

CK HUTCHISON GROUP TELECOM FINANCE S.A.

(incorporated as a société anonyme under the laws of the Grand Duchy of Luxembourg)

Series A €1,500,000,000 0.375% Guaranteed Notes due 2023

Series B €1,000,000,000 0.750% Guaranteed Notes due 2026

Series C €1,000,000,000 1.125% Guaranteed Notes due 2028

Series D €750,000,000 1.500% Guaranteed Notes due 2031

Series E £500,000,000 2.000% Guaranteed Notes due 2027

Series F £300,000,000 2.625% Guaranteed Notes due 2034

unconditionally and irrevocably guaranteed by

CK HUTCHISON GROUP TELECOM HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Issue price: Series A Notes: 99.739 per cent.; Series B Notes: 99.761 per cent.; Series C Notes: 99.567 per cent.; Series D Notes: 99.565 per cent.; Series E Notes: 99.176 per cent.; Series F Notes: 98.815 per cent.

The Series A €1,500,000,000 0.375% Guaranteed Notes due 2023 (the "Series A Notes"), the Series B €1,000,000,000 0.750% Guaranteed Notes due 2026 (the "Series B Notes"), the Series C €1,000,000,000 1.125% Guaranteed Notes due 2028 (the "Series C Notes"), the Series D €750,000,000 1.500% Guaranteed Notes due 2031 (the "Series D Notes"), the Series E £500,000,000 2.000% Guaranteed Notes due 2027 (the "Series E Notes"), and the Series F £300,000,000 2.625% Guaranteed Notes due 2034 (the "Series F Notes") and, together with the Series A Notes, Series B Notes, Series C Notes, Series D Notes and Series E Notes, the "Notes") of CK Hutchison Group Telecom Finance S.A. (the "Issuer"), unconditionally and irrevocably guaranteed (the "Guarantees") by CK Hutchison Group Telecom Holdings Limited (the "Guarantor" or the "Company"), will mature on 17 October 2023 in the case of Series A Notes, 17 April 2026 in the case of the Series B Notes, 17 October 2028 in the case of the Series C Notes, 17 October 2031 in the case of the Series D Notes, 17 October 2027 in the case of the Series E Notes and 17 October 2034 in the case of the Series F Notes. The Series A Notes, Series B Notes, Series C Notes and Series D Notes will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Series E Notes and Series F Notes will be issued in minimum denominations of £200,000 and integral multiples of £1,000 in excess thereof.

The Notes and the Coupons (as defined herein) will constitute direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4(1) (*Covenants*)) of the relevant series of the Notes) unsecured obligations of the Issuer and (subject as aforesaid) will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights. The payment of the principal of and interest on the Notes and any Additional Amounts (as defined herein) will be unconditionally and irrevocably guaranteed by the Guarantor. The Guarantor's obligations in that respect will be contained in the deed of guarantee dated on or about 17 October 2019 executed by the Guarantor (the "Deed of Guarantee"). The payment obligations of the Guarantor under the Deed of Guarantee will constitute direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4(1) (*Covenants*)) of the relevant series of the Notes) unsecured obligations of the Guarantor and (subject as aforesaid) will at all times rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

The Series A Notes will bear interest from and including 17 October 2019 to but excluding 17 October 2023 at a rate of 0.375 per cent. per annum. The Series B Notes will bear interest from and including 17 October 2019 to but excluding 17 April 2026 at a rate of 0.750 per cent. per annum. The Series C Notes will bear interest from and including 17 October 2019 to but excluding 17 October 2028 at a rate of 1.125 per cent. per annum. The Series D Notes will bear interest from and including 17 October 2019 to but excluding 17 October 2031 at a rate of 1.500 per cent. per annum. The Series E Notes will bear interest from and including 17 October 2019 to but excluding 17 October 2027 at a rate of 2.000 per cent. per annum. The Series F Notes will bear interest from and including 17 October 2019 to but excluding 17 October 2034 at a rate of 2.625 per cent. per annum. In respect of the Series A Notes, Series C Notes, Series D Notes, Series E Notes and Series F Notes, interest will be payable annually in arrear on 17 October of each year, and the first Interest Payment Date will be 17 October 2020, in respect of the period from and including 17 October 2019 to but excluding the first Interest Payment Date, as further described and except as mentioned under "Terms and Conditions of the Series A Notes", "Terms and Conditions of the Series C Notes", "Terms and Conditions of the Series D Notes", "Terms and Conditions of the Series E Notes" and "Terms and Conditions of the Series F Notes". In respect of the Series B Notes, interest will be payable annually in arrear on 17 April of each year, except that the first payment of interest, to be made on the Interest Payment Date of 17 April 2020, will be in respect of the period from and including 17 October 2019 to but excluding the first Interest Payment Date, as further described and except as mentioned under "Terms and Conditions of the Series B Notes".

The relevant series of Notes may, at the option of the Issuer, be redeemed in whole but not in part, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with the relevant Conditions, at their principal amount together with interest accrued to but excluding the date fixed of redemption upon the occurrence of certain tax events. The relevant series of Notes may, at the option of the Issuer or the Guarantor, be redeemed in whole but not in part, on any date falling on or after 17 September 2023 (in the case of the Series A Notes), 17 January 2026 (in the case of the Series B Notes), 17 July 2028 (in the case of the Series C Notes), 17 July 2031 (in the case of the Series D Notes), 17 July 2027 (in the case of the Series E Notes) or 17 July 2034 (in the case of the Series F Notes), upon not less than 30 nor more than 60 days' notice to the Noteholders in accordance with the relevant Conditions, at a redemption price equal to the principal amount thereof plus accrued interest to, but excluding, the date fixed for redemption. See "Terms and Conditions of the Series A Notes – Redemption and Purchase", "Terms and Conditions of the Series B Notes – Redemption and Purchase", "Terms and Conditions of the Series C Notes – Redemption and Purchase", "Terms and Conditions of the Series D Notes – Redemption and Purchase", "Terms and Conditions of the Series E Notes – Redemption and Purchase" and "Terms and Conditions of the Series F Notes – Redemption and Purchase".

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "CSSF") in its capacity as competent authority under the Luxembourg Act dated 16 July 2019 relating to prospectuses for securities, for the approval of this Prospectus for the purposes of Regulation (EU) 2017/1129 of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended (the "Prospectus Regulation"). Application has also been made to the Luxembourg Stock Exchange for the Notes to be admitted to the official list of the Luxembourg Stock Exchange (the "Official List") and to be admitted to trading on the Luxembourg Stock Exchange's regulated market. References in this Prospectus to the Notes being "listed" (and all related references) shall mean that the Notes have been admitted to the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments.

This Prospectus has been approved by the CSSF, as competent authority under the Prospectus Regulation. The CSSF only approves this Prospectus as meeting standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. The approval of this Prospectus by the CSSF shall not be considered as an endorsement of the Issuer or the Guarantor nor as an endorsement of the quality of the Notes that are subject to this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Prospectus or the quality or solvency of the Issuer in accordance with Article 6 (4) of the Luxembourg act dated 16 July 2019 on prospectuses for securities.

The Notes are expected to be rated "BBB+" by Fitch Ratings Ltd. ("Fitch"), "Baa1" by Moody's Investors Service, Inc. ("Moody's") and "A-" by S&P Global Ratings ("S&P"). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating organisation. Fitch is established in the European Union ("EU") and is registered under Regulation (EC) No 1060/2009 on credit rating agencies, as amended (the "CRA Regulation"). Moody's and S&P are not established in the EU and are not certified under the CRA Regulation, however the rating each of them is expected to give to the Notes is expected to be endorsed by a credit rating agency established in the EU and registered under the CRA Regulation. Further information relating to the registration of rating agencies under the CRA Regulation and a current list of registered credit rating agencies can be found on the website of the European Securities and Markets Authority.

Each series of Notes will be in bearer form and will initially be represented by a temporary global note (a "Temporary Global Note"), without interest coupons, which will be issued in new global note ("NGN") form on or around 17 October 2019 (the "Closing Date") as they are intended to be deposited with a common safekeeper (the "Common Safekeeper") for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg"). Interests in each Temporary Global Note will be exchangeable for interests in a permanent global note for the relevant series of Notes (each a "Permanent Global Note" and, together with the Temporary Global Notes, the "Global Notes"), without interest coupons, on or after a date which is expected to be 26 November 2019, upon certification as to non-U.S. beneficial ownership. Interests in the relevant Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances – see "Overview of Provisions relating to the Notes while in Global Form".

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus.

Joint Global Co-ordinators

CITIGROUP

HSBC

Joint Bookrunners

CITIGROUP

HSBC

BANCA IMI

BARCLAYS

BNP PARIBAS

CRÉDIT AGRICOLE CIB

DEUTSCHE BANK

GOLDMAN SACHS
INTERNATIONAL

UNICREDIT BANK

Co-Managers

ANZ

BANCO SANTANDER, S.A.

BANK OF AMERICA MERRILL LYNCH

BANK OF CHINA (HONG KONG)

BANK OF COMMUNICATIONS CO., LTD. LUXEMBOURG BRANCH

BBVA

CHINA CONSTRUCTION BANK (ASIA)

DBS BANK LTD.

ING

LANDESBANK BADEN-WÜRTTEMBERG

MEDIOBANCA

MIZUHO SECURITIES

MORGAN STANLEY

NATIXIS

NATWEST MARKETS

OCBC BANK

RAIFFEISEN BANK INTERNATIONAL

SEB

SMBC NIKKO

STANDARD CHARTERED BANK

UOB

The date of this Prospectus is 10 October 2019.

This Prospectus comprises a prospectus for the purposes of the Prospectus Regulation and for the purpose of giving information with regard to the Issuer, the Guarantor, the Guarantor and its subsidiaries and affiliates taken as a whole and the Notes which according to the particular nature of the Issuer, the Guarantor and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Guarantor. This Prospectus is drawn up as a single document in accordance with Article 6(3) of the Prospectus Regulation.

The Issuer and the Guarantor accept responsibility for the information contained in this Prospectus which is material in the context of the offering of the Notes. To the best of the knowledge and belief of the Issuer and the Guarantor (each having taken reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the material facts and does not omit anything likely to materially affect the import of such information. The Issuer and the Guarantor, having made all reasonable enquiries, confirm that this Prospectus does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Issuer and/or the Guarantor by or on behalf of the Underwriters expressly for use herein.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the offering of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Guarantor or the Underwriters (as defined under “Subscription and Sale”). Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or the Guarantor and its subsidiaries and affiliates since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer, the Guarantor and its subsidiaries and affiliates since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Prospectus does not constitute an offer of, or an invitation by, or on behalf of, the Issuer, the Guarantor or the Underwriters to subscribe for, or purchase, any of the Notes. This Prospectus does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

The Underwriters have not separately verified the information contained herein. Accordingly, except as otherwise indicated in this Prospectus, none of the Underwriters makes any representation, warranty or undertaking, express or implied, or accepts any responsibility as to the accuracy or completeness of any of the information contained in this Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Notes or their distribution.

Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation nor should this Prospectus or any such financial statement be considered as a recommendation by the Issuer, the Guarantor or the Underwriters that any recipient of this Prospectus should purchase any of the Notes. Each potential investor contemplating purchasing Notes should determine the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary.

MiFID II product governance/Professional investors and ECPs only target market – The Issuer and the Guarantor have been informed that solely for the purposes of the product approval process of Banca IMI S.p.A., Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, Goldman Sachs International and UniCredit Bank AG (the “manufacturers”), the target market assessment by the manufacturers (and for which the manufacturers solely are responsible) in respect of the Notes has led to the conclusion by the manufacturers that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “MiFID II”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

The Notes and the Guarantees have not been and will not be registered under the United States Securities Act of 1933 (the “Securities Act”) and the Notes are in bearer form and subject to U.S. tax law requirements. Subject to certain exceptions, the Notes and the Guarantees may not be offered, sold or delivered within the United States or to U.S. persons.

Singapore SFA Product Classification: *In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this Prospectus, see “Subscription and Sale”.

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Each person into whose possession this Prospectus comes is required by the Issuer, the Guarantor and the Underwriters to inform itself about and to observe any such restrictions.

This Prospectus is based on information provided by the Issuer and the Guarantor and by other sources referred to herein that they believe are reliable. The Issuer and the Guarantor accept responsibility for accurately reproducing such information provided by such other sources. The Issuer and the Guarantor accept no further or other responsibility in respect of such information. No assurance can be given that such information is accurate or complete. This Prospectus summarises certain documents and other information and investors should refer to them for a more complete understanding of what is discussed in this Prospectus. In making an investment decision, each investor must rely on its own examination of the Issuer and the Guarantor and the terms of the offering and the Notes, including the merits and risks involved.

PRESENTATION OF INFORMATION

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

PRESENTATION OF FINANCIAL INFORMATION

Combined Financial Statements

CK Hutchison Group Telecom Holdings Limited was incorporated on 26 June 2019. The Company is an indirect wholly owned subsidiary of CK Hutchison Holdings Limited (“**CKHH**”). Pursuant to an internal reorganisation exercise implemented by CKHH, which was completed on 30 July 2019, the telecommunications businesses of CKHH and its subsidiaries in Europe, Hong Kong and Macau (collectively, the “**Telecommunications Businesses**”) have been reorganised under CK Hutchison Group Telecom. As the Telecommunications Businesses have not historically comprised a separate legal entity and formed a group for the purpose of preparing financial statements, the Telecommunications Businesses therefore did not prepare consolidated financial statements. Accordingly, the historical financial statements of the Group for each of the years ended 31 December 2017 and 31 December 2018, and for the six months ended 30 June 2019 have been prepared on a combined basis by applying the principles of merger accounting as if the reorganisation had been completed for the periods presented, using the existing book values from CKHH Group’s perspective.

This Prospectus includes CK Hutchison Group Telecom’s audited combined financial statements for the year ended 31 December 2018 and unaudited condensed combined financial statements for the six months ended 30 June 2019 (as defined under “Currency of Presentation and Certain Definitions” as the “Combined Financial Statements for the Year Ended 31 December 2018” and the “Combined Financial Statements for the Six Months Ended 30 June 2019”, respectively). The Combined Financial Statements for the Year Ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and have been audited by PricewaterhouseCoopers (“PwC”), Certified Public Accountants, Hong Kong, in accordance with International Standards on Auditing. The Combined Financial Statements for the Six Months Ended 30 June 2019 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and have been reviewed by PwC in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. These combined financial statements should be read in conjunction with the notes thereto and PwC’s related reports that are included elsewhere in this Prospectus.

For illustrative purposes only, CK Hutchison Group Telecom has compiled and included in this Prospectus CK Hutchison Group Telecom’s unaudited pro forma combined financial information for the year ended 31 December 2018 and unaudited pro forma combined financial information for the six months ended 30 June 2019 (as defined under “Currency of Presentation and Certain Definitions” as the “Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018” and the “Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019”, respectively). The Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 have been prepared for illustrative purposes only, to illustrate the combined financial position of the Group as at 31 December 2018 and as at 30 June 2019 respectively, and the combined financial results and the combined cash flows of the Group for the year ended 31 December 2018 and for the six months ended 30 June 2019 respectively, as set out in the Combined Financial Statements for the Year Ended 31 December 2018 and the Combined Financial Statements for the Six Months Ended 30 June 2019 respectively, might have been affected as if certain events as described in note 3(b) of the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 respectively had occurred as of 31 December 2018 and as of 30 June 2019 respectively for the purpose of the pro forma combined statement of financial position as at 31 December 2018 and as at 30 June 2019 respectively or immediately prior to 1 January 2018 and 1 January 2019 respectively for the

purpose of the pro forma combined income statement and the pro forma combined statement of cash flows for the year ended 31 December 2018 and for the six months ended 30 June 2019 respectively rather than the actual dates of which such events actually took place. The key assumptions and adjustments made for the compilation and the applicable basis of which the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 have been compiled are set out in notes 3 and 4 of the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 respectively.

PwC has reported on the compilation of the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 in accordance with International Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus”, as stated in their assurance reports dated 10 October 2019 which are included elsewhere in this Prospectus. These pro forma combined financial information should be read in conjunction with the notes thereto and PwC’s related reports that are included elsewhere in this Prospectus. See also the section entitled “Risk Factors – Risk Factors in relation to the Issuer and/or the Guarantor – The Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months ended 30 June 2019 have not been audited or reviewed and are subject to significant assumptions and limitations, and may not be indicative of the future performance of the Guarantor or CK Hutchison Group Telecom”.

FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding the financial position of CK Hutchison Group Telecom, business strategy, plans, prospects and objectives of management for future operations, are forward-looking statements. Investors can identify some of these forward-looking statements by terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would” and “could” or similar words.

However, investors should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding CK Hutchison Group Telecom’s expected financial position, business strategy, plans and prospects are forward-looking statements. These forward-looking statements are only expectations and involve known and unknown risks, uncertainties and other factors that may cause CK Hutchison Group Telecom’s actual results, performance or achievements to be materially different from any historical results or combined financial information, future results, performance or achievements expected, expressed or implied by these forward-looking statements.

These forward-looking statements speak only as at the date of the Prospectus. Given the risks and uncertainties that may cause CK Hutchison Group Telecom’s actual future results, performance or achievements to be materially different than expected, expressed or implied by the forward-looking statements in this Prospectus, investors are advised not to place undue reliance on those statements. CK Hutchison Group Telecom does not represent or warrant to investors that its actual future results, performance or achievements will be as discussed in those statements. Each of the Issuer and the Guarantor expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer’s or the Guarantor’s expectations with regard thereto or any change of events, conditions or circumstances on which any such statement was based.

CURRENCY OF PRESENTATION AND CERTAIN DEFINITIONS

CK Hutchison Group Telecom prepares its combined financial statements and pro forma combined financial information in Hong Kong dollars (“HK\$”). CK Hutchison Group Telecom also presents its combined capitalisation as of 30 June 2019 (as set out in the table under the section entitled “Capitalisation of CK Hutchison Group Telecom”) in HK\$. For the convenience of the readers, this Prospectus presents translations into Euro (“€”) of these Hong Kong dollar amounts at the rate of HK\$8.88 = €1.00. No representation is made that Hong Kong dollars have been, could have been, or could be, converted into Euro at the rate indicated or at any other rate.

This Prospectus also presents certain non-Hong Kong dollar amounts (including, without limitation, Pound Sterling (“GBP” and “£”), Euro (“€”) and U.S. dollars (“U.S.\$”)) together with their Hong Kong dollar equivalent amounts. Unless otherwise indicated, the Hong Kong dollar equivalent amounts presented thereof are translated at the approximate exchange rate at the time of the transactions to which they apply.

For purposes of this Prospectus only, “EU” means the European Union, “UK” means the United Kingdom and “Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China.

Unless the context otherwise requires:

- “CK Hutchison Group Telecom” or “Group” means CK Hutchison Group Telecom Holdings Limited and its subsidiaries;
- “CKHH” means CK Hutchison Holdings Limited;
- “CKHH Group” means CKHH and its subsidiaries;
- “CKHH group entities” means CKHH Group other than the Group;
- “Combined Financial Statements for the Year Ended 31 December 2018” means the Guarantor’s audited combined financial statements for the year ended 31 December 2018 included elsewhere in this Prospectus;
- “Combined Financial Statements for the Six Months Ended 30 June 2019” means the Guarantor’s unaudited condensed combined financial statements for the six months ended 30 June 2019 included elsewhere in this Prospectus;
- “Combined Financial Statements” means “Combined Financial Statements for the Year Ended 31 December 2018” and/or “Combined Financial Statements for the Six Months Ended 30 June 2019”, as applicable;
- “Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018” means the Guarantor’s unaudited pro forma combined financial information for the year ended 31 December 2018 included elsewhere in this Prospectus; and
- “Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019” means the Guarantor’s unaudited pro forma combined financial information for the six months ended 30 June 2019 included elsewhere in this Prospectus.

References in the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 to “Parent company” are to CKHH.

As used in this Prospectus, EBIT or LBIT represents the EBIT (LBIT) of CK Hutchison Group Telecom as well as CK Hutchison Group Telecom's share of the EBIT (LBIT) of joint ventures. EBIT (LBIT) is defined as earnings (losses) before interest expenses and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the CK Hutchison Group Telecom's financial information and combined financial statements and is used by many industries and investors as one measure of results from operations. CK Hutchison Group Telecom considers EBIT (LBIT) to be an important performance measure which is used in CK Hutchison Group Telecom's internal financial and management reporting to monitor business performance. EBIT (LBIT) is not a measure of financial performance under IFRS and the EBIT (LBIT) measures used by CK Hutchison Group Telecom may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with IFRS.

EBITDA (LBITDA) represents the EBITDA (LBITDA) of CK Hutchison Group Telecom as well as CK Hutchison Group Telecom's share of the EBITDA (LBITDA) of joint ventures. EBITDA (LBITDA) is defined as earnings (losses) before interest expenses and other finance costs, tax, depreciation and amortisation, and includes profits on disposal of investments and other earnings. Information concerning EBITDA (LBITDA) has been included in CK Hutchison Group Telecom's financial information and combined financial statements and is used by many industries and investors as one measure of gross cash flow generation. CK Hutchison Group Telecom considers EBITDA (LBITDA) to be an important performance measure which is used in CK Hutchison Group Telecom's internal financial and management reporting to monitor business performance. EBITDA (LBITDA) is not a measure of cash liquidity or financial performance under IFRS and the EBITDA (LBITDA) measures used by CK Hutchison Group Telecom may not be comparable to other similarly titled measures of other companies. EBITDA (LBITDA) should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with IFRS.

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IN CONNECTION WITH THE ISSUE OF THE NOTES, THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED AS STABILISATION MANAGER (THE “STABILISATION MANAGER”) (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

RISK FACTORS

Prospective investors should carefully consider all the information set forth in this Prospectus, as well as their own personal circumstances, before deciding to invest in the Notes. Prospective investors should have particular regard to, among other matters, the considerations set out in this section of this Prospectus.

The Issuer and the Guarantor believe that the following factors may affect their ability to fulfil their obligations under the Notes. In particular, factors stated that may or could impact or affect (or could have material adverse effect on) CK Hutchison Group Telecom included in this section in most cases will impact directly the operating units of the Group. However, such factors will also likely affect the Issuer and the Guarantor and their ability to satisfy the respective obligations under the Notes and the Deed of Guarantee as the primary purpose of the Issuer and the Guarantor is to act as a financing subsidiary and the holding company of CK Hutchison Group Telecom respectively, and their ability to make payments depends largely upon the receipt of funding support from the other members of the Group. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor are in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer or the Guarantor may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons, and the Issuer and the Guarantor do not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

This Prospectus, including particularly the information set forth under the caption “Business of CK Hutchison Group Telecom” includes “forward-looking statements”. Although the Guarantor believes that its plans, intentions and expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such plans, intentions or expectations will be achieved. Important factors that could cause actual results to differ materially from CK Hutchison Group Telecom’s historical results or combined financial information and forward-looking statements are set forth in this Prospectus, but particularly include those set forth below. All forward-looking statements attributable to CK Hutchison Group Telecom or persons acting on its behalf are expressly qualified in their entirety by the investment considerations set forth below.

RISK FACTORS IN RELATION TO THE ISSUER AND/OR GUARANTOR

Market Risks

The telecommunications industry is characterised by high levels of competition and CK Hutchison Group Telecom expects the market to remain highly competitive. If CK Hutchison Group Telecom is not able to successfully compete or maintain business growth, its financial performance and business prospects may be materially adversely affected

CK Hutchison Group Telecom faces significant competition in each of the markets in which it operates. Competition among providers of mobile and fixed-line telecommunications services, including new entrants (such as mobile virtual network operators), is expected to continue and may adversely affect the prices chargeable for services and handsets. Competition with respect to innovative products and services in fixed-line, mobile telephony and broadband/ultrabroadband businesses could lead to:

- obsolescence of existing technologies and more rapid deployment of new technologies;
- an increase in costs and payback period related to investments in new technologies that are necessary to retain customers and market share; and
- difficulties in reducing debt and funding strategic and technological investments.

In addition, mobile number portability policies and procedures in markets where CK Hutchison Group Telecom currently operates enable customers to switch their providers of mobile telecommunications services without changing their mobile phone numbers. This has led to increased movement of customers among providers of mobile telecommunications services. Such movements increase marketing, distribution and administrative costs, slow growth in customer numbers and reduce revenues. CK Hutchison Group Telecom's marketing position also depends on effective marketing initiatives and its ability to anticipate and respond to various competitive factors affecting the industry. This includes new services, pricing strategies by competitors and changes in consumer preferences and economic, political and social conditions in the countries in which it operates. Any failure by CK Hutchison Group Telecom to compete effectively, including in terms of pricing of services, acquisition of customers and retention of existing customers, could decrease the revenue that CK Hutchison Group Telecom receives as a major provider of telecommunications services and negatively impact its profitability and financial condition. Furthermore, competition in CK Hutchison Group Telecom's principal lines of business could lead to price and margin erosion for its traditional products and services, loss of market share in CK Hutchison Group Telecom's core markets, loss of existing or prospective customers and greater difficulty in retaining existing customers.

CK Hutchison Group Telecom's business, financial condition, results of operations and liquidity may be adversely affected by disruptive geopolitical or macroeconomic events and economic uncertainty in the geographical regions CK Hutchison Group Telecom operates and globally

With operations across various countries and exposure to different currencies, CK Hutchison Group Telecom may be impacted adversely by any changes to global economic conditions. In general, volatility in worldwide credit and financial markets, fluctuations in commodity prices, rising geopolitical risks and political turbulence and global trade competition have all contributed to the increased uncertainty of global economic prospects. Any adverse economic developments, whether as a result of a global recession or a recession in one or more of CK Hutchison Group Telecom's key markets, credit and capital markets volatility, an economic or financial crisis, or otherwise, could result in reduced consumer spending on

telecommunications products and services, which in turn could result in lower revenue and reduced profit for CK Hutchison Group Telecom. CK Hutchison Group Telecom's business, financial condition, results of operations and prospects would likely be negatively impacted by an economic downturn in any of CK Hutchison Group Telecom's key markets.

