

HUTCHISON WHAMPOA FINANCE UK PLC

**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016**

REGISTERED NUMBER: 5990939

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HUTCHISON WHAMPOA FINANCE UK PLC

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HUTCHISON WHAMPOA FINANCE UK PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

BUSINESS REVIEW

Hutchison Whampoa Finance UK PLC ("the Company") is an indirect wholly-owned subsidiary of CK Hutchison Holdings Limited ("CKHH"), a company listed on The Stock Exchange of Hong Kong Limited and incorporated in the Cayman Islands. CKHH is the ultimate holding company of the Company. The principal activity of the Company is to arrange financing on behalf of group companies. Notes payable of the principal amount of £300m issued in 2006 are due on November 2017. Please refer to Note 12 for details.

The directors consider that the result for the year and the financial position at the end of it are within expectation and they expect the present level of activity to be sustained for the foreseeable future with the benefit of the guarantee provided by CKHH.

ANALYSIS OF DEVELOPMENT AND PERFORMANCE OF THE BUSINESS

The key performance indicators used for internal performance are set out below.

For the year ended 31 December

| | 2016 £ | 2015 £ |
|-----------------------------|------------|------------|
| Turnover | 39,386,200 | 39,363,800 |
| Loss for the financial year | (28,573) | (21,365) |

Net liabilities of the Company were £183,609 at 31 December 2016 (2015: £155,036).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's activities may expose it to certain financial risks, including foreign currency risk, fair value interest risk, credit risk, liquidity risk, and interest rate risk. Financial risk management is carried out by the treasury function of the ultimate holding company, in accordance with policies and procedures approved by its Directors, which are also subject to periodic review by the internal audit function of the ultimate holding company. The treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates and to minimise the financial risks. The treasury function operates as a centralised service for managing financial risks, and for providing cost efficient funding to individual entities.

(i) Foreign currency risk

The Company has minimal exposure to foreign currency exchange rate risk as transactions are denominated in Sterling which is the functional currency of the Company. The Company considers its foreign currency risk exposure is not significant.

(ii) Credit risk

The Company's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. Credit risks arising from loans due from group companies are addressed by assessing the credit quality of the group companies, taking into account their financial positions, past experience and other factors.

(iii) Liquidity risk

The Company's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient liquid financial assets to meet those requirements. The ultimate holding company has undertaken to provide continuing financial support to the Company, which mitigates the risk to the Company.

Analysis of the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date is set out in Note 11 and 12 to the financial statements.

HUTCHISON WHAMPOA FINANCE UK PLC

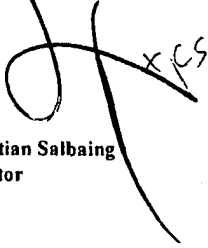
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

(iv) Interest rate risk

There would be no impact to the Company's loss for the year for any changes in market interest rate at the end of the reporting period while all other variables are constant because all non-derivative financial instruments with fixed interest rates are carried at amortised cost and are not subject to interest rate risk as defined in FRS 102. The entity manages exposure to interest rate risk through back to back loans on identical terms.

On behalf of the board

A handwritten signature in black ink, appearing to be 'CS' with a large loop, written over the printed name and title.

**Christian Salbaing
Director**

22 JUN 2017

HUTCHISON WHAMPOA FINANCE UK PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The principal activity of the Company is to arrange financing on behalf of group companies.

RESULTS AND DIVIDENDS

The Company's loss for the financial year is £28,573 (2015: £21,365). Increase in the Company's loss is mainly due to the increase in professional fee. No interim dividend was paid during the year and the directors do not recommend the declaration of a final dividend (2015: nil).

DIRECTORS

The following held office as directors during the year and up to the date of this report:

Frank Sixt
Christian Salbaing
Neil McGee
Robin Sng
Dominic Lai (Appointed on 21 September 2016)
Susan Chow (Resigned on 1 August 2016)

DIRECTORS' INDEMNITIES

The Company has granted third party indemnities to the above directors against all 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 to be in force for the benefit of directors and officers for as long as they remain in their positions.

FINANCIAL RISK MANAGEMENT

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

FUTURE DEVELOPMENTS

Please refer to the Business review section of the Strategic Report for the Company's future developments.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland", 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 these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements; 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 responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, 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. They 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.

GOING CONCERN

The directors believe that the adoption of going concern basis in the preparation of the financial statements is appropriate as sufficient funding is available through the CKHH Group.

HUTCHISON WHAMPOA FINANCE UK PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

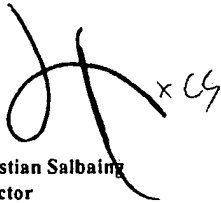
DISCLOSURE OF INFORMATION TO AUDITORS

Each of directors who held office at the date of approval of this Directors' Report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are not aware and they have taken all the steps that they ought to have taken as directors 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 continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board

A handwritten signature in black ink, appearing to be 'CS' with a large loop, followed by a small 'x' and 'CS'.

