.

We have an ongoing fixed cost base, with opportunities for significant cost structure improvements, including negotiated arrangements to reduce roaming and termination costs in 2005 and beyond.

In addition, the 3G network sharing partnership we have struck with Telstra will begin to deliver in 2005, bringing operating cost savings of approximately $40 million a year and lower levels of depreciation and funding costs.

Handset prices have already come down and we can expect them to fall further. An expanding handset range will give us greater financial flexibility to target a range of customer price points. We can also expect economies of scale in customer care servicing.

Hutchison has the right building blocks in place to create a profitable mobile business and we have the 1 million customer mark in our sights for the next financial year.

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE HALF YEAR ENDED 30 JUNE 2004

	HALF-YEAR	
	6 months to 30 June 2004 ($'000)	**6 months to 30 June 2003 ($'000)**
Revenue from operating activities	**306,713**	130,498
Other revenue	**4,538**	6,557
Revenue from ordinary activities	**311,251**	137,055
Direct cost of provision of telecommunication services and goods	**(296,439)**	(101,671)
Depreciation and amortisation	**(117,621)**	(60,348)
Borrowing costs	**(76,555)**	(33,241)
Employment costs	**(50,273)**	(33,281)
Advertising and promotions	**(40,591)**	(21,869)
Rental expense relating to operating leases	**(37,321)**	(14,804)
Bad and doubtful debts	**(6,678)**	(2,770)
Other expenditure	**(21,521)**	(17,949)
Loss from ordinary activities before income tax	**(335,748)**	(148,878)
Income tax	**–**	–
Loss from ordinary activities after income tax	**(335,748)**	(148,878)
Profit (loss) from extraordinary items after income tax	**–**	–
Net loss	**(335,748)**	(148,878)
Net loss attributable to outside equity interest	**55,209**	19,516
Net loss for the period attributable to members of Hutchison Telecommunications (Australia) Limited	**(280,539)**	(129,362)
Total revenue, expenses and valuation adjustments, attributable to members of Hutchison Telecommunications (Australia) Limited recognised directly in equity	**(280,539)**	(129,362)
Total changes in equity other than those resulting from transactions with owners as owners	**(280,539)**	(129,362)
	(Cents)	(Cents)
Basic earnings per share	**(41.3)**	(19.1)
Diluted earnings per share	**(41.3)**	(19.1)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2004

	30 June 2004 ($'000)	31 December 2003 ($'000)
Current assets		
Cash	**37,049**	34,282
Receivables	**198,328**	97,867
Inventories	**55,320**	27,304
Other	**57,828**	71,850
Total current assets	**348,525**	231,303
Non-current assets		
Receivables	**30,102**	16,992
Property, plant and equipment	**1,199,223**	1,151,512
Intangible assets	**1,033,138**	1,014,843
Other	**41,750**	43,466
Total non-current assets	**2,304,213**	2,226,813
Total assets	**2,652,738**	2,458,116
Current liabilities		
Payables	**274,816**	167,040
Interest bearing liabilities	**1,013,593**	590,731
Provisions	**1,182**	602
Other	**1,405**	1,023
Total current liabilities	**1,290,996**	759,396
Non-current liabilities		
Interest bearing liabilities	**1,226,044**	1,227,386
Provisions	**692**	580
Total non-current liabilities	**1,226,736**	1,227,966
Total liabilities	**2,517,732**	1,987,362
Net assets	**135,006**	470,754
Equity		
Parent entity interest		
Contributed equity	**1,031,244**	1,031,244
Reserves	**54,887**	54,887
Accumulated losses	**(1,146,465)**	(865,926)
Total parent entity interest	**(60,334)**	220,205
Outside equity interests in controlled entities	**195,340**	250,549
Total equity	**135,006**	470,754

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2004

	HALF-YEAR	
	6 months to 30 June 2004 ($'000)	**6 months to 30 June 2003 ($'000)**
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	**218,202**	122,063
Payments to suppliers and employees (inclusive of GST)	**(375,038)**	(195,107)
	(156,836)	(73,044)
Dividends received	**–**	13
Interest received	**1,452**	4,361
Borrowing costs	**(64,383)**	(24,630)
Net cash outflow from operating activities	**(219,767)**	(93,299)
Cash flows from investing activities		
Payment for purchases of property, plant and equipment	**(111,596)**	(255,215)
Proceeds from sale of property, plant and equipment	**–**	66
Proceeds from sale of traded investments	**891**	–
Payments for intangible assets	**(88,281)**	(28,845)
Net cash outflow from investing activities	**(198,986)**	(283,994)
Cash flows from financing activities		
Proceeds from interest bearing liabilities	**423,310**	200,000
Repayment of finance lease	**(1,790)**	–
Net cash inflow from financing activities	**421,520**	200,000
Net increase/(decrease) in cash held	**2,767**	(177,293)
Cash at 1 January	**34,282**	296,156
Cash at 30 June	**37,049**	118,863

