

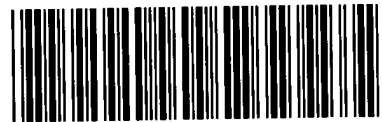
**Hutchison 3G UK Holdings Limited**

**Company Number 03918124**

**Annual Report and Financial Statements**

**For the Year Ended 31 December 2019**

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COMPANIES HOUSE

# Hutchison 3G UK Holdings Limited

**Registered Number** 03918124

**Directors** Victor T K Li  
Canning Fok  
Frank Sixt  
Dominic Lai  
Edith Shih  
Christian Salbaing  
David Dyson  
Robert Finnegan  
Elaine Carey  
Clemence Cheng  
Asim Ghosh

**Independent Auditors** PricewaterhouseCoopers LLP  
3 Forbury Place  
23 Forbury Road  
Reading  
Berkshire  
RG1 3JH

**Bankers** HSBC Bank plc  
62-76 Park Street  
London  
SE1 9DZ

**Registered Office** Star House  
20 Grenfell Road  
Maidenhead  
Berkshire  
SL6 1EH

# Hutchison 3G UK Holdings Limited

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# Hutchison 3G UK Holdings Limited

## Strategic Report for the year ended 31 December 2019

The directors present their Strategic Report on Hutchison 3G UK Holdings Limited (the "Company") for the year ended 31 December 2019.

### a) Business review and future developments

The Company is an indirect wholly owned subsidiary of CK Hutchison Holdings Limited ("CKHH"), a limited liability Cayman Islands registered company and listed in Hong Kong.

The Company is a holding company and its business is to invest in its subsidiaries and to provide them with funding. This funding is financed primarily by borrowings from CKHH Group companies (the "CKHH Group"). During the year, the Company repaid its external bank loan of £165 million, guaranteed by CKHH, which was drawn down in November 2018. Furthermore, as a result of loan restructuring, the interest accrued on loans as of 31 December 2018 were added to the principal with the new counterparties. For more details, please refer to Note 12.

Net assets of the Company were £360 million as at 31 December 2019 (2018: £469 million).

### b) Key performance indicators

As the Company is a holding company, the main business is securing finance from CKHH Group to support its subsidiaries, the key financial performance indicator for internal performance analysis is its interest expense as shown in the table below:

	2019	2018
	£m	£m
Interest payable and similar charges	132	137

Interest and similar charges are consistent with prior year as average debt across the year has remained similar.

### c) Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties faced by the Company. The Company's key risks and the activities in place to manage them are monitored on a regular basis. The key risks and uncertainties affecting the Company are considered below:

#### Financial risk management

The Company's major non-derivative financial instruments include borrowings and cash that arise directly from its operations.

The Company's treasury function sets financial risk management policies in accordance with the CKHH Group's policies and procedures as approved by its directors. The Company's treasury policies are designed to minimise the Company's financial risk.

#### (a) Liquidity risk

The Company has obtained financing from its ultimate parent company, CKHH, in order to meet its funding requirements. This funding is raised centrally by the CKHH Group's finance companies, which mitigates the risk to the Company.

# Hutchison 3G UK Holdings Limited

## Strategic Report for the year ended 31 December 2019 (continued)

### c) Principal risks and uncertainties (continued)

#### Financial risk management (continued)

##### (b) Interest rate cash flow risk

The Company has interest-bearing liabilities linked with the financing from the CKHH Group's finance companies (details of this financing can be found in Note 12 to the financial statements). While the floating rate borrowings expose the Company to cash flow interest rate risk, management believes that this risk is managed as the funding is provided by the shareholders.

##### (c) Investment risk

The Company has significant investments in its subsidiary undertakings. These investments are reviewed for impairment on an annual basis, when there is an indication that they may be impaired. If such an indication exists, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss, if any.

### d) Statement by the directors in performance of their statutory duties in accordance with Section 172 Companies Act 2006

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members. In doing this, section 172 requires directors to have regard amongst other matters to, the:

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly between members of the Company.

In discharging our section 172 duties, we have regard to the factors set out above. In addition, we also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of members of the Group. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision making, we aim to make sure that our decisions are consistent.

