

20 December 2013

Office of the Company Secretary

The Manager

Company Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

Level 41
242 Exhibition Street
MELBOURNE VIC 3000
AUSTRALIA

General Enquiries 08 8308 1721
Facsimile 03 9632 3215

ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra enters into agreement to sell CSL in Hong Kong

In accordance with the Listing Rules, I attach a copy of a media release, for release to the market.

Yours faithfully



Damien Coleman
Company Secretary

Telstra enters into agreement to sell CSL in Hong Kong

Friday 20 December 2013 – Telstra today announced it had signed an agreement to sell its Hong Kong based mobiles business CSL to HKT Limited for US\$2.425billion.

The sale, which is subject to regulatory approval in Hong Kong and HKT and PCCW Limited security holder approval, would equate to proceeds of approximately A\$2billion* for Telstra's 76.4 per cent interest. HKT will also acquire the remaining 23.6 per cent shareholding held by New World Development.

Telstra Chief Executive Officer David Thodey said Telstra had enjoyed considerable success in Hong Kong however this was a great opportunity to maximise shareholder value.

"CSL has been a strongly performing business, the compound annual revenue growth rate was 9.4 per cent over the last three years and we have gained market share. We are proud of CSL's achievements. It has established itself as a premium brand and strong player in the market, last year adding 425,000 mobile customers," said Mr Thodey.

"However, there are a number of dynamics in the Hong Kong mobiles market that means this is the right opportunity for Telstra to maximise our return on this successful asset."

Mr. Thodey said Asia remained an important part of Telstra's strategy and the company intended to be in the region for the long term.

"It is a very diverse region, with each market in Asia having its own characteristics and opportunities, and we need to consider these individually as we look to maximise value for our shareholders.

"We want to leverage our domestic strengths to grow our global footprint. The team is focused on refining and enhancing our strategy across Asia and identifying further opportunities to build our capability in the region."

For example, recently Telstra increased its stake in Autohome Inc., the leading online destination for automobile consumers in China, and successfully listed it on the NYSE. Telstra's investment in Autohome is now valued at \$US1.9billion (based on current share price of \$27.76).

In the last 18 months Telstra has opened nine new points of presence internationally, entered into two new submarine cable investments, opened a new data centre in Singapore and boosted our data capabilities across three continents.

"We have seen significant growth in different parts of our business in Asia, including Autohome and Telstra Global, and our plans to grow our business in this region remain firmly in place," Mr Thodey said.

The sale of CSL is expected to generate a profit on sale of approximately A\$600million*. The net proceeds are incremental to Telstra's free cashflow guidance of A\$4.6billion to A\$5.1billion in FY14.

Following completion, Telstra will address the net proceeds from the transaction consistent with its capital management framework.

ENDS

Media contact: Nicole McKechnie, +61 (0) 429 004617

Email: media@team.telstra.com

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** Subject to impacts of foreign currency and completion adjustments.*