

Hutchison Global Enabling Services Limited

(Registered Number: 08710411)

Annual Report

For the year ended 31 December 2021

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Hutchison Global Enabling Services Limited

Company Information

Directors

Frank Sixt
Clemence Cheng
Christian Salbaing
Joseph Parker
David Ashley

Secretary

Edith Shih

Company number

08710411

Registered office

Hutchison House
5 Hester Road
Battersea
London
SW11 4AN

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
4th Floor, 3 Forbury Place,
23 Forbury Road,
Reading,
RG1 3JH

Hutchison Global Enabling Services Limited

Contents	Page(s)
Strategic Report	1-2
Directors' Report	3-5
Independent Auditors' Report to the members of Hutchison Global Enabling Services Limited	6-8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12-25

Hutchison Global Enabling Services Limited

Strategic Report

The directors prepare the strategic report of Hutchison Global Enabling Services Limited (the "Company") for the year ended 31 December 2021.

Principal activities

The principal activity of the Company is to support the resale of telecoms services for other group companies of CK Hutchison Holdings Limited ("CKHH" the ultimate holding company of the Company) using mobile virtual network enabling and Internet of Things platforms.

The strategy of the Company is to continue the resale of telecoms services to meet the needs of the CKHH group of companies. No changes to the Company's principal activities are expected during 2022.

Business review, future developments and key performance indicators

Management uses a range of performance measures to monitor and manage the business effectively. Certain measures are particularly important in the generation of shareholder value and are considered key performance indicators (KPIs). Revenue, operating profit and operating margin indicate the volume of work performed and the profitability.

	2021	2020
	USD	USD
Revenue	10,346,782	12,271,578
Operating Profit	940,616	1,115,598
Operating Margin	9%	9%

The directors are satisfied with the performance of the Company during the year.

Net asset position as at 31 December 2021 was USD 9,719,335 (2020: USD 8,322,915). The net asset position has not been impacted by the change in accounting policies. Please see note 2(g) and 15 regarding the adjustment.

Further, the Company also does not expect any major impact on future business because of Covid-19. The future prospectus of the Company has not been impacted given the nature of business and also witnessed that the volume / activities are in-line with initial budgets.

Hutchison Global Enabling Services Limited

Strategic Report (continued)

Principal risks and uncertainties

Due to the nature of the wholesale telecommunications market, the key business risk to the Company would be a decline in customer demand or technical failures introduced by our vendors. A reduction in customer demand or difficulties with vendors are the Company's main financial and business risks, as it does not have any non-trading debts external to the CKHH group to fund the cost of running the business. The Company does not undertake any investment or other activities that would introduce additional risks. Potential risks are credit risk, interest rate risk and foreign exchange risk.

Some credit risk exists due to trading with external companies.

Interest rate risk is limited due to funding being provided from the group.

Some foreign exchange risk is due to transactions in foreign currencies from suppliers and billing to customers.

After the Covid-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The Company is paying close attention to the development of, and the disruption to business and economic activities caused by, the Covid-19 outbreak and to evaluate its impact on the financial position, cash flows and operating results of the Company. The directors have evaluated the potential impacts on the Company's financial position, cash flows and operating results and consider these to be minimal at the date on which these financial statements are authorised for issue, as CKHH has offered support in case there is default by group undertakings owing amounts to the Company and CKHH has sufficient resources to cover the Company's interest and capital payments as they come due.

On behalf of the Board



David Ashley
Director

Date 19 December 2022

Hutchison Global Enabling Services Limited

(Registered Number: 08710411)

Directors' Report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

Future developments are covered in the "Business review, future developments and key performance indicators" section of the Strategic Report.

Results and dividends

The profit for the financial year was USD 1,396,420 (2020: Profit of USD 1,113,853). The directors did not pay or approve a dividend in 2021 (2020: nil).

Branches outside the United Kingdom

The Company has no branches outside the United Kingdom.

Financial risk management

Potential financial risks are credit risk, interest rate risk and foreign exchange risk. Credit risk is managed via cash reserves, generated from the resale of telecoms services under fixed-rate contracts, and professional services under cost-plus recharge arrangements. Interest rate risk is limited due to the Company having no external debt and funding being provided by group companies. Foreign exchange risk relates to foreign currency payments and holding foreign currency bank accounts. The risk is minimised due to foreign exchange gains and losses being incorporated in cost-plus recharge arrangements.

