

Companies Announcements Office

Australian Stock Exchange

Date 4 May 2007

**Subject: Rights Issue of Convertible Preference Shares**

Following approval by shareholders at the Annual General Meeting this morning of resolutions relevant to the proposal to raise approximately \$2.85 billion by way of a renounceable of rights issue of convertible preference shares, the Company has lodged the attached Prospectus with the Australian Securities and Investment Commission. It is expected that the Prospectus will be sent to shareholders on or about 17 May 2007.

Also attached are copies of letters that will be sent to shareholders on Monday, 7 May 2007 and a new issue announcement in the form of Appendix 3B.

A copy of the Company's press release is also attached.

Yours faithfully



Louise Sexton  
Company Secretary

# Rights Issue Prospectus

Hutchison Telecommunications (Australia) Limited  
ABN 15 003 677 227

This is an important document for Shareholders.  
Please give it your immediate attention.

This Rights Issue is not available to any person whose registered address is outside of Australia or New Zealand.

If you are in any doubt as to the action you should take, you should consult your legal, financial, taxation or other professional adviser immediately.

A renounceable Rights Issue of 20 Convertible Preference Shares for every 1 Share at \$0.21 per Convertible Preference Share to raise up to approximately \$2.85 billion.

The Rights Issue closes at 5.00pm (Sydney time) on 31 May 2007.

# Important information

## Prospectus

This prospectus (**Prospectus**) contains an offer to subscribe for Convertible Preference Shares (**CPS**) in Hutchison Telecommunications (Australia) Limited (**HTAL**) under an underwritten, renounceable rights issue (**Rights Issue**).

The Shares issued on conversion of the CPS will be in a class of securities that has been continuously quoted on ASX and thus subject to regular reporting requirements for the 12 months prior to the date of this Prospectus. In reliance on ASIC Class Order 00/195, this Prospectus is a prospectus to which the special content rules under Section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus. Copies of documents lodged by HTAL with ASIC are available for inspection and may be obtained from an ASIC office.

## Investment decisions

The information provided in this Prospectus is not financial product advice and has been prepared without taking into account your individual investment objectives, financial circumstances or particular needs. You should read the whole Prospectus, in particular the risk factors that could affect the performance of the CPS and HTAL which are outlined in Section 6, and seek independent financial and taxation advice from your financial or other professional adviser before deciding whether to apply for CPS under the Rights Issue.

## Date of this Prospectus

This Prospectus is dated 4 May 2007. A copy of this Prospectus was lodged with ASIC on that date. No issues of securities based on this Prospectus will occur later than 13 months after that date. Neither ASIC nor ASX nor any of their respective officers or employees takes any responsibility for the contents of this Prospectus. A reference in this Prospectus to time is a reference to Sydney time.

## No representations other than as set out in this Prospectus

No person is authorised to give any information or to make any representation in connection with the Rights Issue which is not contained in this Prospectus. Any information or representation that is not in this Prospectus may not be relied on as having been authorised by HTAL in connection with the Rights Issue.

## Offering restrictions

This Prospectus has been prepared to comply with the requirements of the laws of Australia. The CPS are being offered in New Zealand by relying on the Securities Act (Overseas Companies) Exemption Notice 2002. This Prospectus has not been registered in New Zealand under the Securities Act 1978 (New Zealand) and therefore may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

The Rights Issue is not being extended to any person whose registered address is outside of Australia or New Zealand.

The distribution of this Prospectus in jurisdictions outside of Australia or New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek their own advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The Rights Issue is not being extended to any person whose registered address is outside of Australia or New Zealand. In particular, the CPS have not been

and will not be registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state of the United States and may not be offered or sold in the United States or to or for the account or benefit of US Persons except in transactions exempt from the registration requirements of the US Securities Act.

## Exposure Period

The Corporations Act prohibits the acceptance of Applications during the seven day period after the date the Prospectus was lodged with ASIC. This period is referred to as the Exposure Period and ASIC may extend this period by up to a further seven days.

The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. Applications received during the Exposure Period will not be accepted until after the expiry of that period. The Prospectus will be made available on HTAL's website at [www.hutchison.com.au](http://www.hutchison.com.au) during the Exposure Period and on request during this period by calling the HTAL Information Line on 1800 629 116.

## Applying for CPS

Eligible Shareholders will only be entitled to take up their Rights and apply for CPS to which they are entitled by completing and lodging their Entitlement and Acceptance Form together with payment of Application Monies. The form must be accompanied by payment in full by cheque or bank draft for those CPS for which they wish to apply. The number of CPS to which an Eligible Shareholder is entitled is shown on the Entitlement and Acceptance Form.

Applications for CPS by Eligible Shareholders under this Prospectus must be lodged by no later than 5.00pm (Sydney time) on 31 May 2007 (subject to change).

## Prospectus availability

A free paper copy of this Prospectus will be available to Shareholders during the Issue Period by calling the HTAL Information Line on 1800 629 116 from within Australia or (+61 2) 8280 7116 from outside Australia.

An electronic version of this Prospectus is available on HTAL's website at [www.hutchison.com.au](http://www.hutchison.com.au). The electronic version of this Prospectus is only available online to persons resident in Australia or New Zealand. Persons who access the electronic version of this Prospectus must ensure that they download and read the entire Prospectus. The electronic version of this Prospectus will not include an Entitlement and Acceptance Form.

## Future performance

Neither HTAL nor any other person warrants future performance of the CPS or the Shares or any return on any investment made pursuant to this Prospectus. Past price performance of the Shares provides no guidance as to its future performance or the future performance of the CPS.

## Enquiries

If you have any questions in relation to the Rights Issue, please contact your financial or other professional advisers. If you have questions in relation to how to complete the Entitlement and Acceptance Form, please call the HTAL Information Line on 1800 629 116 from within Australia or (+61 2) 8280 7116 from outside Australia.

## Definition of terms

Definitions of certain terms used in this Prospectus appear in the Glossary.

# Key details

Shares on issue	678,625,429
Rights Issue ratio	20 CPS for every 1 Share
CPS available under the Rights Issue	13,572,508,580
Issue Price	\$0.21 per CPS <sup>1</sup>
Rights Issue proceeds	Approximately \$2.85 billion

<sup>1</sup> Based on the volume weighted average price (**VWAP**) of the Shares during the period of 10 business days on which trading in the Shares took place on ASX most recently before, but not including, the date of announcement of the Rights Issue (being 19 March 2007), rounded to the nearest whole cent. The VWAP was calculated with reference to all Shares traded in the ordinary course of business on ASX during the said 10 business day period, excluding special crossings, crossings prior to the commencement of open session state and crossings during the after hours adjust phase (as defined in the ASX Market Rules).

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# Key dates

Lodgement of Prospectus with ASIC	4 May 2007
Shares quoted ex-Rights and Rights trading commences	8 May 2007
Record Date for entitlements under Rights Issue (subject to ASTC Settlement Rules)	14 May 2007 at 5.00pm (Sydney time)
Rights trading ends	24 May 2007 at 5.00pm (Sydney time)
Closing time and date for renunciations, acceptances and payment in full	31 May 2007 at 5.00pm (Sydney time)
Allotment of CPS	8 June 2007
Normal trading commences for CPS	13 June 2007

These dates are indicative only and subject to change. HTAL, in consultation with the Lead Manager and the Underwriter and subject to the Corporations Act, the ASX Listing Rules and other applicable laws, has the right to vary the dates of the Rights Issue, including to extend the Issue Period or accept early or late Entitlement and Acceptance Forms, either generally or in particular cases, or cancel the Rights Issue without notifying you. You are encouraged to submit your Entitlement and Acceptance Form as soon as possible. The commencement of quotation of the CPS is subject to confirmation from ASX.

# What do I need to do?

## Read

Read this Prospectus in full, including:

- Important Information (located on the inside of the front cover);
- Section 1: Details of the Rights Issue;
- Section 2: Answers to Key Questions;
- Section 3: Actions required for the Rights Issue;
- Section 6: Risk Factors;
- Section 7: Control of HTAL by HWL; and
- Schedule A: Terms of the CPS.

## Consider and consult

Consider all risks and other information contained in this Prospectus in light of your particular investment objectives and circumstances.

Consult with your financial or other professional advisers.

## Decide and complete

If you have decided to take up all or some of your Rights and acquire CPS, complete the Entitlement and Acceptance Form and lodge the form together with your Application Monies with the Registry by 5.00pm (Sydney time) on 31 May 2007.

If you have decided to transfer all or some of your Rights, you should contact your stockbroker. Closing of Rights trading on ASX occurs at 5.00pm (Sydney time) on 24 May 2007.

If you have decided to acquire more CPS than your entitlement, complete the relevant section of the Entitlement and Acceptance Form. If you apply for more than your entitlement, there is no guarantee that you will be allocated these additional CPS. If the total subscription for CPS exceeds the CPS available, applications for additional CPS will be scaled back proportionately. Any excess Application Monies will be returned to you without interest.

If you do nothing, your Rights will lapse.

Further information on how to take up or transfer your Rights is set out in Section 3.

For answers to any further questions you may have, please call the HTAL Information Line on 1800 629 116 from within Australia or (+61 2) 8280 7116 from outside Australia.

# Letter from the Chairman

4 May 2007

Dear Shareholders,

On behalf of the Directors of Hutchison Telecommunications (Australia) Limited (**HTAL**), I am pleased to invite you to participate in a renounceable Rights Issue of Convertible Preference Shares (**CPS**) to raise approximately \$2.85 billion. The proceeds of the Rights Issue will be predominantly used to retire existing debt of HTAL and its subsidiaries (see Section 1.2 for further details).

Shareholders with an address in Australia or New Zealand on the register of HTAL at 5.00pm (Sydney time) on 14 May 2007 (**Eligible Shareholders**) will have the Right to acquire 20 CPS for every 1 Share they hold on that date, at an Issue Price of \$0.21 per CPS (subject to the ASTC Settlement Rules). The terms of the CPS are set out in Section 1.3 and Schedule A of this Prospectus. One CPS is convertible into 0.85 Share. No conversion of CPS is permissible until after two years from the date of allotment of the CPS, except on the occurrence of certain events as described in the CPS terms of issue. All CPS will automatically convert into Shares on the fifth anniversary of allotment of the CPS. The CPS have a right to a non-cumulative preferential dividend equal to 5% per annum of the Issue Price (subject to the availability of sufficient profits and a decision by the Board to declare dividends) but will receive no right to vote at meetings of HTAL's Shareholders, except in limited circumstances. Please read carefully the terms of the CPS in this Prospectus in Schedule A.

Your entitlement to CPS is set out in the accompanying Entitlement and Acceptance Form. If you do not wish to take up your Rights to acquire some or all of the CPS, you may transfer some or all of your Rights prior to 5.00pm (Sydney time) on 24 May 2007, rather than allowing them to lapse. Shareholders should note however that the ability to realise value for Rights through selling or transferring them is subject to there being demand for the Rights. It is possible that the Rights will have no value.

If you are an Eligible Australian Shareholder (a Shareholder who is a resident of Australia for tax purposes and who is on the register of HTAL at 5.00pm (Sydney time) on 14 May 2007 with a registered address in Australia or New Zealand), HTAL understands that the Australian Taxation Office will treat you as assessable for income tax on the value (if any) of Rights granted to you, regardless of whether you take up the Rights, sell the Rights or allow the Rights to lapse. HTAL has requested the Australian Taxation Office to issue a Class Ruling on this matter, which is explained further in Section 8.2. Eligible New Zealand Shareholders could be similarly assessable to Australian income tax on their Rights.

For an outline of the procedure that you should follow to take up your Rights and acquire CPS or to transfer your Rights, please read Section 3 "Actions Required for the Rights Issue".

The closing time and date for acceptances and payment is 5.00pm (Sydney time) on 31 May 2007 (subject to change).

The Rights Issue has the full support of Hutchison Whampoa Limited (**HWL**). Hutchison Communications (Australia) Pty Ltd (**HCAPL**), an indirect wholly owned subsidiary of HWL, owns approximately 57.8% of the issued capital of HTAL and has agreed to take up all its entitlements in respect of the Rights Issue. In addition, the full amount of the Rights Issue is underwritten by HWL on the terms of the Underwriting Agreement, confirming HWL's commitment to HTAL. HWL has appointed HCAPL as sub-underwriter. As a result of this sub-underwriting commitment, should no Shareholder other than HCAPL elect to take up its Rights, and no other sub-underwriting commitments are obtained by HWL, and no other changes to HTAL's issued share capital following conversion of their CPS into Shares in accordance with the terms of the CPS, HCAPL will hold approximately 97.7% of the Shares. If HCAPL holds beneficial interests in 90% or more of the Shares as a result of the conversion of the CPS, HCAPL will, under Chapter 6A of the Corporations Act, have the right to compulsorily acquire all the remaining Shares in the 6 month period following the date on which HCAPL acquires beneficial interests in 90% or more of the Shares. It is the current intention of HWL to support the continued ASX listing of HTAL. Please see Section 7.3 for further information.

The Directors urge you to carefully read this Prospectus including the risks associated with investing in CPS set out in Section 6 in conjunction with publicly available information relating to HTAL, before deciding whether to apply for CPS. If you have any questions in respect of the Rights Issue, please call the HTAL Information Line on 1800 629 116 from within Australia or (+61 2) 8280 7116 from outside Australia.

Yours faithfully,



Fok Kin-ning, Canning  
Chairman

# Details of the Rights Issue

1

# Details of the Rights Issue

## 1.1 The Rights Issue

HTAL is offering for subscription, by way of a renounceable Rights Issue, 13,572,508,580 CPS at an Issue Price of \$0.21 for each CPS. The Issue Price is payable by Applicants in full on taking up their Rights and subscribing for CPS.

All Shareholders with registered addresses in Australia or New Zealand as at 5.00pm (Sydney time) on 14 May 2007, will have Rights to subscribe for 20 CPS for every 1 Share they hold, subject to the ASTC Settlement Rules.

The number of CPS to which you are entitled to subscribe for is shown on the Entitlement and Acceptance Form.

The Rights are renounceable. This provides Eligible Shareholders who do not wish to take up some or all of their Rights with an opportunity to sell or transfer those Rights. See Sections 3.4 to 3.6. Shareholders should note however that the ability to realise value for Rights by selling or transferring them is subject to there being demand for the Rights. It is possible that the Rights will have no value.

HTAL will accept applications for CPS until 5.00pm (Sydney time) on 31 May 2007, or any other date HTAL, in consultation with the Lead Manager and the Underwriter, determines (subject to the requirements of the Corporations Act, ASX Listing Rules and other applicable laws).

## 1.2 Background and purpose of the Rights Issue

In recent years HTAL has incurred a significant level of debt as a result of investments in 3G spectrum licences, the building and roll-out of networks and building its 3G business.

As at 30 April 2007, HTAL's outstanding consolidated debt comprised the following:

Loan / Lender	(\$ million) drawn amount	Maturity
Convertible Notes (interest of 5.5%, payable semi-annually)	600	July 2007, if not converted (see Section 7)
HCAPL	196	December 2008
Hutchison OMF Limited	948	December 2008
Third parties	150	July 2007
	200	February 2008
	100	December 2008
	100	December 2010
	1,500	August 2009
<b>Total</b>	<b>3,794</b>	

In light of HTAL's highly geared capital structure, the associated interest costs, the redemption schedule of HTAL's outstanding loans and the capital requirements for future growth, the Board has decided to recapitalise HTAL through the Rights Issue, which is expected to raise approximately \$2.85 billion.

The proceeds of the Rights Issue will be used to retire a large portion of HTAL's existing debt, leading to a reduced debt level, lower interest costs (of approximately \$250 million on an annualised basis) and improved earnings and cash flows for HTAL.

The sources and applications of the proceeds of the Rights Issue are expected to be as follows:

Sources of funds (\$ million)		Applications of funds (\$ million)	
Rights Issue proceeds	2,850	Retirement of debt (intra-group and external)	2,166
		Redemption of the Convertible Notes	600
		Cash available for working capital purposes	77
		Rights Issue expenses	7
<b>Total</b>	<b>2,850</b>	<b>Total</b>	<b>2,850</b>

HTAL intends to repay in full its drawn debt balances owing to HCAPL and Hutchison OMF Limited as at 8 June 2007 and reduce its other third party debt facilities by \$976 million to \$1,074 million upon completion of the Rights Issue.

## 1.3 Key terms of the CPS

### Dividends

The CPS have a right to a non-cumulative preferential dividend equal to 5% per annum of the Issue Price subject to the Board determining, in its discretion, that a dividend will be payable. HTAL does not presently have sufficient current year or accumulated profits to enable payment of any dividends (including the non-cumulative preferential dividend to CPS holders). A CPS dividend can only be paid if there are sufficient profits in future years to fund that dividend, and any dividend will remain subject to a decision by the Board to declare dividends. The Directors believe that it is unlikely that sufficient profits will be available for that purpose before the second anniversary of the Allotment Date.

### Capital

In the event of a winding up of HTAL, each CPS confers on its holder the right to the payment in cash of the capital component as well as any dividends that have been declared but unpaid in respect of that CPS prior to the issue of a court order to wind up HTAL in priority to holders of Shares. There is no right to participate beyond this extent in surplus assets or profits of HTAL, whether in a winding up or otherwise.

In the event of a winding up of HTAL where there are insufficient funds to pay in full the amounts described above, each holder of a CPS (and any other equally ranking shares) will share any distribution of the assets of HTAL in proportion to their respective entitlements.

### Notices of meeting

Holders of CPS have the same rights as HTAL Shareholders to receive accounts, reports and notice of meetings of HTAL and to attend any general meetings of it.



# Details of the Rights Issue continued

## Voting rights

Holders of CPS have no rights to speak or vote at general meetings of HTAL, except in the circumstances permitted by the Listing Rules, including where a dividend has been declared, but not yet paid within 20 business days after the relevant payment date; where a meeting is held to wind up HTAL; and in limited circumstances where a proposal is being considered to affect any rights attaching to the CPS.

## Conversion

Each holder of CPS has the right to convert their CPS to Shares on the occurrence of certain events. There is a non-conversion period of two years after the Allotment Date subject to limited exceptions. After expiry of the non-conversion period, CPS may be converted by a holder during a conversion window of 10 business days commencing on the first day of each calendar quarter.

A holder may convert their CPS at any time:

- (i) upon a takeover offer being made (or similar event);
- (ii) on a change of control of HTAL; or
- (iii) on HTAL obtaining shareholder approval for the disposal of its main undertaking.

HTAL may cause the CPS to be converted if the events in (i) or (ii) occur or there is a regulatory change affecting the CPS, including a change to the tax or accounting treatment of the CPS (refer to the definition of Regulatory Event in the CPS terms of issue, found in Schedule A to this Prospectus for more details).

Any CPS not converted within five years after the Allotment Date will automatically convert into Shares.

One CPS is convertible into 0.85 Share, as adjusted for rights and bonus issues, capital reorganisations of HTAL or other certain dilutive events. Each Share arising on the conversion of a CPS will rank equally with, and have the same rights as, all other Shares then on issue.

Further details of the terms of the CPS are set out in Schedule A.

## 1.4 Allotment of the CPS

The CPS under the Rights Issue are expected to be allotted on 8 June 2007.

## 1.5 ASX quotation

HTAL will apply to ASX within seven days of the date of this Prospectus for the official quotation of the CPS. Quotation of the CPS is subject to a sufficient number of Eligible Shareholders taking up Rights offered under this Prospectus. Subject to approval being granted, quotation of the CPS is expected to commence on a normal settlement basis within five business days after their date of issue. HTAL currently expects the CPS to commence trading on the ASX on a normal settlement basis on 13 June 2007.

## 1.6 Participation of major Shareholders and underwriting

### 1.6.1 Hutchison Whampoa Limited

HWL owns approximately 57.8% of the issued capital of HTAL via its wholly owned indirect subsidiary, HCAPL. HWL has indicated that HCAPL will take up its entitlement under the Rights Issue in full and this reflects the confidence of HWL in, and its commitment to, HTAL.

HWL has entered into an agreement with HTAL (the **Underwriting Agreement**) to underwrite the Rights Issue. A summary of the material terms and conditions of the Underwriting Agreement (including the events which may allow the Underwriter to terminate its obligations) are set out in Section 9.5.1. HWL has the ability to appoint sub-underwriters under the Underwriting Agreement and has advised HTAL that it has appointed HCAPL as sub-underwriter under the Sub-underwriting Agreement. A summary of the material terms and conditions of the Sub-underwriting Agreement is set out in Section 9.5.2.

In the event no Shareholders other than HCAPL take up their Rights, no third party sub-underwriting commitments have been obtained by HWL and assuming that HCAPL converts all of its CPS to Shares and there are no other changes to HTAL's issued share capital, the shareholding of HCAPL in HTAL will increase to approximately 97.7% following the conversion.

HWL has a Relevant Interest in approximately 57.8% of the Shares it holds through HCAPL and also in approximately 12.4% of the Shares held by Leanrose Pty Ltd (**Leanrose**) arising from an equitable mortgage provided to HCAPL as security for a loan. HCAPL also has a Relevant Interest in the Shares held by Leanrose arising from the mortgage.