We delegate authority for day-to-day management of the Company to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies. Board meetings are held periodically where the directors consider the Company's activities and make decisions. As a part of those meetings, the directors receive information in a range of different formats to ensure that they have regard to section 172 matters when making relevant decisions. For example, each year we assess the strength of the Company's balance sheet and prospects relative to market uncertainties and make decisions about the payment of dividends. In making our decision, we considered a range of factors. These included the long-term viability of the Company; its expected cash flow and financing requirements; the ongoing need for strategic investment in our business and the expectations of our shareholder as the supplier of long-term equity capital to the Company.

As the principal activity of the Company is to act as a holding company for the other entities in the group to provide loan facilities to subsidiary and fellow subsidiary undertakings, the Company has had no commercial business, and no employees, customers or suppliers other than other Group companies during the period and as such the breadth of stakeholder and other considerations that would apply in many other companies have generally not applied to the decisions made by the directors.

# Hutchison 3G UK Holdings Limited

## Strategic Report for the year ended 31 December 2019 (continued)

### **d) Statement by the directors in performance of their statutory duties in accordance with Section 172 Companies Act 2006 (continued)**

As the Board of directors, our intention is to behave responsibly towards our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plan. Also, in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours, and in doing so, will contribute to the delivery of our plan. The intention is to nurture our reputation, through both the construction and delivery of our plan, that reflects our responsible behaviours.

On behalf of the Board



Robert Finnegan

**Director**

15 January 2021



# Hutchison 3G UK Holdings Limited

## Directors' Report for the year ended 31 December 2019

The directors present their report and the audited financial statements of the Company with registered number 03918124 for the year ended 31 December 2019.

### Directors

The directors who held office during the year and up to the date of signing the financial statements are as follows:

Victor T K Li  
Canning Fok  
Frank Sixt  
Dominic Lai  
Edith Shih  
Christian Salbaing  
David Dyson  
Robert Finnegan (Appointed on 6 March 2020)  
Elaine Carey (Appointed on 6 March 2020)  
Neil McGee (Resigned on 2 December 2019)  
Richard Woodward (Appointed on 2 December 2019 and resigned on 6 March 2020)  
Clemence Cheng (Appointed on 2 December 2019)  
Asim Ghosh (Appointed on 2 December 2019)

### Directors' indemnities

The Company has granted third party indemnities to the above directors, capped at an individual limit of US\$20 million for any one claim and in the annual aggregate inclusive of costs and expenses, in relation to certain losses and liabilities which they may incur in the course of acting as directors of the Company or of one or more of its subsidiaries.

The indemnities are categorised as qualifying third-party indemnities for the purposes of the Companies Act 2006 and will continue in force for the benefit of directors and officers for as long as they remain in their positions. The third-party indemnity was in force during the financial year and also at the date of approval of the financial statements.

### Future developments

The directors do not expect any change in the Company's activities in the foreseeable future.

### Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company CKHH. The directors have received confirmation that CKHH intend to support the Company for at least one year after these financial statements are signed.

### Financial risk management

Please refer to the Principal risks and uncertainties section on page 3 of the Strategic Report for the Company's financial risk management policies.

### Dividend

The directors do not recommend the payment of a dividend for the year (2018: nil).



# Hutchison 3G UK Holdings Limited

## Directors' Report for the year ended 31 December 2019 (continued)

### Post balance sheet events

On 17 March 2020, as part of the Spring Budget, the UK government announced that the main rate of corporation tax will no longer reduce to 17% as at 1 April 2020 but will remain at 19%. The change in the main rate of corporation tax is enacted from 17 March 2020 and will have an impact on the valuation of the Company's deferred tax assets. Please refer to Note 15 for impact on the Company's financial statements.

### Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to be reappointed and are deemed to be reappointed as auditors unless otherwise resolved by the directors or shareholders.

