

ASX Market Announcements  
Australian Securities Exchange

Date: 26 March 2015

**Subject: Annual Report 2014**

The Company's 2014 Annual Report incorporating the full year accounts for the period ended 31 December 2014 is attached.

Yours faithfully



Louise Sexton  
Company Secretary



# 2014 Annual Report

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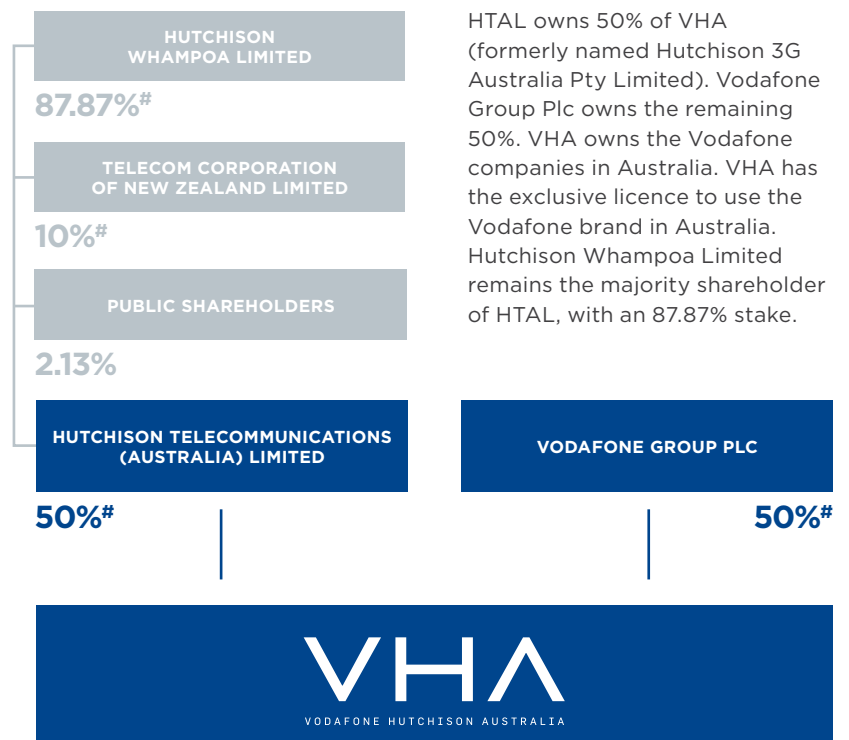
### **AGM Details**

The Annual General Meeting  
of HTAL will be held at:  
40 Mount Street,  
North Sydney NSW 2060  
Monday 4 May 2015, 10.00am.

ABN 15 003 677 227

**Hutchison Telecommunications (Australia) Limited (ASX: HTA) (HTAL) has a 50% interest in Vodafone Hutchison Australia Pty Limited (VHA). HTAL was listed on the ASX in 1999 and in 2003 launched Australia's first 3G service under the 3 brand. In 2009, HTAL's operations were merged with Vodafone Australia to form VHA. VHA offers mobile telecommunications under the Vodafone brand in Australia.**

## Ownership Structure



# Indirect ownership

## **VHA Key Operational Improvement in 2014**

- the demand for mobile data doubled during the year
- a strong focus on its customer service, brand proposition and network excellence
- the expansion of its 4G network to reach 95% of the Australian metropolitan population
- a significant reduction in complaints to the Telecommunications Industry Ombudsman
- VHA gained customers in the second half of the year for the first time since 2010
- VHA launched new Postpaid handset Red plans
- helping to promote confidence in using more data services

## Financial Summary

**2014 saw Vodafone Australia's Net Promoter Score increase by 16 points.**

**VHA is well positioned to see a return to growth in 2015.**

## VHA Financial and Operating Metrics

The items below represent the 50% share of VHA attributable to HTAL

|                                    | 2014           | 2013    | YoY change |
|------------------------------------|----------------|---------|------------|
| Total revenue (\$m)                | <b>1,747.6</b> | 1,776.0 | (1.6%)     |
| Service revenue (\$m) <sup>1</sup> | <b>1,362.3</b> | 1,493.6 | (8.8%)     |
| Share of net loss of VHA (\$m)     | <b>(301.8)</b> | (245.6) | (22.9%)    |

The items below represent totals for VHA

|                                      |              |         |         |
|--------------------------------------|--------------|---------|---------|
| Mobile customers ('000) <sup>2</sup> | <b>5,302</b> | 5,348   | (0.9%)  |
| Customer growth ('000)               | <b>(46)</b>  | (1,231) |         |
| Postpaid % (excl MVNO) <sup>3</sup>  | <b>64.7%</b> | 63.2%   | 1.5pp   |
| Prepaid % (excl MVNO) <sup>4</sup>   | <b>35.3%</b> | 36.8%   | (1.5pp) |

1 **Service revenue** excludes revenue related to the sale of handsets and mobile broadband devices.

2 **Mobile customers** reflect VHA's active services in operation at the end of the reporting period – including wholesale customers (Mobile Virtual Network Operators or "MVNOs").

3 **Postpaid %** base excludes MVNO customers and pp represents percentage points.

4 **Prepaid %** base excludes MVNO customers and pp represents percentage points.

## Chairman's Message

VHA is well positioned to see a return to growth in 2015 in both customer numbers and revenue. This will be driven by continued growth in data usage through premium content partnerships, expansion of retail points of presence and the continued improvement in Net Promoter Score through a cross-functional effort.

**Fok Kin Ning, Canning**  
Chairman



I am pleased to provide you with the summary of our performance in 2014. This year has been a significant one for HTAL, now at the completion of a three-year program to transform VHA's business.

### 2014 Results

HTAL's revenue from ordinary activities represents interest income received on loans to VHA. HTAL recorded revenue from operating activities of \$1.1 million, a decrease of \$14.8 million from 2013 as a result of decreased shareholder loans provided to VHA. During the year, HTAL released \$16.6 million of historical accruals and payables which were no longer deemed necessary, resulting in a credit balance of other operating items of \$15.5 million in the statement of profit or loss and other comprehensive income.

HTAL reports a \$285.5 million loss for the year ended 31 December 2014, compared with a loss of \$230.0 million in 2013.

The VHA results (including revenue and operating costs) are included in the "share of losses of a joint venture accounted for using the equity method" in HTAL's consolidated statement of profit or loss and other comprehensive income.

During 2014 competition, innovation and transformation within the Australian telecommunications sector maintained its rapid pace. With the uptake of 4G devices in Australia among the highest in the world, the demand for mobile data doubled

during the year. New and increasingly cheaper smartphones and tablets were launched by challenger brands to enhance their presence and product range in Australia, while premium brands launched new devices to record sales.

### Highlights

VHA has made steady improvements over the past year following a strong focus on its customer service, brand proposition and network excellence. Significant milestones reached include the expansion of its 4G network to reach 95% of the Australian metropolitan population, the signing of a three-year contract to build a new core network, strong brand campaign and a significant reduction in complaints to the Telecommunications Industry Ombudsman regarding both network coverage and customer service.

### VHA Performance

While VHA's total revenue in 2014 was relatively flat, customer service revenue decreased by 8.8%, which reflects customer losses in 2013 and reductions in mobile termination rates. While there has been a strong focus on cost reduction, operating expenses have grown due to the accelerated depreciation of network assets. This, together with the reduced revenue, led to an increase in HTAL's share of VHA losses of 22.9% to \$301.8 million.



**2014 saw Vodafone Australia's Net Promoter Score increase by 16 points, meaning many more of its customers were satisfied with the services and happy to recommend them to others. This marks a significant turning point, and is a positive sign that the brand health is improving steadily.**

**Stabilisation of customer numbers**

The end of 2014 saw VHA's active customer base stabilise at 5.3 million. Although customer numbers declined by 3% in the first six months of 2014, VHA gained customers in the second half of the year for the first time since 2010. This is due to both the investments made in network and customer service and dedication of the senior leadership team, led by VHA's CEO Iñaki Berroeta, who was appointed in March 2014.

**Growing data revenue**

In 2014, 4G data usage doubled. VHA launched new Postpaid handset Red plans, which include automated data top-ups, providing customers with certainty that they will only pay a flat \$10 rate for each extra 1GB of data if the included value is exceeded. Vodafone's generous data inclusions and improved network

performance are improving a wide range of metrics across the business. These factors, coupled with an offer which provides new customers with unlimited data for their first two months of 24-month plans, is helping to promote confidence in using more data services and to build data revenue.

**Customer satisfaction with Vodafone rising**

In 2014 Vodafone Australia's Net Promoter Score ("NPS") increase by 16 points, meaning many more of its customers were satisfied with the services and happy to recommend them to others. This marks a significant turning point following the brand's reputation issues dating back to 2011, and is another positive sign that the brand health is improving steadily. The appointment of a new creative agency at the end of 2014, and a refreshed marketing leadership team, will build on this.

**2015 Outlook**

VHA is well positioned to see a return to growth in 2015 in both customer numbers and revenue. This will be driven by continued growth in data usage through premium content partnerships, expansion of retail points of presence and the continued improvement in NPS through a cross-functional effort. VHA will also continue to invest in its infrastructure, and maintain a tight focus on building both a new core network and resilient and robust IT and technology services.

With our partners at Vodafone, we continue to provide extensive financial support for VHA.

There will be a continued focus on cost management, process improvement and structural efficiencies. Importantly, 2014 saw a significant increase in employee satisfaction and engagement, and in 2015 VHA will strengthen its expert and dedicated teams working together to deliver great results to the business. We are pleased with their achievements in 2014 and thank them for their efforts.

We begin 2015 with great momentum and we have every confidence HTAL's financial performance will continue to improve in the years ahead.



**Fok Kin Ning, Canning**  
Chairman



## Board of Directors



**Fok Kin Ning, Canning**  
Chairman BA, DFM, CA (Aus)

Fok Kin Ning, Canning, aged 63, has been an executive director of Hutchison Whampoa Limited ("HWL") since 1984 and its group managing director since 1993, non-executive chairman of Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") since 2009 and of Hutchison Port Holdings Management Pte. Limited ("HPH Management") as the trustee-manager of Hutchison Port Holdings Trust since 2011, an executive director of Power Assets Holdings Limited ("Power Assets") since 1985 and its chairman since 2005, chairman of HK Electric Investments Manager Limited ("HKEI Manager") as the trustee-manager of HK Electric Investments and of HK Electric Investments Limited ("HKEI") since 2013, co-chairman of Husky Energy Inc. ("Husky") since 2000, an executive director and deputy chairman of Cheung Kong Infrastructure Holdings Limited ("CKIH") since 1997 and a non-executive director of Cheung Kong (Holdings) Limited ("CKH") since 1985 and of CK Hutchison Holdings Limited ("CKHH", which is proposed to be listed on the Main Board of The Stock Exchange of Hong Kong Limited in March 2015) since January 2015. He has also been a director of VHA (previously known as Hutchison 3G Australia Pty Limited from March 2001 to June 2009) since 2001. Mr Fok has been alternate director to a director of HTHKH since 2010. Mr Fok was previously a director of Hutchison Harbour Ring Limited ("HHR", now known as China Oceanwide Holdings Limited) from 1992 to December 2014 and its chairman from 2002 to December 2014. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a member of the Institute of Chartered Accountants in Australia. Mr Fok has been a Director since 8 February 1999.



**Barry Roberts-Thomson**  
Deputy Chairman

Barry Roberts-Thomson, aged 65, was Managing Director of Hutchison from its inception in 1989 until September 2001. In his capacity as Deputy Chairman, Mr Roberts-Thomson represents Hutchison in government relations and strategic projects and has served as a director of VHA since 2001. Mr Roberts-Thomson has been a Director since 14 February 1989.



**Chow Woo Mo Fong, Susan**  
Director BSc

Chow Woo Mo Fong, Susan, aged 61, has been an executive director of HWL since 1993 and its deputy group managing director since 1998, an executive director of CKIH since 1997, and a non-executive director of HTHKH since 2009. She has also been a director of VHA since 2004. Mrs Chow has been alternate director to directors of each of CKIH since 2006, of TOM Group Limited ("TOM") since 2012, of HKEI Manager as the trustee-manager of HK Electric Investments and of HKEI since November 2014. She was previously a non-executive director of TOM from 1999 to 2012, an executive director of Power Assets from 2006 to January 2014, of HHR from 2001 to December 2014, of HKEI Manager as the trustee-manager of HK Electric Investments and of HKEI from 2013 to November 2014, and alternate director to directors of HPH Management as the trustee-manager of Hutchison Port Holdings Trust from 2011 to 2012 and of Power Assets from 1993 to January 2014. She is a qualified solicitor and holds a Bachelor's degree in Business Administration. Mrs Chow has been a Director since 15 February 2006 and Alternate Director to Mr Fok, Mr Lai and Mr Sixt since 8 May 2006, 26 February 2007 and 4 May 2007 respectively.



**Justin Herbert Gardener**  
Director BEc, FCA, AGIA

Justin Herbert Gardener, aged 78, has been a director of a number of private and publicly listed companies including Astar United Communications Limited (appointed 1999 and retired 2008). From 1961, and until his retirement in 1998, Mr Gardener held a variety of positions with Arthur Andersen, becoming a partner in 1972 and for the last ten years in a management and supervisory role for Asia Pacific. Mr Gardener is a Fellow of the Institute of Chartered Accountants and an Associate of the Governance Institute. Mr Gardener has been a Director since 2 July 1999.



**Lai Kai Ming, Dominic**  
Director BSc, MBA

Lai Kai Ming, Dominic, aged 61, has been an executive director of HWL since 2000 and a non-executive director of HTHKH since 2009. Mr Lai has been alternate director to a director of HTHKH since 2010. Mr Lai was previously a director of HHR from 1994 to December 2014 and its deputy chairman from 2001 to December 2014, and alternate director to a director of HHR from 2007 to December 2014. He has over 30 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration. Mr Lai has been a Director since 19 May 2004 and Alternate Director to Mrs Chow and Mr Sixt since 8 May 2006.



