

Hutchison Whampoa Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 013)

OVERSEAS REGULATORY ANNOUNCEMENT

Please refer to the attached documents of Hutchison Telecommunications (Australia) Limited ("HTAL"), an Australian Stock Exchange listed and a 57.82% owned subsidiary of Hutchison Whampoa Limited, in connection with HTAL's intention to raise up to approximately A\$2.85 billion in equity by way of a pro rata renounceable rights issue of convertible preference shares.

As at the date of this announcement, the Directors of Hutchison Whampoa Limited are:

Executive Directors:

Mr. LI Ka-shing (*Chairman*)
Mr. LI Tzar Kuoi, Victor (*Deputy Chairman*)
Mr. FOK Kin-ning, Canning
Mrs. CHOW WOO Mo Fong, Susan
Mr. Frank John SIXT
Mr. LAI Kai Ming, Dominic
Mr. KAM Hing Lam

Non-executive Directors:

Mr. George Colin MAGNUS
Mr. William SHURNIAK

Independent Non-executive Directors:

The Hon. Sir Michael David KADOORIE
Mr. Holger KLUGE
Mr. William Elkin MOCATTA
(Alternate to The Hon. Sir Michael David Kadoorie)
Mr. Simon MURRAY
Mr. OR Ching Fai, Raymond
Mr. WONG Chung Hin
(also Alternate to Mr. Simon Murray)

Hong Kong, 19 March 2007

Media Release

HUTCHISON ANNOUNCES INTENTION TO RAISE APPROXIMATELY \$2.85 BILLION IN EQUITY

Sydney, 19 March 2007 - Hutchison Telecommunications (Australia) Limited (ASX: HTA), which operates 3, Australia's first 3G service, today announced its intention to raise up to approximately A\$2.85 billion in equity by way of a pro rata renounceable rights issue of convertible preference shares (CPS).

"Hutchison Telecoms has made significant progress in Australia, and 3 has established itself as the leader in 3G. With 3 now being EBITDA positive and the business' operating performance firmly established, the rights issue will allow HTA to improve its capital structure for the benefit of all shareholders," Chairman Canning Fok said.

The equity raising will reduce the Company's debt substantially, improving the bottom line position through the reduction of funding costs. It is strongly supported by Hutchison Whampoa Limited (HWL), which is committed to maintaining a listing for HTA on the Australian Securities Exchange.

"Backed by considerable investment in the company, 3 has achieved strong growth since its launch, reaching a number of significant milestones. It is now appropriate to address the level of debt carried by the Company," said HTA chief executive, Nigel Dews.

"The Company has undertaken a thorough review of the alternatives for recapitalisation, and has selected the CPS option as being in the best interests of all shareholders," Mr Dews added.

It is anticipated that shareholders will be offered 20 CPS for each HTA ordinary share held on the record date. The issue price will be 21 cents per CPS, which is the 10-day volume weighted average price immediately prior to date this announcement (rounded to the nearest cent).

HWL has indicated its intention that its wholly-owned subsidiary, Hutchison Communications (Australia) Pty Ltd (HCAPL), which currently has a 57.82% shareholding in HTA, will take up its full pro rata entitlement. The balance of the offer will be underwritten by HWL.

Certain aspects of the proposed equity raising are subject to approval by HTA shareholders at the Annual General Meeting scheduled for 4 May 2007. A notice of meeting and explanatory memorandum has been lodged with ASX today and will be sent to shareholders for their consideration. Included is an Independent Expert's Report.

According to the expert, Lonergan Edwards & Associates, “the issue of CPS to HCAPL is fair and reasonable to the shareholders in HTA not associated with HWL.”

If approved by shareholders, a prospectus for the proposed equity raising is expected to be lodged with ASIC on 4 May 2007 and is expected to be sent to shareholders on or about 17 May 2007.

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

The CPS entitle holders to a non-cumulative preferential dividend equal to 5% per annum of the issue price of the CPS. Dividend payments remain subject to Board decision, but are not expected for some years.

The CPS are convertible into ordinary shares at a conversion ratio of 0.85 HTA ordinary shares per CPS, on a quarterly basis after the second anniversary of issue date. On the fifth anniversary of the issue date, all remaining CPS will automatically convert into HTA ordinary shares. Further details of the rights issue and the CPS are contained at the end of this press release.

The proposed CPS issue, which is offered pro rata to all HTA shareholders, follows an extensive review by HTA of its capital structure, during which a number of recapitalisation alternatives were assessed. The Board believes the pro rata renounceable rights issue of CPS is in the best interests of HTA shareholders as it effectively raises equity at a premium to the prevailing HTA ordinary share price and gives all shareholders the opportunity to participate. If shareholders choose not to participate, the HWL ordinary shareholding in HTA may reach up to 97.7% but this would not occur for at least two years after the issue.

Shareholders who wish to participate in the proposed rights issue should read the prospectus in its entirety and must complete the application form accompanying the prospectus.

- Ends -

For further information

Media

Liz Rex
Media Relations Manager
02 9964 4831
0433 407 318 or

Investor Relations

Adam Zines
Investor Relations Manager
02 9964 5157
0425 296 529

Andrew Stokes
Third Person Communications
02 8298 6100
0416 967 038



Indicative Timetable

Event	Date
Annual General Meeting of HTA shareholders	4 May 2007
Lodgement of the Rights Issue Prospectus	4 May 2007
Rights trading commences	8 May 2007
Record date for Rights Issue	14 May 2007
Dispatch of Rights Issue Prospectus and Rights Issue entitlement and acceptance forms completed	17 May 2007
Rights trading ceases	24 May 2007
Last day to exercise the rights (5:00pm EST)	31 May 2007
Issue Date and allotment of CPS	8 June 2007
Dispatch of holding statements	12 June 2007
CPS commence trading	13 June 2007

Indicative Details of Offer

Feature	CPSs
Size	Up to approximately \$2.85bn
Offer Structure	Renounceable rights issue
Issue Price	21 cents, which is the 10-day volume weighted average price immediately prior to 19 March 2007
Term	5 years, subject to earlier conversion
Ranking	Senior to ordinary shares, subordinated to senior debt.
Voting rights	None, except in limited circumstances.
Conversion	Convertible into ordinary shares at a ratio of 0.85 HTA ordinary shares per CPS.
Conversion Period	Convertible quarterly after second anniversary of issue date, until the fifth anniversary of the issue date, upon which the CPS will be automatically converted into ordinary shares.
Dividend	The CPS entitle holders to a right to a non-cumulative preferential dividend equal to 5% per annum of the issue price of the CPS
Quotation	Quotation on ASX will be sought, subject to achieving minimum spread requirements

**Hutchison Telecommunications
(Australia) Limited**

ABN 15 003 677 227

Notice of Annual General Meeting plus Explanatory Memorandum and Independent Expert's Report

**in relation to Special Business to be considered at the Annual
General Meeting**

For a meeting to be held on Friday,
4 May 2007
at the Conference Centre,
Ground Floor, Building A,
207 Pacific Highway,
St Leonards, New South Wales
at 10.00am

Table of Contents

Letter to Shareholders	2
Notice of Annual General Meeting (setting out the proposed resolutions)	4
Notes on Voting	5
Explanatory notes to resolutions 1, 2, 3, 4 and 5	6
Explanatory Memorandum in relation to resolution 6	9
(1) Introduction	
(2) General Information	
(3) Approval of Increased Voting Power	
(4) Independent Expert's Report	
(5) Other Required Information	
Glossary (setting out the defined terms)	28
Annexure 1 – Independent Expert's Report by Lonergan Edwards & Associates Limited	29

This is an important document.

It contains the resolutions that will be voted upon at the Annual General Meeting (AGM) on 4 May 2007. The resolutions relate to ordinary business and also shareholders' approval that is required in order to proceed with a transaction involving the issue of Convertible Preference Shares in a proposed Rights Issue to all ordinary shareholders of Hutchison Telecommunications (Australia) Limited (HTAL).

You should read the Notice of AGM and the Explanatory Memorandum carefully before you decide whether and how to vote on the resolutions set out in the Notice of AGM. If you are in doubt as to what you should do, please consult your investment, financial or other professional adviser.

Resolution 6 should be read in conjunction with the Explanatory Memorandum and the Independent Expert's Report that follow the Notice of AGM.

Certain terms used in the Notice of AGM and the Explanatory Memorandum are defined in the Glossary found on page 28.

If you are unable to vote in person at the AGM, please complete the enclosed proxy form and return it by 10.00 am (Sydney time) on 2 May 2007 in accordance with the instructions.

This document does not constitute an offer of Convertible Preference Shares. Subject to resolutions 4, 5 and 6 being passed, a prospectus will be made available when the Convertible Preference Shares are offered under the Rights Issue. Eligible shareholders who want to acquire the Convertible Preference Shares will need to complete the entitlement and acceptance form that will be in or accompany the prospectus. The prospectus will be mailed to all eligible shareholders.

The information outlined in the Notice of AGM and the Explanatory Memorandum is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. Any investment decision regarding the Rights Issue should be based on the prospectus to be sent to shareholders following the AGM and not on the Notice of AGM or the Explanatory Memorandum.

This Notice of AGM and Explanatory Memorandum is dated 19 March 2007.

Dear Shareholder

On behalf of the Directors of Hutchison Telecommunications (Australia) Limited (**HTAL**), I am pleased to invite you to vote at the Annual General Meeting of HTAL. Some of the resolutions you will be asked to vote on relate to a proposal (the **Proposal**) to raise additional equity funding of up to approximately \$2.85 billion in the form of a 20 for 1 renounceable Rights Issue of Convertible Preference Shares (the **CPS**) which HTAL will use predominantly to retire existing debt funding. Hutchison Whampoa Limited (**HWL**), the ultimate holding company of HTAL, will underwrite the CPS issue and HWL's subsidiary, Hutchison Communications (Australia) Pty Limited (**HCAPL**), which holds 57.82% of the Shares in HTAL, intends to take up its pro rata rights under the Rights Issue. This Proposal is HTAL's preferred method of funding as it will replace debt funding with equity and there will be no immediate voting dilution of the existing ordinary shares of HTAL. It also gives all shareholders an opportunity to participate in funding HTAL's future growth, and to convert this into a holding of ordinary shares.

The Proposal is being undertaken to reduce the levels of debt in HTAL and support the Company's capital requirements for future growth. If the relevant resolutions are not passed, your Directors believe that the continued high levels of debt will maintain an unwieldy capital structure and unnecessarily high interest costs for HTAL.

If the Proposal is approved, a Rights Issue Prospectus will be made available and sent to eligible shareholders who will be entitled to participate on a pro rata basis in the issue of CPS. The CPS can be converted, at the election of holders, into ordinary shares in HTAL (**Shares**) after the second anniversary of the issue of the CPS (that initial 2-year period being the **Non-Conversion Period**). Each CPS converts into 0.85 Shares. Holders of CPS will not be obliged to convert their CPS into Shares before the Mandatory Conversion Date (being the fifth anniversary of the Issue Date of the CPS) except in limited circumstances. Before conversion the CPS will have a preference in a liquidation. The CPS have a right to a non-cumulative preferential dividend equal to 5% p.a. of the Issue Price of the CPS. HTAL does not presently have sufficient current year or accumulated profits to enable payment of any dividends (including the non-cumulative preferential dividend to CPS holders), and the payment of the CPS dividend will be entirely dependent upon the future trading performance of HTAL. A CPS dividend can only be paid if there are sufficient profits in future years to fund that dividend, and any dividend will remain subject to a decision by the HTAL board. Directors believe that it is unlikely that sufficient profits will be available for that purpose during at least the Non-Conversion Period.

HTAL will seek quotation of the CPS on the ASX. Further details of the Proposal, including an indicative timetable for the proposed Rights Issue, the terms of the underwriting arrangements and other key information in relation to the Rights Issue, are set out in the enclosed Explanatory Memorandum.

HCAPL intends to subscribe for its pro rata share of the CPS. HCAPL does not intend to acquire any rights during the rights trading period although other shareholders may do so. However, HWL will fully underwrite the remainder of the Rights Issue (the **Underwritten Amount**), and it is expected that HCAPL will act as sub-underwriter. As a result of the pro rata participation in the Rights Issue by HCAPL and HWL's underwriting of the remaining CPS, HWL and its Associates are expected to increase their percentage shareholding in HTAL from the current level of 57.82%. The maximum holding of Shares that may result if there is a 100% shortfall in the Rights Issue with no third party sub-underwriting in place, and HWL and its Associates convert all of their CPS, is approximately 97.7% of the issued capital of HTAL. Leanrose Pty Limited, which holds 12.37% of the Shares, has indicated that it does not intend taking up its rights under the Rights Issue. The underwriting confirms HWL's commitment to its global 3G business plans and to HTAL.

Your approval is sought for several matters in relation to the Proposal. Resolution 4 seeks approval for the amendment of the Constitution of HTAL to allow for the inclusion of the terms of the CPS and to make some minor changes to update the Constitution following changes in the Corporations Act over the last few years. Resolution 4 will require an affirmative vote by at least 75% of those voting on the resolution. Resolution 5 seeks approval of the consolidation of the CPS to enable one CPS to convert into 0.85 Shares. Resolution 6 seeks approval of the acquisition of Shares arising from any future conversion of CPS by HWL or its Associates which they acquire through participation in the Rights Issue or in relation to the underwriting.

The Rights Issue of CPS will only occur if resolutions 4, 5 and 6 are all approved. HWL and its Associates will not be entitled to vote in relation to resolution 6. In deciding how to vote on resolution 6 you should carefully weigh the benefits to the Company of the CPS fundraising against the potentially large future increase in HWL's holding of Shares in HTAL.

If resolutions 4, 5 and 6 are approved, there is at the date of the Notice of Annual General Meeting a risk that a shareholder could be assessable to income tax on the value (if any) of Rights issued to that shareholder, regardless of whether that shareholder exercises the Rights, sells the Rights or allows the Rights to lapse. HTAL has requested the Australian Taxation Office to issue a Class Ruling on this matter, which is explained further in the information enclosed. Shareholders will be updated on this issue prior to and at the Annual General Meeting.

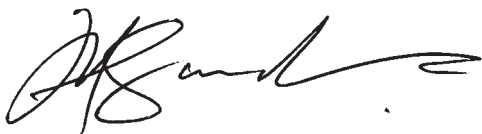
In order to assist shareholders to evaluate the Proposal, an independent expert's report has been prepared by Lonergan Edwards & Associates Limited and is set out in Annexure 1. You are encouraged to read it in full. The report addresses whether the acquisition of CPS by HWL and its Associates through participation in the Rights Issue or in relation to the underwriting, and subsequent conversion of those CPS into Shares, and the associated increase in HWL's relevant interest in HTAL, is fair and reasonable to shareholders other than HWL and its Associates (the **Non-Associated Shareholders**). The independent expert has concluded that the potential increase in HWL and its Associates' shareholding in HTAL as a result of the Proposal is fair and reasonable to the Non-Associated Shareholders.

The directors of HTAL who are not associated with HWL recommend that you vote in favour of resolutions 4, 5 and 6 relating to the Proposal as they consider that the Proposal, including the underwriting by HWL, is in the best interests of HTAL.

I urge all shareholders to read the information enclosed, carefully consider each of the resolutions to be proposed at the Annual General Meeting and vote on the resolutions.

If you have any questions, please contact the HTAL Information Line on 1800 629 116 (if in Australia) or +612 8280 7116 (if outside Australia).

Yours sincerely



Justin H Gardener
For and on behalf of the Independent Directors

Notice of annual general meeting

HUTCHISON TELECOMMUNICATIONS (AUSTRALIA) LIMITED (ABN 15 003 677 227)

NOTICE is hereby given that the Annual General Meeting of shareholders of Hutchison Telecommunications (Australia) Limited (ABN 15 003 677 227) (**HTAL**) will be held at the Conference Centre, Ground Floor, Building A, 207 Pacific Highway, St Leonards, New South Wales on Friday, 4 May 2007 at 10.00am.

Ordinary Business

Financial Report

To receive and consider the financial report, including the Directors' report and the Auditor's report for the year ended 31 December 2006.

Re-election of Directors

To consider, and if thought fit, pass the following resolutions as ordinary resolutions:

1. THAT Mr Fok Kin-ning, Canning, who retires in accordance with the Constitution and being eligible, offers himself for re-election, be re-elected as a Director.
2. THAT Mr Frank John Sixt, who retires in accordance with the Constitution and being eligible, offers himself for re-election, be re-elected as a Director.