Christian Salbaing
Director

22 JUN 2017

HUTCHISON WHAMPOA FINANCE UK PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUTCHISON WHAMPOA FINANCE UK PLC

Report on the financial statements

Our opinion

In our opinion, Hutchison Whampoa Finance UK Plc's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss and cash flow for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

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 financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in the respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

HUTCHISON WHAMPOA FINANCE UK PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUTCHISON WHAMPOA FINANCE UK PLC (CONTINUED)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

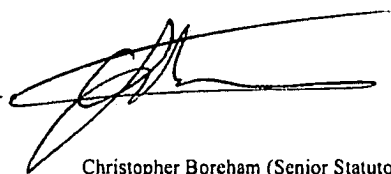
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



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

22 JUN 2017

HUTCHISON WHAMPOA FINANCE UK PLC**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2016

| | Note | 2016 £ | 2015 £ |
|--|------|---------------------|---------------------|
| Turnover | | 39,386,200 | 39,363,800 |
| Administrative expenses | | (28,573) | (21,365) |
| Interest payable and similar charges | 7 | <u>(39,386,200)</u> | <u>(39,363,800)</u> |
| Loss on ordinary activities before taxation | 6 | (28,573) | (21,365) |
| Tax on loss on ordinary activities | 9 | <u>-</u> | <u>-</u> |
| Loss for the financial year | | (28,573) | (21,365) |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| Total comprehensive income (loss) for the year | | <u>(28,573)</u> | <u>(21,365)</u> |

The results relate to activities which are continuing.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

The notes on pages 11 to 16 form an integral part of the financial statements.


HUTCHISON WHAMPOA FINANCE UK PLC

BALANCE SHEET at 31 December 2016

| | Note | 2016 £ | 2015 £ |
|--|------|----------------------|----------------------|
| ASSETS | | | |
| Current assets | | | |
| Debtors - amounts falling due within one year | 10 | 304,149,315 | 4,138,115 |
| Debtors - amounts falling due after more than one year | 10 | 400,000,000 | 700,000,000 |
| Creditors - amounts falling due within one year | 11 | <u>(304,332,924)</u> | <u>(4,293,151)</u> |
| Net current assets | | <u>399,816,391</u> | <u>699,844,964</u> |
| Total assets less current liabilities | | 399,816,391 | 699,844,964 |
| Creditors - amounts falling due after more than one year | 12 | <u>(400,000,000)</u> | <u>(700,000,000)</u> |
| NET LIABILITIES | | <u>(183,609)</u> | <u>(155,036)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 13 | 50,000 | 50,000 |
| Accumulated losses | | <u>(233,609)</u> | <u>(205,036)</u> |
| TOTAL EQUITY | | <u>(183,609)</u> | <u>(155,036)</u> |

The financial statements on pages 7 to 16 were approved by the Board of Directors on and were signed on its behalf by:

22 JUN 2017

 x CS

Christian Salbano
Director
HUTCHISON WHAMPOA FINANCE UK PLC
REGISTERED NUMBER: 5990939

HUTCHISON WHAMPOA FINANCE UK PLC

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

| | Called up share capital £ | Accumulated losses £ | Total equity £ |
|---|--|-------------------------------------|-------------------------------|
| At 1 January 2015 | 50,000 | (183,671) | (133,671) |
| Loss for the financial year | - | (21,365) | (21,365) |
| Other comprehensive income | - | - | - |
| Total comprehensive income (loss) for the year attributable to the shareholders | - | (21,365) | (21,365) |
| At 31 December 2015 | 50,000 | (205,036) | (155,036) |
| Loss for the financial year | - | (28,573) | (28,573) |
| Other comprehensive income | - | - | - |
| Total comprehensive income (loss) for the year attributable to the shareholders | - | (28,573) | (28,573) |
| At 31 December 2016 | 50,000 | (233,609) | (183,609) |

HUTCHISON WHAMPOA FINANCE UK PLC

STATEMENT OF CASH FLOWS for the year ended 31 December 2016

| | Note | 2016 £ | 2015 £ |
|---|--------|---------------------|---------------------|
| Operating activities | | | |
| Funds from operations | 14 (a) | 39,357,627 | 39,342,435 |
| Changes in working capital | 14 (b) | 17,373 | 32,565 |
| Net cash generated from operating activities | | 39,375,000 | 39,375,000 |
| Financing activity | | | |
| Interest paid on creditors - loan notes | | (39,375,000) | (39,375,000) |
| Net cash used in financing activity | | (39,375,000) | (39,375,000) |
| Changes in cash and cash equivalents | | - | - |
| Cash and cash equivalents at 1 January | | - | - |
| Cash and cash equivalents at 31 December | 14 (c) | - | - |

HUTCHISON WHAMPOA FINANCE UK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

The principal activity of the Company is to arrange financing on behalf of group companies.

The Company is a limited liability company incorporated in the England and Wales. The address of its registered office is Hutchison House, 5 Hester Road, Battersea, London SW11 4AN.