**John Michael Scanlon**  
Director

John Michael Scanlon, aged 73, is a special venture partner to Clarity Partners LLP, a private equity firm. From 1965 through to 1988, his career was with AT&T, primarily Bell Labs, rising to group vice president of AT&T. Mr Scanlon then went on to become president and general manager of Motorola's Cellular Networks and Space Sector, founding CEO of Asia Global Crossing, CEO of Global Crossing and chairman and CEO of PrimeCo Cellular. Mr Scanlon has been a Director since 11 July 2005.



**Frank John Sixt**  
Director MA, LLL

Frank John Sixt, aged 63, has been an executive director of HWL since 1991 and its group finance director since 1998. He has been non-executive chairman of TOM since 1999, an executive director of CKIH since 1996, a non-executive director of CKH since 1991, of HTHKH since 2009, of HPH Management as the trustee-manager of Hutchison Port Holdings Trust since 2011, of Power Assets since January 2014 (re-designated from an executive director (appointed since 1998) to a non-executive director in January 2014) and of CKHH since January 2015 and a director of Husky since 2000. He has also been a director of VHA since 2001. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada. Mr Sixt has been a Director since 12 January 1998 and Alternate Director to Mrs Chow and Mr Lai since 25 February 2008.



**Ronald Joseph Spithill OAM**  
Director BScTech

Ronald Joseph Spithill, aged 73, was a director of Telecom Corporation of New Zealand Limited from 2006 until 2011 and serves on a number of NGO Boards. Mr Spithill has also been a director of VHA since 2010. He was previously President of Alcatel Asia Pacific responsible for operations in 16 countries, Executive Vice President and Chief Marketing Officer of the Paris-based Alcatel group and Vice-Chairman of Alcatel Shanghai Bell. He has been CEO and Chairman of Alcatel Australia. He is a past President of the Telecommunications Industry Association of Australia and served with the AEEMA Board, the Australian Business Council, the Malaysian Government Industry Advisory Panel, the New Zealand Independent Industry Oversight Group, the NSW Government IT Advisory Board and the Australian Government "Goldsworthy" Committee. Mr Spithill is a Fellow of the Australian Academy of Technological Sciences and Engineering and a Distinguished Fellow of the Telecommunications Society of Australia. Mr Spithill has been a Director since 16 November 2010.

# Corporate Governance

This Corporate Governance Statement is dated 18 February 2015 and was approved by the Board of Hutchison Telecommunications (Australia) Limited ("HTAL" or the "Company"). Information about the Company and its corporate governance principles is available on the Company's website at [www.hutchison.com.au](http://www.hutchison.com.au).

The Company and its Directors are committed to high standards of corporate governance. Set out below is a description of the Company's main corporate governance practices. These practices were reviewed and updated in 2014 in response to the release of the 3rd edition of the ASX Corporate Governance Principles and Recommendations (the "ASX Principles"). This report reflects the Company's corporate governance practices in place from 1 January 2015, and where the Company does not comply with the ASX Principles. The Company's prior practices, which applied through 2014, are as reported in the 2013 Annual Report which is available on the Company's website.

## The Board

### Role of the Board

The Board has responsibility for approving the strategy and monitoring the implementation of the strategy and the performance of HTAL and its subsidiaries (the group of companies is referred to as the "Group" in this report), protecting the rights and interests of shareholders and is responsible for overall corporate governance.

The Board Charter is available on the Company's website.

The Board's responsibilities include:

- reviewing and approving the strategic direction of the Group and establishing goals, both short term and long term, to ensure these strategic objectives are met and ensuring appropriate resources are available to meet these objectives;
- overseeing the Group, including its control and accountability systems;
- ensuring the business risks facing the Group are identified along with reviewing, ratifying and monitoring systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring the performance of management against these goals and objectives and initiating corrective action when required;
- ensuring that there are adequate internal controls and ethical standards of behaviour adopted and met within the Group;
- reviewing and approving annual financial plans and monitoring corporate performance against both short term and long term financial plans;
- appointing the chief executive, evaluating performance and determining the remuneration of senior executives and ensuring that appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning; and
- delegating to the chief executive the authority to manage and supervise the business of the Group with senior managers and other management, including the making of all decisions regarding the Group's operations that are not specifically reserved to the Board.

The nature of these responsibilities changed substantially when VHA ceased to be a subsidiary of the Company in June 2009 and there are no longer any executives employed by the Company.

### Composition of the Board

The Board comprises eight Directors whose appointment reflects the shareholding of the Company and the need to ensure that the Company is run in the best interest of all shareholders. All the Directors, including the Chairman, Mr Fok, are non-executives. The Board has considered the factors relevant to assessing the independence of a director contained in the ASX Principles, and in light of this, the Board determined that the independent Directors are not substantial shareholders or officers of substantial shareholders, have not been employed as an executive of the Group or its majority shareholder, nor are they associated with any significant supplier, customer or professional adviser of the Group. Further, an independent Director does not have any significant contractual relationship with the Group nor is there any business relationship which could materially interfere with a Director's ability to act in the best interest of the Company.

Mr Gardener and Mr Scanlon, being the only Directors who are not, or have not been, officers of a significant shareholder or have not been employed as an executive of the Group, are considered by the Board to be independent Directors. The Board does not consider that the length of tenure of either Mr Gardener or Mr Scanlon has compromised his independence. In light of the majority ownership by Hutchison Whampoa Limited ("HWL"), the Board has resolved that, at this stage, it is not in the best interests of the Company that a majority of Directors or the Chairman be independent.

The Board has considered the skills that are appropriate for the Board as a whole and these include experience in:

- general business management, strategy & entrepreneurship;
- information and technology particularly in telecommunications or multimedia;
- marketing, sales and distribution in highly competitive markets;
- Government relations & policy;
- legal, governance & compliance risk management;
- human resources & remuneration;
- accounting, finance & audit; and
- banking, treasury & capital markets.

Details of the Directors' skills, experience and date of appointment are set out on pages 6 and 7. Details of the non-executive director remuneration are set out in the Remuneration Report which forms part of the Directors' Report on pages 16 to 18.

Subject to the *Corporations Act 2001* requirements in relation to the retirement of Directors, the current Directors have not been appointed for a specified term. An election of directors is held at the Annual General Meeting (AGM) each year, and information on the directors standing for re-election is provided to shareholders in the Notice of Meeting for the AGM. Any Director who has been appointed during the year must stand for election at the next AGM. Each Director must retire every three years, and if eligible, may stand for re-election. Retiring Directors are not automatically reappointed.

Prior to the appointment of a new Director appropriate checks will be undertaken including education, employment and character references, and the balance of skills and experience collectively on the Board will be taken into consideration. Since 2005, each new director has received a letter of appointment detailing the Company's expectations and an induction process is arranged by the Company Secretary.

Upon appointment to the Board, a Director receives a package of orientation materials on the Company and the Company provides professional development materials to Directors and enables them to attend appropriate external seminars and information sessions to help ensure that they are apprised of the latest changes in the commercial, legal and regulatory environment and to refresh their knowledge and skills on the roles, functions and duties of a listed company director.

The Company has introduced a process to evaluate the performance of the Board as a whole and the Committees together with the Directors by questionnaires. The objective of such evaluation is to ensure that the Board, its Committees and the Directors continued to act effectively in fulfilling the duties and responsibilities expected of them.

In connection with their duties and responsibilities, Directors and Board Committees have the right to seek independent professional advice at the Company's expense. Prior written notification to the Chairman is required.

## **Board Committees**

The Board has two Committees to assist in the implementation of its corporate governance practices, fiduciary and financial reporting and audit responsibilities. These are an Audit & Risk Committee and a Governance, Nomination and Compensation Committee.

Each of these Committees has its own charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the Committee is to operate. Details of these charters are available on the Company's website.

## **Audit & Risk Committee**

The responsibility of the Audit & Risk Committee is to assist the Board in fulfilling its duties through review and supervision of the Group's financial reporting process and the Group's system of risk management, internal control and legal compliance.

All members of the Committee are non-executive Directors and the composition of the Committee meets the requirements of the ASX Listing Rules. The Committee has appropriate financial expertise and knowledge of the telecommunications industry. Details of the Committee members' qualifications, expertise, experience and attendance at Committee meetings are set out on pages 6, 7 and 15.

The Committee considers the annual and interim financial statements of the Company and its subsidiaries and any other major financial statements prior to approval by the Board, and reviews standards of internal control and financial reporting within the Group. The Committee is also responsible for overview of the relationship between the Group and its external auditor, including periodic review of the performance and the terms of appointment of the auditor. This Committee considers any matters relating to the financial affairs of the Group and any other matter referred to it by the Board.

The main responsibilities delegated to the Committee are to:

- consider and recommend to the Board the appointment and remuneration of the Company's external auditor and to determine with the external auditor the nature and scope of the audit or review and approve audit or review plans;
- assess the performance and independence of the external auditor, taking into account factors which may impair the auditor's judgement in audit matters related to the Company;
- review the interim and annual accounts of the Company before their submission to the Board;
- ensure the Group's practices and procedures with respect to related party transactions are appropriate for compliance with the relevant legal and securities exchange requirements;
- review the risk management practices and oversee the implementation and effectiveness of the risk management system;
- review with management and the external auditor the presentation and impact of significant risks and uncertainties associated with the business of the Group and their effects on the financial statements of the Group; and
- ensure corporate compliance with applicable legislation.

The range of matters requiring consideration by the Committee, including the internal controls and risk management practices and systems, has changed since VHA ceased to be a subsidiary of the Company and the Company no longer controls any operating entities.

Details of the Directors' skills, experience and date of appointment are set out on pages 6 and 7. Details of the non-executive director remuneration are set out in the Remuneration Report which forms part of the Directors' Report on pages 16 to 18.

Subject to the *Corporations Act 2001* requirements in relation to the retirement of Directors, the current Directors have not been appointed for a specified term. An election of directors is held at the Annual General Meeting (AGM) each year, and information on the directors standing for re-election is provided to shareholders in the Notice of Meeting for the AGM. Any Director who has been appointed during the year must stand for election at the next AGM. Each Director must retire every three years, and if eligible, may stand for re-election. Retiring Directors are not automatically reappointed.

Prior to the appointment of a new Director appropriate checks will be undertaken including education, employment and character references, and the balance of skills and experience collectively on the Board will be taken into consideration. Since 2005, each new director has received a letter of appointment detailing the Company's expectations and an induction process is arranged by the Company Secretary.

Upon appointment to the Board, a Director receives a package of orientation materials on the Company and the Company provides professional development materials to Directors and enables them to attend appropriate external seminars and information sessions to help ensure that they are apprised of the latest changes in the commercial, legal and regulatory environment and to refresh their knowledge and skills on the roles, functions and duties of a listed company director.

The Company has introduced a process to evaluate the performance of the Board as a whole and the Committees together with the Directors by questionnaires. The objective of such evaluation is to ensure that the Board, its Committees and the Directors continued to act effectively in fulfilling the duties and responsibilities expected of them.

In connection with their duties and responsibilities, Directors and Board Committees have the right to seek independent professional advice at the Company's expense. Prior written notification to the Chairman is required.

## **Board Committees**

The Board has two Committees to assist in the implementation of its corporate governance practices, fiduciary and financial reporting and audit responsibilities. These are an Audit & Risk Committee and a Governance, Nomination and Compensation Committee.

Each of these Committees has its own charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the Committee is to operate. Details of these charters are available on the Company's website.

## **Audit & Risk Committee**

The responsibility of the Audit & Risk Committee is to assist the Board in fulfilling its duties through review and supervision of the Group's financial reporting process and the Group's system of risk management, internal control and legal compliance.

All members of the Committee are non-executive Directors and the composition of the Committee meets the requirements of the ASX Listing Rules. The Committee has appropriate financial expertise and knowledge of the telecommunications industry. Details of the Committee members' qualifications, expertise, experience and attendance at Committee meetings are set out on pages 6, 7 and 15.

The Committee considers the annual and interim financial statements of the Company and its subsidiaries and any other major financial statements prior to approval by the Board, and reviews standards of internal control and financial reporting within the Group. The Committee is also responsible for overview of the relationship between the Group and its external auditor, including periodic review of the performance and the terms of appointment of the auditor. This Committee considers any matters relating to the financial affairs of the Group and any other matter referred to it by the Board.

The main responsibilities delegated to the Committee are to:

- consider and recommend to the Board the appointment and remuneration of the Company's external auditor and to determine with the external auditor the nature and scope of the audit or review and approve audit or review plans;
- assess the performance and independence of the external auditor, taking into account factors which may impair the auditor's judgement in audit matters related to the Company;
- review the interim and annual accounts of the Company before their submission to the Board;
- ensure the Group's practices and procedures with respect to related party transactions are appropriate for compliance with the relevant legal and securities exchange requirements;
- review the risk management practices and oversee the implementation and effectiveness of the risk management system;
- review with management and the external auditor the presentation and impact of significant risks and uncertainties associated with the business of the Group and their effects on the financial statements of the Group; and
- ensure corporate compliance with applicable legislation.

The range of matters requiring consideration by the Committee, including the internal controls and risk management practices and systems, has changed since VHA ceased to be a subsidiary of the Company and the Company no longer controls any operating entities.

# Corporate Governance continued

## Governance, Nomination and Compensation Committee

The Committee comprises non-executive Directors and is chaired by the Chairman of the Board. In light of the majority ownership by HWL and that there are no longer any executives employed by the Company since VHA ceased to be a subsidiary of the Company, the Board has resolved that, at this stage, it is not in the best interests of the Company that a majority of members of this Committee be independent or that the Chair of the Committee be independent. Details of the Committee members' qualifications, expertise and experience are set out on pages 6 and 7. No meetings of this Committee were required during the year ended 31 December 2014.

