

HI3G DENMARK HOLDINGS ApS

Scandiagade 8
2450 København SV

Annual report
1 January 2017 - 31 December 2017

**The annual report has been presented and
approved on the company's general meeting the**

25/05/2018

**Kin Ning Canning Fok
Chairman of general meeting**

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Company information

Reporting company HI3G DENMARK HOLDINGS ApS

Scandiagade 8

2450 København SV

Phone number: 33330135

Fax number: 33330135

CVR-nr: 26123496

Reporting period: 01/01/2017 - 31/12/2017

Auditor

PRICEWATERHOUSECOOPERS STATS AUTORISERET
REVISIONSPARTNERSELSKAB

Strandvejen 44

2900 Hellerup

DK Denmark

CVR-nr: 33771231

P-number: 1016959517

Statement by Management

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Hi3G Denmark Holdings ApS for the financial year 1 January - 31 December 2017.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for 2017.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, the 25/05/2018

Management

Morten Christiansen

Carl Peder Ramel

Board of directors

Kin Ning Canning Fok
Chairman

Ulf Christian Cederholm

Frank John Sixt

Christian Nicolas Roger Salbaing

Carl Peder Ramel

Edith Shih

Erling Lennart Johansson

The independent auditor's report on financial statements

To the shareholders of HI3G DENMARK HOLDINGS ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Hi3G Denmark Holdings ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity, and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines 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, Management is 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

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 auditor's 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 and the additional requirements applicable in Denmark 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or

error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management's review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Copenhagen, 25/05/2018

Ulrik Ræbild , mne33262
State Authorised Public Accountant
PRICEWATERHOUSECOOPERS

Lone Vindbjerg Larsen , mne34548
Stats Authorised Public Accountant
PRICEWATERHOUSECOOPERS

STATSAUTORISERET
REVISIONSPARTNERSELSKAB
CVR: 33771231

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Management's Review

The Company

The Company's principal activity is to invest in its wholly-owned subsidiary, Hi3G Denmark ApS (the "Subsidiary").

The negative development in the Subsidiary was due to a one-off VAT payment on mDKK 418. Adjusted for this payment the result from the investment is in line with our expectations.

Future development

In 2018, the Subsidiary will continue to focus on improving the customer experience. Our expectations is a result in line with previous year.

Financing

In the past four fiscal years, the Subsidiary did not require any financing as its activities have generated sufficient funding to finance operations.

Should it become necessary, the Swedish parent company will make sufficient funds available to ensure that the Subsidiary's financial obligations are always met as and when they fall due.

Statutory Report on Social Responsibility and Gender Composition in Management , cf. Section 99a and 99b respectively of the Danish Financial Statements Act

In accordance with the policies, Hi3G Denmark works actively with a range of sustainability areas; in particular, with the environment and Human Rights. More information is available in the 3 Denmark CSR-report 2017 here:

<https://www.3.dk/om3/om-virksomheden/>

Significant events after the year-end

No significant events have occurred after the balance sheet date, which are considered to have a significant impact on the assessment of the annual report.

Proposed distribution of profit

The Board of Directors recommends that the Annual General Meeting approve the carry-forward of the results for the financial year.

Key figures and Financial Ratios

The development of the Company is described by the following financial highlights:

	2017	2016	2015	2014	2013
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					

Profit					
Operating profit	0	0	0	0	0
Net financials	10 954	330 190	270 295	358 443	337 580
Profit for the year	10 954	330 190	270 295	358 443	337 580
Balance					
Balance sheet					
Balance sheet total	3 706 049	3 648 616	3 725 030	4 003 640	4 036 482
Equity	3 217 634	3 206 680	2 876 490	2 606 195	2 246 409
Number of employees					
	0	0	0	0	0
Ratios					
Return on total assets	0%	0%	0%	0%	0%
Solvency ratio	87%	88%	77%	65%	56%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Link to statement regarding social responsibility

<https://www.3.dk/om3/om-virksomheden/>

Link to statement regarding the gender composition of the management

<https://www.3.dk/om3/om-virksomheden/>

Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class C, large enterprise.

The accounting policies applied are unchanged from previous year.

Consolidated Financial Statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The Financial Statements of Hi3G Denmark Holdings ApS are included in the Consolidated Financial Statements of CK Hutchison Holdings Limited, Hong Kong.

Recognition and measurement

The Financial Statements have been prepared on the historical cost basis.

Revenues are recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities measured at fair value or amortised cost. Furthermore, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changes in accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated during the year at the exchange rates ruling at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates ruling at the balance sheet date. Any differences between the exchange rates ruling at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Result from investment in a subsidiary" in the income statement includes the proportionate share of the profit after tax.

The item "Investment in subsidiary" in the balance sheet includes the proportionate ownership share of the net asset value of the enterprises calculated under the accounting policies of the Company with deduction or addition of unrealised intercompany profits or losses.

The total net revaluation of investments in a subsidiary is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity.

Income Statement

Revenue

Revenue is recognised exclusive of VAT and net of discounts directly relating to sales.

The major sources of income are recognised in the income statement as follows:

- Income from telephone related services is recognised at the time of the conversation.
- Subscription income is recognised over the duration of the subscription.
- Income on sale of equipment is recognised at the date of delivery.

External expenses

External expenses comprises indirect production costs and expenses for premises, sales and distribution as well as office expenses and similar costs.

Staff costs

Staff costs comprise wages and salaries as well as payroll expenses.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, as well as extra payments and repayment under the on-account taxation scheme.

Income taxes

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity entries is recognised directly in equity.