Furthermore, the last global financial crisis affected not only the banking and financial sectors, but also the commercial sectors which rely on the availability of banking facilities and bank borrowings. If CK Hutchison Group Telecom's customers are unable to borrow money, experience financial difficulty, or are put into liquidation, CK Hutchison Group Telecom may not be paid by such customers on time or at all, and may experience a significant decline in the demand for its products and services. If another economic downturn occurs and as a result leads to weak economic sentiments, CK Hutchison Group Telecom's business, financial condition, results of operations and prospects could experience deterioration.

CK Hutchison Group Telecom's overall success as a global business depends, in part, upon its ability to succeed in different economic, social and political conditions. There can be no assurance that CK Hutchison Group Telecom will continue to succeed in developing and implementing policies and strategies that are effective in each location where it conducts business. Moreover, any deterioration in the economic, social and/or political conditions in the markets in which CK Hutchison Group Telecom conducts business could have a material adverse effect on CK Hutchison Group Telecom's financial condition and results of operations.

The UK's Exit from the European Union may adversely affect CK Hutchison Group Telecom's financial condition and results of operations

In June 2016, a majority of voters in the UK elected to withdraw from the EU in a national referendum. The terms of any withdrawal are subject to a negotiation, as set out in Article 50 of the Treaty of Lisbon, which envisages a negotiating period of up to two years. On 29 March 2017, the UK Prime Minister formally notified withdrawal, triggering the two-year negotiating period.

In November 2018, the EU and the UK Government finalised negotiations on the legally-binding withdrawal agreement and associated political declaration on their future relationship. The two documents have to be ratified by both the UK Parliament and the European Parliament, but the UK Parliament has so far rejected the withdrawal agreement. In March 2019, the UK Parliament voted to delay the date of its withdrawal from the EU to 31 October 2019. That is now the legal date for the UK to leave the EU, with or without a withdrawal agreement, unless the UK requests, and the EU grants, a further extension. The position remains uncertain.

The referendum and ongoing negotiations have created significant uncertainty about the future relationship between the UK and the EU, including with respect to the trade relationship (e.g. tariffs and non-tariff barriers), and the laws and regulations that will apply as the UK determines which EU-derived laws to replace or replicate in the event of a withdrawal. The UK's exit from the EU could have a material adverse effect on global economic conditions and the stability of global financial markets. The long-term impact of the UK's decision to leave the EU is not known and will depend on the final terms agreed (if any) between the UK and the EU in the event of withdrawal. There is considerable uncertainty as to the impact of the referendum on the general economic conditions in the UK or its wider impact in the EU. As such, no assurance can be given as to the impact of the referendum and in particular, no assurance can be given that such matters would not adversely affect CK Hutchison Group Telecom's financial condition and results of operations.

Operational Risks

CK Hutchison Group Telecom may not be able to successfully grow and retain its customer base and improve its operating margins and profitability, despite its significant investments in CACs and capital expenditures

The degree to which the mobile telecommunications market may expand is uncertain and will depend on numerous factors. Such factors include, among others, the business strategies and capabilities of CK Hutchison Group Telecom and its competitors, prevailing market conditions, the development of new and/or alternate technologies for mobile telecommunications products and services, the development of new devices that require a mobile connection and the effect of applicable regulations. Many of these factors are beyond CK Hutchison Group Telecom's control.

CK Hutchison Group Telecom's ability to attract new and retain existing subscribers or to grow its ARPU from both new and existing subscribers will depend in large part upon its ability to offer innovative services on new devices, stimulate and increase subscriber usage, convince subscribers to switch from competing mobile operators to its services and its ability to minimise subscriber discontinuation. In addition, the success of CK Hutchison Group Telecom relies on increasing its customer base and operating margins to remain profitable as well as growing profitability. In order to grow and retain its customer base, CK Hutchison Group Telecom has made significant investments in CACs in each of the markets in which it operates. CK Hutchison Group Telecom may need to incur more capital expenditure to expand or improve its mobile network and incur more CACs to retain and build its customer base. CK Hutchison Group Telecom may not be successful in growing its customer base and improving operating margins to a level sufficient for covering incremental operating costs, customer acquisition and retention costs and capital expenditure requirements.

Cyber security risks are inherent in CK Hutchison Group Telecom's business

Cyber attacks, including through the use of malware, computer viruses, dedicated denial of services attacks, credential harvesting and other means for obtaining unauthorised access to or disrupting the operation of CK Hutchison Group Telecom's networks, systems and data base of CK Hutchison Group Telecom or its suppliers, vendors and other service providers, could have an adverse effect on CK Hutchison Group Telecom's business, operations and reputation. Cyber attacks may cause equipment failures, loss or leakage of data, including personal data of customers or employees and technical and trade information, as well as disruptions to CK Hutchison Group Telecom's or its customers' operations. Corporate cyber attacks have increased in frequency, scale and severity in recent years. Further, the perpetrators of cyber attacks are not restricted to particular groups or persons. These attacks may be committed by company employees or external parties operating in any geography, including jurisdictions where law enforcement measures to address such attacks are unavailable or ineffective, and may even be launched by or at the behest of nation states. The measures deployed by CK Hutchison Group Telecom may not be able to prevent, eliminate or minimise the risks associated with cyber attacks.

Any operational impacts caused by cyber attacks to the networks, systems and data base of CK Hutchison Group Telecom or its suppliers, vendors and other service providers, even for a limited period of time, may result in costly remedial expenses and/or a loss of business. The costs required to remedy a major cyber attack on CK Hutchison Group Telecom could include expensive incentives to certain existing customers and business partners, increased expenditures on cyber security measures and the use of alternate resources. CK Hutchison Group Telecom may also suffer a loss of revenue owing to business interruption and claims from regulators and other third parties. The potential costs or losses associated with these attacks could exceed the insurance coverage CK Hutchison Group Telecom maintains. In addition, a

compromise of security or leakage of data, such as personal data and technical and trade information, could result in third party claims and/or regulatory claims or investigations. Any of these occurrences could damage CK Hutchison Group Telecom's reputation, adversely impact customer and investor confidence, and materially and adversely affect CK Hutchison Group Telecom's financial condition and results of operations.

Equipment and network systems failures could result in reduced user traffic and revenue, require unanticipated capital expenditures or harm CK Hutchison Group Telecom's reputation, business, financial condition and results of operations

CK Hutchison Group Telecom's technological infrastructure (including its network infrastructure for mobile telecommunications and fixed-line services, including Internet services) is vulnerable to damage or disruptions from numerous events, including fire, flood, windstorms or other natural disasters, power outages, terrorist acts, cyberattacks, equipment or system failures, human errors or intentional wrongdoings, including breaches of CK Hutchison Group Telecom's network or information technology security. Unanticipated problems at CK Hutchison Group Telecom's facilities, network or system failures or hardware or software failures or computer viruses, or the occurrence of such unanticipated problems at the facilities, network or systems of third party-owned local and long distance networks on which CK Hutchison Group Telecom relies for the provision of interconnection and roaming services could result in reduced user traffic and revenue as a result of subscriber dissatisfaction with poor performance and reliability, result in regulatory penalties or require unanticipated capital expenditures. The occurrence of network or system failures could also harm CK Hutchison Group Telecom's reputation or impair its ability to retain current subscribers or attract new subscribers, which could have a material adverse effect on its business, financial condition and results of operations.

CK Hutchison Group Telecom's success depends on third party telecommunications providers and other third parties over which it has no direct control for the provision of certain of its mobile, fixed-line and towers products and services

CK Hutchison Group Telecom's ability to provide high quality mobile and fixed-line telecommunications services depends on its ability to interconnect with the telecommunications networks and services of other mobile and fixed-line operators, particularly those of CK Hutchison Group Telecom's competitors. CK Hutchison Group Telecom also relies on third-party operators for the provision of international roaming services for its mobile subscribers. While CK Hutchison Group Telecom has interconnection agreements and international roaming agreements in place with other telecommunication operators, it does not have direct control over the quality of their networks and the interconnections and roaming services they provide. Any difficulties or delays in interconnecting with other networks and services, or the failure of any operator to provide reliable interconnections or roaming services to CK Hutchison Group Telecom on a consistent basis, could result in a loss of subscribers or a decrease in traffic for CK Hutchison Group Telecom, which would reduce CK Hutchison Group Telecom's revenues and adversely affect CK Hutchison Group Telecom's business, financial condition and results of operations. There can be no assurance that CK Hutchison Group Telecom will be able to maintain its interconnection and international roaming agreements on terms that are commercially acceptable to it.

If CK Hutchison Group Telecom is unable to maintain its relationship with its equipment and telecommunications vendors or suppliers, or enter into new relationships, CK Hutchison Group Telecom's business will be adversely affected

CK Hutchison Group Telecom has relationships with a number of key vendors for mobile and fixed-line network equipment, software and for the provision of content. CK Hutchison Group Telecom's ability to grow its subscriber base depends in part on its ability to source adequate supplies of network equipment, mobile handsets, software and content in a timely manner. Suppliers of network equipment have limited resources, which may impact the speed at which CK Hutchison Group Telecom expands its network. In addition, suppliers of handsets are at times subject to supply constraints, for example in the first few months of a new handset model launch or during the winter holiday season, there is often a shortage of components. The business operation and provision of related services by the third party vendors are also regulated to varying degrees by national, state, regional or local governmental and regulatory authorities in the countries where CK Hutchison Group Telecom operates. CK Hutchison Group Telecom does not have direct operational or financial control over its key suppliers and has limited influence with respect to the manner in which these key suppliers conduct their businesses. CK Hutchison Group Telecom's reliance on these suppliers exposes it to risks related to delays in the delivery of their services, and, from time to time, CK Hutchison Group Telecom has experienced extensions of lead times or limited supplies due to capacity constraints and other supply-related factors. There can also be no assurance that the relevant authorities will not take any action that could materially adversely affect the third party vendors' operations. CK Hutchison Group Telecom's business and financial performance could be materially harmed if export and re-export restrictions impact its suppliers' ability to procure products, technology, or software from the United States or other jurisdictions that are necessary for the production and timely and satisfactory delivery of the supplies and equipment that CK Hutchison Group Telecom sources from these suppliers.

It cannot be assured that CK Hutchison Group Telecom's suppliers will continue to provide equipment and services to CK Hutchison Group Telecom at acceptable prices or that CK Hutchison Group Telecom will be able to obtain such equipment and services in the future from these or other providers on the scale and within the time frames CK Hutchison Group Telecom requires, if at all. In such event, CK Hutchison Group Telecom's ability to attract subscribers or offer attractive product offerings could be negatively affected, which in turn could materially adversely affect CK Hutchison Group Telecom's business, financial condition and results of operations.

Non-compliance with data protection legislation could have reputational damage and material adverse effect on results of operations

In the ordinary course of its operations, various members of the CK Hutchison Group Telecom group of companies collect, store and use data that is protected by data protection laws in the different countries in which they operate. As regulatory focus on privacy issues continues to increase and worldwide laws and regulations concerning the handling of personal information expand and become more complex, potential risks related to data collection and use within CK Hutchison Group Telecom's business are expected to intensify. For example, the General Data Protection Regulation (2016/679/EU), which came into effect in May 2018, introduced a number of changes to EU data protection legislation such as permitting national supervisory authorities in the European Union to levy administrative penalties of up to 4 per cent. of companies' global annual turnover in cases of significant non-compliance and direct liability for breach by data processors.

In the event that any relevant member of the CK Hutchison Group Telecom group of companies is unable to meet its obligations under applicable data protection laws, it may be subject to regulatory action or civil claims. The cost of regulatory or legal action, and any monetary and/or reputational damage suffered as a result of such action, could have a material adverse effect on CK Hutchison Group Telecom's financial condition and results of operations.

CK Hutchison Group Telecom depends on third parties to market and sell a significant portion of its products and services, and these third parties are not under its control and may stop distributing or selling its products

Some of CK Hutchison Group Telecom's mobile products and services are sold to customers through its own retail channels. However, CK Hutchison Group Telecom also sells its mobile products and services through third-party distributors, retail outlets or sales agencies, most of which also distribute or sell products of CK Hutchison Group Telecom's competitors. The distributors, retailers and sales agencies that CK Hutchison Group Telecom relies upon to distribute and sell its products are not under its control and may stop distributing or selling its products at any time. Should this occur with particularly important distributors, retailers or sales agencies, CK Hutchison Group Telecom may face difficulty in finding new distributors, retailers or sales agencies that can generate the same level of revenues within an acceptable time frame. In addition, distributors, retailers and sales agencies that also distribute or sell competing products and services may more actively promote the products and services of CK Hutchison Group Telecom's competitors than CK Hutchison Group Telecom's products and services.

If CK Hutchison Group Telecom fails to maintain or further develop its distribution channels, its ability to sustain and further grow its subscriber base could be materially adversely affected

CK Hutchison Group Telecom intends to opportunistically develop its distribution channels, which may require significant capital expenditures. CK Hutchison Group Telecom may need to establish new or expanded distribution channels for its broadband services, which may result in significant costs and/or may not be successful. If CK Hutchison Group Telecom fails to maintain or expand its direct and indirect distribution presence, its ability to retain or further grow its market share in the mobile and fixed-line telecommunications markets, including the internet market, could be adversely affected, which in turn could have a material adverse effect on CK Hutchison Group Telecom's business, financial condition and results of operations.

There can be no assurance that CK Hutchison Group Telecom's strategic or business partners will wish to continue their relationships with CK Hutchison Group Telecom

CK Hutchison Group Telecom conducts some of its businesses through non-wholly-owned subsidiaries in which it shares control (in whole or in part) and has formed strategic alliances with certain international companies and other strategic partners. There can be no assurance that any of these strategic or business partners will wish to continue their relationships with CK Hutchison Group Telecom in the future or that CK Hutchison Group Telecom will be able to pursue its stated strategies with respect to its non-wholly-owned subsidiaries joint ventures and the markets in which they operate. Furthermore, other investors in CK Hutchison Group Telecom's non-wholly-owned subsidiaries may undergo a change of control or financial difficulties, which may negatively impact CK Hutchison Group Telecom's financial condition and results of operations.

Success of CK Hutchison Group Telecom’s mergers and acquisitions will depend, among other things, on CK Hutchison Group Telecom’s ability to realise expected synergies, cost savings and growth opportunities

CK Hutchison Group Telecom continues to cautiously expand the scale and geographic spread of its businesses through investment in organic growth, as well as undertaking selective mergers, acquisitions and disposal activities if appropriate opportunities in the market arise. Success of CK Hutchison Group Telecom’s mergers and acquisitions will depend, among other things, on the ability of CK Hutchison Group Telecom to realise the expected synergies, cost savings and growth opportunities upon integration of the merged or acquired businesses. These businesses may require significant investment and the commitment of executive management time and other resources. There can be no assurance that a failure to operate the merged or acquired businesses successfully, or a longer than projected period to realise the expected synergies, will not have a material adverse effect on CK Hutchison Group Telecom’s financial condition, results of operations and prospects.

Reorganisation of telecommunication infrastructure business may not complete with no assurance of enhanced business or financial performance

In August 2019, CKHH announced that CK Hutchison Group Telecom will set up a new telecommunication infrastructure company, CK Hutchison Networks Holdings Limited (“CK Hutchison Networks”) which will group the 28,500 tower asset interests⁽¹⁾ into a separately managed wholly owned subsidiary of CK Hutchison Group Telecom. Such reorganisation is expected to be completed by the end of 2019 or early 2020, where tower and infrastructure asset interests will be reorganised under a specialised management team. There can be no assurance that the reorganisation will complete, or that the new structure will allow optimising of asset portfolio, achieving cost synergies, or maximising returns on invested capital. In case of business disruptions arising from the reorganisation, CK Hutchison Group Telecom’s business, financial condition and results of operations may be adversely affected.

Financial Risks

CK Hutchison Group Telecom may not have sufficient liquidity and may need to access capital and loan markets to raise funds. The availability of financing may be impacted by many factors, including liquidity in the capital and loan markets and CK Hutchison Group Telecom’s credit ratings

CK Hutchison Group Telecom may not have sufficient liquidity to, among others, fund its capital expenditure requirements (including for network expansion, spectrum acquisition and renewal of telecommunications licences), retain and build its customer base, develop new services and products and technologies and comply with applicable regulatory requirements. Accordingly, from time to time, the Guarantor may need to access short-term and long-term capital markets and loan markets to obtain financing.

The availability of financing with acceptable terms and conditions may be impacted by many factors which include, among others, liquidity in the capital and loan markets and the Guarantor’s credit ratings. After the completion of the Reorganisation (as defined below in “Business of CK Hutchison Group Telecom – Overview”) on 30 July 2019, the Guarantor was assigned long term credit ratings of “BBB+” from Fitch, “Baa1” from Moody’s and “A-” from S&P, all in August 2019. No assurance can be given that the

(1) CK Hutchison Networks’ site count includes European sites only (includes shared sites of joint venture interests in the UK and Sweden), with an option to include a further 9,300 sites in Asia.

Guarantor's credit ratings or outlook will remain for any given period of time or that a credit rating will not be lowered or withdrawn by the relevant rating agency. Although the Guarantor aims to maintain a capital structure that is appropriate for long-term investment grade ratings, actual credit ratings may deviate from these levels due to economic circumstances. If liquidity in the capital and loan markets declines and/or ratings of the Guarantor declines, the availability and cost of borrowings could be affected and impact CK Hutchison Group Telecom's financial condition and results of operations, liquidity and cashflows.

Fluctuations in currency exchange and interest rates may adversely affect CK Hutchison Group Telecom's results

CK Hutchison Group Telecom reports its results in Hong Kong dollars but some of its subsidiaries and joint ventures in Europe receive revenue and incur expenses in Euro and other local currencies. CK Hutchison Group Telecom's subsidiaries and joint ventures may also incur debt in these local currencies. Consequently, CK Hutchison Group Telecom is exposed to potential adverse impact of currency fluctuations on translation of the results and balance sheet items of these subsidiaries and joint ventures and also on repatriation of earnings, equity investments and loans. Although CK Hutchison Group Telecom actively manages its currency exposures, with debt financing in local currencies as one of the hedging strategies, depreciation or fluctuation of the currencies in which CK Hutchison Group Telecom conducts its operations relative to the Hong Kong dollar could have a material adverse effect on CK Hutchison Group Telecom's financial condition and results of operations.

CK Hutchison Group Telecom has a significant portion of borrowings at floating interest rate. CK Hutchison Group Telecom seeks to achieve a balance between fixed and floating interest rates for its borrowings by managing the proportion continuously. However, its interest rate management policy may not adequately cover CK Hutchison Group Telecom's exposure to interest rate fluctuations and this may result in significantly increased interest expense and an adverse effect on the financial condition and results of operations of CK Hutchison Group Telecom.

The ability of the Issuer/Guarantor to satisfy its obligations in respect of the Notes and, in the case of the Guarantor, the Guarantees, will depend on payments made to it by other members of CK Hutchison Group Telecom

The Issuer is a wholly-owned subsidiary of the Guarantor and its primary purpose is to act as a financing subsidiary of CK Hutchison Group Telecom. The Guarantees are solely an obligation of the Guarantor. The Guarantor is primarily a holding company and its ability to make payments to holders of the Notes pursuant to the Guarantees in respect of the Notes depends largely upon the receipt of dividends, distributions, interest, repayments or advances from its wholly or partially owned subsidiaries. The ability of the subsidiaries of the Guarantor to pay dividends are subject to applicable laws. There can be no assurance that the Issuer/Guarantor will be able to satisfy its obligations in respect of the Notes.

CK Hutchison Group Telecom's combined statement of financial position includes significant goodwill, telecommunications licences, brand names and other rights and fixed assets, which could become impaired and could result in a loss in CK Hutchison Group Telecom's income statement

Based on CK Hutchison Group Telecom's unaudited pro forma combined statement of financial position, as of 31 December 2018, included elsewhere in this Prospectus, the carrying amount of the non-current assets was HK\$300,138 million, representing approximately 82% of CK Hutchison Group Telecom's total assets. This carrying amount includes goodwill of HK\$126,750 million (which arises from the acquisitions of the telecommunications businesses in Europe and Hong Kong), telecommunications licences of

HK\$60,758 million (of which HK\$52,416 million, or approximately 86%, comprising licences in Italy of HK\$35,325 million and the UK of HK\$17,091 million, are accounted for as indefinite life assets), brand names and other rights of HK\$35,006 million, (including brand names of HK\$18,745 million which are accounted for as indefinite life assets and other rights of HK\$16,261 million), and fixed assets of HK\$53,657 million.

Goodwill and assets that are accounted for as indefinite life assets are tested for impairment annually and when there is indication that they may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. To determine whether any such indications exist it is necessary to make estimates and judgements, based on available information within CK Hutchison Group Telecom and in the market as well as past experience. The recoverable amount of the assets is estimated using appropriate valuation techniques in order to determine the extent of the impairment loss, if any. The identification of the indications of a potential impairment loss and the estimates used to measure the impairment loss, if any, depend on factors which may vary over time, thereby affecting estimates and measurements.

Changing the assumptions used to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value of the future cash flow that could result in significant impairment charges and as a result may materially and adversely affect CK Hutchison Group Telecom's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement. Accordingly, there can be no assurance that the operating results of CK Hutchison Group Telecom will not be substantially reduced in the near term.

The realisation of deferred tax assets is subject to various factors and the failure to fully realise such deferred tax assets may have a material adverse effect on CK Hutchison Group Telecom's financial condition and results of operations

Under International Financial Reporting Standards, deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax group. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised. As of 31 December 2018, CK Hutchison Group Telecom had a total deferred tax asset balance of HK\$18,917 million. The ultimate realisation of deferred tax assets recognised for certain of the businesses depends principally on these businesses maintaining profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used can significantly affect these taxable profit and loss projections. If there is a significant adverse change in taxation rates and legislations, or in the projected performance and resulting cashflow projections of these businesses, some or all of these deferred tax assets may need to be reduced and charged to the income statement, which could have a material adverse effect on CK Hutchison Group Telecom's financial condition and results of operations.

The Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months ended 30 June 2019 have not been audited or reviewed and are subject to significant assumptions and limitations, and may not be indicative of the future performance of the Guarantor or CK Hutchison Group Telecom

The Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 set out elsewhere in this Prospectus include certain unaudited financial information presented on an as adjusted basis to illustrate how the combined financial position of CK Hutchison Group Telecom as at 31 December 2018 and as at 30 June 2019 respectively, and the combined financial results and combined cash flows of CK Hutchison Group Telecom for the year ended 31 December 2018 and for the six months ended 30 June 2019 respectively might have been affected as if certain events as described in note 3(b) of the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 had occurred as of 31 December 2018 and as of 30 June 2019 respectively for the purpose of the pro forma combined statement of financial position as at 31 December 2018 and as at 30 June 2019 respectively or immediately prior to 1 January 2018 and 1 January 2019 respectively for the purpose of the pro forma combined income statement and the pro forma combined statement of cash flows for the year ended 31 December 2018 and for the six months ended 30 June 2019 respectively rather than the actual dates of which such events actually took place.

The Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 have been prepared for illustrative purposes only, and because of their hypothetical nature, the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 are not necessarily representative or indicative of what CK Hutchison Group Telecom's results of operations and financial condition will be in the future, and do not purport to give a true picture of the actual combined financial position of CK Hutchison Group Telecom as at 31 December 2018 and as at 30 June 2019 respectively, and the actual combined financial results and the actual combined cash flows of CK Hutchison Group Telecom for the year ended 31 December 2018 and for the six months ended 30 June 2019 respectively would have reported had the relevant events occurred as of 31 December 2018 and as of 30 June 2019 respectively for the purpose of the pro forma combined statement of financial position as at 31 December 2018 and as at 30 June 2019 respectively or immediately prior to 1 January 2018 and 1 January 2019 respectively for the purpose of the pro forma combined income statement and the pro forma combined statement of cash flows for the year ended 31 December 2018 and for the six months ended 30 June 2019 respectively. Therefore, the actual combined financial position, financial results and cash flows of the Group after occurrence of the relevant events may differ significantly from those reflected in the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019.

The Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 are subject to significant assumptions and adjustments as set out in the notes thereto.

While a reasonable assurance engagement has been conducted on each of the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 in accordance with "International Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" and an opinion has been delivered that each of the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro

Forma Financial Information for the Six Months Ended 30 June 2019 has been properly compiled on the basis of the applicable criteria and that such basis is consistent with the accounting policies of CK Hutchison Group Telecom, the reasonable assurance engagement does not constitute an audit or review, and accordingly, does not provide any assurance that the actual outcome of the financial information would have been as presented.

In making an investment decision, prospective investors must rely upon their own examination of the Issuer, the Guarantor, CK Hutchison Group Telecom and the terms of the offering of the Notes.

The Combined Financial Statements may not reflect what the Guarantor's actual results of operation and financial condition would have been had the Guarantor operated historically as a separate group for the periods presented. The Guarantor's lack of operating history as a separate group and the challenge of integrating previously independent businesses and may also make evaluating the business and future financial prospects of the Guarantor difficult.

Pursuant to an internal reorganisation exercise implemented by CKHH, which was completed on 30 July 2019, the Telecommunications Businesses have been reorganised under CK Hutchison Group Telecom. As the Telecommunications Businesses have not historically comprised a separate legal entity and formed a group for the purpose of preparing financial statements, the Telecommunications Businesses therefore did not prepare consolidated financial statements. Accordingly, the historical financial statements of the Group for each of the years ended 31 December 2017 and 31 December 2018, and for the six months ended 30 June 2019 have been prepared on a combined basis by applying the principles of merger accounting as if the reorganisation had been completed for the periods presented, using the existing book values from CKHH Group's perspective. While the Combined Financial Statements have been prepared on a combined basis by applying the principles of merger accounting, no adjustments have been made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation (as defined below in "Business of CK Hutchison Group Telecom – Overview"). Accordingly, the Combined Financial Statements may not fully reflect what the Guarantor's actual results of operations and financial condition would have been had the Guarantor been operated historically as a separate group for each of the years ended 31 December 2017 and 31 December 2018, and for the six months ended 30 June 2019.

The Combined Financial Statements may also not be indicative of the Guarantor's future consolidated results of operations or financial position and may not be used as the basis of projections of the results of operation or financial condition for any future periods. The Guarantor's lack of operating history as a separate group and the challenge of integrating the Telecommunications Businesses may make evaluating the business and future financial prospects of the Guarantor difficult. The Guarantor's potential for future business success and operating profitability must be considered in light of the risks, uncertainties, expenses and difficulties typically encountered by recently organised or combined companies.