2. STATEMENT OF COMPLIANCE

The financial statements of Hutchison Whampoa Finance UK Plc have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. Significant accounting policies, which have been applied consistently throughout the year, are set out below.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting year. Actual results could differ from those estimates. Estimates are used principally when accounting for doubtful debts, provisions for liabilities and charges and taxes.

(b) Going concern

The ultimate holding company has confirmed its intention to provide sufficient financial support to enable the Company to meet its financial obligations as and when they fall due. Consequently, the directors have prepared the financial statements on a going concern basis.

(c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has not taken advantage of any available exemptions for qualifying entities.

(d) Turnover

Turnover represents interest income earned from a group company.

Interest income is recognised on a time proportion basis using the effective interest method.

(e) Finance cost

Costs incurred in raising debt finance were paid separately by Hutchison 3G UK Holdings Limited.

Other finance costs are charged to the profit and loss account on an accrual basis.

(f) Debtors

Debtors are stated at the amounts loaned less provision for bad and doubtful debts. Provisions are maintained in respect of bad and doubtful debts for estimated losses resulting from customers not making the required payments.

(g) Group companies

A group company is herein defined as CKHH, a company listed in Hong Kong and incorporated in Cayman Islands, and its subsidiary companies.

HUTCHISON WHAMPOA FINANCE UK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Deferred tax

Deferred tax is provided in full on all timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(i) Financial Instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, amounts owed by group undertakings and immediate holding company, are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, loans notes and amounts owed to group undertakings, are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(j) Notes payable

Fixed rate borrowings are initially stated at the amounts of the consideration received and subsequently at amortised cost using the Effective Interest Rate method ("EIR"). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as an interest charge in the income statement. Finance costs are charged to the profit and loss account on an accrual basis over the term of the borrowings.

HUTCHISON WHAMPOA FINANCE UK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Note 3 includes a summary of the significant accounting policies used in the preparation of the financial statements. 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.

5. SEGMENT REPORTING

The Company's activities consist of one class of business - providing finance to a CK Hutchison Holdings Limited group company in the United Kingdom.

6. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

| | | |
|---|-----------|-----------|
| Loss on ordinary activities before taxation is stated after charging the following items: | 2016 £ | 2015 £ |
| Auditors' remuneration - Audit fees payable to the Company's auditors | | |
| - current year | 22,644 | 18,501 |
| - prior year under provision | 3,040 | 752 |
| Legal and professional fee | 2,889 | 2,112 |

7. INTEREST PAYABLE AND SIMILAR CHARGES

| | | |
|--|------------|------------|
| | 2016 £ | 2015 £ |
| Interest payable on creditors - loan notes | 39,386,200 | 39,363,800 |

8. DIRECTORS AND EMPLOYEE INFORMATION

None of the directors or key management personnel received or will receive any fees, emoluments or compensation in respect of their services to the Company for the year (2015: nil). The Company has no employees and no staff costs (2015: nil).

HUTCHISON WHAMPOA FINANCE UK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

9. TAX ON LOSS ON ORDINARY ACTIVITIES

| | 2016 £ | 2015 £ |
|------------------------------------|-----------|-----------|
| Current tax | | |
| - UK corporation tax | - | - |
| Deferred tax | | |
| - Deferred tax charge | - | - |
| Tax on loss on ordinary activities | - | - |

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015: 20.25%).

The difference is explained below:

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Loss on ordinary activities before taxation | (28,573) | (21,365) |
| Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK at 20% (2015: 20.25%) | (5,715) | (4,326) |
| Effects of: | | |
| Losses surrendered via group relief for nil consideration | 5,715 | 4,326 |
| Total tax on loss on ordinary activities | - | - |

There has been no deferred tax recognised or unrecognised in the current year.

Factors affecting current and future tax charges

The Finance Act 2013 reduced the main rate of corporation tax from 21% to 20% as of 1 April 2015. The Finance (No.2) Act 2015 provided that the main rate of corporation tax as of 1 April 2017 will be 19% and the Finance bill 2016 will set the rate to 17% as of 1 April 2020.

10. DEBTORS

| | 2016 £ | 2015 £ |
|--|-------------|-------------|
| The following financial assets measured at amortised cost: | | |
| Debtors - Amounts falling due within one year: | | |
| Amount owed by immediate holding company | 50,000 | 50,000 |
| Amount owed by group undertakings | 300,000,000 | - |
| Amount owed by group undertakings | 4,099,315 | 4,088,115 |
| | 304,149,315 | 4,138,115 |
| Debtors - Amounts falling due after more than one year: | | |
| Amounts owed by group undertakings | 400,000,000 | 700,000,000 |

Amount owed by immediate holding company is an unsecured interest free loan which is receivable on demand.

Amount owed by group undertakings - falling due within one year represents loan bearing interest at 5.625% to Hutchison 3G UK Holdings Limited of £300 million (2015: nil), which is receivable in full on 24 November 2017 and the accrued interest arising from the amounts owed by group undertakings - falling due within one year and after more than one year.