On behalf of the Board

  
Robert Finnegan  
Director

15 January 2021

# Hutchison 3G UK Holdings Limited

## Independent auditors' report to the members of Hutchison 3G UK Holdings Limited

### Report on the audit of the financial statements

#### Opinion

In our opinion, Hutchison 3G UK Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2019; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

# Hutchison 3G UK Holdings Limited

## Independent auditors' report to the members of Hutchison 3G UK Holdings Limited (Continued)

### Report on the audit of the financial statements (Continued)

#### Reporting on other information (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

# Hutchison 3G UK Holdings Limited

## Independent auditors' report to the members of Hutchison 3G UK Holdings Limited (Continued)

### Report on the audit of the financial statements (Continued)

#### Responsibilities for the financial statements and the audit (Continued)

##### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### Other required reporting

##### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Christopher Boreham (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
15 January 2021

# Hutchison 3G UK Holdings Limited

## Statement of Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £000	2018 £000
Other costs		–	(78)
<b>Operating result/(loss)</b>		–	(78)
Interest payable and similar expenses	5	<b>(131,987)</b>	(136,968)
<b>Loss before taxation</b>		<b>(131,987)</b>	(137,046)
Tax credit on loss	7	<b>22,502</b>	21,512
<b>Loss for the financial year</b>		<b>(109,485)</b>	(115,534)
<b>Other comprehensive income</b>		–	–
<b>Total comprehensive loss</b>		<b>(109,485)</b>	(115,534)

All the results relate to activities which are continuing.

The notes on pages 14 to 26 form an integral part of these financial statements.

# Hutchison 3G UK Holdings Limited

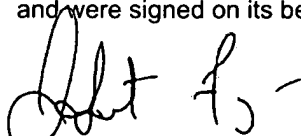
Registered number 03918124

## Statement of Financial Position as at 31 December 2019

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Investments	8	6,028,618	6,028,618
<b>Current assets</b>			
Deferred tax assets	9	81,521	71,353
		<b>81,521</b>	<b>71,353</b>
<b>Current liabilities</b>			
Creditors - amounts falling due within one year	10	(1,853,682)	(1,605,954)
<b>Net current liabilities</b>		<b>(1,772,161)</b>	<b>(1,534,601)</b>
<b>Total assets less current liabilities</b>		<b>4,256,457</b>	<b>4,494,017</b>
<b>Creditors – amounts falling due after more than one year</b>	11	<b>(3,896,583)</b>	<b>(4,024,658)</b>
<b>Net assets</b>		<b>359,874</b>	<b>469,359</b>
<b>Capital and reserves</b>			
Called up share capital	13	4,445,487	4,445,487
Accumulated losses		(4,085,613)	(3,976,128)
<b>Total shareholders' funds</b>		<b>359,874</b>	<b>469,359</b>

The notes on pages 14 to 26 form an integral part of these financial statements.

The financial statements on pages 11 to 26 were approved by the Board of Directors on 15 January 2021 and were signed on its behalf by:



Robert Finnegan  
Director  
15 January 2021

## Hutchison 3G UK Holdings Limited

### Statement of Changes in Equity for the Year Ended 31 December 2019

	Called up share capital	Accumulated losses	Total shareholders' funds
	£000	£000	£000
At 1 January 2018	4,445,487	(3,860,594)	584,893
Loss for the financial year	–	(115,534)	(115,534)
Other comprehensive income	–	–	–
At 31 December 2018	4,445,487	(3,976,128)	469,359
Loss for the financial year	–	(109,485)	(109,485)
Other comprehensive income	–	–	–
At 31 December 2019	4,445,487	(4,085,613)	359,874

# Hutchison 3G UK Holdings Limited

## Notes to the financial statements for the year ended 31 December 2019

### 1 General information

Hutchison 3G UK Holdings Limited (the "Company") is a Private limited Company, incorporated and domiciled in the United Kingdom having its registered office at Star House, 20 Grenfell Road, Maidenhead, Berkshire, SL6 1EH.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

### 2 Significant accounting policies

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

#### (a) Basis of preparation

These financial statements have been prepared in accordance with United Kingdom Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 under the historical cost convention. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company has taken advantage of the exemption under Section 401 of the Companies Act 2006 not to prepare consolidated financial statements as it is an indirect wholly owned subsidiary of CK Hutchison Holdings Limited ("CKHH"), a company listed on The Stock Exchange of Hong Kong Limited, which prepares consolidated financial statements. The Company is included in the consolidation of CKHH and the consolidated financial statements of CKHH are publicly available.