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation with the companies is allocated to companies showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance Sheet

Receivables

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Deferred tax

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation

at the balance sheet date when the deferred tax is expected to materialise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Equity

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Financial liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.

Statement of cash flow

In accordance with section 86(4) of the Danish Financial Statements Act, the Company is exempt from preparing a cash flow statement.

Financial Ratios

The financial ratios have been calculated as follows:

Return on total assets = Operating profit x 100 / Total assets

Solvency ratio = Equity at year end x 100 / Total assets

Income statement 1 Jan 2017 - 31 Dec 2017

	Disclosure	2017 kr.	2016 kr.
Employee expense	1	0	0
Profit (loss) from ordinary operating activities		0	0
Income from investments in group enterprises and associates .	2		
Income from investments in group enterprises		10,954,000	330,190,000
Other finance income	3	9,179,000	10,467,000
Other finance expenses	4	-9,179,000	-10,467,000
Profit (loss) from ordinary activities before tax		10,954,000	330,190,000
Tax expense		0	0
Profit (loss)		10,954,000	330,190,000

Balance sheet 31 December 2017

Assets

	Disclosure	2017	2016
		kr.	kr.
Investments in group enterprises		3,217,954,000	3,206,850,000
Receivables from group enterprises		488,095,000	441,766,000
Investments	5	3,706,049,000	3,648,616,000
Total non-current assets		3,706,049,000	3,648,616,000
Total assets		3,706,049,000	3,648,616,000

Balance sheet 31 December 2017

Liabilities and equity

	Disclosure	2017	2016
		kr.	kr.
Contributed capital		64,375,000	64,375,000
Retained earnings		3,153,259,000	3,142,305,000
Total equity		3,217,634,000	3,206,680,000
Trade payables		75,000	75,000
Payables to group enterprises		488,340,000	441,861,000
Short-term liabilities other than provisions, gross		488,415,000	441,936,000
Liabilities other than provisions, gross		488,415,000	441,936,000
Liabilities and equity, gross		3,706,049,000	3,648,616,000

Statement of changes in equity 1 Jan 2017 - 31 Dec 2017

	Contributed capital	Retained earnings	Total
	kr.	kr.	kr.
Equity, beginning balance	64,375,000	3,142,305,000	3,206,680,000
Profit (Loss)		10,954,000	10,954,000
Equity, ending balance	64,375,000	3,153,259,000	3,217,634,000

The share capital has not changed in the last 5 years. All shares have the samme share class.

Disclosures

1. Employee expense

The Company has no employees and no remuneration has been paid during the year.

2. Income from investments in group enterprises and associates

	2017	2016
	DKK '000	DKK '000
Result from investment in susidiary	10 954	330 190
	10 954	330 190

3. Other finance income

	2017	2016
	DKK '000	DKK '000
Interest received from subsidiary	9 179	10 467
	9 179	10 467

4. Other finance expenses

	2017	2016
	DKK '000	DKK '000
Interest paid to group companies	9 179	10 467
	9 179	10 467

5. Investments

	2017 DKK '000	2016 DKK '000
Cost at 1 January	5 045 373	5 045 373
Additions for the year	150	0
Cost at 31 December	5 045 523	5 045 373
Revaluations at 1 January	(1 838 523)	(2 168 713)
Result after tax for the year	10 954	330 190
Revaluations at 31 December	(1 827 569)	(1 838 523)
Carrying amount at 31 December	3 217 954	3 206 850

Investment in subsidiaries is specified as follows:

Name	Place of registered office	Equity	Votes and ownership	Net result
Hi3G Denmark ApS	Copenhagen, DK	3 217 804	100%	10 954
Subco I af 14/12/17 ApS	Copenhagen, DK	50	100%	0
Subco II af 14/12/17 ApS	Copenhagen, DK	50	100%	0
Subco III af 14/12/17 ApS	Copenhagen, DK	50	100%	0

6. Disclosure of contingent liabilities

The Company is jointly taxed with the other Danish companies in the Group. The joint taxation also covers withholding taxes in the form of dividend tax, royalty tax and interest tax. The Danish companies are jointly and individually liable for the joint taxation. Any subsequent adjustments to income taxes and withholding taxes may lead to a larger liability. The tax for the individual companies is allocated in full on the basis of the expected taxable income.

7. Information on transactions with related parties made on an arm's length basis

Basis of controlling interest

Hi3G Access AB
Lindhagensgatan 98
SE-104 25 Stockholm

Controlling shareholder

CK Hutchison Holdings Limited
22nd Floor, Hutchison
House
10 Harcourt Road
Hong Kong

Ultimate Parent Company

Transactions

Transactions with related parties relates to financial receivables and debt. Interests received amounts to DKK 9,179k (2016: DKK 10,467k) and interests paid amounts to DKK 9,179k (2016: DKK 10,467k).

At year end the company has a loan to its Parent Company, amounting to DKK 488,190k (2016: DKK 441,861k). The Company has a receivable from its subsidiary amounting to DKK 488,095k (2016: DKK 441,766k).

Consolidated Financial Statements

The Company is included in the consolidated financial statements of Hi3G Access AB, Stockholm, Sweden, which is the smallest group into which the Company is included as a subsidiary. The consolidated financial statements of CK Hutchison Holdings Limited, 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong, is the largest group into which the Company is included as a subsidiary. Copies of the consolidated financial statements can be obtained at the addresses of the respective parent companies.

8. Proposed distribution of results

	2017	2016
	kr.	kr.
Retained earnings	10,954,000	330,190,000
Proposed distribution of profit (loss)	10,954,000	330,190,000