The concept of a "Relevant Interest" in shares is a technical concept under the Corporations Act and is not the same as owning the voting shares. Notwithstanding HWL's and HCAPL's Relevant Interest in the Shares held by Leanrose, HWL and HCAPL do not currently own or have any right to vote or to control the right to vote the Shares held by Leanrose.

### 1.6.2 Leanrose

Leanrose (which holds approximately 12.4% of the Shares) has confirmed that it does not intend to take up its entitlement to Rights. Leanrose is associated with Barry Roberts-Thomson, a Director of HTAL.

### 1.6.3 Continued ASX listing of HTAL

If HWL and HCAPL hold beneficial interests in 90% or more of the Shares (by number) as a result of the conversion of the CPS, HWL and HCAPL will, under Chapter 6A of the Corporations Act, have the right to compulsorily acquire all the remaining Shares in the 6-month period following the date on which HWL and HCAPL acquire beneficial interests in 90% or more of the Shares (by number). It is the current intention of HWL to support the continued ASX listing of HTAL. Please see Section 7.3 for further information.

## 1.7 Market prices of the Shares on ASX

An overview of the sale prices of the Shares on ASX during the six months to 30 April 2007 is set out below:

	High	Low	Volume weighted average
One month	\$0.18	\$0.165	\$0.172
Three months	\$0.245	\$0.165	\$0.194
Six months	\$0.245	\$0.165	\$0.21

The last market sale price of the Shares on 3 May 2007 was \$0.17.

## 1.8 Treatment of overseas investors

### Eligible Shareholders and Ineligible Foreign Shareholders

Only Shareholders with a registered address in Australia or New Zealand at 5.00pm (Sydney time) on the Record Date will be eligible to participate in the Rights Issue, subject to the ASTC Settlement Rules. This Prospectus and the Entitlement and Acceptance Form do not constitute an offer in any jurisdiction in which, or to any persons to whom, it would not be lawful to make such an offer.

Eligible Shareholders holding Shares on behalf of persons who are resident overseas (except in New Zealand) are responsible for ensuring that taking up Rights does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by HTAL to constitute a representation that there has been no breach of such regulations. Shareholders who are nominees are therefore advised to seek independent advice as to how they should proceed.

HTAL considers that it is unreasonable to extend the Rights Issue to Ineligible Foreign Shareholders, having regard to:

- the small number of Ineligible Foreign Shareholders; and
- the cost of complying with the legal and regulatory requirements in the respective overseas jurisdictions.

### Sale of Rights of Ineligible Foreign Shareholders

Rights relating to Shares held by Ineligible Foreign Shareholders will be offered for sale on ASX during the Rights Issue Trading Period by the Lead Manager and the average proceeds per Right of these sales (net of taxes and costs, if any), will be remitted to Ineligible Foreign Shareholders in proportion to their shareholdings.

Any sale will be made at prices and otherwise in such a manner as the Lead Manager may in its absolute discretion determine. The net proceeds of the sale, if any, will be distributed to the Ineligible Foreign Shareholders in proportion to their shareholdings. The net proceeds from the sale of Rights, if any, will be paid in Australian dollars.

There is no guarantee that the Lead Manager will be successful in selling the Rights relating to the Shares held by Ineligible Foreign Shareholders. Neither HTAL nor the Lead Manager will be liable for a failure to sell Rights or to sell Rights at any particular price. Any Rights that have not been sold by the time the Rights Issue Trading Period ends (5.00pm Sydney time, 24 May 2007) will lapse. The ability to realise value for Rights by selling

them is subject to there being demand for the Rights. It is possible that the Rights will have no value.

## 1.9 Taxation considerations

The taxation implications of the Rights Issue will vary depending upon the particular circumstances of each Shareholder. Accordingly, you should consult your own tax adviser as to the tax consequences for you (including your tax return reporting requirements, applicable tax laws and the effect of any proposed changes in tax laws) which arise from the Rights Issue, whether or not you participate in the Rights Issue and whether or not you sell your Rights or, being an Ineligible Foreign Shareholder, your Rights may be sold as described in Section 1.8.

If you are an Eligible Australian Shareholder, HTAL expects that you will be assessable to income tax on the value (if any) of Rights granted to you, regardless of whether you take up the Rights, sell the Rights or allow the Rights to lapse. HTAL has requested the Australian Taxation Office (ATO) to issue a Class Ruling on this matter, which is explained further in Section 8.2. Eligible New Zealand Shareholders could be similarly assessable to Australian income tax on their Rights.

General tax implications for Shareholders resident in Australia in relation to the Rights Issue are discussed in further detail in Section 8.

## 1.10 Risks

There are a number of risks associated with investing in the Rights Issue, the CPS and with an investment in HTAL generally. HTAL's financial performance, balance sheet, cash flows, future dividends (if any), growth prospects, Share price and the price of the CPS may be affected by many factors. The key risk factors identified by the Directors have been summarised in Section 6. You should read this Prospectus carefully and in its entirety, including Section 6, before deciding how to deal with your Rights. If you are in doubt as to the course you should follow, you should consult your financial or other professional advisers.

# Answers to key questions

2

# Answers to key questions

Outlined below are answers to some key questions about the Rights Issue. For detailed information, refer to the Section listed in the third column. This Section 2 should be read in conjunction with the remainder of the information in this Prospectus.

Question	Answer	Where to find more information - Section(s)
<b>General</b>		
<b>What is the purpose of this Prospectus?</b>	<ul style="list-style-type: none"> <li>This Prospectus contains an offer of a Right to subscribe for CPS pursuant to a renounceable rights issue by HTAL to raise approximately \$2.85 billion</li> </ul>	1
<b>The Rights Issue</b>		
<b>What is the Rights Issue?</b>	<ul style="list-style-type: none"> <li>The Rights Issue is an offer to subscribe for CPS on the take up of Rights at a price of \$0.21 per CPS. Eligible Shareholders will be granted 20 Rights for every 1 Share held by them at 5.00pm (Sydney time) on the Record Date, subject to the ASTC Settlement Rules</li> </ul>	1
<b>Is the Rights Issue underwritten?</b>	<ul style="list-style-type: none"> <li>The Rights Issue is fully underwritten by HWL subject to the terms of the Underwriting Agreement and is fully sub-underwritten by HCAPL subject to the terms of the Sub-underwriting Agreement, including the right of HWL to appoint third party sub-underwriters</li> </ul>	9.5.1, 9.5.2
<b>What is the purpose of the Rights Issue?</b>	<ul style="list-style-type: none"> <li>The Rights Issue is being conducted by HTAL to raise approximately \$2.85 billion</li> <li>The funds raised under the Rights Issue will predominantly be used to retire a large portion of HTAL's existing debt as well as to pay the expenses of the Rights Issue</li> </ul>	1.2, 5.3
<b>Who can participate in the Rights Issue?</b>	<ul style="list-style-type: none"> <li>Shareholders who are registered holders as at 5.00pm (Sydney time) on the Record Date and who have registered addresses in Australia or New Zealand can participate in the Rights Issue, subject to the ASTC Settlement Rules. Rights are renounceable and can be transferred in the manner described in this Prospectus</li> <li>There is no offer to Ineligible Foreign Shareholders</li> <li>Rights relating to Shares held by Ineligible Foreign Shareholders may be sold on ASX during the Rights Issue Trading Period by the Lead Manager and the average sale proceeds (net of costs and any taxes per Right), if any, will be remitted to Ineligible Foreign Shareholders in proportion to their Shareholdings</li> <li>There is no guarantee that the Lead Manager will be successful in selling the Rights relating to Shares held by Ineligible Foreign Shareholders</li> </ul>	1.8, 3
<b>How much do I have to pay for a CPS?</b>	<ul style="list-style-type: none"> <li>The Issue Price is \$0.21 per CPS and payment is required to accompany your Entitlement and Acceptance Form</li> </ul>	1.1
<b>What are the key dates of the Rights Issue?</b>	<ul style="list-style-type: none"> <li>The Record Date for determining entitlements is 5.00pm (Sydney time) 14 May 2007, subject to the ASTC Settlement Rules</li> <li>You are entitled to sell your Rights on ASX between 8 May 2007 and 5.00pm (Sydney time) on 24 May 2007</li> <li>Entitlement and Acceptance Forms (and accompanying Application Monies) must be received by the Registry by 5.00pm (Sydney time) on 31 May 2007</li> <li>CPS issued are expected to be quoted on ASX on a normal settlement basis on 13 June 2007</li> </ul>	"Key details and dates", 1, 3

## Answers to key questions continued

Question	Answer	Where to find more information - Section(s)
<p><b>What are the terms of the CPS?</b></p>	<ul style="list-style-type: none"> <li>• CPS will be issued at the Issue Price and HTAL will apply for quotation by the ASX of all the CPS</li> <li>• The CPS have a right to a non-cumulative preferential dividend equal to 5% per annum of the Issue Price, subject to the availability of sufficient profits and a decision by the Board to declare a dividend payable</li> <li>• In the event of a winding up of HTAL, CPS holders are entitled to a payment in cash of the capital then paid up on the CPS and any dividends that have been declared and are unpaid prior to the issue of a court order to wind up HTAL in priority to holders of Shares</li> <li>• Holders of CPS may elect to convert their CPS to Shares on certain dates or on the occurrence of particular events. Those CPS that are not already converted will be automatically converted to Shares on the date that is five years after the Allotment Date of the first CPS. Each CPS converts into 0.85 Share</li> <li>• Subject to some exceptions, holders of CPS do not have the right to speak or vote at general meetings of HTAL</li> </ul>	<p>1.3, Schedule A</p>
<p><b>What can I do with my Rights?</b></p>	<ul style="list-style-type: none"> <li>• Eligible Shareholders may take any of the following actions: <ul style="list-style-type: none"> <li>- take up all of your Rights;</li> <li>- take up all of your Rights and apply for additional CPS;</li> <li>- sell all of your Rights on ASX;</li> <li>- sell some of your Rights on ASX and take up the balance;</li> <li>- transfer all or some of your Rights to another person other than on ASX; or</li> <li>- do nothing and let your Rights lapse</li> </ul> </li> </ul>	<p>3</p>
<p><b>How do I take up my Rights?</b></p>	<ul style="list-style-type: none"> <li>• If you are an Eligible Shareholder, and you wish to take up your Rights, you should complete the Entitlement and Acceptance Form enclosed with this Prospectus</li> <li>• You may take up all or some of your Rights and you must, at the time you submit your duly completed Entitlement and Acceptance Form, pay the amount due in respect of the Rights you intend to take up</li> <li>• If you have not received an Entitlement and Acceptance Form, please contact the HTAL Information Line on 1800 629 116 from within Australia or (+61 2) 8280 7116 from outside Australia</li> </ul>	<p>3</p>
<p><b>Can I transfer my Rights?</b></p>	<ul style="list-style-type: none"> <li>• Yes. If you wish to transfer some or all of your Rights on ASX you should contact your stockbroker. If you wish to transfer some or all of your Rights to another person other than on ASX, you should contact the HTAL Information Line on 1800 629 116 from within Australia or (+61 2) 8280 7116 from outside Australia to request a renunciation form</li> <li>• Rights trading on ASX commences on 8 May 2007</li> <li>• Rights must be sold by 5.00pm (Sydney time) on 24 May 2007 when the Rights Issue Trading Period ends</li> <li>• The ability to realise value for your Rights by selling them or transferring them is subject to there being demand for your Rights. It is possible that the Rights will have no value</li> </ul>	<p>3</p>

Question	Answer	Where to find more information - Section(s)
<b>What happens if I do nothing with my Rights?</b>	<ul style="list-style-type: none"> <li>If you do nothing with all or some of your Rights, those Rights will lapse and the relevant CPS that you would have been able to subscribe for will be subscribed for by HCAPL under the Sub-underwriting Agreement or by third party sub-underwriters appointed by the Underwriter in accordance with the terms of the Underwriting Agreement or by Eligible Shareholders who subscribe for more than their entitlement. You will receive nothing for your Rights if you let them lapse and your interest in HTAL will be diluted when the CPS are converted into Shares</li> </ul>	3
<b>How can further information be obtained?</b>	<ul style="list-style-type: none"> <li>By speaking to your financial or other professional advisers</li> <li>By calling the HTAL Information Line on 1800 629 116 from within Australia or (+61 2) 8280 7116 from outside Australia. The HTAL Information Line will be open from 8.30am until 5.30pm (Sydney time) Monday to Friday</li> </ul>	
<b>Risks</b>		
<b>What are the significant risks of the Rights Issue?</b>	<ul style="list-style-type: none"> <li>Owning CPS will expose holders to a number of risks, including risks specific to (i) the Rights Issue and (ii) the business in which HTAL operates <ul style="list-style-type: none"> <li>(i) Risks associated with the Rights Issue: <ul style="list-style-type: none"> <li>The conversion ratio of the CPS may depress the market price of the CPS and the Shares</li> </ul> </li> </ul> <p>Each CPS will entitle the holder to 0.85 of a Share in HTAL following the 2 year non-conversion period which represents a 17.6% premium. This premium may adversely affect the market price of the CPS and the Shares during the term of the CPS</p> <ul style="list-style-type: none"> <li>Potential lack of liquidity of CPS</li> </ul> <p>Subject to the terms of the Sub-underwriting Agreement, HCAPL as sub-underwriter of the Rights Issue has the potential to hold a significant proportion of the CPS on issue following the Rights Issue. This may adversely affect the liquidity of the CPS on ASX (that is, the ability of holders to trade their CPS) and have a consequential adverse effect on the market price of the CPS</p> <ul style="list-style-type: none"> <li>Implications if you do not take up your Rights</li> </ul> <p>You will be significantly diluted if you do not take up your Rights when the CPS issued pursuant to the Rights Issue are converted into Shares. You may be able to sell your Rights on ASX. However, the ability to realise value for Rights is subject to there being demand for the Rights. It is possible that the Rights will have no value</p> <ul style="list-style-type: none"> <li>Income tax</li> </ul> <p>If you are an Eligible Australian Shareholder (a Shareholder who is a resident of Australia for tax purposes and who is on the register of HTAL at 5.00pm (Sydney time) on 14 May 2007 with a registered address in Australia or New Zealand), HTAL expects that you will be assessable to income tax on the value (if any) of Rights granted to you, regardless of whether you take up the Rights, sell the Rights or allow the Rights to lapse. Taxation Implications are addressed further in Section 8. Eligible New Zealand Shareholders could be similarly assessable to Australian income tax on their Rights</p> </li> </ul>	6, 7.1, 8.2

## Answers to key questions continued

Question	Answer	Where to find more information - Section(s)
<b>Risks continued</b>		
<p><b>What are the significant risks of the Rights Issue?</b></p>	<p>(ii) Potential risks associated with HTAL's business include the following:</p> <p>Market and operating risks, including:</p> <ul style="list-style-type: none"> <li>- Future funding requirements for HTAL;</li> <li>- Risks related to HTAL's debt levels;</li> <li>- Structure of the Australian telecommunications market;</li> <li>- Competition in the mobile telecommunications sector;</li> <li>- Rapid changes in technology;</li> <li>- Network and system failures;</li> <li>- Access to and costs of acquiring content;</li> <li>- New products and services may not appeal to customers;</li> <li>- Litigation relating to inappropriate use of intellectual property rights or content;</li> <li>- Reliance on third party suppliers; and</li> <li>- Risks related to joint venture investments.</li> </ul> <p>Regulatory risks, including:</p> <ul style="list-style-type: none"> <li>- Telstra's constitutional challenge to access regulation;</li> <li>- HTAL's dependence on roaming and interconnection agreements;</li> <li>- Spectrum; and</li> <li>- Potential for future changes to regulation.</li> </ul> <p>Risks related to the relationship with HWL, including:</p> <ul style="list-style-type: none"> <li>- HWL's control of HTAL;</li> <li>- Synergies gained through being a member of the 3 Group; and</li> <li>- Risks to the value of the 3 brand.</li> </ul>	<p>6, 7.1, 8.2</p>

# Actions required for the Rights Issue

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# Actions required for the Rights Issue

## HTAL Information Line

If you have any questions about the Rights Issue, please call the HTAL Information Line on 1800 629 116 from within Australia or (+61 2) 8280 7116 from outside Australia.

### 3.1 What you may do - choices available

If you dispose of your Shares such that you are not a registered holder of those shares at 5.00pm (Sydney time) on 14 May 2007, you will not be granted any Rights in respect of those disposed Shares.

If you are an Eligible Shareholder, you may take any of the following actions:

- take up all of your Rights (refer to Section 3.2);
- take up all of your Rights and apply for additional CPS (refer to Section 3.3);
- sell all of your Rights on ASX (refer to Section 3.4);
- sell some of your Rights on ASX and take up the balance (refer to Section 3.5);
- transfer all or some of your Rights to another person other than on ASX (refer to Section 3.6); or
- do nothing and let your Rights lapse (refer to Section 3.7).

### 3.2 If you wish to take up all of your Rights

If you wish to take up all of your Rights, you must do so in accordance with the instructions set out in the Entitlement and Acceptance Form.

If you have not received an Entitlement and Acceptance Form, please contact the HTAL Information Line (see above). You should forward the completed Entitlement and Acceptance Form, together with your cheque or bank draft for the Application Monies, to either of the following addresses:

#### Postal Delivery:

Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
AUSTRALIA

#### Hand Delivery:

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000  
AUSTRALIA

#### by no later than 5.00pm (Sydney time) on 31 May 2007.

Cheques or bank drafts should be made payable to "HTA Rights Offer 2007" and crossed "Not Negotiable". Do not forward cash.

Completed Entitlement and Acceptance Forms and Application Monies will not be accepted at HTAL's registered office. Eligible Shareholders will receive a reply-paid envelope with their Entitlement and Acceptance Form and if the envelope is mailed in Australia, no postage stamp is required. If mailed outside Australia, correct postage must be affixed. Eligible Shareholders in New Zealand should mail their Entitlement and Acceptance Form early to ensure it reaches the Registry by no later than 5.00pm (Sydney time) on 31 May 2007.

### 3.3 If you wish to take up all of your Rights and apply for additional CPS

If you are an Eligible Shareholder and you wish to take up all of your Rights and apply for additional CPS, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form.

You should follow the instructions in Section 3.2 above relating to delivery of the completed Entitlement and Acceptance Form and payment of the Application Monies.

The Issue Price for additional CPS will be \$0.21 per CPS. If the total subscription for CPS exceeds the CPS available, applications for additional CPS will be scaled back proportionately. Any excess Application Monies will be returned to you without interest.

### 3.4 If you wish to sell all of your Rights on ASX

If you are an Eligible Shareholder and you wish to sell all of your Rights on ASX, complete the section headed "Instructions to your stockbroker" on the back of the Entitlement and Acceptance Form and lodge the form with your stockbroker as soon as possible.

You can sell your Rights on ASX from 8 May 2007, subject to the ASTC Settlement Rules. All sales of Rights on ASX must be effected by 5.00pm (Sydney time) on 24 May 2007, when Rights trading ends on ASX. If you have not received an Entitlement and Acceptance Form, please contact the HTAL Information Line on 1800 629 116 from within Australia or (+61 2) 8280 7116 from outside Australia.

The ability to realise value for your Rights by selling them on ASX is subject to there being demand for your Rights. It is possible that the Rights will have no value.

### 3.5 If you wish to sell some of your Rights on ASX and take up the balance

If you are an Eligible Shareholder and you wish to sell some of your Rights on ASX and take up the balance, complete the section headed "Instructions to your stockbroker" on the back of the Entitlement and Acceptance Form and lodge the form, together with your cheque or bank draft for the Application Monies for the CPS for which you wish to subscribe, with your stockbroker as soon as possible. If you have not received an Entitlement and Acceptance Form, please contact the HTAL Information Line (see above).

You can sell your Rights on ASX from 8 May 2007, subject to the ASTC Settlement Rules.

Any sale of your Rights on ASX must be completed by 5.00pm (Sydney time) on 24 May 2007, when Rights trading ends on ASX.

The ability to realise value for your Rights by selling them on ASX is subject to there being demand for your Rights. It is possible that the Rights will have no value.

To take up your remaining Rights, your stockbroker will need to ensure that the completed Entitlement and Acceptance Form and Application Monies reach either of the following addresses:

**Postal Delivery:**

Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
AUSTRALIA

**Hand Delivery:**

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000  
AUSTRALIA

**by no later than 5.00pm (Sydney time) on 31 May 2007.**

Completed Entitlement and Acceptance Forms and Application Monies will not be accepted at HTAL's registered office.

### 3.6 If you wish to transfer all or some of your Rights to another person other than on ASX

Eligible Shareholders may elect to transfer all or some of their Rights to another person other than on ASX.

If you are an Eligible Shareholder and you wish to transfer all or some of your Rights to another person other than on the ASX, forward a completed renunciation form (which can be obtained through the HTAL Information Line) together with the Entitlement and Acceptance Form completed by the transferee and the applicable transferee's cheque or bank draft for the Application Monies, to either of the following addresses:

**Postal Delivery:**

Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
AUSTRALIA

**Hand Delivery:**

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000  
AUSTRALIA

**by no later than 5.00pm (Sydney time) on 31 May 2007.**

The ability to realise value for your Rights by transferring them is subject to there being demand for your Rights. It is possible that the Rights will have no value.