Amounts owed by group undertakings - falling due after more than one year represents loan bearing interest at 5.625% to Hutchison 3G UK Holdings Limited of £400 million, which is receivable in full on 24 November 2026 (2015: £300 million and £400 million, which are receivable in full on 24 November 2017 and 24 November 2026 respectively).

Amounts owed by group undertakings are unsecured.

HUTCHISON WHAMPOA FINANCE UK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

11. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 £ | 2015 £ |
|---|--------------------|------------------|
| The following financial liabilities measured at amortised cost: | | |
| Notes payable, within one year | 300,000,000 | - |
| Other creditors | 4,099,315 | 4,088,115 |
| Amounts owed to group undertakings | 189,771 | 165,341 |
| Accruals | 43,838 | 39,695 |
| | <u>304,332,924</u> | <u>4,293,151</u> |

Amounts owed to group undertaking are unsecured, interest free and repayable on demand.

12. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2016 £ | 2015 £ |
|---|--------------------|--------------------|
| Notes payable | <u>400,000,000</u> | <u>700,000,000</u> |
| The maturity of notes payable are as follows: | | |
| | £ | £ |
| In two to five years | - | 300,000,000 |
| In more than five years | <u>400,000,000</u> | <u>400,000,000</u> |
| | <u>400,000,000</u> | <u>700,000,000</u> |

Notes payable in the aggregate principal amount of £700 million were issued on 24 November 2006, comprising of £300 million principal amount of 5.625% Notes due on 24 November 2017 (the "Series A Notes") and £400 million principal amount of 5.625% Notes due on 24 November 2026 (the "Series B Notes"). These Notes are unsecured, guaranteed by the ultimate holding company and are listed on the Singapore Stock Exchange.

The carrying amounts and fair values of the Notes are as follows:

| | Carrying amounts | | Fair values | |
|----------------|--------------------|--------------------|--------------------|--------------------|
| | 2016 £ | 2015 £ | 2016 £ | 2015 £ |
| Series A Notes | 300,000,000 | 300,000,000 | 312,652,500 | 321,175,500 |
| Series B Notes | <u>400,000,000</u> | <u>400,000,000</u> | <u>516,970,000</u> | <u>480,300,000</u> |
| | <u>700,000,000</u> | <u>700,000,000</u> | <u>829,622,500</u> | <u>801,475,500</u> |

The fair values of the Notes are based on quoted market prices.

13. CALLED UP SHARE CAPITAL

| | 2016 £ | 2015 £ |
|---|---------------|---------------|
| Issued and fully paid: | | |
| 50,000 (2015: 50,000) shares of £1 each | <u>50,000</u> | <u>50,000</u> |

HUTCHISON WHAMPOA FINANCE UK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

14. NOTES TO STATEMENT OF CASH FLOWS

| | | |
|--|------------|------------|
| (a) Reconciliation of loss for the financial year to funds from operations | 2016 | 2015 |
| | £ | £ |
| Loss for the financial year | (28,573) | (21,365) |
| Interest payable and similar charges | 39,386,200 | 39,363,800 |
| Funds from operations | 39,357,627 | 39,342,435 |
| (b) Changes in working capital | 2016 | 2015 |
| | £ | £ |
| Decrease (increase) in amounts owed by group undertakings | (11,200) | 11,200 |
| Increase in amounts owed to group undertakings | 24,430 | 19,434 |
| Increase in other payables and accrued charges | 4,143 | 1,931 |
| | 17,373 | 32,565 |

- (c) No cash and bank account is maintained by the Company as all cash transactions are centrally operated and managed through its fellow subsidiary company.

15. RELATED PARTY TRANSACTIONS

During the year and in ordinary course of business, the Company entered into the following transactions with related parties:

- (a) The Company made advances to Hutchison 3G UK Holdings Limited ("H3GUK"), a fellow subsidiary of the Company. The amounts due at the year end date, are unsecured, bearing interest at fixed 5.625%. The amount due of £300 million which repayable in 2017 and £400 million which repayable in 2026, are disclosed in the statement of financial position.
- (b) The Company earned interest income from H3GUK. The outstanding balance of loans at the year end date is disclosed in the statement of financial position and note 10.
- (c) During the year and at the year end, no director of the Company had or has a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business, to which the Company was or is a party (2015: None).

16. HOLDING COMPANIES

The immediate controlling party is Hutchison Whampoa Europe Investments S.à r.l., a company incorporated in Luxembourg, which owns 100% of the share capital and voting rights of the Company.

CK Hutchison Holdings Limited ("CKHH"), a company listed on The Stock Exchange of Hong Kong Limited and incorporated in the Cayman Islands, is the largest and smallest group to consolidate these financial statements, and is the Company's ultimate controlling party.

Copies of the group financial statements of CKHH may be obtained from the Company Secretary at 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong or www.ckh.com.hk.