The Company's financial risks are managed within the framework of financial and credit policies determined by the Board of Directors of the ultimate parent undertaking, CKHH. Management of these risks is largely centralised to the Group Treasury Department, thereby minimising the Company's financial risks. See the notes on pages 65-71 of the Annual Report 2021 of CKHH for more details. Accordingly, the Company's financial risks are minimised.

Despite the unprecedented economic conditions caused by Covid-19, the directors are satisfied that all associated risks are being managed and will not have a material impact on the Company.

Charitable and political donations

During the year, the Company made no charitable donations (2020: nil).

Directors

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

Frank Sixt
Clemence Cheng
Christian Salbaing
Joseph Parker
David Ashley

Directors' and officers' liability insurance is provided by another group company.

Hutchison Global Enabling Services Limited
(Registered Number: 08710411)

Directors' Report (continued)

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company meets its day-to-day working capital requirements through its cash reserves, generated from the resale of telecoms services under fixed-rate contracts, and professional services under cost-plus recharge arrangements. The Company therefore continues to adopt the going concern basis in preparing the financial statements. Financial support by CK Hutchison Holdings Limited has been confirmed for a period of not less than 12 months from the date of signing these financial statements.

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, having regard to a range of different matters as stated therein.

In addition to the matters prescribed under section 172, the Company takes into consideration other factors which it considers relevant to the decision being made including: the long-term viability of the Company; its expected cash flow and financing requirements; the ongoing need for strategic investment in its business; and the interests, views and expectations of its members as the suppliers of long-term equity capital to the Company. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, it does, however, aim to ensure that its decisions are consistent and made in the best interests of the Company.

The board of directors delegates authority for day-to-day management of the Company to executives and engages management in setting, approving and overseeing execution of the business strategy and related policies. Management provides operational updates to the board and identifies key risks and stakeholder-related matters which arise during the course of the Company's financial year.

The board of directors considers and, if thought fit, approves the Company's activities by way of board meetings or written resolutions. As part of the board process, directors receive supporting explanatory materials, additional verbal and/or written information from executives and independent professional advice, as and when required, to ensure that they have full access to the necessary information about the Company and, where deemed necessary, independent professional advice in discharging the duties under section 172.

The Company has no employees. Its key stakeholders are its customers, suppliers and other subsidiary undertakings of CKHH. The views of, and the impact of the Company's activities on, those stakeholders are an important consideration for the directors when making relevant decisions.

The Company coordinates with CKHH on all stakeholder engagements through the CKHH Group corporate governance and sustainability functions. The Company believes that such approach is a more efficient and effective one in helping to achieve a greater positive impact on stakeholders than by working alone as an individual company. For further details on stakeholder engagement, please refer to the Corporate Governance Report of CKHH included in its 2021 Annual Report and the 2021 Sustainability Report of CKHH, both available on the CKHH website.

Hutchison Global Enabling Services Limited
(Registered Number: 08710411)

Directors' Report (continued)

Statement of directors' responsibilities in respect of the financial statements

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

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

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

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

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

Directors' confirmations

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

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

Independent auditors

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

On behalf of the Board


David Ashley
Director

Date 19 December 2022

Independent auditors' report to the members of Hutchison Global Enabling Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Hutchison Global Enabling Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Statement of Financial Position as at 31 December 2021; Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to enhance the financial performance and management bias in accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Challenge of assumptions made by management in respect of accounting judgements and estimates;
- Obtaining an understanding of the entity's policies and procedures on compliance with laws and regulations; and
- Testing unusual or unexpected journal entries, particularly those impacting revenue.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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.