Completed Entitlement and Acceptance Forms and Application Monies will not be accepted at HTAL's registered office. A reply-paid envelope is enclosed for your convenience. If the envelope is mailed within Australia, no postage stamp is required. If mailed outside Australia, correct postage must be affixed. The renunciation form and Entitlement and Acceptance Form should be mailed early to ensure they reach the Registry by 5.00pm (Sydney time) on 31 May 2007.

If the Registry receives both a completed renunciation form and a completed Entitlement and Acceptance Form in favour of the same Shareholder in respect of the same Rights, the renunciation will be given effect in priority to the completed Entitlement and Acceptance Form.

If you are an Eligible Shareholder on the CHES sub-register, you must contact your sponsoring broker to effect the transfer. The Registry is unable to transfer Rights either to or from a CHES holding.

### 3.7 Do nothing and let the Rights lapse

Any Rights not taken up or sold on ASX or otherwise transferred by an Eligible Shareholder as described in this Section 3 will lapse and the relevant CPS that you would have been able to subscribe for will be subscribed for by the Underwriter (or by sub-underwriters appointed by the Underwriter in accordance with the terms of the Underwriting Agreement) or by Eligible Shareholders who subscribe for more than their entitlement. You will receive nothing for your Rights and, when the CPS are converted into Shares, your interest in HTAL will be diluted.

### 3.8 Marketable parcel

In order for the CPS to be quoted on ASX, there must be at least 50 holders with a marketable parcel. A "marketable parcel" is a parcel of securities of not less than \$500 in value. In the case of the CPS, this equates to approximately 2,400 CPS, based on the Issue Price of the CPS.

Shareholders are encouraged to take up such number of Rights as to ensure that they hold a marketable parcel of CPS (that is, 2,400 CPS).

### 3.9 Payment methods

The Issue Price of \$0.21 per CPS is payable in full on taking up your Rights (whether all or some).

Completed Entitlement and Acceptance Forms must be accompanied by the cheque or bank draft in Australian currency drawn on an Australian or New Zealand branch of an Australian financial institution for the amount required to pay for the CPS applied for on the Entitlement and Acceptance Form. Cheques or bank drafts should be made payable to "HTA Rights Offer 2007" and crossed "Not Negotiable". Do not forward cash.

### 3.10 Application Monies and interest

Until the CPS are allotted, HTAL will hold the Application Monies on trust for Applicants in a bank account. The account will be established and kept solely for the purpose of depositing Application Monies and retaining those funds for as long as required under the Corporations Act.

No interest will be paid to you on any Application Monies returned to you whether or not allotment takes place. Any interest earned on Application Monies will be, and will remain, the property of HTAL. Cheques which have not cleared within 3 business days after the closing date for the Rights Issue (31 May 2007) will be returned to you and the Application which the cheque accompanied will be treated as invalid.

If quotation of the CPS is not granted by ASX, Applicants will be provided with the opportunity to withdraw their Application and be repaid. No interest will be paid on any Application Monies returned to Applicants who withdraw their application.

# Overview of HTAL

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# Overview of HTAL

## 4.1 Overview

HTAL is focused on delivering leading third generation (3G) mobile communications and multimedia services to consumers in Australia. HTAL, which launched the first UMTS 3G network in Australia in 2003, conducts its 3G business through its indirect 80.1% owned subsidiary, H3GA. Telecom Corporation of New Zealand Limited (TCNZ) holds the remaining 19.9% in H3GA. HTAL, which has been listed on ASX since August 1999, markets its 3G services under the 3 brand. In addition to its 3G business, HTAL also provides a range of paging, messaging and portable information services.

HTAL is an Australian subsidiary of HWL, which holds approximately 57.8% of the Shares through its wholly-owned indirect subsidiary HCAPL (but because of an equitable mortgage between HCAPL and Leanrose, HWL and HCAPL have a Relevant Interest in approximately 70.2% of the Shares (see Section 1.6.1)). HWL is a Hong Kong-based multinational conglomerate with its origins dating back to the 1800s and is part of the Li Ka-shing group of companies. With over 220,000 employees worldwide, HWL operates five core businesses in 56 countries and is a prime force in the deployment of 3G services in key global telecommunication markets. In addition to Australia, HWL has interests in 3G operations in Austria, Denmark, Ireland, Italy, Macau, Norway (under development), Sweden and the UK and through its 49.7% interest in Hutchison Telecommunications International Limited (listed on the New York and Hong Kong stock exchanges) Hong Kong and Israel, serving more than 14.7 million 3G customers as at 21 March 2007 (the **3 Group**). HTAL benefits from being a member of the 3 Group with respect to knowledge, economies of scale in procurement, technology and handsets, cost sharing and joint development of products, services and systems.

As at the date of this Prospectus, H3GA has in excess of 1.3 million 3 customers and in excess of 680 sales points of distribution (including 80 company owned stores, 152 exclusive dealer stores, and a further 144 non-exclusive dealer stores and a mass market retail channel).

HTAL's focus is on leading the adoption and further development of 3G services and the 3 brand in Australia and it believes consumer awareness of, and demand for, 3G services will continue to accelerate over the coming years as it has done since 3's launch. HTAL will continue to deliver new products and services and grow the usage of those services through its understanding of how to price, package and promote 3G services in Australia.

H3GA provides 3G coverage through 3GIS's 3G UTRAN network to 56% of the Australian population within its spectrum licence areas. A roaming agreement with Telstra gives H3GA access to 96% of the Australian population for voice, messaging services, e-mail and some content services. When in H3GA's network coverage area, 3 customers can access services which include live face to face video calling, music video downloads, live mobile television broadcasts and mobile internet. H3GA has a significant number of international roaming arrangements in place.

H3GA utilises 3GIS's 3G UTRAN network to provide its 3G services. 3GIS's 3G UTRAN network currently has in excess of 2,400 3G base station sites across 6 major capital cities plus Campbelltown (NSW), Werribee (Vic), Wollongong (NSW), Geelong (Vic) and Frankston (Vic) with plans to launch further infill and fringe coverage.

For further information on HTAL please refer to the website [www.hutchison.com.au](http://www.hutchison.com.au).

## 4.2 Development of HTAL in Australia

The following timeline illustrates the development of HTAL in Australia:

- 1989** Started with paging business under the Hutchison Telecoms brand
- 1999** Initial public offering of HTAL on ASX
- 2000** Launch of HTAL's 2G CDMA network
- 2001** HTAL participated in spectrum auctions and initially purchased an allocation at the 1800 MHz frequency range. Subsequently, HTAL bought spectrum at the 2100 MHz frequency range which is used for the 3G network  
  
HTAL entered into a joint venture with TCNZ for the deployment and commercialisation of 3G services in Australia which is operated by H3GA  
  
The build of the 3G network began
- 2002** Development of 3G products and services in preparation for launch of service
- 2003** H3GA launched Australia's first UMTS 3G service
- 2004** H3GA entered into a joint venture agreement with Telstra to jointly own and operate H3GA's existing 3G radio access network and fund future network development
- 2005** Number of customers on HTAL's 3G and 2G CDMA networks reached one million and the upgrading of 2G customers to 3G services began
- 2006** H3GA announced the number of customers on its 3G network reached one million in May  
  
HTAL completed the migration of 287,000 customers from the 2G CDMA network which ceased operating in August
- 2007** 3G network upgraded to HSDPA technology, launch of "X-Series from 3"

# Overview of HTAL

## 4.3 3G business

### 3G benefits

H3GA is focused on delivering services that require high data speeds, for example, real time video streaming and mobile broadband services. These services differentiate 3G products from 2G or 2.5G products which use technologies that are not capable of supporting the service at the same level of data speeds and capacity efficiency.

### 3's 3G services

H3GA provides a wide range of information and entertainment video-based content services, via its portal Planet 3, such as music, Mobile TV, news, sport, finance, comedy, movie previews and much more. Mobile TV offerings include the 3 Mobile Ashes Cricket Series, CNN and BBC. In 2006, H3GA also offered Mobile TV access to the 2006 FIFA World Cup with live coverage from SBS and the official FIFA video highlights.

A key component of H3GA's strategy is to make 3G services affordable to the broader market. H3GA was the first to introduce capped plans to the Australian mobile market, giving consumers the benefit of a fixed cap for a range of services, providing greater value than standard plan tariffing.

Also critical to this strategy is to lead the market in the introduction of innovative new services. On 27 March 2007, H3GA launched the X-Series from 3 product in Australia following its launch by the 3 Group in Europe in late 2006. The X-Series from 3 provides access to internet applications on a mobile device. The X-Series from 3 is supported by major internet companies (including Skype, eBay, Google and Yahoo!) and the latest handsets from the world's major mobile manufacturers.

H3GA is committed to keeping the technology it employs across its network at cutting edge levels to support its innovative range of services. H3GA improved the data speeds of its 3G network by implementing the HSDPA feature (a mobile telephony protocol that allows for higher data transfer speeds) across the network in the first quarter of 2007. The HSDPA rollout enables download speeds ranging from 600 kbps to 1.5 Mbps with theoretical maximum speeds of up to 3.6 Mbps on HSDPA enabled handsets. Beyond 2007 it will be possible to upgrade speeds in the downlink (and uplink) further to a theoretical speed of 14 Mbps and beyond.

### Handsets

Since April 2003 H3GA has launched in excess of 40 handset models with all the major handset manufacturers represented. H3GA currently offers 24 handsets with representation from Nokia, LG, SonyEricsson, Motorola and Dopod.

Being part of the 3 Group enables H3GA to benefit from the global procurement program run by the 3 Group for the purchasing of handsets.

# Summary

## Financial Information

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# Summary Financial Information

## 5.1 Introduction

The summary pro forma financial information represented by the balance sheet and accompanying notes has been prepared in order to give investors an indication of the financial effect of the Rights Issue on the balance sheet of HTAL.

The summary pro forma financial information does not represent forecast information and should be read in conjunction with Section 6 (Risks Factors) and other information contained in this Prospectus.

The financial information is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

## 5.2 Basis of preparation

The summary pro forma balance sheet is based on the audited balance sheet as set out in HTAL's full year financial report for the period ended 31 December 2006, adjusted for the financial impact of the Rights Issue.

Details of adjustments made in preparing the summary pro forma balance sheet are included in Section 5.4.

The summary pro forma financial information has not been adjusted for the results of HTAL between 31 December 2006 and the date of this Prospectus.

Further, HTAL, in preparing the summary pro forma financial information, has applied the Australian Equivalents to International Financial Reporting Standards (A-IFRS). There is no additional material impact from A-IFRS as a result of the Rights Issue.

## 5.3 Purpose and effect of the Rights Issue on HTAL

The proceeds of the Rights Issue will be used to retire a large portion of HTAL's existing debt, leading to a reduced debt level, lower interest costs (of approximately \$250 million on an annualised basis) and improved earnings and cash flows for HTAL.

The sources and applications of the proceeds of the Rights Issue are expected to be as follows:

Sources of Funds (\$ million)		Applications of Funds (\$ million)	
Rights Issue proceeds	2,850	Retirement of debt (intra-group and external)	2,166
		Redemption of the Convertible Notes	600
		Cash available for working capital purposes	77
		Rights Issue expenses	7
<b>Total</b>	<b>2,850</b>	<b>Total</b>	<b>2,850</b>

HTAL intends to repay in full its drawn debt balances owing to HWL and reduce its third party debt facilities by \$976 million to \$1,074 million upon completion of the Rights Issue.

## 5.4 Historical and summary pro forma financial information

Set out below is the balance sheet as at 31 December 2006 (as extracted from HTAL's audited full year financial report) and the summary balance sheet as if the Rights Issue had occurred at 31 December 2006 (together with an explanatory note).

Balance Sheet	Full year Financial Report 31 December 2006 \$m (audited)	Pro forma adjustments \$m	Summary pro forma 31 December 2006 \$m
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	23.6	319.6	343.2
Other current assets	292.8	-	292.8
<b>Total Current Assets</b>	<b>316.4</b>	<b>319.6</b>	<b>636.0</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	946.1		946.1
Intangible assets	706.0		706.0
Other non-current assets	108.1		108.1
<b>Total Non-Current Assets</b>	<b>1,760.2</b>		<b>1,760.2</b>
<b>Total Assets</b>	<b>2,076.6</b>	<b>319.6</b>	<b>2,396.2</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Current interest bearing liabilities	750.8	(750.8)	-
Other current liabilities	309.1	-	309.1
<b>Total Current Liabilities</b>	<b>1,059.9</b>	<b>(750.8)</b>	<b>309.1</b>
<b>Non-Current Liabilities</b>			
Non-current interest bearing liabilities	2,846.6	(1,772.6)	1,074.0
Other non-current liabilities	1.5	-	1.5
<b>Total Non-Current Liabilities</b>	<b>2,848.1</b>	<b>(1,772.6)</b>	<b>1,075.5</b>
<b>Total Liabilities</b>	<b>3,909.0</b>	<b>(2,523.4)</b>	<b>1,384.6</b>
<b>Net assets/(liabilities)</b>	<b>(1,831.4)</b>	<b>2,843.0</b>	<b>1,011.6</b>
<b>Net tangible assets/(liabilities)</b>	<b>(2,537.4)</b>		<b>305.6</b>

### Explanatory note - pro forma adjustments

On issuing 13,572,508,580 CPS under the Rights Issue, the proceeds of approximately \$2.85 billion will predominantly be used to redeem HTAL's drawn debt balances owing to HWL and reduce its third party debt facilities. The financial impact of these adjustments has been included in the above summary pro forma balance sheet and will increase the net assets of HTAL by approximately \$2,843 million (net of transaction costs).

## 5.5 HTAL's issued capital

The immediate effect of the Rights Issue on HTAL's issued capital will be as follows:

	Number of Shares	Number of CPS	Number of Convertible Notes
At the date of this Prospectus	678,625,429	0	909,358,150
On completion of the Rights Issue	678,625,429	13,572,508,580	909,358,150



# Risk factors

6

# Risk factors

This Section discusses some of the:

- risks associated with the Rights Issue (Section 6.1);
- general risks of investing in CPS (Section 6.2); and
- specific risks associated with HTAL and the Australian telecommunications sector (Section 6.3).

Many of these risks are outside of the control of HTAL. HTAL employs techniques to reduce or deal with certain risks, including by the use of insurance and long term contracts. These techniques can be costly, and do not mitigate all risks. They are only utilised to the extent HTAL thinks prudent. Even though management implements risk mitigation strategies to reduce risk, not all risks can be mitigated in whole or part.

You should read the whole of this Prospectus, carefully consider your personal circumstances and consult your financial or other professional adviser before deciding whether to take up your Rights and apply for CPS.

## 6.1 Risks associated with the Rights Issue

- The conversion ratio of the CPS may depress the market price of the CPS and the Shares

Each CPS will entitle the holder to 0.85 of a Share in HTAL following the two year non-conversion period which represents a 17.6% premium. This premium may adversely affect the market price of the CPS and the Shares during the term of the CPS. Subject to certain exceptions, conversion cannot take place within the first two years after issue of the CPS.

- Reduced liquidity of the CPS

HWL as Underwriter (or HCAPL as sub-underwriter) of the Rights Issue has the potential to hold a significant proportion of the CPS on issue following the Rights Issue (see Section 7). This may adversely affect the liquidity of the CPS on the ASX (that is, the ability to trade the CPS) and have a consequential adverse effect on the market price of the CPS.

- Implications for Shareholders not taking up their Rights

Eligible Shareholders who do not take up their Rights will be significantly diluted when the CPS issued pursuant to the Rights Issue are converted into Shares. You may be able to sell your Rights on the ASX. However, the ability to realise value for Rights is subject to there being demand for the Rights. It is possible that the Rights will have no value.

Ineligible Foreign Shareholders will be significantly diluted by the Rights Issue.

- Income tax

If you are an Eligible Australian Shareholder (a Shareholder who is a resident of Australia for tax purposes and who is on the register of HTAL at 5.00pm (Sydney time) on 14 May 2007 with a registered address in Australia or New Zealand), HTAL expects that you will be assessable to income tax on the value (if any) of Rights granted to you, regardless of whether you take up the Rights, sell the Rights or allow the Rights to lapse. Taxation Implications are addressed further in Section 8. HTAL has requested the ATO to issue a Class Ruling on this matter. Eligible New Zealand Shareholders could be similarly assessable to Australian income tax on their Rights.

## 6.2 General risks associated with investing in CPS

There are risks associated with any stock market investment. The price of the CPS rise or fall and might trade below or above the Issue Price. Factors which may affect the market price of the CPS include:

- price movements in the Shares;
- general movements in Australian and international stock markets;
- investor sentiment;
- Australian and international economic conditions and outlook;
- changes in interest rates and the rate of inflation;
- changes in exchange rates;
- changes to laws (including taxation laws), government regulation and policies;
- announcement of new technologies; and
- geo-political instability, including international hostilities and acts of terrorism.

HTAL has incurred significant losses and recorded negative cash flows to date and, consequently, has not been able to pay out any dividends to Shareholders. HTAL's ability to declare any dividends in the future is subject to the availability of profits and the decision of the Board to declare dividends. The Directors believe that it is unlikely that sufficient profits will be available for that purpose before the second anniversary of the Allotment Date.

## 6.3 Risks associated with HTAL and the Australian telecommunications sector

In addition to the general risks associated with the Rights Issue and investing in the CPS, you should be aware of specific risks inherent in investing in HTAL. The ability of HTAL to achieve continued growth depends on numerous uncertain events which include, among other things, competition in the Australian telecommunications market, the rate of obsolescence of existing technology, changes in the regulatory environment in Australia and technology available from principal handset providers. Some of the specific risks that could have a material effect on HTAL's operating performance and financial condition are discussed in more detail below. Some risks may be unknown to HTAL and other risks, currently believed to be immaterial, could turn out to be material.

### 6.3.1 Market and operating risks

#### Future funding requirements for HTAL

HTAL's growth strategy requires capital in order to market and distribute its products and services, to increase its customer base, to develop new products and services and to develop and implement new mobile telecommunications technologies.

HTAL relies to a large extent on loans from third parties that are guaranteed by HWL and its subsidiaries as well as loans and contributions from subsidiaries of HWL to help meet its working capital and other capital requirements. If at any future time, HTAL can no longer rely on this support, HTAL may be compelled to rely on other forms of financing which may not be available or not be available on favourable commercial terms.

## Risk factors continued

### Risk related to HTAL's debt levels

The purpose of the Rights Issue is to recapitalise HTAL by reducing its debt levels. After the Rights Issue, HTAL's consolidated group debt will be approximately \$1.1 billion. See Section 1.2 and Section 5 "Summary Financial Information".

Notwithstanding the reduction in debt levels following the Rights Issue, HTAL's significant level of debt makes it more vulnerable to general adverse economic conditions, as well as to conditions in the telecommunications industry, which may require HTAL to dedicate a substantial portion of its cash flow from operations to debt payments, thereby decreasing the availability of its cash flow for business operations. This could limit HTAL's flexibility and ability to plan for, or react to, changes in its business and the telecommunications industry.

### Structure of the Australian telecommunications market

The Australian telecommunications market is dominated by the incumbent, previously monopolist, carrier Telstra. Although the market has been deregulated since the early 1990s and more broadly since 1997, Telstra remains a vertically and horizontally integrated operator with the most extensive networks in different segments of the market, has leading market positions in most major market segments (e.g. fixed line, mobile, broadband, Pay TV, directories) and has the ability to exert significant market power. Telstra's very strong cash flows enable it to invest in networks (such as the 3G, 850MHz network that Telstra launched in October 2006), systems and technology that may create a competitive advantage which enable it to capture market share and earn higher margins.

### Competition in the mobile telecommunications sector

The mobile telecommunications sector in Australia is highly aggressive both in terms of pricing and development of new products and services. The sector comprises four network operators (Telstra, Optus, Vodafone and HTAL) that in total run three GSM networks, one CDMA network at 850MHz, four 3G networks at 2100MHz and one 3G network at 850MHz. Telstra has stated that it intends to close the CDMA network it operates at 850MHz in 2008. The other mobile operators have the expertise and financial capabilities to respond to and/or anticipate any of HTAL's initiatives. Telstra and Optus have fixed, data and HFC networks which allow them to bundle fixed voice, broadband and Pay TV services with mobile services, which may reduce the effectiveness of HTAL's marketing and adversely affect its market share. In early 2007, Optus announced that it plans to spend up to \$800 million to build a new third generation (3G) UMTS mobile network which it says will reach at least 96 per cent of the Australian population.

As a mobile wireless broadband service provider, HTAL could face growing competitive pressure from providers in the Internet and media market segments, including providers who offer fixed broadband access, video services and digital mobile services (such as music).

If the Australian market follows the emerging trend overseas towards integrated fixed and mobile offerings HTAL may need to make significant new investments in this fixed telephony or seek to form alliances with other operators.