HUTCHISON WHAMPOA FINANCE UK PLC

**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016**

REGISTERED NUMBER: 5990939

HUTCHISON WHAMPOA FINANCE UK PLC

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HUTCHISON WHAMPOA FINANCE UK PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

BUSINESS REVIEW

Hutchison Whampoa Finance UK PLC ("the Company") is an indirect wholly-owned subsidiary of CK Hutchison Holdings Limited ("CKHH"), a company listed on The Stock Exchange of Hong Kong Limited and incorporated in the Cayman Islands. CKHH is the ultimate holding company of the Company. The principal activity of the Company is to arrange financing on behalf of group companies. Notes payable of the principal amount of £300m issued in 2006 are due on November 2017. Please refer to Note 12 for details.

The directors consider that the result for the year and the financial position at the end of it are within expectation and they expect the present level of activity to be sustained for the foreseeable future with the benefit of the guarantee provided by CKHH.

ANALYSIS OF DEVELOPMENT AND PERFORMANCE OF THE BUSINESS

The key performance indicators used for internal performance are set out below.

For the year ended 31 December

| | 2016 £ | 2015 £ |
|-----------------------------|------------|------------|
| Turnover | 39,386,200 | 39,363,800 |
| Loss for the financial year | (28,573) | (21,365) |

Net liabilities of the Company were £183,609 at 31 December 2016 (2015: £155,036).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's activities may expose it to certain financial risks, including foreign currency risk, fair value interest risk, credit risk, liquidity risk, and interest rate risk. Financial risk management is carried out by the treasury function of the ultimate holding company, in accordance with policies and procedures approved by its Directors, which are also subject to periodic review by the internal audit function of the ultimate holding company. The treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates and to minimise the financial risks. The treasury function operates as a centralised service for managing financial risks, and for providing cost efficient funding to individual entities.

(i) Foreign currency risk

The Company has minimal exposure to foreign currency exchange rate risk as transactions are denominated in Sterling which is the functional currency of the Company. The Company considers its foreign currency risk exposure is not significant.

(ii) Credit risk

The Company's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. Credit risks arising from loans due from group companies are addressed by assessing the credit quality of the group companies, taking into account their financial positions, past experience and other factors.

(iii) Liquidity risk

The Company's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient liquid financial assets to meet those requirements. The ultimate holding company has undertaken to provide continuing financial support to the Company, which mitigates the risk to the Company.

Analysis of the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date is set out in Note 11 and 12 to the financial statements.

HUTCHISON WHAMPOA FINANCE UK PLC

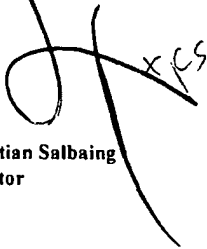
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

(iv) Interest rate risk

There would be no impact to the Company's loss for the year for any changes in market interest rate at the end of the reporting period while all other variables are constant because all non-derivative financial instruments with fixed interest rates are carried at amortised cost and are not subject to interest rate risk as defined in FRS 102. The entity manages exposure to interest rate risk through back to back loans on identical terms.

On behalf of the board

A handwritten signature in black ink, appearing to be 'CS' with a large loop, written over the printed name and title.

**Christian Salbaing
Director**

22 JUN 2017

HUTCHISON WHAMPOA FINANCE UK PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The principal activity of the Company is to arrange financing on behalf of group companies.

RESULTS AND DIVIDENDS

The Company's loss for the financial year is £28,573 (2015: £21,365). Increase in the Company's loss is mainly due to the increase in professional fee. No interim dividend was paid during the year and the directors do not recommend the declaration of a final dividend (2015: nil).

DIRECTORS

The following held office as directors during the year and up to the date of this report:

Frank Sixt
Christian Saibaing
Neil McGee
Robin Sng
Dominic Lai (Appointed on 21 September 2016)
Susan Chow (Resigned on 1 August 2016)

DIRECTORS' INDEMNITIES

The Company has granted third party indemnities to the above directors against all 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 to be in force for the benefit of directors and officers for as long as they remain in their positions.

FINANCIAL RISK MANAGEMENT

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

FUTURE DEVELOPMENTS

Please refer to the Business review section of the Strategic Report for the Company's future developments.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland", 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 these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements; 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 responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, 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. They 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.

GOING CONCERN

The directors believe that the adoption of going concern basis in the preparation of the financial statements is appropriate as sufficient funding is available through the CKHH Group.

HUTCHISON WHAMPOA FINANCE UK PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

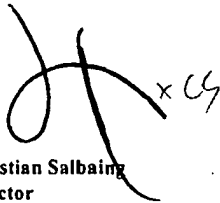
DISCLOSURE OF INFORMATION TO AUDITORS

Each of directors who held office at the date of approval of this Directors' Report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are not aware and they have taken all the steps that they ought to have taken as directors 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 continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board

A handwritten signature in black ink, appearing to be 'CS' with a large loop, followed by a small 'x' and 'CS'.