Imran Younus (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
19 December 2022

Hutchison Global Enabling Services Limited
(Registered Number: 08710411)

Statement of Comprehensive Income
For the year ended 31 December 2021

	<i>Note</i>	2021 USD	2020 USD
Revenue	4	10,346,782	12,271,578
Cost of sales		(8,845,229)	(10,183,918)
Gross profit		1,501,553	2,087,660
Administrative expenses		(560,937)	(972,062)
Operating profit		940,616	1,115,598
Profit before taxation	5	940,616	1,115,598
Tax on profit	8	455,804	(1,745)
Profit for the financial year		1,396,420	1,113,853
Total comprehensive income for the year		1,396,420	1,113,853

All of the Company's activities are in respect of continuing operations.

The notes on pages 12 to 25 form an integral part of these financial statements.

Hutchison Global Enabling Services Limited
(Registered Number: 08710411)

Statement of Financial Position
As at 31 December 2021

		2021	Restated 2020
	Note	USD	USD
Fixed assets			
Intangible assets	9, 15	259,084	-
		259,084	-
Current assets			
Debtors	10, 15	10,349,775	16,473,237
Deferred tax	11	269,318	-
Cash at bank and in hand		1,808,533	469,630
		12,427,626	16,942,867
Current liabilities			
Creditors: amounts falling due within one year	12	(2,967,375)	(8,619,952)
Net current assets		9,460,251	8,322,915
Net assets		9,719,335	8,322,915
Capital and reserves			
Called up share capital	13	3	3
Share premium		27,311,445	27,311,445
Accumulated losses		(17,592,113)	(18,988,533)
Total shareholders' funds		9,719,335	8,322,915

The notes on pages 12 to 25 form an integral part of these financial statements.

The financial statements on pages 9 to 25 were approved by the Board on 16 December 2022 and signed on its behalf by:


David Ashley
Director

Date: 19 December 2022

Hutchison Global Enabling Services Limited
(Registered Number: 08710411)

Statement of Changes in Equity
For the year ended 31 December 2021

	Called-up share capital	Share Premium	Accumulated losses	Total shareholders' funds
	USD	USD	USD	USD
Balance as at 1 January 2020	3	27,311,445	(20,102,386)	7,209,062
Total comprehensive income for the year	-	-	1,113,853	1,113,853
Balance as at 31 December 2020	3	27,311,445	(18,988,533)	8,322,915
Balance as at 1 January 2021	3	27,311,445	(18,988,533)	8,322,915
Total comprehensive income for the year	-	-	1,396,420	1,396,420
Balance as at 31 December 2021	3	27,311,445	(17,592,113)	9,719,335

Hutchison Global Enabling Services Limited
(Registered Number: 08710411)

Notes to the Financial Statements for the year ended 31 December 2021

1 General information

The principal activity of the Company is to support the resale of telecoms services for other group companies of CKHH (the ultimate holding company of the Company) using mobile virtual network enabling and Internet of Things platforms.

The Company is a private limited company limited by shares and incorporated and domiciled in the United Kingdom.

(Registered address: Hutchison House, 5 Hester Road, Battersea, London, SW11 4AN, United Kingdom)

2 Accounting policies

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

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101), and the Companies Act 2006.

The financial statements are prepared in US Dollars, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest US Dollar. Conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed if applicable.

The financial statements are prepared on a going concern basis and under the historical cost convention. The principal accounting policies adopted are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

In accordance with paragraphs 7 and 8 of FRS 101, the following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair Value Measurement' (disclosure of valuation techniques and input used for fair value measurement of assets and liabilities).
- Paragraphs 38 of IAS 1, 'Presentation of Financial Statements' comparative information requirements in respect of:

(i) paragraph 79(a)(iv) of IAS 1;

(ii) paragraph 73(e) of IAS 16 'Property, plant and equipment';

Hutchison Global Enabling Services Limited
(Registered Number: 08710411)

Notes to the Financial Statements for the year ended 31 December 2021
(continued)

2 Accounting policies (continued)

(a) Basis of preparation (continued)

- The following paragraphs of IAS 1, 'Presentation of Financial Statements':
 - 10(d) (statement of cash flows),
 - 16 (statement of compliance with IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures).
- The disclosure requirements of paragraphs 110, 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers'.
- The disclosure requirements of IFRS 9 'Financial Instruments'
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases IAS 7, 'Statement of Cash Flows'.
- Paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation).
- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more member of a group.

(b) New standards, amendments and IFRIC interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have had a material impact on the Company's financial statements.