The Company is a qualifying entity for the purpose of FRS 101 and Note 16 gives details of the Company's ultimate parent company and where its consolidated financial statements may be obtained from.

During the year, the Company has adopted and applied the following new accounting standard for the first time for the annual period commencing 1 January 2019:

- IFRS 16, 'Leases'

IFRS 16, 'Leases', addresses the classification, measurement and recognition of Right of use asset and lease liabilities. It replaces the guidance in IAS 17 that relates to leases. The Company has had no lease arrangement and therefore, no impact on the financial statements.



# Hutchison 3G UK Holdings Limited

## Notes to the financial statements for the year ended 31 December 2019

### 2 Significant accounting policies (continued)

#### (a) Basis of preparation (continued)

The disclosure exemptions adopted by the Company in accordance with FRS 101 are the requirements of:

- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- The second sentence of Paragraph 110, Paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from contracts with customers;
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
  - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (cash flow statement information);
  - 134-136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group; and
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business. The directors believe that the adoption of the going concern basis in the preparation of the financial statements is appropriate as the Company's ultimate parent entity, CKHH, has confirmed that, because the Company is its wholly owned subsidiary, it will provide ongoing financial support or procure alternative financing to the Company and its subsidiaries to enable the Company and its subsidiaries to continue to trade and to meet their liabilities as and when they fall due under all foreseen circumstances covering the period ending on the date that is twelve months following the date of signing of the statutory financial statements of the Company for the year ended 31 December 2019.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

# Hutchison 3G UK Holdings Limited

## Notes to the financial statements for the year ended 31 December 2019

### 2 Significant accounting policies (continued)

#### (b) Investment in subsidiaries

Investments in subsidiaries are recorded at cost, less accumulated impairment losses.

#### (c) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Tax liabilities are recognised when it is considered probable that there will be a future outflow of funds to a taxing authority.

Tax provisions are based on management's best estimate of the likelihood of settlement. Management uses in-house tax experts, professional firms and previous experience when assessing tax risks.

#### (d) Interest payable and similar charges

Costs incurred in raising debt finance are deducted from the amount raised and amortised over the period of the debt facility to produce a constant rate of financing charge. Other finance costs are charged to the statement of comprehensive income on an accruals basis.

# Hutchison 3G UK Holdings Limited

## Notes to the financial statements for the year ended 31 December 2019

### 2 Significant accounting policies (continued)

#### (e) Financial assets

The Company classifies its financial assets as financial assets at fair value through profit and loss and financial assets subsequently measured at amortised cost. The classification depends on the business model and the contractual terms of the financial asset. Management determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value. The subsequent measurement of financial assets depends on their classification as follows:

##### *Financial assets subsequently measured at amortised cost*

These financial assets are initially recognised at fair value and are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of the reporting period subsequent to initial recognition, these financial assets are carried at amortised cost using EIR less provision for impairment. Interest calculated using EIR is recognised in the statement of comprehensive income.

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets where changes in fair value are recognised in the statement of comprehensive income in the period in which they arise. At the end of the reporting period subsequent to initial recognition, these financial assets are carried at fair value. In addition, any dividends or interests earned on these financial assets are recognised in the statement of comprehensive income.

#### (f) Loans

Obligations for loans are recognised when the Company becomes party to the contract. They are measured initially at the fair value and subsequently at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included as an interest charge in the statement of comprehensive income.

### 3 Critical accounting estimates and judgements

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

The following is a review of the more significant assumptions, estimates and judgments, as well as the accounting policies and methods used in the preparation of the financial statements.

