HUTCHISON WHAMPOA FINANCE UK PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017

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 were fully redeemed on 24 November 2017, with the equivalent amount owed by group undertakings being repaid on the same date.
Please refer to Notes 10 and 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	**2017**	2016
	£	£
Turnover	**37,618,151**	39,386,200
Loss for the financial year	**(23,325)**	(28,573)

Net liabilities of the Company were £206,934 at 31 December 2017 (2016: £183,609).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's activities may expose it to certain financial risks, including foreign currency 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.

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 financial instruments are non-derivative financial instruments with with fixed interest rates which 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

Christian Salbaing
Director

19 JUNE 2018

HUTCHISON WHAMPOA FINANCE UK PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2017.

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 £23,325 (2016: loss £28,573). Decrease in the Company's loss is mainly due to the decrease in professional fees incurred in the year. No interim dividend was paid during the year and the directors do not recommend the declaration of a final dividend (2016: nil).

DIRECTORS

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

Frank Sixt
Dominic Lai
Neil McGee
Christian Salbaing
Robin Sng

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.

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 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.

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

Christian Salbaing
Director

19 JUNE 2018

HUTCHISON WHAMPOA FINANCE UK PLC

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

Report on the audit of the financial statements

Our opinion

In our opinion, Hutchison Whampoa Finance UK Plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Strategic Report, Directors' Report and Financial Statements for the year ended 31 December 2017 (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the statement of comprehensive income, the statement of cash flows, 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, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Materiality
- Overall materiality: £4,023,925 (2016: £7,041,493 million), based on 1% of total assets.

Audit scope
- Single entity audit with finance team based in Hong Kong. Another PwC network firm acting as the performing firm, based in Hong Kong, operating under our instruction.

Key audit matters
- Amounts owed by group undertakings.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matters	*How our audit addressed the key audit matter*
Amounts owed by group undertakings Refer to note 10 of the financial statements. Our audit focused on the amounts owed by group undertakings due to its materiality and the importance of its recoverability in enabling the company to repay its liabilities as and when they fall due.	The procedures in relation to the amounts owed by group undertakings included: Obtaining direct confirmation from the group undertakings to confirm the outstanding balance as at year end. Inquiring of management regarding the factors that they have considered when determining whether the amounts owed by group undertakings were recoverable, and corroborated their analysis with supporting evidence obtained, including the latest financial information of the group undertakings. Obtaining confirmation of the intention of the ultimate holding company to provide sufficient financial support to enable the group undertakings to meet its financial obligations as and when they fall due. Based on the work performed we found that the assumptions used were supported by the evidence we obtained.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The company operates as a single entity, with the finance function being based in Hong Kong. In establishing our overall approach to the audit, we determined the type of work that needed to be carried out by another PwC network firm acting as the performing firm, based in Hong Kong, operating under our instruction. We determined the level of involvement we needed to have in the audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£4,023,925 (2016: £7,041,493).
How we determined it	1% of total assets.
Rationale for benchmark applied	Given the principal activity of the entity is to arrange financing on behalf of group companies we believe that total assets is the most appropriate measure for assessing the performance of the entity, and is a generally accepted auditing benchmark.

We agreed with the directors that we would report to them misstatements identified during our audit above £201,196 (2016: £352,075) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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 when:

- 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.

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

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.

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 below 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 2017 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 set out on page 3, 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.

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. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, 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.

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

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

19 JUNE 2018

HUTCHISON WHAMPOA FINANCE UK PLC

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover		**37,618,151**	39,386,200
Administrative expenses		**(23,325)**	(28,573)
Interest payable and similar charges	7	**(37,618,151)**	(39,386,200)
Loss before taxation	6	**(23,325)**	(28,573)
Tax	9	**-**	-
Loss for the financial year		**(23,325)**	(28,573)
Other comprehensive income		**-**	-
Total comprehensive income (loss) for the year		**(23,325)**	(28,573)

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 13 to 18 form an integral part of the financial statements.

HUTCHISON WHAMPOA FINANCE UK PLC

BALANCE SHEET
at 31 December 2017

	Note	2017 £	2016 £
ASSETS			
Current assets			
Debtors - amounts falling due within one year	10	**2,392,466**	304,149,315
Debtors - amounts falling due after more than one year	10	**400,000,000**	400,000,000
Creditors - amounts falling due within one year	11	**(2,599,400)**	(304,332,924)
Net current assets		**399,793,066**	399,816,391
Total assets less current liabilities		**399,793,066**	399,816,391
Creditors - amounts falling due after more than one year	12	**(400,000,000)**	(400,000,000)
NET LIABILITIES		**(206,934)**	(183,609)
CAPITAL AND RESERVES			
Called-up share capital	13	**50,000**	50,000
Accumulated losses		**(256,934)**	(233,609)
TOTAL EQUITY		**(206,934)**	(183,609)

The notes on pages 13 to 18 form an integral part of the financial statements.