Any general increase in competition in the Australian mobile telecommunications market could result in HTAL experiencing slower customer growth (as compared to current rates), an increase in customer churn (which may lead to greater volatility or decreased revenues for HTAL), increased costs, or a need for HTAL to increase its investments, all of which could have a material adverse effect on HTAL's results of operations and financial condition.

### Rapid changes in technology

The telecommunications sector is characterised by rapid increases in the diversity and sophistication of the technologies and services offered. As a result, HTAL may face increasing competitive pressures from technologies already being developed, or which HTAL's existing or new competitors may develop in the future, or from the obsolescence of HTAL's current technologies. To compete, HTAL will need to continue investments in its network infrastructure, content platforms and other systems to provide new features and services and to ensure its networks provide adequate capacity for new customers and increasingly data-hungry applications. The development and application of new technologies involve substantial cost and risks. If HTAL's current and potential competitors are more effective than HTAL at developing or marketing new technologies, products and services, or have greater resources available for this purpose, and HTAL is not able to compete promptly, there could be a material adverse effect on HTAL's results of operations or financial condition.

Examples of such new technologies include the features which provide increased speed in the 3G network, known as HSDPA, which was recently rolled out in the 3GIS network used by HTAL (see Section 4), and the expected introduction of dedicated mobile TV services using DVB-H technology on spectrum to be auctioned by the Australian Federal Government in 2007 and the introduction of wireless broadband technologies, for example, WiMAX, in 2008 or 2009. The introduction and uptake of potentially competing wireless broadband technologies such as WiMAX and Wi-Fi also poses a risk to the future results of HTAL's operations.

### Network and system failures

HTAL's infrastructure network and IT systems may be vulnerable to damage or interruptions in operations due to seriously adverse weather conditions, earthquakes, fires, power loss, telecommunications failures, software damage, transmission cable cuts or similar events. Although HTAL maintains property damage and business interruption insurance, claims could exceed the coverage obtained or might not be covered under HTAL's insurance policies. Any failure of HTAL's networks, or any link in the delivery chain that results in an interruption in HTAL's operations or an interruption in the provision of any of HTAL's services, whether from operational disruption, natural disaster, military or terrorist activity, sabotage or otherwise, could severely limit HTAL's ability to deliver services normally and to attract or retain customers, which could have an adverse effect on HTAL's results of operations or financial condition.

In particular, the operation of HTAL's networks relies substantially on a major switch and computer operations centre site. If this site is destroyed or its operation is substantially impaired, some aspects of the 3G services could be unavailable for several weeks or even months, resulting in damage to HTAL's reputation and loss of customers.

### **Access to and costs of acquiring content**

HTAL has acquired key rights to sports, news and music and other forms of content. However, with increased activity by 3G competitors in the Australian mobile telecommunications market, where there are a limited number of media content providers, HTAL may lose its content rights in the future or it may incur greater expenses to acquire or maintain these rights. Furthermore, the timing, length and exclusivity of content rights, such as sports rights, must comply with general competition laws. A lack of access to content or increases in HTAL's content costs in the future may adversely affect HTAL's results of operations or financial condition.

### **New products and services may not appeal to customers**

Any further increase in HTAL's revenues depends in part on HTAL's capacity to attract new customers and retain its existing customers. There can be no assurance, however, that HTAL's results from prior years in terms of customer growth, sales revenues or any other improvements in HTAL's other financial and operational indicators will be achieved in the future. You should not consider such past growth as indicative of future growth, since changes in the telecommunications markets and other significant variables such as consumer preferences could significantly alter past trends and result in significantly different results in the future. New products and services may also drive increased costs of capacity as customers consume more data using their mobile.

HTAL's ability to continue its growth, in terms of both number of customers and revenue from sales of its products and services, and to increase profitability depends, in part, on the successful implementation of its business strategy. This strategy includes an expansion of HTAL's products with a focus on offering new and innovative mobile services and related product offerings (non-voice services in particular) and handsets to consumers through the acquisition of new and varied content and the commencement of new data and multimedia services.

There can be no assurance that HTAL will be successful in implementing this strategy, or that HTAL will be able to anticipate or meet the preferences and needs of its customers or the market generally (which would enable an increase in HTAL's customer base and in its revenues). If HTAL is unable to implement its business strategy there may be adverse effects on HTAL's results of operations or financial condition.

### **Litigation relating to inappropriate use of intellectual property rights or content**

HTAL is licensed to use trademarks and other intellectual property owned by third parties. If it were to be found, by a court or otherwise, that HTAL had infringed the intellectual property rights of third parties, HTAL may be required to pay damages, stop developing or marketing the relevant products or services, stop using the relevant intellectual property, obtain licences to develop and market the services or to use the intellectual property in such a way as to avoid infringing those rights.

In addition, HTAL customers, through their 3G handsets, have access to information and data (including commercial partners' products and videos made by other customers), which HTAL does not control. Although HTAL has implemented measures to deter the illegal use of the services it offers, it could be involved in litigation or legal proceedings related to the illegal or inappropriate use of content available to its customers.

### **Reliance on third party suppliers**

HTAL is a party to a series of agreements with external suppliers for, among other things, the supply of IT systems and equipment for its network. There can be no assurance that the suppliers chosen by HTAL will be able to respond in a timely and cost effective manner to the continuous technological developments needed by HTAL, or that they will be able to provide the equipment and hardware and software needed by HTAL to conduct its business.

HTAL has an ongoing relationship with the Ericsson group pursuant to a managed services contract which continues to 2010 and provides for the daily management of HTAL's networks and IT systems. If Ericsson were, for whatever reason, to fail to comply with or provide the services required pursuant to the managed services contract, HTAL's ability to operate successfully and to expand its network could be negatively affected, which could affect its ability to provide services to its customers. Moreover, if HTAL needs to replace Ericsson with another service provider, it may be unable to find an adequate alternative provider, or, even if it does find an alternative provider, the terms and conditions of any new agreement with that service provider may not be as favourable as those it has with Ericsson, which could adversely affect HTAL's results of operations or financial condition.

HTAL relies upon third parties to supply handsets with appropriate functionality. If HTAL's suppliers do not deliver a sufficient quantity of handsets with appropriate functionality for HTAL's existing and developing services, particularly HSDPA enabled services, to meet HTAL's proposed timing for the introduction and/or continued provision of services, this could have a significant impact on HTAL's ability to implement its business strategy, with a consequent adverse effect on its results of operations or financial condition.

### **Risks related to joint venture investments**

HTAL is a party to a joint venture with TCNZ under which H3GA was established. If additional funding calls for this joint venture are not met by one shareholder, that shareholder's interest will be diluted.

H3GA has entered into a partnership with Telstra which owns and operates the 3G network UTRAN assets. Telstra is not required to provide any additional funding outside of the agreed funding program. If Telstra elects not to fund its share of any additional network rollout, H3GA can fund, and will own, any sole funded parts of the network.

# Risk factors continued

## 6.3.2 Regulatory risks

### Telstra's constitutional challenge to access regulation

In January 2007, Telstra commenced an action in the High Court of Australia challenging the validity of the access regime set out in Part XIC of the Trade Practices Act 1974 (Cth). Part XIC enables the ACCC to impose obligations on carriers, including Telstra, to provide access to telecommunications services and to set the prices that may be charged for such access. Telstra alleges that the access regime is invalid under s51(xxxi) of the Commonwealth Constitution to the extent that it effects the acquisition of its property other than on just terms. If Telstra's action is successful, the ACCC's power to regulate access to essential services will be substantially diminished. To the extent that the High Court's decision may limit HTAL's ability to secure access to services that are currently regulated by the ACCC, Telstra's High Court challenge could have an adverse impact on HTAL's results of operations or financial condition.

### HTAL's dependence on roaming and interconnection agreements

In providing services HTAL depends, in part, on interconnection arrangements with other Australian mobile and fixed operators. Any change to the current regulatory environment or the basis upon which interconnection charges are fixed or determined is likely to require the renegotiation of HTAL's interconnection agreements. Should HTAL not be able to maintain its interconnection agreements on terms that are commercially acceptable to it, there could be a significant change in interconnection expenses, adversely affecting its results of operations or financial condition. There is the risk that inter carrier settlement arrangements will be detrimentally changed if the current circuit switched event based settlement regime moves to a settlement process more aligned to the internet regimes. The internet regimes typically work on a total volume basis and HTAL's ability to negotiate favourable terms depends on the volume of internet traffic which is currently relatively low, although will be expanded with emerging applications such as the X-Series from 3 which HTAL launched on 27 March 2007.

Telstra currently provides HTAL with GSM and GPRS national roaming services, which permit HTAL to offer limited voice and data services to its customers in areas of Australia where HTAL does not have network coverage. If such national roaming services were not made available by Telstra as required under its agreement with HTAL, HTAL would be unable to offer national coverage to subscribers. While HTAL could seek supply of GSM and GPRS roaming services from another provider, there is no guarantee that such services would be made available to HTAL. If HTAL were to secure access to GSM and GPRS roaming services through an alternative supplier, such access may be subject to terms and conditions that are less favourable to HTAL. This may have an adverse effect on HTAL's results of operations or financial condition.

Mobile technology is evolving towards an all IP environment where voice services will be carried over data circuits. As mobile carriers migrate their customers to 3G technology and to all IP environments, the need to access a national high speed (3G) data network increases. There is a risk that such access will not be available or will require significant investment in additional infrastructure.

International roaming agreements with other telecommunications operators provide a source of revenue for HTAL when other mobile telecommunications operators' customers roam onto HTAL's network, and allow HTAL's customers to roam on other operators' networks when travelling abroad. If HTAL were not able to maintain its roaming arrangements on favourable terms, HTAL's international roaming coverage may be adversely affected and the attractiveness of its service offer may diminish.

### Spectrum

HTAL has licences for adequate spectrum for its current requirements. However, these requirements may change over time. To be competitive in the market today, HTAL must have good coverage in the areas that the network covers. HTAL may need to deploy a low band UMTS carrier solution in certain locations to improve coverage. There is a risk that at the relevant time HTAL may not have access to the necessary spectrum compatible with mass market handsets and HTAL's existing 2100 MHz spectrum.

If customers consume greater amounts of data rich applications, then HTAL may need to use additional spectrum to the current holdings at 1800 MHz and 2100 MHz. A risk is that regulators may not permit access to alternative spectrum for expansion or HTAL may not be successful in obtaining any such spectrum if it is made available. Acquiring further spectrum would involve additional capital expenditure not currently planned.

Existing spectrum licences have been issued for fixed 15 year terms, and at this time, the renewal process to be adopted by the Australian Federal Government is not known, and there is therefore a risk of non-renewal.

### Potential for future changes to regulation

Changes to the current regulatory environment and decisions by Australian authorities could have an adverse effect on HTAL's business, results of operations or financial condition. Areas where changes could occur include:

- *Mobile services* - The ACCC undertakes regular reviews of the state of competition in mobile services markets to determine whether particular services should be "declared". Declaration imposes obligations on providers of declared services to ensure that access is made available to third parties on reasonable terms and conditions. The ACCC is empowered to regulate disputes about the terms and conditions of access, including price, and can set pricing principles for this purpose. Such pricing principles may not necessarily allow the access provider to recover its direct costs of providing the service.

Mobile services reviews can result in a number of outcomes. First, previously unregulated services may be declared following a review by the ACCC. Second, pricing principles for declared services may be amended such that the prices HTAL charges or pays for declared services may change. Third, existing declarations may be revoked by the ACCC where regulation is no longer considered necessary. Any of these outcomes could have an adverse impact on HTAL's commercial interests, depending on the particular declarations that are made or revoked, and any pricing principles that are determined by the ACCC.

- *Content* - the regulators have indicated that they are closely monitoring the convergence of delivery platforms for media and content services, including mobile internet and re-transmission of broadcast material. It is possible that if the Australian Government or the regulators adopt a new approach to regulating access to content the new approach may not be favourable to HTAL.
- *Taxes* - some governments have indicated an intention to impose rates or taxes on mobile telecommunications infrastructure.
- *Base stations* - any changes to regulations for deployment of base stations (such as the "Low Impact Facilities Determination") or to other planning laws may restrict the ability of carriers to deploy network base stations. Although the 3 network is adequately deployed for current requirements, future capacity or coverage requirements may be affected if such changes were made.
- *Environmental laws* - HTAL's business is subject to Australian laws with respect to environmental protection and compliance with the limitations on electromagnetic emissions. There can be no assurance that the relevant authorities will not implement laws that are more stringent than those already in place or that compliance with any such laws would not result in an increase in the operating costs of HTAL or place HTAL's business under significant constraints, with a consequent negative impact on revenues.
- *National security* - Increasing concerns regarding national security may impose increased obligations on telecommunications carriers to put in place systems to undertake identity checks of potential customers and to intercept communications or store information relating to communications between subscribers, resulting in additional costs to mobile carriers.

### 6.3.3 Risks related to the relationship with Hutchison Whampoa Limited

#### HWL's control of HTAL

HWL, through its wholly-owned indirect subsidiary HCAPL, controls HTAL. In the event no Shareholder other than HCAPL takes up its Rights under the Rights Issue and no sub-underwriter other than HCAPL is appointed, and no change to HTAL's issued share capital following the Rights Issue and conversion of the CPS into Shares:

- HCAPL's shareholding in HTAL will increase from approximately 57.8% to approximately 97.7%; and
- HWL and HCAPL's Relevant Interest in Shares (including the Leanrose Shares) will increase from approximately 70.2% to approximately 98.3%.

See Section 7 "Control of HTAL by HWL". HWL is able to influence HTAL's business through its ability to control actions that require majority shareholders' approval and through its representatives on HTAL's and H3GA's boards of directors. Consequently, the ability of minority shareholders to influence HTAL business is, and will be, limited.

#### Synergies gained through being a member of the 3 Group

HTAL as part of the 3 Group benefits from its ongoing relationship with HWL and HWL's other subsidiaries and affiliates, particularly with respect to the guarantees provided in relation to financing facilities, handset procurement, IT systems development, licensing of the 3 brand, media content acquisition and certain intellectual property rights.

If HWL ceases to control HTAL or if HWL withdraws its support, HTAL may lose the right to use the 3 brand and the synergies and benefits derived from being a member of the 3 Group, which could have an adverse effect on HTAL's results of operations or financial condition.

#### Risks to the value of the 3 brand

Like HTAL, other 3 Group companies operating outside Australia also use the 3 brand under brand licence agreements with HWL. Accordingly, any damage to the brand image of the 3 brand, even in countries other than Australia or caused by events outside HTAL's control, could have an adverse effect on HTAL's image and reputation in Australia.

### 6.3.4 Other risks

#### Key personnel

The success of HTAL is substantially dependent upon the continued service of its key executives and key employees, who have substantial experience in the telecommunications sector in Australia. There can be no assurance that if any one or more of its key personnel were to discontinue their relationship with HTAL, HTAL would be able to replace them in a timely manner with employees capable of providing the same contribution to HTAL.

#### Foreign currency risks

HTAL conducts most of its business in Australian dollars. However, it purchases a significant amount of its products and accessories, in particular its 3G handsets, in U.S. dollars. Even with measures adopted to limit the risks from fluctuations in currency exchange rates, changes in currency exchange rates may adversely affect the prices at which HTAL sells its products in Australia.

#### Perceived health risks associated with electromagnetic energy

Reports have suggested that electromagnetic energy emissions from mobile equipment may have adverse health consequences. Concerns in this regard may discourage the use of mobile handsets or may result in legal actions being commenced against Australian telecommunications operators. Research and studies are ongoing and HTAL cannot warrant that further research and studies will not demonstrate a link between radio frequency signal emissions and health concerns or that if such link were to be proved, that there would not be an adverse effect on HTAL's results of operations or financial condition.

# Control of HTAL by HWL

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# Control of HTAL by HWL

## 7.1 Underwriting and sub-underwriting

HWL indirectly owns approximately 57.8% of the Shares via its wholly owned indirect subsidiary HCAPL. Reflecting HWL's commitment to HTAL, HWL has indicated that HCAPL will take up its pro-rata entitlement under the Rights Issue in full and HWL has entered into the Underwriting Agreement to underwrite the Rights Issue and will apply for, or procure applications for, the Shortfall CPS subject to the terms of that agreement. HTAL will pay HWL an underwriting fee of 0.4% of the Underwritten Amount plus out of pocket expenses and reasonable legal and other costs and disbursements. The material terms of the Underwriting Agreement between HTAL and HWL are summarised in Section 9.5.1.

HWL has appointed HCAPL as sub-underwriter which will apply for any portion of the Shortfall CPS not subscribed for by third party sub-underwriters. Details of the Sub-underwriting Agreement are outlined in Section 9.5.2.

Leanrose, which holds approximately 12.4% of the Shares, has informed HTAL that it does not intend to take up its pro-rata entitlement under the Rights Issue.

The issue of the CPS will not result immediately in any dilution to existing voting rights of Shareholders. However, in accordance with the terms of the CPS as set out in Schedule A of this Prospectus, the CPS are convertible into Shares and all CPS will eventually be converted into Shares on the Mandatory Conversion Date, at the latest.

The following table sets out the effect of the conversion of the CPS on the Relevant Interest in Shares of HWL and HCAPL assuming different levels of shortfall under the Rights Issue and full conversion on or before the Mandatory Conversion Date. This situation may apply earlier but will apply, at the latest, from the Mandatory Conversion Date.

**CPS holdings & Share holdings of HWL and HCAPL after the Rights Issue and conversion of the CPS for different levels of shortfall**

1	2	3	4	5	6
CPS issued pro rata to HCAPL (millions)	% Shortfall	Total number of CPS issued to HCAPL (millions)	Number of Shares issued on conversion (millions)	% of Shares held by HCAPL	% Relevant Interest in Shares of HWL and HCAPL (which includes the Relevant Interest in Shares held by Leanrose)
7,848	0%	7,848	6,671	57.8%	58.5%
	20%	8,993	7,644	65.8%	66.5%
	40%	10,138	8,617	73.8%	74.4%
	60%	11,283	9,590	81.7%	82.4%
	80%	12,428	10,564	89.7%	90.4%
	100%	13,573	11,537	97.7%	98.3%

Notes for table:

1. The percentages shown assume no other changes to the issued capital.
2. Any further issue of securities by HTAL during the term of the CPS may change the percentages shown.
3. The percentages shown assume no other acquisitions or disposals (e.g. on-market purchases or sales) of CPS or Shares by HWL or HCAPL or any of their associates. In particular, you should be aware that HWL and HCAPL may acquire (and convert) additional CPS, and additional Shares up to a 3% limit each 6 months (although HWL and HCAPL have indicated that they have no present intention of doing so). Any such acquisitions may increase the Relevant Interest in Shares of HWL and HCAPL above those shown in the table.
4. Column 3 assumes no third party sub-underwriting commitment. Also, if there are no third party sub-underwriters the whole of the Shortfall CPS will be taken up by HCAPL under the Sub-underwriting Agreement.
5. Column 4 assumes the total number of CPS acquired by HCAPL and its associates are converted.

(continued overleaf)



# Control of HTAL by HWL

6. Column 5 gives the maximum holding of Shares following conversion of all CPS held by HCAPL.
7. The effect of various possible levels of shortfall in subscriptions under the Rights Issue and the take up of such shortfall by HCAPL as sub-underwriter (assuming no sub-underwriter other than HCAPL) is shown. However, it is not possible to know prior to the end of the Issue Period what, if any, shortfall there may be or whether all or part of that shortfall may be allocated to other third party sub-underwriters. For the purpose of assessing the maximum number of Shares which HWL may come to control, you should assume that no Shareholders other than HCAPL take up any of the CPS pursuant to the Rights Issue.
8. The percentages shown in the table above are rounded to one decimal place. This means that, in the Rights Issue, the actual percentages may differ slightly from those shown in the table. The differences will not be material.
9. HCAPL has indicated that it does not intend converting the Convertible Notes held by HCAPL.
10. Column 6 shows the effect on HWL and HCAPL's Relevant Interest in Shares of a share mortgage granted by Leanrose, which was the subject of shareholder approval on 8 May 2003. That interest granted to HCAPL is an interest as mortgagee. While HCAPL and HWL have a Relevant Interest in the Shares held by Leanrose, they do not currently own or have any right to vote on those Shares. However, under the Corporations Act, HCAPL (and its associate HWL) is deemed to have voting power equivalent to the percentage Relevant Interest in the Shares owned by Leanrose.

Shareholders should note that it is not possible to determine at this time what, if any, the dilutionary effect of the Rights Issue may be and therefore the percentage holding of HCAPL shown in the table above are indicative only. For example, if Shareholders generally take up their entitlements in the Rights Issue and the shortfall is small, HWL's and HCAPL's Relevant Interest in Shares would increase only marginally. However, if most other Shareholders in addition to Leanrose do not take up their entitlements in the Rights Issue and HCAPL converts its CPS, the Relevant Interest in Shares of HWL and HCAPL would increase very significantly.

