



HI3G Networks Denmark ApS

CVR-nr. 26 12 34 96

Annual Report for 2019

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 17 April 2020



Chairman

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Management's Statement on the Annual Report

The Executive Board and Board of Directors have today considered and adopted the Annual Report of HI3G Networks Denmark ApS (the "Company") for the financial year 1 January - 31 December 2019.

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 2019 and of the results of the Company's operations for 2019.

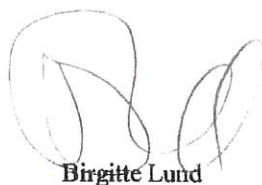
We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 17 April 2020

Executive Board



Morten Christiansen



Birgitte Lund

Board of Directors

Kin Ning Canning Fok
Chairman



Ulf Christian Cederholm

Frank John Sixt



Erling Lennart Johansson

Edith Shih

Christian Nicolas Roger Salbaing

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Copenhagen, 17 April 2020

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Chairman

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Frank John Sixt

Erling Lennart Johansson

Edith Shih

Christian Nicolas Røyer Salbaing

Independent Auditor's Report

To the Shareholder of HI3G Networks Denmark ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of HI3G Networks Denmark ApS for the financial year 1 January - 31 December 2019, 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.

Statement on 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 Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities 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 Responsibilities for the Audit of the Financial Statements

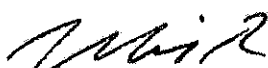
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

Copenhagen, 17 April 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31



Ulrik Ræbild
State Authorised Public Accountant
mne33262



Lone Vinbjerg Larsen
State Authorised Public Accountant
mne34548

Company Information

The Company

HI3G Networks Denmark ApS
Scandiagade 8
DK-2450 København SV

Telephone: +45 33 33 01 35

CVR-no: 26 12 34 96

Financial year: 1 January – 31 December

Municipality of
reg. office: Copenhagen

Board of Directors

Kin Ning Canning Fok, Chairman
Ulf Christian Cederholm
Erling Lennart Johansson
Christian Nicolas Roger Salbaing
Edith Shih
Frank John Sixt

Executive Board

Morten Christiansen
Birgitte Lund

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Financial Highlights

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

	2019	2018	2017	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Profit					
Operating profit	0	0	0	0	0
Net financials	2 670 161	228 239	10 954	330 190	270 295
Profit for the year	2 670 161	228 239	10 954	330 190	270 295
Balance					
<i>Balance sheet</i>					
Balance sheet total	6 000 100	3 666 020	3 706 049	3 648 616	3 725 030
Equity	5 999 830	3 472 669	3 217 634	3 206 680	2 876 490
Number of employees	0	0	0	0	0
Ratios					
Return on total assets	0%	0%	0%	0%	0%
Solvency ratio	100%	95%	87%	88%	77%

For definitions, see under accounting policies.

Management's Review

The Company

The Company's principal activity is to hold shares in companies and enterprises, as well as other related business defined by the Directors.

As part of an internal Danish group reorganisation, the Company has on 30 December 2019 sold its shares in HIG Denmark ApS (the "Subsidiary") to a new Danish holding company in the Group for bnDKK 6. Accounting gain amounts to bnDKK 2.4.

The result from the investment in the Subsidiary exclusive accounting gain has increased from mDKK 228 to mDKK 295. The positive development is in line with our expectations.

Future development

In 2020, we will form a new business unit dedicated to focus on telecom infrastructure by way of a demerger of sister company's passive infrastructure assets and transfer of involved employees to the Company, hence the Company's principal activity will change accordingly. Until this is finalised the Company is without activity.

Financing

In the past years, the Subsidiary did not require any further financing as its activities have generated sufficient cash from operations and contributed substantially to the repayment of the shareholder loan relating to the Scandinavian Group. This year, we have repaid the shareholder loan and made an extraordinary dividend of mDKK 143.

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, the Company and Subsidiary work 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 2019 here:

https://www.3.dk/globalassets/om-3/om-virksomheden/csr-rapporter/3_csr_rapport-2019_eng.pdf

and in the Gender Composition report 2019 here:

https://www.3.dk/globalassets/om-3/om-virksomheden/csr-rapporter/3_2019_report_on_the_gender-based_composition_of_the_executive_management_of_99b_of_the_danish_financial_statements_act.pdf

Significant events after the year-end

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country and the globe. Management is paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 outbreak and evaluate its impact on the financial position, cash flows and operating results of the Company. Given the dynamic nature of the COVID-19 outbreak, it is still too early to provide a reasonable estimate of its impacts on the Company's financial position, cash flows and operating results at the date on which this set of financial statements are authorized for issue.

Accounting Policies

Basis of Preparation

The Annual Report of HI3G Networks Denmark ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied are unchanged from previous year.

All accounting figures in this report are stated in thousands DKK.