## Compensation responsibilities

This Committee is responsible for the review of remuneration and other benefits, and the Group's policies in relation to recruitment and retention of staff. The Committee will, where relevant, obtain independent advice from external consultants on the appropriateness of the remuneration policies of the Group.

Details of the compensation philosophy and practices of the Company, including equity based remuneration schemes, are set out in the Remuneration Report. As the Company is not currently an employer, no process is in place for the evaluation of the performance of executives, although formal performance evaluation has been a part of the Company's practices in the past.

The governance and nomination responsibilities related to Board performance and evaluation are:

- to periodically assess and provide recommendations to the Chairman of the Board on the effectiveness of the Board of Directors as a whole, the Committees of the Board, the contribution of individual Directors, and assessment of Directors;
- to periodically review the Company's investor relations and public relations activities to ensure that procedures are in place for the effective monitoring of the shareholder base, receipt of shareholder feedback and response to shareholder concerns;
- to oversee the maintenance of an induction and education programme for new Directors;
- to ensure appropriate structures and procedures are in place so that the Board can function independently of management;
- to review the mandates of the Board of Directors' Committees and recommend appropriate changes to the Board;
- to receive and consider any concerns of individual Directors relating to governance matters; and
- to review all related party transactions to ensure they reflect market practice and are in the best interests of the Group.

The governance and nomination responsibilities related to the Board of Directors are:

- to recommend to the Board criteria regarding personal qualifications for Board membership such as background, experience, technical skills, affiliations and personal characteristics; and
- to consider and recommend to the Board the skills matrix required for the board generally.

The governance and nomination responsibilities related to Committees of the Board of Directors are:

- to review from time to time and recommend to the Board the types, terms of reference and composition of Board Committees, and the nominees as chair of the Board Committees; and
- to review from time to time and make recommendations to the Board, with respect to the length of service of members on Committees, meeting procedures, quorum and notice requirements, records and minutes, resignations and vacancies on Committees.

## Company secretary

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

## External auditors

The performance of the external auditor is reviewed annually and applications for the tender of external audit services will be requested as deemed appropriate. PricewaterhouseCoopers was appointed as the external auditor in June 2014. PricewaterhouseCoopers follow the *Corporations Act 2001* requirements to rotate audit engagement partners on listed companies every five years.

An analysis of fees paid to the external auditor, including a break-down of fees for non-audit services, is provided in note 14 to the financial statements. The Company's policy in relation to awarding non-audit work to the external auditor requires that all proposed non-audit service assignments in excess of \$100,000 will be approved by the Audit & Risk Committee and will only be awarded to the external auditor after completion of a competitive tendering process which demonstrates that the external auditor is the preferred service provider on the basis of an objective assessment of price, capabilities and commitment. It is the policy of the external auditor to provide an annual declaration of their independence to the Audit & Risk Committee.

The external auditor attends and is available for questioning at the Annual General Meeting by shareholders in relation to the conduct of the audit.

## Diversity

The Company recognises the corporate benefit of diversity as that term is defined in the ASX best practice recommendations and its Diversity Policy is available on the Company's website.

The Company recognises the benefits of a Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the businesses of the Company. The Company has one female Director and cultural diversity in having Directors residing in Hong Kong, Australia and North America.

In assessing candidates for appointment to the Board, the Governance, Nomination and Compensation Committee will have regard to the diversity balance on the Board and the skills and experience of each candidate. The Board will give due consideration to ensuring that the diversity of the Board increases. Since the implementation of the policy and the measurable objectives no new directors have been appointed.

No objectives have been set for achieving gender diversity among employees as the Company is not currently an employer.

## Risk management

The Board acknowledges its responsibility for risk oversight and ensuring that significant business risks are appropriately managed, whilst acknowledging that such risks may not be wholly eliminated. Details of the Company's risk management policy and internal compliance and control system are available on the Company's website. Material business risks are described in the operations review in the Annual Report.

The Audit & Risk Committee has been delegated responsibility as the primary body for risk oversight and for ensuring that appropriate risk management policies, systems and resources are in place.

As all former operational activities of the Company are now undertaken in VHA, the associated risks are now in that entity. The Company no longer has an internal audit function, but the Audit & Risk Committee receives and considers all VHA internal audit reports prepared by the risk management function of VHA for the VHA Audit and Risk Committee, including an annual review of the VHA risk management framework. One of the members of the Group's Audit & Risk Committee is a member of the VHA Audit and Risk Committee.

The VHA risk management framework ensures that adequate mechanisms are in place to identify, assess and manage strategic, financial, operational and regulatory risks and that VHA corporate performance is reviewed across a broad range of issues. In addition to oversight of VHA's risk management, other key aspects of the Group's risk management framework are regular reports from external auditors and detailed financial reporting reviews with its major shareholder's finance team.

As the Company no longer has executives performing the function of chief executive officer or chief financial officer, the Board has not received a declaration provided in accordance with section 295A of the *Corporations Act 2001*. However, a declaration of this nature has been provided to the VHA Board in respect of the VHA financial statements.

## Code of conduct

The need to ensure that a strong ethical culture within the Group has led to greater emphasis on the development of a strong culture designed to ensure that all Directors, managers and employees act with the utmost integrity and objectivity in their dealings with all people that they come in contact with during their working life with the Group. The Corporate Code of Conduct applies to all Directors and employees and compliance with the values underlying the Company's culture forming part of the performance appraisal of senior employees and sales managers. Details of this Code are available on the Company's website.

## Dealing in shares

The Company has the following share dealing policy regarding dealing in its shares (which currently only applies to Directors and Company Secretaries as the Company does not employ any senior executives) and which was updated in 2010 to reflect amendments to the ASX Listing Rules:

- the Chairman discusses any proposed dealing in HTAL shares with an independent Director prior to any dealing;
- Directors discuss any proposed dealing in HTAL shares with the Chairman prior to any dealing; and
- Senior executives discuss any proposed dealing in HTAL shares with the Company Secretary or the chief executive officer prior to any dealing. Unless there are unusual circumstances, dealings in HTAL shares by Directors and senior executives are limited to the period of one month after the release of the Company's half year and annual results to the ASX and from the lodgment of the Company's annual report with the ASX up to one month after the Annual General Meeting of HTAL.

Directors and senior executives are prohibited from dealing in HTAL shares if the Director or officer is in possession of price sensitive information or would be dealing for a short term gain. All Directors and managers within the Group have been advised of their obligations in regard to price sensitive information. Directors and senior executives are also aware of their obligations not to communicate price sensitive information to any other person who might deal in HTAL shares or communicate that information to another party.

The Company's practices are documented in a policy, details of which are available on the Company's website.

## **Corporate Governance** continued

### **Continuous disclosure and shareholder communication**

The Board strongly believes that the Company's shareholders should be fully informed of all material matters that affect the Group in accordance with its continuous disclosure obligations. Financial reports and other significant information are available on the Company's website for access by its shareholders and the broader community. Procedures are in place to review whether any price sensitive information has been inadvertently disclosed in any forum, and if so, this information is immediately released to the market. The Company Secretary resident in Australia has been appointed as the person responsible for communications with the ASX.

The Company seeks to enhance its communication with shareholders through the introduction of new types of communication through cost effective electronic means and the provision of information in addition to the reports required by legislation. Shareholders have the option to receive communications from the Company and to communicate with the Company and the Share Registry electronically.

Shareholders are encouraged to participate in general meetings physically or to appoint proxies to attend and vote at such meetings for and on their behalf if they are unable to attend. Notices of general meetings and the accompanying papers are provided within the prescribed time prior to the meetings on the Company's website and the ASX website ([www.asx.com.au](http://www.asx.com.au)), by email to shareholders or by post to those shareholders who have elected to receive a hard copy version of such communication.

The Company's investor relations program is based upon responding to requests from shareholders and analysts for information to enable them to gain an understanding of the Company's business, governance, financial performance and prospects.

The Company's existing practices on information disclosure and shareholder communications are documented in the Continuous Disclosure Policy and Shareholder Communications Policy, details of which are available on the Company's website.

### **Related party transactions**

The Group draws great strength from its relationship with HWL and other companies in the HWL Group in relation to its financial support and management expertise. The Board is aware of the need to represent all shareholders and to avoid conflicts of interest. Where there is a conflict of interest or the potential appearance of a conflict, affected Directors do not participate in the decision making process or vote on such matters. All commercial agreements with related parties are negotiated on arms' length terms. Further information about the Company's related party transactions is set out in note 17 to the financial statements.



# Directors' Report

The Directors are pleased to present their report on the consolidated entity (the "Group") consisting of Hutchison Telecommunications (Australia) Limited ("HTAL" or the "Company") and the entities it controlled at the end of or during the year ended 31 December 2014.

## Principal activities

During the year, the Group's principal activity was the ownership of a 50% interest in Vodafone Hutchison Australia Pty Limited ("VHA") which provides mobile telecommunications services in Australia.

## Dividends

No dividend was declared or paid during the year.

## Review of operations

Comments on the operations of the Group, results of those operations, the Company's business strategies and its prospects for future years are contained in pages 2 to 5. Details of the financial position of the Company are contained in page 23 of this report.

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

There was no significant change in the state of affairs of the Group during the financial year. No other matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

## Likely developments and expected results of operations

Other than as set out in the Review of operations above, further information on business strategies and the future prospects of the Company have not been included in this report because the Directors believe that it would be likely to result in unreasonable prejudice to the Group.

## Environmental regulation

The Group's operations and business activities, through its investment in VHA, are subject to environmental regulations under both Commonwealth and State legislation and the requirements of the *Telecommunications Act 1997*. The Group's risk review and audit program is designed to ensure that the Group meets its obligations under current legislation.

VHA's operations and business activities are subject to environmental regulations under both Commonwealth and State legislation and the requirements of the *Telecommunications Act 1997*, particularly with regard to:

- the impact of the construction, maintenance and operation of transmission facilities;
- reporting on carbon emissions from operations;
- site contamination; and
- waste management.

Management systems are in place to clearly define accountability and responsibility for compliance with legislation and for achieving specific environmental management objectives.

The Directors are not aware of any material breaches of environmental regulations by the Group or by VHA.

## Directors' Report continued

### Directors

The following persons were Directors of HTAL during the whole of the year ended 31 December 2014 and up to the date of this report:

FOK Kin Ning, Canning  
 Barry ROBERTS-THOMSON  
 CHOW WOO Mo Fong, Susan  
 Justin Herbert GARDENER  
 LAI Kai Ming, Dominic  
 John Michael SCANLON  
 Frank John SIXT  
 Ronald Joseph SPITHILL

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

| Director                | Other Responsibilities  | Particulars of Directors' Interests in ordinary shares of HTAL |
|-------------------------|---|--|
| Fok Kin Ning, Canning   | Non-executive Chairman, Chairman of Governance, Nomination and Compensation Committee           | 5,100,000*   |
| Barry Roberts-Thomson   | Deputy Chairman   | 83,918,337**   |
| Chow Woo Mo Fong, Susan | Member of Governance, Nomination and Compensation Committee                                     | –  |
| Justin Herbert Gardener | Chairman of Audit & Risk Committee, Member of Governance, Nomination and Compensation Committee | 1,957,358  |
| Lai Kai Ming, Dominic   | –   | –  |
| John Michael Scanlon    | Member of Audit & Risk Committee  | –  |
| Frank John Sixt         | Member of Audit & Risk Committee  | 1,000,000  |
| Ronald Joseph Spithill  | –   | –  |

\* Direct holding of 100,000 shares

\*\* Direct holding of 4,540 shares

Notes:

Fok Kin Ning, Canning, holds a relevant interest in (i) 6,010,875 ordinary shares of HWL, a related body corporate of HTAL; (ii) 1,202,380 ordinary shares of HTHKH, a related body corporate of HTAL; (iii) a nominal amount of USD4,000,000 in the 5.75% Notes due 2019 issued by Hutchison Whampoa International (09/19) Limited, a related body corporate of HTAL; and (iv) a nominal amount of USD5,000,000 in the Subordinated Guaranteed Perpetual Capital Securities issued by Hutchison Whampoa International (10) Limited, a related body corporate of HTAL.

Chow Woo Mo Fong, Susan holds a relevant interest in (i) 190,000 ordinary shares of HWL; and (ii) 250,000 ordinary shares of HTHKH.

Lai Kai Ming, Dominic holds a relevant interest in 50,000 ordinary shares of HWL.

Frank John Sixt holds a relevant interest in (i) 200,000 ordinary shares of HWL; (ii) one ordinary share of Colonial Nominees Limited, a related body corporate of HTAL, on behalf of Hutchison International Limited; (iii) 17,000 American Depositary Shares (each representing 15 ordinary shares) of HTHKH; and (iv) a nominal amount of USD1,000,000 in the Subordinated Guaranteed Perpetual Capital Securities issued by Hutchison Whampoa International (10) Limited.

## Meetings of Directors

The number of meetings of HTAL's Board of Directors and each of the Board Committees held during the year ended 31 December 2014 and the number of meetings attended by each Director were:

|                         | Board Meetings held during the period as Director | Board Meetings attended | Audit Committee Meetings held during the period as Member of the Committee | Audit Committee Meetings attended | Governance, Nomination and Compensation Committee Meetings held during the period as Member of the Committee | Governance, Nomination and Compensation Committee Meetings attended |
|-------------------------|---|-------------------------|--|-----------------------------------|--|---|
| Fok Kin Ning, Canning   | 8   | 7                       | N/A  | N/A                               | Nil  | Nil   |
| Barry Roberts-Thomson   | 8   | 8                       | N/A  | N/A                               | N/A  | N/A   |
| Chow Woo Mo Fong, Susan | 8   | 8                       | N/A  | N/A                               | Nil  | Nil   |
| Justin Herbert Gardener | 8   | 8                       | 4  | 4                                 | Nil  | Nil   |
| Lai Kai Ming, Dominic   | 8   | 8                       | N/A  | N/A                               | N/A  | N/A   |
| John Michael Scanlon    | 8   | 8                       | 4  | 4                                 | N/A  | N/A   |
| Frank John Sixt         | 8   | 8                       | 4  | 4                                 | N/A  | N/A   |
| Ronald Joseph Spithill  | 8   | 8                       | N/A  | N/A                               | N/A  | N/A   |

No meeting of the Governance, Nomination and Compensation Committee was held during the year as any matters that arose for possible consideration by the Committee that were dealt with by the full Board.