# Hutchison 3G UK Holdings Limited

## Notes to the financial statements for the year ended 31 December 2019

### **3 Critical accounting estimates and judgements (continued)**

#### **3.1 Critical accounting estimates and assumptions**

##### **(a) Taxation**

The Company's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge involves estimation and judgement in respect of certain matters where the tax impact is uncertain until a conclusion is reached with the relevant tax authority or through a legal process. The final resolution of some of these items may give rise to material profits, losses and/or cash flows. Resolving tax issues can take many years as it is not always within the control of the Company and often depends on the efficiency of legal process.

#### **3.2 Critical judgements in applying the entity's accounting policies**

##### **(a) Impairment of Investments**

The Company has significant investments in its subsidiary undertakings. These investments are carried at cost and reviewed for impairment on an annual basis, and when there is an indication that they may be impaired. If such an indication exists, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an investment's fair value less costs to dispose and value in use. Such impairment loss is recognised in the statement of comprehensive income.

##### **(b) Taxation**

Judgement is required when determining probable future taxable profits. The Company assesses the availability of future taxable profits using the same undiscounted five-year forecasts for the Company's operations. Where tax losses are forecast to be recovered beyond the five-year period, the availability of taxable profits is assessed using the cash flows and long-term growth rates used for the value in use calculations.

The cash flows inherent in these forecasts include the unsystematic risks of operating in the telecommunications business including the potential impacts of changes in the market structure, trends in customer pricing, the costs associated with the acquisition and retention of customers, future technological evolutions and potential regulatory changes.

The recognition of deferred tax assets, particularly in respect of tax losses, is based upon whether it is probable that there will be sufficient and suitable taxable profits in the relevant legal entity or tax group against which to utilise the assets in the future.

Changes in the assumptions which underpin the Company's forecasts could have an impact on the amount of future taxable profits and could have a significant impact on the period over which the deferred tax assets would be recovered.

### **4 Directors and employees**

The emoluments of directors are not paid to them in their capacity as directors of the Company and are payable by other group companies for services wholly attributable to those companies. Emoluments were paid to two directors (2018: one director) by a subsidiary undertaking in their capacity as director of that undertaking and for services wholly attributable to that subsidiary undertaking. The other directors are paid by other group companies for services rendered to those companies. Accordingly, no charge has been included in the statement of comprehensive income of the Company.

There were no employees of the Company during the year (2018: none).

# Hutchison 3G UK Holdings Limited

## Notes to the financial statements for the year ended 31 December 2019

### 5 Interest payable and similar expenses

	2019 £000	2018 £000
Interest payable on amount owed to group undertakings	127,956	136,177
Interest payable on amount owed to bank	1,172	325
Amortisation of loan facility fee	2,371	306
Loan guarantee fee owed to group undertakings	488	160
	<b>131,987</b>	<b>136,968</b>

### 6 Auditors' remuneration

Audit fees of £31,000 (2018: £31,000) relating to the Company were borne by its subsidiary, Hutchison 3G UK Limited ("3 UK").

### 7 Tax credit on loss

	2019 £000	2018 £000
<b>Current tax</b>		
Adjustments to group relief in respect of prior years	12,334	30,921
<b>Total current tax</b>	<b>12,334</b>	<b>30,921</b>
<b>Deferred tax</b>		
Adjustment in respect of prior years	(12,333)	(26,973)
Deferred tax credit	22,501	17,564
<b>Total deferred tax (Note 9)</b>	<b>10,168</b>	<b>(9,409)</b>
<b>Total tax credit on loss before taxation</b>	<b>22,502</b>	<b>21,512</b>

# Hutchison 3G UK Holdings Limited

## Notes to the financial statements for the year ended 31 December 2019

### 7 Tax credit on loss (continued)

The tax credit for the financial year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The difference is explained below:

	2019 £000	2018 £000
<b>Loss before taxation</b>	<b>(131,987)</b>	<b>(137,046)</b>
Tax on loss at the standard UK corporation tax rate at 19% (2018: 19%)	25,078	26,039
<b>Effect of:</b>		
Expenses not deductible for tax purposes	(2,862)	(4,682)
Impact of change in deferred tax rate	783	(2,004)
Adjustment in respect of prior years group relief	1	3,948
Others	(498)	(1,789)
<b>Tax credit on loss before taxation</b>	<b>22,502</b>	<b>21,512</b>

The Finance (No.2) Act 2015 provided that the main rate of corporation tax as of 1 April 2017 will be 19.00% and per the Finance Bill 2016 as of 1 April 2020 will be 17.00%. These reductions were substantively enacted at the balance sheet date and have been used to calculate the deferred tax assets.