In making an investment decision, prospective investors must rely upon their own examination of the Issuer, the Guarantor, CK Hutchison Group Telecom and the terms of the offering of the Notes.

CK Hutchison Group Telecom's independent auditor may identify issues relating to, and may make recommendations to improve, the internal controls of various CK Hutchison Group Telecom operating units

In the course of auditing CK Hutchison Group Telecom's combined or consolidated financial statements, CK Hutchison Group Telecom's independent auditor may identify issues relating to, and may make recommendations to improve, the internal controls of various CK Hutchison Group Telecom operating units. Should any such issues and recommendations be so identified and made, there is no assurance that

the steps (if any) attempted to be taken by CK Hutchison Group Telecom to address such issues based on such recommendations will be effective. Also, there is no assurance that the audit performed by CK Hutchison Group Telecom's independent auditor can identify all internal control issues, if at all.

Financial results may be negatively affected by changes to accounting standards

CK Hutchison Group Telecom reports its results and financial position in compliance with IFRS. Changes to the accounting standards or interpretations thereof may cause the future reported results and financial position of CK Hutchison Group Telecom to differ from current expectations. There can be no assurance that the adoption of new accounting policies will not have a significant impact on CK Hutchison Group Telecom's financial condition and results of operations.

Publicly available financial information of certain subsidiaries and joint ventures may not be relied upon as an indication of the consolidated financial results

Certain of the Guarantor's subsidiaries and joint ventures may, or are required to, make publicly available their financial results from time to time (on an annual, interim, quarterly basis or otherwise). Due to different accounting policies and measurement bases used in preparing CK Hutchison Group Telecom's financial information and the financial information of certain subsidiaries and joint ventures, consolidation adjustments are required to be made to the financial information of these subsidiaries and joint ventures to align accounting policies and measurement bases when preparing CK Hutchison Group Telecom's consolidated financial statements. Such adjustments may be significant and the actual impact of the financial results of the Guarantor's subsidiaries and joint ventures on the financial results of CK Hutchison Group Telecom may not be known until the consolidation of CK Hutchison Group Telecom's financial results is complete. In addition, there can be no assurance that these publicly available financial results of the Guarantor's subsidiaries and joint ventures on an individual basis can be relied upon as an indication of the consolidated financial results of CK Hutchison Group Telecom.

Technological Risks

The telecommunications industry is significantly affected by rapid technological change and the frequent introduction of new products and services and CK Hutchison Group Telecom may not be able to effectively anticipate or react to these changes

The telecommunications industry is characterised by rapid technological change and frequent introductions of new products. For example, many Internet products have been developed with the proliferation of Internet usage. The development of Internet products and applications such as over-the-top content and voice-over-IP have resulted in a reduction in the usage of traditional text messaging and long distance voice call services provided by CK Hutchison Group Telecom. Technological change and the emergence of alternative technologies for the provision of telecommunications services that are technologically superior, cheaper or otherwise more attractive than those that CK Hutchison Group Telecom provides may render its services less profitable, less viable or obsolete. At the time CK Hutchison Group Telecom selects and advances one technology over another, it may not be possible to accurately predict which technology may prove to be the most economical, efficient or capable of attracting subscribers or stimulating usage and CK Hutchison Group Telecom may develop or implement a technology that does not achieve widespread commercial success or that is not compatible with other newly developed technologies. Furthermore, CK Hutchison Group Telecom's competitors or new market entrants may introduce new or technologically superior mobile and fixed-line services before CK Hutchison Group Telecom does. In addition, CK Hutchison Group Telecom may not receive the necessary licences to provide services based on these new technologies or may be negatively impacted by

unfavourable regulation regarding the usage of these technologies. If CK Hutchison Group Telecom is unable to effectively anticipate or react to technological changes in the telecommunications market, it could lose subscribers, provide a diminishing portion of its subscribers' total telecommunications usage or fail to attract new subscribers, all of which could have a material adverse effect on CK Hutchison Group Telecom's business, financial condition and results of operations.

Substantial additional investments may also be required for CK Hutchison Group Telecom to remain competitive, and CK Hutchison Group Telecom may not be able to fund such capital expenditures or source the necessary resources to keep pace with technological developments or successfully anticipate or react to these changes, which could have a material adverse effect on CK Hutchison Group Telecom's financial condition and results of operations.

CK Hutchison Group Telecom's business depends on continuously upgrading its existing networks, which may impose financial strain on CK Hutchison Group Telecom's business and financial condition

CK Hutchison Group Telecom must continue to upgrade its existing mobile and fixed-line networks in a timely manner in order to retain and expand its customer base in each of its markets and to successfully implement its strategy. Among other things, the needs of CK Hutchison Group Telecom's business could require it to:

- upgrade the functionality of CK Hutchison Group Telecom's networks to allow for the increased customisation of services;
- increase its UMTS/HSDPA coverage in some of its markets;
- enhance its LTE network based on customers' demand and on coverage requirements;
- maintain, expand and enhance customer service, network management and administrative systems;
- upgrade older systems and networks to adapt them to new technologies (e.g. 5G); and
- acquire or renew its telecom licences.

Many of these tasks, which could create additional financial strain on CK Hutchison Group Telecom's business and financial condition, are not entirely under CK Hutchison Group Telecom's control and may be affected by applicable regulation. If CK Hutchison Group Telecom fails to execute them successfully, CK Hutchison Group Telecom services and products may be less attractive to new customers and CK Hutchison Group Telecom may lose existing customers to its competitors, which could adversely affect its business, financial condition and results of operations.

Other Risks

CK Hutchison Group Telecom is subject to extensive regulations, including national, EU and international law and regulations, and may in the future be, adversely affected by regulatory measures applicable to it. Compliance with these regulations and measures may impact on CK Hutchison Group Telecom's costs and revenue

CK Hutchison Group Telecom's telecommunications businesses are highly regulated. As a global business, CK Hutchison Group Telecom is exposed to local business risks in several different countries, which could have a material adverse effect on its financial condition and results of operations. CK Hutchison Group

Telecom operates in many countries around the world and may increasingly become exposed to different and changing government policies, political, social, legal and regulatory requirements at the national or international level, including but not limited to those required by the EU or the World Trade Organisation (“WTO”). These include:

- changes in tariffs and trade barriers, including changes which may result from the UK’s withdrawal from the EU (See “Risk Factors in relation to the Issuer and the Guarantor – The UK’s Exit from the European Union may adversely affect CK Hutchison Group Telecom’s financial condition and results of operations” for further details);
- changes in taxation regulations and interpretations;
- competition (anti-trust) laws applicable to all of CK Hutchison Group Telecom’s activities, including the regulation of monopolies and the conduct of dominant firms, the prohibition of anti-competitive agreements and practices, and laws requiring the approval of certain mergers, acquisitions and joint ventures which could restrict CK Hutchison Group Telecom’s ability to own or operate subsidiaries or acquire new businesses or merge operations in certain jurisdictions and/or result in imposition of fines on the relevant operations;
- changes in the process of obtaining or maintaining licenses, permits and governmental approvals necessary to operate certain businesses;
- telecommunications and broadcasting regulations;
- environmental and safety laws, rules and regulations; and
- to the extent telecom assets are viewed by government as critical national assets, national security law.

See “Business of CK Hutchison Group Telecom – Regulation” for a discussion of the EU regulatory framework applicable to CK Hutchison Group Telecom’s 3 Group Europe businesses. There can be no assurance that the European institutions and/or the regulatory authorities of the EU member states in which 3 Group Europe operates will not make decisions or interpret and implement the EU or national regulations in a manner that does not materially and adversely affect CK Hutchison Group Telecom’s financial condition and results of operations in the future.

In addition, CK Hutchison Group Telecom’s business activities in certain countries are or may be subject to price control regulation with respect to their wholesale mobile termination rates and wholesale and retail international roaming rates, and such price control regulation may impact costs and revenues and therefore could have a material adverse effect on CK Hutchison Group Telecom’s financial condition and results of operations.

Furthermore, any new regulatory initiatives or changes in legislation, regulation or government policy affecting CK Hutchison Group Telecom’s telecommunications businesses, as well as decisions by regulatory authorities or courts, could have a material adverse effect on CK Hutchison Group Telecom’s financial condition and results of operations.

Possible economic sanctions on business partners, suppliers or businesses in general may have a material adverse effect on CK Hutchison Group Telecom's financial condition and results of operations

Governments and multinational organisations (including the State Department and the Department of the Treasury's Office of Foreign Assets Control ("OFAC") of the U.S. and the United Nations), from time to time administer certain laws and regulations that impose restrictions with respect to activities or transactions with certain countries, governments, entities and individuals that are the subject of economic sanctions. There can be no assurance that such sanctions will not affect the jurisdictions in which CK Hutchison Group Telecom conducts its business, any of CK Hutchison Group Telecom's business partners or suppliers or otherwise. To the extent that any such sanction is imposed in any jurisdictions where CK Hutchison Group Telecom's business operates, CK Hutchison Group Telecom may need to cease operations in those jurisdictions and suffer losses in that regard. If any of CK Hutchison Group Telecom's business partners or suppliers is impacted by sanctions, provision of goods, services or support by them may be disrupted or discontinued, which may affect CK Hutchison Group Telecom's ability to continue to operate related businesses. If any of CK Hutchison Group Telecom's business partners is affected by sanctions, the continuation or disruption of strategic alliance with such business partners may also affect CK Hutchison Group Telecom's ability to continue to operate related businesses and/or may result in suspension of operations. There can be no assurance that CK Hutchison Group Telecom will be able to obtain alternative goods, services, support or alliance it needs for the operation of its business, in a timely manner or at competitive terms, and no assurance that any compensation recoverable from business partners or suppliers for the discontinued or disrupted supply, service, support or alliance will be available or adequate. Any of these factors could have a material adverse effect on CK Hutchison Group Telecom's financial condition and results of operations.

Certain of CK Hutchison Group Telecom's licences and permits to provide mobile services have finite terms, and any inability to renew any of these licences and permits upon termination, any inability to meet regulatory requirements and carrier obligations relating to any of these licenses and permits, or any inability to obtain new licences and permits for new technologies, could adversely affect CK Hutchison Group Telecom's business

CK Hutchison Group Telecom is only permitted to provide telecommunications services and operate networks under licences granted by regulatory authorities in each country in which it operates. Some of these licences have historically been issued for fixed terms and subsequently renewed. There can be no assurance, however, that any application for the renewal of one or more of these licences upon expiry of their respective terms will be successful or would be renewed on equivalent or satisfactory terms. In addition, CK Hutchison Group Telecom may not be successful in obtaining new licences for the provision of mobile services using new technologies that may be developed in the future and will likely face competition for any such licences.

Due to changes in legislation, CK Hutchison Group Telecom's mobile telecommunications licences in the UK and Italy effectively provide for perpetual renewal rights. However, all of these licences contain regulatory requirements and carrier obligations regarding the way CK Hutchison Group Telecom must conduct its business, as well as network quality and coverage. Failure to meet these requirements could result in damage awards, fines, penalties, suspensions or other sanctions including, ultimately, revocation of the licences.

Decisions by regulators with respect to the granting, amendment or renewal of licences to CK Hutchison Group Telecom or other parties (including spectrum allocation to other parties or relaxation of constraints with respect to the technology or specific service that may be deployed in the given spectrum band) could result in CK Hutchison Group Telecom facing unforeseen competition and/or could materially and adversely affect CK Hutchison Group Telecom's financial condition and results of operations.

CK Hutchison Group Telecom is subject to completion risk of mergers and acquisitions and furthermore, third parties may choose to merge or be acquired by CK Hutchison Group Telecom's competitors

CK Hutchison Group Telecom may from time to time, in response to competition or otherwise, engage in mergers, acquisitions, joint ventures or other consolidation transactions between its businesses and certain third party companies (including competitors). Such transactions are typically subject to merger and other regulatory approvals by the competent authorities who may only approve the transaction subject to conditions, or who may prohibit the transaction. There can be no assurance that such approvals or other conditions would be obtained or satisfied and, even if such approvals are obtained, third parties may initiate proceedings to appeal against such approvals. If a proposed transaction is prohibited or the relevant approvals are revoked and the transaction cannot be completed, CK Hutchison Group Telecom will have incurred significant legal, accounting and other costs in connection with the transaction without realising its anticipated benefits, which may have included increased earnings, scale, competitive strength and market share. As a consequence, CK Hutchison Group Telecom's financial position and results of operation could be negatively impacted. Such third party companies may also choose to merge with or be acquired by another of CK Hutchison Group Telecom's competitors, which could result in a new competitor with greater scale, financial strength and other resources. As a result, if a transaction is prohibited by a competent authority or if a transaction is approved but such approval is subsequently revoked, it could have a material adverse impact on CK Hutchison Group Telecom's business, financial condition and results of operation.

Damage to critical elements of CK Hutchison Group Telecom's networks may cause an entire sector of network coverage to be rendered non-functional and, as a result, CK Hutchison Group Telecom may not be able to provide mobile telecommunications services to a substantial proportion of customer base

Some elements of CK Hutchison Group Telecom's networks, such as switching and data platforms, perform critical functions for broad sectors of network operations. Damage to such critical elements may cause an entire sector of network coverage to be rendered non-functional and, as a result, CK Hutchison Group Telecom may not be able to provide mobile telecommunications services to a substantial proportion of customer base. In the event that CK Hutchison Group Telecom is unable to provide mobile telecommunications services to a substantial proportion of its customers for an extended period of time, CK Hutchison Group Telecom's business, financial condition and results of operations may be materially and adversely affected.

CK Hutchison Group Telecom's financial condition and results of operations may be affected by political unrest or terrorist attacks

CK Hutchison Group Telecom has presence in various countries. There can be no assurance that all of these countries will remain politically stable or immune to terrorist attacks, and if any of these countries suffers from political unrest or terrorist attacks, it may have an adverse impact on CK Hutchison Group Telecom's financial condition and results of operations.

Some of CK Hutchison Group Telecom's assets and projects, and some of CK Hutchison Group Telecom's customers and suppliers are located in areas at risk of natural disasters

Some of CK Hutchison Group Telecom's assets and projects, and some of CK Hutchison Group Telecom's customers and suppliers are located in areas at risk of damage from earthquakes, floods, typhoons and similar events and the occurrence of any of the relevant events could disrupt CK Hutchison Group Telecom's business materially and adversely affect CK Hutchison Group Telecom's financial condition and results of operations.

Although CK Hutchison Group Telecom has not experienced any significant structural damage to facilities from earthquakes to date, there can be no assurance that future earthquakes or other natural disasters will not occur and result in major damage to CK Hutchison Group Telecom's facilities, or on the general supporting facilities in the vicinity, which could materially and adversely affect CK Hutchison Group Telecom's financial condition and results of operations.

Labour disputes may cause disruption to CK Hutchison Group Telecom's operations

In case of material changes to current terms and conditions of employment, and CK Hutchison Group Telecom's employees react adversely to any such changes, CK Hutchison Group Telecom may experience significant labour disputes and work disruption at one or more of its operating offices. CK Hutchison Group Telecom also relies on a number of third parties, for example equipment and telecommunications providers. Labour disputes involving such third parties may affect provision of services or products to CK Hutchison Group Telecom. Both cases could materially adversely affect CK Hutchison Group Telecom's business, financial condition and results of operations.

CK Hutchison Group Telecom may be involved in disputes and legal proceedings, which could have a material adverse effect on its reputation, business, financial condition and results of operations

CK Hutchison Group Telecom is subject to numerous risks relating to the legal, civil, tax, regulatory, competition and labour dispute and proceedings to which it is a party or in which it is otherwise involved or which could develop in the future, and certain of these disputes and proceedings (or proceedings in which it may become involved), if adversely resolved, could have a material adverse effect on its reputation, business, financial condition or results of operations.

Maintaining a positive reputation is critical to protect the brand and image of CK Hutchison Group Telecom group of companies, attract and retain customers, investors and employees and conduct business transactions with counterparties. CK Hutchison Group Telecom's brands are subject to reputational risk caused by external circumstances or third parties on aspects such as cyber security risks (see "Cyber security risks are inherent in CK Hutchison Group Telecom's business") and data protection risks (see "Non-compliance with data protection legislation could have reputational damage and material adverse effect on results of operations"). CK Hutchison Group Telecom's involvement in ongoing or future disputes and proceedings may also harm its reputation and have a material adverse effect on its business, financial condition and results of operations. There can be no assurance what the ultimate outcome of any particular dispute and legal proceeding will be.

Actual or perceived health risks or other problems relating to mobile telecommunications transmission equipment and devices could lead to decreased mobile communications usage, litigation or stricter regulation

Various reports have alleged that there may be health risks associated with the effects of electromagnetic signals from antenna sites and from mobile handsets and other mobile telecommunications devices. It cannot be assured that further medical research and studies will not establish a link between electromagnetic signals or radio frequency emissions and these health concerns. The actual or perceived risk of mobile telecommunications devices, press reports about risks or consumer litigation relating to such risks could adversely affect the size or growth rate of CK Hutchison Group Telecom's subscriber base and result in decreased mobile usage or increased litigation costs. In addition, these health concerns may cause the authorities to impose stricter regulations on the construction of base station transmission systems or other telecommunications network infrastructure, which may hinder the completion or increase the cost of network deployment and the commercial availability of new services. If actual or perceived health risks were to result in decreased mobile usage, consumer litigation or stricter regulation, CK Hutchison Group Telecom's business, financial condition and results of operations could be materially adversely affected.

CK Hutchison Group Telecom’s subsidiary is subject to regulatory review of its various filings, and there can be no assurance that such review will not have an adverse impact on CK Hutchison Group Telecom’s financial position and results of operations

CK Hutchison Group Telecom’s subsidiary, Hutchison Telecommunications Hong Kong Holdings Limited (“HTHKH”), is listed on the main board of The Stock Exchange of Hong Kong Limited (the “SEHK”) and is subject to regulatory review of its various filings by the SEHK. While HTHKH endeavours to comply with all regulatory requirements of the SEHK, and obtain independent professional advice as appropriate, there can be no assurance that the SEHK’s review will not result in a disagreement with CK Hutchison Group Telecom’s interpretations and judgments and that any required actions mandated by the authorities will not have an adverse impact on CK Hutchison Group Telecom’s financial position and results of operations.

RISKS RELATING TO THE NOTES AND THE GUARANTEES

Risks relating to Subordination

The obligations of the Guarantor under the Deed of Guarantee are structurally subordinated to the liabilities and obligations of its subsidiaries

The Issuer is a wholly-owned subsidiary of the Guarantor and its primary purpose is to act as a financing subsidiary of the Guarantor. Each Guarantee is solely an obligation of the Guarantor. The Guarantor is primarily a holding company and its ability to make payments to Noteholders pursuant to the Deed of Guarantee depends largely upon the receipt of dividends, distributions, interest or advances from its wholly or partially owned subsidiaries. The ability of the subsidiaries of the Guarantor to pay dividends are subject to applicable laws. Payments on the Notes are structurally subordinated to all existing and future liabilities and obligations of each of the Guarantor’s subsidiaries (other than the Issuer). Claims of creditors of such companies will have priority as to the assets of such companies over the Guarantor and its creditors, including Noteholders seeking to enforce the Deed of Guarantee. The terms and conditions of the Notes do not contain any restrictions on the ability of the Issuer, the Guarantor or its subsidiaries to incur additional indebtedness. In addition, the terms and conditions of the Notes contain a cross acceleration provision, but that provision is limited to the Issuer, the Guarantor and any Principal Subsidiary (as defined therein) (other than Listed Principal Subsidiaries (as defined therein) and their Subsidiaries (as defined therein)) and contains certain carve outs for, among others, project financing indebtedness and subsidiary indebtedness with a certain credit rating which is not guaranteed by the Guarantor or any Principal Subsidiary. For further details, see “Terms and Conditions of the Series A Notes – Events of Default”, “Terms and Conditions of the Series B Notes – Events of Default”, “Terms and Conditions of the Series C Notes – Events of Default”, “Terms and Conditions of the Series D Notes – Events of Default”, “Terms and Conditions of the Series E Notes – Events of Default” and “Terms and Conditions of the Series F Notes – Events of Default”.

The Issuer and/or the Guarantor may raise other capital which ranks senior to, or pari passu with, the Notes or affects the price of the Notes

The Issuer and/or the Guarantor may from time to time and without prior consultation of the Noteholders raise additional capital or issue additional liabilities through the issue of further notes having terms and conditions the same as those of the Notes, other notes, the borrowing of loans or other means. See “Terms and Conditions of the Series A Notes – Further Issues”, “Terms and Conditions of the Series B Notes – Further Issues”, “Terms and Conditions of the Series C Notes – Further Issues”, “Terms and Conditions of the Series D Notes – Further Issues”, “Terms and Conditions of the Series E Notes – Further Issues”

and “Terms and Conditions of the Series F Notes – Further Issues”. Under the Terms and Conditions of the Notes (save as provided in Condition 4(1) (*Covenants*) of the relevant series of the Notes), there is no restriction, contractual or otherwise, on the amount of debt securities or other liabilities which the Issuer and the Guarantor may issue or incur and which rank senior to, or *pari passu* with, the Notes. The issue of any such debt securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Noteholders on a winding-up of the Issuer and/or the Guarantor, and may also have an adverse impact on the trading price of the Notes and/or the ability of holders of the Notes to sell the Notes. There can be no assurance that such future issuance or capital raising activities will not result in a significant decrease of the market price of the Notes.

The Notes and the Guarantees are unsecured obligations

The Notes and the Guarantees constitute direct, unconditional, unsubordinated and subject to Condition 4(1) of the relevant series of the Notes (see “Terms and Conditions of the Series A Notes – Covenants”, “Terms and Conditions of the Series B Notes – Covenants”, “Terms and Conditions of the Series C Notes – Covenants”, “Terms and Conditions of the Series D Notes – Covenants”, “Terms and Conditions of the Series E Notes – Covenants” and “Terms and Conditions of the Series F Notes – Covenants”) unsecured obligations of the Issuer, or as the case may be, the Guarantor. The payment obligations of the Issuer under the Notes, or as the case may be, the Guarantor under the Deed of Guarantee, rank at least equally with all the Issuer’s or the Guarantor’s other existing and future unsecured and unsubordinated obligations, subject to Condition 4(1) of the relevant series of the Notes (see “Terms and Conditions of the Series A Notes – Covenants”, “Terms and Conditions of the Series B Notes – Covenants”, “Terms and Conditions of the Series C Notes – Covenants”, “Terms and Conditions of the Series D Notes – Covenants”, “Terms and Conditions of the Series E Notes – Covenants” and “Terms and Conditions of the Series F Notes – Covenants”). The repayment of the Notes may be compromised if:

- (i) the Issuer or the Guarantor enters into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;
- (ii) there is a default in payment under the Issuer’s or the Guarantor’s future secured indebtedness or other unsecured indebtedness; or
- (iii) there is an acceleration of any of the Issuer’s or the Guarantor’s indebtedness.

If any of the above events occurs, the Issuer’s or the Guarantor’s assets may not be sufficient to pay amounts due on the Notes or the Guarantees.

The insolvency laws of Luxembourg and other jurisdictions in which the subsidiaries of the Issuer currently operate may differ from those of any other jurisdiction with which holders of the Notes are familiar

The Issuer is incorporated under the laws of Luxembourg and, in the event of insolvency, insolvency proceedings may be initiated in Luxembourg. The insolvency laws of Luxembourg may not be as favourable to the interests of Noteholders as creditors as the laws of other jurisdictions with which prospective investors in the Notes may be familiar.

The following is a brief description of certain aspects of insolvency law in Luxembourg.

Under Luxembourg law, the following types of proceedings (altogether referred to as insolvency proceedings) may be opened against an entity having its centre of main interests in Luxembourg or an establishment within the meaning of Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings, as applicable:

- bankruptcy proceedings (*faillite*), the opening of which may be requested by the company or by any of its creditors. Following such a request, the courts having jurisdiction may open bankruptcy proceedings if the Issuer: (i) is in a state of cessation of payments (*cessation des paiements*) and (ii) has lost its commercial creditworthiness (*ébranlement de crédit*). If a Luxembourg court finds that these conditions are satisfied, it may also open bankruptcy proceedings, *ex officio* (absent a request made by the company or a creditor). The main effect of such proceedings is the suspension of all measures of enforcement against the company, except, subject to certain limited exceptions, for enforcement by secured creditors and the payment of the secured creditors in accordance with their rank upon realisation of the assets;
- controlled management proceedings (*gestion contrôlée*), the opening of which may only be requested by the company and not by its creditors and under which a court may order provisional suspension of payments, including a stay of enforcement of claims by secured creditors; and
- composition proceedings (*concordat préventif de la faillite*), which may be requested only by the company (subject to obtaining the consent of the majority of its creditors) and not by its creditors themselves. The court's decision to admit a company to the composition proceedings triggers a provisional stay on enforcement of claims by creditors.

In addition, Noteholders' ability to receive payment on the Notes may be affected by a decision of a Luxembourg court to grant a stay on payments (*sursis de paiement*) or to put the Issuer into judicial liquidation (*liquidation judiciaire*). Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or that are in serious breach or violation of the commercial code or of the laws governing commercial companies, including the Companies Act 1915. The management of such liquidation proceedings will generally follow the rules of bankruptcy proceedings.

Liability of the Issuer in respect of the Notes will, in the event of a liquidation of the entity following bankruptcy or judicial liquidation proceedings, only rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those debts of the relevant entity that are entitled to priority under Luxembourg law. Preferential debts under Luxembourg law include, among others:

- certain amounts owed to the Luxembourg Revenue;
- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise;
- social security contributions; and
- remuneration owed to employees.

In the event of any insolvency or winding-up of the Issuer, the Notes will, subject to Condition 4(1) (*Covenants*) of the relevant series of the Notes, rank equally with other unsecured senior indebtedness of the Issuer and, accordingly, any increase in the amount of unsecured senior indebtedness of the Issuer in the future may reduce the amount recoverable by the Noteholders.