## Retirement, election and continuation in office of Directors

Mrs Chow Woo Mo Fong, Susan is a Director retiring by rotation in accordance with the Constitution who, being eligible, offers herself for re-election.

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

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

## Company secretaries

### Edith Shih

BSE, MA, MA, EdM, Solicitor, FCIS, FCS(PE)

Ms Shih has over 17 years of experience as a company secretary in listed companies and has been a Company Secretary of the Company since 1999. She has been the head group general counsel of HWL since 1993 and its company secretary since 1997. She is a qualified solicitor in England and Wales, Hong Kong and Victoria, Australia; and is also a Fellow of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

### Louise Sexton

BA, LL.M, MBA (Exec), GAICD

Ms Sexton has over 20 years of experience as a company secretary in listed companies and has been a Company Secretary of the Company since 1999. Ms Sexton has practised as a solicitor since 1983 with experience in government, private practice and in-house corporate practice, and is also Company Secretary of VHA.

# Directors' Report continued

## Remuneration Report

Following the merger of Hutchison 3G Australia Pty Limited and Vodafone Australia Limited in June 2009, the Company's employees, including all executives, working in the VHA business ceased to be employees of the Company and became employees of VHA during 2009. VHA is not a subsidiary of the Company and accordingly this report does not include any information relating to the employees or employment practices of VHA. As at 31 December 2014, the Company had no employees, and therefore no longer has any employees who are 'key management personnel'.

The compensation philosophy and policies referred to remain in place notwithstanding their currently limited application.

### Compensation philosophy and practice

The Governance, Nomination and Compensation Committee is responsible for making recommendations to the Board on compensation policies and packages for all staff, including Board members. The Company's compensation policy is designed to ensure that remuneration strategies are competitive, innovative, support the business objectives and reflect company performance. The Company's performance is measured according to the achievement of key financial and non-financial measures as approved by the Board, and key management personnel's remuneration packages (other than Directors) would be directly linked to these measures. The Group has been committed to ensuring it has compensation arrangements which would reflect individual performance, overall contribution to the Company's performance and developments in the external market. Written service agreements setting out remuneration and other terms of employment would be required for key management personnel.

### Principles used to determine the nature and amount of remuneration

The Company's compensation policy is designed to ensure that remuneration strategies are competitive, innovative and support the business objectives while reflecting individual performance, overall contribution to the business and developments in the external market. Remuneration packages would generally involve a balance between fixed and performance based components, the latter being assessed against objectives which include both company and job specific financial and non-financial measures. These measures at the financial level directly relate to the key management's contribution to meeting or exceeding the Company's statement of comprehensive income and statement of financial position targets. At the non-financial level the measures would reflect the contribution to achieving a range of key performance indicators as well as building a high performance company culture. The performance conditions are chosen to reflect an appropriate balance between achieving financial targets and building a business and organisation to be sustainable for the long term.

### Directors' fees

The remuneration of the non-executive and independent Directors, Mr Gardener and Mr Scanlon, comprised a fixed amount only and was not performance based. The non-executive and non-independent Directors, Mr Fok, Mrs Chow, Mr Lai, Mr Roberts-Thomson, Mr Spithill and Mr Sixt, did not receive any remuneration for their services as Directors.

### Retirement allowances for Directors

No retirement allowances are payable to non-executive Directors.

### Key management personnel

There were no key management personnel having authority and responsibility for planning, directing and controlling the activities of the Company for the period from 1 January 2014 to 31 December 2014.

## Details of remuneration

Details of the remuneration of each Director of HTAL including their personally-related entities, are set out in the following tables.

### Directors of HTAL

| 2014              | Short-term benefits     |               |                          | Post - employment benefits | Share based payments |          |
|-------------------|-------------------------|---------------|--------------------------|----------------------------|----------------------|----------|
| Name              | Cash salary and fees \$ | Cash bonus \$ | Non-monetary benefits \$ | Superannuation \$          | Options \$           | Total \$ |
| C Fok             | -                       | -             | -                        | -                          | -                    | -        |
| B Roberts-Thomson | -                       | -             | -                        | -                          | -                    | -        |
| S Chow            | -                       | -             | -                        | -                          | -                    | -        |
| J Gardener        | 50,000                  | -             | -                        | 4,688                      | -                    | 54,688   |
| D Lai             | -                       | -             | -                        | -                          | -                    | -        |
| J Scanlon         | 52,313                  | -             | -                        | 2,375                      | -                    | 54,688   |
| F Sixt            | -                       | -             | -                        | -                          | -                    | -        |
| R Spithill        | -                       | -             | -                        | -                          | -                    | -        |
| Total             | 102,313                 | -             | -                        | 7,063                      | -                    | 109,376  |

| 2013              | Short-term benefits     |               |                          | Post - employment benefits | Share based payments |          |
|-------------------|-------------------------|---------------|--------------------------|----------------------------|----------------------|----------|
| Name              | Cash salary and fees \$ | Cash bonus \$ | Non-monetary benefits \$ | Superannuation \$          | Options \$           | Total \$ |
| C Fok             | -                       | -             | -                        | -                          | -                    | -        |
| B Roberts-Thomson | -                       | -             | -                        | -                          | -                    | -        |
| S Chow            | -                       | -             | -                        | -                          | -                    | -        |
| J Gardener        | 50,000                  | -             | -                        | 4,562                      | -                    | 54,562   |
| D Lai             | -                       | -             | -                        | -                          | -                    | -        |
| J Scanlon         | 50,000                  | -             | -                        | 4,562                      | -                    | 54,562   |
| F Sixt            | -                       | -             | -                        | -                          | -                    | -        |
| R Spithill        | -                       | -             | -                        | -                          | -                    | -        |
| Total             | 100,000                 | -             | -                        | 9,124                      | -                    | 109,124  |

Mr Fok, Mrs Chow, Mr Lai and Mr Sixt, as officers of HWL, are remunerated for their duties within the HWL Group which include their directorships of HTAL.

### Share-based compensation

The HTAL Employee Option Plan, which was approved by the Board on 4 June 2007, provides for the issue of options to executives and employees. No options were granted under the plan in 2014, and no options remained outstanding.

No ordinary shares were issued on the exercise of options during the year to any of the Directors or former key management personnel.

No Directors were issued options during the year or hold options over the ordinary shares of the Company. No options were vested and unexercisable at the end of the year.

# Directors' Report continued

## Share holdings

The number of shares in the Company held during the financial year by each Director, including their personally-related entities, are set out below.

## Directors of HTAL

### Ordinary shares

| Name              | Balance at the start of the year | Received during the year on the exercise of options | Changes during the year | Balance at the end of the year |
|-------------------|----------------------------------|---|-------------------------|--------------------------------|
| C Fok             | 5,100,000*                       | –   | –                       | 5,100,000*                     |
| B Roberts-Thomson | 83,918,337**                     | –   | –                       | 83,918,337**                   |
| S Chow            | –                                | –   | –                       | –                              |
| J Gardener        | 1,957,358                        | –   | –                       | 1,957,358                      |
| D Lai             | –                                | –   | –                       | –                              |
| J Scanlon         | –                                | –   | –                       | –                              |
| F Sixt            | 1,000,000                        | –   | –                       | 1,000,000                      |
| R Spithill        | –                                | –   | –                       | –                              |

\* Direct holding of 100,000 shares

\*\* Direct holding of 4,540 shares

### Shares under option

As at the date of this report there were no unissued ordinary shares of HTAL under option issued pursuant to the HTAL Employee Option Plan.

### Shares issued on the exercise of options

No ordinary shares of HTAL were issued during the year ended 31 December 2014 or up to the date of this report on the exercise of options granted under the HTAL Employee Option Plan.

### Loans to Directors and key management personnel

There were no loans made to the Directors of the Company, including their personally-related entities, during the years ended 31 December 2014 and 31 December 2013.

### Other transactions with Directors and key management personnel

There were no other transactions with Directors for the years ended 31 December 2014 or ended 31 December 2013.

### **Non-audit services**

HTAL may decide to employ the auditor, PricewaterhouseCoopers, on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The Board of Directors, in accordance with the advice received from the Audit & Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit & Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Details of the amounts paid to PricewaterhouseCoopers for audit and non-audit services provided during the year are set out in note 14 to the financial statements, Remuneration of auditors, on page 39 of the financial report.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 20.

### **Directors' and officers' liability insurance**

During the financial year, HWL paid a premium to insure the Directors and officers of the Group against loss or liability arising out of a claim for a wrongful act, including any costs, charges and expenses that may be incurred in defending any actions, suits, proceedings or claims. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officer or the proper use by the officers of their position to gain advantage for themselves or someone else or to cause detriment to the Company.

### **Proceedings on behalf of HTAL**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of HTAL, or to intervene in any proceedings to which HTAL is a party, for the purpose of taking responsibility on behalf of HTAL for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of HTAL with leave of the Court under section 237 of the *Corporations Act 2001*.

### **Rounding of amounts to nearest thousand dollars**

The Group is a company of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report. Where noted, amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, or in certain cases to the nearest dollar or cent.

### **Auditor**

Following the resignation of Deloitte Touche Tohmatsu as auditor of the Company, PricewaterhouseCoopers was appointed as auditor in June 2014 and continues in office in accordance with section 327 of the *Corporations Act 2001*, subject to approval by the shareholders at the Annual General Meeting to be held in May 2015.

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



**Director**

18 February 2015



**Director**

18 February 2015

# Auditor's Independence Declaration



## Auditor's Independence Declaration

As lead auditor for the audit of Hutchison Telecommunications (Australia) Limited for the year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink that reads 'D Wiadrowski'.

David Wiadrowski  
Partner  
PricewaterhouseCoopers

Sydney  
18 February 2015

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# Financial Report

## For the year ended 31 December 2014

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These financial statements cover the consolidated financial statements for the group consisting of Hutchison Telecommunications (Australia) Limited and its controlled entities. The financial statements are presented in Australian dollars.

Hutchison Telecommunications (Australia) Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 7, 40 Mount Street,  
North Sydney NSW 2060.

The financial statements were authorised for issue by the Directors on 18 February 2015. The Company has the power to amend and reissue the financial statements.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## For the year ended 31 December 2014

|   | Notes | 2014<br>\$'000 | 2013<br>\$'000 |
|---|-------|----------------|----------------|
| <b>Revenue</b>  | 2     | 1,085          | 15,928         |
| Other operating items   |       | 15,470         | 3,740          |
| Finance costs   | 3     | (9)            | (32)           |
| Share of net losses of a joint venture accounted for using the equity method  | 7     | (301,791)      | (245,612)      |
| <b>Loss before income tax</b>   |       | (285,245)      | (225,976)      |
| Income tax expense  | 4     | (266)          | (3,982)        |
| <b>Loss for the year</b>  | 12    | (285,511)      | (229,958)      |
| <b>Other comprehensive income</b>   |       |                |                |
| Items that may be reclassified subsequently to profit or loss:  |       |                |                |
| Changes in the fair value of cash flow hedges (share of joint venture)  |       | 3,075          | 4,108          |
| Income tax expense relating to components of other comprehensive income   |       | –              | (3,380)        |
| <b>Other comprehensive income for the year, net of tax</b>  | 12    | 3,075          | 728            |
| <b>Total comprehensive loss for the year attributable to members of Hutchison Telecommunications (Australia) Limited</b>  |       | (282,436)      | (229,230)      |
|   |       | <b>Cents</b>   | <b>Cents</b>   |
| <b>Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:</b> |       |                |                |
| Basic earnings per share  | 21    | (2.10)         | (1.69)         |
| Diluted earnings per share  | 21    | (2.10)         | (1.69)         |

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

# Consolidated Statement of Financial Position

## As at 31 December 2014

|  | Notes | 2014<br>\$'000 | 2013<br>\$'000 |
|--|-------|----------------|----------------|
| <b>ASSETS</b>                                    |       |                |                |
| <b>Current Assets</b>                            |       |                |                |
| Cash and cash equivalents                        | 5     | 1,815          | 2,972          |
| Other financial assets                           | 6     | 36,173         | –              |
| Trade receivables                                |       | 174            | –              |
| <b>Total Current Assets</b>                      |       | <b>38,162</b>  | <b>2,972</b>   |
| <b>Non-current Assets</b>                        |       |                |                |
| Other financial assets                           | 6     | 10,902         | 10,074         |
| Investment accounted for using the equity method | 7     | 465,663        | 764,379        |
| Deferred tax assets                              | 4     | 70             | 336            |
| <b>Total Non-current Assets</b>                  |       | <b>476,635</b> | <b>774,789</b> |
| <b>Total Assets</b>                              |       | <b>514,797</b> | <b>777,761</b> |
| <b>LIABILITIES</b>                               |       |                |                |
| <b>Current Liabilities</b>                       |       |                |                |
| Payables   | 9     | 246            | 18,774         |
| Other financial liabilities                      | 10    | 141,862        | 103,862        |
| <b>Total Current Liabilities</b>                 |       | <b>142,108</b> | <b>122,636</b> |
| <b>Total Liabilities</b>                         |       | <b>142,108</b> | <b>122,636</b> |
| <b>Net Assets</b>                                |       | <b>372,689</b> | <b>655,125</b> |
| <b>EQUITY</b>                                    |       |                |                |
| Contributed equity                               | 11    | 4,204,488      | 4,204,488      |
| Reserves   | 12    | 71,269         | 68,194         |
| Accumulated losses                               | 12    | (3,903,068)    | (3,617,557)    |
| <b>Total Equity</b>                              |       | <b>372,689</b> | <b>655,125</b> |