(c) Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company meets its day-to-day working capital requirements through its cash reserves, generated from the resale of telecoms services under fixed-rate contracts, and professional services under cost-plus recharge arrangements. The Company therefore continues to adopt the going concern basis in preparing the financial statements. Financial support by CKHH has been confirmed for a period of not less than 12 months from the date of signing these financial statements.

Hutchison Global Enabling Services Limited
(Registered Number: 08710411)

Notes to the Financial Statements for the year ended 31 December 2021
(continued)

2 Accounting policies (continued)

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services supplied, stated net of discounts and value added taxes. The Company recognises revenue when performance obligations have been satisfied and for the Company this is when the services have transferred to the customer and the customer has control of these. The Company's activities are described in detail below.

(a) Sales of services

The Company provides consultancy and professional services, platform traffic and subscriber charges and platform management and development services under fixed-price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered.

(e) Tangible assets

Depreciation is calculated using the straight-line method to allocate the cost to their residual values over their estimated useful lives as follows:

- Leasehold improvements are depreciated over the remaining period of the lease
- Computer equipment over 3 years

At each reporting period end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Hutchison Global Enabling Services Limited
(Registered Number: 08710411)

Notes to the Financial Statements for the year ended 31 December 2021
(continued)

2 Accounting policies (continued)

(e) Tangible assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Hutchison Global Enabling Services Limited
(Registered Number: 08710411)

Notes to the Financial Statements for the year ended 31 December 2021
(continued)

2 Accounting policies (continued)

(g) Software-as-a-Service ("SaaS") arrangements

Implementation costs including costs to configure or customise the software as a service ("SaaS") application software are recognised as operating expenses when the services are received.

Where the SaaS arrangement supplier provides configuration services, judgement has been applied to determine whether these services are distinct or not from the underlying use of the SaaS application software. Distinct configuration costs are expensed as incurred as the software is customised. Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

Non-distinct customisation activities significantly enhance or modify a SaaS cloud-based application. Judgement has been applied in determining whether the degree of customisation and modification of the SaaS cloud-based application is significant or not.

During the financial year, the Company recognised USD 1,197,239 (2020: USD 1,416,380) as prepayments in respect of configuration and customisation activities undertaken in implementing SaaS arrangements which are considered not to be distinct from the access to the SaaS application software over the contract term.

Please refer to note 15 for the impact of the change in this accounting policy.

(h) Financial instruments

Financial assets

The Company classifies its financial assets in the following categories:

- amortised cost
- fair value through profit or loss
- fair value through other comprehensive income

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at amortised cost

The Company classifies its financial assets at amortised cost only if both of the following criteria are met:

- (i) the asset is held within a business model whose objective is to collect the contractual cash flows, and;
- (ii) the contractual terms give rise to cash flows that are solely payments of principal and interest

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Hutchison Global Enabling Services Limited
(Registered Number: 08710411)

Notes to the Financial Statements for the year ended 31 December 2021
(continued)

2 Accounting policies (continued)

(h) Financial instruments (continued)

(a) Financial assets at amortised cost (continued)

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

(b) Financial assets at fair value through profit or loss

The following financial assets are classified at fair value through profit or loss (FVPL):

- (i) debt investments that do not qualify for measurement at amortised cost
- (ii) equity investments that are held for trading, and;
- (iii) equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income.

(c) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- (i) Equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.
- (ii) Debt securities where the contractual cash flows are solely principal and interest and the objective of the group's business model is achieved both by collecting contractual cash flows and selling financial assets.

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred, future cash flows have been affected. 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 the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in statement of comprehensive income.

Hutchison Global Enabling Services Limited
(Registered Number: 08710411)

Notes to the Financial Statements for the year ended 31 December 2021
(continued)

2 Accounting policies (continued)

(h) Financial instruments (continued)

(d) Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(i) Cash at bank and in hand

In the statement of financial position, cash at bank and in hand includes deposits held at call with banks.

(j) Related party transactions

The Company discloses transactions with related parties that are not wholly owned within the same group. It does not disclose transactions with its parent or with members within the same group that are wholly owned.