In addition, the Notes are unsecured and, save as provided in Condition 4(1) (*Covenants*) of the relevant series of the Notes (see “Terms and Conditions of the Series A Notes – Covenants”, “Terms and Conditions of the Series B Notes – Covenants”, “Terms and Conditions of the Series C Notes – Covenants”, “Terms and Conditions of the Series D Notes – Covenants”, “Terms and Conditions of the Series E Notes – Covenants” and “Terms and Conditions of the Series F Notes – Covenants”), do not contain any restriction on the giving of security by the Issuer over present and future indebtedness. Where security has been granted over assets of the Issuer in respect of other indebtedness, in the event of any insolvency or winding-up of the Issuer, such indebtedness will rank in priority over the Notes and other unsecured indebtedness of the Issuer in respect of such assets.

Luxembourg insolvency laws may also affect transactions entered into or payments made by the relevant Luxembourg company during the period before bankruptcy, the so-called “suspect period” (*période suspecte*) which is a maximum of six months (and ten days, depending on the transaction in question) preceding the judgment declaring bankruptcy, except that in certain specific situations the court may set the start of the suspect period at an earlier date; if the bankruptcy judgment was preceded by another insolvency bankruptcy judgment under Luxembourg law, the court may set the maximum up to six months prior to the filing for such prior bankruptcy proceeding. In particular:

- pursuant to Article 445 of the Luxembourg Code of Commerce (*code de commerce*), specified transactions (such as, in particular, the granting of a security interest for antecedent debts; the payment of debts which have not fallen due, whether payment is made in cash or by way of assignment, sale, set-off or by any other means; the payment of debts which have fallen due by any means other than in cash or by bill of exchange; the sale of assets without consideration or with substantially inadequate consideration) entered into during the suspect period (or the ten days preceding it) must be set aside or declared null and void, if so requested by the insolvency receiver;
- pursuant to Article 446 of the Luxembourg Code of Commerce, payments made for matured debts as well as other transactions concluded for consideration during the suspect period are subject to cancellation by the court upon proceedings instituted by the insolvency receiver if they were concluded with the knowledge of the bankrupt party’s cessation of payments;
- pursuant to Article 21 (2) of the Luxembourg Act dated 5 August 2005 concerning financial collateral arrangements, as amended, notwithstanding the suspect period as referred to in Articles 445 and 446 of the Luxembourg Code of Commerce, where a financial collateral arrangement has been entered into after the opening of liquidation proceedings or the coming into force of reorganisation measures or the entry into force of such measures, such arrangement is valid and binding against third parties, administrators, insolvency receivers, liquidators and other similar organs if the collateral taker proves that it was unaware of the fact that such proceedings had been opened or that such measures had been taken or that it could not reasonably be aware of it; and
- in the case of bankruptcy, Article 448 of the Luxembourg Code of Commerce and Article 1167 of the Civil Code (*action paulienne*) gives the insolvency receiver (acting on behalf of the creditors) the right to challenge any fraudulent payments and transactions, including the granting of security with an intent to defraud, made prior to the bankruptcy, without any time limit.

In principle, a bankruptcy order rendered by a Luxembourg court does not result in automatic termination of contracts except for *intuitu personae* contracts, that is, contracts for which the identity of the company or its solvency were crucial. The contracts, therefore, subsist after the bankruptcy order. However, the insolvency receiver may choose to terminate certain contracts. As of the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue *vis-à-vis* the bankruptcy estate.

Insolvency proceedings may hence have a material adverse effect on the Issuer's business and assets and the Issuer's respective obligations under the Notes.

Finally, international aspects of Luxembourg bankruptcy, controlled management or composition proceedings may be subject to Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings, as applicable.

Risks relating to Redemption

The Notes may be redeemed by the Issuer or the Guarantor prior to maturity

As set forth in Conditions 7(2) and 7(3) (*Redemption and Purchase*) of the relevant series of the Notes (see the "Terms and Conditions of the Series A Notes – Redemption and Purchase", "Terms and Conditions of the Series B Notes – Redemption and Purchase", "Terms and Conditions of the Series C Notes – Redemption and Purchase", "Terms and Conditions of the Series D Notes – Redemption and Purchase", "Terms and Conditions of the Series E Notes – Redemption and Purchase" and "Terms and Conditions of the Series E Notes – Redemption and Purchase"), the Notes may be redeemed at the Issuer's or the Guarantor's option in the circumstances set out therein. If the Notes are redeemed prior to the Maturity Date, investors may not receive the same economic benefits they would have received had they held the Notes to maturity, and they may not be able to reinvest the proceeds they receive in a redemption in similar securities. In addition, the ability of the Issuer or the Guarantor to redeem the Notes may reduce the market price of the Notes.

Risks relating to Taxation

Noteholders may be subject to tax

Prospective investors of the Notes are advised to consult their own tax advisors concerning the overall tax consequences of the purchase, ownership or transfer of the Notes. See "*Taxation*" for a discussion of tax consequences in certain jurisdictions.

Foreign Account Tax Compliance Act Reporting and Withholding

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), and the U.S. Treasury regulations promulgated thereunder ("FATCA") generally impose information reporting requirements on certain non-U.S. financial institutions ("foreign financial institutions") in respect of their direct and indirect U.S. investors and U.S. accountholders in order for a foreign financial institution to avoid becoming subject to withholding on certain U.S.-source payments it receives. If the Guarantor is treated as a foreign financial institution for these purposes, or if one or more of the Guarantor's subsidiaries (including the Issuer) were to be so treated, it or they may face increased compliance costs in order to comply with these requirements and information regarding the Noteholders may be reported (directly or indirectly through local tax authorities) to the U.S. Internal Revenue Service ("IRS").

If the payee is a foreign financial institution and is subject to diligence and reporting requirements, then, pursuant to an agreement between it and the U.S. Treasury, it must, among other things, identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. An applicable intergovernmental agreement regarding FATCA between the United States and a non-U.S. entity's jurisdiction may modify the general rules described above.

The withholding tax imposed by FATCA, when and if it applies, may affect payments made by a foreign financial institution (“foreign passthru payments”) to persons that fail to meet certain information reporting, certification and related requirements. However, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining “foreign passthru payments” are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department has indicated that taxpayers may rely on these proposed regulations pending their finalisation. Prospective investors should consult their tax advisors regarding FATCA.

Prospective investors should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. Many non-U.S. governments, including those of the Cayman Islands and Luxembourg, have entered into or are expected to enter into agreements with the United States to implement FATCA in a manner that alters the rules described herein. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, no additional amounts will be payable by the Issuer or the Guarantor with respect to any withheld amount. See “Terms and Conditions of the Series A Notes – Taxation”, “Terms and Conditions of the Series B Notes – Taxation”, “Terms and Conditions of the Series C Notes – Taxation”, “Terms and Conditions of the Series D Notes – Taxation”, “Terms and Conditions of the Series E Notes – Taxation” and “Terms and Conditions of the Series F Notes – Taxation”.

Other risks relating to the Notes

If CK Hutchison Group Telecom is unable to comply with the restrictions and covenants in its debt agreements, there could be a default under the terms of these agreements, which could cause repayment of its debt to be accelerated

If CK Hutchison Group Telecom is unable to comply with the restrictions and covenants in its current or future debt agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to CK Hutchison Group Telecom, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. As a result, CK Hutchison Group Telecom’s default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under its other debt agreements. If any of these events occur, there is no assurance that CK Hutchison Group Telecom’s assets and cash flow would be sufficient to repay in full all of its indebtedness, or that CK Hutchison Group Telecom would be able to find alternative financing. Even if CK Hutchison Group Telecom could obtain alternative financing, there is no assurance that it would be on terms that are favourable or acceptable to CK Hutchison Group Telecom.

Any rating assigned to the Guarantor and the ratings expected to be assigned to the Notes may be lowered or withdrawn in the future

After the completion of the Reorganisation (as defined below in “Business of CK Hutchison Group Telecom – Overview”) on 30 July 2019, the Guarantor was assigned long term credit ratings of “BBB+” from Fitch, “Baa1” from Moody’s and “A-” from S&P, all in August 2019. The Notes are expected to be assigned a rating of “BBB+” by Fitch, “Baa1” by Moody’s and “A-” by S&P. The ratings may not reflect the potential impact of all risks related to the Guarantor, or to the structure, market and other factors that may affect the value of the Notes. A rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal at any time. As the ratings of the Guarantor and the Notes are dependent on many factors, including but not limited to the ratings of the Guarantor’s holding company, CKHH and the relationship between the Guarantor and CKHH, no assurance can be given that the Guarantor’s credit ratings or outlook or the ratings of the Notes will remain for any given period of time or that a rating will not be lowered or withdrawn by the relevant rating agency.

A negative change in one or more of the Guarantor's credit ratings or the ratings of the Notes could adversely impact the market price and the liquidity of the Notes, and also adversely affect CK Hutchison Group Telecom's business and financial position. Further, CK Hutchison Group Telecom's ability to obtain financing or to access capital markets may also be limited, thereby lowering its liquidity.

No Prior Market for the Notes

The Notes are new issues of securities for which there is currently no trading market. If the Notes are traded after they are issued, they may trade at a discount from their initial offering price, depending on many factors, including prevailing interest rates, the market for similar securities, general economic conditions, and the Issuer's, the Guarantor's and CK Hutchison Group Telecom's financial condition, performance and prospects. Although an application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to the Official List and to be admitted to trading on the Luxembourg Stock Exchange's regulated market, no assurance is made that the application to the Luxembourg Stock Exchange will be approved or that such listing will be maintained, or that, if listed, a liquid trading market will develop or continue. If an active trading market for the Notes does not develop or continue, the market price and liquidity of the Notes may be adversely affected. The Issuer may elect to apply for a de-listing of the Notes from any stock exchange or markets of such stock exchange on which they are traded because the maintenance of such listing is or would be unduly burdensome.

Exchange rate risks and exchange controls may affect an investor's returns on the Notes

The Issuer will pay principal and interest on the Notes in € (in respect of the Series A Notes, Series B Notes, Series C Notes and Series D Notes) and £ (in respect of the Series E Notes and Series F Notes). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than € (in respect of the Series A Notes, Series B Notes, Series C Notes and Series D Notes) or £ (in respect of the Series E Notes and the Series F Notes). These include the risk that exchange rates may significantly change (including changes due to devaluation of the £ or € or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to £ or €, as applicable would decrease:

- (i) the Investor's Currency-equivalent yield on the Notes;
- (ii) the Investor's Currency equivalent value of the principal payable on the Notes; and
- (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

The Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets;
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (vi) consult their legal advisers in relation to possible legal, tax, accounting, regulatory and related aspects of any investment in the Notes.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent:

- (i) the Notes are legal investments for it;
- (ii) the Notes can be used as collateral for various types of borrowing; and
- (iii) other restrictions apply to its purchase or pledge of the Notes.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Noteholders are bound by decisions of defined majorities in respect of any modification and waivers

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Notes will be represented by Global Notes and holders of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System

The Notes will be represented by Global Notes which will be deposited with a Common Safekeeper for Euroclear and Clearstream, Luxembourg (each a “**Clearing System**”). Except in the circumstances described in the Global Notes, investors will not be entitled to receive definitive Notes. The Clearing Systems will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by Global Notes, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by Global Notes, the Issuer, or failing which, the Guarantor, will discharge its payment obligations under the Notes by making payments to the Clearing System for distribution to their account holders.

A holder of a beneficial interest in a Global Note must rely on the procedures of the Clearing Systems to receive payment under the Notes. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in a Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the Clearing Systems to appoint appropriate proxies.

Denomination

The Notes will be issued in the denomination of €100,000 (in respect of the Series A Notes, Series B Notes, Series C Notes and Series D Notes) and £200,000 (in respect of the Series E Notes and the Series F Notes) and integral multiples of €1,000 (in respect of the Series A Notes, Series B Notes, Series C Notes and Series D Notes) and £1,000 (in respect of the Series E Notes and the Series F Notes) in excess thereof. Definitive Notes will be issued only (a) on or following the giving of a default notice in respect of the Notes, (b) if both Euroclear and Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention to permanently cease business or have in fact done so and no successor clearing system is available, or (c) if the Issuer, or the Guarantor, as the case may be, has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form. If definitive Notes are issued, such Notes will be issued only in respect of amounts equal to denominations of €100,000 (in respect of the Series A Notes, Series B Notes, Series C Notes and Series D Notes) and £200,000 (in respect of the Series E Notes and the Series F Notes) and integral multiples of €1,000 (in respect of the Series A Notes, Series B Notes, Series C Notes and Series D Notes) and £1,000 (in respect of the Series E Notes and the Series F Notes) in excess thereof. Any remaining nominal amount of Notes will be cancelled and holders will have no rights against the Issuer or the Guarantor (including rights to receive principal or interest or to vote) in respect of such Notes. Definitive Notes will in no circumstances be issued to any person holding Notes in an amount lower than the minimum denomination and such Notes will be cancelled and holders of Notes will have no rights against the Issuer (including rights to receive principal or interest or to vote) in respect of such Notes.

A change in English law which governs the Notes may adversely affect holders of the Notes

The Terms and Conditions of the Notes are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Notes.

OVERVIEW OF THE OFFERING

THE OFFERING

The following is a brief overview of certain terms of this offering. For a more complete description of the terms of the Notes, see the sections entitled “Terms and Conditions of the Series A Notes”, “Terms and Conditions of the Series B Notes”, “Terms and Conditions of the Series C Notes”, “Terms and Conditions of the Series D Notes”, “Terms and Conditions of the Series E Notes” and “Terms and Conditions of the Series F Notes”.

Issuer	CK Hutchison Group Telecom Finance S.A.
Guarantor	CK Hutchison Group Telecom Holdings Limited.
Notes Offered	Series A Notes: €1,500,000,000 0.375% Guaranteed Notes due 2023 unconditionally and irrevocably guaranteed by CK Hutchison Group Telecom Holdings Limited. Series B Notes: €1,000,000,000 0.750% Guaranteed Notes due 2026 unconditionally and irrevocably guaranteed by CK Hutchison Group Telecom Holdings Limited. Series C Notes: €1,000,000,000 1.125% Guaranteed Notes due 2028 unconditionally and irrevocably guaranteed by CK Hutchison Group Telecom Holdings Limited. Series D Notes: €750,000,000 1.500% Guaranteed Notes due 2031 unconditionally and irrevocably guaranteed by CK Hutchison Group Telecom Holdings Limited. Series E Notes: £500,000,000 2.000% Guaranteed Notes due 2027 unconditionally and irrevocably guaranteed by CK Hutchison Group Telecom Holdings Limited. Series F Notes: £300,000,000 2.625% Guaranteed Notes due 2034 unconditionally and irrevocably guaranteed by CK Hutchison Group Telecom Holdings Limited.
Issue Price	Series A Notes: 99.739 per cent. Series B Notes: 99.761 per cent. Series C Notes: 99.567 per cent. Series D Notes: 99.565 per cent. Series E Notes: 99.176 per cent. Series F Notes: 98.815 per cent.

Issue Date of the Notes	17 October 2019
Maturity Date	Series A Notes: 17 October 2023 Series B Notes: 17 April 2026 Series C Notes: 17 October 2028 Series D Notes: 17 October 2031 Series E Notes: 17 October 2027 Series F Notes: 17 October 2034
Interest and Interest Payment Dates	The Series A Notes, Series B Notes, Series C Notes, Series D Notes, Series E Notes and Series F Notes will bear interest from and including 17 October 2019 (the “Interest Commencement Date”) to their respective Maturity Dates at the rate of 0.375 per cent., 0.750 per cent., 1.125 per cent., 1.500 per cent., 2.000 per cent. and 2.625 per cent. respectively per annum. In respect of the Series A Notes, Series C Notes, Series D Notes, Series E Notes and Series F Notes, interest will be payable annually in arrear on 17 October of each year. The first Interest Payment Date will be 17 October 2020, in respect of the period from and including the Interest Commencement Date to but excluding 17 October 2020. In respect of the Series B Notes, interest will be payable annually in arrear on 17 April of each year, except that the first payment of interest, to be made on the Interest Payment Date of 17 April 2020, will be in respect of the period from and including the Interest Commencement Date to but excluding 17 April 2020 (the “Series B First Interest Accrual Period”). If (in respect of any series of Notes) interest is to be calculated for a period of less than a full year (including the Series B First Interest Accrual Period), interest shall be calculated on the basis of the number of days in the period from and including the date from which interest starts to accrue to but excluding the date on which it falls due, divided by the actual number of days in the Interest Period in which the relevant period ends. “Interest Period” in respect of the Series A Notes, Series C Notes, Series D Notes, Series E Notes and Series F Notes means the period from, and including, 17 October in any year to, but excluding, 17 October in the immediately succeeding year. “Interest Period” in respect of the Series B Notes means the period from, and including 17 April in any year to, but excluding 17 April in the immediately succeeding year.

Status of Notes and Guarantee

The Notes and the Coupons will constitute direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4(1) of the relevant series of the Notes) unsecured obligations of the Issuer and (subject as aforesaid) will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

The payment obligations of the Guarantor under the Deed of Guarantee will constitute direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4(1) of the relevant series of the Notes) unsecured obligations of the Guarantor and (subject as aforesaid) rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

Covenants

The Issuer and the Guarantor have agreed to observe certain covenants. See the section entitled "Terms and Conditions of the Series A Notes – Covenants", "Terms and Conditions of the Series B Notes – Covenants", "Terms and Conditions of the Series C Notes – Covenants", "Terms and Conditions of the Series D Notes – Covenants", "Terms and Conditions of the Series E Notes – Covenants" and "Terms and Conditions of the Series F Notes – Covenants".

Additional Amounts

In the event that certain Luxembourg or Cayman Islands taxes are payable in respect of payments pursuant to the Notes, the Coupons or the Guarantees, the Issuer or the Guarantor, as the case may be, will, subject to certain exceptions, pay such additional amounts under the Notes, the Coupons or the Guarantees, as the case may be, as will result, after deduction or withholding of such taxes, in the receipt by the holders of the Notes and the Coupons of such amounts as would have been receivable in respect of the Notes, the Coupons or the Guarantees, as the case may be, had no such deduction or withholding been required.

Any amounts to be paid on the Notes by or on behalf of the Issuer or the Guarantor will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “FATCA Withholding”). Neither the Issuer, the Guarantor, or any other person will be required to pay any additional amounts in respect of FATCA Withholding.

See the section entitled “Terms and Conditions of the Series A Notes – Taxation”, “Terms and Conditions of the Series B Notes – Taxation”, “Terms and Conditions of the Series C Notes – Taxation”, “Terms and Conditions of the Series D Notes – Taxation”, “Terms and Conditions of the Series E Notes – Taxation” and “Terms and Conditions of the Series F Notes – Taxation”.

Redemption and Purchase

Each series of Notes may be redeemed at the option of the Issuer, in whole but not in part, at the principal amount thereof plus accrued and unpaid interest, in the event the Issuer or the Guarantor would become obligated to pay certain Luxembourg or Cayman Islands taxes in respect of the Notes or the Guarantees as a result of certain changes in, or amendment to, the tax laws or regulations of the relevant jurisdiction.

The relevant series of Notes may, at the option of the Issuer or the Guarantor, be redeemed in whole but not in part, on any date falling on or after 17 September 2023 (in the case of the Series A Notes), 17 January 2026 (in the case of the Series B Notes), 17 July 2028 (in the case of the Series C Notes), 17 July 2031 (in the case of the Series D Notes), 17 July 2027 (in the case of the Series E Notes) or 17 July 2034 (in the case of the Series F Notes), upon not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 12 of the relevant series of the Notes, at a redemption price equal to the principal amount thereof plus accrued interest to, but excluding, the date fixed for redemption.

See the section entitled “Terms and Conditions of the Series A Notes – Redemption and Purchase”, “Terms and Conditions of the Series B Notes – Redemption and Purchase”, “Terms and Conditions of the Series C Notes – Redemption and Purchase”, “Terms and Conditions of the Series D Notes – Redemption and Purchase”, “Terms and Conditions of the Series E Notes – Redemption and Purchase” and “Terms and Conditions of the Series F Notes – Redemption and Purchase”.

**Denomination, Form and
Registration**

The Notes are in bearer form, and, in the case of definitive Notes, serially numbered, in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof (in respect of the Series A Notes, Series B Notes, Series C Notes and Series D Notes) and in minimum denominations of £200,000 and integral multiples of £1,000 in excess thereof (in respect of the Series E Notes and Series F Notes), with Coupons attached on issue.

Each series of Notes will initially be represented by a Temporary Global Note, without interest coupons, which will be issued in NGN form. This means that the Notes are intended upon issue to be deposited with a Common Safekeeper for Euroclear and Clearstream, Luxembourg. Interests in the relevant Temporary Global Note will be exchangeable for interests in a Permanent Global Note, without interest coupons, on or after a date which is expected to be 26 November 2019, upon certification as to non-U.S. beneficial ownership. Interests in the relevant Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances – see “Overview of Provisions relating to the Notes while in Global Form”.

Governing Law

The Agency Agreement, the Deed of Guarantee, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with such documents will be governed by, and will be construed in accordance with, English law.

Ratings

The Notes are expected to be rated “BBB+” by Fitch, “Baa1” by Moody’s and “A-” by S&P. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Fitch is established in the EU and is registered under the CRA Regulation. Moody’s and S&P are not established in the EU and are not certified under the CRA Regulation, however the rating each of them is expected to give to the Notes is expected to be endorsed by a credit rating agency established in the EU and registered under the CRA Regulation. Further information relating to the registration of rating agencies under the CRA Regulation and a current list of registered credit rating agencies can be found on the website of the European Securities and Markets Authority.

Selling Restrictions	No action has been taken by the Issuer or the Guarantor that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. See the section entitled “Subscription and Sale”.
Listing	Application will be made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange’s regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. In the circumstances described in Condition 4(3) of the relevant series of the Notes, an application may instead be made to another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organisation for Economic Co-operation and Development, for permission to deal in and the listing of the Notes.
Legal Entity Identifier of the Issuer	254900OM17Q9YNDIUG82.
Legal Entity Identifier of the Guarantor	254900ZNLQDBJH2PX17.
Identification numbers of the Notes	Series A Notes: ISIN XS2056572154/Common Code 205657215 Series B Notes: ISIN XS2057069093/Common Code 205706909 Series C Notes: ISIN XS2057069762/Common Code 205706976 Series D Notes: ISIN XS2057070182/Common Code 205707018 Series E Notes: ISIN XS2057072121/Common Code 205707212 Series F Notes: ISIN XS2057072477/Common Code 205707247

SELECTED FINANCIAL INFORMATION

(A) COMBINED INCOME STATEMENT, STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS OF CK HUTCHISON GROUP TELECOM

CK Hutchison Group Telecom's Combined Financial Statements are prepared and presented in accordance with IFRS. CK Hutchison Group Telecom's Combined Financial Statements for the Year Ended 31 December 2018 have been audited, and CK Hutchison Group Telecom's Combined Financial Statements for the Six Months Ended 30 June 2019 have been reviewed, by PwC, Certified Public Accountants, Hong Kong, as stated in their unqualified audit report dated 31 July 2019, and their review report dated 15 August 2019. These Combined Financial Statements and PwC's reports are included elsewhere in this Prospectus.

The tables in this section set out:

- (1) combined income statement of CK Hutchison Group Telecom for each of the years ended 31 December 2017 and 2018 and for each of the six months ended 30 June 2018 and 2019;
- (2) combined statement of financial position of CK Hutchison Group Telecom as of 31 December 2017 and 2018 and as of 30 June 2019; and
- (3) combined statement of cash flows of CK Hutchison Group Telecom for each of the years ended 31 December 2017 and 2018 and for each of the six months ended 30 June 2018 and 2019.

The selected financial information:

- as of 31 December 2017 and 2018 and for each of the years then ended has been extracted from CK Hutchison Group Telecom's Combined Financial Statements for the Year Ended 31 December 2018; and
- as of 30 June 2019 and for each of the six months ended 30 June 2018 and 2019 has been extracted from CK Hutchison Group Telecom's Combined Financial Statements for the Six Months Ended 30 June 2019.

The selected financial information set out in this section should be read in conjunction with CK Hutchison Group Telecom's Combined Financial Statements, including the notes thereto, PwC's related reports, and other financial information that is included elsewhere in this Prospectus.

Amounts in CK Hutchison Group Telecom's Combined Financial Statements are stated in Hong Kong dollars. The translation of Hong Kong dollar amounts into Euro is for convenience only and has been made at the rate of HK\$8.88 to €1.00. No representation is made that Hong Kong dollars have been, could have been, or could be converted into Euro at the rate indicated or at any other rate.