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

# Consolidated Statement of Changes in Equity

## For the year ended 31 December 2014

|  | Notes | Attributable to members of Hutchison Telecommunications (Australia) Limited |                              |                             |                                |                              |                        |
|--|-------|---|------------------------------|-----------------------------|--------------------------------|------------------------------|------------------------|
|  |       | Contributed equity<br>\$'000  | Reserves                     |                             |                                | Accumulated losses<br>\$'000 | Total equity<br>\$'000 |
|  |       |   | Capital redemption<br>\$'000 | Cash flow hedging<br>\$'000 | Share-based payments<br>\$'000 |                              |                        |
| <b>Balance at 1 January 2013</b>                                       |       | <b>4,204,488</b>  | <b>54,887</b>                | <b>(3,301)</b>              | <b>15,880</b>                  | <b>(3,387,599)</b>           | <b>884,355</b>         |
| Loss for the year  |       | -   | -                            | -                           | -                              | (229,958)                    | (229,958)              |
| Share of joint venture's changes in the fair value of cash flow hedges |       | -   | -                            | 4,108                       | -                              | -                            | 4,108                  |
| Income tax relating to components of other comprehensive income        |       | -   | -                            | (3,380)                     | -                              | -                            | (3,380)                |
| <b>Total comprehensive loss for the year</b>                           | 12    | -   | -                            | 728                         | -                              | (229,958)                    | (229,230)              |
| <b>Balance at 31 December 2013</b>                                     |       | <b>4,204,488</b>  | <b>54,887</b>                | <b>(2,573)</b>              | <b>15,880</b>                  | <b>(3,617,557)</b>           | <b>655,125</b>         |
| <b>Balance at 1 January 2014</b>                                       |       | <b>4,204,488</b>  | <b>54,887</b>                | <b>(2,573)</b>              | <b>15,880</b>                  | <b>(3,617,557)</b>           | <b>655,125</b>         |
| Loss for the year  |       | -   | -                            | -                           | -                              | (285,511)                    | (285,511)              |
| Share of joint venture's changes in the fair value of cash flow hedges |       | -   | -                            | 3,075                       | -                              | -                            | 3,075                  |
| Income tax relating to components of other comprehensive income        |       | -   | -                            | -                           | -                              | -                            | -                      |
| <b>Total comprehensive loss for the year</b>                           | 12    | -   | -                            | 3,075                       | -                              | (285,511)                    | (282,436)              |
| <b>Balance at 31 December 2014</b>                                     |       | <b>4,204,488</b>  | <b>54,887</b>                | <b>502</b>                  | <b>15,880</b>                  | <b>(3,903,068)</b>           | <b>372,689</b>         |

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

# Consolidated Statement of Cash Flows

## For the year ended 31 December 2014

|  | Notes | 2014<br>\$'000 | 2013<br>\$'000   |
|--|-------|----------------|------------------|
| <b>Cash Flows from Operating Activities</b>                    |       |                |                  |
| Payments to suppliers and employees (inclusive of GST)         |       | (3,232)        | (122)            |
| Interest received  |       | 84             | 2,203            |
| Operating income   |       | –              | 250              |
| Finance costs paid   |       | (9)            | –                |
| <b>Net cash (outflows) / inflows from operating activities</b> | 20    | <b>(3,157)</b> | <b>2,331</b>     |
| <b>Cash Flows from Investing Activities</b>                    |       |                |                  |
| Loans to joint venture   |       | –              | (415,715)        |
| Repayment of loan from joint venture                           |       | –              | 884,441          |
| <b>Net cash inflows from investing activities</b>              |       | <b>–</b>       | <b>468,726</b>   |
| <b>Cash Flows from Financing Activities</b>                    |       |                |                  |
| Proceeds from borrowings – entity within the HWL Group         |       | 2,000          | 330,715          |
| Repayment of borrowings – entity within the HWL Group          |       | –              | (809,691)        |
| <b>Net cash inflows / (outflows) from financing activities</b> |       | <b>2,000</b>   | <b>(478,976)</b> |
| <b>Net decrease in cash and cash equivalents</b>               |       | <b>(1,157)</b> | <b>(7,919)</b>   |
| Cash and cash equivalents at 1 January                         |       | 2,972          | 10,891           |
| <b>Cash and cash equivalents at 31 December</b>                |       | <b>1,815</b>   | <b>2,972</b>     |

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

# Notes to the Financial Statements

## Note 1 Summary of significant accounting policies

Hutchison Telecommunications (Australia) Limited (the "Company" or "Parent Entity") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The nature of the operations and principal activities of the Company and its subsidiaries (the "Group" or "Consolidated Entity" or "HTAL") are described in the Directors' report.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, and comply with other requirements of the law. The accounting policies adopted are consistent with those of the previous financial year.

For financial reporting purposes the Company is considered a "for-profit" entity.

### Statement of compliance

Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial statements and notes of the Consolidated Entity comply with International Financial Reporting Standards ("IFRS").

As a consequence of the financial reporting relief provided by ASIC Class Orders 10/654 and 10/655, the consolidated financial statements are presented without the parent entity financial statements. Disclosures in relation to the parent entity required under paragraph 295(3)(a) of the *Corporations Act 2001* have been included in note 24.

### Going concern disclosures

As at 31 December 2014, the Consolidated Entity has a deficiency of net current assets of \$104 million (2013: \$120 million). Included in the Consolidated Entity's current liabilities is an amount of \$142 million (2013: \$104 million) which relates to an interest free financing facility provided from the ultimate parent entity, Hutchison Whampoa Limited ("HWL"), which is repayable on demand. The Consolidated Entity has unused financing facilities of \$1,458 million at 31 December 2014. HWL has confirmed its current intention is to provide sufficient financial support to enable the Consolidated Entity to meet its financial obligations as and when they fall due for a minimum period of twelve months from the date of signing these financial statements. Consequently, the Directors have prepared the financial statements on a going concern basis.

### Historical cost convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) which are stated at fair value, as explained in the significant accounting policies set out below.

## (b) Principles of consolidation

### (i) Subsidiaries

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

### (ii) Joint arrangements

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

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

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

As at 31 December 2014, HTAL has only one joint venture.

### (iii) Equity method

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

## Note 1 Summary of significant accounting policies continued

### (b) Principles of consolidation continued

#### (iii) Equity method continued

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

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

### (c) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Consolidated Entity's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Hutchison Telecommunications (Australia) Limited's functional and presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income, except when deferred in equity as qualifying cash flow hedges set out in note 1(i)(ii).

### (d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised as described below:

#### Interest income

Interest income is recognised using the effective interest method.

### (e) Income tax

The current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Consolidated Entity's liability for current tax is calculated using Australian tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the associated entity is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary difference and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax is charged or credited to the statement of profit or loss and other comprehensive income, except when it relates to items charged or credited directly to equity, in which case the tax is also recognised directly in equity.

Hutchison Telecommunications (Australia) Limited and its wholly owned Australian subsidiaries have not implemented the tax consolidation legislation.

# Notes to the Financial Statements continued

## Note 1 Summary of significant accounting policies continued

### (f) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are tested for impairment annually and when there is an indication that they may be impaired. Other assets are tested for impairment whenever there is any indication that the carrying value of these assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. Such impairment loss is recognised in the statement of profit or loss and other comprehensive income.

### (g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### (h) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Appropriate allowance for estimated irrecoverable amounts are recognised in the statement of profit or loss and other comprehensive income when there is objective evidence that the assets is impaired.

### (i) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. The Group's policy is not to utilise derivative financial instruments for trading or speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Consolidated Entity designates certain derivatives as; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The Consolidated Entity documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Consolidated Entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

#### (i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit or loss and other comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

#### (ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss and other comprehensive income within other income or other expenses.

Amounts accumulated in equity are recycled in the statement of profit or loss and other comprehensive income in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of profit or loss and other comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of profit or loss and other comprehensive income.

### (j) Fair value estimation

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions. Fair value is an exit price regardless of whether that price is directly observable in active markets or estimated using another valuation technique.

The fair value of forward exchange contracts is determined using forward exchange market rates at the statement of financial position date.



## Note 1 Summary of significant accounting policies continued

### (k) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

### (l) Goodwill

Goodwill is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the fair value of the net identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the statement of profit or loss and other comprehensive income as a bargain purchase gain.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates/joint ventures is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if, events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

### (m) Payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid or payable within 30 days of recognition.

### (n) Employee benefits

#### (i) Wages and salaries, and leave provisions

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

#### (ii) Retirement benefits

Retirement benefits are delivered under the Retail Employees Superannuation Trust, although employees have an option to choose other funds. This fund is a defined contribution fund and is based on employer and employee contributions made to the fund.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

### (o) Contributed equity

Ordinary shares are classified as equity. Refer to note 11 for further information.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### (p) Earnings per share

#### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to ordinary equity holders of the Consolidated Entity; and
- by the weighted average number of ordinary shares outstanding during the financial year.

#### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

# Notes to the Financial Statements continued

## Note 1 Summary of significant accounting policies continued

### (q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### (r) Segments reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Operating segments have been identified based on the information provided to the chief operating decision maker. Operating segments that meet the quantitative criteria as prescribed by AASB 8 *Operating Segments* are reported separately. Refer to note 19 for details of the Consolidated Entity's operating segment, being investment in telecommunication services.

### (s) Critical accounting estimates and assumptions

The preparation of financial statements often requires the use of judgements to select specific accounting methods and policies from several acceptable alternatives. Furthermore, significant estimates and assumptions concerning the future may be required in selecting and applying those methods and policies in the accounts. The Group bases its estimates and judgements on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates and judgements under different assumptions or conditions.

### (i) Impairment of investments in controlled entities and joint venture

In accordance with the Consolidated Entity's accounting policy, the investments in controlled entities and the joint venture are periodically tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of the Company's investment in controlled entities, and the recoverable amount of the Consolidated Entity's investment in its joint venture are determined as the higher of the fair value less cost of disposal or value in use methodology. The underlying calculation is based on the approved business plan for VHA. These calculations require the use of estimates and assumptions.

A discounted cash flow calculation is undertaken on the approved business plan. A terminal value is calculated on the cash flows. The cash flows are then discounted using a suitable discount rate consistent with recent internal assessments of the Consolidated Entity's weighted average cost of capital. The resulting net present value is compared to the balance of the Consolidated Entity's equity accounted for investment in a joint venture.

The Directors believe that the carrying values of the Consolidated Entity's investments in joint venture as at 31 December 2014 is appropriate and are not aware of any events or changes since the year end which may potentially impair the carrying values of the Consolidated Entity's investments in joint venture as at the statement of financial position date.

### (ii) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of taxable profits generated in the foreseeable future together with future tax planning strategies.

### (iii) Joint venture accounting adjustments

Depreciation of operating assets constitutes a substantial operating cost for the joint venture. The cost of fixed assets is charged as a depreciation expense over the estimated useful lives of the respective assets using the straight-line method and this is reflected in the "share of net losses of a joint venture accounted for using the equity method" in HTAL's consolidated statement of profit or loss and other comprehensive income. The Directors are of the view that the estimated useful lives of network assets within the joint venture should be extended to reflect the experience of the group. Accordingly, adjustments to the useful lives of assets have been made when the Group's 50% interest in joint venture VHA is incorporated into the Group's consolidated financial statements. This is to reflect the use of the Group's fixed assets useful lives.

## Note 1 Summary of significant accounting policies continued

### (t) Rounding of amounts to nearest thousand dollars

The Consolidated Entity is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar or cent.

### (u) Parent entity financial information

The financial information for the parent entity disclosed in note 24 has been prepared on the same basis as the consolidated financial statements, except investments in subsidiaries and joint venture entities are accounted for at cost in the financial statements of HTAL.

### (v) New accounting standards and interpretations

The Consolidated Entity has adopted all of the new and revised effective / applicable standards, amendments and interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to the Consolidated Entity's operations and mandatory for annual periods beginning on or after 1 January 2014.

The Consolidated Entity has applied the following standards and amendments for first time in their annual reporting period commencing 1 January 2014:

| Reference   | Standard(s)   |
|-------------|---|
| AASB 118    | Revenue   |
| AASB 1031   | Materiality (2013)  |
| AASB 2011-4 | Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements |
| AASB 2012-3 | Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities               |
| AASB 2013-3 | Amendments to Australian Accounting Standards – Recoverable Amount Disclosures for Non-Financial Assets             |
| AASB 2013-4 | Amendments to Australian Accounting Standards – Novation of Derivative and Continuation of Hedge Accounting         |
| AASB 2013-5 | Amendments to Australian Accounting Standards – Investment Entities   |
| AASB 2013-9 | Amendments to Conceptual Framework and Materiality – Part B   |

The adoption of these accounting standards and interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2014 reporting periods and have not been early adopted by the group. The group is still assessing the impact of these new standards and interpretations on the financial statements.