The financial statements on pages 9 to 18 were approved by the Board of Directors on 19 JUNE 2018 and were signed on its behalf by:

Christian Salbaing
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 2017

	Called up share capital £	Accumulated losses £	Total equity £
At 1 January 2016	50,000	(205,036)	(155,036)
Loss for the financial year	-	(28,573)	(28,573)
Other comprehensive income for the year	-	-	-
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)**
Loss for the financial year	-	**(23,325)**	**(23,325)**
Other comprehensive income for the year	-	-	-
Total comprehensive income (loss) for the year attributable to the shareholders	-	**(23,325)**	**(23,325)**
At 31 December 2017	**50,000**	**(256,934)**	**(206,934)**

HUTCHISON WHAMPOA FINANCE UK PLC

STATEMENT OF CASH FLOWS
for the year ended 31 December 2017

	Note	2017 £	2016 £
Operating activities			
Funds from operations	14 (a)	**37,594,826**	39,357,627
Changes in working capital	14 (b)	**301,780,174**	17,373
Net cash generated from operating activities		**339,375,000**	39,375,000
Financing activities			
Redemption of loan notes		**(300,000,000)**	-
Interest paid on creditors - loan notes		**(39,375,000)**	(39,375,000)
Net cash used in financing activities		**(339,375,000)**	(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 2017

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 England and Wales. The address of its registered office is Hutchison House, 5 Hester Road, Battersea, London SW114AN.

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.

Functional and presentation currency

The financial statements are presented in pound sterling. The Company's functional and presentation currency is the pound sterling.

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) Interest payable and similar charges

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 counterparties 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.

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 amounts owed by group undertakings and immediate holding company, are initially recognised at the 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. An 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 other creditors, notes payable and amounts owed to group undertakings, are initially recognised at the 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. Interest payable and similar charges are charged to the profit and loss account on an accrual basis over the term of the borrowings.

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. No critical accounting estimates or judgements have been identified for the Company which would require further disclosure.

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 BEFORE TAXATION

Loss before taxation is stated after charging (crediting) the following items:	2017 £	2016 £
Auditors' remuneration - Audit fees payable to the Company's auditors		
- current year	21,409	22,644
- prior year under (over) provision	(1,322)	3,040
Legal and professional fee	3,238	2,889

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £	2016 £
Interest payable on creditors - loan notes	37,618,151	39,386,200

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 (2016: nil). The Company has no employees and no staff costs (2016: nil).

9. TAX

	2017 £	2016 £
Current tax		
- UK corporation tax	-	-
Deferred tax		
- Deferred tax charge	-	-
Tax	-	-

The tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

The difference is explained below:

	2017 £	2016 £
Loss before taxation	(23,325)	(28,573)
Loss before taxation multiplied by the standard rate of corporation tax in the UK at 19.25% (2016: 20%)	(4,490)	(5,715)
Effects of:		
Losses surrendered via group relief for nil consideration	4,490	5,715
Total tax	-	-

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

The following financial assets measured at amortised cost:	2017 £	2016 £
Debtors - Amounts falling due within one year:		
Amount owed by immediate holding company	50,000	50,000
Amount owed by group undertakings - Principal	-	300,000,000
Amount owed by group undertakings - Interest receivable	2,342,466	4,099,315
	2,392,466	304,149,315
Debtors - Amounts falling due after more than one year:		
Amounts owed by group undertakings	400,000,000	400,000,000

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 on the debt of £300 million, which was repaid 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. The interest accrued monthly but received annually.

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 on the debt of £400 million, which is receivable in full on 24 November 2026 (2016: £400 million).

Amounts owed by group undertakings are unsecured.

11. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

The following financial liabilities measured at amortised cost:	2017 £	2016 £
Notes payable, within one year	-	300,000,000
Other creditors	2,342,466	4,099,315
Amounts owed to group undertakings	214,331	189,771
Accruals	42,603	43,838
	2,599,400	304,332,924

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

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

	2017 £	2016 £
Notes payable	400,000,000	400,000,000

The maturity of notes payable are as follows:

	£	£
In more than five years	400,000,000	400,000,000

Notes payable in the aggregate principal amount of £400 million was issued on 24 November 2006, bearing interest at 5.625% and due on 24 November 2026 (the "Series B Notes"). This Note is unsecured, guaranteed by the ultimate holding company and is listed on the Singapore Stock Exchange.

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

	Carrying amounts		Fair values	
	2017 £	2016 £	2017 £	2016 £
Series A Notes	-	300,000,000	-	312,652,500
Series B Notes	400,000,000	400,000,000	513,666,000	516,970,000
	400,000,000	700,000,000	513,666,000	829,622,500

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

13. CALLED-UP SHARE CAPITAL

	2017 £	2016 £
Issued and fully paid:		
50,000 (2016: 50,000) shares of £1 each	50,000	50,000

14. NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of loss for the financial year to funds from operations

	2017	2016
	£	£
Loss for the financial year	(23,325)	(28,573)
Interest payable and similar charges	37,618,151	39,386,200
Funds from operations	37,594,826	39,357,627

(b) Changes in working capital

	2017	2016
	£	£
Decrease (increase) in amounts owed by group undertakings	1,756,849	(11,200)
Decrease in amounts owed by group undertakings	300,000,000	-
Increase in amounts owed to group undertakings	24,560	24,430
Increase (decrease) in accruals	(1,235)	4,143
	301,780,174	17,373

(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 in 2006 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 £400 million which is repayable in 2026, is disclosed in the balance sheet.

(b) The Company earned interest income of £37,618,151 (2016: £39,386,200) from H3GUK. The outstanding balance of loans to H3GUK and relevant interest receivable at the year end date is disclosed in the balance sheet 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 (2016: 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.