Special Business

Remuneration Report

To consider, and if thought fit, pass the following resolution as a non-binding ordinary resolution:

3. THAT the Remuneration Report for the year ended 31 December 2006 be adopted.

Note: In accordance with section 250R of the Corporations Act, the vote on resolution 3 will be advisory only and will not bind the Directors of HTAL. Nevertheless, the discussion on this resolution and the outcome of the non-binding vote will be taken into consideration by the Board when considering the remuneration arrangements of HTAL.

Amendments to the Constitution

To consider and, if thought fit, pass the following resolution as a special resolution:

4. THAT with effect from the close of this Annual General Meeting, the Constitution of HTAL be amended in the form tabled at the meeting and signed by the Chairman for identification.

Consolidation of CPS

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

5. THAT, subject to resolutions 4 and 6 being passed, before conversion of a convertible preference share (**CPS**) into an ordinary share, the CPS is consolidated into 0.85 CPS or such other number of CPS in accordance with the terms of issue of the CPS set out in the Schedule to the Constitution, as approved under resolution 4, with the consolidation occurring immediately before 9.00am on the Conversion Date, as that term is defined in the terms of issue of the CPS.

Summary of Resolution 5

Under the terms of issue of the CPS, one CPS is consolidated into 0.85 CPS and then converts into 0.85 Shares upon conversion. The number 0.85 may be adjusted if HTAL issues additional Shares or undertakes a capital reorganisation. Under section 254H of the Corporations Act, a company may consolidate all or any of its shares into a smaller number by resolution passed at a general meeting. The consolidation takes effect on the date specified in the resolution.

Acquisition of Shares

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

6. THAT, subject to resolutions 4 and 5 being passed, for the purpose of section 611 item 7 of the Corporations Act and for all other purposes, approval is given for:
 - (a) the acquisition of:
 - (i) 6,670,007,086 Shares by Hutchison Communications (Australia) Pty Limited (**HCAPL**) pursuant to the conversion of 7,847,067,160 convertible preference shares (**CPS**) which it will acquire as its pro rata entitlement in the proposed renounceable rights issue of CPS to raise up to approximately \$2.85 billion (the **Rights Issue**), based on a conversion ratio of 0.85 Shares for each CPS, or such larger number of Shares resulting from any adjustment to the conversion ratio in accordance with the CPS terms of issue following an alteration to or reorganisation of the capital of HTAL; and
 - (ii) 4,866,625,207 Shares by Hutchison Whampoa Limited (**HWL**) and HCAPL pursuant to the conversion of 5,725,441,420 CPS which HWL and HCAPL might acquire as the Underwriter and Sub-Underwriter respectively of the Rights Issue, based on a conversion ratio of 0.85 Shares for each CPS, or such larger number of Shares resulting from any adjustment to the conversion ratio in accordance with the CPS terms of issue following an alteration to or reorganisation of the capital of HTAL; and
 - (b) the acquisition of relevant interests in the Shares (and CPS from which they convert) referred to in paragraphs (i) and (ii) by HCAPL and HWL and their Associates.

Summary of Resolution 6

A rights issue of CPS, underwritten on an arms' length basis by a major shareholder, does not require shareholder approval. However, as the CPS offered under this Rights Issue are convertible into ordinary shares (**Shares**), shareholder approval is needed so that HCAPL can convert the CPS it acquires pro rata in the Rights Issue and HWL, HCAPL and their Associates can convert any CPS they acquire as Underwriter or Sub-Underwriter of the Rights Issue. Also Listing Rule 7.11.3 provides that the ratio of securities offered to shareholders must generally not be greater than one security for each security held. The CPS will be offered pro rata to shareholders at a ratio of 20 CPS for each Share held. ASX has waived Listing Rule 7.11.3 for the Rights Issue on the condition that shareholder approval is obtained.

Currently HCAPL, an indirect wholly owned subsidiary of HWL, holds 57.82% of the Shares in HTAL, and HWL and HCAPL have a relevant interest in the 12.37% of Shares held by Leanrose Pty Limited. As a result, both HWL and HCAPL have 70.19% of the total "Voting Power" (as defined in the Corporations Act) in HTAL. With shareholder approval, HWL and HCAPL can increase their Voting Power above their existing level. The possible Voting Power levels of HWL, HCAPL and their Associates following the Rights Issue (depending on any shortfall in the Rights Issue and the conversion of CPS acquired by the Non-Associated Shareholders), are set out in the table on page 12 of the Explanatory Memorandum. Leanrose Pty Limited has indicated that it does not intend to take up its Rights under the Rights Issue.

Voting Exclusion Statement

No votes are to be cast in favour of resolution 6 by HWL and HCAPL and their Associates. This is subject to the Corporations Act. HTAL will disregard any such votes.

A detailed explanation of the background and reasons for each of the proposed resolutions is set out in the Explanatory Notes and Explanatory Memorandum that follow.

By order of the Board

Edith Shih

Louise Sexton

Joint Company Secretaries

19 March 2007

Notes on voting

Proxies

If you cannot or do not wish to attend the Annual General Meeting, you may appoint a proxy to attend and vote for you. The appointment may specify the proportion or number of your votes that the proxy may exercise. The proxy does not need to be a shareholder. If you are entitled to cast 2 or more votes at the meeting, you may appoint up to 2 proxies. If you appoint 2 proxies and the appointment does not specify the proportion or number of your votes the proxy may exercise, each proxy may exercise half of the votes.

To ensure that all shareholders can exercise their right to vote on the resolutions, a proxy form is enclosed together with a reply paid envelope. You can lodge the proxy form by sending it in the reply paid envelope or otherwise posting, delivering or faxing it to HTAL's Share Registry (see below). The proxy form tells you what you need to do.

If you return your proxy form but do not nominate a representative, the Chairman of the Annual General Meeting will be your proxy and will vote on your behalf as you direct on the proxy form. Any undirected proxies in favour of the Chairman may be voted by the Chairman as he thinks fit (and the Chairman intends to vote in favour of each resolution). This is subject to the voting notes included on the proxy form.

When

The proxy form (along with any power of attorney or certified copy of the power of attorney under which it is signed) must be received by HTAL's Share Registry, Link Market Services Limited, by no later than **10.00 am (Sydney time) on 2 May 2007**. Any proxy form lodged after that time will be treated as invalid.

How

The completed proxy form (along with any power of attorney or certified copy of the power of attorney under which it is signed) may be:

- mailed to Link Market Services Limited at Locked Bag A14, Sydney South, NSW 1235 in the enclosed reply-paid envelope;
- sent by facsimile to: Link Market Services Limited on (02) 9287 0309;
- delivered in person to Level 12, 680 George Street, Sydney, Australia; or
- lodged online at www.linkmarketservices.com.au in accordance with the instructions given there.

Notice of annual general meeting continued

Entitlement to vote deadline

Pursuant to Regulation 7.11.37 of the Corporations Regulations, for the purposes of the Annual General Meeting, **only those persons holding Shares at 7.00pm (Sydney time) on Wednesday 2 May 2007 (the Meeting Record Date)** will be treated as shareholders. This means that if you are not the registered holder of a Share at that time you will not be entitled to vote in respect of that Share.

The vote on the resolutions will be decided on a show of hands unless a poll is demanded. On a show of hands, every shareholder who is present in person or by proxy, or by representative or by attorney, will have one vote. Upon a poll, every shareholder who is present in person or by proxy, or by representative or by attorney, will have one vote for each Share held by that shareholder.

If your Shares are jointly held, only one of the joint holders is entitled to vote. If more than one shareholder votes in respect of jointly held Shares, only the vote of the Shareholder whose name appears first in the register will be counted.

Requirements with regard to letters of representation for corporate shareholders

In order to vote at the Annual General Meeting (other than by proxy), a corporation that is a shareholder must appoint a person to act as its representative. The appointment must comply with section 253B of the Corporations Act. The representative must bring to the Annual General Meeting evidence of his or her appointment, including any authority under which it was signed.

Submission of written questions to HTAL or Auditor

In accordance with the Corporations Act, a reasonable opportunity will be given to shareholders – as a whole – to ask questions about or to make comments on HTAL's management or its Remuneration Report at the meeting. Similarly, a reasonable opportunity will be given to shareholders – as a whole – to ask HTAL's external auditor, PricewaterhouseCoopers, questions relevant to:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by HTAL in relation to the preparation of its financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

Shareholders may submit a question to PricewaterhouseCoopers online prior to the meeting by visiting the Share Registrar's website at www.linkmarketservices.com.au, or by sending the written question to HTAL c/o Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235, if the question is relevant to the content of PricewaterhouseCoopers' audit report or the conduct of its audit of HTAL's financial report for the year ended 31 December 2006. Relevant online questions for the auditor must be received no later than 5.00pm (Sydney time) on 27 April 2007. Where appropriate, a list of those relevant questions will be made available to shareholders attending the AGM. HTAL or PricewaterhouseCoopers will either answer these questions at the AGM or table written answers to them at the AGM or make them available to shareholders as soon as practicable after the AGM.

Chairman on resolution 6

It is expected that Justin Gardener will chair the meeting (and vote proxies in favour of the Chairman) in relation to resolution 6.

Explanatory notes to resolutions 1, 2, 3, 4 and 5

Resolution 1

Re-election of Mr Fok Kin-ning, Canning as a Director

Fok Kin-ning, Canning, aged 55, has been an Executive Director since 1984 and Group Managing Director since 1993 of Hutchison Whampoa Limited (**HWL**), Director since 1992 and Chairman since 2002 of Hutchison Harbour Ring Limited, Chairman of Hutchison Telecommunications International Limited (**HTIL**) since 2004, Executive Director since 1985 and Chairman since 2005 of Hongkong Electric Holdings Limited (**HKEH**), Chairman of Partner Communications Company Ltd (**Partner**) since 1998 and Hutchison Global Communications Holdings Limited (**HGCH**) (which ceased to be a public listed company in July 2005) since 2003, Co-Chairman of Husky Energy Inc. (**Husky**) since 2000, Deputy Chairman of Cheung Kong Infrastructure Holdings Limited (**CKIH**) since 1997, and Director of Cheung Kong (Holdings) Limited (**CKH**) since 1985. He was previously a Director of Hanny Holdings Limited from 1992 to 2005, Panva Gas Holdings Limited from 2002 to 2006 and Wing On Travel (Holdings) Limited from 2002 to 2004. He holds a Bachelor of Arts degree and is a member of the Australian Institute of Chartered Accountants. Mr Fok was appointed as a Director of HTAL on 8 February 1999. Mr Fok is the Chairman of the Governance, Nomination and Compensation Committee.

The Directors (other than Mr Fok who abstained because of his interest in the resolution) have resolved to recommend that shareholders vote in favour of the re-election of Mr Fok.

Resolution 2

Re-election of Mr Frank John Sixt as a Director

Frank John Sixt, aged 55, has been an Executive Director since 1991 and Group Finance Director since 1998 of HWL, Chairman of TOM Group Limited since 1999 and TOM Online Inc. since 2003, Executive Director of CKIH since 1996, HKEH since 1998 and HGCH (which ceased to be a public listed company in July 2005) since 2004, and Director of CKH since 1991, HTIL since 2004, Husky since 2000 and Partner since 1998. 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 was appointed as a Director of HTAL on 12 January 1998.

Mr Sixt is a member of the Audit Committee.

The Directors (other than Mr Sixt who abstained because of his interest in the resolution) have resolved to recommend that shareholders vote in favour of the re-election of Mr Sixt.

Resolution 3

Adoption of the Remuneration Report

Consistent with section 250R of the Corporations Act, HTAL submits to shareholders for consideration and adoption by way of a non-binding resolution its Remuneration Report for the year ended 31 December 2006. At the meeting there will be a reasonable opportunity for discussion of the report.

The Remuneration Report is a distinct section of the annual Directors' Report which deals with the remuneration of Directors and executives of HTAL. The Remuneration Report can be located in HTAL's Annual Report on pages 34 to 38. The Annual Report is available on HTAL's website (www.hutchison.com.au).

The Directors recommend that shareholders vote in favour of the resolution.

Resolution 4

Amendments to HTAL's Constitution

It is proposed that HTAL's Constitution be brought up to date to reflect recent amendments to the Corporations Act and the ASX Listing Rules. Many of the proposed changes are administrative or relatively minor in nature. The Constitution also needs to be amended to include the terms of the CPS. The material amendments are summarised below for the information of shareholders:

(a) Power to issue preference shares

It is proposed that Rule 2 of the Constitution be amended to broaden the power of HTAL to issue preference shares, on terms that it sees fit, including the power of the Company to issue the CPS. The terms of the CPS are set out in a schedule to the Constitution.

The Directors consider that the amendments provide greater flexibility in funding for future growth needs.

(b) Share certificates, uncertificated holdings and transfer of shares.

It is proposed that the Constitution be updated to reflect current law and practice with respect to the transfer and registration of shares, including the transfer of securities in uncertificated form, rather than issuing printed share certificates.

The proposed amendments provide that Directors may still determine to issue printed share certificates.

It is also proposed that where a transfer is not effected under a proper ASTC transfer (as that term is defined in the Corporations Act), HTAL may refuse to register a transfer of shares where that shareholder owes money to the Company under Rule 4 of the Constitution (dealing with calls, forfeitures, indemnities and liens over shares). HTAL may also request a holding lock be applied to certain shares to ensure compliance with necessary ASTC Settlement Rules.

The Directors believe the amendments are appropriate to reflect current law and practices with respect to the transfer and registration of shares in publicly-listed companies.

(c) Restriction on shareholders' voting rights

It is proposed that Rule 8 of the Constitution be amended, to limit a shareholder's rights at a general meeting where any calls or other sums previously payable by the shareholder in respect of shares, remain unpaid. Such a shareholder would not be entitled to vote and would not be counted for the purposes of constituting a quorum at a general meeting.

The Directors believe the amendment is appropriate to reflect current practices with respect to unpaid amounts on shares in publicly-listed companies.

(d) Directors' remuneration

Rule 9.3 clarifies the provisions dealing with Directors' remuneration by expressly permitting HTAL to pay superannuation contributions for directors.

The Directors believe that these changes are consistent with the Company's obligations in respect of superannuation contributions.

The requirement remains that any increase to the aggregate amount of fees payable to Non-Executive Directors as remuneration must be approved by shareholders.

Notice of annual general meeting continued

(e) Directors' and officers' insurance and indemnity

It is proposed that Rule 11 be amended to reflect the Corporations Act and current market practice with respect to the granting of indemnities in favour of, or entering into insurance arrangements for, Directors and executive officers of HTAL.

(f) Small security holdings

Rule 12 introduces a provision which permits the Company to cause a shareholder's holding of securities to be sold where the securities constitute a small or unmarketable parcel (including holdings of securities such as the CPS). An unmarketable parcel is one which is worth less than \$500.

This provision reflects current market practice with respect to the treatment of small or unmarketable holdings.

The Directors feel the amendment is appropriate to reduce the administrative costs of managing the share registry, and providing a means for shareholders to liquidate such unmarketable holdings.

(g) Bonus share plan

It is proposed that a new Rule 17 be introduced, providing Directors with the power to establish and, as required, vary, suspend or terminate a bonus share plan. A bonus share plan involves the issue to shareholders of shares for which no consideration is payable to the Company.

The full text of amendments to the Constitution is available for review during normal office hours at the office of HTAL as set out below. A copy of the proposed changes will also be sent to any shareholder upon request, to:

The Company Secretary
Hutchison Telecommunications (Australia) Limited
Building A
207 Pacific Highway
St Leonards NSW 2065

The Directors recommend that shareholders vote in favour of the resolution.

Resolution 5

Consolidation of CPS

Under section 254H of the Corporations Act, a company may convert all or any of its shares into a smaller number by resolution passed at a general meeting – this is known as a consolidation of shares. The consolidation takes effect on the date specified in the resolution.

Under the terms of issue of the CPS, each CPS converts into 0.85 of a Share. Based on this conversion ratio, the 13,572,508,580 CPS which will be issued under the Rights Issue will convert into 11,536,632,293 Shares. This is effected under the terms of issue by each CPS being consolidated into 0.85 of a CPS (with any fraction arising from the relevant consolidation calculation being disregarded), which then converts into 0.85 of a Share. The number 0.85 may be adjusted if HTAL issues additional Shares or undertakes a capital reorganisation. The consolidation happens immediately before the conversion on a relevant conversion date. Shareholders' approval is sought under resolution 5 for the consolidation which will occur each time a CPS is converted into a Share.