(k) Share capital and distributions to shareholders

Ordinary shares are classified as equity. Dividends to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

Hutchison Global Enabling Services Limited
(Registered Number: 08710411)

Notes to the Financial Statements for the year ended 31 December 2021
(continued)

2 Accounting policies (continued)

(l) Current and deferred tax

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

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

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

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

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

(m) Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date and revenues, costs and non-monetary assets at the exchange rates ruling at the date of the transactions.

Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are dealt with through the Statement of comprehensive income. Monetary assets are money held and amounts to be received in money; all other assets are non-monetary assets.

Hutchison Global Enabling Services Limited

(Registered Number: 08710411)

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

3 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4 Revenue

Revenue by category	2021 USD	2020 USD
Revenue arises from provision of the following services:		
Platform traffic and active subscriber charges	5,052,543	7,427,664
Platform management services and development charges	285,056	22,723
Consultancy and support services to other group companies	5,009,183	4,821,191
Total	10,346,782	12,271,578

All revenue is generated from customers based outside of the United Kingdom.

5 Profit before taxation

	2021 USD	Restated 2020 USD
The profit before taxation is stated after charging:		
Amortisation	27,509	-
Foreign exchange loss	160,392	257,419

Amortisation in 2020 has been restated due to the changes described in note 15.

Services provided by the Company's auditors	2021 USD	2020 USD
Auditors' remuneration for audit services	20,286	28,727

Hutchison Global Enabling Services Limited

(Registered Number: 08710411)

Notes to the Financial Statements for the year ended 31 December 2021

(continued)

6 Directors' emoluments

No fees or other emoluments were paid to the directors in respect of their services to the Company during the year (2020: USD Nil) as their services to the Company were merely incidental to their employment in other CKHH companies.

There were no employees during the year (2020: Nil), apart from the directors.

7 Staff costs

There were no employees during the year (2020: Nil) except for the directors.

8 Tax on profit

	2021 USD	2020 USD
a) Analysis of tax credit / (charge) in the year		
Current tax		
United Kingdom corporation tax on profit for the year	-	(105,982)
Adjustment in respect of prior years	186,486	104,237
Total current tax	186,486	(1,745)
Deferred tax		
Deferred tax credit	269,318	-
Total deferred tax	269,318	-
Tax credit / (charge)	455,804	(1,745)

b) Factors affecting current tax credit / (charge) for the year

The tax assessed on the profit before taxation for the year is lower (2020: lower) than the standard rate of corporation tax in the United Kingdom at 19% (2020: 19%).

	2021 USD	2020 USD
Profit before taxation	940,616	1,115,598
Corporation tax on profit before taxation at 19% (2020: 19%)	(178,717)	(211,964)
Effect of:		
Adjustment in respect of prior years	186,486	104,237
Utilisation of brought forward tax losses	178,717	105,982
Recognition of deferred tax asset on losses	269,318	-
Tax credit / (charge)	455,804	(1,745)

Hutchison Global Enabling Services Limited
(Registered Number: 08710411)

Notes to the Financial Statements for the year ended 31 December 2021
(continued)

8 Tax on profit (continued)

c) Factors that may affect future tax charges

The Finance Act 2020 provided that the main rate of corporation tax continue to remain at 19% as of 1 April 2021. Following the 2021 UK Budget that was announced on the 3 March 2021, the Finance Bill 2021 set the main rate of corporation tax at 25% effective from 1 April 2023. The new law was substantively enacted on 24 May 2021. As the new tax rate of 25% has been substantively enacted at the balance sheet date, its effects are included in these financial statements.

9 Intangible assets

	USD
Cost	
At 1 January 2021 (restated)	9,639,937
Additions	286,593
<u>At 31 December 2021</u>	<u>9,926,530</u>
Accumulated amortisation	
At 1 January 2021 (restated)	9,639,937
Amortisation for current year	27,509
<u>At 31 December 2021</u>	<u>9,667,446</u>
Net book amount	
At 31 December 2021	259,084
<u>At 31 December 2020 (restated)</u>	<u>-</u>

The net book amount and amortisation for 2020 has been restated due to the changes described in note 15.