**Christian Salbaing
Director**

22 JUN 2017

HUTCHISON WHAMPOA FINANCE UK PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUTCHISON WHAMPOA FINANCE UK PLC

Report on the financial statements

Our opinion

In our opinion, Hutchison Whampoa Finance UK Plc's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss and cash flow for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

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 financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in the respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

HUTCHISON WHAMPOA FINANCE UK PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUTCHISON WHAMPOA FINANCE UK PLC (CONTINUED)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

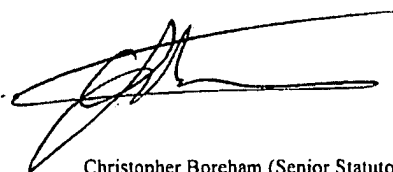
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



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

22 JUN 2017

HUTCHISON WHAMPOA FINANCE UK PLC

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

| | Note | 2016 £ | 2015 £ |
|--|------|---------------------|---------------------|
| Turnover | | 39,386,200 | 39,363,800 |
| Administrative expenses | | (28,573) | (21,365) |
| Interest payable and similar charges | 7 | <u>(39,386,200)</u> | <u>(39,363,800)</u> |
| Loss on ordinary activities before taxation | 6 | (28,573) | (21,365) |
| Tax on loss on ordinary activities | 9 | <u>-</u> | <u>-</u> |
| Loss for the financial year | | (28,573) | (21,365) |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| Total comprehensive income (loss) for the year | | <u>(28,573)</u> | <u>(21,365)</u> |

The results relate to activities which are continuing.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

The notes on pages 11 to 16 form an integral part of the financial statements.

HUTCHISON WHAMPOA FINANCE UK PLC

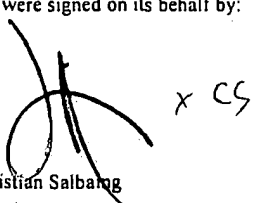
BALANCE SHEET

at 31 December 2016

| | Note | 2016 £ | 2015 £ |
|--|------|--------------------|--------------------|
| ASSETS | | | |
| Current assets | | | |
| Debtors - amounts falling due within one year | 10 | 304,149,315 | 4,138,115 |
| Debtors - amounts falling due after more than one year | 10 | 400,000,000 | 700,000,000 |
| Creditors - amounts falling due within one year | 11 | (304,332,924) | (4,293,151) |
| Net current assets | | 399,816,391 | 699,844,964 |
| Total assets less current liabilities | | 399,816,391 | 699,844,964 |
| Creditors - amounts falling due after more than one year | 12 | (400,000,000) | (700,000,000) |
| NET LIABILITIES | | (183,609) | (155,036) |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 13 | 50,000 | 50,000 |
| Accumulated losses | | (233,609) | (205,036) |
| TOTAL EQUITY | | (183,609) | (155,036) |

The financial statements on pages 7 to 16 were approved by the Board of Directors on and were signed on its behalf by:

22 JUN 2017

 x CS
Christian Salbano
Director
HUTCHISON WHAMPOA FINANCE UK PLC
REGISTERED NUMBER: 5990939

HUTCHISON WHAMPOA FINANCE UK PLC

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2016

1

| | Called up share capital £ | Accumulated losses £ | Total equity £ |
|---|------------------------------------|----------------------------|----------------------|
| At 1 January 2015 | 50,000 | (183,671) | (133,671) |
| Loss for the financial year | - | (21,365) | (21,365) |
| Other comprehensive income | - | - | - |
| Total comprehensive income (loss) for the year attributable to the shareholders | - | (21,365) | (21,365) |
| At 31 December 2015 | 50,000 | (205,036) | (155,036) |
| Loss for the financial year | - | (28,573) | (28,573) |
| Other comprehensive income | - | - | - |
| Total comprehensive income (loss) for the year attributable to the shareholders | - | (28,573) | (28,573) |
| At 31 December 2016 | 50,000 | (233,609) | (183,609) |

HUTCHISON WHAMPOA FINANCE UK PLC

STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

| | Note | 2016 £ | 2015 £ |
|---|--------|---------------------|---------------------|
| Operating activities | | | |
| Funds from operations | 14 (a) | 39,357,627 | 39,342,435 |
| Changes in working capital | 14 (b) | 17,373 | 32,565 |
| Net cash generated from operating activities | | 39,375,000 | 39,375,000 |
| Financing activity | | | |
| Interest paid on creditors - loan notes | | (39,375,000) | (39,375,000) |
| Net cash used in financing activity | | (39,375,000) | (39,375,000) |
| Changes in cash and cash equivalents | | - | - |
| Cash and cash equivalents at 1 January | | - | - |
| Cash and cash equivalents at 31 December | 14 (c) | - | - |

HUTCHISON WHAMPOA FINANCE UK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

The principal activity of the Company is to arrange financing on behalf of group companies.

The Company is a limited liability company incorporated in the England and Wales. The address of its registered office is Hutchison House, 5 Hester Road, Battersea, London SW11 4AN.