The Directors recommend that shareholders vote in favour of the resolution.

Explanatory memorandum

This Explanatory Memorandum in relation to resolution 6 and its attachments are important documents. Please read them carefully.

1. Introduction

At the Annual General Meeting, members of the Company will be asked to consider resolution 6 to approve the acquisition by Hutchison Communications (Australia) Pty Limited (HCAPL) and/or Hutchison Whampoa Limited (HWL) and their Associates of a relevant interest in Shares upon conversion of the CPS.

Section 606 of the Corporations Act prohibits the acquisition of a relevant interest in Shares if the acquisition would increase a person's Voting Power in HTAL to more than 20%, or to a higher level from a starting point that is above 20% and below 90%. The term "relevant interest" is defined broadly in the Corporations Act, such that a person may be deemed to have a relevant interest in shares without having a legal or beneficial ownership in those shares. In general terms, a person's Voting Power is equal to the percentage of shares in which it has a relevant interest and the percentage of shares in which its Associates have a relevant interest.

However, section 611, Item 7 of the Corporations Act permits the acquisition of a relevant interest that would otherwise contravene section 606 of the Corporations Act if it has previously been approved by a resolution of the Company where no votes are cast in favour of the resolution by a person acquiring the relevant interest and its Associates. Accordingly, resolution 6, if approved, operates to satisfy the requirements of section 611, Item 7 of the Corporations Act so as to authorise the acquisition by HWL and HCAPL of a relevant interest in Shares. Also, Listing Rule 7.11.3 provides that the ratio of securities offered to shareholders must generally not be greater than one security for each security held. The CPS will be offered pro rata to shareholders at a ratio of 20 CPS for each Share held. ASX has waived Listing Rule 7.11.3 for the Rights Issue on the condition that shareholders resolve to approve the issue of CPS under the Rights Issue (including the underwriting thereof) to HWL, HCAPL and their Associates for the purposes of item 7 of section 611 of the Corporations Act.

That acquisition is expected to arise as a result of the conversion of CPS acquired by HWL and/or HCAPL under the Rights Issue, being CPS acquired:

- pro rata through HCAPL's existing shareholding and its participation in the Rights Issue; and
- by HWL, HCAPL or their Associates as the Underwriter or Sub-Underwriter of the Rights Issue.

The purpose of this Explanatory Memorandum is to provide shareholders with the relevant information that is material to the decision on how to vote on resolution 6.

In considering how to vote on resolution 6, shareholders should take into consideration the possible consequences of this potential increase in HWL's and HCAPL's Voting Power in the Company, including the reduced likelihood of a takeover bid for HTAL. Please read in full the material contained in section 2 of this Explanatory Memorandum and in the Independent Expert's Report.

It should also be borne in mind that if resolutions 4, 5 and 6 are not passed then the proposed Rights Issue will not proceed and the Company will continue to bear the costs of its existing debt funding.

Each of the Directors not associated with HWL recommend that the shareholders vote in favour of resolution 6 on the basis that the independent expert considers that the potential increase in

the Voting Power of HWL and HCAPL (and their Associates) in HTAL is fair and reasonable to the Non-Associated Shareholders for the reasons set out in the Independent Expert's Report.

2. General information

Purpose of the fund raising

HTAL proposes to raise up to approximately \$2.85 billion that will be used predominantly to retire debt.

In recent years HTAL has incurred a significant level of debt as a result of investments in 3G spectrum licences and the building and roll-out of networks. As at 26 February 2007, HTAL's outstanding consolidated debt comprised the following:

Loan	(\$ million) drawn amount	Maturity
Convertible Notes (interest of 5.5%, payable semi-annually)	600	July 2007, if not converted (see page 10)
Term facility HCAPL	196	December 2008
Hutchison OMF Limited	880	December 2008
Other term facilities	150	July 2007
	200	February 2008
	100	December 2008
	100	December 2010
	1,500	August 2009
Total	3,726	

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

The proceeds of the Rights Issue will be used to retire a large portion of HTAL's existing debt, leading to a reduced debt level (see below), lower interest costs and improved earnings and cash flows for HTAL.

If \$2.85 billion is raised, the sources and applications of the proceeds of the Rights Issue are expected to be as follows:

Sources of Funds (\$ million)	Applications of Funds (\$ million)
Rights Issue proceeds	Retirement of debt (intra-group and external)
2,850	2,143
	Redemption of convertible notes
	600
	Cash available for working capital purposes
	100
	Rights Issue expenses
	7
Total	Total
2,850	2,850

Explanatory memorandum continued

HTAL intends to repay in full its drawn debt balances owing to HWL and reduce its third party debt facilities by \$976 million to \$1,074 million upon completion of the Rights Issue. To allow earlier repayment of a portion of HTAL's debt, allotment of CPS to HCAPL for its pro rata entitlement may be made earlier than to other investors but HCAPL will not be entitled to any greater dividend amount than other CPS holders.

Effect of the Rights Issue

HCAPL (an indirect wholly owned subsidiary of HWL) holds 392,353,358 voting Shares in HTAL, which is equivalent to 57.82% of the votes attached to all the voting Shares in HTAL. If the Rights Issue proceeds, HCAPL will have a pro rata entitlement of up to 7,848 million CPS (which will convert into up to 6,671 million Shares). HCAPL intends to take up its entitlement to Rights in full.

HWL will underwrite the Underwritten Amount, and may choose to appoint Sub-Underwriters which may include HCAPL. If there is a shortfall in the Rights Issue, and there is no third party sub-underwriting in place, the maximum that HWL and/or HCAPL could acquire in addition to its pro rata entitlement is up to 5,726 million CPS as a result of the underwriting (which will convert into up to 4,867 million Shares). The underwriting arrangement will only come into effect if resolutions 4, 5 and 6 are passed at the AGM and if HTAL proceeds with the Rights Issue.

HWL has agreed to act as Underwriter, confirming HWL's commitment to its global 3G business plans and to HTAL.

HTAL has considered a rights issue of Shares. However, this has been rejected by HTAL as it wishes to avoid the immediate voting dilution of other shareholders in HTAL which would result from the underwriting or sub-underwriting of the shortfall by HWL or HCAPL respectively.

At this time it is not possible to determine the actual changes in HWL's Voting Power in HTAL as this will depend upon:

- any shortfall in take up of Rights;
- whether third party sub-underwriting is put in place by HWL during the Rights Issue offer period;
- the time of conversion and number of CPS that are converted by holders of CPS other than HWL and HCAPL; and
- the time of conversion and number of CPS that are converted by HWL and HCAPL.

The table on page 12 indicates the potential maximum Voting Power of HWL and HCAPL subsequent to the Rights Issue (assuming conversion of all the CPS they acquire). The possible dilutionary effects on the Voting Power of the Non-Associated Shareholders on the conversion of CPS acquired through the underwriting of the Underwritten Amount by HWL are also shown. The possible dilutionary effect is a proportional reduction in the percentage of the total number of issued voting Shares held by the Non-Associated Shareholders and a corresponding increase in the percentage potentially held by HWL, HCAPL and their Associates.

Shareholders should note that it is not possible to determine at this time what, if any, this dilutionary effect may be and therefore the percentage holdings of HWL and HCAPL shown in the table on page 12 are indicative only. For example, if shareholders generally exercise their entitlements in the Rights Issue and the shortfall is small, and if all holders of CPS convert their CPS, HWL's Voting Power would increase only marginally. However, if most Non-Associated Shareholders do not exercise their entitlements in the Rights Issue and HWL and HCAPL convert their CPS, the Voting Power of HWL, HCAPL and their Associates would increase very significantly.

In addition, as permitted by the Corporations Act, HWL and HCAPL may buy CPS or Shares following the Rights Issue, without further shareholder approvals, provided their respective Voting Power does not increase by more than 3% in any 6 month period or under other provisions of the Corporations Act that permit an increase in Voting Power. This could result in their Voting Power increasing beyond the percentage holdings shown in the table on page 12. Their Voting Power will only increase as a result of the acquisition of Shares – the acquisition of CPS will not cause an increase in Voting Power, but Voting Power will increase upon conversion of the CPS into Shares.

HCAPL does not have any present intention to buy or sell Rights under the Rights Issue or subscribe for more than its entitlement under the Rights Issue. HWL and HCAPL have no present intention to buy additional CPS or Shares on-market following the Rights Issue, but this could change in the future.

Conversion of the Convertible Notes

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

Noteholders may convert the Convertible Notes into Shares by delivering a conversion notice to HTAL in the period of 15 business days ending on the business day before an interest payment date. In the period from the date of this Explanatory Memorandum up to and including the maturity date of the Convertible Notes, the only remaining time at which Noteholders may convert the Convertible Notes into Shares is the 15 business days before the maturity date (11 July 2007) itself.

A conversion by HCAPL of its Convertible Notes would further increase the Voting Power of HWL and HCAPL in HTAL after the Rights Issue.

The conversion of the Convertible Notes by HCAPL was approved by shareholders on 24 May 2002. HWL and HCAPL have informed HTAL that they do not intend to convert their Convertible Notes but rather will have them redeemed by HTAL in accordance with their terms.

Compulsory acquisition rights

Chapter 6A.2 of the Corporations Act provides that a person holding a 90% or greater beneficial interest in a class of securities, may compulsorily acquire all the remaining securities in that class not already held by that person. HWL and HCAPL will have this right if they ultimately hold 90% or more of the ordinary shares in HTAL whether as a result of the conversion of CPS or otherwise. The right expires 6 months after the holder reaches 90%. Part 6A.2 provides for certain minority shareholder protections including the requirement for an expert report, rights to object and court intervention. The price offered under any such compulsory acquisition (if it occurs) could be materially different from (including lower or higher than) the current price at which shares are traded on ASX or the pricing implicit in the Issue Price of the CPS. The opinion given at that time by any expert will depend on the expert's view of the then current value of HTAL shares. Shareholders should have regard to the possible triggering and exercise of this right when considering the effect of resolution 6. The table on page 12 shows that HWL and HCAPL may reach the 90% trigger level.

Rights Issue entitlements

Key information on the Rights Issue

Issuer of CPS: Hutchison Telecommunications (Australia) Limited

Issue Price: The CPS will be issued at \$0.21 per CPS, which is the 10 day volume weighted average price (**VWAP**) of Shares during the period of 10 business days on which trading in the Shares took place on the ASX most recently before, but not including, the date of announcement of the Rights Issue (being 19 March 2007), rounded to the nearest whole cent. The VWAP was calculated with reference to all Shares traded in the ordinary course of business, on ASX, excluding special crossings, crossings prior to the commencement of open session state and crossings during the after hours adjust phase (as defined in the ASX Market Rules).

Entitlement ratio: Shareholders will be entitled to subscribe for 20 CPS for each Share held.

Number of CPS to be issued: Up to 13.573 billion CPS will be issued to raise up to approximately \$2.85 billion.

Expected

Issue Date: 8 June 2007 (indicative date only).

Shareholders' entitlement: Each shareholder will be offered a pro rata renounceable right to subscribe for 20 CPS for every one Share. Each shareholder's exact entitlement will be set out on the entitlement and acceptance form which will accompany the Rights Issue Prospectus. It is expected that there will be a facility for shareholders to subscribe for additional CPS, in excess of their entitlement.

Ranking: CPS will rank ahead of Shares on a winding up of HTAL – see the terms of the CPS set out in section 6.

Term: The CPS will have a term of 5 years. There is a non-conversion period of 2 years after the Issue Date subject to limited exceptions. After expiry of the non-conversion period, CPS may be converted by a holder during a conversion window of 10 business days commencing on the first day of each calendar quarter.

A holder may convert their CPS at any time:

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

HTAL may cause the CPS to be converted if the events in (i) or (ii) occur or if there is a regulatory change affecting the CPS, including a change to the tax or accounting treatment of the CPS.

Any CPS not converted within 5 years after the Issue Date will automatically convert into Shares.

Conversion: Each CPS will entitle the holder to 0.85 of a Share in HTAL.

The conversion ratio will be subject to adjustment in the case of a rights or bonus issue or other certain dilutive events, as set out in the terms of issue.

Ranking on conversion: Each Share issued on conversion will rank equally with all existing Shares then on issue.

No redemption: The CPS are not redeemable by HTAL.

Dividends: Non-cumulative preferential dividend equal to 5% p.a of the Issue Price, subject to the Directors determining, in their discretion, that a dividend is payable under rule 5.1 of the Constitution of HTAL. The Directors do not expect to pay dividends for some years.

Entitlement to subsequent issues: The CPS will not carry any entitlement to participate in future issues of securities by HTAL, subject to the discretion of the Board. The conversion ratio of the CPS will be adjusted for any pro rata rights or bonus issue or for any capital reconstruction prior to the conversion date.

Voting: Except in the circumstances permitted by the Listing Rules and the terms of the CPS (such as where a meeting is specially convened for the holders of CPS), holders of CPS will not be entitled to vote at meetings of HTAL prior to the conversion of CPS into Shares.

Listing: HTAL will apply for quotation of the CPS on ASX.

Rights trading: Rather than subscribing for their entitlement to CPS, shareholders may sell or transfer their Rights, which will be quoted on ASX.

Timetable

If shareholders pass resolutions 4, 5 and 6 on 4 May 2007, then the proposed timetable for the Rights Issue will be as follows (please note these dates are indicative only and may be changed by HTAL without notice):

Event	Indicative Date
Lodgement of the Rights Issue Prospectus	4 May 2007
Rights trading commences	8 May 2007
Record date for Rights Issue	14 May 2007
Dispatch of Rights Issue Prospectus and Rights Issue entitlement and acceptance forms completed	17 May 2007
Rights trading ceases	24 May 2007
Last day to exercise the rights (5:00pm EST)	31 May 2007
Issue Date and allotment of CPS	8 June 2007
Dispatch of holding statements	12 June 2007
CPS commence trading	13 June 2007

Explanatory memorandum continued

HTAL will make offers under the Rights Issue to shareholders having a registered address in Australia or New Zealand. In respect of shareholders having registered addresses outside Australia or New Zealand, HTAL has considered whether it is practicable to offer the CPS directly in accordance with the Listing Rules and other regulatory requirements, and decided that the Rights Issue will not extend to shareholders outside Australia and New Zealand. Rights of those shareholders will be dealt with in accordance with the Listing Rules.

Reasons for the Rights Issue

The Rights Issue is the Company's preferred method of raising funds to retire debt as it gives all shareholders an opportunity to participate in funding the Company's future growth, with the potential to convert this into a holding of Shares.

Voting Power in HTAL following conversion of CPS issued in Rights Issue

Up to 13,572,508,580 CPS will be issued at an Issue Price of \$0.21.

The following table sets out the effect of the conversion of the CPS on the Voting Power of HWL and HCAPL assuming different levels of shortfall under the Rights Issue and full conversion on or before the mandatory conversion date. This situation may apply earlier but will apply, at latest, from the mandatory conversion date.