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2004

NOTE 1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

This general purpose financial report for the interim half-year reporting period ended 30 June 2004 has been prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

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 accordance with the annual report for the year ended 31 December 2003 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*.

Going concern

Hutchison Telecommunications (Australia) Limited and its controlled entities ("the Consolidated Entity") incurred a net loss attributable to members of $280,539,000 during the 6 months ended 30 June 2004 (year ended 31 December 2003: loss of $409,840,000) and had an operating cash outflow of $156,836,000 (year end 2003: outflow of $409,497,000). A deficiency of net current assets exists at 30 June 2004 of $942,471,000 (31 December 2003: $528,093,000).

Current cash flow forecasts estimate further funding is required for the continued development and operating cash requirements of the **3** business for the next 12 months. Under existing agreements between Hutchison Telecommunications (Australia) Limited ("HTAL"), Hutchison Whampoa Limited ("HWL") and Telecom Corporation of New Zealand ("TCNZ"), HWL has committed to ensuring that the company has access to this funding. The refinancing of short term debt arising subsequent to 30 June 2004 will alleviate the short term funding requirements of the business.

Therefore, based on this support, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB will issue Australian equivalents to IFRS, and Urgent Issues Group abstracts corresponding to International Financial Reporting Interpretations adopted by the International Accounting Standards Board. The adoption of Australian equivalents to IFRS will be first reflected in the company's financial statements for the half year ended 30 June 2005 then for the year ending 31 December 2005. Information

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE HALF YEAR ENDED 30 JUNE 2004

about how the transition to Australian equivalents to IFRS is being managed, and the key differences in accounting policies that are expected to arise, is set out in note 1 (a).

(a) International Financial Reporting Standards (IFRS)

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 January 2004.

The consolidated entity has established a project team to manage the transition to Australian equivalents to IFRS. The project team is chaired by the Chief Financial Officer and reports regularly to the audit committee. To date the project team has analysed most of the Australian equivalents to IFRS and has identified a number of accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under Pending Accounting Standard AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. Some of these choices are still being analysed to determine the most appropriate accounting policy for the consolidated entity.

Major changes identified to date that will be required to the consolidated entity's existing accounting policies include the following:

(i) Income taxes

Under AASB 112 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

(ii) Intangible assets

(i) Goodwill

Under AASB 138 *Business Combinations*, amortisation of goodwill will be prohibited, and will be replaced by annual impairment testing focusing on the cash flows of the related cash generating unit.

This will result in a change to the current accounting policy, under which goodwill is amortised on a straight line basis over the period during which the benefits are expected to arise.

(ii) Capitalised funding costs
Under AASB 123 *Borrowing Costs*, all borrowing costs are to be expensed as incurred unless the costs are directly attributable to the acquisition, construction or production of a qualifying asset. Where the costs are directly attributable to a qualifying asset, the borrowing costs shall be capitalised as part of the cost of that asset.

This will result in capitalised funding costs being allocated to specific qualifying assets and depreciated over the life of that asset. If the borrowing costs cannot be related to a specific qualifying asset the cost will be expensed.

(iii) Equity-based compensation
Under AASB 2 *Share-based Payment*, equity-based compensation to employees will be recognised as an expense in respect of the services received, by reference to the fair value of the equity instrument issued.

This will result in a change to the current accounting policy, under which no expense is recognised for equity-based compensation.

(iv) Financial instruments
Under AASB 132 *Financial* Instruments: *Recognition and Measurements* and AASB 139 *Financial Instruments: Disclosure and Presentation*, we anticipate a change in accounting policy for financial instruments requiring recognition of financial instruments in the statement of financial position and the requirement to record all derivatives and most financial assets at fair market value.