In addition, as permitted by the Corporations Act, HWL and HCAPL may buy CPS or Shares following the Rights Issue, without further shareholder approvals, provided their respective voting power does not increase by more than 3% in any 6 month period or under other provisions of the Corporations Act that permit an increase in voting power upon the acquisition of a Relevant Interest in voting shares. This could result in their Relevant Interest in Shares (and therefore their voting power) increasing beyond the percentages shown in the table above. Their voting power will

only increase as a result of the acquisition of Shares – the acquisition of CPS will not cause an increase in voting power, but voting power will increase upon conversion of the CPS into Shares. HWL and HCAPL do not have any present intention to buy or sell Rights under the Rights Issue or for HCAPL to subscribe for more than its entitlement under the Rights Issue (other than pursuant to the Underwriting Agreement or Sub-underwriting Agreement). HWL and HCAPL have no present intention to buy additional CPS or Shares on-market following the Rights Issue, but this could change in the future.

## 7.2 Conversion of the Convertible Notes

HCAPL also holds 906,206,358 of the 909,358,150 convertible notes issued by HTAL in July 2002 (the **Convertible Notes**) at an issue price of \$0.66 per Convertible Note. The Convertible Notes may be converted into Shares on a one for one basis. The Convertible Notes mature on 11 July 2007. On that date, HTAL must redeem any Convertible Notes which have not been converted prior to that date, but may also purchase the Convertible Notes on market or by tender or private contract before that time provided no event of default has occurred under the terms of issue of the Convertible Notes.

HWL has informed HTAL that HCAPL does not intend to convert the Convertible Notes held by HCAPL. Under the terms of the Convertible Notes, HTAL may purchase all or any of the Convertible Notes on-market or by private contract, and any Convertible Notes so purchased must be cancelled. HTAL will use the proceeds of the Rights Issue to purchase the Convertible Notes on or before 11 July 2007 or redeem any Convertible Notes on that date (see Section 1.2 and Section 5).

## 7.3 Compulsory acquisition rights

Part 6A.2 of the Corporations Act provides that a person holding full beneficial interests in 90% or more of a class of securities (by number), may compulsorily acquire all the remaining securities in that class not already held by that person. HWL and HCAPL will have this right if they ultimately hold 90% or more of the Shares (by number) whether as a result of the conversion of CPS or otherwise. The right expires 6 months after the holder reaches 90%. Part 6A.2 provides for certain minority shareholder protections including the requirement for an expert report, rights to object and court intervention. The price offered under any such compulsory acquisition (if it occurs) could be materially different from (including lower or higher than) the current price at which the Shares are traded on ASX or the pricing implicit in the Issue Price of the CPS. The opinion given at that time by any expert will depend on the expert's view of the fair value of the Shares determined in accordance with Section 667C of the Corporations Act. The table in Section 7.1 shows that HCAPL may reach the 90% trigger level upon conversion of the CPS. It is the current intention of HWL to support the continued ASX listing of HTAL.

# Taxation Implications

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# Taxation implications

## 8.1 Australian Taxation implications of the Rights Issue

The comments in Sections 8.2 to 8.12 are intended to provide a general summary of the Australian taxation implications arising for Eligible Shareholders in respect of the Rights Issue.

The taxation comments below are not intended to be comprehensive and are based upon income tax legislation in force in Australia at the date of this Prospectus. As each Eligible Australian Shareholder's specific circumstances are different, Eligible Australian Shareholders should not rely on these comments in relation to their own affairs but should consult with their tax adviser for advice applicable to their individual needs and circumstances.

This summary outlines the Australian taxation consequences for Eligible Australian Shareholders who hold Shares and Rights (either granted or acquired from another entity) on capital account. Please note that the comments in Section 8.2 below apply, but that the other comments below may not apply, to Eligible Australian Shareholders who hold Shares and Rights (either granted or acquired from another entity) on revenue account (e.g. banks, insurance companies and taxpayers that carry on a business of trading in securities). Further, the comments do not apply to Shareholders who cease to be registered shareholders by 5pm (Sydney time) on 14 May 2007; such Shareholders will not be Eligible Australian Shareholders and therefore will not be granted Rights.

## 8.2 Receipt of Rights granted

The granting of Rights by HTAL should not, of itself, give rise to any capital gains tax (CGT) liability to Eligible Shareholders to whom the Rights are granted. The Rights should constitute an asset for CGT purposes.

Prior to a decision of the High Court of Australia on 22 February 2007<sup>1</sup>, HTAL considered that the granting of Rights by it would not, of itself, give rise to any assessable income to Shareholders to whom such Rights were granted. The High Court decision did not directly concern renounceable rights issues. However, the ATO stated it was considering the implications of the High Court decision on the granting of renounceable rights, including the question whether a shareholder is assessable to income tax, at the time of the grant of renounceable rights, on the market value of those rights at that time.

In order to obtain clarity for Shareholders, on 8 March 2007 HTAL lodged a request with the ATO for the issue of a Class Ruling in relation to the Rights Issue. Specifically, the ATO was requested to address whether a Shareholder would derive any assessable income on the grant of Rights.

On 2 May 2007 the ATO provided HTAL with a draft Class Ruling to the effect that Shareholders in HTAL will derive assessable income, at the time of grant to them of Rights, in the amount of the value (if any) at that time of the Rights granted to them.

HTAL understands the draft Class Ruling reflects the ATO's considered view and accordingly HTAL has consented to the issue of the ruling in final form. HTAL expects the final ruling to be issued within weeks. It should be noted that a draft Class Ruling may not be relied on by any taxpayer; only a final Class Ruling can be relied upon to reflect the ATO's view.

HTAL understands that under current tax law any tax consequences of the take up, lapsing or sale of Rights by Eligible Australian Shareholders (as outlined below) would be in addition to the assessable amount (if any) that would arise for Eligible Australian Shareholders on the grant of the Rights. For example, HTAL understands that, if the tax law is not amended, the CGT cost base of the Rights or CPS would not be increased to reflect any assessable income that arose at the time of the grant. HTAL has brought such potential for double taxation (if the tax law is not amended) to the attention of the Commonwealth government.

Eligible New Zealand Shareholders could be assessable to Australian income tax on the grant of Rights, and may wish to take their own tax advice specific to their own circumstances.

Shareholders may wish to seek advice on this matter from their own taxation advisers.

## 8.3 If you take up your Rights

If you take up all or some of your Rights, any capital gains or losses arising out of the take up should be disregarded for CGT purposes, irrespective of whether the Rights were granted to you by HTAL or acquired from another entity.

The CPS you receive from taking up your Rights would be assets for CGT purposes. You should receive a cost base for the CPS equal to the amount you paid to acquire the CPS plus any non-deductible incidental costs you incurred. If the Rights were acquired by you from another entity, the cost base of your CPS should also include the amount paid to acquire the Rights.

The CPS that you would acquire as a result of taking up the Rights should be treated for CGT purposes as having been acquired by you on the date on which you took up the Rights.

<sup>1</sup> Commissioner of Taxation v McNeil [2007] HCA 5. The case concerned the income tax treatment of sell-back rights granted by St. George Bank Ltd to its shareholders in 2001. In the case the High Court decided that the sell-back rights granted to the taxpayer were assessable income in the amount of their market value at the time they were granted.

## 8.4 Rights not taken up - if you do nothing

If you allow your Rights to lapse by doing nothing you will receive no value and you should not be subject to a CGT liability.

If you allow some or all of the Rights granted to you to lapse, you may incur a capital loss to the extent of any non-deductible incidental costs (such as seeking professional advice in respect of any decision in relation to the Rights) incurred by you in relation to the Rights. A capital loss made by you in this regard (if any) could normally be offset against taxable capital gains made by you in the same or subsequent years.

If you had acquired the Rights from another entity, you should make a capital loss equal to the amount you paid for the Rights, plus any non-deductible incidental costs you incurred.

## 8.5 Sale of your Rights

The comments below are restricted to those situations where Eligible Shareholders sell their Rights.

### 8.5.1 Residents of Australia

If you are an Australian resident for tax purposes, and you sell your Rights to another entity, there will be CGT implications.

The sale should give rise to a capital gain if the capital proceeds received on the sale of the Rights exceed your cost base of the Rights.

The sale should give rise to a capital loss if the capital proceeds received on the sale of the Rights are less than your cost base of the Rights.

If you acquired the original Shares in respect of which the Rights were granted at least 12 months before the date you agree to sell the Rights, a CGT discount may apply to you if you are an individual, a complying superannuation fund or a trustee of certain trusts. If the CGT discount applies, the amount of the capital gain realised from the sale of the Rights may be reduced by 50% where you are an individual or the trustee of certain trusts and by 33 $\frac{1}{3}$ % in the case of a complying superannuation fund.

### 8.5.2. Non-residents of Australia

Australia's CGT rules would not normally give rise to any CGT liability on a sale of Rights over a shareholding of less than 10% by a person who was not a resident of Australia for tax purposes and who did not carry on business in Australia.

## 8.6 Sale of CPS

### 8.6.1 Residents of Australia

If you are an Australian resident for tax purposes and you sell any CPS acquired on taking up Rights, a capital gain should arise if the capital proceeds received on the sale of the CPS exceed your cost base of the CPS.

The sale may give rise to a capital loss if the capital proceeds received on the sale are less than your cost base of the CPS.

If you acquired the CPS (by taking up Rights) at least 12 months before the date you sold those CPS, a CGT discount may apply to you if you are an individual, a complying superannuation fund or a trustee of certain trusts. If the CGT discount applies, the amount of the capital gain realised from the sale of the CPS may be reduced by 50% where you are an individual or the trustee of certain trusts, and by 33% in the case of a complying superannuation fund.

As noted above, the acquisition date of the CPS is the date of take up of the Rights.

### 8.6.2 Non-residents of Australia

Australia's CGT rules would not normally give rise to any CGT liability on a sale of a shareholding of less than 10% by a person who is not a resident of Australia for tax purposes, and who did not carry on business in Australia.

## 8.7 Conversion of CPS

No assessable income, capital gain or capital loss should arise for you on the conversion of your CPS into Shares.

The CGT cost base of the parcel of CPS converted, plus any incidental costs which you might incur on the Conversion, would be divided among the number of Shares obtained on the Conversion and would become the CGT cost base of those Shares. Those Shares would be taken as having been acquired by you for CGT purposes at the time at which the CPS were acquired. This would be relevant for some Shareholders in terms of whether a CGT discount would be available to them on any subsequent disposal of the Shares.

## 8.8 Dividends

Any dividend paid by HTAL on CPS would be either wholly franked, partly franked or wholly unfranked. "Franked" means that a franking credit, reflecting income tax borne by HTAL, is attached to the dividend.

### 8.8.1 Residents of Australia

Any dividends paid on the CPS should be included in the Shareholder's assessable income in the year in which they are paid, together with any franking credits attached to the dividends. A tax offset (which is essentially a tax credit against tax payable) would generally be allowed for franking credits included in assessable income.

Refunds may be available to an individual, a complying superannuation fund or a trustee of certain trusts for any excess tax offsets arising from the franking credits attached to the dividends. In this regard, excess tax offsets would arise where the amount of tax payable by the Shareholder on its taxable income is less than the amount of the tax offsets arising from the franking credits.

Tax offsets are available to Shareholders in respect of the franking credits attached to dividends paid on the CPS only where certain rules are met, including a 45 day holding period rule.

# Taxation implications continued

## 8.8.2 Non-residents of Australia

Any unfranked dividend paid on the CPS to Shareholders who are non-residents should, prima facie, be subject to dividend withholding tax. The rate of dividend withholding tax is 30% or, in the case of a Shareholder who is a resident of a country that has a double tax agreement with Australia, a lower tax rate (15% in most cases). No withholding tax should be payable on the franked portion of any dividend paid to the Shareholders.

## 8.9 Disposal of CPS

### 8.9.1 Residents of Australia

If you are an Australian resident for tax purposes and you dispose of any CPS acquired on taking up the Rights, a capital gain should arise if the capital proceeds received for the disposal of the CPS exceed your cost base of the CPS.

The disposal may give rise to a capital loss if the capital proceeds received for the disposal of the CPS are less than your cost base of the CPS.

If you acquired the CPS (by taking up Rights) at least 12 months before the date you dispose of those CPS, a CGT discount may apply to you if you are an individual, a complying superannuation fund or a trustee of certain trusts. If the CGT discount applies, the amount of the capital gain realised from the sale of the CPS may be reduced by 50% where you are an individual or the trustee of certain trusts and by 33 $\frac{1}{3}$ % in the case of a complying superannuation fund.

As noted above, the acquisition date of the CPS is the date of take up of the Rights.

### 8.9.2 Non-residents of Australia

Australia's CGT rules would not normally give rise to any CGT liability on a sale of a shareholding of less than 10% by a person who was not a resident of Australia for tax purposes and who did not carry on business in Australia.

## 8.10 Stamp duty

There is no stamp duty payable in respect of any of the transactions involving the granting, take up or trading on ASX in Rights referred to in this Section and no stamp duty should be payable on the future disposal of the CPS on ASX at the time CPS are quoted on ASX.

## 8.11 GST

No Australian GST should be payable in relation to the acquisition or disposal of the Rights or the CPS. Eligible Shareholders who are registered for Australian GST may not be able to claim full input tax credits on costs related to the acquisition or disposal of the Rights or CPS. Eligible Shareholders should seek independent advice in relation to their GST position.

In respect of all other matters and transactions arising under this Prospectus, the Australian GST implications may vary depending upon your Australian GST registration status and residency status. You should seek independent advice in relation to your individual Australian GST position.

## 8.12 New Zealand taxation implications of the Rights Issue

Eligible New Zealand Shareholders who hold Shares and Rights (either granted or acquired) should consult with their tax adviser for advice on Australian and New Zealand taxes applicable to their individual needs and circumstances.

# Additional information

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# Additional information

## 9.1 Nature of this Prospectus

The Shares issued on conversion of the CPS are currently in a class of securities that has been continuously quoted on ASX and thus subject to regular reporting requirements for the 12 months prior to the date of this Prospectus. In reliance on ASIC Class Order 00/195, this Prospectus is a prospectus to which the special content rules under Section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus.

## 9.2 Reporting and disclosure obligations

HTAL is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules.

These obligations require HTAL to notify ASX of information about specified events and matters concerning HTAL as they arise for the purposes of ASX making that information available to the stock market. In particular, HTAL is obliged under ASX Listing Rules (subject to limited exceptions) to notify ASX of information concerning HTAL of which HTAL is, or becomes aware, which a reasonable person would expect to have a material effect on the price or value of the Shares.

Further, HTAL is required to prepare both yearly and half yearly financial statements, a report on the operations and undertakings of HTAL during the relevant accounting period and an audit or review of the financial statements.

Copies of documents lodged with ASIC in relation to HTAL may be obtained from, or inspected at, an ASIC office or are available at [www.hutchison.com.au](http://www.hutchison.com.au).

## 9.3 Availability of documents

HTAL will provide a copy of the following documents free of charge to any person who requests a copy during the Issue Period in relation to this Prospectus by calling the HTAL Information Line on 1800 629 116 from within Australia or (+61 2) 8280 7116 from outside Australia:

- financial statements of HTAL for the Financial Year 2006 (being the most recent annual financial statements lodged with ASIC before the lodgement of this Prospectus);
- the Constitution; and
- any continuous disclosure notices lodged by HTAL with ASX after the lodgement of the annual financial statements for the Financial Year 2006 and before the date of this Prospectus.

The following continuous disclosure notices have been lodged by HTAL with ASX since lodgement of the annual financial statements:

Date	ASX Announcement
3 May 2007	ATO Proposed Ruling on Tax Treatment of Renounceable Rights
4 May 2007	Chairman's and CEO's Address to Shareholders
4 May 2007	Results of Annual General Meeting

These documents are also available with ASX and at [www.hutchison.com.au](http://www.hutchison.com.au).

## 9.4 Rights attaching to the Shares

### 9.4.1 General

The rights and restrictions attaching to the Shares are set out in the Constitution. Those rights and obligations are regulated by the Corporations Act, ASX Listing Rules and general law. A copy of the Constitution is available to any person free of charge during the Issue Period by calling the HTAL Information Line on 1800 629 116 from within Australia or (+61 2) 8280 7116 from outside Australia.

The key rights attaching to the Shares under the Constitution and the Corporations Act are summarised below.

### 9.4.2 General meeting and notices

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of HTAL and to receive all notices, accounts and other documents required to be furnished to Shareholders under the Constitution, the Corporations Act or ASX Listing Rules.

### 9.4.3 Voting rights

Subject to any rights or restrictions for the time being attached to any class of shares, at a meeting of shareholders, each Shareholder that is entitled to vote may vote in person or by proxy or, being a corporation, by a duly authorised representative, and has one vote on a show of hands and one vote per fully paid Share on a poll.

### 9.4.4 Dividend rights

The Directors may pay any interim and final dividends as, in their opinion, the financial position of HTAL justifies.

### 9.4.5 Rights on winding-up

Subject to the rights of any other securities which have priority on a winding up, if HTAL is wound up, any surplus will be divided amongst Shareholders in proportion to the number of Shares held by them. If HTAL is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of HTAL and may, for that purpose, set a value as the liquidator considers fair upon the property to be so divided and may determine how the division is to be carried out between the Shareholders.

### 9.4.6 Transfer of Shares

Subject to the Constitution, the Corporations Act, ASX Listing Rules and ASTC Settlement Rules, the Shares are freely transferable. Subject to the Corporations Act and ASX Listing Rules, the Directors may refuse to register a transfer only in limited circumstances such as where HTAL has a lien on those Shares.

### 9.4.7 Issue of further shares

Subject to the Constitution, ASX Listing Rules and ASTC Settlement Rules, the Directors have the right to issue shares or grant options over unissued shares to any person on the terms and conditions they think fit. Also subject to the ASX Listing Rules and ASTC Settlement Rules, any share in HTAL may have preferred, deferred or other special rights or special restrictions about dividends, voting, return of capital, participation in the property of the company on a winding up or otherwise, as the Directors think fit.



#### 9.4.8 Variation of rights

HTAL currently has only ordinary shares on issue. The rights, privileges and restrictions attaching to those Shares or to any other class of shares which may be issued in the future, such as the CPS, can only be varied by a special resolution passed at a general meeting of HTAL by the holders of each relevant class of shares or with the written consent of the holders of at least three quarters of the shares in the relevant class.

#### 9.4.9 Share buy-backs

HTAL may buy Shares in itself on the terms and at the times determined by the Directors, to the extent and in the manner permitted by the Corporations Act.

#### 9.4.10 Number of directors

The Constitution provides that the Board may determine the number of Directors, subject to the number of Directors not being less than 3 or more than 12. The Board must not determine a maximum which is less than the number of Directors in office at the time the determination takes effect.

#### 9.4.11 Amending the Constitution

The Corporations Act provides that the Constitution may be modified or repealed by a special resolution passed by the Shareholders (that is, passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution).

The Constitution does not provide for any further requirements to be complied with to effect a modification or, to repeal, the Constitution.

### 9.5 Material contracts relating to the Rights Issue

#### 9.5.1 Summary of the Underwriting Agreement

The Underwriting Agreement is between HTAL, in its capacity as issuer, and HWL, in its capacity as Underwriter, and provides that the Rights Issue will be underwritten by HWL. In the event that the CPS are not fully subscribed for under the Rights Issue, HWL will apply for, or procure Applications for, the Shortfall CPS subject to the Underwriting Agreement. If no Shareholders take up their Rights under the Rights Issue, other than HCAPL taking up its pro-rata entitlement in full, the amount to be subscribed for in the Shortfall CPS will be approximately \$1.2 billion.

Subject to the terms of the Underwriting Agreement, HWL will be entitled to an underwriting fee of 0.4% of the Underwritten Amount. In addition, HTAL must pay HWL the reasonable travel and out of pocket expenses and reasonable legal costs and disbursements incurred by HWL in respect of the Rights Issue.

Subject to certain conditions, HTAL indemnifies HWL and its related bodies corporate (other than HTAL and its subsidiaries), and their respective officers, employees, agents and advisers (**Indemnified Parties**) against, in general terms, all losses suffered by the Indemnified Parties arising out of or in connection with the appointment of HWL as Underwriter pursuant to the Underwriting Agreement, including, for example: the issue of the Prospectus and the conduct of the Rights Issue; any non-compliance of HTAL under the Underwriting Agreement; any representation or warranty made or given under the Underwriting Agreement proving to have been

untrue or incorrect in any material respect; any presentation announcement, advertisement or publicity made by or on behalf of an Indemnified Party in relation to the Rights Issue with the prior approval of HTAL; any liability that an Indemnified Party has under the Corporations Act or any other applicable law in relation to the Rights Issue; and the issue of the CPS. Those indemnities do not apply in certain circumstances and in relation to certain liabilities, such as: to the extent that the losses suffered result from an act or omission involving fraud, negligence or wilful misconduct of an Indemnified Party; if any announcements are made by the Indemnified Party without the approval of HTAL in relation to the Rights Issue; and any liability of HWL to subscribe for the Shortfall CPS under the Underwriting Agreement.