Hutchison Global Enabling Services Limited
(Registered Number: 08710411)

Notes to the Financial Statements for the year ended 31 December 2021
(continued)

10 Debtors

	2021 USD	Restated 2020 USD
Trade debtors	947,463	865,498
Amounts owed by group undertakings	6,160,258	12,196,326
Other debtors	288,832	312,956
Prepayments and accrued income	2,953,222	3,098,457
Total	10,349,775	16,473,237

Amounts owed by group undertakings are unsecured, interest-free and repayable on demand.

Prepayments and accrued income includes accrued income of USD 778,589 (2020: USD 1,682,077) which is generated by group undertakings. Prepayments and accrued income has also been restated due to the changes described in note 15.

Trade debtors disclosed above are net of provisions USD 0 (2020: USD 82,232).

11 Deferred tax

	2021 USD	2020 USD
At 1 January asset / (liability)	-	-
Recognition of deferred tax asset for losses	448,035	-
Utilisation of tax losses in the period	(178,717)	-
At 31 December asset	269,318	-

The deferred tax asset represents the carried forward tax losses within the Company.

Hutchison Global Enabling Services Limited
(Registered Number: 08710411)

Notes to the Financial Statements for the year ended 31 December 2021
(continued)

12 Creditors: amounts falling due within one year

	2021	2020
	USD	USD
Amounts owed to group undertakings	1,314,765	7,067,304
Deferred revenue	-	149,193
Trade creditors	526,326	707,327
Accruals	1,126,284	696,128
Total	2,967,375	8,619,952

Amounts owed to group undertakings are unsecured, interest-free, have no fixed date of repayment and repayable on demand. The creditor balance reduced from 2020 due to settling intercompany balances in 2021.

13 Called up share capital

	2021	2020
	USD	USD
Allotted, called up and fully paid:		
2 (2020: 2) ordinary share at GBP 1.00	3	3

In 2019, Harmonic Sky Limited acquired 1 share at a value of USD 1 and a premium of USD 27,311,445. The total amount paid to acquire the share was USD 27,311,446. All shares issued by the Company were fully paid.

14 Related party transactions

There are no transactions with related parties not wholly owned by the group headed by CKHH. The Company is exempt from disclosing related party transactions with its parent or with members of the same group headed by CKHH.

Hutchison Global Enabling Services Limited

(Registered Number: 08710411)

Notes to the Financial Statements for the year ended 31 December 2021

(continued)

15 Restatement Note

Due to the recent guidance around the customisation of cloud based software we have restated the 2020 statutory accounts. As a result of this guidance, we have amended our accounting policy and determined such costs should no longer be capitalised as intangible assets. The revised policy is included in note 2(g). In accordance with IAS 8, the comparative financial statements have been restated. This has impacted the Statement of Financial Position for 2020 along with Notes 5, 9 and 10. The impact is detailed below:

	Intangible Assets
Reported at 31 December 2020:	
Cost	11,312,250
Accumulated amortisation	9,895,870
Net book value	<u>1,416,380</u>
Reported at 01 January 2021:	
Cost	9,639,937
Accumulated amortisation	9,639,937
Net book value	<u>-</u>
Restatement impact:	
Cost	(1,672,313)
Accumulated amortisation	<u>(255,933)</u>
Net book value	<u>(1,416,380)</u>

The change in accounting policy has only impacted the Statement of Financial Position and there are no changes to the Statement of Comprehensive Income. This is due to the amortisation charge being reclassified from amortisation to operating expenses. The total reclassified for 2020 is USD 255,933.

16 Ultimate parent undertaking

The immediate parent undertaking is Harmonic Sky Limited, a company incorporated in the British Virgin Islands.

The Company's ultimate parent undertaking and controlling party is CKHH, a company listed on The Stock Exchange of Hong Kong Limited and incorporated in the Cayman Islands.

The registered address of CKHH is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The ultimate parent undertaking and largest group to consolidate these financial statements is CKHH. The smallest group to consolidate these financial statements is CK Hutchison Group Telecom Holdings Limited ("CKHGTH") which is the Company's intermediate holding company. Copies of the CKHH consolidated financial statements can be obtained from the Company Secretary at 48th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong or www.ckh.com.hk.