Voting Power of HWL and HCAPL after Rights Issue and conversion assuming full conversion by other holders of CPS

	1	2	3	4	5	6
				No of Shares issued on conversion (millions)	% of Voting Power held by HWL and HCAPL	% of Voting Power held by HWL and HCAPL including relevant interest in Leanrose Shares
CPS issued pro rata to HCAPL (millions)	% Shortfall of Underwritten Amount	Total number of CPS issued to HCAPL and HWL (millions)				
7,848	0%	7,848		6,671	57.8%	58.5%
	20%	8,993		7,644	65.8%	66.5%
	40%	10,138		8,617	73.8%	74.4%
	60%	11,283		9,590	81.7%	82.4%
	80%	12,428		10,564	89.7%	90.4%
	100%	13,573		11,537	97.7%	98.3%

Notes for table:

- The percentages shown assume no other changes to the issued capital.
- Any further issue of securities by the Company during the term of the CPS may change the percentages shown.
- The percentages shown assume no other share acquisitions or disposals (eg on-market purchases or sales) of CPS or Shares by HWL or HCAPL or any of their Associates. In particular, you should be aware that HWL and HCAPL may acquire (and convert) additional CPS, and additional Shares up to a 3% limit each 6 months (although HWL and HCAPL have no present intention of doing so). Any such acquisitions may increase the Voting Power of HWL and HCAPL above those shown in the tables.
- Column 3 assumes no third party sub-underwriting commitment.
- Column 4 assumes the total number of CPS acquired by HWL, HCAPL and their Associates are converted.
- Column 5 gives maximum percentage Voting Power following conversion of all CPS held by HWL and HCAPL.
- The effect of various possible levels of shortfall in subscriptions under the Rights Issue and the take up of such shortfall by HWL as Underwriter is shown, however it is not possible to know prior to completion of the Rights Issue what, if any, shortfall there may be or whether all or part of that shortfall may be allocated to other third party Sub-Underwriters. For the purpose of assessing the maximum number of Shares which HWL may come to control, you should assume that no shareholders other than HCAPL take up any of the CPS offered in the Rights Issue.
- The percentages shown in the tables above are rounded to one decimal place. Also, in the Rights Issue, shareholders' entitlements will be rounded to the nearest full CPS. This means that, in the Rights Issue, the actual total number of CPS issued and percentages may differ slightly from those shown in the table. The differences will not be material.
- The effect on voting dilution of any other securities currently issued by HTAL with rights of conversion into Shares is not shown as they are not likely to have a material impact. HWL and HCAPL have indicated that they do not intend converting the Convertible Notes held by HCAPL. The only such securities are options issued under the HTAL Executive Option Plan. Currently options on issue are equivalent to less than 1.8% of issued capital and the maximum number of options which can be issued under this Plan is the equivalent of 5% of issued capital.
- Column 6 shows the effect of a share mortgage granted by Leanrose Pty Limited, which was the subject of shareholder approval on 8 May 2003. That interest granted to HWL and HCAPL is not a full beneficial interest but rather an interest as mortgagee.

Summary of Underwriting Agreement

HTAL and HWL will enter into an Underwriting Agreement for the underwriting of the Rights Issue. HTAL will pay HWL an underwriting fee of 0.4% of the Underwritten Amount plus reasonable travel and out of pocket expenses and reasonable legal costs and disbursements.

The Underwriting Agreement will provide that HWL may terminate its obligations under the Underwriting Agreement at any time on or before 2pm on the Allotment Date if it becomes aware of the happening of any one or more certain specified events, including but not limited to:

- any non-compliance order by ASIC, or withdrawal of consent affecting the Rights Issue Prospectus or the Rights Issue;
- approval by ASX for the official quotation of the CPS being refused or withdrawn;
- a material adverse change in the financial position, results of operations or prospects of HTAL or any of its subsidiaries;
- the suspension of trading in the Shares for more than 3 consecutive business days, or the Shares ceasing to be quoted on ASX;
- the All Ordinaries Index on the close of trading on at least 3 consecutive business days is at a level which is at least 15% or more below its level at the close of trading on ASX on the business day before the date of the Underwriting Agreement;
- trading of all securities quoted on ASX is suspended for more than 1 business day;
- HTAL alters its share capital or its Constitution in any material respect other than is contemplated by this Notice of Meeting or the Rights Issue Prospectus (without the prior written consent of HWL);
- a judgement, execution or other process in an amount exceeding \$500,000 is obtained or issued against HTAL or any of its subsidiaries and is not set aside or satisfied within 7 days of that judgement;
- without the prior written consent of HWL, HTAL or any of its subsidiaries passes or becomes obliged to pass a resolution with respect to financial assistance under the Corporations Act;
- HTAL or any of its subsidiaries becomes unable to pay its debts when they are due, suspends re-payment of its debts generally or is presumed insolvent under the Corporations Act;
- HTAL fails to perform or observe any of its material obligations under the Underwriting Agreement and that failure is not remedied to the satisfaction of HWL; or
- a representation or warranty made or given by HTAL under the terms of the Underwriting Agreement proves to be or becomes untrue or incorrect in any material respect.

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

- a notice is given under section 730 of the Corporations Act or ASIC applies for an order under section 1324B of the Corporations Act in relation to the Rights Issue Prospectus;
- a supplementary or replacement prospectus is, in the reasonable opinion of HWL, required and HTAL does not lodge such a document in the form and context and within the time as reasonably required by HWL;
- a director of HTAL or any of its subsidiaries is charged with a specified offence or any regulatory body commences or announces any public action against such a director, or a director of HTAL is disqualified from managing a corporation;
- commencement or escalation of hostilities (whether war has been declared or not) involving Australia, New Zealand, United States of America, United Kingdom, Peoples Republic of China and/or Indonesia; or a terrorist act is perpetrated in any of those countries or against any diplomatic or political establishment of any of those countries elsewhere in the world; or a national emergency is declared by any of those countries;
- any delay in the timetable for the Rights Issue by more than 5 business days;
- introduction or announcement of a new Australian law or regulation, or a new policy to be adopted by a government agency in Australia;
- without the prior written consent of HWL, any of the material contracts summarised in the Rights Issue Prospectus are terminated or rescinded, altered or amended in any material respect or any such contract is found to be void or voidable;
- HTAL or any of its subsidiaries contravenes any provision of its constitution, the Corporations Act or any requirement of ASX or any other applicable law or any agreement entered into fails to comply with the Corporations Act; or
- a general moratorium on commercial banking activities in Australia or the United States of America is declared by the relevant central banking authority and remains in force for 2 consecutive business days, or there is a material disruption in commercial banking or securities settlement and clearance services in either of those countries which remains in force for 2 consecutive business days.

Explanatory memorandum continued

3. Approval of increased Voting Power

The Corporations Act prohibition and item 7 of section 611 of the Corporations Act

Currently HCAPL holds 57.82% of the Shares, and HWL and HCAPL have a relevant interest in the 12.37% of the Shares held by Leanrose Pty Limited. As a result, both HWL and HCAPL have 70.19% of the total Voting Power (as defined in the Corporations Act) in HTAL. HWL and HCAPL can only acquire Shares resulting in an increase in their Voting Power above that level in one of the ways prescribed by the Corporations Act. One of those ways is with shareholder approval under section 611 item 7 of the Corporations Act. Resolution 6 is intended to give such approval in relation to HWL and HCAPL, and does not extend to any other holder of the CPS (whether acquiring CPS in the Rights Issue or by purchase on-market).

Under section 606 of the Corporations Act, a person is prohibited from acquiring a relevant interest in issued voting shares in a company if:

- (a) the acquisition would result in the person or anyone else (eg an Associate of the person) having more than 20% of the Voting Power in the company; or
- (b) the person (or someone else) already has between 20% and 90% of the Voting Power in the company, and after the acquisition would have increased Voting Power in the company.

There are certain specified exceptions to the prohibition contained in section 606, one of which is item 7 of section 611 of the Corporations Act. Item 7 of section 611 exempts from the operation of section 606 an acquisition of relevant interests in voting shares in a company if the company has agreed to the acquisition by a resolution passed at a general meeting provided that no votes were cast in favour of the resolution by:

- (a) the person proposing to make the acquisition and its Associates; or
- (b) the person (if any) from whom the acquisition is to be made and their Associates.

What happens if shareholders approve the resolutions?

Voting in favour of resolutions 4, 5 and 6 allows the Rights Issue to proceed, and if that happens shareholders will receive two key benefits:

- (a) they have access to the CPS in the Rights Issue; and
- (b) they receive the benefits which may flow from HTAL reducing its interest bearing debt funding and increasing HTAL's potential equity capital, and thus enhancing HTAL's flexibility to grow its business in the future.

However, if the Rights Issue proceeds and shareholders do not take up their entitlement under the Rights Issue they may have their voting interest in HTAL diluted (see the table on page 12). This means that those shareholders' relative percentage holding in HTAL voting ordinary shares will decrease when CPS held by HWL, HCAPL and others convert to ordinary shares. Shareholders should note that the Rights Issue will be renounceable, which means that shareholders may be able to sell their Rights or buy more Rights, however, this depends on there being sufficient market demand or supply for the Rights, and HTAL makes no representations about the existence or extent of that market.

What are the Australian income tax implications if shareholders approve the resolutions?

The taxation comments below are intended to provide an outline of the Australian income tax (including capital gains tax (CGT)) consequences that may arise for shareholders in respect of the grant of Rights. The Australian income tax and CGT consequences that may arise in respect of their subsequent exercise, lapsing or sale will be fully set out in a prospectus to be made available when the CPS are offered under the Rights Issue.

The taxation comments below are not intended to be comprehensive, and are based upon income tax legislation in force in Australia at the date of this Explanatory Memorandum. As each shareholder's specific circumstances are different, shareholders should not rely on these comments in relation to their own affairs but should consult with their tax adviser for advice applicable to their individual needs and circumstances, and should have regard to any Class Ruling issued by the Australian Taxation Office (ATO) in relation to the Rights.

The granting of Rights by HTAL should not, of itself, give rise to any CGT liability to shareholders to whom the Rights would be granted (regardless of whether those shareholders hold their Shares and/or those Rights on capital or revenue account). The Rights should constitute an asset for CGT purposes.

Prior to a decision of the High Court of Australia on 22 February 2007¹, HTAL considered that the granting of Rights by it would not, of itself, give rise to any assessable income to shareholders. That High Court decision did not concern renounceable rights issues; however, the ATO is understood to be considering the implications of the High Court decision on the granting of renounceable rights, including the question of whether a shareholder is assessable to income tax, at the time of receipt of renounceable rights, on the market value of those renounceable rights at that time.

On 8 March 2007 HTAL lodged a request with the ATO for the issue of a Class Ruling in relation to the proposed issue of Rights. Specifically, the ATO has been requested to issue a Class Ruling, for the benefit of shareholders in HTAL who would receive the Rights, to the effect that no such shareholder would derive any assessable income through the grant to them of the Rights (regardless of whether they held their shares on revenue or capital account).

If the ATO issues any Class Ruling prior to the AGM, HTAL will advise that fact on its website at www.hutchison.com.au. If the ATO does not issue any Class Ruling by the time of the AGM, HTAL will convey at that AGM any understanding it will then have of the ATO's view on the matter before any of the relevant resolutions are put to shareholders.

Shareholders may wish to seek advice on this matter from their own taxation advisers. If the ATO makes any general public announcement of its views on the treatment of renounceable rights issues (not specific to HTAL's proposed Rights) before the AGM, HTAL will draw attention to that on its website at www.hutchison.com.au.

¹ **Commissioner of Taxation v McNeil** [2007] HCA 5. The case concerned the income tax treatment of sell-back rights granted by St. George Bank Ltd to its shareholders in 2001. In the case the High Court decided that the sell-back rights granted to the taxpayer were assessable income in the amount of their market value at the time they were granted. The ATO is addressing the implications of the case (if any) for issues of renounceable rights.

Information required to be given to shareholders

Item 7 of section 611 requires that the shareholders of HTAL are given all information known to HWL, HCAPL or its Associates, or known to HTAL, that is material to making a decision on how to vote on the resolution. The purpose of this Explanatory Memorandum is to convey that information to shareholders. In particular, the Corporations Act requires the following specific information to be provided:

- (a) The persons proposing to acquire Shares in HTAL (upon conversion of the CPS) are HWL and HCAPL.
- (b) The maximum potential extent of the increase in HWL's and HCAPL's Voting Power in HTAL that would result from the conversion of the CPS into Shares in HTAL is 28.1% (assuming 100% shortfall in the Rights Issue).
- (c) The maximum potential Voting Power in HTAL that HWL and HCAPL would have as a result of the conversion of CPS into Shares in HTAL is 98.3% (assuming 100% shortfall in the Rights Issue).
- (d) The maximum potential extent of the increase in the Voting Power in HTAL of Associates of HWL and HCAPL that would result from the conversion by HWL and HCAPL of CPS into Shares in HTAL is 28.1% (assuming 100% shortfall in the Rights Issue).
- (e) The maximum potential Voting Power in HTAL that Associates of HWL and HCAPL would have as a result of the conversion by HWL and HCAPL of CPS into Shares in HTAL is 98.3% (assuming 100% shortfall in the Rights Issue).

ASIC Policy Statement 74 "Acquisitions Agreed to by Shareholders" sets out guidelines regarding the type of information which ASIC recommends should be made available to shareholders in considering a resolution pursuant to item 7 of section 611 (or its predecessor section 623). This information is set out in section 5 of this Explanatory Memorandum.

4. Independent Expert's Report

ASIC Policy Statement 74 requires that HTAL shareholders be provided with, amongst other things, an analysis of whether the conversion of CPS by HWL and HCAPL and their Associates acquired in the Rights Issue or through the underwriting is fair and reasonable when considered in the context of the interests of the Non-Associated Shareholders. The Directors may satisfy their obligations to provide such an analysis by commissioning an Independent Expert's Report. The Directors not associated with HWL and HCAPL (the **Independent Directors**) have commissioned an Independent Expert's Report from Lonergan Edwards & Associates Limited, which is set out in Annexure 1.

Lonergan Edwards & Associates Limited's report concludes that the issue of CPS to HWL and HCAPL is fair and reasonable to the Non-Associated Shareholders. Shareholders should read this report in full before deciding how to vote.

5. Other required information

ASIC Policy Statement 74 also requires the provision of the following additional information:

- (a) The persons having a relevant interest in any Shares acquired by HWL and HCAPL on conversion of the CPS other than HWL and HCAPL are the Associates of HWL, being the subsidiary companies and other controlled entities of HWL. Given the significant number of companies within the HWL Group it is not practical to provide a list of all those Associates. However, a list of the Associates of HWL and HCAPL (other than non-operating or dormant subsidiaries of HWL and the officers of such companies) is available on request from the registered office of HTAL.
- (b) Telecom Corporation of New Zealand Limited (**TCNZ**) currently has a relevant interest in the Shares in HTAL held by HCAPL, as approved by shareholders of HTAL in August 2001. TCNZ and HWL have agreed that TCNZ's relevant interest will be limited to that previously approved by shareholders and therefore TCNZ will not have a relevant interest in any Shares acquired by HWL or HCAPL upon conversion of the CPS.
- (c) Telstra Corporation Limited (**Telstra**) currently has a relevant interest in the Shares in HTAL held by HCAPL, as approved by shareholders of HTAL in October 2004. The provisions of the agreement with Telstra under which this relevant interest arose cease to have any effect on 30 June 2007. Therefore on 30 June 2007, Telstra will cease to hold a relevant interest in those Shares and therefore Telstra will not have a relevant interest in any Shares acquired by HWL or HCAPL upon conversion of the CPS.
- (d) Full particulars (including the number and percentage) of the Shares in HTAL to which HWL and HCAPL is or will be entitled immediately before and after the Rights Issue are set out in section 2 (see, in particular, the table and notes). However it is not possible to know now what the Voting Power of HWL and HCAPL will be any time after the second anniversary of the Issue Date when they may convert the CPS into Shares. That will depend on their present Voting Power level (70.19%) and any other acquisitions, disposals and capital reorganisations that may occur between now and then. It will also depend on how many CPS others have converted into Shares at that time and the number of CPS converted by HWL and HCAPL.
- (e) No change is proposed to the existing directors of HTAL as a result of any allotment of CPS to HWL or HCAPL or the conversion of CPS to Shares.
- (f) HWL and HCAPL do not have any intention to change the business of HTAL, effect any changes to the employment of employees of HTAL, redeploy the fixed assets of HTAL or otherwise transfer property to or from HTAL.
- (g) No further equity capital raisings are currently proposed, however, it is not possible to predict how funding requirements of HTAL will be met in the future.