Combined Income Statement

	Year Ended 31 December			Six Months Ended 30 June		
	2017	2018	2018	2018	2019	2019
	HK\$ million	HK\$ million	Euro million	HK\$ million	HK\$ million	Euro million
Revenue	56,136	71,045	8,001	28,426	46,128	5,195
Cost of inventories sold	(2,167)	(3,645)	(410)	(1,888)	(816)	(92)
Expensed customer acquisition and retention costs	(15,583)	(15,693)	(1,767)	(6,911)	(8,331)	(938)
Staff costs	(3,710)	(4,482)	(505)	(1,859)	(3,239)	(365)
Depreciation and amortisation	(8,729)	(9,490)	(1,069)	(3,905)	(9,793)	(1,103)
Other operating expenses	(15,964)	(22,915)	(2,580)	(8,974)	(12,707)	(1,431)
Profits on disposal of investments and others	–	8,600	968	–	–	–
Share of profits less losses of joint ventures	4,495	2,418	272	1,900	(2)	–
Profit before the following:	14,478	25,838	2,910	6,789	11,240	1,266
Interest expenses and other finance costs	(5,749)	(3,540)	(399)	(1,108)	(2,626)	(296)
Profit before tax	8,729	22,298	2,511	5,681	8,614	970
Current tax credit (charge)	(658)	511	58	168	(242)	(27)
Deferred tax credit (charge)	1,638	1,620	182	987	(538)	(61)
Profit after tax	9,709	24,429	2,751	6,836	7,834	882
Profit attributable to non-controlling interests	(598)	(660)	(74)	(356)	(285)	(32)
Profit attributable to Parent company	9,111	23,769	2,677	6,480	7,549	850

Combined Statement of Financial Position

	As of 31 December			As of 30 June	
	2017	2018	2018	2019	2019
	HK\$ million	HK\$ million	Euro million	HK\$ million	Euro million
Non-current assets					
Fixed assets	31,220	53,657	6,042	54,387	6,125
Right-of-use assets	–	–	–	23,348	2,629
Telecommunications licences	25,774	60,758	6,842	61,072	6,877
Brand names and other rights	13,643	35,006	3,942	34,319	3,865
Goodwill	32,238	126,750	14,274	125,581	14,142
Interests in joint ventures	33,157	406	46	375	42
Deferred tax assets	18,353	18,917	2,130	18,486	2,082
Other non-current assets	–	4,644	523	5,932	668
	<u>154,385</u>	<u>300,138</u>	<u>33,799</u>	<u>323,500</u>	<u>36,430</u>
Current assets					
Cash and cash equivalents	18,955	22,941	2,583	13,785	1,552
Inventories	1,566	2,279	257	2,138	241
Trade receivables and other current assets	19,907	36,213	4,078	34,244	3,856
	<u>40,428</u>	<u>61,433</u>	<u>6,918</u>	<u>50,167</u>	<u>5,649</u>
Assets classified as held for sale	–	2,352	265	1,906	215
	<u>40,428</u>	<u>63,785</u>	<u>7,183</u>	<u>52,073</u>	<u>5,864</u>
Current liabilities					
Bank and other debts	3,907	1,557	175	1,639	185
Lease liabilities	–	–	–	4,009	451
Current tax liabilities	108	31	3	164	18
Trade payables and other current liabilities	25,714	57,078	6,428	46,153	5,197
Amounts due to CKHH group entities	34,224	34,610	3,898	39,645	4,465
	<u>63,953</u>	<u>93,276</u>	<u>10,504</u>	<u>91,610</u>	<u>10,316</u>
Net current liabilities	<u>(23,525)</u>	<u>(29,491)</u>	<u>(3,321)</u>	<u>(39,537)</u>	<u>(4,452)</u>
Total assets less current liabilities	<u>130,860</u>	<u>270,647</u>	<u>30,478</u>	<u>283,963</u>	<u>31,978</u>
Non-current liabilities					
Bank and other debts	5,649	92,583	10,426	83,524	9,406
Lease liabilities	–	–	–	20,939	2,358
Deferred tax liabilities	359	310	35	288	32
Pension obligations	68	660	74	656	74
Other non-current liabilities	5,711	16,500	1,858	17,784	2,003
Amounts due to CKHH group entities	55,123	51,754	5,828	51,765	5,829
	<u>66,910</u>	<u>161,807</u>	<u>18,221</u>	<u>174,956</u>	<u>19,702</u>
Net assets	<u>63,950</u>	<u>108,840</u>	<u>12,257</u>	<u>109,007</u>	<u>12,276</u>
Equity					
Parent company investments	51,276	96,089	10,821	98,240	11,063
Non-controlling interests	12,674	12,751	1,436	10,767	1,213
Total equity	<u>63,950</u>	<u>108,840</u>	<u>12,257</u>	<u>109,007</u>	<u>12,276</u>

Combined Statement of Cash Flows

	Year Ended 31 December			Six Months Ended 30 June		
	2017	2018	2018	2018	2019	2019
	HK\$ million	HK\$ million	Euro million	HK\$ million	HK\$ million	Euro million
Operating activities						
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	16,817	22,390	2,521	8,390	19,406	2,185
Interest expenses and other finance costs paid (net of capitalisation)	(5,554)	(3,390)	(382)	(1,030)	(2,520)	(284)
Tax recovered (paid)	(559)	259	29	(57)	(360)	(40)
Funds from operations (before payment of lease liabilities)	10,704	19,259	2,168	7,303	16,526	1,861
Changes in working capital	137	720	81	(1,865)	(6,728)	(758)
Net cash from operating activities	10,841	19,979	2,249	5,438	9,798	1,103
Investing activities						
Purchase of fixed assets	(8,898)	(11,503)	(1,295)	(3,045)	(5,819)	(655)
Additions to telecommunications licences	(197)	(6,384)	(719)	(1,747)	(1,045)	(118)
Additions to brand names and other rights	(20)	(1,342)	(151)	(27)	(657)	(74)
Purchase of subsidiary companies	(3,677)	(14,348)	(1,616)	–	–	–
Purchase of and advances to joint ventures	(85)	(72)	(8)	(42)	(26)	(3)
Proceeds on disposal of fixed assets	17	29	3	5	23	3
Proceeds on disposal of subsidiary companies	14,244	–	–	–	–	–
Proceeds on disposal of joint ventures . . .	9	–	–	–	–	–
Cash flows from (used in) investing activities before purchase of/disposal of other listed investments	1,393	(33,620)	(3,786)	(4,856)	(7,524)	(847)
Disposal of other listed investments	–	387	44	–	–	–
Purchase of other listed investments issued by joint ventures	–	(5,766)	(649)	–	–	–
Cash flow from (used in) investing activities	1,393	(38,999)	(4,391)	(4,856)	(7,524)	(847)
Net cash inflow (outflow) before financing activities	12,234	(19,020)	(2,142)	582	2,274	256

	Year Ended 31 December			Six Months Ended 30 June		
	2017	2018	2018	2018	2019	2019
	HK\$ million	HK\$ million	Euro million	HK\$ million	HK\$ million	Euro million
Financing activities						
New borrowings	4,603	1,631	183	–	5,652	636
Repayment of borrowings	(1,403)	(3,907)	(440)	(3,901)	(13,623)	(1,534)
Payment of lease liabilities	–	–	–	–	(3,029)	(341)
Net loans from (repayments to)						
CKHH group entities	(122,963)	965	108	654	5,210	587
Net loans to non-controlling						
shareholders	(1,516)	–	–	–	–	–
Payments to acquire addition interests in						
subsidiary companies	–	–	–	–	(471)	(53)
Issue of shares by subsidiary companies						
to CKHH group entities.	124,391	27,136	3,056	–	–	–
Distributions and dividends paid to						
CKHH group entities	(344)	(2,496)	(281)	(441)	(3,395)	(382)
Dividends paid to non-controlling						
interests.	(237)	(323)	(36)	(272)	(1,774)	(200)
Cash flows from (used in) financing						
activities	<u>2,531</u>	<u>23,006</u>	<u>2,590</u>	<u>(3,960)</u>	<u>(11,430)</u>	<u>(1,287)</u>
Increase (decrease) in cash and cash						
equivalents	14,765	3,986	448	(3,378)	(9,156)	(1,031)
Cash and cash equivalents at 1 January . .	<u>4,190</u>	<u>18,955</u>	<u>2,135</u>	<u>18,955</u>	<u>22,941</u>	<u>2,583</u>
Cash and cash equivalents at 31						
December/30 June	<u>18,955</u>	<u>22,941</u>	<u>2,583</u>	<u>15,577</u>	<u>13,785</u>	<u>1,552</u>

(B) FINANCIAL PERFORMANCE SUMMARY

CK Hutchison Group Telecom's Combined Financial Statements are prepared and presented in accordance with IFRS. With effect from 1 January 2019, CK Hutchison Group Telecom has adopted International Financial Reporting Standard 16 "Leases" ("IFRS 16") which relates to accounting for leases. The adoption of IFRS 16 does not require CK Hutchison Group Telecom to make retrospective adjustments to restate its previously reported combined financial statements for periods prior to 1 January 2019. Accordingly, the comparative information in respect of periods prior to 1 January 2019 continues to be reported under the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17"). Hence, any comparison, particularly the financial results, between the two bases of reporting would not be meaningful. CK Hutchison Group Telecom believes that the IAS 17 basis metrics ("Pre-IFRS 16 basis"), which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), allows a like-with-like comparison with the prior period results, and to better reflect management's view of the CK Hutchison Group Telecom's underlying operational performance. As a result, CK Hutchison Group Telecom has provided an alternative presentation of the CK Hutchison Group Telecom's financial performance prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the first six months of 2019.

The table in this section sets out selected financial performance information of CK Hutchison Group Telecom prepared under the Pre-IFRS 16 basis relating to the accounting for leases for each of the years ended 31 December 2017 and 2018 and for each of the six months ended 30 June 2018 and 2019.

The selected financial performance information:

- for each of the years ended 31 December 2017 and 2018 has been extracted from note 3(b) to CK Hutchison Group Telecom's Combined Financial Statements for the Year Ended 31 December 2018; and
- for each of the six months ended 30 June 2018 and 2019 has been extracted from note 3(b) to CK Hutchison Group Telecom's Combined Financial Statements for the Six Months Ended 30 June 2019.

The selected financial performance information set out in this section should be read in conjunction with the aforementioned notes to CK Hutchison Group Telecom's Combined Financial Statements, including the notes thereto, PwC's related reports, and other financial information that is included elsewhere in this Prospectus.

Amounts in CK Hutchison Group Telecom's Financial Performance Summary are stated in Hong Kong dollars. The translation of Hong Kong dollar amounts into Euro is for convenience only and has been made at the rate of HK\$8.88 to €1.00. No representation is made that Hong Kong dollars have been, could have been, or could be converted into Euro at the rate indicated or at any other rate.

Financial Performance Summary

	Pre-IFRS 16 basis			Pre-IFRS 16 basis		
	Year Ended 31 December			Six Months Ended 30 June		
	2017	2018	2018	2018	2019	2019
	HK\$ million	HK\$ million	Euro million	HK\$ million	HK\$ million	Euro million
Revenue						
3 Group Europe.	70,734	78,411	8,830	36,124	43,464	4,895
UK.	24,478	25,525	2,874	12,817	11,826	1,332
Italy	24,170	30,109	3,390	11,817	21,262	2,394
Sweden and Denmark	9,562	9,152	1,031	4,696	3,978	448
Austria	7,192	8,157	919	4,048	3,772	425
Ireland.	5,332	5,468	616	2,746	2,626	296
Hutchison Telecommunications						
Hong Kong Holdings	9,685	7,912	891	4,021	2,515	283
Corporate and Others	188	410	46	172	220	25
Total Revenue	<u>80,607</u>	<u>86,733</u>	<u>9,767</u>	<u>40,317</u>	<u>46,199</u>	<u>5,203</u>
EBITDA						
3 Group Europe.	24,337	28,761	3,240	12,797	16,297	1,835
UK.	7,087	7,860	885	3,938	3,381	380
Italy	9,793	12,601	1,419	4,585	9,093	1,024
Sweden and Denmark	2,929	2,972	335	1,554	1,360	153
Austria	3,025	3,475	392	1,827	1,596	180
Ireland.	1,503	1,853	209	893	867	98
Hutchison Telecommunications						
Hong Kong Holdings	4,337	1,371	154	690	663	75
Corporate and Others	(106)	225	25	(72)	549	62
Total EBITDA	<u>28,568</u>	<u>30,357</u>	<u>3,419</u>	<u>13,415</u>	<u>17,509</u>	<u>1,972</u>
EBIT						
3 Group Europe.	16,567	17,663	1,989	7,488	9,970	1,123
UK.	4,426	4,594	517	2,128	1,729	195
Italy	7,155	8,246	929	2,794	6,142	692
Sweden and Denmark	2,043	1,816	205	973	750	84
Austria	2,136	2,125	239	1,155	1,002	113
Ireland.	807	882	99	438	347	39
Hutchison Telecommunications						
Hong Kong Holdings	707	553	62	284	260	29
Corporate and Others	(119)	193	22	(78)	549	62
Total EBIT	<u>17,155</u>	<u>18,409</u>	<u>2,073</u>	<u>7,694</u>	<u>10,779</u>	<u>1,214</u>
Profit on disposal of investments and others.	–	8,600	968	–	–	–
Interest expenses and other finance costs	(8,464)	(4,622)	(520)	(1,929)	(2,131)	(240)
Profit before tax	<u>8,691</u>	<u>22,387</u>	<u>2,521</u>	<u>5,765</u>	<u>8,648</u>	<u>974</u>
Tax						
Current tax credit (charge)	(680)	453	51	117	(243)	(27)
Deferred tax credit (charge)	1,698	1,589	179	954	(536)	(61)
Profit after tax	<u>9,709</u>	<u>24,429</u>	<u>2,751</u>	<u>6,836</u>	<u>7,869</u>	<u>886</u>
Non-controlling interests	(598)	(660)	(74)	(356)	(285)	(32)
Profit attributable to Parent company	<u>9,111</u>	<u>23,769</u>	<u>2,677</u>	<u>6,480</u>	<u>7,584</u>	<u>854</u>

(C) UNAUDITED PRO FORMA FINANCIAL INFORMATION

For illustrative purposes only, CK Hutchison Group Telecom has compiled and included in this Prospectus the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019.

The Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 has been prepared for illustrative purposes only, to illustrate how the combined financial position of the Group as at 31 December 2018, and the combined financial results and the combined cash flows of the Group for the year ended 31 December 2018, as set out in the Combined Financial Statements for the Year Ended 31 December 2018, might have been affected as if certain events as described in note 3(b) of the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 had occurred as of 31 December 2018 for the purpose of the pro forma combined statement of financial position as at 31 December 2018 or immediately prior to 1 January 2018 for the purpose of the pro forma combined income statement and the pro forma combined statement of cash flows for the year ended 31 December 2018 rather than the actual dates of which such events actually took place. The key assumptions and adjustments made for the compilation and the applicable basis of which the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 has been compiled are set out in notes 3 and 4 of the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018.

The Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 has been prepared for illustrative purposes only, to illustrate how the combined financial position of the Group as at 30 June 2019, and the combined financial results and the combined cash flows of the Group for the six months ended 30 June 2019, as set out in the Combined Financial Statements for the Six Months Ended 30 June 2019, might have been affected as if certain events as described in note 3(b) of the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 had occurred as of 30 June 2019 for the purpose of the pro forma combined statement of financial position as at 30 June 2019 or immediately prior to 1 January 2019 for the purpose of the pro forma combined income statement and the pro forma combined statement of cash flows for the six months ended 30 June 2019 rather than the actual dates of which such events actually took place. The key assumptions and adjustments made for the compilation and the applicable basis of which the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 has been compiled are set out in notes 3 and 4 of the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019.

PwC has reported on the compilation of the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 in accordance with International Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus”, as stated in their assurance reports dated 10 October 2019 which are included elsewhere in this Prospectus.

The tables in this section set out:

- (1) pro forma combined income statement of CK Hutchison Group Telecom for the year ended 31 December 2018 and for the six months ended 30 June 2019;
- (2) pro forma combined statement of financial position of CK Hutchison Group Telecom as of 31 December 2018 and 30 June 2019; and
- (3) pro forma combined statement of cash flows of CK Hutchison Group Telecom for the year ended 31 December 2018 and for the six months ended 30 June 2019.

The selected pro forma financial information:

- as of 31 December 2018 and for the year then ended has been extracted from the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018; and
- as of 30 June 2019 and for the six months then ended has been extracted from the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019.

The selected pro forma financial information set out in this section should be read in conjunction with the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019, including the notes thereto, PwC's related reports, other financial information and the section entitled "Risk Factors – Risk Factors in relation to the Issuer and/or the Guarantor – The Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months ended 30 June 2019 have not been audited or reviewed and are subject to significant assumptions and limitations, and may not be indicative of the future performance of the Guarantor or CK Hutchison Group Telecom" that is included elsewhere in this Prospectus.

Amounts in CK Hutchison Group Telecom's pro forma combined financial information are stated in Hong Kong dollars. The translation of Hong Kong dollar amounts into Euro is for convenience only and has been made at the rate of HK\$8.88 to €1.00. No representation is made that Hong Kong dollars have been, could have been, or could be converted into Euro at the rate indicated or at any other rate.

Pro Forma Combined Income Statement

	Year Ended 31 December		Six Months Ended 30 June	
	2018	2018	2019	2019
	HK\$ million	Euro million	HK\$ million	Euro million
Revenue	102,106	11,498	46,128	5,195
Cost of inventories sold	(3,645)	(410)	(816)	(92)
Expensed customer acquisition and retention costs	(17,848)	(2,010)	(8,331)	(938)
Staff costs	(6,323)	(712)	(3,239)	(365)
Depreciation and amortisation	(14,306)	(1,611)	(9,793)	(1,103)
Other operating expenses	(38,513)	(4,338)	(13,068)	(1,472)
Share of profits less losses of joint ventures	(4)	—	(2)	—
Profit before the following:	21,467	2,417	10,879	1,225
Interest expenses and other finance costs . .	(2,978)	(335)	(1,406)	(158)
Profit before tax	18,489	2,082	9,473	1,067
Current tax credit (charge)	402	45	(242)	(27)
Deferred tax credit (charge)	1,560	176	(538)	(61)
Profit after tax	20,451	2,303	8,693	979
Profit attributable to non-controlling interests	(660)	(74)	(285)	(32)
Profit attributable to Parent company . .	19,791	2,229	8,408	947

Pro Forma Combined Statement of Financial Position

	As of 31 December		As of 30 June	
	2018	2018	2019	2019
	HK\$ million	Euro million	HK\$ million	Euro million
Non-current assets				
Fixed assets	53,657	6,042	54,387	6,125
Right-of-use assets	–	–	23,348	2,629
Telecommunications licences	60,758	6,842	61,072	6,877
Brand names and other rights	35,006	3,942	34,319	3,865
Goodwill	126,750	14,274	125,581	14,142
Interests in joint ventures	406	46	375	42
Deferred tax assets	18,917	2,130	18,486	2,082
Other non-current assets	4,644	523	5,932	668
	<u>300,138</u>	<u>33,799</u>	<u>323,500</u>	<u>36,430</u>
Current assets				
Cash and cash equivalents	22,941	2,583	13,785	1,552
Inventories	2,279	257	2,138	241
Trade receivables and other current assets	<u>36,213</u>	<u>4,078</u>	<u>34,244</u>	<u>3,856</u>
	61,433	6,918	50,167	5,649
Assets classified as held for sale	<u>2,352</u>	<u>265</u>	<u>1,906</u>	<u>215</u>
	<u>63,785</u>	<u>7,183</u>	<u>52,073</u>	<u>5,864</u>
Current liabilities				
Bank and other debts	1,557	175	1,639	185
Lease liabilities	–	–	4,009	451
Current tax liabilities	31	3	164	18
Trade payables and other current liabilities	<u>57,078</u>	<u>6,428</u>	<u>46,153</u>	<u>5,198</u>
	<u>58,666</u>	<u>6,606</u>	<u>51,965</u>	<u>5,852</u>
Net current assets	<u>5,119</u>	<u>577</u>	<u>108</u>	<u>12</u>
Total assets less current liabilities	<u>305,257</u>	<u>34,376</u>	<u>323,608</u>	<u>36,442</u>
Non-current liabilities				
Bank and other debts	88,324	9,947	83,524	9,406
Lease liabilities	–	–	20,939	2,358
Deferred tax liabilities	310	35	288	32
Pension obligations	660	74	656	74
Other non-current liabilities	<u>16,500</u>	<u>1,858</u>	<u>17,784</u>	<u>2,003</u>
	<u>105,794</u>	<u>11,914</u>	<u>123,191</u>	<u>13,873</u>
Net assets	<u>199,463</u>	<u>22,462</u>	<u>200,417</u>	<u>22,569</u>
Equity				
Parent company investments	186,712	21,026	189,650	21,357
Non-controlling interests	<u>12,751</u>	<u>1,436</u>	<u>10,767</u>	<u>1,212</u>
Total equity	<u>199,463</u>	<u>22,462</u>	<u>200,417</u>	<u>22,569</u>

Pro Forma Combined Statement of Cash Flows

	Year Ended 31 December		Six Months Ended 30 June	
	2018	2018	2019	2019
	HK\$ million	Euro million	HK\$ million	Euro million
Operating activities				
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	32,736	3,686	19,304	2,174
Interest expenses and other finance costs paid (net of capitalisation)	(2,694)	(303)	(1,300)	(146)
Tax recovered (paid)	9	1	(360)	(41)
Funds from operations (before payment of lease liabilities)	30,051	3,384	17,644	1,987
Changes in working capital	(1,750)	(197)	(6,728)	(758)
Net cash from operating activities	28,301	3,187	10,916	1,229
Investing activities				
Purchase of fixed assets	(14,712)	(1,657)	(5,819)	(655)
Additions to telecommunications licences	(6,406)	(721)	(1,045)	(118)
Additions to brand names and other rights	(2,288)	(258)	(657)	(74)
Purchase of and advances to joint ventures	(72)	(8)	(26)	(3)
Proceeds on disposal of fixed assets	57	6	23	3
Cash flow used in investing activities	(23,421)	(2,638)	(7,524)	(847)
Net cash inflow before financing activities	4,880	549	3,392	382
Financing activities				
New borrowings	1,629	183	5,652	636
Repayment of borrowings	(3,907)	(440)	(9,364)	(1,055)
Payment of lease liabilities	–	–	(3,029)	(341)
Issue of shares by subsidiary companies to CKHH group entities	1,129	127	1,053	119
Payments to acquire addition interests in subsidiary companies	–	–	(471)	(53)
Distributions and dividends paid to CKHH group entities	(2,496)	(281)	(3,395)	(382)
Dividends paid to non-controlling interests	(323)	(36)	(1,774)	(200)
Cash flows used in financing activities	(3,968)	(447)	(11,328)	(1,276)
Increase (decrease) in cash and cash equivalents	912	102	(7,936)	(894)
Cash and cash equivalents at 1 January	24,684	2,780	22,941	2,584
Cash and cash equivalents at 31 December/30 June	25,596	2,882	15,005	1,690

TERMS AND CONDITIONS OF THE SERIES A NOTES

The following is the text of the Terms and Conditions of the Series A Notes which (subject to completion and modification and excluding italicised text) will be endorsed on each Series A Note in definitive form:

The €1,500,000,000 0.375 per cent. Guaranteed Notes due 2023 (in these Conditions, the “**Notes**” which expression shall in these Conditions, unless the context otherwise requires, include any further Notes issued pursuant to Condition 14 and forming a single series with the Notes) of CK Hutchison Group Telecom Finance S.A. (the “**Issuer**”) are issued subject to an agency agreement dated on or about 17 October 2019 (the “**Agency Agreement**”) made between the Issuer, CK Hutchison Group Telecom Holdings Limited (the “**Guarantor**”) as guarantor and The Bank of New York Mellon, London Branch as fiscal agent and principal paying agent (the “**Fiscal Agent**” and, together with any other paying agents appointed from time to time pursuant to the Agency Agreement, the “**Paying Agents**”). The Notes have the benefit of a deed of guarantee dated on or about 17 October 2019 executed by the Guarantor (the “**Deed of Guarantee**”). The issue of the Notes was authorised by a resolution of the directors of the Issuer passed on 20 September 2019 and the giving of the guarantee in respect of the Notes (the “**Guarantee**”) was authorised by a resolution of the board of directors of the Guarantor passed on 24 September 2019. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement and the Deed of Guarantee are available for inspection during normal business hours at the specified office of the Fiscal Agent. The holders of the Notes (the “**Noteholders**”) and the holders of the interest coupons appertaining to the Notes (the “**Couponholders**” and the “**Coupons**” respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent and Paying Agent shall include any successor appointed under the Agency Agreement. Copies of the Agency Agreement are available for inspection by the holders of the Notes on the website of the Issuer at https://www.ckh.com.hk/bond/CK_Hutchison_Group_Telecom_Finance_SA.htm.

1 FORM, DENOMINATION AND TITLE

- (1) The Notes are in bearer form, serially numbered, in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, with Coupons attached on issue.
- (2) Title to the Notes and to the Coupons will pass by delivery.
- (3) The Issuer, the Guarantor and any Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the holder of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon).

2 STATUS OF THE NOTES

The Notes and the Coupons are direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4(1)) unsecured obligations of the Issuer and (subject as aforesaid) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

3 GUARANTEE

The payment of the principal of and interest on the Notes and any Additional Amounts (as defined in Condition 8) has been unconditionally and irrevocably guaranteed by the Guarantor. The Guarantor's obligations in that respect are contained in the Deed of Guarantee. The payment obligations of the Guarantor under the Deed of Guarantee constitute direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4(1)) unsecured obligations of the Guarantor and (subject as aforesaid) rank, and will at all times rank, *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4 COVENANTS

- (1) The Issuer will not create, incur, assume or permit to exist any Lien (as defined below) upon any of its property or assets, now owned or hereafter acquired, to secure any Indebtedness for Borrowed Money (as defined below) of the Issuer (or any secured guarantee or indemnity in respect thereof) without, in any such case, making effective provision whereby the Notes and the Coupons will be secured at least equally and rateably with such Indebtedness for Borrowed Money or by such other Lien as shall have been approved by the Noteholders as provided herein and in the Agency Agreement.

The Guarantor will not, and will not permit any of its Principal Subsidiaries (as defined below) (other than Listed Principal Subsidiaries (as defined below)) to, create, incur, assume or permit to exist any Lien upon any of its property or assets, now owned or hereafter acquired, to secure any Indebtedness for Borrowed Money of the Guarantor or such Principal Subsidiary (or any secured guarantee or indemnity in respect thereof) without, in any such case, making effective provision whereby the Guarantee will be secured either at least equally and rateably with such Indebtedness for Borrowed Money or by such other Lien as shall have been approved by the Noteholders as provided in the Agency Agreement, for so long as such Indebtedness for Borrowed Money will be so secured, unless, after giving effect thereto, the aggregate outstanding principal amount of all such secured Indebtedness for Borrowed Money (excluding that of Listed Principal Subsidiaries and their respective Subsidiaries (as defined below)) entered into after 17 October 2019 (the "**Issue Date**") would not exceed 50 per cent. of the Guarantor's Adjusted Consolidated Net Worth (as defined below).

If there occurs a breach of the foregoing restriction and that breach would not have occurred but for a change in the accounting standards applicable to the Original Combined Financial Statements that affects the calculation of the Guarantor's Adjusted Consolidated Net Worth, such breach shall be deemed not to have occurred provided that a written opinion from the auditors of the Guarantor is delivered to the Fiscal Agent opining on a calculation of the Guarantor's Adjusted Consolidated Net Worth as if there had been no change in accounting standards showing that a breach of the foregoing restriction would not have occurred but for the relevant change in accounting standards. Such opinion shall be conclusive and binding on all Noteholders and Couponholders.