# Notes to the Financial Statements continued

## Note 2 Revenue

|                      | 2014<br>\$'000 | 2013<br>\$'000 |
|----------------------|----------------|----------------|
| <b>Other revenue</b> |                |                |
| Interest             | 1,085          | 15,656         |
| Other Income         | –              | 272            |
|                      | 1,085          | 15,928         |

## Note 3 Expenses

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| <b>Loss before income tax includes the following specific expenses:</b> |                |                |
| Finance costs   |                |                |
| Interest and finance charges  | 9              | 32             |

## Note 4 Income tax

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| <b>(a) Income tax expense</b>   |                |                |
| Deferred tax  | 266            | 3,982          |
| <b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>    |                |                |
| Loss from operations before income tax expense  | (285,245)      | (225,976)      |
| Tax at the Australian tax rate of 30% (2013: 30%)                                       | (85,574)       | (67,793)       |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: |                |                |
| Share of losses of a joint venture  | 90,537         | 73,683         |
|   | 4,963          | 5,890          |
| Previously unrecognised tax losses now recouped to reduce current tax expense           | (4,697)        | (1,908)        |
| Income tax expense  | 266            | 3,982          |
| <b>(c) Unrecognised tax losses</b>  |                |                |
| Opening balance   | 204,103        | 217,795        |
| Tax losses utilised during completion of income tax return                              | –              | (7,332)        |
| Tax losses identified during completion of income tax return                            | 120            | –              |
| Tax losses recouped to reduce current tax expense                                       | (15,658)       | (6,360)        |
| Unused tax losses for which no deferred tax assets have been recognised                 | 188,565        | 204,103        |
| Potential tax benefit @ 30%   | 56,569         | 61,231         |

All unused tax losses were incurred by Australian entities.

This benefit for tax losses will only be obtained if the specific entity carrying forward the tax losses derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and the company complies with the conditions for deductibility imposed by tax legislation.

## (d) Recognised deferred tax assets

There are temporary differences attributable to:

|                        | 2014<br>\$'000 | 2013<br>\$'000 |
|------------------------|----------------|----------------|
| Provisions             | 70             | 336            |
| Net deferred tax asset | 70             | 336            |

## Note 5 Current assets – Cash and cash equivalents

|                          | 2014<br>\$'000 | 2013<br>\$'000 |
|--------------------------|----------------|----------------|
| Cash at bank and in hand | 1,815          | 2,972          |

## Note 6 Other financial assets

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| Receivable from a joint venture (note 17) | 47,075         | 10,074         |
| Total current                             | 36,173         | –              |
| Total non-current                         | 10,902         | 10,074         |

### Receivable from a joint venture

Weighted average interest on the current receivable from a joint venture of \$36.2 million (2013: \$nil) is charged at a rate of 5.16% p.a. during the year. The interest on the non-current receivable from a joint venture of \$10.9 million (2013: \$10.1 million) is charged at a fixed rate of 8% p.a. (2013: 8% p.a.).

Further information relating to receivable from a joint venture is set out in note 17.

### (a) Fair value

The carrying values of the current and non-current receivables are at cost and approximate to their fair value.

### (b) Foreign currency and interest rate risk

The carrying amounts of the Consolidated Entity's current and non-current receivables and financial assets are denominated in the following currencies:

|                    | 2014<br>\$'000 | 2013<br>\$'000 |
|--------------------|----------------|----------------|
| Australian dollars | 47,075         | 10,074         |
|                    | 47,075         | 10,074         |

For an analysis of the sensitivity of other financial assets to foreign exchange and interest rate risk refer to note 22.

### (c) Credit risk

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Consolidated Entity does not hold any collateral as security. Refer to note 22 for more information on the risk management policy of the Consolidated Entity.

## Note 7 Non-current assets – Investment accounted for using the equity method

|                             | 2014<br>\$'000 | 2013<br>\$'000 |
|-----------------------------|----------------|----------------|
| Interest in a joint venture | 465,663        | 764,379        |

The Consolidated Entity has a 50% interest in Vodafone Hutchison Australia Pty Limited ("VHA"), which is resident in Australia and the principal activity of which is providing mobile telecommunications services.

## Notes to the Financial Statements continued

### Note 7 Non-current assets – Investment accounted for using the equity method continued

The Consolidated Entity's interest in VHA is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Australian Accounting Standards financial statements and a reconciliation to the carrying amount of the investment in the consolidated financial statements are set out below:

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| Current assets                                    | 926,769        | 1,294,466      |
| Non-current assets                                | 6,861,921      | 6,608,999      |
| Current liabilities                               | (1,316,939)    | (1,247,781)    |
| Non-current liabilities                           | (6,413,587)    | (5,947,886)    |
| <b>Net Assets</b>                                 | 58,164         | 707,798        |
| Proportion of the Consolidated Entity's ownership | 50%            | 50%            |
| Share of the joint venture's net assets           | 29,082         | 353,899        |
| Goodwill  | 165,321        | 165,321        |
| Joint venture accounting adjustments              | 271,260        | 245,159        |
| <b>Carrying amount of the investment</b>          | 465,663        | 764,379        |

The carrying value of HTAL's investment in VHA is predicated on the ongoing financial support from both of VHA's shareholders. At 31 December 2014, HTAL's share of VHA's deficiency of net current assets is \$195.1 million (2013: net current assets of \$23.3 million). One of VHA's ultimate shareholders, HWL, and one of its direct shareholders, Vodafone Oceania Limited, have confirmed their current intention to jointly provide financial support to enable VHA to meet its financial obligations as and when they fall due for a minimum period of twelve months from the date of signing the VHA financial statements.

### Summarised statement of profit or loss and other comprehensive income of VHA

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| Revenues  | 3,495,108      | 3,551,906      |
| Expenses  | (4,150,893)    | (4,264,764)    |
| Loss before income tax  | (655,785)      | (712,858)      |
| Income tax expense  | –              | (18,570)       |
| <b>Loss for the year</b>  | (655,785)      | (731,428)      |
| Other comprehensive loss  |                |                |
| Changes in the fair value of cash flow hedges, net of tax               | 6,151          | 1,455          |
| <b>Total comprehensive loss</b>   | (649,634)      | (729,973)      |
| 50% share of VHA's loss for the year                                    | (327,892)      | (365,714)      |
| Joint venture accounting adjustments                                    | 26,101         | 120,102        |
| <b>Share of joint venture's loss</b>                                    | (301,791)      | (245,612)      |
| <b>VHA's financial statements include the following specific items:</b> |                |                |
| Cash and cash equivalents   | 109,889        | 116,436        |
| Current financial liabilities   | 160,497        | 89,698         |
| Non-current financial liabilities                                       | 6,275,051      | 5,767,501      |
| Depreciation and amortisation <sup>^</sup>                              | 1,034,401      | 1,238,918      |
| Interest income   | 5,274          | 17,062         |
| Interest expense  | 397,891        | 341,087        |

<sup>^</sup> Depreciation and amortisation under HTAL accounting policies are \$982 million for year ended 31 December 2014 (2013: \$974 million). The differences are primarily related to differences in the estimated economic useful lives of property, plant and equipment.

## Note 7 Non-current assets – Investment accounted for using the equity method continued

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| <b>Reconciliation of interest in a joint venture</b>          |                |                |
| Investment brought forward                                    | 764,379        | 1,009,263      |
| Loss for the year   | (301,791)      | (245,612)      |
| Share of change in fair value of cash flow hedges, net of tax | 3,075          | 728            |
| <b>Interest in a joint venture at 31 December</b>             | <b>465,663</b> | <b>764,379</b> |
| <b>VHA's commitments</b>                                      |                |                |
| Lease commitments   | 1,151,003      | 1,216,647      |
| Other commitments   | 533,762        | 561,225        |
| Capital commitments   | 201,460        | 201,196        |
| <b>VHA's contingent liabilities</b>                           | <b>53,020</b>  | <b>24,896</b>  |

The consolidated financial statements incorporates the assets, liabilities and results of the following joint venture in accordance with the accounting policy described in note 1(b):

| Name of Entity  | Country of Incorporation | Class of Shares | Equity Holding* |           |
|---|--------------------------|-----------------|-----------------|-----------|
|   |                          |                 | 2014<br>%       | 2013<br>% |
| Vodafone Hutchison Australia Pty Limited**<br>(formerly Hutchison 3G Australia Pty Limited) | Australia                | Ordinary        | 50              | 50        |

\* The proportion of ownership interest is equal to the proportion of voting power held.

\*\* The ownership of this joint venture is through Hutchison 3G Australia Holdings Pty Limited.

## Note 8 Controlled entities

The consolidated financial statements incorporates the assets, liabilities and results of the following controlled entities and joint venture in accordance with the accounting policy described in note 1(b):

| Name of controlled entity                     | Country of Incorporation | Class of Shares | Equity Holding* |           |
|---|--------------------------|-----------------|-----------------|-----------|
|   |                          |                 | 2014<br>%       | 2013<br>% |
| Lindian Pty Limited                           | Australia                | Ordinary        | 100             | 100       |
| Hutchison 3G Australia Holdings Pty Limited** | Australia                | Ordinary        | 100             | 100       |

\* The proportion of ownership interest is equal to the proportion of voting power held.

\*\* This entity has been granted relief from the necessity to prepare financial reports in accordance with Class Order (98/1418) issued by the Australian Securities and Investments Commission.

# Notes to the Financial Statements continued

## Note 9 Current liabilities – Payables

|                                     | 2014<br>\$'000 | 2013<br>\$'000 |
|-------------------------------------|----------------|----------------|
| Other creditors                     | 234            | 1,122          |
| Payables to joint venture (note 17) | 12             | 17,652         |
|                                     | 246            | 18,774         |

### Payables to a joint venture

Further information relating to payables to a joint venture is set out in note 17.

### Foreign currency and interest rate risk

The carrying amounts of the Consolidated Entity's trade and other payables are predominantly denominated in Australian Dollars:

|                    | 2014<br>\$'000 | 2013<br>\$'000 |
|--------------------|----------------|----------------|
| Australian Dollars | 246            | 18,774         |
|                    | 246            | 18,774         |

Refer to note 22 for an analysis of the Consolidated Entity's exposure to foreign currency risk in relation to trade and other payables. A summarised analysis of the sensitivity of trade payables to foreign exchange and interest rate risk can be found in note 22.

## Note 10 Current liabilities – Other financial liabilities

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| Loan from an entity within the HWL Group (note 17) | 141,862        | 103,862        |

### Loan from an entity within the HWL Group

Further information relating to the loan from an entity within the HWL Group is set out in note 17. The loan from an entity within the HWL Group is an interest free financing facility and is repayable on demand.

### Financing arrangements

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

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| <b>Other financial liabilities</b>                   |                |                |
| Total facilities from an entity within the HWL Group | 1,600,000      | 1,600,000      |
| Used at the statement of financial position date     | (141,862)      | (103,862)      |
| Unused at the statement of financial position date   | 1,458,138      | 1,496,138      |



## Note 11 Contributed equity

|                              | 2014<br>Shares | 2013<br>Shares | 2014<br>\$'000 | 2013<br>\$'000 |
|------------------------------|----------------|----------------|----------------|----------------|
| Share capital                |                |                |                |                |
| Ordinary shares (fully paid) | 13,572,508,577 | 13,572,508,577 | 4,204,488      | 4,204,488      |

### (a) Share capital

Ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

### (b) Movement in ordinary shares

There has been no movement in the number of shares issued during the years ended 31 December 2014 and 31 December 2013.

### (c) Options

There are no options outstanding as at the statement of financial position date.

### (d) Capital risk management

The Consolidated Entity's objectives when managing capital is to safeguard its ability to continue as a going concern as discussed in note 1(a). Management also maintain an optimal capital structure to reduce the cost of capital.

The Consolidated Entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'Total equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December 2014 and 31 December 2013 were as follows:

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| Total payables, borrowings and other financial liabilities | 142,108        | 122,636        |
| Less: cash and cash equivalents (note 5)                   | (1,815)        | (2,972)        |
| Net debt   | 140,293        | 119,664        |
| Total equity   | 372,689        | 655,125        |
| Total capital  | 512,982        | 774,789        |
| <b>Gearing ratio</b>                                       | <b>27%</b>     | <b>15%</b>     |

# Notes to the Financial Statements continued

## Note 12 Reserves and accumulated losses

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| <b>(a) Reserves</b>  |                |                |
| Capital reserve  | 54,887         | 54,887         |
| Share of hedging reserve – cash flow hedges  | 502            | (2,573)        |
| Share-based payments reserve   | 15,880         | 15,880         |
|  | 71,269         | 68,194         |
| <b>Movements:</b>  |                |                |
| <b>Capital reserve</b>   |                |                |
| There has been no movement in the capital reserve during the year.                   |                |                |
| <b>Share of hedging reserve – cash flow hedges</b>                                   |                |                |
| Balance at 1 January   | (2,573)        | (3,301)        |
| Hedging movement, net of tax   | 3,075          | 728            |
| Balance at 31 December   | 502            | (2,573)        |
| <b>Share-based payments reserve</b>  |                |                |
| There has been no movement in the share-based payments reserve during the year.      |                |                |
| <b>(b) Accumulated losses</b>  |                |                |
| Accumulated losses at 1 January  | (3,617,557)    | (3,387,599)    |
| Loss attributable to the members of Hutchison Telecommunications (Australia) Limited | (285,511)      | (229,958)      |
| Accumulated losses at 31 December  | (3,903,068)    | (3,617,557)    |

### (c) Nature and purpose of reserves

#### Capital reserve

The capital reserve relates to the surplus arising on initial consolidation of a 19.9% stake in Hutchison 3G Australia Holdings Pty Limited.

#### Hedging reserve – cash flow hedges

The hedging reserve is used to record gains and losses on a hedging instrument in a joint venture cash flow hedge that are recognised directly in equity, as described in note 1(i)(ii).

Amounts are recognised in the statement of profit or loss and other comprehensive income when the associated hedged transaction affects profit or loss.

#### Share-based payments reserve

The share-based payments reserve is used to:

- (i) recognise the grant date fair value of options issued to employees but not exercised; and
- (ii) recognise the fair value of the 850 MHz spectrum licence assigned from Telecom New Zealand ("TCNZ"). The fair value was determined by reference to the fair value of the option granted to TCNZ in exchange for the spectrum licence.