Explanatory memorandum continued

- (h) HCAPL intends to subscribe for its pro rata share of the CPS in the Rights Issue and HWL will underwrite the Underwritten Amount for a fee of 0.4% of the total Underwritten Amount of CPS, the terms of which are set out in the Underwriting Agreement between HTAL and HWL. There are no other contracts between HWL or HCAPL and HTAL (or any of their Associates) that are conditional or dependent on the shareholders' agreement to resolutions 4, 5 and 6.
- (i) CPS will be issued to HCAPL and any shortfall of underwritten CPS will be subscribed for by HWL (or any Sub-Underwriters it may engage, which may include HCAPL) as soon as practicable after completion of the Rights Issue. Conversion of the CPS of HWL and HCAPL into Shares could occur at any time after the second anniversary of the Issue Date (or, in limited exceptions, before).
- (j) An explanation of the reasons for the Rights Issue is set out in section 2.
- (k) The interests of the Directors in resolutions 4, 5 and 6 arise in their capacity as directors of HWL and/or HCAPL, and as a result of their relevant interests in HTAL securities which are as follows:

Director	Particulars of Directors' Interests in Shares and Convertible Notes of HTAL	
	Ordinary Shares	Convertible Notes
Fok Kin-ning, Canning	5,100,000*	1,474,001 [^]
Barry Roberts-Thomson	83,961,247**	—
Chow Woo Mo Fong, Susan	—	—
Justin Herbert Gardener	102,858	57,430
Lai Kai Ming, Dominic	—	—
John Michael Scanlon	—	—
Frank John Sixt	1,000,000	—

* Direct holding of 100,000 Shares only

** Direct holding of 2,500 Shares only

[^] Direct holding of 134,000 Convertible Notes only

Note: Fok Kin-ning, Canning holds a relevant interest in (i) 4,310,875 shares in HWL, a related body corporate of HTAL; (ii) 5,000,000 shares in HHR, a related body corporate of HTAL; (iii) a nominal amount of USD2,500,000 in the 6.50% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited, a related body corporate of HTAL; (iv) a nominal amount of USD2,500,000 in the 6.25% Notes due 2014 issued by Hutchison Whampoa International (03/33) Limited (HWI 03/33), a related body corporate of HTAL; (v) a nominal amount of USD2,500,000 in the 5.45% Notes due 2010 issued by HWI 03/33; (vi) a nominal amount of USD2,000,000 in the 7.45% Notes due 2033 issued by HWI 03/33; (vii) 225,000 American Depository Shares (each representing one ordinary share) of Partner.

Chow Woo Mo Fong, Susan holds a relevant interest in 150,000 shares in HWL.

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

Frank John Sixt holds a relevant interest in 50,000 shares in HWL; one share in Colonial Nominees Limited, a related body corporate of HTAL, on behalf of Hutchison International Limited.

- (l) Each of Fok Kin-ning, Canning; Chow Woo Mo Fong, Susan; Barry Roberts-Thomson; Lai Kai Ming, Dominic; Frank John Sixt; Justin Herbert Gardener and John Michael Scanlon has approved the putting of the resolutions to shareholders and this Explanatory Memorandum. Each Director strongly advises that you read the Independent Expert's Report in full before voting on the resolutions.
- (m) Each of Barry Roberts-Thomson, Justin Herbert Gardener and John Michael Scanlon (being the Directors not associated with HWL) recommends that shareholders approve the Rights Issue by voting in favour of resolutions 4, 5 and 6 on the basis that the Independent Expert's Report considers that the Rights Issue is fair and reasonable to Non-Associated Shareholders for the reasons set out in the Independent Expert's Report.
- (n) Each of Fok Kin-ning, Canning; Chow Woo Mo Fong, Susan; Lai Kai Ming, Dominic and Frank John Sixt, all of whom are directors of HWL, are not making a recommendation in relation to resolution 6 as they participated in the decision by HWL to underwrite the issue of CPS or are nominees of HWL. These Directors are not making a recommendation in relation to resolution 6 as they believe it would be inappropriate to make a recommendation in these circumstances.
- (o) Each Director who is eligible to vote on resolutions 4, 5 and 6 intends to vote in favour of the resolutions in respect of all the Shares in HTAL held by them.
- (p) HWL and HCAPL have no intention to change significantly the financial or dividend policies of HTAL.
- (q) The Independent Expert's Report contains an analysis of whether the conversion of CPS is fair and reasonable when considered in the context of the Non-Associated Shareholders. Lonergan Edwards & Associates Limited has consented in writing to the inclusion of its report in the form and context in which it is included in this Explanatory Memorandum and has not withdrawn its consent.
- (r) Leanrose Pty Limited, which holds 12.37% of the Shares, has indicated that it does not intend to take up its Rights under the Rights Issue.
- (s) Except as disclosed in the Notice of Annual General Meeting and this Explanatory Memorandum, there is no other information material to a shareholder's decision on how to vote on resolution 6 known to any of HWL, HCAPL, their Associates or HTAL.

6. Terms of CPS

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

1. Form, Issue Price and Allotment Date

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

2. Quotation of CPS and Ordinary Shares on Conversion

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

3. Dividends

3.1 Dividends

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

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

3.2 Withholding Deductions

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

4. Ranking

4.1 Subordination

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

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

to all creditors of the company.

4.2 Winding up and dividends

Each CPS confers upon its holder:

- (a) the right in a winding up to payment in cash of the capital then paid up on it (not exceeding the Issue Price), in priority to any other class of shares; and
- (b) the right (in priority to payment of any dividend to any other class of shares) to any declared and unpaid Dividend in respect only of that CPS prior to the issue of a court order to wind up the company, but no right to participate beyond the extent specified in subparagraphs (a) and (b) above in surplus assets or profits of the company, whether in a winding up or otherwise.

Explanatory memorandum continued

4.3 Return of capital

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

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

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

5. Notices and meetings

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

6. Voting rights

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

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

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

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

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

7. Conversion

7.1 General

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

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

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

7.2 Conversion Date

The Conversion Date of the CPS is:

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

7.3 Effect of Conversion

Conversion of any CPS under clause 7.8 will:

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

7.4 Holder Conversion

Subject to this clause 7, if a holder of CPS has requested Conversion of some or all of their CPS by delivering a Holder Conversion Notice to the company at any time during the Holder Conversion Notice Period, the company must convert the CPS the subject of the Holder Conversion Notice into Ordinary Shares in accordance with clause 7.8. A Holder Conversion Notice must specify the number of CPS to be offered for Conversion (in multiples of 1000, or as to the entire holding). Those CPS convert on the Conversion Date.

7.5 Holder Event Conversion

(a) Holders of CPS have, subject to paragraph (b) below, the right to request Conversion of some or all of their CPS into Ordinary Shares by delivering a Holder Event Conversion Notice to the company if one of the following events occurs (each a **Holder Trigger Event**):

- (i) shareholder approval is obtained under Listing Rule 11.2 (or any successor rule) to permit the company to sell all or substantially all of its business, undertaking or assets; or
- (ii) an Acquisition Event occurs,

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

- (b) A Holder Event Conversion Notice must specify the number of CPS to be converted (in multiples of 1000, or as to the entire holding), and must reach the company during the Holder Event Conversion Notice Period. Those CPS convert on the day after the Holder Event Conversion Notice Period.
- (c) The company will notify each holder of CPS of the occurrence of a Holder Trigger Event in writing by specifying the occurrence of the Holder Trigger Event, which notification must be given within 10 business days of the company becoming aware of the Holder Trigger Event.

7.6 Issuer Event Conversion

(a) The company has the right, subject to paragraph (b) below, to convert some or all of the CPS on issue from time to time upon the occurrence of:

- (i) an Acquisition Event; or
- (ii) a Regulatory Event,

(each an **Issuer Trigger Event**) in which case the company shall convert the CPS the subject of the Issuer Event Conversion Notice into Ordinary Shares in accordance with clause 7.8.

- (b) The company's right to convert the CPS under this clause 7.6 may only be exercised by the company serving on the holder of those CPS an Issuer Event Conversion Notice specifying the number of CPS to be converted (in multiples of 1000, or as to the entire holding) which must be delivered to the holder during the period of 10 business days following the occurrence of the relevant Issuer Trigger Event (the **Issuer Event Conversion Notice Period**), in which case those CPS will convert to Ordinary Shares on the day after the Issuer Event Conversion Notice Period.

7.7 Conversion Notices

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

7.8 Conversion into Ordinary Shares

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

$$N = A \times CN$$

where:

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

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

Explanatory memorandum continued

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

7.9 Adjustments for bonus and rights issues

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

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

Where:

- CN means the Conversion Number applying immediately after the application of this formula;
- CNo means the Conversion Number applying immediately prior to the application of this formula;
- P means the Volume Weighted Average Sale Price of Ordinary Shares during the period from the first business day after the announcement of the bonus or rights issue to the ASX up to and including the last business day of trading cum rights or bonus issue;
- A means the subscription or unit price per Ordinary Share for the rights issue and is zero in the case of a bonus issue;
- RN means the numerator of the ratio (expressed as a fraction) used to determine entitlements to a rights or bonus issue; and
- RD means the denominator of the ratio (expressed as a fraction) used to determine entitlements to a rights or bonus issue.

- (b) No adjustment to the Conversion Number shall occur in accordance with this clause if A exceeds P.
- (c) Clause 7.9(a) will not apply to Ordinary Shares issued as part of an employee share or option plan or dividend reinvestment plan.

7.10 Adjustment for return of capital

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

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

Where:

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

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

7.11 Adjustment for buy-back

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

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

Where:

CN means the Conversion Number applying immediately after the application of this formula;

CNo means the Conversion Number applying immediately prior to the application of this formula;

P means the Volume Weighted Average Sale Price of Ordinary Shares during the 20 business days prior to the announcement to ASX of the buy-back (or cancellation);

BD means the number of Ordinary Shares on issue immediately prior to the buy-back (or cancellation);

BN means the number of Ordinary Shares bought back (or cancelled); and

A means the buy-back (or cancellation) price per Ordinary Share.

- (b) No adjustment to the Conversion Number will occur if P exceeds A.

- (c) The CPS confer no right to participate in a buy-back of Ordinary Shares.

7.12 Adjustment for capital reconstruction

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

7.13 Discretion in Adjustment of Conversion Mechanism

Where:

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

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

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

7.14 Ranking of Ordinary Shares

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

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

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

Explanatory memorandum continued

8. Variation of Rights and Further Preference Share Issues

8.1 Variation of rights – class consent

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

8.2 Procedures

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

8.3 Issue of additional shares – class consent required

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

8.4 Capital reconstruction – class consent not required

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

8.5 Participation in new issues

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

9. Transfer

CPS are transferable in accordance with the constitution.

10. Interpretation

Unless the context otherwise requires:

- (a) rules 1.2 and 1.3 of the constitution apply to this Schedule;
- (b) subject to paragraph (c), words and expressions used in these Issue Terms shall have the meanings ascribed to them respectively in the constitution, including rule 1.1 of the constitution; and

- (c) the following expressions shall have the following meanings:

"Acquisition Event" means a Change of Control Event or Takeover Event;

"Allotment Date" is defined in clause 1;

"ASX" means ASX Limited (ACN 008 624 691) or substitute exchange as appropriate;

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

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

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

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

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

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

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

"Conversion Number" means:

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

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

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

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

- (a) acquiring or having any equitable or beneficial interest in the share, including, without limitation, an equitable interest arising under a declaration of trust, an agreement for sale and purchase or an option agreement or any agreement creating a charge or other security interest over the share; or
- (b) acquiring or having any right to receive directly or indirectly any dividends or other distribution of proceeds of disposal payable in respect of the share or any right to receive an amount calculated by reference to any of them; or
- (c) acquiring or having any rights of pre-emption, first refusal or other direct or indirect control over the disposal of the share; or
- (d) acquiring or having any rights of direct or indirect control over the exercise of any voting rights or rights to appoint directors attaching to the share; or
- (e) otherwise acquiring or having legal or equitable rights against the registered holder of the share (or against a person who directly or indirectly controls the affairs of the registered holder of the shares) which have the effect of placing the other person in substantially the same position as if the person had acquired a legal or equitable interest in the share itself;

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

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

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

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

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

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

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

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

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

"Issue Price" is defined in clause 1;

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

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

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

"Issuer Event Conversion Notice Period" is defined in clause 7.6;

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

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

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

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

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

Explanatory memorandum continued

"Regulatory Event" means:

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

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

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

"Takeover Event" means:

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

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

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

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

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

Attachment 1

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

ISSUE OF NON-CUMULATIVE CONVERTIBLE PREFERENCE SHARES

HOLDER CONVERSION NOTICE

I/we, being holder(s) of [number] CPS, hereby give notice, pursuant to and in accordance with clause 7.4 of the terms of the CPS in the company (**Issue Terms**), of my/our wish to convert [insert number, being all or a multiple of 1000] CPS into Ordinary Shares in accordance with clause 7.8 of the Issue Terms.

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

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

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

[Name and signature of holder(s)]

Dated:

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

Explanatory memorandum continued

Attachment 2

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

ISSUE OF NON-CUMULATIVE CONVERTIBLE PREFERENCE SHARES

HOLDER EVENT CONVERSION NOTICE

I/we, being holder(s) of [number] CPS, hereby give notice, pursuant to and in accordance with clause 7.5 of the terms of the CPS in the company (**Issue Terms**), of my/our wish to convert [insert number, being all or a multiple of 1000] CPS into Ordinary Shares in accordance with clause 7.8 of the Issue Terms, the Holder Trigger Event described in paragraph [*] of clause 7.5(a) having occurred on [date].

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

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

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

[Name and signature of holder(s)]

Dated:

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

Attachment 3

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

ISSUE OF NON-CUMULATIVE CONVERTIBLE PREFERENCE SHARES

ISSUER EVENT CONVERSION NOTICE

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

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

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

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

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

Director
Name (printed):

Director/Secretary
Name (printed):

Dated:

Glossary

Annual General Meeting or AGM	The Annual General Meeting of HTAL to be held on Friday, 4 May 2007
ASIC	The Australian Securities and Investments Commission
Associate	Has the same meaning as "associate" in section 12 of the Corporations Act
ASTC Settlement Rules	The operating rules of the ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).
ASX	ASX Limited (ABN 98 008 624 691)
Corporations Act	Corporations Act 2001 (Cth)
CPS	The convertible preference shares to be issued by HTAL as described in sections 2 and 6
Directors	The directors of HTAL
Explanatory Memorandum	The document so entitled accompanying this Notice of Annual General Meeting of HTAL, of which this Glossary forms a part. It includes the Annexure.
HCAPL	Hutchison Communications (Australia) Pty Limited (ABN 30 003 658 222)
HTAL or the Company	Hutchison Telecommunications (Australia) Limited (ABN 15 003 677 227) and, where appropriate, includes its subsidiaries and any of them.
HWL	Hutchison Whampoa Limited
Issue Date	Date of issue of the CPS
Issue Price	The issue price for the CPS which is \$0.21 per CPS
Listing Rules	The Listing Rules of ASX
Meeting Record Date	7pm (Sydney time) on 2 May 2007
Non-Associated Shareholders	Holders of Shares other than HWL, HCAPL and their Associates
Rights	The pro rata renounceable right to subscribe for CPS to be set out in the entitlement and acceptance form which will accompany the Rights Issue Prospectus. The entitlement will be 20 CPS for every one Share.
Rights Issue	The proposed renounceable rights issue of the CPS substantially as described in the Explanatory Memorandum to raise up to approximately \$2.85 billion
Rights Issue Prospectus	The prospectus in relation to the Rights Issue to be lodged with ASIC
Shares	Ordinary shares in HTAL
Sub-Underwriter	Persons appointed as sub-underwriters by HWL, which may include HCAPL
Underwriter	HWL as underwriter of the Rights Issue
Underwriting Agreement	The Underwriting Agreement dated 16 March 2007 between HTAL and the Underwriter
Underwritten Amount	The amount of CPS to be offered in the Rights Issue other than those CPS which are offered to HCAPL by virtue of it being a shareholder of HTAL, being up to approximately \$1.20 billion
Voting Power	Voting power is determined in accordance with section 610 of the Corporations Act. Essentially, a person's voting power in a company is the total number of votes attached to all the voting shares in the company in which the person or an Associate of the person has a relevant interest (as defined in the Corporations Act), expressed as a percentage of the total number of votes attached to all voting shares in the company. A person can have voting power in a company without controlling the voting rights attached to any shares.

All amounts are in Australian dollars unless otherwise stated.