### 8 Investments

	2019 £000	2018 £000
<b>At 31 December</b>	<b>6,028,618</b>	<b>6,028,618</b>

The above represents capital invested in Hutchison 3G UK Limited of £11,657 million stated after impairment of £6,228 million and an uplift of £575 million as a result of fair value adjustments to an interest free loan to a subsidiary under FRS 101, that was repaid in 2015.

In 2015, the Company acquired 100% of the issued ordinary share capital of CK Telecoms UK Investments Limited (formerly Hutchison 3G UK Investments Limited) and invested further capital of £25 million.

In 2019, Advanced Telecoms Debt Collection Services Limited was liquidated through member's voluntary liquidation proceedings on 3 October 2019.

# Hutchison 3G UK Holdings Limited

## Notes to the financial statements for the year ended 31 December 2019

### 8 Investments (continued)

Shareholdings in subsidiary and related companies are as follows:

Entity Name	Country of Incorporation	Percentage Holding	Ordinary Shares 2019	Ordinary Shares 2018	2019	2018	Principal activity
<b>Directly held Subsidiaries:</b>							
Hutchison 3G UK Limited*	UK	100%	201	201	£6,003.6 million	£6,003.6 million	Provision of 3G communication services
CK Telecoms UK Investments Limited****	UK	100%	102	102	£25 million	£25 million	Finance and investment company
<b>Total direct investment</b>					<b>£6,028.6 million</b>	<b>£6,028.6 million</b>	
<b>Indirectly held Subsidiaries:</b>							
Transvision Investments Limited**	British Virgin Islands	100% (i)	10,000	10,000	-	-	Dormant company
UK Broadband Limited*	UK	100% (i)	1,000	1,000	£292.5 million	£292.5 million	Owns and operates retail broadband business
Advanced Telecoms Debt Collection Services Limited***	UK	100% (i)	-	1	-	£1	Collect overdue customer debt - Liquidated in 2019
Fanster Gain Limited**	British Virgin Islands	100%	1	1	US\$1	US\$1	Dormant company
3UK Retail Limited****	UK	100% (i)	1,000	1,000	£1,000	£1,000	Holding store leases for group company
ID Communications Limited*	UK	100% (i)	1	1	£1	£1	Provision of mobile services in the UK
Mobile Broadband Network Limited*****	UK	50% (i)	10 million	10 million	£10 million	£10 million	Operation and maintenance of mobile networks
Digital Mobile Spectrum Limited*****	UK	25% (i)	1	1	£1	£1	Solution provider to mitigate interference to digital terrestrial television

(i) Indirectly held through a wholly owned subsidiary

\*These companies have their registered offices at Star House, 20 Grenfell Road, Maidenhead, Berkshire SL6 1EH, United Kingdom

\*\*These companies have their registered offices at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands

\*\*\*This company was liquidated on 3 October 2019 but last had its registered office at 150 Aldersgate Street, London, EC1A 4AB, United Kingdom

\*\*\*\*These companies have their registered offices at Hutchison House, 5 Hester Road, Battersea, London, SW11 4AN, United Kingdom

\*\*\*\*\*This company has its registered office at Sixth Floor, Thames Tower, Station Road, Reading, England, RG1 1LX, United Kingdom

\*\*\*\*\*This company has its registered office at 83 Baker Street, London, W1U 6AG, United Kingdom

# Hutchison 3G UK Holdings Limited

## Notes to the financial statements for the year ended 31 December 2019

### 9 Deferred tax assets

The provision for deferred tax consists of the following deferred tax assets:

	2019 £000	2018 £000
Deferred tax assets - within 12 months	–	9,438
Deferred tax assets - after 12 months	81,521	61,915
<b>Total deferred tax assets</b>	<b>81,521</b>	<b>71,353</b>
Non trade losses	48,945	38,777
Other temporary differences	32,576	32,576
<b>Total deferred tax assets</b>	<b>81,521</b>	<b>71,353</b>
Deferred tax assets at the start of the year	71,353	80,762
Adjustments in respect of prior periods	(12,333)	(26,973)
Increase/(decrease) in deferred tax assets due to change in tax rates	446	(1,420)
Revaluation adjustment	-	(584)
Increase in deferred tax assets	22,055	19,568
<b>Total deferred tax assets</b>	<b>81,521</b>	<b>71,353</b>



# Hutchison 3G UK Holdings Limited

## Notes to the financial statements for the year ended 31 December 2019

### 9 Deferred tax assets (continued)

	Non trade losses £000	Other £000	Total £000
<b>Deferred tax assets analysis</b>			
At 1 January 2018	46,807	33,955	80,762
Charged to the Statement of Comprehensive Income (note 7)	(8,030)	(1,379)	(9,409)
<b>At 31 December 2018</b>	<b>38,777</b>	<b>32,576</b>	<b>71,353</b>
Credited to the Statement of Comprehensive Income (note 7)	10,168	–	10,168
<b>At 31 December 2019</b>	<b>48,945</b>	<b>32,576</b>	<b>81,521</b>

The net recognised deferred tax assets of £82 million at 31 December 2019 (2018: £71 million) relate to rate changes, historical tax losses and temporary differences. The Company has an unrecognised deferred tax assets of £27 million (2018: £26 million) in respect of other losses. The deferred tax assets have been recognised to the extent that they are regarded as recoverable from future taxable profits.

Deferred tax assets have been calculated at the corporation tax rates that will be in force at the time the assets are expected to unwind. The Finance (No.2) Act 2015 provided that the main rate of corporation tax as of 1 April 2017 will be 19% and per the Finance Bill 2016 as of 1 April 2020 will be 17%. These reductions were substantively enacted at the balance sheet date and have been used to calculate the deferred tax assets.

In the event that post the balance sheet date the current legislated reduction in tax rate from 19% to 17% is reversed then the impact of this would be to increase the recognised deferred tax asset by £7m at the balance sheet date.

### 10 Creditors – amounts falling due within one year

	2019 £000	2018 £000
Amounts owed to group undertakings		
- trading balances	594,620	286,996
- loans (Note 12)	1,013,105	146,124
- accrued interest (Note 12)	245,957	1,172,701
Accrued interest - bank loan (Note 12)	–	133
	<b>1,853,682</b>	<b>1,605,954</b>

Trading balances due to group undertakings are unsecured, non-interest bearing and repayable on demand. Accrued interest and loans due to group undertakings are unsecured. The terms of the loans are disclosed in Note 12.

# Hutchison 3G UK Holdings Limited

## Notes to the financial statements for the year ended 31 December 2019

### 11 Creditors – amounts falling due after more than one year

	2019 £000	2018 £000
Bank loans (Note 12)	–	165,000
Amount owed to group undertakings – loans (Note 12)	3,896,583	3,859,658
	<b>3,896,583</b>	<b>4,024,658</b>

Amounts owed to group undertakings and banks are unsecured. The terms of the loans are disclosed in Note 12.

### 12 Loans and other borrowings

Maturity of debt	2019 £000	2018 £000
In less than one year (Note 10)	1,259,062	1,318,958
In one to two years (Note 11)	2,800,000	–
In two to five years (Note 11)	1,096,583	3,627,029
In greater than five years (Note 11)	–	397,629
	<b>5,155,645</b>	<b>5,343,616</b>

In 2018 included in amounts maturing in two to five years was an unsecured bank loan of £165 million, fully drawn which was repayable in October 2021 but this has been repaid early in July 2019. The loan was guaranteed by CKHH, the Company's ultimate controlling party. Interest was charged at 1 month LIBOR + 0.6%. In 2018 £0.1 million of interest accrued on the bank loan was included in amounts due in less than one year.

In July 2019, a group wide restructuring of intercompany loans took place which resulted in the repayment or reassignment of all existing group loans and creation of a new group loan portfolio.