The Underwriting Agreement provides that HWL may terminate its obligations under the Underwriting Agreement at any time on or before 2.00pm on the Allotment Date if it becomes aware of the happening of any one or more certain specified events, including but not limited to:

- any non-compliance order by ASIC, or withdrawal of consent affecting this Prospectus or the Rights Issue;
- approval by ASX for the official quotation of the CPS being refused or withdrawn;
- a material adverse change in the financial position, results of operations or prospects of HTAL or any of its subsidiaries;
- the suspension of trading in the Shares for more than three consecutive business days, or the Shares ceasing to be quoted on ASX;
- the All Ordinaries Index on the close of trading on at least three consecutive business days is at a level which is at least 15% or more below its level at the close of trading on ASX on the business day before the date of the Underwriting Agreement;
- trading of all securities quoted on ASX is suspended for more than one business day;
- HTAL alters its share capital or its Constitution in any material respect other than those changes approved at the 2007 HTAL Annual General Meeting (without the prior written consent of HWL);
- a judgement, execution or other process in an amount exceeding \$500,000 is obtained or issued against HTAL or any of its subsidiaries and is not set aside or satisfied within seven days of that judgement;
- without the prior written consent of HWL, HTAL or any of its subsidiaries passes or becomes obliged to pass a resolution with respect to financial assistance under the Corporations Act;
- HTAL or any of its subsidiaries becomes unable to pay its debts when they are due, suspends re-payment of its debts generally or is presumed insolvent under the Corporations Act;
- HTAL fails to perform or observe any of its material obligations under the Underwriting Agreement and that failure is not remedied to the satisfaction of HWL; or
- a representation or warranty made or given by HTAL under the terms of the Underwriting Agreement proves to be or becomes untrue or incorrect in any material respect.



## Additional information continued

Other termination events only apply if they are likely to have a material adverse effect on the success of the Rights Issue or lead to or are likely to lead to a liability for HWL under the Corporations Act or any applicable law, for example:

- a notice is given under Section 730 of the Corporations Act or ASIC applies for an order under Section 1324B of the Corporations Act in relation to this Prospectus;
- a supplementary or replacement prospectus is, in the reasonable opinion of HWL, required and HTAL does not lodge such a document in the form and context and within the time as reasonably required by HWL;
- a Director of HTAL or any of its subsidiaries is charged with a specified offence or any regulatory body commences or announces any public action against such a Director, or a Director of HTAL is disqualified from managing a corporation;
- commencement or escalation of hostilities (whether war has been declared or not) involving Australia, New Zealand, United States of America, United Kingdom, Peoples Republic of China and/or Indonesia; or a terrorist act is perpetrated in any of those countries or against any diplomatic or political establishment of any of those countries elsewhere in the world; or a national emergency is declared by any of those countries;
- any delay in the timetable for the Rights Issue by more than five business days;
- introduction or announcement of a new Australian law or regulation, or a new policy to be adopted by a government agency in Australia;
- without the prior written consent of HWL, any of the material contracts summarised in this Prospectus are terminated or rescinded, altered or amended in any material respect or any such contract is found to be void or voidable;
- HTAL or any of its subsidiaries contravenes any provision of the Constitution, the Corporations Act or any requirement of ASX or any other applicable law or any agreement entered into fails to comply with the Corporations Act; or
- a general moratorium on commercial banking activities in Australia or the United States of America is declared by the relevant central banking authority and remains in force for two consecutive business days, or there is a material disruption in commercial banking or securities settlement and clearance services in either of those countries which remains in force for two consecutive business days.

### 9.5.2 Summary of the Sub-underwriting Agreement

As noted above, HCAPL currently owns approximately 57.8% of the Shares in HTAL. As at the date of this Prospectus, the Underwriter has entered into the Sub-underwriting Agreement with HCAPL. HCAPL will be obliged to subscribe for the Shortfall CPS. However, this may be reduced by the amount of any other sub-underwriting commitments obtained by the Underwriter.

Upon the fulfilment of HCAPL's sub-underwriting obligations and subject to the terms of the Sub-underwriting Agreement, HWL will pay or procure the payment of a sub-underwriting fee to HCAPL. In the event that the Underwriter terminates the Underwriting Agreement as outlined above, the Sub-underwriting Agreement will also terminate. In this event, HCAPL will not be entitled to any fee.

### 9.6 ASX quotation

HTAL will apply to ASX within seven days of the date of this Prospectus for the official quotation of the CPS. Quotation is not guaranteed or automatic. If ASX does not grant permission for the CPS to be quoted, Applicants will be provided with the opportunity to withdraw their Application and be repaid.

The CPS are expected to trade with the ASX code HTAPA.

### 9.7 Accessing information about your investment

HTAL will apply to ASX for CPS to participate in CHESS and, under the ASX Listing Rules and ASTC Settlement Rules, will maintain an electronic issuer-sponsored subregister and an electronic CHESS subregister. Under CHESS, HTAL will not issue certificates to holders of CPS. After the issue of CPS, holders will receive either a CHESS allotment confirmation notice or an issuer sponsored holding statement. It is expected that these will be dispatched by ordinary post soon after the CPS are issued.

Holding statements will set out the number of CPS issued to the holder and provide details of a Shareholder's Holder Identification Number (HIN) for CPS held on the CHESS subregister or, where applicable, the Securityholder Reference Number (SRN) for CPS held on the issuer sponsored sub-register.

It is the responsibility of each Applicant to confirm their holding before trading in CPS. If you sell your CPS before receiving your holding statement, you do so at your own risk. The CPS are expected to commence trading on ASX (on a normal settlement basis) on 13 June 2007.

CPS holders will subsequently receive statements showing any changes to their holding. CPS holders will be required to quote their HIN or SRN, as appropriate, in all dealings with a broker or the Registry.

A CPS holder and a Shareholder may also access information about their investment from the Registry website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

## 9.8 Disclosure of interests

### 9.8.1 Interests of Directors

Other than as set out below or elsewhere in this Prospectus:

- no Director has, or has had in the two years before lodgement of this Prospectus, an interest in the formation or promotion of HTAL, or the Rights Issue, or any property acquired or proposed to be acquired by HTAL in connection with its formation or promotion of the Rights Issue; and
- no amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid to any Director either to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him in connection with the promotion or formation of HTAL or the Rights Issue.

#### Directors' holdings of securities in HTAL

As of the date of this Prospectus, the Directors have the following interests in securities of HTAL, either directly or indirectly:

Director	Shares	Convertible Notes
Fok Kin-ning, Canning	5,100,000*	1,474,001***
Barry Roberts-Thomson	83,961,247**	-
Chow Woo Mo Fong, Susan	-	-
Justin Herbert Gardener	102,858	57,430
Lai Kai Ming, Dominic	-	-
John Michael Scanlon	-	-
Frank John Sixt	1,000,000	-

\* direct holding of 100,000 Shares only

\*\* direct holding of 2,500 Shares only

\*\*\* direct holding of 134,000 Convertible Notes only

### 9.8.2 Interests of the Underwriter

HWL is acting as Underwriter to the Rights Issue on the terms set out in the Underwriting Agreement, a summary of which is included in Section 9.5.1 of this Prospectus. HWL has appointed HCAPL as sub-underwriter on the terms set out in the Sub-underwriting Agreement, a summary of which is included in Section 9.5.2 of this Prospectus.

HWL indirectly owns approximately 57.8% of the Shares through its wholly owned indirect subsidiary HCAPL. HCAPL has agreed to take up its entitlement to Rights in full. HWL and HCAPL also have a Relevant Interest in the 12.4% of the Shares owned by Leanrose, by virtue of a mortgage granted to HCAPL.

### 9.8.3 Interests of experts and advisers

Other than as set out below, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus and no promoter of HTAL or broker to the Rights Issue:

- has had or had at any time during the two years preceding the date of this Prospectus, any interest in the formation or promotion of HTAL, or the Rights Issue, or in any property acquired or proposed to be acquired by HTAL in connection with the promotion or formation of HTAL or the Rights Issue; or
- has been paid or agreed to be paid any amount or given or agreed to be given any other benefit for services provided by them in connection with the formation or promotion of HTAL or the Rights Issue.

ABN AMRO Rothschild has acted as financial advisor to HTAL and as Lead Manager to the Rights Issue and will receive a fee of approximately \$900,000 (excluding GST) together with reimbursement of reasonable legal and out of pocket expenses.

Allens Arthur Robison has acted as Australian legal advisor to HTAL in relation to the Rights Issue and performed work in relation to due diligence enquiries on legal matters. HTAL has paid or agreed to pay an amount of approximately \$330,000 (excluding GST) plus disbursements for this services to the date of this Prospectus. Further amounts may be paid to Allens Arthur Robison in accordance with its normal time based charges.

PricewaterhouseCoopers Securities Limited has reviewed the Pro Forma Balance Sheet included in this Prospectus. HTAL has paid or agreed to pay approximately \$30,000 (excluding GST) plus disbursements for those services to the date of this Prospectus. Further amounts may be paid to PricewaterhouseCoopers Securities Limited in accordance with its normal time based charges.

PricewaterhouseCoopers has reviewed the tax section included in this Prospectus. HTAL has paid or agreed to pay approximately \$125,000 (excluding GST) plus disbursements for those services to the date of this Prospectus. Further amounts may be paid to PricewaterhouseCoopers in accordance with its normal time based charges.

## Additional information continued

### 9.9 Fees and expenses of the Rights Issue

Fee	Amount (\$m)	Recipient	How and when paid
Underwriting fee	4.8	HWL (or sub-underwriters)	In cash from gross proceeds on the issue of CPS
Other offer costs	Approximately 1.7	Various, including the Lead Manager, lawyers, accountants, printers, other providers of professional services	In cash upon presentation of relevant invoices
Brokerage, Commission and Stamp Duty	No brokerage, commission or stamp duty is payable by Applicants on allotment of the CPS	Not applicable	Not applicable

### 9.10 ASX Confirmations and Waivers

ASX has granted the waivers from the following ASX Listing Rules:

- Listing Rule 7.40 to the extent necessary to permit HTAL to conduct the Rights Issue in accordance with the Timetable;
- Listing Rule 7.1 to the extent necessary to allow the issue of CPS under the Rights Issue to proceed without shareholder approval;
- Listing Rule 10.11 to the extent necessary to permit HTAL to allow the issue of CPS under the Rights Issue to related parties (that is, HCAPL) to proceed without shareholder approval, but on the condition that related parties do not participate beyond their pro-rata entitlement; and
- Listing Rule 7.11.3 to the extent necessary to permit HTAL to offer CPS on a 20:1 ratio under the Rights Issue.

ASX has confirmed that:

- the terms of the CPS are appropriate and equitable for the purpose of Listing Rule 6.1;
- the form of the preferred dividend attaching to the CPS satisfies Listing Rule 6.5; and
- the Timetable for the Rights Issue is acceptable to ASX.

### 9.11 Consents

Each of the parties (referred to as a Consenting Party), who are named below:

- has not made any statement included in this Prospectus or any statement upon which a statement in this Prospectus is based;
- has not authorised or caused the issue of the Prospectus;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus other than the reference to its name and/or statement or letter included in this Prospectus with the consent of that Consenting Party; or
- has given and not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named.

### Roles

### Consenting Parties

Underwriter	HWL
Sub Underwriter	HCAPL
Lead Manager	ABN AMRO Rothschild
Legal Adviser	Allens Arthur Robinson
Accounting Adviser	PricewaterhouseCoopers Securities Limited
Tax Adviser	PricewaterhouseCoopers

### 9.12 Litigation

Except as disclosed in this Prospectus, the Directors of HTAL are not aware of any litigation of a material nature in progress, pending or threatened, which may significantly affect the financial position of HTAL.

### 9.13 Privacy

The Entitlement and Acceptance Form requires you to provide information that may be personal information for the purposes of the Privacy Act 1988 (Cth). HTAL (and the Registry on its behalf) collects, holds and uses that personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request, and administer HTAL.

If you do not provide the information requested of you in the Entitlement and Acceptance Form, the Registry will not be able to process your Application or administer your holding of CPS appropriately.

Under the Privacy Act 1988 (Cth), you may request access to your personal information held by (or on behalf of) HTAL. You can request access to your personal information by writing to or telephoning the Registry as follows:

Link Market Services Limited  
 Locked Bag A14  
 Sydney South NSW 1235  
 AUSTRALIA

Telephone: 1800 629 116 from within Australia or (+61 2) 8280 7116 from outside Australia

### 9.14 Directors' consent

Each Director has given and has not withdrawn their consent to the issue of this Prospectus, and to its lodgement with ASIC.

# Schedule A

## Terms of the CPS

# Schedule A continued

## Schedule A: Terms of the CPS

The following are the terms and conditions of issue (the Issue Terms) of Convertible Preference Shares (CPS) which may be issued by the company.

### A.1 Form, Issue Price and Allotment Date

- (a) CPS are non-cumulative, convertible preference shares in the capital of the company and are issued by the company under rule 2.2 of the constitution and on the terms set out in these Issue Terms.
- (b) Each CPS will be issued at an issue price per CPS as determined by the directors (the **Issue Price**).
- (c) The CPS will be allotted on the date or dates determined by the directors in respect of any tranche of CPS allotted under this Schedule (the **Allotment Date**).
- (d) The directors have an absolute discretion to determine whether to allot or issue any CPS.

### A.2 Quotation of CPS and Ordinary Shares on Conversion

- (a) If the directors determine that the CPS are to be quoted on the ASX, the company must apply for quotation by the ASX of all of the CPS prior to the Allotment Date.
- (b) The company must apply promptly following Conversion of any CPS, for quotation by the ASX of all of the Ordinary Shares which result from Conversion of the CPS.

### A.3 Dividends

#### A3.1 Dividends

- (a) Subject to this clause 3, on each Dividend Payment Date each holder of a CPS on the relevant Record Date is entitled to receive a non-cumulative preferential dividend calculated in accordance with clause 3.1(b) (the **Dividend**).
- (b) Subject to the directors determining, at their discretion, that a dividend is payable under rule 5.1 of the constitution, the amount of the Dividend payable in respect of the CPS is such that the total Dividend payable on each CPS in respect of each financial year in which a dividend is determined to be payable is an amount equal to 5% p.a of the Issue Price. The entitlement of the holders of the CPS to the Dividend is in preference to any dividend that may be payable on Ordinary Shares.
- (c) The entitlement of a holder of a CPS to the Dividend will be calculated on the basis of a 365 day year pro rata to the actual number of days elapsed in respect of the period for the calculation of the Dividend.
- (d) Upon the Conversion of any CPS into an Ordinary Share in accordance with clause 7, on and from the day following the Conversion Date, the holder of the Ordinary Share will have only the rights to dividends which are granted to holders of Ordinary Shares.

- (e) Dividends are non-cumulative. If all or part of a Dividend is not paid because the directors do not determine a dividend to be payable under rule 5.1 of the constitution, the company will have no obligation to pay, and no holder of CPS will have a right to be paid, or a claim in respect of non-payment of, the unpaid part of that Dividend.
- (f) All calculations of Dividends will be in dollars to four decimal places and rounded up or down to the nearest two decimal places. For the purposes of making any Dividend payment in respect of a holder's total holding of CPS, any fraction of a cent will be disregarded.
- (g) Dividends shall be paid by cheque, direct credit or by such other means as authorised by the directors from time to time in favour of the holders as they appear in the register as at the Record Date and will be dispatched to those holders on the Dividend Payment Date if that day is a business day, otherwise on the next business day.

#### A3.2 Withholding deductions

The company will be entitled to deduct from any Dividend payable to a holder of CPS the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount and, where any such deduction has been made and the balance of the amount payable has been paid to the holder concerned, the full amount payable to such holder shall be deemed to have been duly paid and satisfied by the company. The company will pay the full amount required to be deducted to the relevant revenue or collection authority within the time allowed for such payment.

### A.4 Ranking

#### A.4.1 Subordination

CPS rank equally amongst themselves in all respects and are subordinated in right of:

- (a) return of capital (not exceeding the Issue Price); and
  - (b) payment of any Dividend declared but unpaid,
- to all creditors of the company.

#### A.4.2 Winding up and dividends

Each CPS confers upon its holder:

- (a) the right in a winding up to payment in cash of the capital then paid up on it (not exceeding the Issue Price), in priority to any other class of shares; and
- (b) the right (in priority to payment of any dividend to any other class of shares) to any declared and unpaid Dividend in respect only of that CPS prior to the issue of a court order to wind up the company,

but no right to participate beyond the extent specified in subparagraphs (a) and (b) above in surplus assets or profits of the company, whether in a winding up or otherwise.

### A.4.3 Return of capital

If, on a winding up, there are insufficient funds to pay in full:

- (a) the amounts described in clause 4.2 of this Schedule; and
- (b) the amounts payable in respect of any other shares of the company ranking as to any such distribution equally with the CPS on winding up,

then the holders of the CPS and the holders of any such other equally ranking shares will share any such distribution of assets of the company in proportion to the full respective amounts to which they are entitled.

### A.5 Notices and meetings

The holders of CPS will have the same rights as Ordinary Shareholders to receive accounts, reports and notice of meetings of the company and to attend any general meetings of the company.

### A.6 Voting rights

The holders of CPS will not be entitled to speak or to vote at general meetings of the company, except in each of the following circumstances:

- (a) where the meeting is held during a period in which a Dividend (or part of a Dividend) in respect of CPS has been declared but has not been paid in full within 20 business days after the relevant Dividend Payment Date;
- (b) the meeting is held during the winding up of the company; or
- (c) where the business of the meeting includes the consideration of any:
  - (i) proposal to reduce the share capital of the company;
  - (ii) resolution to approve the terms of a buy-back agreement;
  - (iii) proposal that affects the rights attaching to the CPS;
  - (iv) proposal to wind up the company;
  - (v) proposal for the disposal of the whole of the company's business, undertaking and assets,

but in the case of paragraph (c) above the holder of that CPS is not entitled to vote generally at that meeting, but only on the proposals or resolutions described in paragraph (c); and

- (d) in any other circumstance in relation to which, at any time, the Listing Rules require the holders of the CPS to be entitled to vote,

in which case a holder of CPS has the same rights as to manner of attendance and as to voting in respect of each CPS as those conferred on Ordinary Shareholders in respect of each Ordinary Share as if immediately before the meeting the CPS had converted into the number of Ordinary Shares provided for in clause 7.8 (as adjusted under clauses 7.9 to 7.13 (inclusive) as those clauses may apply from time to time) and as if the conversion date is the deadline for the receipt of proxies for the relevant meeting.

## A.7 Conversion

### A.7.1 General

Each holder of CPS will have the right to convert all or any portion of CPS into Ordinary Shares in accordance with this clause 7, provided that, notwithstanding any other provision of this clause 7, no holder of CPS will be entitled to convert all or any portion of the CPS held by such holder into Ordinary Shares if, at the time, the company would be required to take any action in the jurisdiction in which such holder is present or resident to comply with any applicable law or regulation in connection with such Conversion, unless the company elects, in its sole discretion, to take such action.

Any such holder of CPS desiring and able to convert CPS into Ordinary Shares must give a notice to the company as set out in clauses 7.4 and 7.5 below, specifying the number of CPS to be converted in accordance with this clause 7, during the following notice period:

- (a) in respect of a Holder Conversion, during the period of 10 business days prior to the Conversion Date, provided that the notice is received by no later than 5.00pm on the last business day of that period (the **Holder Conversion Notice Period**);
- (b) in respect of a Holder Event Conversion, during the period of 15 business days following the notification of the occurrence of the relevant Holder Trigger Event, provided that the notice is received by no later than 5.00pm on the last business day of that period (the **Holder Event Conversion Notice Period**).

### A.7.2 Conversion Date

The Conversion Date of the CPS is:

- (a) if the CPS are converted in accordance with clause 7.4 (**Holder Conversion**), the date which is 11 business days after the first business day of each calendar quarter in the period commencing at the end of the Non-Conversion Period and ending on the Mandatory Conversion Date;
- (b) if the CPS are converted in accordance with clause 7.5 (**Holder Event Conversion**) or clause 7.6 (Issuer Event Conversion), the date specified in that clause; or
- (c) the Mandatory Conversion Date. Each CPS outstanding on the Mandatory Conversion Date shall automatically convert into Ordinary Shares on that date in accordance with clause 7.8 whether or not a Conversion Notice has been given.

### A.7.3 Method of Conversion

Conversion of any CPS under clause 7.8 will:

- (a) take effect on the Conversion Date applicable to those CPS in accordance with clause 7.8(b); and
- (b) constitute the variation of the status of, and the rights attaching to, those CPS so that each CPS is consolidated and becomes an Ordinary Share; and
- (c) not constitute a cancellation, redemption or termination of those CPS or the issue, allotment or creation of a new share from those CPS.

# Schedule A continued

## A.7.4 Holder Conversion

Subject to this clause 7, if a holder of CPS has requested Conversion of some or all of their CPS by delivering a Holder Conversion Notice to the company at any time during the Holder Conversion Notice Period, the company must convert the CPS the subject of the Holder Conversion Notice into Ordinary Shares in accordance with clause 7.8. A Holder Conversion Notice must specify the number of CPS to be offered for Conversion (in multiples of 1,000, or as to the entire holding). Those CPS convert on the Conversion Date.