Annexure 1

INDEPENDENT EXPERT'S REPORT

LONERGAN EDWARDS & ASSOCIATES LIMITED

The Independent Directors
Hutchison Telecommunications (Australia) Limited
Building A
207 Pacific Highway
St Leonards NSW 2065

ABN 53 095 445 560
AFS Licence No 246532
Level 27, 363 George Street
Sydney NSW 2000 Australia
GPO Box 1640, Sydney NSW 2001

Telephone: [61 2] 8235 7500
Facsimile: [61 2] 8235 7550
www.lonerganedwards.com.au

19 March 2007

Subject: Proposed issue of CPS

Dear Sirs

Introduction

- 1 Hutchison Telecommunications (Australia) Limited (HTAL) has announced that it will raise approximately A\$2.85 billion (before costs) by way of a pro-rata rights issue of Convertible Preference Shares (CPS) to existing shareholders.
- 2 The rights issue will be renounceable and will be underwritten by Hutchison Whampoa Limited (HWL), and sub-underwritten by Hutchison Communications (Australia) Pty Limited (HCAPL), which is ultimately owned by HWL. Shareholders will be offered the right to acquire approximately 20 CPS for every 1 ordinary share.
- 3 In summary the CPS:
 - (a) will be issued at 21 cents per CPS, being the volume weighted average price (VWAP) of HTAL shares ten days prior to the announcement of the offer
 - (b) have no voting rights except in limited circumstances (refer Section I)
 - (c) are convertible (at the option of the holder) into 0.85 ordinary shares for each CPS¹ either:
 - (i) after expiry of the two year non-conversion period during a conversion window of 10 business days commencing on the first day of each calendar quarter; or
 - (ii) upon a takeover offer being made for HTAL; or
 - (iii) upon a change of control of HTAL; or
 - (iv) following an announcement by HTAL of a major disposal of its assets may be converted by HTAL into 0.85 ordinary shares in certain circumstances (refer Section I)
 - (d) will convert into 0.85 ordinary shares for each CPS¹ five years after their date of issue
 - (e) rank ahead of ordinary shares in the event of a winding up, but are subordinated to secured debt
 - (f) are entitled to a non-cumulative preferential dividend equal to 5% per annum of the issue price, subject to the directors determining in their discretion that a dividend is payable under rule 5.1 of the Constitution of HTAL²

¹ Subject to adjustment for bonus and rights issues and certain other dilutive events (as explained in the Explanatory Memorandum).

² As HTAL is currently loss making, the Directors of HTAL do not expect to pay dividends for several years.

- (g) will be listed on the Australian Stock Exchange (ASX) subject to achieving minimum spread requirements³.
- 4 HTAL provides wireless communications and multimedia services in Australia and launched Australia's first third generation (3G) mobile network in 2003 under the global brand '3'. Currently more than 1.2 million customers are connected to HTAL's 3G network, which provides services such as live mobile TV, full length audio and music tracks, mobile broadband, video calling and other information and entertainment services⁴, in addition to voice calls and messaging services.
- 5 HWL is a Hong Kong based multinational conglomerate and is HTAL's largest shareholder. HWL employs over 220,000 employees in over 56 countries and generated revenue of approximately US\$16 billion in the 6 months ended 30 June 2006. The company operates in five core businesses including ports and related services, telecommunications and e-commerce, property and hotels, retail and energy and infrastructure.

Purpose of report

- 6 As HWL will underwrite the rights issue of CPS and because, in our opinion, it is unlikely that HTAL shareholders will take up their full entitlements to CPS, it is expected that HWL will increase its voting interest in HTAL upon conversion of the CPS into ordinary shares⁵.
- 7 Section 611(7) of the Corporations Act allows the non-associated shareholders to waive the prohibition preventing a person's voting power in a company increasing from 20% or below to more than 20%, or else from a starting point between 20% and 90%, without making an offer to all security holders by passing a resolution at a General Meeting.
- 8 Policy Statement 74 sets out the view of the Australian Securities & Investments Commission (ASIC) on the operation of what is now Section 611(7) of the Corporations Act. Policy Statement 74 requires that shareholders approving a resolution pursuant to Section 623 of the Corporations Act (the predecessor to Section 611(7)) be provided with a comprehensive analysis of the proposed transaction, including, whether or not the proposed transaction is "fair and reasonable" to non-associated shareholders.
- 9 As a result, the Independent Directors of HTAL who are not associated with HWL have engaged Lonergan Edwards & Associates Limited (LEA) to prepare an independent expert's report stating whether, in our opinion, the issue of CPS to HCAPL is "fair and reasonable" to the shareholders in HTAL not associated with HWL.
- 10 It should be noted that Lonergan Edwards & Associates Limited (LEA) provide no opinion on whether HTAL shareholders should take up their entitlements to CPS. HTAL shareholders and investors must therefore form their own view as to whether they wish to subscribe or purchase CPS.

Summary of opinion

- 11 In our opinion, the issue of CPS to HCAPL is fair and reasonable to the shareholders in HTAL not associated with HWL.
- 12 This is principally because:
- (a) all HTAL shareholders on the share register as at the Record Date⁶ will have an equal opportunity pro-rata to their existing shareholding to participate in the CPS issue
 - (b) HTAL has a very high level of debt and needs to be recapitalised

³ HTAL shareholders should note that ASX listing of the CPS will only occur if more than 50 investors participate in the CPS issue.

⁴ These multimedia services are offered in 3's broadband zones and are available in most parts of Sydney, Wollongong, Melbourne, Geelong, Adelaide, Perth, Canberra, Brisbane and the Gold Coast. Outside these zones customers are able to utilise standard voice, SMS and MMS services.

⁵ HCAPL currently holds 392,353,358 ordinary shares in HTAL, representing 57.8% of all ordinary shares on issue.

⁶ To be determined in accordance with the ASX Listing Rules.

- (c) each CPS is convertible into 0.85 ordinary shares⁷. Thus, conversion to ordinary shares effectively takes place at a 17.6% premium to the market price of HTAL shares
- (d) the premium in (c) is consistent with the range of control premiums paid in circumstances where the bidder already controls the target company (as in this case)
- (e) the non-cumulative preferential dividend return on the CPS (if paid) is significantly less than the average interest rate on the debt being repaid out of the capital raised, and will only be paid provided HTAL generates sufficient profit or has sufficient retained earnings to pay the dividend (which is not expected to be the case for several years)
- (f) while HCAPL and HWL are likely to significantly increase their voting interests in HTAL upon conversion of the CPS into ordinary shares we note that HCAPL / HWL already controls HTAL. However, HTAL shareholders should note that HCAPL will be able to compulsorily acquire all ordinary shares if upon conversion of the CPS HCAPL holds more than 90% of all ordinary shares on issue at that time. Should HCAPL choose to exercise this right the Corporations Act requires that shareholders receive fair value for their shares which is to be determined by an independent expert
- (g) given HTAL's lack of profitability to date, very high debt level and implied high valuation multiples, in our opinion, it is unlikely that a superior funding proposal could be negotiated.

Other matters

- 13 The ultimate decision whether to approve the issue of CPS to HCAPL should be based on each HTAL's shareholders assessment of their own circumstances. Shareholders who are in doubt about the action they should take in relation to the proposal or matters dealt with in this report should seek independent professional advice. For our full opinion on the proposal and the reasoning behind our opinion, HTAL shareholders should read the remainder of our report which is set out in the following sections:

Section		Paragraph
I	The CPS terms	14
II	Scope of our report	15 – 30
III	Profile of HTAL	32 – 61
IV	Opinion on the issue of CPS to HCAPL	62 – 98
 Appendices		
A	Financial services guide	
B	Qualifications, declarations and consents	
C	Glossary	

⁷ Subject to adjustment for bonus and rights issues and certain other dilutive events (as explained in the Explanatory Memorandum).

I The CPS terms

14 The terms of the CPS are as follows:

Terms of the CPS	
Issue price	21 cents per CPS, being the VWAP of HTAL shares ten days prior to the announcement of the offer
Term	5 years subject to early conversion
Ranking	Senior to ordinary shares, subordinated to senior debt
Voting rights	None, except in limited circumstances including where a dividend is declared but not paid within 20 days of the dividend payment date, the company is being wound up or where the proposal affects the rights attaching to the CPS ⁸
Conversion ratio	0.85 ordinary shares for every CPS ⁹
Conversion by holder	Are convertible (at the option of the holder) into 0.85 ordinary shares for each CPS ¹⁰ either: <ul style="list-style-type: none"> • after expiry of the two year non-conversion period during a conversion window of 10 business days commencing on the first day of each calendar quarter; or • upon a takeover offer being made for HTAL; or • upon a change of control of HTAL; or • following an announcement by HTAL of a major disposal of its assets
Conversion by HTAL	HTAL may cause the CPS to be converted in the event of: <ul style="list-style-type: none"> • a takeover offer being made • a change in control of HTAL • a regulatory change affecting the CPS, including a change to the tax or accounting treatment of the CPS
Mandatory Conversion Date	5 years after date of issue
Dividend	Each CPS is entitled to a non-cumulative preferential dividend equal to 5% per annum of the issue price, subject to the directors determining in their discretion that a dividend is payable under rule 5.1 of the Constitution of HTAL. Dividend payment is therefore subject to sufficient profit or retained earnings and Board decision (but not expected for several years)
Offer structure	Renounceable
Offer document	Short form prospectus
Listing	Yes on ASX, subject to achieving minimum spread requirements

⁸ Refer Explanatory Memorandum.

⁹ Subject to adjustment for bonus and rights issues and certain other dilutive events (as explained in the Explanatory Memorandum).

¹⁰ Subject to adjustment for bonus and rights issues and certain other dilutive events (as explained in the Explanatory Memorandum).

II Scope of our report

Purpose

- 15 Section 606 of the Corporations Act prohibits a person from acquiring a ‘Relevant Interest’ in issued voting shares of a company if the acquisition results in the person’s voting power in the company increasing from below 20% to more than 20%, or from a starting point between 20% and 90%, without making an offer to all shareholders of the company.
- 16 Item 7 of Section 611 of the Corporations Act allows the non-associated shareholders to waive this prohibition by passing a resolution at a general meeting. Policy Statement 74 sets out the view of the Australian and Securities Investment Commission (ASIC) on the operation of what is now section 611(7) of the Corporations Act.
- 17 Policy Statement 74 requires that shareholders approving a resolution pursuant to section 623 of the Corporations Act (the predecessor to 611(7)) be provided with a comprehensive analysis of the proposed transaction, including, whether or not the proposed transaction is “fair and reasonable” to the non-associated shareholders. The directors may satisfy their obligations to provide such an analysis by either:
- (a) commissioning an independent expert’s report, or
 - (b) undertaking a detailed examination of the proposal and preparing a report for the non-associated shareholders.
- 18 HCAPL currently holds a 57.8% interest in the ordinary share capital of HTAL. In addition, HCAPL has a relevant interest in the ordinary shares in HTAL held by Leanrose Pty Limited (Leanrose) arising from an equitable mortgage provided as security for a loan. As a result HWL and HCAPL have a total relevant interest in HTAL of 70.2%. However, as HWL will underwrite the rights issue of CPS and because, in our opinion, it is unlikely that HTAL shareholders will take up their full entitlements to CPS, it is expected that HWL and/or HCAPL will increase its voting interest in HTAL upon conversion of the CPS into ordinary shares.
- 19 The Independent Directors of HTAL who are not associated with HWL have therefore engaged LEA to prepare an independent expert’s report stating whether, in our opinion, the issue of CPS to HCAPL is “fair and reasonable” to the shareholders in HTAL not associated with HWL.
- 20 It should be noted that Lonergan Edwards & Associates Limited (LEA) provide no opinion on whether HTAL shareholders should take up their entitlements to CPS. HTAL shareholders and investors must therefore form their own view as to whether they wish to subscribe or purchase CPS.

Basis of Assessment

- 21 In preparing our report we have given due consideration to the Policy Statements and Practice Notes issued by the Australian Securities and Investments Commission (ASIC), particularly Policy Statement 74 “Acquisitions Agreed to by Shareholders”, and Policy Statement 75 “Independent Expert Reports to Shareholders”.
- 22 Policy Statement 74 sets out the view of ASIC on the operation of what is now Section 611 item 7 of the Corporations Act. As stated above, the Policy Statement requires that shareholders approving a resolution pursuant to section 623 of the Corporations Act (the predecessor to 611(7)) be provided with a comprehensive analysis of the proposed transaction, including, whether or not the proposed transaction is “fair and reasonable” to the non-associated shareholders. The report should include a comparison and clear summary of the likely advantages and disadvantages if the proposal is agreed to with the advantages and disadvantages to those shareholders if it is not.
- 23 Policy Statement 74 contrasts with that of 75, which outlines ASIC’s policy on independent expert reports in the context of takeovers. In the latter, ASIC draws a distinction between the terms “fair” and “reasonable” rather than treating “fair and reasonable” as a single concept.

- 24 In our opinion, the most appropriate basis upon which to evaluate the proposal is to consider all the circumstances of the proposal and compare the likely advantages and disadvantages to non associated shareholders if the proposal is agreed to with the advantages and disadvantages to those shareholders if it is not.
- 25 Our report has therefore considered a range of both qualitative and quantitative factors relevant to the consideration of whether the issue of CPS to HCAPL is fair and reasonable to the non-associated shareholders in HTAL, including:
- (a) the rights attaching to the CPS, and in particular, the price at which they convert to ordinary shares in HTAL
 - (b) the price at which the CPS convert to ordinary shares in HTAL relative to the recent market prices of ordinary shares
 - (c) HTAL's requirement for additional equity capital
 - (d) empirical evidence on the pricing of large equity capital raisings generally
 - (e) the likely impact on the control of HTAL
 - (f) the extent to which existing shareholders in HTAL may be diluted
 - (g) other benefits and disadvantages.

Limitations and reliance on information

- 26 LEA has relied upon the following information in preparing this report.

Publicly available information

- (a) the Notice of Meeting and Explanatory Memorandum (including drafts)
- (b) press articles and reports (including broker reports) on HTAL
- (c) industry data, reports and articles
- (d) Annual Reports of HTAL for the years ended 31 December 2004 and 2005
- (e) financial results of HTAL for the year ended 31 December 2006

Non Public Information provided by HTAL

- (f) other confidential documents, presentations and working papers.

- 27 Our opinion is based on economic, market and other conditions prevailing at the date of this report.
- 28 Our report is also based upon financial and other information provided by HTAL. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the proposed issue of CPS to HCAPL is "fair and reasonable" to the non-associated shareholders. However, in assignments such as this time is limited and we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose. None of these additional tasks have been undertaken.
- 29 We understand the accounting and other financial information that was provided to us has been prepared in accordance with generally accepted accounting principles and is consistent with the method of accounting in previous years (except where noted).
- 30 An important part of the information base used in forming an opinion of the kind expressed in this report is the opinions and judgement of management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

- 31 In forming our opinion, we have assumed that:
- (a) the information set out in the accompanying Notice of Meeting and Explanatory Memorandum is complete, accurate and fairly presented in all material respects
 - (b) the legal agreements underlying the proposal will be implemented in accordance with their terms.

III Profile of HTAL

32 HTAL provides wireless communications and multimedia services in Australia and launched Australia's first third generation (3G) mobile network in 2003 under the global brand '3'. Currently more than 1.2 million customers are connected to HTAL's 3G network, which provides services such as live mobile TV, full length audio and music tracks, mobile broadband, video calling and other information and entertainment services¹¹, in addition to voice calls and messaging services.