The foregoing restriction will not apply to:

- (a) Liens existing on or prior to the Issue Date;
- (b) Liens for taxes or assessments or other applicable governmental charges or levies;

- (c) Liens created or arising by operation of law or created in the ordinary course of business, including, but not limited to, landlords' liens and statutory liens of carriers, warehousemen, mechanics, materialmen, vendors and other liens securing amounts which are not more than 60 days overdue or which are being contested in good faith;
- (d) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return of money bonds and similar obligations;
- (e) easements, rights-of-way, zoning and similar restrictions and other similar charges or encumbrances not interfering with the ordinary conduct of the business of the Guarantor and such Principal Subsidiaries;
- (f) Liens created on any property or assets acquired, leased or developed after the Issue Date; provided however, that (i) any such Lien shall be confined to the property or assets acquired, leased or developed; (ii) the principal amount of the debt encumbered by such Lien shall not exceed the cost of the acquisition or development of such property or assets or any improvements thereto or thereon and (iii) any such Lien shall be created concurrently with or within three years following the acquisition, lease or development of such property or assets;
- (g) rights of set-off of a financial institution with respect to deposits or other accounts of the Guarantor or such Principal Subsidiary held by such financial institution in an amount not to exceed the aggregate amount owed to such financial institution by the Guarantor or such Principal Subsidiary, as the case may be;
- (h) Liens on documents and the goods they represent in connection with letters of credit and similar transactions entered into in the ordinary course of business;
- (i) Liens arising in connection with industrial revenue, development or similar bonds or other means of project financing (not to exceed the value of the project financed and limited to the project financed);
- (j) Liens in favour of the Guarantor or any Principal Subsidiary;
- (k) leases, subleases, licences and sublicences granted to third parties in the ordinary course of business;
- (l) attachment, judgment and other similar Liens arising in connection with court proceedings which are effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings;
- (m) any Lien against any property or assets of a Person (as defined below) existing at the time such Person becomes such a Principal Subsidiary or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition;
- (n) any Lien existing on any property or assets prior to the acquisition thereof, which Lien was not created in connection with the acquisition thereof, except for Liens permitted pursuant to clause (f) above;

- (o) Liens on any property or assets of the Guarantor or any such Principal Subsidiary in favour of any government or any subdivision thereof, securing the obligations of the Guarantor or such Principal Subsidiary under any contract or payment owed to such governmental entity pursuant to applicable laws, rules, regulations or statutes;
 - (p) Liens created in connection with any sale/leaseback transaction;
 - (q) any renewal or extension of any of the Liens described in the foregoing clauses which is limited to the original property or assets covered thereby; and
 - (r) Liens in respect of Indebtedness for Borrowed Money with respect to which the Guarantor or any Principal Subsidiary has paid money or deposited money or securities with a fiscal agent, trustee or depository to pay or discharge in full the obligations of the Guarantor and its Subsidiaries in respect thereof (other than the obligations that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full).
- (2) The Guarantor may not, without the consent of the holders of any outstanding (as defined in the Agency Agreement) Notes, consolidate with or merge into any other Person in a transaction in which the Guarantor is not the surviving entity, or convey, transfer or lease its properties and assets substantially as an entirety to, any Person unless, (i) any Person formed by such consolidation or into which the Guarantor is merged or to whom the Guarantor has conveyed, transferred or leased its properties and assets substantially as an entirety is a corporation, partnership, trust or other entity validly existing under the laws of the jurisdiction of its organisation and such Person assumes the Guarantor's obligations under the Agency Agreement and the Deed of Guarantee, (ii) immediately after giving effect to the transaction no Event of Default (as defined in Condition 10), and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, (iii) any such Person not organised and validly existing under the laws of the Cayman Islands shall expressly agree in a deed of covenant made in favour of the Noteholders that all payments pursuant to the Guarantee in respect of principal of and interest on the Notes shall be made without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the jurisdiction of organisation of such Person or any political subdivision or taxing authority thereof or therein, unless such taxes, duties, assessments or governmental charges are (a) required by such jurisdiction or any such subdivision or authority to be withheld or deducted, in which case such Person will pay such additional amounts of, or in respect of, principal and interest ("**Successor Additional Amounts**") as will result (after deduction of such taxes, duties, assessments or governmental charges and any additional taxes, duties, assessments or governmental charges payable in respect of such Successor Additional Amounts) in the payment to the Noteholders of the amounts which would have been receivable in respect of the Notes, the Coupons or the Guarantee had no such withholding been required, subject to the same exceptions and qualifications (other than the right to redeem the Notes as a result of such consolidation, merger, conveyance, lease or transfer) as apply with respect to the payment by the Guarantor of Additional Amounts in respect of the Guarantee (inserting references to the taxing jurisdiction where appropriate) or (b) as a result of FATCA withholding (as defined in Condition 8), (iv) if, as a result of the transaction, property of the Guarantor would become subject to a Lien that would not be permitted under Condition 4(1) above, the Guarantor or such successor Person takes such steps as shall be necessary to secure the Notes and the Guarantee equally and rateably with (or prior to) the indebtedness secured by such Lien, and (v) the

Guarantor has delivered to the Fiscal Agent an officers' certificate and an opinion of counsel each stating that such consolidation, merger, conveyance, transfer or lease comply with this paragraph and that all conditions precedent herein provided for relating to such transaction have been complied with.

- (3) The Issuer has made an application for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange ("**LuxSE**") and to be listed on the Official List of LuxSE but an application may instead be made to another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organisation for Economic Co-operation and Development. In connection with such application, the Issuer will use endeavours considered in its sole opinion to be reasonable to it to obtain the listing as promptly as practicable after the Issue Date (if not already obtained). The Issuer may elect to apply for a de-listing of the Notes from any stock exchange or markets of such stock exchange on which they are traded because the maintenance of such listing is or would be, in the opinion of the Issuer, unduly burdensome, including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than International Financial Reporting Standards in which event the Issuer will use endeavours considered in its sole opinion to be reasonable to it to seek a replacement listing of such Notes on another section of any stock exchange on which they are traded or another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organisation for Economic Co-operation and Development, provided that obtaining or maintaining a listing on such section or stock exchange would not be, in the opinion of the Issuer, unduly burdensome, including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than International Financial Reporting Standards. In the event that no listing is obtained or maintained which satisfies the foregoing requirements, the Issuer will use endeavours considered in its sole opinion to be reasonable to it to obtain a replacement listing elsewhere.
- (4) For the purposes of these Conditions:

"Adjusted Consolidated Net Worth" means the aggregate of (a) the amount paid up or credited as paid up on the issued share capital (including ordinary shares and preference shares) of the Guarantor; and (b) the amounts standing to the credit of the Guarantor's consolidated reserves (including but not limited to any such balance on the share premium account, exchange reserves, revaluation reserves and retained profits or losses); and (c) the amount of non-controlling interests and perpetual capital securities; all as shown by the Latest Consolidated Financial Statements; *provided however*, that the aggregate of the amounts described in clauses (a) through (c) above shall be adjusted (to the extent that the same has not been taken into account in such Latest Consolidated Financial Statements) by (i) deducting therefrom any amount directly or indirectly attributable to the Guarantor by which the Market Value of any asset is less than its book value in such Latest Consolidated Financial Statements, and/or (ii) adding thereto any amount directly or indirectly attributable to the Guarantor by which the Market Value of any asset is greater than its book value in such Latest Consolidated Financial Statements;

"Group" means the Guarantor and its Subsidiaries for the time being;

"Indebtedness for Borrowed Money" means any indebtedness for or in respect of money borrowed that has a final maturity of one year or more from its date of incurrence or issuance and that is evidenced by any agreement or other instrument, excluding trade payables and lease liabilities;

“Latest Consolidated Financial Statements” means:

- (a) at any time prior to the publication of the audited consolidated accounts of the Group for, and as at, 31 December 2019, the Original Pro Forma Combined Financial Statements; or
- (b) at any time following the publication of the audited consolidated accounts of the Group for, and as at, 31 December 2019, the then latest published audited consolidated annual accounts of the Group at such time;

“Lien” means any mortgage, charge, pledge, lien, encumbrance, hypothecation, title retention, security interest or security arrangement of any kind provided that the term “Lien” shall not include an unsecured guarantee or Liens arising by operation of law;

“Listed Principal Subsidiary” means any Principal Subsidiary, the shares of which are at the relevant time listed on The Stock Exchange of Hong Kong Limited or any other recognised stock exchange;

“Market Value” means:

- (a) the best price at which the relevant asset (other than shares described falling within sub-paragraph (b) below) is expected to be sold on the relevant date assuming:
 - (i) a willing seller;
 - (ii) a reasonable period in which to negotiate the sale;
 - (iii) values will remain constant during the negotiation period;
 - (iv) the asset will be freely exposed to the market; and
 - (v) there is no special purchaser; and
- (b) in the case of shares in associated companies of the Guarantor and its Subsidiaries which are quoted on any stock exchange, the value of such shares having regard to the underlying net assets of such associated companies and the percentage holding of the Guarantor and its Subsidiaries in such associated companies,

in each such case as reasonably determined by the Guarantor after deducting (or, where such Market Value is to result in an adjustment to the Latest Consolidated Financial Statements, adjusting for) an estimate of the direct tax liabilities (if any) which would arise on the sale of such asset at such price computed solely by reference to such sale price and the cost price for tax purposes;

“Original Combined Financial Statements” means the audited combined financial statements of the Group, comprising a combined statement of financial position of the Group as at 31 December 2018, a combined income statement of the Group for the year ended 31 December 2018, a combined statement of comprehensive income of the Group for the year ended 31 December 2018, a combined statement of changes in equity of the Group for the year ended 31 December 2018, a combined statement of cash flows of the Group for the year ended 31 December 2018, and the notes to the combined financial statements, which include a summary of significant accounting policies;

“Original Pro Forma Combined Financial Statements” means the unaudited pro forma combined financial information of the Group, comprising a pro forma combined statement of financial position of the Group as at 31 December 2018, a pro forma combined income statement of the Group for the year ended 31 December 2018, a pro forma combined statement of cash flows of the Group for the year ended 31 December 2018, and other explanatory information, which have been compiled based on the Original Combined Financial Statements and on the bases stated in such pro forma combined financial information;

“Person” means any person or entity;

“Principal Subsidiary” means, at any time, a Subsidiary of the Guarantor:

(1) as to which one or more of the following conditions is satisfied:

- (a) its net profits (before taxation and extraordinary items) or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated net profits (before taxation and extraordinary items) attributable to the Guarantor are at least 10 per cent. of the consolidated net profits of the Guarantor and its Subsidiaries (before taxation and extraordinary items but after deducting non-controlling interests' share of the net profits (before taxation and extraordinary items) of the Subsidiaries); or
- (b) its net assets or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated net assets attributable to the Guarantor represent 10 per cent. or more of the consolidated net assets (after deducting non-controlling interests in Subsidiaries) of the Guarantor and its Subsidiaries,

all as calculated by reference to the then latest audited accounts or annual accounts reviewed by the auditor (consolidated or, as the case may be, unconsolidated) of such Subsidiary, and as adjusted to conform with the group accounting policies and measurement basis of the Guarantor, and the Latest Consolidated Financial Statements, provided that:

- (i) in the case of a Subsidiary of the Guarantor acquired after the end of the financial period to which the Latest Consolidated Financial Statements (other than the Original Pro Forma Combined Financial Statements) relate, the reference to the Latest Consolidated Financial Statements for the purposes of the calculation above shall, until the audited consolidated accounts of the Group for the financial period in which the acquisition is made are published, be deemed to be a reference to such Latest Consolidated Financial Statements adjusted to consolidate the latest audited accounts or annual accounts reviewed by the auditor of such Subsidiary in such accounts;
- (ii) if, in the case of any Subsidiary of the Guarantor which itself has Subsidiaries, no consolidated accounts are prepared and audited, its consolidated net assets and consolidated net profits shall be determined on the basis of the combined accounts of the relevant Subsidiary and its Subsidiaries prepared for this purpose and opined on by the Guarantor's auditors; or

- (2) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary of the Guarantor which immediately prior to such transfer was a Principal Subsidiary, provided that the Subsidiary which so transfers its assets and undertaking shall forthwith upon the transfer cease to be a Principal Subsidiary and the Subsidiary of the Guarantor to which the assets and undertaking are so transferred shall cease to be a Principal Subsidiary at the date on which the first audited consolidated accounts of the Guarantor and its Subsidiaries prepared as of a date later than such transfer are published unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraph (1) above.

An opinion from the auditors of the Guarantor on a calculation to show whether or not a Subsidiary is a Principal Subsidiary shall be conclusive and binding on all Noteholders and Couponholders in the absence of manifest error; and

“**Subsidiary**” means in relation to an entity, any other entity which would be accounted for and consolidated in the latest audited consolidated financial statements of that entity as a subsidiary pursuant to the accounting standards applicable to such financial statements or, in the case of the Guarantor, until the audited consolidated accounts of the Group for, and as at the end of, the financial year ending 2019 are published, would be so accounted for and consolidated or combined in the Original Combined Financial Statements.

5 INTEREST

- (1) The Notes bear interest from and including 17 October 2019 (the “**Interest Commencement Date**”) to but excluding 17 October 2023 at the rate of 0.375 per cent. per annum, payable annually in arrear on 17 October of each year (each an “**Interest Payment Date**”). The first Interest Payment Date will be 17 October 2020, in respect of the period from and including the Interest Commencement Date to but excluding 17 October 2020.
- (2) Each Note will cease to bear interest from and including the due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of the payment. In such event, interest will continue to accrue up to but excluding whichever is the earlier of:
 - (a) the date on which all amounts due in respect of such Notes have been paid; and
 - (b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12.
- (3) If interest is to be calculated for a period of less than a full year, interest shall be calculated on the basis of the number of days in the period from and including the date from which interest starts to accrue to but excluding the date on which it falls due, divided by the actual number of days in the Interest Period in which the relevant period ends, where “Interest Period” means the period from, and including 17 October in any year to, but excluding, 17 October in the immediately succeeding year.
- (4) Interest payable under this Condition 5 will be paid in accordance with Condition 6.

6 PAYMENTS

- (1) Payments of principal and interest in respect of each Note will be made only against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.
- (2) Payments will be made by credit or transfer to an account denominated in Euro maintained by the payee with or, at the option of the payee, by a cheque in Euro drawn on, a bank in a city in which banks have access to the TARGET2 System (as defined below).
- (3) Each Note should be presented for payment together with all unmatured Coupons relating to it. Upon the date on which any Note becomes due and repayable, all unmatured Coupons appertaining to the Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.
- (4) Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8.
- (5) A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 5, be entitled to any further interest or other payment if a Presentation Date is after the due date.

In this Condition:

“**Presentation Date**” means a day which (subject to Condition 9):

- (a) is or falls after the relevant due date;
- (b) is a Business Day; and
- (c) in the case of payment by credit or transfer to an account denominated in Euro in a bank in a city in which banks have access to the TARGET2 System, is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that city.

If payment to a holder is to be made by transfer to a Euro account maintained by the payee, and it is not practicable to transfer the relevant amount to such account for value on the relevant date of presentation as a result of differences in the time zones between Central European time and the location of such account, none of the Paying Agents shall be obliged so to do, but shall be obliged to transfer the relevant amount to such account for value on the first practicable day after such relevant date of presentation.

“**Business Day**” means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto (the “**TARGET2 System**”) is operating and on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place of the specified office of the Paying Agent at which a Note or Coupon is presented for payment and London.

- (6) The names of the initial Paying Agents and their initial specified offices are set out in the Agency Agreement. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that they will at all times maintain (i) a Fiscal Agent and (ii) so long as the Notes are listed on the LuxSE, or another stock exchange pursuant to Condition 4(3), as the case may be, and the rules of the LuxSE or such other stock exchange so require, a Paying Agent in Luxembourg or in the jurisdiction of such other stock exchange, as the case may be. Notice of any variation, termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

7 REDEMPTION AND PURCHASE

- (1) Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 17 October 2023.
- (2) If (a) as a result of any change in, or amendment to, the laws or regulations of the Grand Duchy of Luxembourg (in the case of the Issuer) or the Cayman Islands (in the case of the Guarantor) (or in each case of any political subdivision or taxing authority thereof or therein having power to tax) or any regulations or rulings promulgated thereunder or any change in the official interpretation or official application of such laws, regulations or rulings, or any change in the official application or interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which the Grand Duchy of Luxembourg or, as the case may be, the Cayman Islands or such political subdivision or taxing authority is a party, which change, amendment or treaty becomes effective on or after 10 October 2019, on the next Interest Payment Date either the Issuer would be required to pay Additional Amounts as provided or referred to in Condition 8 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such Additional Amounts, and (b) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at their principal amount together with interest accrued to but excluding the date of redemption, provided that no notice of redemption shall be given earlier than 90 days before the earliest date on which the Issuer or, as the case may be, the Guarantor would be required to pay the Additional Amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7(2), the Issuer or the Guarantor, as the case may be, shall deliver to the Fiscal Agent a certificate signed by two senior officers of the Issuer or, as the case may be, the Guarantor stating that the requirement referred to in (a) above will apply on the occasion of the next payment due in respect of the Notes and cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it and an opinion of independent tax or legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such Additional Amounts as a result of the change, amendment or treaty.

- (3) The Notes may, at the option of the Issuer or the Guarantor, be redeemed in whole but not in part, on any date falling on or after 17 September 2023, upon not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12, at a redemption price equal to the principal amount thereof plus accrued interest to, but excluding, the date fixed for redemption.

- (4) The Issuer, the Guarantor or any of their respective Subsidiaries (as defined above), if any, may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price.
- (5) All Notes and/or Coupons which are redeemed will, and any Notes and/or Coupons purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries, if any, may (but need not) be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be reissued or resold. Notes purchased by the Issuer, the Guarantor or any of their respective Subsidiaries, if any, and not cancelled may be resold.
- (6) Upon the expiry of any notice as is referred to in Condition 7(2) or Condition 7(3) above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such condition.

8 TAXATION

- (1) Subject to Condition 8(3), all payments of principal and interest in respect of the Notes, the Coupons or the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Grand Duchy of Luxembourg (in the case of payments by the Issuer) or the Cayman Islands (in the case of payments by the Guarantor) (or in each case any political subdivision or taxing authority thereof or therein having power to tax) unless such withholding or deduction is required by law. In that event, the Issuer or the Guarantor shall pay such additional amounts (“**Additional Amounts**”) as will result in receipt by the Noteholders or Couponholders of such amounts as would have been received in respect of the Notes, the Coupons or the Guarantee had no such withholding or deduction been required, except that no such Additional Amounts shall be payable:
 - (a) in respect of any tax, duty, assessment or other governmental charge that would not have been imposed but for any connection between the holder or beneficial owner of a Note or Coupon and the Grand Duchy of Luxembourg or the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, as the case may be, otherwise than merely holding such Note or Coupon or receiving principal or interest in respect thereof;
 - (b) in respect of any Note or Coupon presented for payment more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such 30 day period; or
 - (c) to a Noteholder, Couponholder or to a third party on behalf of a person who would have been able to avoid such withholding or deduction by duly presenting the Notes or the Coupons to another Paying Agent.

For the purposes of these Conditions, the “**Relevant Date**” in relation to any Note or Coupon means (i) the due date for payment thereof or (ii) if the full amount payable on such due date has not been received by the Fiscal Agent on or prior to such due date, the first date on which such full amount has been so received and notice to that effect has been given to the Noteholders in accordance with Condition 12.

- (2) Unless the context otherwise requires, any reference in the Notes and these Conditions to principal or interest shall be deemed also to refer to any Additional Amounts which may be payable as described in Condition 8(1).
- (3) Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer or the Guarantor will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer, the Guarantor, or any other person will be required to pay any additional amounts in respect of FATCA Withholding.

9 PRESCRIPTION

Claims in respect of principal and interest will become void unless the relevant Notes and Coupons are presented for payment within ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date, subject to the provisions of Condition 6.

10 EVENTS OF DEFAULT

The occurrence of each of the following events will constitute an event of default (each an “**Event of Default**”) with respect to the Notes:

- (a) failure to pay principal of any Note within five days after the due date for such payment; or
- (b) failure to pay interest on any Note within 30 days after the due date for such payment; or
- (c) failure to perform any other covenant of the Issuer or the Guarantor in the Agency Agreement, the Guarantee or the Notes (excluding Condition 4(3)) which has continued for 60 days after there has been given, by registered or certified mail, to the Issuer or the Guarantor by the Fiscal Agent or by the holders of at least 25 per cent. in principal amount of the Notes then outstanding, a written notice specifying such failure and requiring it to be remedied and stating that such notice is a notice of default under the Agency Agreement, the Guarantee or the Notes, as the case may be; or
- (d) (i) failure to pay upon final maturity (after giving effect to the expiration of any applicable grace period therefor) the principal of any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries), (ii) acceleration of the maturity of any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) following a default by the Issuer, the Guarantor or such Principal Subsidiary, if such Indebtedness for Borrowed Money is not discharged, or such acceleration is not annulled, within 10 days after receipt of the written notice as provided in the Agency Agreement, or (iii) failure to pay any amount payable by the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) under any guarantee or indemnity in respect of any Indebtedness for Borrowed Money of any other Person; provided however, that:

- (1) no such event set forth in (i), (ii) or (iii) of this paragraph (d) shall constitute an Event of Default unless the aggregate Indebtedness for Borrowed Money to which all such events relate exceeds HK\$380,000,000 (or its equivalent in any other currency or currencies converted at the date of the relevant event); and
- (2) Indebtedness for Borrowed Money which is:
 - (x) in the form of secured project financing or secured limited recourse financing and such Indebtedness for Borrowed Money is not guaranteed by the Guarantor or a Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries); or
 - (y) incurred or guaranteed by a Subsidiary of the Guarantor:
 - (A) which has an issuer credit rating of either BB+ or higher by S&P or Fitch or Bal or higher by Moody's; and
 - (B) which is not guaranteed by the Guarantor or a Principal Subsidiary (other than such Subsidiary of the Guarantor incurring or guaranteeing such Indebtedness and its Subsidiaries),

(**“Non-Recourse Debt”**);

shall be deemed not to be Indebtedness for Borrowed Money for the purposes of this paragraph (d); or

For the purpose of this Condition:

“Fitch” means Fitch Ratings, Inc., Fitch Ratings Ltd., their respective affiliates and subsidiaries or any successor to their respective rating businesses;

“Moody’s” means Moody’s Investors Service, Inc., its affiliates and subsidiaries or any successor to their respective rating businesses; and

“S&P” means S&P Global Ratings, its affiliates and subsidiaries or any successor to their respective rating businesses.

- (e) the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) becomes insolvent and is unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, begins negotiations or takes any proceeding or other step with a view to readjustment, rescheduling or deferral of all of its Indebtedness for Borrowed Money (or any part of its Indebtedness for Borrowed Money which it will or might otherwise be unable to pay when due) or proposes or makes a general assignment or any arrangement or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of the Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) or of the Issuer or the Guarantor and their respective Subsidiaries taken as a whole; or

- (f) a distress, attachment, execution or other legal process (other than one initiated in relation to a Non-Recourse Debt) is levied, enforced or sued out on or against all or any material part of the assets of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) and is not discharged or stayed within 30 days (or such longer period as the holders of a majority in principal amount of the Notes may permit); or
- (g) any present or future encumbrance (other than any encumbrance securing a Non-Recourse Debt) on or over all or any material part of the assets of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar officer) is taken to enforce that encumbrance; or
- (h) any *bona fide* step is taken by any person for the dissolution of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries), except (in each such case) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (1) on terms approved by an Extraordinary Resolution of the Noteholders, or (2) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Guarantor or another of its Subsidiaries pursuant to a merger of such Principal Subsidiary with the Guarantor or such other Subsidiary or by way of a voluntary winding up or dissolution where there are surplus assets in such Principal Subsidiary and such surplus assets attributable to the Guarantor and/or such other Subsidiary are distributed to the Guarantor and/or such other Subsidiary; or
- (i) any event occurs which under the laws of any relevant jurisdiction has an analogous or equivalent effect to any of the events referred to in sub-paragraphs (e) through (h) above.

If an Event of Default (other than an Event of Default described in sub-paragraphs (e) to (i) above) with respect to the Notes shall occur and be continuing, the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding by notice as provided in the Agency Agreement may declare the principal amount of such Notes and any accrued and unpaid interest thereon to be due and payable immediately. If an Event of Default referred to in sub-paragraphs (e) to (i) above with respect to the Notes shall occur, the principal amount of all the Notes and any accrued and unpaid interest thereon will automatically, and without any action by any Noteholder, become immediately due and payable. After any such acceleration but before a judgment or decree based on acceleration has been obtained, the holders of a majority in aggregate principal amount of the outstanding Notes may, under certain circumstances, rescind and annul such acceleration if all the then existing Events of Default have been cured or waived as provided in the Agency Agreement.

11 REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent in London (and for so long as the Notes are listed on the LuxSE and the rules of the LuxSE so require, the specified office of the Paying Agent in Luxembourg), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12 NOTICES

All notices to the Noteholders will be valid if published in a leading English language daily newspaper with general circulation in Europe as the Issuer may decide. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, if published more than once or on different dates, on the first date on which publication is made.