## A.7.5 Holder Event Conversion

- (a) Holders of CPS have, subject to paragraph (b) below, the right to request Conversion of some or all of their CPS into Ordinary Shares by delivering a Holder Event Conversion Notice to the company if one of the following events occurs (each a **Holder Trigger Event**):
- (i) shareholder approval is obtained under Listing Rule 11.2 (or any successor rule) to permit the company to sell all or substantially all of its business, undertaking or assets; or
  - (ii) an Acquisition Event occurs,

in which case the company shall convert the CPS the subject of the Holder Event Conversion Notice into Ordinary Shares in accordance with clause 7.8.

- (b) A Holder Event Conversion Notice must specify the number of CPS to be converted (in multiples of 1,000, or as to the entire holding), and must reach the company during the Holder Event Conversion Notice Period. Those CPS convert on the day after the Holder Event Conversion Notice Period.
- (c) The company will notify each holder of CPS of the occurrence of a Holder Trigger Event in writing by specifying the occurrence of the Holder Trigger Event, which notification must be given within 10 business days of the company becoming aware of the Holder Trigger Event.

## A.7.6 Issuer Event Conversion

- (a) The company has the right, subject to paragraph (b) below, to convert some or all of the CPS on issue from time to time upon the occurrence of:
- (i) an Acquisition Event; or
  - (ii) a Regulatory Event,
- (each an **Issuer Trigger Event**) in which case the company shall convert the CPS the subject of the Issuer Event Conversion Notice into Ordinary Shares in accordance with clause 7.8.
- (b) The company's right to convert the CPS under this clause 7.6 may only be exercised by the company serving on the holder of those CPS an Issuer Event Conversion Notice specifying the number of CPS to be converted (in multiples of 1,000, or as to the entire holding) which must be delivered to the holder during the period of 10 business days following the occurrence of the relevant Issuer Trigger Event (the **Issuer Event Conversion Notice Period**), in which case those CPS will convert to Ordinary Shares on the day after the Issuer Event Conversion Notice Period.

## A.7.7 Conversion Notices

- (a) A Conversion Notice, once given, is irrevocable.
- (b) A Holder Conversion Notice or a Holder Event Conversion Notice must be accompanied by evidence of title (including a holding statement) acceptable to the company for the CPS being converted.

## A.7.8 Conversion into Ordinary Shares

- (a) Immediately before 9.00 am on the Conversion Date, each CPS to be converted will automatically consolidate into a number of CPS determined as follows:

$$N = A \times CN$$

where:

- N is the number of CPS immediately following consolidation;  
A is the number of CPS immediately before consolidation; and  
CN is the Conversion Number,

with any fraction in respect of the total number of CPS arising from the consolidation being disregarded.

- (b) The CPS to be converted will, on and from 9.00 am on the Conversion Date, without any further act, convert into such number of Ordinary Shares equal to the number of CPS held by the holder that are to be converted.
- (c) Upon completion of Conversion under this clause, each holder of CPS whose CPS are being converted under this clause will be entered into the company's register of members as holding the number of Ordinary Shares as determined under clause 7.8(b).

## A.7.9 Adjustments for bonus and rights issues

- (a) Subject to paragraphs (b) and (c), if the company makes a pro rata bonus issue or a rights issue (including an issue of the kind known as a "jumbo" issue, where offers to certain institutional holders, or beneficial holders, are made in advance of offers to other holders) of Ordinary Shares to holders of Ordinary Shares generally the Conversion Number shall be adjusted immediately in accordance with the following formula:

$$CN = CNo \times P \times \left[ \frac{(RD + RN)}{(RD \times P) + (RN \times A)} \right]$$

Where:

- CN means the Conversion Number applying immediately after the application of this formula;
- CNo means the Conversion Number applying immediately prior to the application of this formula;
- P means the Volume Weighted Average Sale Price of Ordinary Shares during the period from the first business day after the announcement of the bonus or rights issue to the ASX up to and including the last business day of trading cum rights or bonus issue;
- A means the subscription or unit price per Ordinary Share for the rights issue and is zero in the case of a bonus issue;



- RN means the numerator of the ratio (expressed as a fraction) used to determine entitlements to a rights or bonus issue; and
- RD means the denominator of the ratio (expressed as a fraction) used to determine entitlements to a rights or bonus issue.
- (b) No adjustment to the Conversion Number shall occur in accordance with this clause if A exceeds P.
- (c) Clause 7.9(a) will not apply to Ordinary Shares issued as part of an employee share or option plan or dividend reinvestment plan.

#### A.7.10 Adjustment for return of capital

If the company makes a return of capital to holders of Ordinary Shares (including by way of share buy-back that in the reasonable opinion of the directors is equivalent to a return of capital to holders of Ordinary Shares) the Conversion Number shall be adjusted in accordance with the following formula:

$$CN = CNo \times \frac{P}{(P-C)}$$

Where:

- CN means the Conversion Number applying immediately after the application of this formula as provided for in the definition of those terms;
- CNo means the Conversion Number applying immediately prior to the application of this formula as provided for in the definition of those terms;
- P means the Volume Weighted Average Sale Price of Ordinary Shares during the period from the first business day after the announcement of the return of capital to the ASX up to and including the last business day of trading cum return of capital; and
- C means the amount of the cash and/or the value (as reasonably determined by the directors) of any other property distributed to holders of Ordinary Shares per Ordinary Share (or such lesser amount such that the difference between P and C is greater than zero).

The CPS confer no right to participate in a return of capital to holders of Ordinary Shares.

#### A.7.11 Adjustment for buy-back

- (a) Subject to clause 7.11(b), if the company undertakes an off market buy-back under a buy-back scheme which but for any applicable restrictions on transfer would be generally available to holders of Ordinary Share (or otherwise cancels Ordinary Shares for consideration), the Conversion Number will be adjusted immediately in accordance with the following formula:

$$CN = CNo \times P \times \frac{(BD - BN)}{(BD \times P) - (BN \times A)}$$

Where:

- CN means the Conversion Number applying immediately after the application of this formula;
- CNo means the Conversion Number applying immediately prior to the application of this formula;
- P means the Volume Weighted Average Sale Price of Ordinary Shares during the 20 business days prior to the announcement to ASX of the buy-back (or cancellation);
- BD means the number of Ordinary Shares on issue immediately prior to the buy-back (or cancellation);
- BN means the number of Ordinary Shares bought back (or cancelled); and
- A means the buy-back (or cancellation) price per Ordinary Share.
- (b) No adjustment to the Conversion Number will occur if P exceeds A.
- (c) The CPS confer no right to participate in a buy-back of Ordinary Shares.

#### A.7.12 Adjustment for capital reconstruction

If at any time the Ordinary Shares are reconstructed, consolidated, divided or reclassified (other than by way of a bonus issue, which is dealt with under clause 7.9) into a lesser or greater number of securities, then the CPS must, in accordance with the Listing Rules, be reconstructed, consolidated, divided or reclassified by the directors on the same basis in order to maintain the relative value of the CPS and Ordinary Shares.

#### A.7.13 Discretion in adjustment of Conversion mechanism

Where:

- (a) any of the adjustment provisions set out in clauses 7.9 to 7.12 is not, in the reasonable opinion of the directors, appropriate in any particular circumstances (including for the reason that more than one adjustment provision applies to a particular occurrence); or
- (b) the company makes a distribution other than by way of dividend in the ordinary course of business or makes a pro rata offer to the holders of its Ordinary Shares to subscribe for, or purchase, securities in any company other than the company in a way which does not, in the reasonable opinion of the directors, result in an appropriate adjustment to the Conversion Number; or



# Schedule A continued

- (c) any other similar event occurs in relation to the company that may have a diluting or concentrative effect on the value of the Ordinary Shares,

and the directors determine that any such occurrence would, in the reasonable opinion of the directors, affect the relative values of the CPS and the Ordinary Shares, the directors may:

- (d) make such alterations to the Conversion Number as the directors reasonably consider appropriate or necessary to maintain that relativity; or
- (e) extend an entitlement to the holders of the CPS to participate in such distribution or pro rata offer based upon the number of Ordinary Shares to which those holders would have been entitled if their CPS had been converted on a date nominated by the directors.

## A.7.14 Ranking of Ordinary Shares

On Conversion of any CPS to Ordinary Shares, each Ordinary Share arising on Conversion will rank equally with, and have the same rights as, all other Ordinary Shares then on issue and the company will:

- (f) issue a certificate or statement of holding for the Ordinary Shares resulting from the Conversion;
- (g) make entries in its registers to reflect the Conversion; and
- (h) as soon as reasonably practicable (but in accordance with the requirements of the Listing Rules) apply for quotation of the Ordinary Shares.

Each holder of a CPS must surrender the certificates representing the CPS so converted (unless the holding is uncertificated) as soon as practicable.

## A.8 Variation of Rights and Further Preference Share Issues

### A.8.1 Variation of rights - class consent

The rights, privileges, limitations and restrictions attached to the CPS may not be varied, altered or abrogated unless, at a general meeting of CPS holders at which holders of at least 10% of the nominal amount of the issued CPS are represented, a resolution in favour of such action is passed by the holders of not less than 75% in number of CPS held by the CPS holders present whether in person, proxy or representative (**class consent**). Holders of CPS are taken to have consented to any variation, alteration or abrogation of rights occurring as a result of Conversion and no further consent is required. This clause 8.1 does not apply to the variation, alteration or abrogation of rights occurring as a result of Conversion.

### A.8.2 Procedures

The provisions of the constitution relating to general meetings apply so far as they are capable of application and with any necessary modifications to every such meeting.

### A.8.3 Issue of additional shares - class consent required

Class consent of the CPS holders is required if the directors propose to issue any share ranking in priority, or to convert any existing securities to securities ranking in priority, to the CPS as regards the right to receive Dividends or the rights on a winding up of the company. Class consent is not required, however, for the issue of further preference shares, converting preference shares, CPS or similar securities which rank equally with the CPS (whether redeemable or not) in the company or the conversion of any existing securities to securities ranking equally with or after the CPS as to Dividends (whether cumulative or not) and as to rights on a winding up and such an issue does not constitute a variation or cancellation of the rights attaching to the then existing CPS.

### A.8.4 Capital reconstruction - class consent not required

No class consent is required for the reduction, redemption or buy back of share capital (other than the CPS themselves) ranking as regards Dividends and as to rights on a winding up ahead of, equally with or after the CPS.

### A.8.5 Participation in new issues

Until CPS are converted, they will confer no rights to subscribe for new securities in the company or to participate in any bonus issues of securities of the company unless (and then only to the extent) the directors determine otherwise, including under clause 7.13.

## A.9 Transfer

CPS are transferable in accordance with the constitution.

## A.10 Interpretation

Unless the context otherwise requires, the following expressions shall have the following meanings:

“**Acquisition Event**” means a Change of Control Event or Takeover Event;

“**Allotment Date**” is defined in clause 1;

“**ASX**” means ASX Limited (ACN 008 624 691) or substitute exchange as appropriate;

“**Change of Control Event**” occurs in relation to the company if the power, whether held directly or indirectly (such as through interposed entities) and by whatever means (and whether or not enforceable at law or in equity):

- (a) to execute, or control the exercise of, more than or equal to half the voting power attaching to shares in the company;
- (b) to Dispose of, or control the Disposal of, more than or equal to half (by value) of the shares in the company;
- (c) to appoint or control the appointment of, directors of the company having more than or equal to half of the votes at directors' meetings; or
- (d) to substantially determine, or control the determination of, the conduct of the company's business activities,

resides with any persons other than those holders of that power or benefit on the Allotment Date, but does not include:

- (i) a reconstruction of the company or an amalgamation of the company with another entity where the entity involved or arising following the reconstruction or amalgamation is beneficially owned solely by an entity which was a holding company of the company prior to the reconstruction or amalgamation or any wholly owned subsidiary of such holding company; or
- (ii) any takeover of a publicly listed holding company of the company.

**"Conversion"** means the conversion of a CPS into an Ordinary Share in accordance with clauses 7.3 and 7.8, and includes the consolidation of the CPS;

**"Conversion Date"** is defined in clause 7.2 and includes the Mandatory Conversion Date;

**"Conversion Notice"** means each of a Holder Conversion Notice, a Holder Event Conversion Notice, and an Issuer Event Conversion Notice;

**"Conversion Number"** means:

- (i) as at the Allotment Date, the number 0.85;
- (ii) thereafter the number determined in accordance with clauses 7.9 to 7.13 (inclusive) as those clauses may apply from time to time. If clauses 7.9 to 7.13 (inclusive) apply more than once, the Conversion Number shall be calculated based upon the Conversion Number as adjusted applying immediately prior to the application of the relevant clause;

**"Corporations Act"** means Corporations Act 2001 (Cth) as amended or replaced from time to time;

**"CPS"** means the non-cumulative, convertible preference shares issued on the terms set out in these Issue Terms or, where the context requires, each non-cumulative, convertible preference share;

**"Dispose"** in relation to a person and any property means to sell, transfer, assign, create a security interest over, declare oneself a trustee of or part with the benefit of or otherwise dispose of that property (or any interest in it or any part of it) whether done before, on or after the person obtains any interest in the property including, without limitation, in relation to a share, to enter into a transaction in relation to the share (or any interest in the share) which results in a person other than the registered holder of the share:

- (a) acquiring or having any equitable or beneficial interest in the share, including, without limitation, an equitable interest arising under a declaration of trust, an agreement for sale and purchase or an option agreement or any agreement creating a charge or other security interest over the share; or
- (b) acquiring or having any right to receive directly or indirectly any dividends or other distribution of proceeds of disposal payable in respect of the share or any right to receive an amount calculated by reference to any of them; or

- (c) acquiring or having any rights of pre-emption, first refusal or other direct or indirect control over the disposal of the share; or
- (d) acquiring or having any rights of direct or indirect control over the exercise of any voting rights or rights to appoint directors attaching to the share; or
- (e) otherwise acquiring or having legal or equitable rights against the registered holder of the share (or against a person who directly or indirectly controls the affairs of the registered holder of the shares) which have the effect of placing the other person in substantially the same position as if the person had acquired a legal or equitable interest in the share itself;

**"Dividend"** means the non-cumulative dividends payable on the CPS in accordance with clause 3;

**"Dividend Payment Date"** means each date on which the directors, at their discretion, declare a dividend to be payable under rule 5.1 of the constitution;

**"Holder Conversion"** is defined in clause 7.2(a);

**"Holder Conversion Notice"** is a notice substantially in the form of a notice set out in Attachment 1;

**"Holder Conversion Notice Period"** is defined in clause 7.1(a);

**"Holder Event Conversion"** is defined in clause 7.2(b);

**"Holder Event Conversion Notice"** is a notice substantially in the form of a notice set out in Attachment 2;

**"Holder Event Conversion Notice Period"** is defined in clause 7.1(b);

**"Holder Trigger Event"** is defined in clause 7.5(a);

**"Issue Price"** is defined in clause 1;

**"Issue Terms"** means these terms and conditions for the issue of non-cumulative, convertible preference shares in the company;

**"Issuer Event Conversion"** is defined in clause 7.2(b);

**"Issuer Event Conversion Notice"** is a notice substantially in the form of a notice set out in Attachment 3;

**"Issuer Event Conversion Notice Period"** is defined in clause 7.6(b);

**"Issuer Trigger Event"** is defined in clause 7.6(a);

**"Mandatory Conversion Date"** means the fifth anniversary of the Allotment Date;

**"Non-Conversion Period"** means the period commencing on the Allotment Date and ending on the second anniversary of the Allotment Date;

**"Ordinary Share"** means a fully paid ordinary share in the capital of the company;

**"Record Date"** means the date being 7 business days after the announcement of a dividend or such other date as may be required under the Listing Rules;

## Schedule A continued

"Regulatory Event" means:

- (a) the receipt by the company of an opinion from a reputable legal counsel that, as a result of any amendment to, clarification of, or change (including any announcement of a prospective change) in, any law or regulation affecting securities laws of Australia or any official administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations, which amendment, clarification or change is effective or such pronouncement, action or decision is announced on or after the Allotment Date, would impose additional requirements on the company in relation to the CPS (including, without limitation, in relation to their Conversion) which the directors determine, at their sole discretion, to be unacceptable; or
- (b) receipt by the company of an opinion from a reputable legal counsel to the effect that, as a result of:
  - (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws or treaties or any regulations of Australia or any political subdivision or taxing authority of Australia affecting taxation;
  - (ii) any amendment to, clarification of, or change (including any announced prospective change) in, the laws, treaties, policies or any regulations of Australia or any political subdivision or accounting or governmental authority of Australia affecting accounting;
  - (iii) any judicial decision, official administrative pronouncement, public or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) (Administrative Action); or
  - (iv) any amendment to, clarification of, or change in, the pronouncement that provides for a position with respect to an Administrative Action that differs from the current generally accepted position,

in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known, which is effective or announced on or after the Allotment Date, there is more than an insubstantial risk that:

- (v) the company would be exposed to more than a de minimis increase in its costs in relation to the CPS as a result of increased taxes, duties or other governmental charges or civil liabilities; or
- (vi) the CPS will not be treated as equity interests for taxation purposes or imputation benefits will be denied holders or franking debits will be posted to the company's franking account as a result of the CPS being on issue or the Ordinary Shares being on issue after any Conversion of CPS into Ordinary Shares;

"Takeover Event" means:

- (a) announcement of a takeover bid under which the bidder proposes to obtain Voting Power in the company of 50% or more; or
- (b) announcement to ASX of a scheme of arrangement, capital reduction or other similar procedure which, if effective, would result in a person obtaining Voting Power in the company of 50% or more,

whether or not the bidder or person obtaining voting power already has voting power in the company of 50% or more, but only when and if (and at the time when) the board of directors of the company recommends acceptance (or where applicable, voting in favour) of the bid, scheme, capital reduction or other procedure;

"Volume Weighted Average Sale Price" means the volume weighted average of the sale prices at which the securities of the relevant class in question were sold on ASX during the relevant period, but does not include the following crossings as defined in the ASX Market Rules (or any rule which may replace these ASX Market Rules) as:

- (i) special crossings (in accordance with ASX Market Rule 18);
- (ii) crossings prior to commencement of open session state (in accordance with ASX Market Rule 17.6); or
- (iii) crossings during the after hours adjust phase (in accordance with ASX Market Rule 17.4),

or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares.

# Attachment 1

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

## ISSUE OF NON-CUMULATIVE CONVERTIBLE PREFERENCE SHARES

### HOLDER CONVERSION NOTICE

I/We, being holder(s) of [number] CPS, hereby give notice, pursuant to and in accordance with clause 7.4 of the terms of the CPS in the company (Issue Terms), of my/our wish to convert [insert number, being all or a multiple of 1,000] CPS into Ordinary Shares in accordance with clause 7.8 of the Issue Terms<sup>1</sup>.

I/We represent, both at the time of giving the notice and separately at the time my/our CPS are converted pursuant to this notice (if this occurs), as follows:

- (a) I/We are the legal and beneficial owner of the CPS; and
- (b) the CPS are free and clear of any interest or power reserved in or over any interest in any CPS including, without limitation, under a bill of sale, mortgage, charge, lien, pledge, option, trust or power, by way of security for the payment of debt or any other monetary obligation or the performance of any other obligation and whether existing or agreed to be granted or created.

Words and expressions defined in and for the purposes of the Issue Terms have the same meanings where used in this notice.

[Name and signature of holder(s)]

Dated:

A corporation must execute by signing by 2 directors or a director and secretary or under its corporate seal (if it has one). In the case of joint holders, all holders must sign. Where the notice is signed under a power of attorney, the attorney warrants that he or she has received no notice of the revocation of the power by death of the grantor or otherwise.

<sup>1</sup> If you hold less than 1,000 CPS, you must exercise all of your holding.

# Schedule A continued

## Attachment 2

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

### ISSUE OF NON-CUMULATIVE CONVERTIBLE PREFERENCE SHARES

#### HOLDER EVENT CONVERSION NOTICE

I/we, being holder(s) of [number] CPS, hereby give notice, pursuant to and in accordance with clause 7.5 of the terms of the CPS in the company (Issue Terms), of my/our wish to convert [insert number, being all or a multiple of 1,000] CPS into Ordinary Shares in accordance with clause 7.8 of the Issue Terms, the Holder Trigger Event described in clause 7.5(a) having occurred on [date]<sup>1</sup>.

I/we represent, both at the time of giving the notice and separately at the time my/our CPS are converted pursuant to this notice (if this occurs), as follows:

- (a) I/we are the legal and beneficial owner of the CPS; and
- (b) the CPS are free and clear of any interest or power reserved in or over any interest in any CPS including, without limitation, under a bill of sale, mortgage, charge, lien, pledge, option, trust or power, by way of security for the payment of debt or any other monetary obligation or the performance of any other obligation and whether existing or agreed to be granted or created.

Words and expressions defined in and for the purposes of the Issue Terms have the same meanings where used in this notice.

[Name and signature of holder(s)]

Dated:

A corporation must execute by signing by 2 directors or a director and secretary or under its corporate seal (if it has one). In the case of joint holders, all holders must sign. Where the notice is signed under a power of attorney, the attorney warrants that he or she has received no notice of the revocation of the power by death of the grantor or otherwise.

<sup>1</sup> If you hold less than 1,000 CPS, you must exercise all of your holding.