## Note 13 Director and key management personnel compensation

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

|                              | 2014<br>\$ | 2013<br>\$ |
|------------------------------|------------|------------|
| Short term employee benefits | 109,376    | 109,124    |

Other key management personnel (excluding Directors) were transferred to VHA on merger.

### (b) Loans to key management personnel

There were no loans made to Directors of the Company, including their personally related entities, during the years ended 31 December 2014 and 31 December 2013.

### (c) Other transactions with key management personnel

There were no other transactions with the Directors of the Company for the years ended 31 December 2014 and 31 December 2013.

## Note 14 Remuneration of auditors

|   | 2014<br>\$    | 2013<br>\$    |
|---|---------------|---------------|
| <b>PricewaterhouseCoopers Australia</b>   |               |               |
| <i>Assurance services</i>   |               |               |
| Audit services  |               |               |
| Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i> | 90,250        | –             |
| Total remuneration for assurance services   | 90,250        | –             |
| <b>Deloitte Touche Tohmatsu</b>   |               |               |
| <i>Assurance services</i>   |               |               |
| Audit services  |               |               |
| Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i> | –             | 90,250        |
| Total remuneration for assurance services   | –             | 90,250        |
| <i>Taxation services</i>  |               |               |
| Tax compliance services, including review of company tax returns                                  | –             | 6,000         |
| Total remuneration for tax compliance services  | –             | 6,000         |
| <b>Total auditors remuneration</b>  | <b>90,250</b> | <b>96,250</b> |

It is the Consolidated Entity's policy to employ the auditors on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Consolidated Entity are important. These assignments are principally tax, compliance and advice. It is the Consolidated Entity's policy to seek competitive tenders for all major consulting projects. The auditor of the Consolidated Entity is PricewaterhouseCoopers for the year ended 31 December 2014 and was Deloitte Touche Tohmatsu for the year ended 31 December 2013.

# Notes to the Financial Statements continued

## Note 15 Contingencies

Details and estimates of maximum amounts of contingent liabilities as at 31 December 2014 are as follows:

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| <b>Guarantees</b>   |                |                |
| Unsecured guarantees in respect of leases held by a joint venture | 934            | 934            |

No material losses are anticipated in respect of any of the above contingent liabilities.

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

## Note 16 Commitments

There were no commitments contracted for but not recognised as liabilities, payable at 31 December 2014 and 31 December 2013, except for as disclosed in note 7.

## Note 17 Related party transactions

### (a) Parent entities

The holding company and parent entity is Hutchison Telecommunications (Amsterdam) B.V. which, at 31 December 2014, owns approximately 88% of the issued ordinary shares of Hutchison Telecommunications (Australia) Limited. The ultimate parent entity is Hutchison Whampoa Limited (incorporated in Hong Kong).

### (b) Directors

The names of persons who were Directors of the Company at any time during the financial year are as follows: FOK Kin Ning, Canning; Barry ROBERTS-THOMSON; CHOW WOO Mo Fong, Susan; Justin Herbert GARDENER; LAI Kai Ming, Dominic; John Michael SCANLON; Frank John SIXT and Ronald Joseph SPITHILL.

### (c) Key management personnel compensation

Disclosures relating to key management personnel compensation are set out in note 13.

### (d) Transactions with related parties

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

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| <i>Receivable</i>   |                |                |
| Advance to joint venture                                  | 173            | –              |
| <i>Payable</i>  |                |                |
| Advance from joint venture                                | 954            | 1,127          |
| <i>Loans to related parties</i>                           |                |                |
| Advanced to joint venture                                 | 36,000         | 415,715        |
| Repayment from joint venture                              | –              | 884,441        |
| <i>Loans from related parties</i>                         |                |                |
| Advanced from an entity within the HWL Group <sup>#</sup> | 38,000         | 330,715        |
| Repayment to an entity within the HWL Group               | –              | 809,691        |
| <i>Interest revenue</i>                                   |                |                |
| Joint venture   | 1,001          | 15,759         |
| <i>Operating expenses</i>                                 |                |                |
| Joint venture   | 578            | 726            |
| <i>Write off of payable</i>                               |                |                |
| Joint venture   | 15,921         | –              |

Advances to the joint venture represent funds advanced under the terms of an agreement with the joint venture.

<sup>#</sup> The funds are advanced on an interest free basis under the agreement.

## Note 17 Related party transactions continued

### (e) Outstanding balances

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

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| <i>Current financial assets</i>                          |                |                |
| Joint venture (note 6)                                   | 36,173         | –              |
| <i>Non-current financial assets</i>                      |                |                |
| Joint venture (note 6)                                   | 10,902         | 10,074         |
| <i>Payables</i>  |                |                |
| Joint venture (note 9)                                   | 12             | 17,652         |
| <i>Current liabilities – Other financial liabilities</i> |                |                |
| Entity within the HWL Group (note 10)                    | 141,862        | 103,862        |

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

### (f) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates, except interest on some loans between the parties that are interest free.

## Note 18 Deed of Cross Guarantee

During the year ended 31 December 2007, the Company, Hutchison 3G Australia Holdings Pty Limited (“H3GAH”) and Hutchison 3G Australia Pty Limited (“H3GA”) entered into a Deed of Cross Guarantee under which each company guarantees the debts of the others. By entering into the Deed of Cross Guarantee, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors’ report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

On 10 June 2009, the Company announced that the merger of its subsidiary H3GA with Vodafone Australia Limited had completed. H3GA has been renamed VHA. As a result the parties to the Deed of Cross Guarantee are now the Company and H3GAH.

### (a) Closed Group consolidated statement of profit or loss and other comprehensive income and a summary of movements in the Closed Group consolidated retained earnings

HTAL and H3GAH represented a ‘Closed Group’ for the purposes of the Class Order. As there are no other parties to the Deed of Cross Guarantee that are controlled by HTAL, H3GAH also represents the ‘Extended Closed Group’.

Set out below is the Closed Group consolidated statement of profit or loss and other comprehensive income and a summary of movements in the Closed Group consolidated accumulated losses for the years ended 31 December 2014 and 31 December 2013.

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| <b>Statement of profit or loss and other comprehensive income</b> |                |                |
| Revenue   | 1,085          | 15,928         |
| Other operating expenses  | 15,470         | 3,740          |
| Impairment loss in investment held within the Closed Group        | (298,716)      | (244,884)      |
| Finance costs   | (9)            | (32)           |
| <b>Loss before income tax</b>                                     | (282,170)      | (225,248)      |
| Income tax expense  | (266)          | (3,982)        |
| <b>Loss for the year</b>  | (282,436)      | (229,230)      |
| <b>Share of movements in consolidated accumulated losses</b>      |                |                |
| Accumulated losses at the beginning of the financial year         | (3,620,130)    | (3,390,900)    |
| Loss for the year   | (282,436)      | (229,230)      |
| Accumulated losses at the end of the financial year               | (3,902,566)    | (3,620,130)    |

# Notes to the Financial Statements continued

## Note 18 Deed of Cross Guarantee continued

### (b) Statement of financial position

Set out below is a statement of financial position as at 31 December 2014 of the Closed Group consisting of H3GAH and HTAL.

|                                  | 2014<br>\$'000 | 2013<br>\$'000 |
|----------------------------------|----------------|----------------|
| <b>ASSETS</b>                    |                |                |
| <b>Current Assets</b>            |                |                |
| Cash and cash equivalents        | 1,815          | 2,972          |
| Other financial assets           | 36,173         | –              |
| Trade receivables                | 174            | –              |
| <b>Total Current Assets</b>      | <b>38,162</b>  | <b>2,972</b>   |
| <b>Non-current Assets</b>        |                |                |
| Other financial assets           | 476,565        | 774,453        |
| Deferred tax assets              | 70             | 336            |
| <b>Total Non-current Assets</b>  | <b>476,635</b> | <b>774,789</b> |
| <b>Total Assets</b>              | <b>514,797</b> | <b>777,761</b> |
| <b>LIABILITIES</b>               |                |                |
| <b>Current Liabilities</b>       |                |                |
| Payables                         | 246            | 18,774         |
| Other financial liabilities      | 141,862        | 103,862        |
| <b>Total Current liabilities</b> | <b>142,108</b> | <b>122,636</b> |
| <b>Total Liabilities</b>         | <b>142,108</b> | <b>122,636</b> |
| <b>Net Assets</b>                | <b>372,689</b> | <b>655,125</b> |
| <b>EQUITY</b>                    |                |                |
| Contributed equity               | 4,204,488      | 4,204,488      |
| Reserves                         | 70,767         | 70,767         |
| Accumulated losses               | (3,902,566)    | (3,620,130)    |
| <b>Total Equity</b>              | <b>372,689</b> | <b>655,125</b> |

## Note 19 Segment reporting

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

In 2014, the Consolidated Entity continued to invest in an operator within the telecommunications industry.

The chief operating decision maker of the Consolidated Entity receives information to manage its operations and investment based on one operating segment, an investor in an operator of telecommunication services. As such, the Consolidated Entity believes it is appropriate that there is one operating segment, investment in telecommunication services.

Key financial information used by the chief operating decision maker of the Consolidated Entity when evaluating the investment in telecommunication services operating segment includes:

|  | 2014<br>\$m | 2013<br>\$m |
|--|-------------|-------------|
| <b>HTAL's share of the following items of VHA*</b> |             |             |
| Total Revenue                                      | 1,748       | 1,776       |
| Net Losses   | 302         | 246         |

Further information reviewed by the chief operating decision maker with regards to the performance of the Consolidated Entity's investment in VHA is disclosed in note 7.

\* after joint venture accounting adjustments

## Note 20 Reconciliation of loss after income tax to net cash (outflows)/inflows from operating activities

|  | Notes | 2014<br>\$'000 | 2013<br>\$'000 |
|--|-------|----------------|----------------|
| Loss after income tax  |       | (285,511)      | (229,958)      |
| Share of losses of joint venture partnership accounted for using equity method | 7     | 301,791        | 245,612        |
| Change in operating assets and liabilities                                     |       |                |                |
| Increase in other financial assets   |       | (1,001)        | (13,453)       |
| Decrease in deferred tax assets  | 4     | 266            | 3,982          |
| (Increase) / decrease in other assets  |       | (174)          | 157            |
| Decrease in payables   |       | (18,528)       | (4,009)        |
| Net cash (outflows) / inflows from operating activities                        |       | (3,157)        | 2,331          |

During the year, the Company drew down \$38 million from its existing loan facility with a related party with \$36 million advanced to the joint venture. The \$36 million funding was transferred directly to the joint venture from the related party without impacting the Company's cash flows.

# Notes to the Financial Statements continued

## Note 21 Earnings per share

|   | 2014<br>Cents | 2013<br>Cents |
|---|---------------|---------------|
| <b>(a) Basic earnings per share</b>   |               |               |
| Loss attributable to the ordinary equity holders of the Consolidated Entity | (2.10)        | (1.69)        |
| <b>(b) Diluted earnings per share</b>                                       |               |               |
| Loss attributable to the ordinary equity holders of the Consolidated Entity | (2.10)        | (1.69)        |

|  | Consolidated   |                |
|--|----------------|----------------|
|  | 2014<br>\$'000 | 2013<br>\$'000 |
| <b>(c) Earnings used in calculating earnings per share</b>   |                |                |
| <b>Basic earnings per share</b>  |                |                |
| Loss attributable to the ordinary equity holders of the Consolidated Entity used in calculating basic earnings per share   | (285,511)      | (229,958)      |
| <b>Diluted earnings per share</b>  |                |                |
| Loss attributable to the ordinary equity holders of the Consolidated Entity used in calculating diluted earnings per share | (285,511)      | (229,958)      |

|  | Consolidated   |                |
|--|----------------|----------------|
|  | 2014<br>Number | 2013<br>Number |
| <b>(d) Weighted average number of shares used as the denominator</b>   |                |                |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share                                 | 13,572,508,577 | 13,572,508,577 |
| Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share | 13,572,508,577 | 13,572,508,577 |

There were no (2013: nil) options outstanding at 31 December 2014 that are anti-dilutive and accordingly there was no impact on the earnings per share calculation for the year ended 31 December 2014.

## Note 22 Financial risk management

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. It is the Consolidated Entity's policy not to enter into derivative transactions for speculative purposes. It is also the Group's policy not to invest liquidity in financial products, including hedge funds or similar vehicles, with significant underlying leverage or derivative exposure.

Risk management is carried out by a central treasury department within HWL on behalf of HTAL under policies approved by the Board of Directors. Treasury operates as a centralised service for managing financial risks, including interest rate and foreign exchange risks. Treasury identifies, evaluates and hedges financial risks in close co-operation with the Consolidated Entity's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.



## Note 22 Financial risk management continued

### (a) Market risk

For the presentation of market risks (including interest rate risk, exchange rate risk and market price risk), AASB 7 "Financial instruments: disclosures" requires disclosure of a sensitivity analysis for each type of market risk that show the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the reporting date on profit or loss and total equity.

The effect that is disclosed in the following sections assumes that (a) a hypothetical change of the relevant risk variable had occurred at the reporting date and had been applied to the relevant risk variable in existence on that date; and (b) the sensitivity analysis for each type of market risk does not reflect inter-dependencies between risk variables, e.g. the interest rate sensitivity analysis does not take into account of the impact of changes in interest rates would have on the relative strengthening and weakening of the currency with other currencies.

The preparation and presentation of the sensitivity analysis on market risk is solely for compliance with AASB 7 disclosure requirements in respect of financial instruments. The sensitivity analysis measures changes in the fair value and/or cash flows of the Group's financial instruments from hypothetical instantaneous changes in one risk variable (e.g. functional currency rate or interest rate), the amount so generated from the sensitivity analysis are what-if forward-looking estimates. The sensitivity analyses are for illustration purposes only and it should be noted that in practice market rates rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the global markets which may cause fluctuations in market rates (e.g. exchange or interest rate) to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.