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 the Company are included in the consolidated financial statements of CK Hutchison Holdings Limited, a Cayman Islands incorporated company registered and listed in 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

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:

$$\text{Return on total assets} = \frac{\text{Operating profit} \times 100}{\text{Total assets}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year end} \times 100}{\text{Total assets}}$$

Income Statement 1 January - 31 December

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
		DKK '000	DKK '000
Staff costs	2	-	-
Operating profit		-	-
Result from investment in subsidiary	3	2 670 161	228 239
Financial income	4	817	4 937
Financial expenses	5	(817)	(4 937)
Profit before income taxes		2 670 161	228 239
Income taxes		-	-
Profit for the year		2 670 161	228 239

Balance Sheet at 31 December

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
		DKK '000	DKK '000
Assets			
Investment in subsidiary	6	100	3 472 989
Receivables from group companies		0	193 031
Fixed asset investments		<u>100</u>	<u>3 666 020</u>
Fixed assets		<u>100</u>	<u>3 666 020</u>
Receivables from group companies		6 000 000	0
Receivables		<u>6 000 000</u>	<u>0</u>
Current assets		<u>6 000 000</u>	<u>0</u>
Assets		<u>6 000 100</u>	<u>3 666 020</u>

Balance Sheet at 31 December

	<u>2019</u>	<u>2018</u>
	DKK '000	DKK '000
Liabilities and equity		
Share capital	64 375	64 375
Retained earnings	5 935 455	3 408 294
Equity	<u>5 999 830</u>	<u>3 472 669</u>
Trade payables	75	75
Payables to group companies	195	193 276
Current liabilities	<u>270</u>	<u>193 351</u>
Liabilities	<u>270</u>	<u>193 351</u>
Liabilities and equity	<u>6 000 100</u>	<u>3 666 020</u>
Other notes		
Events after the balance sheet date	1	
Contingent liabilities	7	
Related parties	8	
Distribution of profit	9	

Company Statement of Changes in Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	DKK '000	DKK '000	DKK '000
Equity at 1 January 2019	64 375	3 408 294	3 472 669
Extraordinary dividend paid out in the year	-	(143 000)	(143 000)
Net profit for the year	-	2 670 161	2 670 161
Equity at 31 December 2019	64 375	5 935 455	5 999 830
Equity at 1 January 2018	64 375	3 153 259	3 217 634
Effect from changes in Accounting Policies in Subs.	-	26 796	26 796
Net profit for the year	-	228 239	228 239
Equity at 31 December 2018	64 375	3 408 294	3 472 669

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

Notes to the Financial Statements

1 Events after the balance sheet date

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country and the globe. Management is paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 outbreak and evaluate its impact on the financial position, cash flows and operating results of the Company. Given the dynamic nature of the COVID-19 outbreak, it is still too early to provide a reasonable estimate of its impacts on the Company's financial position, cash flows and operating results at the date on which this set of financial statements are authorized for issue.

2 Staff costs

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

3 Result from investment in subsidiary

As part of an internal Danish group reorganisation, the Company has on 30 December 2019 sold its shares in HI3G Denmark ApS to a new Danish holding company in the Group for bnDKK 6. Accounting gain amounts to bnDKK 2.4.

	<u>2019</u>	<u>2018</u>
	DKK '000	DKK '000
Gain from sale of shares of subsidiary	2 374 864	-
Result from investment in subsidiary	295 297	228 239
	<u>2 670 161</u>	<u>228 239</u>

4 Financial income

Interest received from subsidiary	817	4 937
	<u>817</u>	<u>4 937</u>

5 Financial expenses

Interest paid to group companies	817	4 937
	<u>817</u>	<u>4 937</u>

6 Investment in subsidiary

	2019	2018
	DKK '000	DKK '000
Cost at 1 January	5 045 523	5 045 523
Additions for the year	-	-
Disposals for the year	(5 045 423)	-
Cost at 31 December	100	5 045 523
Revaluations at 1 January	(1 572 534)	(1 827 569)
Effect from changes in Accounting Policies in Subsidiary	-	26 796
Dividend to shareholder	(143 000)	-
Result after tax for the year	295 297	228 239
Reversal of revaluations	1 420 237	-
Revaluations at 31 December	-	(1 572 534)
Carrying amount at 31 December	100	3 472 989

Investment in subsidiaries is specified as follows:

Name	Place of registered office	Equity	Votes and ownership	Net result
		DKK '000		DKK '000
Subco II af 14/12/17 ApS	Copenhagen, DK	50	100%	-
Subco III af 14/12/17 ApS	Copenhagen, DK	50	100%	-

7 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.

8 Related parties

Basis

HI3G DK Holdings ApS
Scandiagade 8
DK-2450 København SV

Controlling shareholder

CK Hutchison Holdings Limited
48th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Ultimate parent company

Transactions

Transactions with related parties relates to financial receivables and debt. Interests received amounts to DKK 817k (2018: DKK 4,937k) and interests paid amounts to DKK 817k (2018: DKK 4,937k).

At year end, the Company has a loan from its subsidiaries, amounting to DKK 195k (2018: DKK 193,276k). The Company has receivables from group companies amounting to DKK 6,000,000k (2018: DKK 193,031k).

Consolidated Financial Statements

The Company is included in the consolidated financial statements of HI3G Holdings 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, 48th Floor, Cheung Kong Center, 2 Queen's Road Central, 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.

9 Distribution of profit

Proposed distribution of profit

	<u>2019</u>	<u>2018</u>
	DKK '000	DKK '000
Extraordinary dividend paid out in the year	143 000	-
Transfer to retained earnings	<u>2 527 161</u>	<u>228 239</u>
	<u>2 670 161</u>	<u>228 239</u>