13 MEETINGS OF NOTEHOLDERS AND MODIFICATION

- (1) The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions or the provisions of the Agency Agreement or the Deed of Guarantee. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting, the business of which includes the modification of certain of these Conditions, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than 75 per cent., or at any adjourned meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. The Agency Agreement does not contain any provisions requiring higher quorums in any circumstances. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders and Couponholders, whether or not they are present at the meeting. The Agency Agreement provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of the Notes outstanding shall be valid and effective as an Extraordinary Resolution. In addition, no Noteholders or any other person acting on behalf of them may start proceedings against the Issuer which are based on Article 470-21 of the Luxembourg law of 10 August 1915 relating to commercial companies, as amended (the “**Companies Act 1915**”).
- (2) The Fiscal Agent may agree, without the consent of the Noteholders or Couponholders, to any modification of any of these Conditions or any of the provisions of the Agency Agreement or the Deed of Guarantee which is not, in the opinion of the Fiscal Agent, materially prejudicial to the interests of the Noteholders or to any modification which is of a formal, minor or technical nature or to correct a manifest or proven error.
- (3) Any modification made in accordance with these Conditions shall be binding on the Noteholders and the Couponholders and, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

14 FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or the Couponholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the date and the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

15 CURRENCY INDEMNITY

The Issuer's obligations under the Notes or the Guarantor's obligations under the Guarantee, as the case may be, to make all payments in Euro will not be satisfied by any payment, recovery or any other realisation of proceeds in any currency other than Euro. If, for the purpose of obtaining a judgment in any court with respect to any obligation of the Issuer under any Notes or the Guarantor's obligations under the Guarantee, as the case may be, it shall become necessary to convert into any other currency or currency unit any amount in the currency or currency unit due under any Notes then such conversion shall be made by the Fiscal Agent at the market exchange rate (as determined by the Fiscal Agent) as in effect on the date of entry of the judgment (the "**Judgment Date**"); it being understood that the Fiscal Agent shall effect such conversion only after receipt of the relevant funds from the Issuer or, as the case may be, the Guarantor and that such conversion may require up to three Business Days to effect after the receipt of such funds. If pursuant to any such judgment, conversion shall be made on a date (the "**Substitute Date**") other than the Judgment Date and there shall occur a change between the market exchange rate for Euro as in effect on the Substitute Date and the market exchange rate as in effect on the Judgment Date, the Issuer agrees to pay such additional amounts (if any) in Euro as may be necessary to ensure that the amount paid is equal to the amount in such other currency or currency unit which, when converted at the market exchange rate as in effect on the Judgment Date, is the amount due under any Notes. Any amount due from the Issuer under this Condition shall be due as a separate debt and is not to be affected by or merged into any judgment being obtained for any other sums due in respect of any Notes. In no event, however, shall the Issuer be required to pay more in Euro due under the Notes at the market exchange rate as in effect on the Judgment Date than the amount of Euro stated to be due under the Notes so that in any event the Issuer's obligations under the Notes or the Guarantor's obligations under the Guarantee will be effectively maintained as obligations in Euro and the Issuer shall be entitled to withhold (or be reimbursed for, as the case may be) any excess of the amount actually realised upon any such conversion on the Substitute Date over the amount due and payable on the Judgment Date.

For the purpose of this Condition 15, "**Business Day**" means a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets are open for business in London and the Grand Duchy of Luxembourg.

16 GOVERNING LAW AND SUBMISSION TO JURISDICTION

The Agency Agreement, the Deed of Guarantee, the Notes and the Coupons, and any non-contractual obligations arising out of or in relation to any of them, are governed by, and will be construed in accordance with, English law. The provisions contained in Articles 470-1 to 470-19 of the Companies Act 1915 will not apply in respect of the Notes.

The Issuer and the Guarantor irrevocably agree for the benefit of the Noteholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Deed of Guarantee, the Notes or the Coupons (including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with any of them) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as "**Proceedings**") may be brought in the courts of England.

The Issuer and the Guarantor irrevocably and unconditionally waive and agree not to raise any objection which they may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and have further irrevocably and unconditionally agreed that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and the Guarantor and may be enforced in the courts of any other jurisdiction. Nothing in this Condition shall limit any right to take Proceedings against the Issuer or the Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

Each of the Issuer and the Guarantor hereby irrevocably and unconditionally appoints Hutchison Whampoa Agents (UK) Limited at its registered office in England (presently Hutchison House, 5 Hester Road, Battersea, London SW11 4AN, United Kingdom) as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of Hutchison Whampoa Agents (UK) Limited ceasing so to act it will appoint another person as its agent for that purpose.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

TERMS AND CONDITIONS OF THE SERIES B NOTES

The following is the text of the Terms and Conditions of the Series B Notes which (subject to completion and modification and excluding italicised text) will be endorsed on each Series B Note in definitive form:

The €1,000,000,000 0.750 per cent. Guaranteed Notes due 2026 (in these Conditions, the “**Notes**” which expression shall in these Conditions, unless the context otherwise requires, include any further Notes issued pursuant to Condition 14 and forming a single series with the Notes) of CK Hutchison Group Telecom Finance S.A. (the “**Issuer**”) are issued subject to an agency agreement dated on or about 17 October 2019 (the “**Agency Agreement**”) made between the Issuer, CK Hutchison Group Telecom Holdings Limited (the “**Guarantor**”) as guarantor and The Bank of New York Mellon, London Branch as fiscal agent and principal paying agent (the “**Fiscal Agent**” and, together with any other paying agents appointed from time to time pursuant to the Agency Agreement, the “**Paying Agents**”). The Notes have the benefit of a deed of guarantee dated on or about 17 October 2019 executed by the Guarantor (the “**Deed of Guarantee**”). The issue of the Notes was authorised by a resolution of the directors of the Issuer passed on 20 September 2019 and the giving of the guarantee in respect of the Notes (the “**Guarantee**”) was authorised by a resolution of the board of directors of the Guarantor passed on 24 September 2019. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement and the Deed of Guarantee are available for inspection during normal business hours at the specified office of the Fiscal Agent. The holders of the Notes (the “**Noteholders**”) and the holders of the interest coupons appertaining to the Notes (the “**Couponholders**” and the “**Coupons**” respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent and Paying Agent shall include any successor appointed under the Agency Agreement. Copies of the Agency Agreement are available for inspection by the holders of the Notes on the website of the Issuer at https://www.ckh.com.hk/bond/CK_Hutchison_Group_Telecom_Finance_SA.htm.

1 FORM, DENOMINATION AND TITLE

- (1) The Notes are in bearer form, serially numbered, in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, with Coupons attached on issue.
- (2) Title to the Notes and to the Coupons will pass by delivery.
- (3) The Issuer, the Guarantor and any Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the holder of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon).

2 STATUS OF THE NOTES

The Notes and the Coupons are direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4(1)) unsecured obligations of the Issuer and (subject as aforesaid) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

3 GUARANTEE

The payment of the principal of and interest on the Notes and any Additional Amounts (as defined in Condition 8) has been unconditionally and irrevocably guaranteed by the Guarantor. The Guarantor's obligations in that respect are contained in the Deed of Guarantee. The payment obligations of the Guarantor under the Deed of Guarantee constitute direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4(1)) unsecured obligations of the Guarantor and (subject as aforesaid) rank, and will at all times rank, *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4 COVENANTS

- (1) The Issuer will not create, incur, assume or permit to exist any Lien (as defined below) upon any of its property or assets, now owned or hereafter acquired, to secure any Indebtedness for Borrowed Money (as defined below) of the Issuer (or any secured guarantee or indemnity in respect thereof) without, in any such case, making effective provision whereby the Notes and the Coupons will be secured at least equally and rateably with such Indebtedness for Borrowed Money or by such other Lien as shall have been approved by the Noteholders as provided herein and in the Agency Agreement.

The Guarantor will not, and will not permit any of its Principal Subsidiaries (as defined below) (other than Listed Principal Subsidiaries (as defined below)) to, create, incur, assume or permit to exist any Lien upon any of its property or assets, now owned or hereafter acquired, to secure any Indebtedness for Borrowed Money of the Guarantor or such Principal Subsidiary (or any secured guarantee or indemnity in respect thereof) without, in any such case, making effective provision whereby the Guarantee will be secured either at least equally and rateably with such Indebtedness for Borrowed Money or by such other Lien as shall have been approved by the Noteholders as provided in the Agency Agreement, for so long as such Indebtedness for Borrowed Money will be so secured, unless, after giving effect thereto, the aggregate outstanding principal amount of all such secured Indebtedness for Borrowed Money (excluding that of Listed Principal Subsidiaries and their respective Subsidiaries (as defined below)) entered into after 17 October 2019 (the "**Issue Date**") would not exceed 50 per cent. of the Guarantor's Adjusted Consolidated Net Worth (as defined below).

If there occurs a breach of the foregoing restriction and that breach would not have occurred but for a change in the accounting standards applicable to the Original Combined Financial Statements that affects the calculation of the Guarantor's Adjusted Consolidated Net Worth, such breach shall be deemed not to have occurred provided that a written opinion from the auditors of the Guarantor is delivered to the Fiscal Agent opining on a calculation of the Guarantor's Adjusted Consolidated Net Worth as if there had been no change in accounting standards showing that a breach of the foregoing restriction would not have occurred but for the relevant change in accounting standards. Such opinion shall be conclusive and binding on all Noteholders and Couponholders.

The foregoing restriction will not apply to:

- (a) Liens existing on or prior to the Issue Date;
- (b) Liens for taxes or assessments or other applicable governmental charges or levies;

- (c) Liens created or arising by operation of law or created in the ordinary course of business, including, but not limited to, landlords' liens and statutory liens of carriers, warehousemen, mechanics, materialmen, vendors and other liens securing amounts which are not more than 60 days overdue or which are being contested in good faith;
- (d) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return of money bonds and similar obligations;
- (e) easements, rights-of-way, zoning and similar restrictions and other similar charges or encumbrances not interfering with the ordinary conduct of the business of the Guarantor and such Principal Subsidiaries;
- (f) Liens created on any property or assets acquired, leased or developed after the Issue Date; provided however, that (i) any such Lien shall be confined to the property or assets acquired, leased or developed; (ii) the principal amount of the debt encumbered by such Lien shall not exceed the cost of the acquisition or development of such property or assets or any improvements thereto or thereon; and (iii) any such Lien shall be created concurrently with or within three years following the acquisition, lease or development of such property or assets;
- (g) rights of set-off of a financial institution with respect to deposits or other accounts of the Guarantor or such Principal Subsidiary held by such financial institution in an amount not to exceed the aggregate amount owed to such financial institution by the Guarantor or such Principal Subsidiary, as the case may be;
- (h) Liens on documents and the goods they represent in connection with letters of credit and similar transactions entered into in the ordinary course of business;
- (i) Liens arising in connection with industrial revenue, development or similar bonds or other means of project financing (not to exceed the value of the project financed and limited to the project financed);
- (j) Liens in favour of the Guarantor or any Principal Subsidiary;
- (k) leases, subleases, licences and sublicences granted to third parties in the ordinary course of business;
- (l) attachment, judgment and other similar Liens arising in connection with court proceedings which are effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings;
- (m) any Lien against any property or assets of a Person (as defined below) existing at the time such Person becomes such a Principal Subsidiary or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition;
- (n) any Lien existing on any property or assets prior to the acquisition thereof, which Lien was not created in connection with the acquisition thereof, except for Liens permitted pursuant to clause (f) above;

- (o) Liens on any property or assets of the Guarantor or any such Principal Subsidiary in favour of any government or any subdivision thereof, securing the obligations of the Guarantor or such Principal Subsidiary under any contract or payment owed to such governmental entity pursuant to applicable laws, rules, regulations or statutes;
 - (p) Liens created in connection with any sale/leaseback transaction;
 - (q) any renewal or extension of any of the Liens described in the foregoing clauses which is limited to the original property or assets covered thereby; and
 - (r) Liens in respect of Indebtedness for Borrowed Money with respect to which the Guarantor or any Principal Subsidiary has paid money or deposited money or securities with a fiscal agent, trustee or depository to pay or discharge in full the obligations of the Guarantor and its Subsidiaries in respect thereof (other than the obligations that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full).
- (2) The Guarantor may not, without the consent of the holders of any outstanding (as defined in the Agency Agreement) Notes, consolidate with or merge into any other Person in a transaction in which the Guarantor is not the surviving entity, or convey, transfer or lease its properties and assets substantially as an entirety to, any Person unless, (i) any Person formed by such consolidation or into which the Guarantor is merged or to whom the Guarantor has conveyed, transferred or leased its properties and assets substantially as an entirety is a corporation, partnership, trust or other entity validly existing under the laws of the jurisdiction of its organisation and such Person assumes the Guarantor's obligations under the Agency Agreement and the Deed of Guarantee, (ii) immediately after giving effect to the transaction no Event of Default (as defined in Condition 10), and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, (iii) any such Person not organised and validly existing under the laws of the Cayman Islands shall expressly agree in a deed of covenant made in favour of the Noteholders that all payments pursuant to the Guarantee in respect of principal of and interest on the Notes shall be made without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the jurisdiction of organisation of such Person or any political subdivision or taxing authority thereof or therein, unless such taxes, duties, assessments or governmental charges are (a) required by such jurisdiction or any such subdivision or authority to be withheld or deducted, in which case such Person will pay such additional amounts of, or in respect of, principal and interest ("**Successor Additional Amounts**") as will result (after deduction of such taxes, duties, assessments or governmental charges and any additional taxes, duties, assessments or governmental charges payable in respect of such Successor Additional Amounts) in the payment to the Noteholders of the amounts which would have been receivable in respect of the Notes, the Coupons or the Guarantee had no such withholding been required, subject to the same exceptions and qualifications (other than the right to redeem the Notes as a result of such consolidation, merger, conveyance, lease or transfer) as apply with respect to the payment by the Guarantor of Additional Amounts in respect of the Guarantee (inserting references to the taxing jurisdiction where appropriate) or (b) as a result of FATCA withholding (as defined in Condition 8), (iv) if, as a result of the transaction, property of the Guarantor would become subject to a Lien that would not be permitted under Condition 4(1) above, the Guarantor or such successor Person takes such steps as shall be necessary to secure the Notes and the Guarantee equally and rateably with (or prior to) the indebtedness secured by such Lien, and (v) the

Guarantor has delivered to the Fiscal Agent an officers' certificate and an opinion of counsel each stating that such consolidation, merger, conveyance, transfer or lease comply with this paragraph and that all conditions precedent herein provided for relating to such transaction have been complied with.

- (3) The Issuer has made an application for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange (“**LuxSE**”) and to be listed on the Official List of LuxSE but an application may instead be made to another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organisation for Economic Co-operation and Development. In connection with such application, the Issuer will use endeavours considered in its sole opinion to be reasonable to it to obtain the listing as promptly as practicable after the Issue Date (if not already obtained). The Issuer may elect to apply for a de-listing of the Notes from any stock exchange or markets of such stock exchange on which they are traded because the maintenance of such listing is or would be, in the opinion of the Issuer, unduly burdensome, including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than International Financial Reporting Standards in which event the Issuer will use endeavours considered in its sole opinion to be reasonable to it to seek a replacement listing of such Notes on another section of any stock exchange on which they are traded or another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organisation for Economic Co-operation and Development, provided that obtaining or maintaining a listing on such section or stock exchange would not be, in the opinion of the Issuer, unduly burdensome, including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than International Financial Reporting Standards. In the event that no listing is obtained or maintained which satisfies the foregoing requirements, the Issuer will use endeavours considered in its sole opinion to be reasonable to it to obtain a replacement listing elsewhere.

- (4) For the purposes of these Conditions:

“**Adjusted Consolidated Net Worth**” means the aggregate of (a) the amount paid up or credited as paid up on the issued share capital (including ordinary shares and preference shares) of the Guarantor; and (b) the amounts standing to the credit of the Guarantor's consolidated reserves (including but not limited to any such balance on the share premium account, exchange reserves, revaluation reserves and retained profits or losses); and (c) the amount of non-controlling interests and perpetual capital securities; all as shown by the Latest Consolidated Financial Statements; *provided however*, that the aggregate of the amounts described in clauses (a) through (c) above shall be adjusted (to the extent that the same has not been taken into account in such Latest Consolidated Financial Statements) by (i) deducting therefrom any amount directly or indirectly attributable to the Guarantor by which the Market Value of any asset is less than its book value in such Latest Consolidated Financial Statements, and/or (ii) adding thereto any amount directly or indirectly attributable to the Guarantor by which the Market Value of any asset is greater than its book value in such Latest Consolidated Financial Statements;

“**Group**” means the Guarantor and its Subsidiaries for the time being;

“**Indebtedness for Borrowed Money**” means any indebtedness for or in respect of money borrowed that has a final maturity of one year or more from its date of incurrence or issuance and that is evidenced by any agreement or other instrument, excluding trade payables and lease liabilities;

“Latest Consolidated Financial Statements” means:

- (a) at any time prior to the publication of the audited consolidated accounts of the Group for, and as at, 31 December 2019, the Original Pro Forma Combined Financial Statements; or
- (b) at any time following the publication of the audited consolidated accounts of the Group for, and as at, 31 December 2019, the then latest published audited consolidated annual accounts of the Group at such time;

“Lien” means any mortgage, charge, pledge, lien, encumbrance, hypothecation, title retention, security interest or security arrangement of any kind provided that the term “Lien” shall not include an unsecured guarantee or Liens arising by operation of law;

“Listed Principal Subsidiary” means any Principal Subsidiary, the shares of which are at the relevant time listed on The Stock Exchange of Hong Kong Limited or any other recognised stock exchange;

“Market Value” means:

- (a) the best price at which the relevant asset (other than shares described falling within sub-paragraph (b) below) is expected to be sold on the relevant date assuming:
 - (i) a willing seller;
 - (ii) a reasonable period in which to negotiate the sale;
 - (iii) values will remain constant during the negotiation period;
 - (iv) the asset will be freely exposed to the market; and
 - (v) there is no special purchaser; and
- (b) in the case of shares in associated companies of the Guarantor and its Subsidiaries which are quoted on any stock exchange, the value of such shares having regard to the underlying net assets of such associated companies and the percentage holding of the Guarantor and its Subsidiaries in such associated companies,

in each such case as reasonably determined by the Guarantor after deducting (or, where such Market Value is to result in an adjustment to the Latest Consolidated Financial Statements, adjusting for) an estimate of the direct tax liabilities (if any) which would arise on the sale of such asset at such price computed solely by reference to such sale price and the cost price for tax purposes;

“Original Combined Financial Statements” means the audited combined financial statements of the Group, comprising a combined statement of financial position of the Group as at 31 December 2018, a combined income statement of the Group for the year ended 31 December 2018, a combined statement of comprehensive income of the Group for the year ended 31 December 2018, a combined statement of changes in equity of the Group for the year ended 31 December 2018, a combined statement of cash flows of the Group for the year ended 31 December 2018, and the notes to the combined financial statements, which include a summary of significant accounting policies;

“Original Pro Forma Combined Financial Statements” means the unaudited pro forma combined financial information of the Group, comprising a pro forma combined statement of financial position of the Group as at 31 December 2018, a pro forma combined income statement of the Group for the year ended 31 December 2018, a pro forma combined statement of cash flows of the Group for the year ended 31 December 2018, and other explanatory information, which have been compiled based on the Original Combined Financial Statements and on the bases stated in such pro forma combined financial information;

“Person” means any person or entity;

“Principal Subsidiary” means, at any time, a Subsidiary of the Guarantor:

(1) as to which one or more of the following conditions is satisfied:

- (a) its net profits (before taxation and extraordinary items) or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated net profits (before taxation and extraordinary items) attributable to the Guarantor are at least 10 per cent. of the consolidated net profits of the Guarantor and its Subsidiaries (before taxation and extraordinary items but after deducting non-controlling interests' share of the net profits (before taxation and extraordinary items) of the Subsidiaries); or
- (b) its net assets or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated net assets attributable to the Guarantor represent 10 per cent. or more of the consolidated net assets (after deducting non-controlling interests in Subsidiaries) of the Guarantor and its Subsidiaries,

all as calculated by reference to the then latest audited accounts or annual accounts reviewed by the auditor (consolidated or, as the case may be, unconsolidated) of such Subsidiary, and as adjusted to conform with the group accounting policies and measurement basis of the Guarantor, and the Latest Consolidated Financial Statements, provided that:

- (i) in the case of a Subsidiary of the Guarantor acquired after the end of the financial period to which the Latest Consolidated Financial Statements (other than the Original Pro Forma Combined Financial Statements) relate, the reference to the Latest Consolidated Financial Statements for the purposes of the calculation above shall, until the audited consolidated accounts of the Group for the financial period in which the acquisition is made are published, be deemed to be a reference to such Latest Consolidated Financial Statements adjusted to consolidate the latest audited accounts or annual accounts reviewed by the auditor of such Subsidiary in such accounts;
- (ii) if, in the case of any Subsidiary of the Guarantor which itself has Subsidiaries, no consolidated accounts are prepared and audited, its consolidated net assets and consolidated net profits shall be determined on the basis of the combined accounts of the relevant Subsidiary and its Subsidiaries prepared for this purpose and opined on by the Guarantor's auditors; or

- (2) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary of the Guarantor which immediately prior to such transfer was a Principal Subsidiary, provided that the Subsidiary which so transfers its assets and undertaking shall forthwith upon the transfer cease to be a Principal Subsidiary and the Subsidiary of the Guarantor to which the assets and undertaking are so transferred shall cease to be a Principal Subsidiary at the date on which the first audited consolidated accounts of the Guarantor and its Subsidiaries prepared as of a date later than such transfer are published unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraph (1) above.

An opinion from the auditors of the Guarantor on a calculation to show whether or not a Subsidiary is a Principal Subsidiary shall be conclusive and binding on all Noteholders and Couponholders in the absence of manifest error; and

“**Subsidiary**” means in relation to an entity, any other entity which would be accounted for and consolidated in the latest audited consolidated financial statements of that entity as a subsidiary pursuant to the accounting standards applicable to such financial statements or, in the case of the Guarantor, until the audited consolidated accounts of the Group for, and as at the end of, the financial year ending 2019 are published, would be so accounted for and consolidated or combined in the Original Combined Financial Statements.

5 INTEREST

- (1) The Notes bear interest from and including 17 October 2019 (the “**Interest Commencement Date**”) to but excluding 17 April 2026 at the rate of 0.750 per cent. per annum, payable annually in arrear on 17 April of each year (each an “**Interest Payment Date**”), except that the first payment of interest, to be made on the Interest Payment Date of 17 April 2020, will be in respect of the period from and including the Interest Commencement Date to but excluding 17 April 2020 (the “**First Interest Accrual Period**”).
- (2) Each Note will cease to bear interest from and including the due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of the payment. In such event, interest will continue to accrue up to but excluding whichever is the earlier of:
 - (a) the date on which all amounts due in respect of such Notes have been paid; and
 - (b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12.
- (3) If interest is to be calculated for a period of less than a full year (including the First Interest Accrual Period), interest shall be calculated on the basis of the number of days in the period from and including the date from which interest starts to accrue to but excluding the date on which it falls due, divided by the actual number of days in the Interest Period in which the relevant period ends, where “Interest Period” means the period from, and including 17 April in any year to, but excluding, 17 April in the immediately succeeding year.
- (4) Interest payable under this Condition 5 will be paid in accordance with Condition 6.

6 PAYMENTS

- (1) Payments of principal and interest in respect of each Note will be made only against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.
- (2) Payments will be made by credit or transfer to an account denominated in Euro maintained by the payee with or, at the option of the payee, by a cheque in Euro drawn on, a bank in a city in which banks have access to the TARGET2 System (as defined below).
- (3) Each Note should be presented for payment together with all unmatured Coupons relating to it. Upon the date on which any Note becomes due and repayable, all unmatured Coupons appertaining to the Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.
- (4) Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8.
- (5) A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 5, be entitled to any further interest or other payment if a Presentation Date is after the due date.

In this Condition:

“Presentation Date” means a day which (subject to Condition 9):

- (a) is or falls after the relevant due date;
- (b) is a Business Day; and
- (c) in the case of payment by credit or transfer to an account denominated in Euro in a bank in a city in which banks have access to the TARGET2 System, is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that city.

If payment to a holder is to be made by transfer to a Euro account maintained by the payee, and it is not practicable to transfer the relevant amount to such account for value on the relevant date of presentation as a result of differences in the time zones between Central European time and the location of such account, none of the Paying Agents shall be obliged so to do, but shall be obliged to transfer the relevant amount to such account for value on the first practicable day after such relevant date of presentation.

“Business Day” means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto (the **“TARGET2 System”**) is operating and on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place of the specified office of the Paying Agent at which a Note or Coupon is presented for payment and London.

- (6) The names of the initial Paying Agents and their initial specified offices are set out in the Agency Agreement. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that they will at all times maintain (i) a Fiscal Agent and (ii) so long as the Notes are listed on the LuxSE, or another stock exchange pursuant to Condition 4(3), as the case may be, and the rules of the LuxSE or such other stock exchange so require, a Paying Agent in Luxembourg or in the jurisdiction of such other stock exchange, as the case may be. Notice of any variation, termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

7 REDEMPTION AND PURCHASE

- (1) Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 17 April 2026.
- (2) If (a) as a result of any change in, or amendment to, the laws or regulations of the Grand Duchy of Luxembourg (in the case of the Issuer) or the Cayman Islands (in the case of the Guarantor) (or in each case of any political subdivision or taxing authority thereof or therein having power to tax) or any regulations or rulings promulgated thereunder or any change in the official interpretation or official application of such laws, regulations or rulings, or any change in the official application or interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which the Grand Duchy of Luxembourg or, as the case may be, the Cayman Islands or such political subdivision or taxing authority is a party, which change, amendment or treaty becomes effective on or after 10 October 2019, on the next Interest Payment Date either the Issuer would be required to pay Additional Amounts as provided or referred to in Condition 8 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such Additional Amounts, and (b) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, the Issuer may at its option, having given not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at their principal amount together with interest accrued to but excluding the date of redemption, provided that no notice of redemption shall be given earlier than 90 days before the earliest date on which the Issuer or, as the case may be, the Guarantor would be required to pay the Additional Amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7(2), the Issuer or the Guarantor, as the case may be, shall deliver to the Fiscal Agent a certificate signed by two senior officers of the Issuer or, as the case may be, the Guarantor stating that the requirement referred to in (a) above will apply on the occasion of the next payment due in respect of the Notes and cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it and an opinion of independent tax or legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such Additional Amounts as a result of the change, amendment or treaty.

- (3) The Notes may, at the option of the Issuer or the Guarantor, be redeemed in whole but not in part, on any date falling on or after 17 January 2026, upon not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12, at a redemption price equal to the principal amount thereof plus accrued interest to, but excluding, the date fixed for redemption.
- (4) The Issuer, the Guarantor or any of their respective Subsidiaries (as defined above), if any, may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price.
- (5) All Notes and/or Coupons which are redeemed will, and any Notes and/or Coupons purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries, if any, may (but need not) be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be reissued or resold. Notes purchased by the Issuer, the Guarantor or any of their respective Subsidiaries, if any, and not cancelled may be resold.
- (6) Upon the expiry of any notice as is referred to in Condition 7(2) or Condition 7(3) above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such condition.