History / recent corporate events

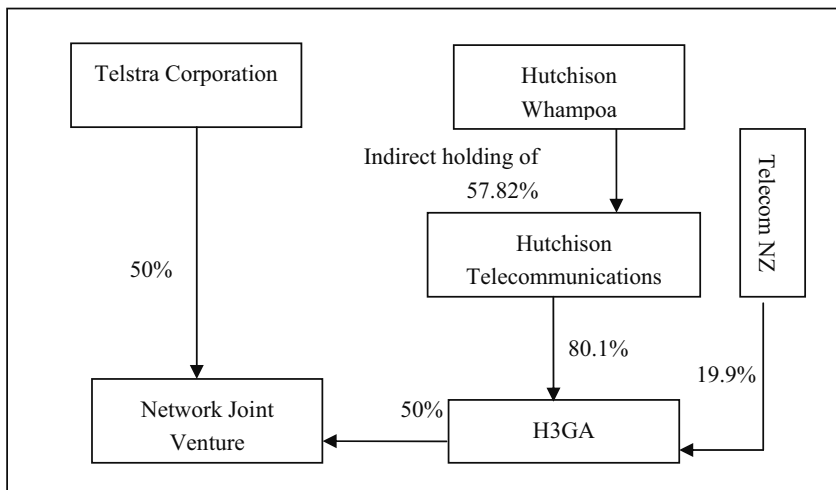
- 33 HTAL was established in 1989, and first began operations as a paging company. However, as demand for mobile services grew, HTAL invested in and developed a highly successful GSM resale business (which it divested in 2001).
- 34 Following the procurement of 800 megahertz spectrum licences in 1998, HTAL undertook an Initial Public Offering (IPO) and listed on the Australian Stock Exchange (ASX) on 17 August 1999. The offering, which raised net proceeds of approximately \$215 million, principally financed the development, construction and operation of HTAL's wireless CDMA network.
- 35 HTAL's CDMA wireless mobile network was marketed under the "Orange" brand and offered mobile telephony services in and around Sydney and Melbourne.
- 36 The service was launched in 2000 and although HTAL's spectrum licences were limited to the greater metropolitan areas of Sydney and Melbourne, HTAL had (prior to launch) entered into a roaming agreement with Telstra that enabled customers to roam onto Telstra's national CDMA network when outside Sydney and Melbourne.
- 37 On 1 February 2006 HTAL announced that it had joined its mobile services, Orange and 3, under the single brand 3, and planned to upgrade Orange customers from its 2G CDMA network. Subsequently, on 9 May 2006, HTAL announced that its CDMA network would close on 9 August 2006.
- 38 In March 2000, HTAL acquired 1.8 GHz spectrum licences in Sydney, Melbourne, Brisbane, Adelaide and Perth for \$671 million. While short-term funding was provided by HWL, the acquisition of the licences was ultimately funded by the proceeds of a rights issue that the company undertook in mid 2000.
- 39 The International Telecommunication Union on 7 June 2000 broadened the spectrum available for the delivery of 3G services. As a result of the decision, HTAL could use its 1.8 GHz spectrum licences to provide 3G services¹².
- 40 In March 2001, HTAL acquired additional spectrum in the 2.1 GHz band at a total cost of \$196.1 million. The licences covered the areas of Sydney, Melbourne, Brisbane, Adelaide and Perth.
- 41 In May 2001 HTAL and Telecom Corporation of New Zealand Limited (TCNZ) announced the formation of a major strategic alliance. The key feature of the alliance in Australia was the formation of a dedicated 3G company, Hutchison 3G Australia Pty Limited (H3GA), to develop 3G services in Australia. TCNZ has subscribed AUD \$400 million for a 19.9% stake in H3GA. HTAL undertook to provide AUD\$600 million which it raised via a rights issue of convertible notes in July 2002.
- 42 HTAL, through H3GA, launched Australia's first third generation W-CDMA network in April 2003. This technology enables significantly faster data speeds than older mobile technologies allowing multimedia services such as video streaming, sports footage, internet access and entertainment to be provided.
- 43 On 4 August 2004, HTAL announced that (its subsidiary) H3GA had reached agreement with Telstra for the joint ownership and operation of H3GA's existing 3G radio access network, as well as the funding of future network development. Under the agreement the H3GA radio access network

¹¹ These multimedia services are offered in 3's broadband zones and are available in most parts of Sydney, Wollongong, Melbourne, Geelong, Adelaide, Perth, Canberra, Brisbane and the Gold Coast. Outside these zones customers are able to utilise standard voice, SMS and MMS services.

¹² Lacy, C., Ruling may hit spectrum sale, Australian Financial Review, 8/6/2000, pg 7.

became the core asset of the joint venture and Telstra paid HTAL approximately \$450 million for a 50% ownership interest in the asset.

44 A diagrammatic representation of the current structure as a result of this agreement is shown below:



45 On 18 August 2004 HTAL announced that H3GA had put in place a \$1.5 billion five year bank facility to refinance the short-term facilities and to provide working capital and support for the company's 3G business.

46 On 10 October 2006 and 6 November 2006 HTAL announced a new Chief Financial Officer (Mr Tim Finlayson) and Chief Executive Officer (Mr Nigel Dews) respectively.

Financial performance and cash flow

47 The historical financial performance of HTAL is summarised below:

Financial Performance for years ended 31 December 2003 to 2006				
	2003	2004	2005	2006
	Audited	Audited	Audited	Audited
	\$ m	\$ m	\$ m	\$ m
Sales revenue ⁽¹⁾	340.2	767.9	907.3	1,055.7
EBITDA ⁽²⁾	(230.1)	(429.7)	(183.2)	30.2
Depreciation and amortisation	(175.3)	(276.2)	(260.1)	(216.9)
EBIT	(405.4)	(705.9)	(443.3)	(186.7)
Net interest expense	(86.2)	(174.8)	(227.1)	(264.8)
Loss before tax and significant items	(491.6)	(880.7)	(670.4)	(451.5)
Income tax expense	-	(0.1)	-	-
Significant items ⁽³⁾	6.7	53.8	17.6	(307.9)
Net loss attributable to minority interests	75.1	136.9	105.5	-
Loss after tax ⁽⁴⁾	(409.8)	(690.1)	(547.3)	(759.4)
Basic earnings per share (cents)	(60.4)	(101.7)	(80.7)	(111.9)
Key performance indicators:				
Customer numbers ⁽⁵⁾ :				
Orange	325,000	426,000	381,000	-
3G Network	87,000	413,000	654,000	1,245,000
	412,000	839,000	1,035,000	1,245,000

Financial Performance for years ended 31 December 2003 to 2006				
	2003	2004	2005	2006
	Audited	Audited	Audited	Audited
	\$ m	\$ m	\$ m	\$ m
Average revenue per user (ARPU) ⁽⁶⁾	\$55	\$70	\$67	\$67 ⁹
Margin ⁽⁷⁾	\$41	\$45	\$48	\$49 ⁹
3G customer acquisition cost ⁽⁸⁾	\$464	\$416	\$402	\$274

Note:

- 1 Represents revenue from operating activities and excludes interest income and other non-operating revenue.
- 2 EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) excludes the profit (loss) on significant items.
- 3 Significant items include net foreign exchange gains and a gain on the sale of radio access network infrastructure to Telstra of \$40.3 million (FY04) and \$17.1 million (FY05). CDMA network closure costs of \$307.9 million were provided for in FY06.
- 4 Net profit after tax attributable to Hutchison Telecommunications Australia shareholders after minority interests.
- 5 Customer numbers reflect active mobile customers at the end of the period and excludes paging and information services.
- 6 ARPU represents rolling 12 months average revenue per user, per month at the end of the period across pre and post-paid customers.
- 7 Margin represents rolling 12 month average margin per customer, across pre and post-paid, per month at the end of the period. Margin represents service revenue less interconnect and variable content costs.
- 8 Customer acquisition cost represents the average direct costs, including commissions, promotional credits and handset subsidies associated with acquiring each new customer for the period.
- 9 ARPU and margin on the 3G network was \$70.50 and \$52.17 per customer respectively.

-
- 48 HTAL has demonstrated strong revenue growth in the last four years, with the result having been primarily driven by the launch of the third generation mobile service "3". This service has seen its customer base grow rapidly since its launch in 2003.
- 49 As stated above the 2G CDMA network was closed on 9 August 2006 and Orange (2G) customers have been upgraded to the 3G network. 2G CDMA network closure costs of \$307.9 million were incurred in the year ended 31 December 2006.
- 50 Positive EBITDA (before significant items) was reported for the first time in the year ended 31 December 2006. This was primarily due to:
- (a) a 20.3% increase in total mobile customers
 - (b) improvements in churn rates, with post-paid customer churn in the 3G business falling to 1.1% (compared with 2.1% in the prior corresponding period)
 - (c) reductions in operating costs, in part due to the commencement of cost rationalisation associated with the closure of the CDMA network and lower customer acquisition costs (which fell to \$274 for each new 3G customer from \$402 in 2005).
- 51 Notwithstanding the improvement in profitability, HTAL continues to incur large operating cash flow deficits, as shown below:

Summary of Consolidated Cash Flow Statement for years ended 31 December 2003 to 2006				
	2003	2004	2005	2006
	Audited	Audited	Audited	Audited
	\$m	\$m	\$m	\$m
Cash flows from operating activities				
Operating cash flow before net interest payments	(344.4)	(542.9)	(211.0)	(181.3)
Net interest paid	(65.1)	(153.8)	(215.9)	(222.1)
Net cash (outflow) from operating activities	<u>(409.5)</u>	<u>(696.7)</u>	<u>(426.9)</u>	<u>(403.4)</u>
Cash flows from investing activities				
Proceeds from sale of radio access network infrastructure	-	22.5	424.6	-
Capital expenditure	(430.4)	(341.0)	(210.5)	(169.8)
Net cash (outflow) / inflow from investing activities	<u>(430.4)</u>	<u>(318.5)</u>	<u>214.1</u>	<u>(169.8)</u>
Cash flows from financing activities				
Net movement in borrowings	836.4	1,047.8	263.3	479.4
Repayment of finance leases	(1.5)	(2.7)	(2.8)	(3.1)
Net cash inflow from financing activities	<u>834.9</u>	<u>1,045.1</u>	<u>260.5</u>	<u>476.3</u>
Net increase / (decrease) in cash	<u>(5.0)</u>	<u>29.9</u>	<u>47.7</u>	<u>(96.9)</u>

- 52 Operating cash flow deficits have largely been funded by debt and the sale of a 50% interest in H3GA's radio access network infrastructure to Telstra.
- 53 As shown above capital expenditure has reduced over the period. This lower level of capital expenditure reflects the cost efficiency of the 3G network for incremental capacity requirements and the cost benefits associated with the shared 3G radio access network infrastructure with Telstra.

Financial position

- 54 The balance sheet of HTAL as at 31 December 2006 is set out below:

	\$ m
Current Assets	
Cash	23.6
Receivables	207.3
Inventories	64.6
Other	20.9
Total Current Assets	<u>316.4</u>
Non-Current Assets	
Receivables	103.8
Investment accounted for using the equity method	0.7
Property, Plant and Equipment	946.1
Intangible Assets	706.0
Other	3.6
Total Non-Current Assets	<u>1,760.2</u>
Total Assets	<u>2,076.6</u>
Current Liabilities	
Payables	300.0
Interest Bearing Liabilities	750.8
Provisions	1.1
Other	8.0

	\$ m
Total Current Liabilities	1,059.9
Non-Current Liabilities	
Interest Bearing Liabilities	2,846.6
Provisions	1.5
Total Non-Current Liabilities	2,848.1
Total Liabilities	3,908.0
Net Assets	(1,831.4)
Ordinary Shares on Issue (millions)	678.6

- 55 HTAL has invested heavily in the development, construction and operation of both its Orange and 3G businesses over the past four years. In total the Company has incurred over \$1 billion in expenses on the construction and development of the two networks.

Interest bearing debt

- 56 As at 31 December 2006 the HTAL Group had interest bearing debt of around \$3.6 billion (an increase of around \$0.5 billion since 31 December 2005). This debt, split between the parent entity and H3GA, and associated repayment dates is set out below:

Group debt facilities as at 31 December 2006					
Lender/facility	HTAL debt \$m	H3GA debt ⁽²⁾ \$m	Total Group debt \$m	Repayment date	HWL funded or guaranteed
Convertible notes	600.2	-	600.2	Jul 07	99.65% ⁽¹⁾
Term facility	-	150.0	150.0	Jul 07	Yes
HCAPL	196.0	-	196.0	Dec 08	Yes
Hutchison OMF Limited	754.4	-	754.4	Dec 08	Yes
Term facility	200.0	-	200.0	Feb 08	Yes
Term facility	-	100.0	100.0	Dec 08	Yes
Syndicated term facility	-	1,500.0	1,500.0	Aug 09	Yes
Term facility	-	100.0	100.0	Dec 10	Yes
Intergroup debt	(390.8)	390.8	-		
Total	<u>1,359.8</u>	<u>2,240.8</u>	<u>3,600.6</u>		

Note:

- 1 HWL indirectly owns 99.65% of the convertible notes.
2 HTAL owns 80.1% of H3GA.

- 57 As shown above almost all HTAL's group debt has either been funded or guaranteed by HWL. However, pursuant to an agreement with Telecom Corporation of New Zealand (TCNZ), from 1 January 2007 TCNZ is required to contribute to H3GA's funding support via debt and/or equity on a pro-rata basis.

58 HTAL's 909,358,150 convertible notes were issued in July 2002, have a term of five years and provide a cash coupon payment of 5.5% per annum, payable semi annually until the earlier of conversion or maturity. The issue price of each convertible note is \$0.66 and they may be converted into ordinary shares of the company at the option of the holder (in certain circumstances) on a one for one basis. However, given that the HTAL share price has only ranged between 20.5 cents and 29.0 cents in the 12 months to 15 March 2007 the Independent Directors of HTAL do not expect the holders (mainly HWL) to convert. Consequently, the convertible notes will need to be repaid in July 2007.

Market capitalisation and share price performance

59 As at 15 March 2007 HTAL had 678,625,429 shares on issue and a market capitalisation of approximately \$139 million (based on the closing price of 20.5 cents).

60 HTAL's share price performance from 1 July 2005 to 15 March 2007 is summarised below:

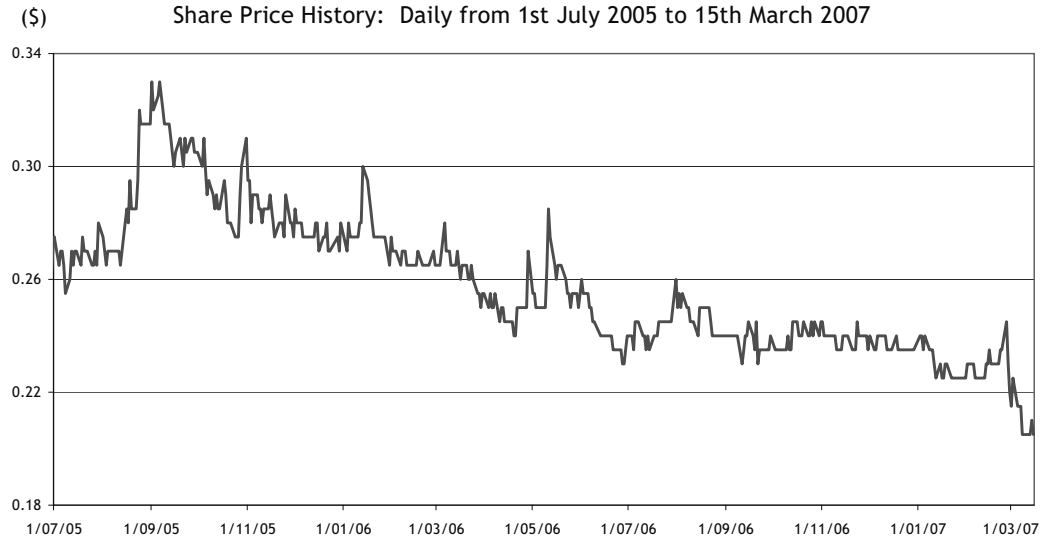
	High cents	Low cents	Close cents	Monthly volume ⁽¹⁾ 000
Quarter ended				
Sep-05	34.0	25.5	30.5	12,912
Dec-05	31.0	27.0	28.0	4,815
Month				
Jan-06	31.0	26.0	27.5	10,395
Feb-06	27.5	26.0	26.5	4,683
Mar-06	28.0	25.0	25.5	11,973
Apr-06	27.0	24.0	27.0	8,266
May-06	29.0	24.5	25.5	11,859
Jun-06	26.5	23.0	24.0	9,428
Jul-06	26.0	23.5	26.0	4,367
Aug-06	26.0	24.0	24.0	4,547
Sep-06	24.5	23.0	24.0	5,384
Oct-06	25.0	23.5	24.5	5,006
Nov-06	24.5	23.5	23.5	5,231
Dec-06	24.0	23.5	23.5	5,603
Jan-07	24.0	22.5	22.5	9,347
Feb - 07	24.5	21.5	22.0	8,560
1 – 15 March 2007	22.5	20.5	20.5	5,978

Note:

1 Monthly volumes for the quarter ended represent average monthly volumes.

61 The following graph illustrates the movements in HTAL's share price over the same period:

Hutchison Telecommunications (Australia) Limited
Share Price History: Daily from 1st July 2005 to 15th March 2007



IV Opinion on the issue of CPS to HCAPL

Summary

- 62 In our opinion, the proposed issue of CPS to HCAPL is fair and reasonable to the shareholders in HTAL not associated with HWL. This is principally because:
- (a) the issue of CPS is to be undertaken via a pro-rata renounceable entitlements offer to all HTAL shareholders on the share register as at the Record Date¹³. All HTAL shareholders on that date therefore have an equal opportunity pro-rata to their existing shareholding to participate in the capital raising
 - (b) HTAL's operations cannot support its current level of borrowings (which are very high) and the company needs to be recapitalised through the issue of new equity capital
 - (c) each CPS converts into 0.85 ordinary shares¹⁴. Thus, conversion to ordinary shares effectively takes place at a 17.6% premium to the market price of HTAL shares. Consequently, in our opinion, the value of the non-associated shareholders' interests in HTAL is not being diluted
 - (d) the premium referred to above is consistent with the range of control premiums paid in circumstances where the bidder already controls the target company. In this regard we note that HWL (via HCAPL) currently owns 57.8% of the ordinary shares and can increase its holding to around 82% by converting its convertible notes
 - (e) the non-cumulative preferential dividend return on the CPS (if paid) is significantly less than the average interest rate on the debt being repaid out of the capital raised, and will only be paid provided HTAL generates sufficient profit or has sufficient retained earnings to pay the dividend (which is not expected to be the case for several years)
 - (f) while HCAPL and HWL are likely to significantly increase their voting interests in HTAL upon conversion of the CPS into ordinary shares we note that HCAPL / HWL already controls HTAL. However, HTAL shareholders should note that HCAPL will be able to compulsorily acquire all ordinary shares if upon conversion of the CPS HCAPL holds more than 90% of all ordinary shares on issue at that time. Should HCAPL choose to exercise this right the Corporations Act requires that shareholders receive fair value for their shares which is to be determined by an independent expert
 - (g) given HTAL's lack of profitability to date, very high debt level and implied high valuation multiples, in our opinion, it is unlikely that a superior funding proposal could be negotiated.
- 63 We comment on these issues in more detail below.

