

Subco II af 14/12/2017 ApS

Scandiagade 8
2450 København SV

Annual report
18 December 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 Subco II af 14/12/2017 ApS
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CVR-nr: 39177250
Reporting period: 18/12/2017 - 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 Subco II af 14/12/2017 ApS for the financial year 18 - 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

Board of directors

Kin Ning Canning Fok
Chairman

Ulf Christian Cederholm

Christian Nicolas Roger Salbaing

Erling Lennart Johansson

Frank John Sixt

The independent auditor's report on financial statements

To the shareholders of Subco II af 14/12/2017 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 for the financial year 18 - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Hi3G Denmark ApS for the financial year 18 - 31 December 2017, which comprise income statement, balance sheet 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.

Copenhagen, 25/05/2018

Ulrik Ræbild , mne33262
State Authorised Public Accountant
PRICEWATERHOUSECOOPERS
STATSAUTORISERET
REVISIONSPARTNERSELSKAB
CVR: 33771231

Lone Vindbjerg Larsen , mne34548
Stats Authorised Public Accountant
PRICEWATERHOUSECOOPERS
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Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class B.

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.

Income Statement

Revenue

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

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.

Income statement 18 Dec 2017 - 31 Dec 2017

	Disclosure	2017 kr.
Employee expense	1	0
Profit (loss) from ordinary operating activities		0
Profit (loss) from ordinary activities before tax		0
Tax expense		0
Profit (loss)		0
Proposed distribution of results		
Retained earnings		0
Proposed distribution of profit (loss)		0

Balance sheet 31 December 2017

Assets

	Disclosure	2017
		kr.
Other receivables		50,000
Receivables		50,000
Current assets		50,000
Total assets		50,000

Balance sheet 31 December 2017

Liabilities and equity

	Disclosure	2017
		kr.
Contributed capital		50,000
Retained earnings		0
Total equity		50,000
Liabilities and equity, gross		50,000

Disclosures

1. Employee expense

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

2. Main activities and accounting and financial matters

There has been no activity in the Company.

3. 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.

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

	Basis of controlling interest
Hi3G Denmark Holdings ApS Scandiagade 8 DK-2450 København SV	Controlling shareholder
CK Hutchison Holdings Limited 22nd Floor, Hutchison House 10 Harcourt Road Hong Kong	Ultimate Parent Company

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.