# Attachment 3

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

## ISSUE OF NON-CUMULATIVE CONVERTIBLE PREFERENCE SHARES

### ISSUER EVENT CONVERSION NOTICE

To: [Name and address of holder(s)]

The company hereby gives notice, pursuant to and in accordance with clause 7.6 of the terms of the CPS in the company (Issue Terms), of its intention to convert into Ordinary Shares in accordance with clause 7.8 [number] of the CPS registered in your name at 5.00 pm (Eastern Daylight Saving Time) on the Conversion Date, the Issuer Trigger Event described in clause 7.6(a) having occurred on [date].

For the purposes of this notice, the Conversion Date will be [\*].

Words and expressions defined in and for the purposes of the Issue Terms have the same meanings where used in this notice.

**EXECUTED by Hutchison  
Telecommunications (Australia) Limited** by authority of its directors

Director  
Name (printed):

Director/Secretary  
Name (printed):

Dated:

# Glossary

# Glossary

<b>2100 MHz</b>	a specific band of Spectrum used for the provision of 3G products and services in Australia
<b>2G</b>	Second Generation Global System for Mobile communications
<b>3</b>	The brand used by H3GA in Australia and by the 3 Group globally
<b>3G</b>	Third Generation Global System for Mobile communications
<b>3GIS</b>	the partnership between H3GA and a subsidiary of Telstra which operates a 3G UTRAN network
<b>3 Group</b>	A group of HWL subsidiaries and associated companies offering 2G and/or 3G services in Australia, Europe, Hong Kong and elsewhere under the "3" brand
<b>850 MHz</b>	a specific band of Spectrum used for the provision of 3G products and services in Australia
<b>\$ or dollars</b>	Australian dollars
<b>ABN AMRO Rothschild</b>	the joint venture between ABN AMRO Equity Capital Markets Limited (ABN 17 000 757 111) and Rothschild Australia Limited (ABN 61 008 591 768)
<b>ACCC</b>	Australian Competition and Consumer Commission
<b>Allotment Date</b>	8 June 2007
<b>ASTC Settlement Rules</b>	Settlement rules of ASX Settlement and Transfer Corporation Pty Limited (ACN 008 504 532)
<b>A-IFRS</b>	Australian equivalents to International Financial Reporting Standards
<b>Applicant</b>	a person who has applied to subscribe for CPS by submitting an Entitlement and Acceptance Form
<b>Application</b>	an application for CPS pursuant to the Entitlement and Acceptance Form
<b>Application Monies</b>	monies received by HTAL in respect of Applications
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited (ABN 98 008 624 691)
<b>ASX Listing Rules</b>	the official listing rules of ASX and any other rules of the ASX which are applicable while HTAL is admitted to the official list of the ASX, each as amended or replaced from time to time, except to the extent of any waiver granted by the ASX
<b>ASX Market Rules</b>	the market operating rules of ASX
<b>ATO</b>	Australian Taxation Office
<b>Board</b>	the board of directors of HTAL
<b>CDMA</b>	Code Division Multiple Access - a mobile standard which provides voice, data, fax and short messaging services
<b>CGT</b>	Capital gains tax
<b>CHESS</b>	the Clearing House Electronic Sub-register System
<b>Constitution</b>	the constitution of HTAL
<b>Conversion</b>	The process described in clause A.7 of the Terms of the CPS for the conversion of CPS to Shares
<b>Convertible Notes</b>	The convertible notes issued by HTAL in July 2002 pursuant to a prospectus dated 27 May 2002
<b>Corporations Act</b>	the Corporations Act 2001 (Cth)
<b>CPS</b>	the Convertible Preference Shares offered pursuant to this Prospectus, the terms of which are described in this Prospectus
<b>Directors</b>	the directors of HTAL



## Glossary continued

<b>DVB-H</b>	Digital Video Broadcasting – Handheld, a technical specification for utilising broadband services on handheld receivers
<b>Eligible Australian Shareholders</b>	Eligible Shareholders who are residents of Australia for tax purposes
<b>Eligible New Zealand Shareholders</b>	Eligible Shareholders who are residents of New Zealand for tax purposes
<b>Eligible Shareholders</b>	all Shareholders as at 5.00pm (Sydney time) on 14 May 2007 other than Ineligible Foreign Shareholders
<b>Entitlement and Acceptance Form</b>	the personalised entitlement and acceptance form accompanying this Prospectus
<b>FY or Financial Year</b>	A financial year to 31 December
<b>GSM</b>	Global System for Mobile communications
<b>H3GA</b>	Hutchison 3G Australia Pty Limited (ABN 76 096 304 620) through which HTAL conducts its 3G business. H3GA is a wholly owned subsidiary of Hutchison 3G Australia Holdings Pty Ltd, HTAL's 80.1% owned subsidiary. The remaining shares in Hutchison 3G Australia Pty Limited are held by TCNZ
<b>HCAPL</b>	Hutchison Communications (Australia) Pty Ltd (ACN 003 658 222)
<b>HFC</b>	Hybrid-fibre coaxial
<b>HSDPA</b>	High speed downlink packet access
<b>HTAL</b>	Hutchison Telecommunications (Australia) Limited – ABN 15 003 677 227
<b>HWL</b>	Hutchison Whampoa Limited, a Hong Kong company
<b>Ineligible Foreign Shareholder</b>	a Shareholder whose registered address as at the Record Date is not in Australia or New Zealand
<b>Issue Period</b>	the period from the date the Rights Issue opens until 31 May 2007
<b>Issue Price</b>	in relation to a CPS, \$0.21 per CPS
<b>Lead Manager</b>	ABN AMRO Rothschild
<b>Leanrose</b>	Leanrose Pty Ltd (ACN 010 872 045)
<b>Mandatory Conversion Date</b>	the fifth anniversary of the Allotment Date of the CPS issued by HTAL
<b>mbps</b>	Mega bits per second
<b>MHz</b>	Megahertz (million cycles per second)
<b>Noteholder</b>	the holder of a Convertible Note
<b>Pro Forma Balance Sheet</b>	HTAL's pro forma balance sheet as at 31 December 2006 reflecting the effects of HTAL's recapitalisation and the Rights Issue (see Section 5)
<b>Prospectus</b>	this prospectus dated 4 May 2007
<b>Record Date</b>	14 May 2007
<b>Registry</b>	Link Market Services Limited (ABN 54 083 214 537) or any other person appointed by HTAL to provide registry services from time to time
<b>Relevant Interest</b>	of a person in relation to the Shares means that they:  (a) hold the Shares; or  (b) can exercise, or control the exercise of a right to vote attaching to the Shares; or  (c) can dispose of, or control the disposal of the Shares
<b>Right</b>	the right to subscribe for a CPS under the Rights Issue
<b>Rights Issue</b>	the offer of Rights to CPS pursuant to this Prospectus
<b>Rights Issue Trading Period</b>	the period from and including 8 May 2007 up to 5.00pm (Sydney time) on 24 May 2007

<b>Share</b>	one ordinary fully paid share in HTAL
<b>Shareholder</b>	a holder of a Share
<b>Shortfall CPS</b>	the number of CPS for which valid Applications have not been received in accordance with the terms of the Rights Issue
<b>Spectrum</b>	a continuous range of electromagnetic radiation extending from the longest radio waves through infra-red light, ultra violet light and X-rays to gamma rays. The radio frequency spectrum is that part of the total spectrum which is used for transmitting radio waves
<b>Sub-underwriting Agreement</b>	sub-underwriting agreement dated 3 May 2007 between HWL and HCAPL, as described in Section 9.5.2
<b>TCNZ</b>	Telecom Corporation of New Zealand Limited, a New Zealand company
<b>Telstra</b>	Telstra Corporation Limited (ABN 33 051 775 556)
<b>Timetable</b>	the timetable for the Rights Issue set out in the Key Details and Dates section of this Prospectus
<b>UMTS</b>	Universal Mobile Telecommunications System
<b>Underwriter</b>	HWL
<b>Underwriting Agreement</b>	underwriting agreement dated 17 March 2007 between HTAL and the Underwriter, as described in Section 9.5.1
<b>Underwritten Amount</b>	the amount used to calculate the fee of the Underwriter which is the amount represented by the Issue Price multiplied by the number of CPS offered under the Rights Issue less the number of CPS offered to HCAPL by virtue of it being a Shareholder on the Record Date
<b>United States</b>	United States of America
<b>US Person</b>	a resident of the United States
<b>US Securities Act</b>	United States Securities Act of 1933, as amended
<b>UTRAN</b>	Universal Terrestrial Radio Access Network
<b>WiFi</b>	a technology of wireless local area networks
<b>WiMAX</b>	Worldwide Interoperability for Microwave Access. WiMAX is intended to provide wireless data over long distances and could be seen as a competing technology to 3G, including UMTS.

# Corporate Directory

# Corporate directory

## HTAL

Hutchison Telecommunications (Australia) Limited  
ABN 15 003 677 227  
Building A, 207 Pacific Highway  
St. Leonards NSW 2065

## Directors of HTAL

Fok Kin-Ning, Canning (Chairman)  
Barry Roberts-Thomson  
Chow Woo Mo Fong, Susan  
Justin Herbert Gardener  
Lai Kai Ming, Dominic  
John Michael Scanlon  
Frank John Sixt

## Underwriter

Hutchison Whampoa Limited  
22/F Hutchison House  
10 Harcourt Road, Central  
Hong Kong

## Lead Manager

ABN AMRO Rothschild  
Level 29, ABN AMRO Tower  
Cnr Phillip and Bent Streets  
Sydney, NSW 2000

## Legal Adviser

Allens Arthur Robinson  
Deutsche Bank Place  
Cnr Phillip and Hunter Streets  
Sydney NSW 2000

## Accounting Adviser

PricewaterhouseCoopers Securities Limited  
201 Sussex Street  
Sydney NSW 2000

## Taxation Adviser

PricewaterhouseCoopers  
201 Sussex Street  
Sydney NSW 2000

## Registry

Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
AUSTRALIA  
Telephone: 1800 629 116 from within Australia or  
(+61 2) 8280 7116 from outside Australia

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

7 May 2007

Dear Shareholder

### **Hutchison Telecommunications (Australia) Limited ("HTAL") – 20 for 1 Renounceable Rights Issue of Convertible Preference Shares**

This letter is to notify you that on 4 May 2007, HTAL lodged a Prospectus with the Australian Securities and Investment Commission for a 20 for 1 renounceable rights issue of convertible preference shares ("CPS") in HTAL at A\$0.21 per CPS ("Issue Price") to raise approximately A\$2.85 billion (the "Rights Issue"), following the annual general meeting of shareholders on that date at which various resolutions in relation to the Rights Issue were approved. The proceeds of the Rights Issue will be used to retire a large portion of HTAL's existing debt and for working capital purposes. The Rights Issue is being made to all HTAL ordinary shareholders at 5.00pm (Sydney time) on 14 May 2007 whose registered address is in Australia or New Zealand ("Eligible Shareholders").

The terms of the CPS are set out in Section 1.3 and Schedule A of the Prospectus. One CPS is convertible into 0.85 ordinary share. No conversion of CPS is permissible until after two years from the date of allotment of the CPS. All CPS will automatically convert into ordinary shares on the fifth anniversary of allotment of the CPS. The CPS have a right to a non-cumulative preferential dividend equal to 5% per annum of the Issue Price (subject to the availability of sufficient profits and a decision by the Board to declare dividends) but have no right to vote at meetings of HTAL's ordinary shareholders, except in limited circumstances.

Under the Rights Issue, HTAL will issue approximately 13,572,508,580 CPS. HTAL currently has 678,625,429 ordinary shares, 909,358,075 convertible notes and 18,785,000 options over ordinary shares on issue.

The Rights Issue is fully underwritten by Hutchison Whampoa Limited ("HWL"). Hutchison Communications (Australia) Pty Ltd ("HCAPL"), an indirect wholly owned subsidiary of HWL, owns approximately 57.8% of the issued capital of HTAL and has agreed to take up all its entitlements in respect of the Rights Issue. HTAL will pay HWL an underwriting fee of 0.40% of the amount of the Rights Issue less the amount of HCAPL's entitlement. ABN AMRO Rothschild is the lead manager to the Rights Issue and will receive a fee of \$900,000 for acting in that role.

#### **Actions required of Eligible Shareholders**

There are a number of actions Eligible Shareholders may take:

1. You may take up some or all of your Rights, or apply for more than your Entitlement. You will need to complete the Entitlement and Acceptance Form accompanying the Prospectus. Completed Entitlement and Acceptance Forms together with payment must be received by the Registry by 5.00pm (Sydney time) on 31 May 2007.
2. You may sell some or all of your Rights on ASX from 8 May 2007 until 5.00pm on 24 May 2007 by contacting your broker (subject to there to there being demand for your Rights - it is possible that the Rights will have no value).
3. You may transfer all or part of your Rights to another person other than by an on-market transfer on ASX by sending a completed renunciation form (obtainable through the HTAL Information Line – see below) together with the Entitlement and Acceptance Form completed

by the transferee and the transferee's payment to the Registry by 5.00pm (Sydney time) on 31 May 2007.

4. You may do nothing. Any Rights not exercised or sold by you as described above will lapse and the relevant CPS that you would have been able to subscribe for will be subscribed for by the Underwriter, sub-underwriters or by Eligible Shareholders who subscribe for more than their entitlement. You will receive nothing for your Rights and your interest in HTAL will be diluted when the CPS are converted into ordinary shares.

### **Key dates for the Rights Issue**

<b>Event</b>	<b>Date</b>
HTAL shares quoted ex-Rights and Rights trading opens	8 May 2007
Record date to determine entitlement to CPS	14 May 2007 (5.00pm Sydney time)
Despatch of Prospectus and Entitlement and Acceptance Form to Eligible Shareholders	17 May 2007
Rights trading ends	24 May 2007 (5.00pm Sydney time)
Rights Issue closes	31 May 2007 (5.00pm Sydney time)
Allotment of New Shares	8 June 2007
Despatch of holding statements	8 June 2007
Commencement of normal trading of New Shares on ASX	13 June 2007

These dates are subject to change as noted in the Prospectus.

Eligible Shareholders should read the whole of the Prospectus carefully before making any decision on how to deal with their Rights including section 6 (risk factors) and section 8 (tax implications). For further information on the Rights Issue you should contact your professional adviser or call the HTAL Information Line on 1800 629 116 from within Australia or (61 2) 8280 7116 from outside Australia.

Yours sincerely

**Fok Kin-ning, Canning**  
Chairman

7 May 2007

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### **Key dates for the Rights Issue**

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Yours sincerely

**Fok Kin-ning, Canning**  
Chairman

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Hutchison Telecommunications (Australia) Limited

ABN

15 003 677 227

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |  |
|---|--|--|
| 1 | +Class of +securities issued or to be issued   | Convertible Preference Shares  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 13,572,508,580   |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Issue price: \$0.21 (payable by applicants in full on exercising their Rights and subscribing for CPS)<br>Dates for conversion: <ul style="list-style-type: none"><li>• on any quarterly date beginning after the second anniversary date of allotment;</li><li>• upon a Change of Control occurring;</li><li>• upon a Takeover Event occurring; or</li><li>• upon the company announcing its intention to sell all or substantially all of its business, undertaking or assets.</li></ul> |

+ See chapter 19 for defined terms.

<p>4 Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>No</p> <p>Holders of the Convertible Preference Shares will be entitled to a non-cumulative preferential dividend equal to 5% of the issue price, subject to availability of sufficient profits and a decision by the Board. In the event of a winding up of the company, holders of Convertible Preference Shares are entitled to a payment in cash of the capital then paid up on those Convertible Preference Shares and any dividends that have been declared and are unpaid prior to the issue of a court order to wind up company in priority to holders of ordinary shares</p>						
<p>5 Issue price or consideration</p>	<p>\$0.21 for each CPS</p>						
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>For retirement of debt and for working capital purposes</p>						
<p>7 Dates of entering <sup>+</sup>securities into uncertificated holdings or despatch of certificates</p>	<p>8 June 2007</p>						
<p>8 Number and <sup>+</sup>class of all <sup>+</sup>securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="695 1413 995 1451">Number</th> <th data-bbox="995 1413 1291 1451"><sup>+</sup>Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="695 1451 995 1621">678,625,279</td> <td data-bbox="995 1451 1291 1621">Ordinary Shares</td> </tr> <tr> <td data-bbox="695 1621 995 1671">909,358,075</td> <td data-bbox="995 1621 1291 1671">Convertible Notes</td> </tr> </tbody> </table>	Number	<sup>+</sup> Class	678,625,279	Ordinary Shares	909,358,075	Convertible Notes
Number	<sup>+</sup> Class						
678,625,279	Ordinary Shares						
909,358,075	Convertible Notes						

+ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)		

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Holders of convertible preference shares will be entitled to a non-cumulative preferential dividend equal to 5% of the issue price, subject to availability of sufficient profits and a decision by the Board.
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## Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	Yes
12 Is the issue renounceable or non-renounceable?	Renounceable
13 Ratio in which the +securities will be offered	20:1
14 +Class of +securities to which the offer relates	Convertible Preference Shares
15 +Record date to determine entitlements	5:00pm, 14 May 2007
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17 Policy for deciding entitlements in relation to fractions	Not applicable
18 Names of countries in which the entity has +security holders who will not be sent new issue documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Shareholders with a registered address outside of Australia or New Zealand will not be eligible to participate in the offer. A letter will be sent to ineligible shareholders, outlining how their entitlements are to be dealt with.
19 Closing date for receipt of acceptances or renunciations	5:00pm, 31 May 2007

+ See chapter 19 for defined terms.

20	Names of any underwriters	Hutchison Whampoa Limited; Hutchison Communications (Australia) Pty Limited
21	Amount of any underwriting fee or commission	0.4% of Underwritten Amount (as defined in the Prospectus)
22	Names of any brokers to the issue	ABN Amro Rothschild
23	Fee or commission payable to the broker to the issue	\$900,000
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	Not applicable
25	If the issue is contingent on +security holders' approval, the date of the meeting	4 May 2007
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	Despatch completed by 17 May 2007
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	8 May 2007
29	Date rights trading will end (if applicable)	24 May 2007
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	Eligible Securityholders must complete the section on the back of the Entitlement and Acceptance Form marked "Instructions to your Sharebroker" and lodge the form according to the details outlined on the form. The sale of those rights must be completed by 24 May 2007 when the rights trading ceases.
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Eligible Securityholders must complete the Entitlement and Acceptance Form in accordance with the instructions set out in that form for the convertible preference shares that the securityholder wishes to take up, and also

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+ See chapter 19 for defined terms.

complete the back of the form marked "Instructions to your Sharebroker" and lodge the form according to the details outlined on the form. The sale of those rights must be completed by 24 May 2007 when the rights trading ceases.

32 How do +security holders dispose of their entitlements (except by sale through a broker)?

Eligible Securityholders holding shares registered on the issuer sponsored sub-register should forward a completed Standard Renunciation Form (a copy can be obtained from a sharebroker or from the company's registered office) signed by both the buyer and the seller, together with the securityholder's Entitlement and Acceptance Form and the applicable transferee's cheque for any acceptance money, to reach the company by no later than 5pm on 31 May 2007.

33 +Despatch date

8 June 2007.

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000

+ See chapter 19 for defined terms.

5,001 - 10,000  
 10,001 - 100,000  
 100,001 and over

37  A copy of any trust deed for the additional +securities

**Entities that have ticked box 34(b)**

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)		

+ See chapter 19 for defined terms.

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
  
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  
  - There is no reason why those +securities should not be granted +quotation.
  
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
  
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
  
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: ..... Date: 4 May 2007  
Company secretary

Print name: Louise Sexton

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+ See chapter 19 for defined terms.



## Media Release

### HUTCHISON EQUITY RAISING APPROVED BY SHAREHOLDERS

**Sydney, 4 May 2007** - Hutchison Telecommunications (Australia) Limited (ASX: HTA) announced that HTA shareholders had approved resolutions at today's Annual General Meeting that will allow the company's proposed equity raising of approximately \$2.85 billion to proceed.

As a result, a prospectus for the equity raising was lodged with ASIC today and is expected to be sent to shareholders on or about 17 May 2007.

HTA announced on 19 March 2007 its intention to raise the funds by way of a pro rata renounceable rights issue of convertible preference shares (CPS).

The equity raising will reduce the Company's debt substantially, improving the bottom line position through the reduction of funding costs. It is strongly supported by Hutchison Whampoa Limited (HWL), HTA's majority shareholder.

Following completion of the rights issue, Hutchison's debt is expected to reduce to approximately \$1.1 billion. This is expected to result in a saving in interest payments of approximately \$250 million on an annualised basis.

"The support from our shareholders is very pleasing and we are looking forward to moving ahead with an improved capital structure," chief executive Nigel Dews said.

Shareholders will be offered 20 CPS for each HTA ordinary share held on the record date of 14 May. The issue price will be 21 cents per CPS.

Shareholders who wish to participate in the proposed rights issue should read the prospectus in its entirety, seek appropriate professional advice if necessary, and complete the entitlement and acceptance form accompanying the prospectus.

- Ends -

#### For further information

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