The need for new equity capital

- 64 HTAL currently has a very high level of borrowings. As at 31 December 2006 the HTAL Group had consolidated borrowings (including convertible notes) of \$3.6 billion, of which over \$750.2 million is repayable on or before 31 July 2007.
- 65 Further:
- (a) HTAL's total liabilities exceeded its total assets by \$1.8 billion as at 31 December 2006
 - (b) HTAL's market capitalisation was only \$139 million as at 15 March 2007, based on the closing share price of 20.5 cents on that date

¹³ To be determined in accordance with the ASX Listing Rules.

¹⁴ Subject to adjustment for bonus and rights issues and certain other dilutive events (as explained in the Explanatory Memorandum).

- (c) interest expenses in the year ended 31 December 2006 exceeded HTAL's market capitalisation.
- 66 While HTAL generated a positive EBITDA before significant items for the first time in the year ended 31 December 2006 it generated an operating loss before tax and significant items of \$451.5 million and operating cash flow before net interest paid was negative \$181.3 million. Consequently, HTAL remains dependent on HWL's continued financial support in order to make interest payments (which in the year ended 31 December 2006 exceeded \$260 million) and operate as a going concern.
- 67 However, while HWL is willing to make further capital commitments in order to recapitalise HTAL, we understand that HWL is not prepared to indefinitely guarantee the debt levels of HTL and H3GA or to fund the interest costs on this debt.
- 68 Consequently, in our opinion, it is clear from the above that HTAL needs to be recapitalised through the issue of new equity capital.

Pro-forma financial position

- 69 We set out below the actual consolidated balance sheet of HTAL as at 31 December 2006 and a pro-forma consolidated balance sheet assuming the issue of CPS took place on that date:

HTAL Consolidated balance sheet as at 31 December 2006			
	Actual \$m	Impact of capital raising ⁽¹⁾ \$m	Pro-forma \$m
Cash	23.6	319.6	343.2
Other current assets	292.8	-	292.8
Total current assets	<u>316.4</u>	<u>319.6</u>	<u>636.0</u>
Property, plant and equipment	946.1	-	946.1
Intangible assets	706.0	-	706.0
Other non-current assets	108.1	-	108.1
Total non-current assets	<u>1,760.2</u>	<u>-</u>	<u>1,760.2</u>
Total assets	<u>2,076.6</u>	<u>319.6</u>	<u>2,396.2</u>
Current interest bearing liabilities	750.8	(750.8)	-
Other current liabilities	309.1	-	309.1
Current liabilities	<u>1,059.9</u>	<u>(750.8)</u>	<u>309.1</u>
Non-current interest bearing liabilities	2,846.6	(1,772.6)	1,074.0
Other non-current liabilities	1.5	-	1.5
Non-current liabilities	<u>2,848.1</u>	<u>(1,772.6)</u>	<u>1,075.5</u>
Total liabilities	<u>3,908.0</u>	<u>(2,523.4)</u>	<u>1,384.6</u>
Net assets/(liabilities)	<u>(1,831.4)</u>	<u>2,843.0</u>	<u>1,011.6</u>
Net tangible assets/(liabilities)	(2,537.4)		305.6

Note:

1 Assuming a 20:1 entitlements issue at 21 cents per CPS less issue costs of \$7 million.

- 70 As shown above the equity capital raised from the CPS issue will:

- (a) significantly reduce HTAL's consolidated debt level
- (b) result in HTAL having positive net assets.

71 The CPS capital raising is also expected to reduce interest expenses by around \$250 million per annum.

Value implications

72 The volume weighted average price (VWAP) of HTAL shares over the one, three and 12 months prior to 15 March 2007 is set out below:

HTAL share prices (cents)				
Period	High	Low	VWAP	Volume 000's
1 month period to 15 March 2007	24.50	20.50	21.94	11,001
3 months period to 15 March 2007	24.50	20.50	22.57	24,986
12 months period to 15 March 2007	29.00	20.50	24.20	89,178

Note:

- 1 The total volume traded over the 12 months to 15 March 2007 represents approximately 44.1% of the free float (ie excluding the HWL and Leanrose shareholdings).

73 As indicated above HTAL shares have traded in a relatively narrow range recently.

74 Based on a market price of 22.57 cents (being the three month VWAP to 15 March 2007), HTAL's market capitalisation is around \$153 million. This market capitalisation implies a business value (on an ungeared basis) of approximately \$3.3 billion, as calculated below:

	\$m
Market capitalisation (based on 3 month VWAP)	153
Debt of HTAL (parent company) ⁽¹⁾	1,360
80.1% of debt in H3GA ⁽²⁾	1,795
Enterprise value	<u>3,308</u>

Note:

- 1 Includes convertible note debt.
- 2 We have excluded the proportion of debt attributed to Telecom New Zealand (which owns 19.9% of H3GA).

75 Given that H3GA has not yet achieved profitability, in our opinion, this business value is very high. The forecast EBITDA multiples for HTAL for FY07 and FY08 (based on broker forecasts) are also very high when compared against other listed telecommunication companies. Further, it is clear that the current level of gearing is not sustainable on a standalone basis.

76 As stated in Section I, each CPS converts into 0.85 ordinary shares¹⁵.

77 Each CPS therefore converts to ordinary shares at an effective premium of 17.6% (being 1 divided by 0.85).

78 In contrast we note that large capital raisings are normally priced at a discount to the prevailing market price, depending on, inter alia, the circumstances of the particular issue, the amount of money being raised, the purpose of the issue and the size of the raising in percentage terms etc.

¹⁵ Subject to adjustment for bonus and rights issues and certain other dilutive events (as explained in the Explanatory Memorandum).

- 79 Given the size of the proposed capital raising relative to HTAL's market capitalisation, HTAL's lack of profitability, very high debt level and implied high valuation multiples, in our opinion, a new equity issue of the size proposed by HTAL would ordinarily be priced at a very large discount to the current market price, and then only with the support of HWL.
- 80 Based on the above, in our opinion, the value of the non-associated shareholder interests in HTAL are therefore not being diluted as a result of the proposed issue of CPS.
- 81 Further, we note that the premium at which CPS convert to ordinary shares is consistent with the range of control premiums paid in circumstances where the bidder already controls the target company (as in this case).

CPS dividend entitlement

- 82 Each CPS is entitled to a non-cumulative preferential dividend equal to 5% per annum of the issue price, subject to the directors determining in their discretion that a dividend is payable under rule 5.1 of the constitution of HTAL. Dividends on the CPS are therefore subject to sufficient profit or retained earnings and a Board decision to pay the dividend.
- 83 However, as HTAL has negative retained earnings and is currently loss making, the directors of HTAL do not expect to pay dividends (on either CPS or ordinary shares) for several years.
- 84 CPS holders are therefore unlikely to receive a dividend in the short to medium term.
- 85 In contrast, the reduction in HTAL's debt as a result of the CPS issue¹⁶ is expected to reduce interest expenses by around \$250 million per annum.
- 86 HTAL's interest cost savings are therefore expected to significantly exceed the dividend entitlement on the CPS in the short to medium term. Further, while interest must be paid regardless of profitability, the preferential dividend on the CPS is only payable if HTAL has sufficient profits or retained earnings.
- 87 While interest expenses (but not CPS dividends) are deductible for tax purposes (subject to thin capitalisation provisions), it should be noted that HTAL has very large income tax losses, and accordingly any tax benefit associated with interest payments will not accrue to HTAL for a very long time.
- 88 Consequently, in our opinion it is clear that the CPS provide a better funding alternative to HTAL's existing debt funded structure at this time.

Impact on voting rights

- 89 HCAPL currently owns 392,353,358 ordinary shares and 906,206,358 convertible notes in HTAL.
- 90 While shareholder approval was obtained in May 2002 for the conversion of the convertible notes by HCAPL into ordinary shares¹⁷, as the conversion price of 66 cents is significantly above the current market price of HTAL shares we do not expect conversion to take place.
- 91 Consequently, for the purpose of setting out the impact on the voting control of HTAL as a result of the CPS issue we have assumed that the convertible notes will not be converted into ordinary shares.
- 92 While the CPS have no voting rights until conversion, upon conversion of the CPS into ordinary shares we expect that HWL and HCAPL will significantly increase their combined shareholding and voting interest in HTAL. As HWL will underwrite the CPS issue, HWL's voting interest upon conversion will also depend on the extent to which other HTAL shareholders take up their entitlements to CPS.
- 93 Consequently, we set out below a table setting out the current and pro-forma voting interests of HWL / HCAPL in HTAL depending on the extent to which other shareholders take up their entitlements to the CPS:

¹⁶ The proceeds of the CPS issue are to be used to largely reduce debt.

¹⁷ The last remaining conversion period is in the 15 business days prior to 12 July 2007.

Current and pro-forma voting interests upon conversion of CPS						
	Current voting interests (millions)	Pro-forma voting interests upon conversion of CPS				
		Nil take-up ⁽¹⁾ \$	25% take-up ⁽¹⁾ \$	50% take-up ⁽¹⁾ \$	75% take-up ⁽¹⁾ \$	100% take-up ⁽¹⁾ \$
HCAPL / HWL	392.4	11,929.0	10,712.3	9,495.7	8,279.0	7,062.4
Other shareholders	286.3	286.3	1,502.9	2,719.6	3,936.2	5,152.9
Total	678.6	12,215.3	12,215.3	12,215.3	12,215.3	12,215.3

Percentage voting interests:

HCAPL / HWL	57.8%	97.7%	87.7%	77.7%	67.8%	57.8%
Other shareholders	42.2%	2.3%	12.3%	22.3%	32.2%	42.2%

Note:

1 % take up refers to the extent to which shareholders in HTAL other than HCAPL take up their entitlements to CPS.

2 The above calculations assume a 20:1 entitlements offer of CPS.

3 HCAPL / HWL's voting interest above excludes its relevant interest in the HTAL shares held by Leanrose.

94 In our opinion, HWL is likely to significantly increase its ordinary shareholding and voting interest in HTAL as a result of the CPS issue (and related underwriting) and conversion of CPS into ordinary shares. However, it should be noted that:

(a) HWL can already increase its ordinary shareholding and voting interest in HTAL to around 82% by converting its convertible notes into ordinary shares¹⁸

(b) the CPS have no voting rights until conversion (except in limited circumstances).

95 HTAL shareholders should also note that HCAPL will be able to compulsorily acquire all ordinary shares if upon conversion of the CPS HCAPL holds more than 90% of all ordinary shares on issue at that time. However, should HCAPL choose to exercise this right the Corporations Act requires that shareholders receive fair value for their shares, which is to be determined by an independent expert.

Likelihood of a future takeover bid

96 As HWL (through HCAPL) controls HTAL and will continue to do so if the CPS issue is approved, in our opinion, the likelihood of a future takeover offer for HTAL is not diminished. This is principally because, in our opinion, the most likely purchaser of 100% of the shares in HTAL is HWL.

Alternative funding proposals

97 Given HTAL's lack of profitability to date, very high debt level and implied high valuation multiples, in our opinion, it is unlikely that a superior funding proposal could be negotiated.

¹⁸ This assumes that other convertible noteholders also convert their convertible notes to ordinary shares.

Conclusion

98 Based on the above we have concluded that the proposed issue of CPS to HCAPL is fair and reasonable to the shareholders in HTAL not associated with HWL.

Yours faithfully



Craig Edwards
Director



Martin Holt
Director

Financial Services Guide

Lonergan Edwards & Associates Limited

- 1 Lonergan Edwards & Associates Limited (ABN53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and Independent Expert's Reports in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.
- 2 LEA holds Australian Financial Services Licence No 246532.

Financial Services Guide

- 3 The Corporations Act 2001 authorises LEA to provide this Financial Services Guide (FSG) in connection with its provision of an Independent Expert's Report (the Report) to accompany a notice of general meeting and explanatory statement to be sent to HTAL shareholders in connection with the proposed issue of CPS to HCAPL.
- 4 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and if complaints against us ever arise how they will be dealt with.

Financial services we are licensed to provide

- 5 Our Australian financial services licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

General financial product advice

- 6 The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.
- 7 You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

- 8 LEA charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are based on a time cost basis using agreed hourly rates.
- 9 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.
- 10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firms profitability and do not receive any commissions or other benefits arising directly from services provided to you. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to you.
- 11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

- 12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.

Appendix A

- 13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Industry Complaints Services (FICS), an external complaints resolution service. You will not be charged for using the FICS service.

Contact details

- 14 LEA can be contacted by sending a letter to the following address:
Level 27
363 George Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)

Qualifications, declarations and consents

Qualifications

- 1 Lonergan Edwards & Associates Limited (LEA) is a licenced investment adviser under the Corporations Act and holds a financial services licence. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared more than 100 Independent Expert's Reports.
- 2 This report was prepared by Mr Craig Edwards and Mr Martin Holt who are each authorised representatives of LEA. Mr Edwards and Mr Holt have over 13 years and 20 years experience respectively in the provision of valuation advice.

Declarations

- 3 This report has been prepared at the request of the independent directors of HTAL to accompany the Explanatory Memorandum to be sent to HTAL shareholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the proposed issue of CPS to HCAPL is fair and reasonable to the non-associated shareholders in HTAL.

Interests

- 4 At the date of this report, neither LEA, Mr Edwards nor Mr Holt have any interest in HTAL shares. LEA is entitled to receive a fee for the preparation of this report based on time expended at our standard hourly professional rates. With the exception of the above fee, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.

Indemnification

- 5 As a condition of LEA's agreement to prepare this report, HTAL agreed to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of HTAL which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

- 6 LEA consents to the inclusion of this report in the form and context in which it is included in the Explanatory Memorandum.

Glossary

ASIC	Australian Securities & Investments Commission
ASX	Australian Stock Exchange
CDMA	Code Division Multiple Access
CPS	Convertible preference shares
EBITDA	Earnings before interest, tax, depreciation and amortisation
GSM	Global System for Mobile Communications
H3GA	Hutchison 3G Australia Pty Ltd
HCAPL	Hutchison Communications (Australia) Pty Limited
HTAL	Hutchison Telecommunications (Australia) Limited
HWL	Hutchison Whampoa Limited
IPO	Initial public offering
LEA	LonerGAN Edwards & Associates Limited
Leanrose	Leanrose Pty Limited
MOU	Memorandum of Understanding
TCNZ	Telecom Corporation of New Zealand Limited
WCDMA	Wideband CDMA
3G	Third generation mobile multi-media services

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

Company Secretaries

Edith Shih
Louise Sexton

Investor Relations

Tel: (02) 9964 5157
Fax: (02) 9964 4649
Email: investors@hutchison.com.au
Web: www.hutchison.com.au

Registered Office

Building A, 207 Pacific Highway
St Leonards NSW 2065
Tel: (02) 9964 4646
Fax: (02) 9964 4668

Share Registry

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

Auditor

PricewaterhouseCoopers
Chartered Accountants
201 Sussex Street
Sydney NSW 2000

Stock Exchange Listing

The Company's shares are listed on the ASX
ASX Code: HTA

Notice of Annual General Meeting

The Annual General Meeting of
Hutchison will be held at:
The Conference Centre
Building A, 207 Pacific Highway
St Leonards NSW 2065

Date: Friday 4 May 2007
Time: 10.00am