

15 November 2005

Office of the Company Secretary

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra signs Hong Kong Memorandum of Understanding (MOU)

Telstra has entered into a non-binding Memorandum of Understanding (MOU) with New World Development Company Limited and its listed subsidiary, New World Mobile Holdings Limited, concerning a proposed merger of their respective Hong Kong mobile companies, Hong Kong CSL Limited and New World PCS Limited.

The MOU envisages that if agreement is reached between Telstra, New World Development and New World Mobile Holdings, following completion of the transaction CSL and New World PCS will be merged on a debt free basis so that Telstra will own 76.4% of the equity in the combined business and New World Mobile Holdings will own the remaining 23.6%. Telstra will also receive HK\$244M (A\$42m) in cash.

Telstra, New World Development and New World Mobile Holdings have agreed to a period of exclusivity until 2 December 2005 with a view to reaching final agreement.

Yours sincerely



Douglas Gratton
Company Secretary