2. STATEMENT OF COMPLIANCE

The financial statements of Hutchison Whampoa Finance UK Plc have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. Significant accounting policies, which have been applied consistently throughout the year, are set out below.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting year. Actual results could differ from those estimates. Estimates are used principally when accounting for doubtful debts, provisions for liabilities and charges and taxes.

(b) Going concern

The ultimate holding company has confirmed its intention to provide sufficient financial support to enable the Company to meet its financial obligations as and when they fall due. Consequently, the directors have prepared the financial statements on a going concern basis.

(c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has not taken advantage of any available exemptions for qualifying entities.

(d) Turnover

Turnover represents interest income earned from a group company.

Interest income is recognised on a time proportion basis using the effective interest method.

(e) Finance cost

Costs incurred in raising debt finance were paid separately by Hutchison 3G UK Holdings Limited.

Other finance costs are charged to the profit and loss account on an accrual basis.

(f) Debtors

Debtors are stated at the amounts loaned less provision for bad and doubtful debts. Provisions are maintained in respect of bad and doubtful debts for estimated losses resulting from customers not making the required payments.

(g) Group companies

A group company is herein defined as CKHH, a company listed in Hong Kong and incorporated in Cayman Islands, and its subsidiary companies.

HUTCHISON WHAMPOA FINANCE UK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Deferred tax

Deferred tax is provided in full on all timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(i) Financial Instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, amounts owed by group undertakings and immediate holding company, are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, loans notes and amounts owed to group undertakings, are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(j) Notes payable

Fixed rate borrowings are initially stated at the amounts of the consideration received and subsequently at amortised cost using the Effective Interest Rate method ("EIR"). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as an interest charge in the income statement. Finance costs are charged to the profit and loss account on an accrual basis over the term of the borrowings.

HUTCHISON WHAMPOA FINANCE UK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Note 3 includes a summary of the significant accounting policies used in the preparation of the financial statements. 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.

5. SEGMENT REPORTING

The Company's activities consist of one class of business - providing finance to a CK Hutchison Holdings Limited group company in the United Kingdom.

6. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

| | | |
|---|-----------|-----------|
| Loss on ordinary activities before taxation is stated after charging the following items: | 2016 £ | 2015 £ |
| Auditors' remuneration - Audit fees payable to the Company's auditors | | |
| - current year | 22,644 | 18,501 |
| - prior year under provision | 3,040 | 752 |
| Legal and professional fee | 2,889 | 2,112 |

7. INTEREST PAYABLE AND SIMILAR CHARGES

| | | |
|--|------------|------------|
| | 2016 £ | 2015 £ |
| Interest payable on creditors - loan notes | 39,386,200 | 39,363,800 |

8. DIRECTORS AND EMPLOYEE INFORMATION

None of the directors or key management personnel received or will receive any fees, emoluments or compensation in respect of their services to the Company for the year (2015: nil). The Company has no employees and no staff costs (2015: nil).

HUTCHISON WHAMPOA FINANCE UK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

9. TAX ON LOSS ON ORDINARY ACTIVITIES

| | 2016 £ | 2015 £ |
|------------------------------------|-----------|-----------|
| Current tax | | |
| - UK corporation tax | - | - |
| Deferred tax | | |
| - Deferred tax charge | - | - |
| Tax on loss on ordinary activities | - | - |

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015: 20.25%).

The difference is explained below:

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Loss on ordinary activities before taxation | (28,573) | (21,365) |
| Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK at 20% (2015: 20.25%) | (5,715) | (4,326) |
| Effects of: | | |
| Losses surrendered via group relief for nil consideration | 5,715 | 4,326 |
| Total tax on loss on ordinary activities | - | - |

There has been no deferred tax recognised or unrecognised in the current year.

Factors affecting current and future tax charges

The Finance Act 2013 reduced the main rate of corporation tax from 21% to 20% as of 1 April 2015. The Finance (No.2) Act 2015 provided that the main rate of corporation tax as of 1 April 2017 will be 19% and the Finance bill 2016 will set the rate to 17% as of 1 April 2020.

10. DEBTORS

| | 2016 £ | 2015 £ |
|--|-------------|-------------|
| The following financial assets measured at amortised cost: | | |
| Debtors - Amounts falling due within one year: | | |
| Amount owed by immediate holding company | 50,000 | 50,000 |
| Amount owed by group undertakings | 300,000,000 | - |
| Amount owed by group undertakings | 4,099,315 | 4,088,115 |
| | 304,149,315 | 4,138,115 |
| Debtors - Amounts falling due after more than one year: | | |
| Amounts owed by group undertakings | 400,000,000 | 700,000,000 |

Amount owed by immediate holding company is an unsecured interest free loan which is receivable on demand.

Amount owed by group undertakings - falling due within one year represents loan bearing interest at 5.625% to Hutchison 3G UK Holdings Limited of £300 million (2015: nil), which is receivable in full on 24 November 2017 and the accrued interest arising from the amounts owed by group undertakings - falling due within one year and after more than one year.