Foreign exchange contracts held for hedging purposes may be accounted for as cash flow hedges. Changes in the fair value of these contracts will be recognised directly in equity until the hedged transaction occurs, in which case the amounts recognised in equity will be included in the initial cost of the assets acquired. Currently, the costs or gains arising under contracts together with any realised or unrealised gains from remeasurement are included in assets or liabilities as deferred losses or deferred gains.

In addition, liabilities subject to an in-substance defeasance will not qualify for derecognition. Under the transitional provisions of AASB 1, liabilities derecognised under previous Australian generally accepted accounting principles are not allowed to be recognised unless recognition is required as a result of a transaction or event occurring after transition.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to Australian equivalents to IFRS, as not all standards have been analysed as yet, and some decisions have not yet been made where choices of accounting policies are available. For these reasons it is not yet possible to quantify the impact of the transition to Australian equivalents to IFRS on the consolidated entity's financial position and reported results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE HALF YEAR ENDED 30 JUNE 2004

NOTE 2 SEGMENT INFORMATION

Primary reporting – business segments

HALF-YEAR 30 June 2004	Orange	3	Intersegment elimination/ unallocated	Consolidated
	$'000	$'000	$'000	$'000
Total segment revenue	164,953	149,284	(2,987)	**311,250**
Segment result	(58,316)	(277,432)	–	**(335,748)**

HALF-YEAR 30 June 2003				
Total segment revenue	119,663	15,139	–	**134,802**
Segment result	(50,809)	(98,069)	–	**(148,878)**

NOTE 3 EVENTS OCCURRING AFTER REPORTING DATE

On 17 August a $1.5 billion five-year bank facility was put in place to refinance the short-term facilities and to provide working capital support for the Company's 3G business. The financial effect has not been recorded at 30 June 2004.

On 4 August 2004 the Company announced the signing of a Heads of Agreement with Telstra Corporation Limited for the sharing of its 3G W-CDMA radio access network. Under the agreement, Telstra and Hutchison 3G Australia (H3GA), a subsidiary of Hutchison, will establish a 50/50 enterprise to jointly own and operate H3GA's existing 3G radio access network and fund future network development. The agreement also allows both parties to share their 3G spectrum.

In return for the 50 per cent beneficial interest in the radio access network, Telstra has agreed to pay Hutchison $450 million under a fixed payment schedule starting November 2004. The financial effect of the transaction has not been recorded at 30 June 2004 and cannot be estimated at this time.

DIRECTORS DECLARATION

The directors declare that the financial statements and notes set out on pages 12 to 18:

(a) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(b) give a true and fair view of the consolidated entity's financial position as at 30 June 2004 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion:

(a) the financial statements and notes are in accordance with the *Corporations Act 2001*; 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.

FOK Kin-ning, Canning
Director

18 August 2004

INDEPENDENT REVIEW REPORT

TO THE MEMBERS OF HUTCHISON TELECOMMUNICATIONS AUSTRALIA LIMITED

STATEMENT

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report, set out on pages 12 to 19, is not presented in accordance with:

- The *Corporations Act 2001* in Australia, including giving a true and fair view of the financial position of the Hutchison Telecommunications Australia Limited Group (defined below) as at 30 June 2004 and of its performance for the half-year ended on that date
- Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

SCOPE

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Hutchison Telecommunications Australia Limited Group (the consolidated entity), for the half-year ended 30 June 2004. The consolidated entity comprises both Hutchison Telecommunications Australia Limited (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conduct an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission and the ASX. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to out attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, and ASX Listing Rules relating to half yearly financial reports, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed. which included:

- inquiries of company personnel, and
- analytical procedures applied to financial data

When this review report is included in a document containing information in addition to the financial report, our procedures include reading the other information to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less that that given in an audit. We have not performed an audit, and accordingly, we do not express and audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve and analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers
Sydney 18 August 2004

David Whale
Partner

CORPORATE DIRECTORY

Directors
FOK Kin-ning, Canning
LUI Pok-Man, Dennis
Barry ROBERTS-THOMSON
LAI Kai Ming, Dominic
Justin H. GARDENER
Holger KLUGE
Frank John SIXT

Company Secretaries
Edith SHIH
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PricewaterhouseCoopers
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Sydney NSW 2000

Stock Exchange Listing
Hutchison shares are listed on the
Australian Stock Exchange Limited
ASX Code: HTA

Hutchison
Telecoms

Telecommunications operations of
Hutchison Whampoa Limited