Lender	Facility (GBP in millions)	Interest	Repayment date	Carrying value of drawdown (GBP in millions)	
				2019	2018
Hutchison Europe Telecommunications S.à r.l. (2018 with Hutchison Whampoa Europe Investments S.à r.l.)	1,600	LIBOR + 2.32%	June 2021	1,600	1,600
Hutchison Whampoa Europe Investments S.à r.l.	1,000	LIBOR + 3.02%	June 2021	-	662

# Hutchison 3G UK Holdings Limited

## Notes to the financial statements for the year ended 31 December 2019

### 12 Loans and other borrowings (continued)

Lender	Facility (GBP in millions)	Interest	Repayment date	Carrying value of drawdown (GBP in millions)	
				2019	2018
Hutchison Europe Telecommunications S.à r.l. (2018 with Hutchison Whampoa Europe Investments S.à r.l.)	1,200	LIBOR + 2.32%	June 2021	1,200	1,200
Hutchison Whampoa Finance UK plc	400	5.625%	November 2026	-	398
New Millennium Corp.	446	Interest free	On demand	-	146
Hutchison Europe Telecommunications S.à r.l.	1,110	LIBOR + 1.4%	June 2022	1,097	-
Lcxley Limited	1,280	Interest free	On demand	1,013	-

### 13 Called up share capital

	2019 £000	2018 £000
<b>Allotted and fully paid:</b>		
4,445,486,753 (2018: 4,445,486,753) ordinary shares of £1 each	4,445,487	4,445,487

### 14 Related party transactions

As the Company is an indirect wholly owned subsidiary of CKHH, it has taken advantage of the exemption provided in FRS 101 'Related Party Disclosures' not to disclose details of transactions with the CKHH Group companies. The Company is included in the consolidation of CKHH and the consolidated financial statements are publicly available.

There are no transactions between the Company and any related parties that are not wholly owned by the CKHH Group.

### 15 Post balance sheet events

The Finance Act 2016 provided that the main rate of corporation tax would reduce to 17% (from 19%) as at 1 April 2020. The Finance Act 2016 was enacted at the balance sheet date and therefore, the Company's deferred tax assets are calculated on this basis.

Post the balance sheet date, on 17 March 2020 as part of the Spring Budget, the UK government announced that the main rate of corporation tax will no longer reduce to 17% as at 1 April 2020 but will remain at 19%. The change in the main rate of corporation tax is enacted from 17 March 2020 and will have an impact on the valuation of the Company's deferred tax assets. The Company's deferred tax assets will be remeasured post balance sheet date. The impact on the Company will be to increase its deferred tax assets on the balance sheet by £7 million with a corresponding deferred tax credit to the income statement.

# Hutchison 3G UK Holdings Limited

## Notes to the financial statements for the year ended 31 December 2019

### 16 Ultimate controlling party

The immediate controlling party was CK Hutchison Networks Europe Investments S.à r.l. (formerly known as Hutchison 3G UK Investments S.à r.l.), a company incorporated in Luxembourg, which owns 50.1% of the share capital and voting rights of the Company.

Post year end, on 15 April 2020, CK Hutchison Networks Europe Investments S.à r.l. sold its 50.1% ownership to Gensis Lake Limited. Gensis Lake Limited, a company incorporated in the British Virgin Islands, now owns 50.1% of the share capital and the voting rights of the Company and is the immediate controlling party of the Company.

CKHH, a limited liability Cayman Islands company registered and listed in Hong Kong, is the largest group to consolidate the financial statements of the Company, and is the Company's ultimate controlling party and owns, through Gensis Lake Limited and other CKHH Group companies, 100% of the share capital and voting rights of the Company.

The smallest group to consolidate these financial statements is CK Hutchison Group Telecom Holdings Limited ('CKHGT') and is the Company's intermediary holding company.

Copies of the group financial statements of CKHH may be obtained from the Company Secretary at 48th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong or [www.ckh.com.hk](http://www.ckh.com.hk).

The group financial statements of CKHGT are available on [www.ckhutchisontelecom.com](http://www.ckhutchisontelecom.com).