Amounts owed by group undertakings - falling due after more than one year represents loan bearing interest at 5.625% to Hutchison 3G UK Holdings Limited of £400 million, which is receivable in full on 24 November 2026 (2015: £300 million and £400 million, which are receivable in full on 24 November 2017 and 24 November 2026 respectively).

Amounts owed by group undertakings are unsecured.

HUTCHISON WHAMPOA FINANCE UK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

11. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 £ | 2015 £ |
|---|--------------------|------------------|
| The following financial liabilities measured at amortised cost: | | |
| Notes payable, within one year | 300,000,000 | - |
| Other creditors | 4,099,315 | 4,088,115 |
| Amounts owed to group undertakings | 189,771 | 165,341 |
| Accruals | 43,838 | 39,695 |
| | <u>304,332,924</u> | <u>4,293,151</u> |

Amounts owed to group undertaking are unsecured, interest free and repayable on demand.

12. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2016 £ | 2015 £ |
|---|--------------------|--------------------|
| Notes payable | <u>400,000,000</u> | <u>700,000,000</u> |
| The maturity of notes payable are as follows: | | |
| | £ | £ |
| In two to five years | - | 300,000,000 |
| In more than five years | <u>400,000,000</u> | <u>400,000,000</u> |
| | <u>400,000,000</u> | <u>700,000,000</u> |

Notes payable in the aggregate principal amount of £700 million were issued on 24 November 2006, comprising of £300 million principal amount of 5.625% Notes due on 24 November 2017 (the "Series A Notes") and £400 million principal amount of 5.625% Notes due on 24 November 2026 (the "Series B Notes"). These Notes are unsecured, guaranteed by the ultimate holding company and are listed on the Singapore Stock Exchange.

The carrying amounts and fair values of the Notes are as follows:

| | Carrying amounts | | Fair values | |
|----------------|--------------------|--------------------|--------------------|--------------------|
| | 2016 £ | 2015 £ | 2016 £ | 2015 £ |
| Series A Notes | 300,000,000 | 300,000,000 | 312,652,500 | 321,175,500 |
| Series B Notes | <u>400,000,000</u> | <u>400,000,000</u> | <u>516,970,000</u> | <u>480,300,000</u> |
| | <u>700,000,000</u> | <u>700,000,000</u> | <u>829,622,500</u> | <u>801,475,500</u> |

The fair values of the Notes are based on quoted market prices.

13. CALLED UP SHARE CAPITAL

| | 2016 £ | 2015 £ |
|---|---------------|---------------|
| <i>Issued and fully paid:</i> | | |
| 50,000 (2015: 50,000) shares of £1 each | <u>50,000</u> | <u>50,000</u> |

HUTCHISON WHAMPOA FINANCE UK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

14. NOTES TO STATEMENT OF CASH FLOWS

| | | |
|--|------------|------------|
| (a) Reconciliation of loss for the financial year to funds from operations | 2016 £ | 2015 £ |
| Loss for the financial year | (28,573) | (21,365) |
| Interest payable and similar charges | 39,386,200 | 39,363,800 |
| Funds from operations | 39,357,627 | 39,342,435 |
| (b) Changes in working capital | 2016 £ | 2015 £ |
| Decrease (increase) in amounts owed by group undertakings | (11,200) | 11,200 |
| Increase in amounts owed to group undertakings | 24,430 | 19,434 |
| Increase in other payables and accrued charges | 4,143 | 1,931 |
| | 17,373 | 32,565 |

- (c) No cash and bank account is maintained by the Company as all cash transactions are centrally operated and managed through its fellow subsidiary company.

15. RELATED PARTY TRANSACTIONS

During the year and in ordinary course of business, the Company entered into the following transactions with related parties:

- (a) The Company made advances to Hutchison 3G UK Holdings Limited ("H3GUK"), a fellow subsidiary of the Company. The amounts due at the year end date, are unsecured, bearing interest at fixed 5.625%. The amount due of £300 million which repayable in 2017 and £400 million which repayable in 2026, are disclosed in the statement of financial position.
- (b) The Company earned interest income from H3GUK. The outstanding balance of loans at the year end date is disclosed in the statement of financial position and note 10.
- (c) During the year and at the year end, no director of the Company had or has a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business, to which the Company was or is a party (2015: None).

16. HOLDING COMPANIES

The immediate controlling party is Hutchison Whampoa Europe Investments S.à r.l., a company incorporated in Luxembourg, which owns 100% of the share capital and voting rights of the Company.

CK Hutchison Holdings Limited ("CKHH"), a company listed on The Stock Exchange of Hong Kong Limited and incorporated in the Cayman Islands, is the largest and smallest group to consolidate these financial statements, and is the Company's ultimate controlling party.

Copies of the group financial statements of CKHH may be obtained from the Company Secretary at 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong or www.ckh.com.hk.