#### (i) Interest risk

The Consolidated Entity's main interest rate risk arises from cash balances and other financial assets.

#### (ii) Summarised sensitivity analysis

The following table summarises the sensitivity of the Consolidated Entity's financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk.

| 31/12/2014                       | Carrying amount<br>\$'000 | Interest rate risk      |                        |                         |                        | Foreign exchange risk   |                        |                         |                        |
|----------------------------------|---------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|
|                                  |                           | -1%                     |                        | +1%                     |                        | -10%                    |                        | +10%                    |                        |
|                                  |                           | Post-tax loss<br>\$'000 | Other equity<br>\$'000 | Post-tax loss<br>\$'000 | Other equity<br>\$'000 | Post-tax loss<br>\$'000 | Other equity<br>\$'000 | Post-tax loss<br>\$'000 | Other equity<br>\$'000 |
| <b>Financial assets</b>          |                           |                         |                        |                         |                        |                         |                        |                         |                        |
| Cash and cash equivalents        | 1,815                     | (18)                    | –                      | 18                      | –                      | –                       | –                      | –                       | –                      |
| Other financial assets           | 47,075                    | (362)                   | –                      | 362                     | –                      | –                       | –                      | –                       | –                      |
| <b>Total increase/(decrease)</b> | <b>48,890</b>             | <b>(380)</b>            | <b>–</b>               | <b>380</b>              | <b>–</b>               | <b>–</b>                | <b>–</b>               | <b>–</b>                | <b>–</b>               |

| 31/12/2013                       | Carrying amount<br>\$'000 | Interest rate risk      |                        |                         |                        | Foreign exchange risk   |                        |                         |                        |
|----------------------------------|---------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|
|                                  |                           | -1%                     |                        | +1%                     |                        | -10%                    |                        | +10%                    |                        |
|                                  |                           | Post-tax loss<br>\$'000 | Other equity<br>\$'000 | Post-tax loss<br>\$'000 | Other equity<br>\$'000 | Post-tax loss<br>\$'000 | Other equity<br>\$'000 | Post-tax loss<br>\$'000 | Other equity<br>\$'000 |
| <b>Financial assets</b>          |                           |                         |                        |                         |                        |                         |                        |                         |                        |
| Cash and cash equivalents        | 2,972                     | (30)                    | –                      | 30                      | –                      | –                       | –                      | –                       | –                      |
| Other financial assets           | 10,074                    | –                       | –                      | –                       | –                      | –                       | –                      | –                       | –                      |
| <b>Total increase/(decrease)</b> | <b>13,046</b>             | <b>(30)</b>             | <b>–</b>               | <b>30</b>               | <b>–</b>               | <b>–</b>                | <b>–</b>               | <b>–</b>                | <b>–</b>               |

# Notes to the Financial Statements continued

## Note 22 Financial risk management continued

### (b) Credit risk

Credit risk is managed on an entity basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to related parties. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Credit risk further arises in relation to financial guarantees given to certain parties (see note 15 for details). Such guarantees are only provided in exceptional circumstances and are subject to board approval.

### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the support from related parties.

The Consolidated Entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Treasury aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

The table below analyses the Consolidated Entity's financial assets and liabilities relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

| 31/12/2014                  | Weighted average interest rate | Less than 1 year \$'000 | Between 1 and 2 years \$'000 | Between 2 and 5 years \$'000 | Over 5 years \$'000 | Total \$'000 |
|-----------------------------|--------------------------------|-------------------------|------------------------------|------------------------------|---------------------|--------------|
| Cash and cash equivalents   | 2.2%                           | 1,815                   | –                            | –                            | –                   | 1,815        |
| Other financial assets      | 5.8%                           | 36,173                  | –                            | –                            | 10,902              | 47,075       |
| Payables                    | –                              | (246)                   | –                            | –                            | –                   | (246)        |
| Other financial liabilities | –                              | (141,862)               | –                            | –                            | –                   | (141,862)    |
| <b>Total</b>                |                                | (104,120)               | –                            | –                            | 10,902              | (93,218)     |

| 31/12/2013                  | Weighted average interest rate | Less than 1 year \$'000 | Between 1 and 2 years \$'000 | Between 2 and 5 years \$'000 | Over 5 years \$'000 | Total \$'000 |
|-----------------------------|--------------------------------|-------------------------|------------------------------|------------------------------|---------------------|--------------|
| Cash and cash equivalents   | 3.0%                           | 2,972                   | –                            | –                            | –                   | 2,972        |
| Other financial assets      | 5.4%                           | –                       | –                            | –                            | 10,074              | 10,074       |
| Payables                    | –                              | (18,774)                | –                            | –                            | –                   | (18,774)     |
| Other financial liabilities | –                              | (103,862)               | –                            | –                            | –                   | (103,862)    |
| <b>Total</b>                |                                | (119,664)               | –                            | –                            | 10,074              | (109,590)    |

## Note 23 Events occurring after the Reporting date

There has been no other matter or circumstance that has arisen subsequent to the reporting date that has significantly affected, or may significantly affect:

- (i) the operations of the Hutchison Telecommunications (Australia) Limited in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Hutchison Telecommunications (Australia) Limited in future financial years.

## Note 24 Parent entity disclosures

### (a) Summary financial information

|                                       | 2014<br>\$'000 | 2013<br>\$'000 |
|---------------------------------------|----------------|----------------|
| <b>Financial position</b>             |                |                |
| <b>ASSETS</b>                         |                |                |
| Current Assets                        | 38,162         | 2,972          |
| Non-current Assets                    | 476,635        | 774,787        |
| <b>Total Assets</b>                   | <b>514,797</b> | <b>777,759</b> |
| <b>LIABILITIES</b>                    |                |                |
| Current Liabilities                   | 142,108        | 122,636        |
| <b>Total Liabilities</b>              | <b>142,108</b> | <b>122,636</b> |
| <b>Net Assets</b>                     | <b>372,689</b> | <b>655,123</b> |
| <b>EQUITY</b>                         |                |                |
| Contributed equity                    | 4,204,488      | 4,204,488      |
| Reserves                              | 15,880         | 15,880         |
| Accumulated losses                    | (3,847,679)    | (3,565,245)    |
| <b>Total Equity</b>                   | <b>372,689</b> | <b>655,123</b> |
| <b>Financial performance</b>          |                |                |
| Loss for the year                     | (282,434)      | (229,230)      |
| Total comprehensive loss for the year | (282,434)      | (229,230)      |

### (b) Guarantees entered into by the parent entity

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| <b>Guarantees</b>   |                |                |
| Unsecured guarantees in respect of leases held by the joint venture | 934            | 934            |

### (c) Commitments

#### Operating leases

There were no commitments contracted for but not recognised as liabilities, payable at 31 December 2014 and 31 December 2013.

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

As at 31 December 2014, the Parent Entity has a deficiency of net current assets of \$104 million (2013: \$120 million). Included in the Parent Entity's current liabilities is an amount of \$142 million (2013: \$104 million) which relates to an interest free financing facility provided from the ultimate parent entity, HWL, which is repayable on demand. The Parent Entity has unused financing facilities of \$1,458 million at 31 December 2014. HWL has confirmed its current intention to provide sufficient financial support to enable the Parent Entity to meet its financial obligations as and when they fall due. This undertaking is provided for a minimum period of twelve months from the date of signing these financial statements. Consequently, the Directors have prepared the financial statements on a going concern basis.

### (d) Impairment in HTAL's investment in H3GAH

|                     | 2014<br>\$'000 | 2013<br>\$'000 |
|---------------------|----------------|----------------|
| Impairment loss     |                |                |
| Investment in H3GAH | 298,716        | 244,884        |

HTAL has written down this investment to its recoverable amount in its separate parent entity financial statements.

# Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 22 to 47 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2014 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that Hutchison Telecommunications (Australia) Limited will be able to pay its debts as and when they become due and payable; and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 18 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in note 18.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer of Vodafone Hutchison Australia Pty Limited required by section 295A of the *Corporations Act 2001*.

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



**Director**

18 February 2015



**Director**

18 February 2015

# Independent Auditor's Report



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

### *Report on the financial report*

We have audited the accompanying financial report of Hutchison Telecommunications (Australia) Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Hutchison Telecommunications (Australia) Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year end or from time to time during the financial year.

### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence*

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

---

**PricewaterhouseCoopers, ABN 52 780 433 757**  
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171  
T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

# Independent Auditor's Report continued



## *Auditor's opinion*

In our opinion:

- (a) the financial report of Hutchison Telecommunications (Australia) Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

## ***Report on the Remuneration Report***

We have audited the remuneration report included in pages 16 to 18 of the directors' report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

## *Auditor's opinion*

In our opinion, the remuneration report of Hutchison Telecommunications (Australia) Limited for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'D Wiadrowski'.

David Wiadrowski  
Partner

Sydney  
18 February 2015

# Shareholder Information

The shareholder information set out below was applicable as at 25 February 2015.

## Substantial shareholders

Substantial shareholders in the Company are:

|   | Shareholding   | Percentage |
|---|----------------|------------|
| Hutchison Whampoa Limited and its subsidiaries#                               | 12,009,393,175 | 88.48      |
| Vodafone Group Plc and subsidiaries*  | 12,009,393,175 | 88.48      |
| Telecom 3G (Australia) Limited and Telecom Corporation of New Zealand Limited | 1,357,250,858  | 10.00      |

Notes:

# Substantial shareholding includes relevant interest arising from an equitable mortgage of shares from Leanrose Pty Limited.

\* Substantial shareholding arises solely as a result of the relevant interests which Vodafone Group Plc and its subsidiaries have in shares in the Company in which Hutchison Whampoa Limited and its subsidiaries have a relevant interest. Vodafone Group Plc's relevant interests arise under a Shareholders Agreement between Vodafone Group Plc, Hutchison Whampoa Limited and other parties in relation to Vodafone Hutchison Australia Pty Limited. The acquisitions of such relevant interests were approved by shareholders on 2 April 2009. None of Vodafone Group Plc or any of its subsidiaries holds any shares in the Company.

## Distribution of equity securities

| Range            | Ordinary Shares |
|------------------|-----------------|
| 1-1000           | 1437            |
| 1,001-5,000      | 2530            |
| 5,001 -10,000    | 928             |
| 10,001 – 100,000 | 1249            |
| 100,001 – OVER   | 271             |
| <b>Total</b>     | <b>6415</b>     |

# Shareholder Information continued

## Twenty largest shareholders

There were 4,406 holders of less than a marketable parcel of ordinary shares. The names of the 20 largest holders of quoted ordinary shares as at 25 February 2015 are as follows:

| Shareholder                                    | Shareholding   | % Issued Capital | Rank |
|--|----------------|------------------|------|
| Hutchison Telecommunications (Amsterdam) B.V.  | 11,925,479,378 | 87.87            | 1    |
| Telecom 3G (Australia) Limited                 | 1,357,250,858  | 10.00            | 2    |
| Leanrose Pty Limited                           | 83,913,797     | 0.62             | 3    |
| JP Morgan Nominees Australia                   | 10,158,199     | 0.07             | 4    |
| George Thomson                                 | 9,287,193      | 0.07             | 5    |
| HSBC Custody Nominees (Australia) Limited      | 9,089,433      | 0.07             | 6    |
| Dimitrios Piliouras & Konstantina Piliouras    | 7,388,000      | 0.05             | 7    |
| Kenneth Kin Kau Heung & Rene Conrad Heung      | 4,830,000      | 0.04             | 8    |
| Arjee Pty Ltd                                  | 4,033,575      | 0.03             | 9    |
| Citicorp Nominees Pty Limited                  | 3,945,766      | 0.03             | 10   |
| Yet Kwong Chiang & Ho Yuk Lin Chiang           | 2,700,138      | 0.02             | 11   |
| Yim Fong Leung                                 | 2,255,000      | 0.02             | 12   |
| Justin Herbert Gardener & Anne Louise Gardener | 1,957,358      | 0.01             | 13   |
| Bin Lui  | 1,880,000      | 0.01             | 14   |
| Yi Wei Sun                                     | 1,800,000      | 0.01             | 15   |
| William Charles Wheelahan                      | 1,700,000      | 0.01             | 16   |
| John Franciszek Chodorowski                    | 1,652,456      | 0.01             | 17   |
| Kurt Ruegg & Ursula Ruegg                      | 1,500,000      | 0.01             | 18   |
| Ping Ping Lu                                   | 1,470,000      | 0.01             | 19   |
| Rene H Investments Pty Limited                 | 1,470,000      | 0.01             | 20   |

## Voting rights

The voting rights attaching to each class of equity securities are:

### Ordinary shares

On a show of hands, every member present, in person or by proxy, attorney or representative, has one vote.

On a poll every member has one vote for each share.



# Corporate Directory

## Directors

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

## Company Secretaries

Edith Shih  
Louise Sexton

## Investor Relations

Tel: 133 121  
Email: [investors@hutchison.com.au](mailto:investors@hutchison.com.au)  
[www.hutchison.com.au](http://www.hutchison.com.au)

## Registered Office

Level 7, 40 Mount Street  
North Sydney NSW 2060  
Tel: 133 121  
[www.hutchison.com.au](http://www.hutchison.com.au)

## Share Registry

**Link Market Services**  
Level 12, 680 George Street  
Sydney NSW 2000  
Tel: (02) 8280 7111  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

## Auditor

**PricewaterhouseCoopers**  
Darling Park Tower 2  
201 Sussex Street  
GPO Box 2650  
Sydney NSW 1171

## Securities Exchange Listing

HTAL shares are listed on the Australian Securities Exchange (ASX)  
ASX Code: HTA

## Notice of Annual General Meeting

The Annual General Meeting of HTAL will be held at:  
40 Mount Street  
North Sydney NSW 2060  
Date: 4 May 2015  
Time: 10.00am Sydney time