8 TAXATION

- (1) Subject to Condition 8(3), all payments of principal and interest in respect of the Notes, the Coupons or the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Grand Duchy of Luxembourg (in the case of payments by the Issuer) or the Cayman Islands (in the case of payments by the Guarantor) (or in each case any political subdivision or taxing authority thereof or therein having power to tax) unless such withholding or deduction is required by law. In that event, the Issuer or the Guarantor shall pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Noteholders or Couponholders of such amounts as would have been received in respect of the Notes, the Coupons or the Guarantee had no such withholding or deduction been required, except that no such Additional Amounts shall be payable:
 - (a) in respect of any tax, duty, assessment or other governmental charge that would not have been imposed but for any connection between the holder or beneficial owner of a Note or Coupon and the Grand Duchy of Luxembourg or the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, as the case may be, otherwise than merely holding such Note or Coupon or receiving principal or interest in respect thereof;
 - (b) in respect of any Note or Coupon presented for payment more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such 30 day period; or
 - (c) to a Noteholder, Couponholder or to a third party on behalf of a person who would have been able to avoid such withholding or deduction by duly presenting the Notes or the Coupons to another Paying Agent.

For the purposes of these Conditions, the “**Relevant Date**” in relation to any Note or Coupon means (i) the due date for payment thereof or (ii) if the full amount payable on such due date has not been received by the Fiscal Agent on or prior to such due date, the first date on which such full amount has been so received and notice to that effect has been given to the Noteholders in accordance with Condition 12.

- (2) Unless the context otherwise requires, any reference in the Notes and these Conditions to principal or interest shall be deemed also to refer to any Additional Amounts which may be payable as described in Condition 8(1).
- (3) Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer or the Guarantor will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer, the Guarantor, or any other person will be required to pay any additional amounts in respect of FATCA Withholding.

9 PRESCRIPTION

Claims in respect of principal and interest will become void unless the relevant Notes and Coupons are presented for payment within ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date, subject to the provisions of Condition 6.

10 EVENTS OF DEFAULT

The occurrence of each of the following events will constitute an event of default (each an “**Event of Default**”) with respect to the Notes:

- (a) failure to pay principal of any Note within five days after the due date for such payment; or
- (b) failure to pay interest on any Note within 30 days after the due date for such payment; or
- (c) failure to perform any other covenant of the Issuer or the Guarantor in the Agency Agreement, the Guarantee or the Notes (excluding Condition 4(3)) which has continued for 60 days after there has been given, by registered or certified mail, to the Issuer or the Guarantor by the Fiscal Agent or by the holders of at least 25 per cent. in principal amount of the Notes then outstanding, a written notice specifying such failure and requiring it to be remedied and stating that such notice is a notice of default under the Agency Agreement, the Guarantee or the Notes, as the case may be; or
- (d) (i) failure to pay upon final maturity (after giving effect to the expiration of any applicable grace period therefor) the principal of any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries), (ii) acceleration of the maturity of any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) following a default by the Issuer, the Guarantor or such Principal

Subsidiary, if such Indebtedness for Borrowed Money is not discharged, or such acceleration is not annulled, within 10 days after receipt of the written notice as provided in the Agency Agreement, or (iii) failure to pay any amount payable by the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) under any guarantee or indemnity in respect of any Indebtedness for Borrowed Money of any other Person; provided however, that:

- (1) no such event set forth in (i), (ii) or (iii) of this paragraph (d) shall constitute an Event of Default unless the aggregate Indebtedness for Borrowed Money to which all such events relate exceeds HK\$380,000,000 (or its equivalent in any other currency or currencies converted at the date of the relevant event); and
- (2) Indebtedness for Borrowed Money which is:
 - (x) in the form of secured project financing or secured limited recourse financing and such Indebtedness for Borrowed Money is not guaranteed by the Guarantor or a Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries); or
 - (y) incurred or guaranteed by a Subsidiary of the Guarantor:
 - (A) which has an issuer credit rating of either BB+ or higher by S&P or Fitch or Bal or higher by Moody's; and
 - (B) which is not guaranteed by the Guarantor or a Principal Subsidiary (other than such Subsidiary of the Guarantor incurring or guaranteeing such Indebtedness and its Subsidiaries),

(“Non-Recourse Debt”);

shall be deemed not to be Indebtedness for Borrowed Money for the purposes of this paragraph (d); or

For the purpose of this Condition:

“Fitch” means Fitch Ratings, Inc., Fitch Ratings Ltd., their respective affiliates and subsidiaries or any successor to their respective rating businesses;

“Moody’s” means Moody’s Investors Service, Inc., its affiliates and subsidiaries or any successor to their respective rating businesses; and

“S&P” means S&P Global Ratings, its affiliates and subsidiaries or any successor to their respective rating businesses.

- (e) the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) becomes insolvent and is unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, begins negotiations or takes any proceeding or other step with a view to readjustment, rescheduling or deferral of all of its Indebtedness for Borrowed Money (or any part of its Indebtedness for Borrowed Money which it will or might otherwise be unable to pay when due)

or proposes or makes a general assignment or any arrangement or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of the Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) or of the Issuer or the Guarantor and their respective Subsidiaries taken as a whole; or

- (f) a distress, attachment, execution or other legal process (other than one initiated in relation to a Non-Recourse Debt) is levied, enforced or sued out on or against all or any material part of the assets of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) and is not discharged or stayed within 30 days (or such longer period as the holders of a majority in principal amount of the Notes may permit); or
- (g) any present or future encumbrance (other than any encumbrance securing a Non-Recourse Debt) on or over all or any material part of the assets of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar officer) is taken to enforce that encumbrance; or
- (h) any *bona fide* step is taken by any person for the dissolution of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries), except (in each such case) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (1) on terms approved by an Extraordinary Resolution of the Noteholders, or (2) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Guarantor or another of its Subsidiaries pursuant to a merger of such Principal Subsidiary with the Guarantor or such other Subsidiary or by way of a voluntary winding up or dissolution where there are surplus assets in such Principal Subsidiary and such surplus assets attributable to the Guarantor and/or such other Subsidiary are distributed to the Guarantor and/or such other Subsidiary; or
- (i) any event occurs which under the laws of any relevant jurisdiction has an analogous or equivalent effect to any of the events referred to in sub-paragraphs (e) through (h) above.

If an Event of Default (other than an Event of Default described in sub-paragraphs (e) to (i) above) with respect to the Notes shall occur and be continuing, the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding by notice as provided in the Agency Agreement may declare the principal amount of such Notes and any accrued and unpaid interest thereon to be due and payable immediately. If an Event of Default referred to in sub-paragraphs (e) to (i) above with respect to the Notes shall occur, the principal amount of all the Notes and any accrued and unpaid interest thereon will automatically, and without any action by any Noteholder, become immediately due and payable. After any such acceleration but before a judgment or decree based on acceleration has been obtained, the holders of a majority in aggregate principal amount of the outstanding Notes may, under certain circumstances, rescind and annul such acceleration if all the then existing Events of Default have been cured or waived as provided in the Agency Agreement.

11 REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent in London (and for so long as the Notes are listed on the LuxSE and the rules of the LuxSE so require, the specified office of the Paying Agent in Luxembourg), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12 NOTICES

All notices to the Noteholders will be valid if published in a leading English language daily newspaper with general circulation in Europe as the Issuer may decide. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, if published more than once or on different dates, on the first date on which publication is made.

13 MEETINGS OF NOTEHOLDERS AND MODIFICATION

- (1) The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions or the provisions of the Agency Agreement or the Deed of Guarantee. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting, the business of which includes the modification of certain of these Conditions, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than 75 per cent., or at any adjourned meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. The Agency Agreement does not contain any provisions requiring higher quorums in any circumstances. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders and Couponholders, whether or not they are present at the meeting. The Agency Agreement provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of the Notes outstanding shall be valid and effective as an Extraordinary Resolution. In addition, no Noteholders or any other person acting on behalf of them may start proceedings against the Issuer which are based on Article 470-21 of the Luxembourg law of 10 August 1915 relating to commercial companies, as amended (the “**Companies Act 1915**”).
- (2) The Fiscal Agent may agree, without the consent of the Noteholders or Couponholders, to any modification of any of these Conditions or any of the provisions of the Agency Agreement or the Deed of Guarantee which is not, in the opinion of the Fiscal Agent, materially prejudicial to the interests of the Noteholders or to any modification which is of a formal, minor or technical nature or to correct a manifest or proven error.

- (3) Any modification made in accordance with these Conditions shall be binding on the Noteholders and the Couponholders and, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

14 FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or the Couponholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the date and the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

15 CURRENCY INDEMNITY

The Issuer's obligations under the Notes or the Guarantor's obligations under the Guarantee, as the case may be, to make all payments in Euro will not be satisfied by any payment, recovery or any other realisation of proceeds in any currency other than Euro. If, for the purpose of obtaining a judgment in any court with respect to any obligation of the Issuer under any Notes or the Guarantor's obligations under the Guarantee, as the case may be, it shall become necessary to convert into any other currency or currency unit any amount in the currency or currency unit due under any Notes then such conversion shall be made by the Fiscal Agent at the market exchange rate (as determined by the Fiscal Agent) as in effect on the date of entry of the judgment (the "**Judgment Date**"); it being understood that the Fiscal Agent shall effect such conversion only after receipt of the relevant funds from the Issuer or, as the case may be, the Guarantor and that such conversion may require up to three Business Days to effect after the receipt of such funds. If pursuant to any such judgment, conversion shall be made on a date (the "**Substitute Date**") other than the Judgment Date and there shall occur a change between the market exchange rate for Euro as in effect on the Substitute Date and the market exchange rate as in effect on the Judgment Date, the Issuer agrees to pay such additional amounts (if any) in Euro as may be necessary to ensure that the amount paid is equal to the amount in such other currency or currency unit which, when converted at the market exchange rate as in effect on the Judgment Date, is the amount due under any Notes. Any amount due from the Issuer under this Condition shall be due as a separate debt and is not to be affected by or merged into any judgment being obtained for any other sums due in respect of any Notes. In no event, however, shall the Issuer be required to pay more in Euro due under the Notes at the market exchange rate as in effect on the Judgment Date than the amount of Euro stated to be due under the Notes so that in any event the Issuer's obligations under the Notes or the Guarantor's obligations under the Guarantee will be effectively maintained as obligations in Euro and the Issuer shall be entitled to withhold (or be reimbursed for, as the case may be) any excess of the amount actually realised upon any such conversion on the Substitute Date over the amount due and payable on the Judgment Date.

For the purpose of this Condition 15, "**Business Day**" means a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets are open for business in London and the Grand Duchy of Luxembourg.

16 GOVERNING LAW AND SUBMISSION TO JURISDICTION

The Agency Agreement, the Deed of Guarantee, the Notes and the Coupons, and any non-contractual obligations arising out of or in relation to any of them, are governed by, and will be construed in accordance with, English law.

The provisions contained in Articles 470-1 to 470-19 of the Companies Act 1915 will not apply in respect of the Notes.

The Issuer and the Guarantor irrevocably agree for the benefit of the Noteholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Deed of Guarantee, the Notes or the Coupons (including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with any of them) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as “**Proceedings**”) may be brought in the courts of England.

The Issuer and the Guarantor irrevocably and unconditionally waive and agree not to raise any objection which they may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and have further irrevocably and unconditionally agreed that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and the Guarantor and may be enforced in the courts of any other jurisdiction. Nothing in this Condition shall limit any right to take Proceedings against the Issuer or the Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

Each of the Issuer and the Guarantor hereby irrevocably and unconditionally appoints Hutchison Whampoa Agents (UK) Limited at its registered office in England (presently Hutchison House, 5 Hester Road, Battersea, London SW11 4AN, United Kingdom) as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of Hutchison Whampoa Agents (UK) Limited ceasing so to act it will appoint another person as its agent for that purpose.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

TERMS AND CONDITIONS OF THE SERIES C NOTES

The following is the text of the Terms and Conditions of the Series C Notes which (subject to completion and modification and excluding italicised text) will be endorsed on each Series C Note in definitive form:

The €1,000,000,000 1.125 per cent. Guaranteed Notes due 2028 (in these Conditions, the “**Notes**” which expression shall in these Conditions, unless the context otherwise requires, include any further Notes issued pursuant to Condition 14 and forming a single series with the Notes) of CK Hutchison Group Telecom Finance S.A. (the “**Issuer**”) are issued subject to an agency agreement dated on or about 17 October 2019 (the “**Agency Agreement**”) made between the Issuer, CK Hutchison Group Telecom Holdings Limited (the “**Guarantor**”) as guarantor and The Bank of New York Mellon, London Branch as fiscal agent and principal paying agent (the “**Fiscal Agent**” and, together with any other paying agents appointed from time to time pursuant to the Agency Agreement, the “**Paying Agents**”). The Notes have the benefit of a deed of guarantee dated on or about 17 October 2019 executed by the Guarantor (the “**Deed of Guarantee**”). The issue of the Notes was authorised by a resolution of the directors of the Issuer passed on 20 September 2019 and the giving of the guarantee in respect of the Notes (the “**Guarantee**”) was authorised by a resolution of the board of directors of the Guarantor passed on 24 September 2019. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement and the Deed of Guarantee are available for inspection during normal business hours at the specified office of the Fiscal Agent. The holders of the Notes (the “**Noteholders**”) and the holders of the interest coupons appertaining to the Notes (the “**Couponholders**” and the “**Coupons**” respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent and Paying Agent shall include any successor appointed under the Agency Agreement. Copies of the Agency Agreement are available for inspection by the holders of the Notes on the website of the Issuer at https://www.ckh.com.hk/bond/CK_Hutchison_Group_Telecom_Finance_SA.htm.

1 FORM, DENOMINATION AND TITLE

- (1) The Notes are in bearer form, serially numbered, in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, with Coupons attached on issue.
- (2) Title to the Notes and to the Coupons will pass by delivery.
- (3) The Issuer, the Guarantor and any Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the holder of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon).

2 STATUS OF THE NOTES

The Notes and the Coupons are direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4(1)) unsecured obligations of the Issuer and (subject as aforesaid) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

3 GUARANTEE

The payment of the principal of and interest on the Notes and any Additional Amounts (as defined in Condition 8) has been unconditionally and irrevocably guaranteed by the Guarantor. The Guarantor's obligations in that respect are contained in the Deed of Guarantee. The payment obligations of the Guarantor under the Deed of Guarantee constitute direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4(1)) unsecured obligations of the Guarantor and (subject as aforesaid) rank, and will at all times rank, *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4 COVENANTS

- (1) The Issuer will not create, incur, assume or permit to exist any Lien (as defined below) upon any of its property or assets, now owned or hereafter acquired, to secure any Indebtedness for Borrowed Money (as defined below) of the Issuer (or any secured guarantee or indemnity in respect thereof) without, in any such case, making effective provision whereby the Notes and the Coupons will be secured at least equally and rateably with such Indebtedness for Borrowed Money or by such other Lien as shall have been approved by the Noteholders as provided herein and in the Agency Agreement.

The Guarantor will not, and will not permit any of its Principal Subsidiaries (as defined below) (other than Listed Principal Subsidiaries (as defined below)) to, create, incur, assume or permit to exist any Lien upon any of its property or assets, now owned or hereafter acquired, to secure any Indebtedness for Borrowed Money of the Guarantor or such Principal Subsidiary (or any secured guarantee or indemnity in respect thereof) without, in any such case, making effective provision whereby the Guarantee will be secured either at least equally and rateably with such Indebtedness for Borrowed Money or by such other Lien as shall have been approved by the Noteholders as provided in the Agency Agreement, for so long as such Indebtedness for Borrowed Money will be so secured, unless, after giving effect thereto, the aggregate outstanding principal amount of all such secured Indebtedness for Borrowed Money (excluding that of Listed Principal Subsidiaries and their respective Subsidiaries (as defined below)) entered into after 17 October 2019 (the "**Issue Date**") would not exceed 50 per cent. of the Guarantor's Adjusted Consolidated Net Worth (as defined below).

If there occurs a breach of the foregoing restriction and that breach would not have occurred but for a change in the accounting standards applicable to the Original Combined Financial Statements that affects the calculation of the Guarantor's Adjusted Consolidated Net Worth, such breach shall be deemed not to have occurred provided that a written opinion from the auditors of the Guarantor is delivered to the Fiscal Agent opining on a calculation of the Guarantor's Adjusted Consolidated Net Worth as if there had been no change in accounting standards showing that a breach of the foregoing restriction would not have occurred but for the relevant change in accounting standards. Such opinion shall be conclusive and binding on all Noteholders and Couponholders.

The foregoing restriction will not apply to:

- (a) Liens existing on or prior to the Issue Date;
- (b) Liens for taxes or assessments or other applicable governmental charges or levies;

- (c) Liens created or arising by operation of law or created in the ordinary course of business, including, but not limited to, landlords' liens and statutory liens of carriers, warehousemen, mechanics, materialmen, vendors and other liens securing amounts which are not more than 60 days overdue or which are being contested in good faith;
- (d) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return of money bonds and similar obligations;
- (e) easements, rights-of-way, zoning and similar restrictions and other similar charges or encumbrances not interfering with the ordinary conduct of the business of the Guarantor and such Principal Subsidiaries;
- (f) Liens created on any property or assets acquired, leased or developed after the Issue Date; provided however, that (i) any such Lien shall be confined to the property or assets acquired, leased or developed; (ii) the principal amount of the debt encumbered by such Lien shall not exceed the cost of the acquisition or development of such property or assets or any improvements thereto or thereon; and (iii) any such Lien shall be created concurrently with or within three years following the acquisition, lease or development of such property or assets;
- (g) rights of set-off of a financial institution with respect to deposits or other accounts of the Guarantor or such Principal Subsidiary held by such financial institution in an amount not to exceed the aggregate amount owed to such financial institution by the Guarantor or such Principal Subsidiary, as the case may be;
- (h) Liens on documents and the goods they represent in connection with letters of credit and similar transactions entered into in the ordinary course of business;
- (i) Liens arising in connection with industrial revenue, development or similar bonds or other means of project financing (not to exceed the value of the project financed and limited to the project financed);
- (j) Liens in favour of the Guarantor or any Principal Subsidiary;
- (k) leases, subleases, licences and sublicences granted to third parties in the ordinary course of business;
- (l) attachment, judgment and other similar Liens arising in connection with court proceedings which are effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings;
- (m) any Lien against any property or assets of a Person (as defined below) existing at the time such Person becomes such a Principal Subsidiary or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition;
- (n) any Lien existing on any property or assets prior to the acquisition thereof, which Lien was not created in connection with the acquisition thereof, except for Liens permitted pursuant to clause (f) above;

- (o) Liens on any property or assets of the Guarantor or any such Principal Subsidiary in favour of any government or any subdivision thereof, securing the obligations of the Guarantor or such Principal Subsidiary under any contract or payment owed to such governmental entity pursuant to applicable laws, rules, regulations or statutes;
 - (p) Liens created in connection with any sale/leaseback transaction;
 - (q) any renewal or extension of any of the Liens described in the foregoing clauses which is limited to the original property or assets covered thereby; and
 - (r) Liens in respect of Indebtedness for Borrowed Money with respect to which the Guarantor or any Principal Subsidiary has paid money or deposited money or securities with a fiscal agent, trustee or depository to pay or discharge in full the obligations of the Guarantor and its Subsidiaries in respect thereof (other than the obligations that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full).
- (2) The Guarantor may not, without the consent of the holders of any outstanding (as defined in the Agency Agreement) Notes, consolidate with or merge into any other Person in a transaction in which the Guarantor is not the surviving entity, or convey, transfer or lease its properties and assets substantially as an entirety to, any Person unless, (i) any Person formed by such consolidation or into which the Guarantor is merged or to whom the Guarantor has conveyed, transferred or leased its properties and assets substantially as an entirety is a corporation, partnership, trust or other entity validly existing under the laws of the jurisdiction of its organisation and such Person assumes the Guarantor's obligations under the Agency Agreement and the Deed of Guarantee, (ii) immediately after giving effect to the transaction no Event of Default (as defined in Condition 10), and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, (iii) any such Person not organised and validly existing under the laws of the Cayman Islands shall expressly agree in a deed of covenant made in favour of the Noteholders that all payments pursuant to the Guarantee in respect of principal of and interest on the Notes shall be made without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the jurisdiction of organisation of such Person or any political subdivision or taxing authority thereof or therein, unless such taxes, duties, assessments or governmental charges are (a) required by such jurisdiction or any such subdivision or authority to be withheld or deducted, in which case such Person will pay such additional amounts of, or in respect of, principal and interest ("**Successor Additional Amounts**") as will result (after deduction of such taxes, duties, assessments or governmental charges and any additional taxes, duties, assessments or governmental charges payable in respect of such Successor Additional Amounts) in the payment to the Noteholders of the amounts which would have been receivable in respect of the Notes, the Coupons or the Guarantee had no such withholding been required, subject to the same exceptions and qualifications (other than the right to redeem the Notes as a result of such consolidation, merger, conveyance, lease or transfer) as apply with respect to the payment by the Guarantor of Additional Amounts in respect of the Guarantee (inserting references to the taxing jurisdiction where appropriate) or (b) as a result of FATCA withholding (as defined in Condition 8), (iv) if, as a result of the transaction, property of the Guarantor would become subject to a Lien that would not be permitted under Condition 4(1) above, the Guarantor or such successor Person takes such steps as shall be necessary to secure the Notes and the Guarantee equally and rateably with (or prior to) the indebtedness secured by such Lien, and (v) the

Guarantor has delivered to the Fiscal Agent an officers' certificate and an opinion of counsel each stating that such consolidation, merger, conveyance, transfer or lease comply with this paragraph and that all conditions precedent herein provided for relating to such transaction have been complied with.

- (3) The Issuer has made an application for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange (“**LuxSE**”) and to be listed on the Official List of LuxSE but an application may instead be made to another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organisation for Economic Co-operation and Development. In connection with such application, the Issuer will use endeavours considered in its sole opinion to be reasonable to it to obtain the listing as promptly as practicable after the Issue Date (if not already obtained). The Issuer may elect to apply for a de-listing of the Notes from any stock exchange or markets of such stock exchange on which they are traded because the maintenance of such listing is or would be, in the opinion of the Issuer, unduly burdensome, including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than International Financial Reporting Standards in which event the Issuer will use endeavours considered in its sole opinion to be reasonable to it to seek a replacement listing of such Notes on another section of any stock exchange on which they are traded or another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organisation for Economic Co-operation and Development, provided that obtaining or maintaining a listing on such section or stock exchange would not be, in the opinion of the Issuer, unduly burdensome, including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than International Financial Reporting Standards. In the event that no listing is obtained or maintained which satisfies the foregoing requirements, the Issuer will use endeavours considered in its sole opinion to be reasonable to it to obtain a replacement listing elsewhere.
- (4) For the purposes of these Conditions:

“**Adjusted Consolidated Net Worth**” means the aggregate of (a) the amount paid up or credited as paid up on the issued share capital (including ordinary shares and preference shares) of the Guarantor; and (b) the amounts standing to the credit of the Guarantor’s consolidated reserves (including but not limited to any such balance on the share premium account, exchange reserves, revaluation reserves and retained profits or losses); and (c) the amount of non-controlling interests and perpetual capital securities; all as shown by the Latest Consolidated Financial Statements; *provided however*, that the aggregate of the amounts described in clauses (a) through (c) above shall be adjusted (to the extent that the same has not been taken into account in such Latest Consolidated Financial Statements) by (i) deducting therefrom any amount directly or indirectly attributable to the Guarantor by which the Market Value of any asset is less than its book value in such Latest Consolidated Financial Statements, and/or (ii) adding thereto any amount directly or indirectly attributable to the Guarantor by which the Market Value of any asset is greater than its book value in such Latest Consolidated Financial Statements;

“**Group**” means the Guarantor and its Subsidiaries for the time being;

“**Indebtedness for Borrowed Money**” means any indebtedness for or in respect of money borrowed that has a final maturity of one year or more from its date of incurrence or issuance and that is evidenced by any agreement or other instrument, excluding trade payables and lease liabilities;

“Latest Consolidated Financial Statements” means:

- (a) at any time prior to the publication of the audited consolidated accounts of the Group for, and as at, 31 December 2019, the Original Pro Forma Combined Financial Statements; or
- (b) at any time following the publication of the audited consolidated accounts of the Group for, and as at, 31 December 2019, the then latest published audited consolidated annual accounts of the Group at such time;

“Lien” means any mortgage, charge, pledge, lien, encumbrance, hypothecation, title retention, security interest or security arrangement of any kind provided that the term “Lien” shall not include an unsecured guarantee or Liens arising by operation of law;

“Listed Principal Subsidiary” means any Principal Subsidiary, the shares of which are at the relevant time listed on The Stock Exchange of Hong Kong Limited or any other recognised stock exchange;

“Market Value” means:

- (a) the best price at which the relevant asset (other than shares described falling within sub-paragraph (b) below) is expected to be sold on the relevant date assuming:
 - (i) a willing seller;
 - (ii) a reasonable period in which to negotiate the sale;
 - (iii) values will remain constant during the negotiation period;
 - (iv) the asset will be freely exposed to the market; and
 - (v) there is no special purchaser; and
- (b) in the case of shares in associated companies of the Guarantor and its Subsidiaries which are quoted on any stock exchange, the value of such shares having regard to the underlying net assets of such associated companies and the percentage holding of the Guarantor and its Subsidiaries in such associated companies,

in each such case as reasonably determined by the Guarantor after deducting (or, where such Market Value is to result in an adjustment to the Latest Consolidated Financial Statements, adjusting for) an estimate of the direct tax liabilities (if any) which would arise on the sale of such asset at such price computed solely by reference to such sale price and the cost price for tax purposes;

“Original Combined Financial Statements” means the audited combined financial statements of the Group, comprising a combined statement of financial position of the Group as at 31 December 2018, a combined income statement of the Group for the year ended 31 December 2018, a combined statement of comprehensive income of the Group for the year ended 31 December 2018, a combined statement of changes in equity of the Group for the year ended 31 December 2018, a combined statement of cash flows of the Group for the year ended 31 December 2018, and the notes to the combined financial statements, which include a summary of significant accounting policies;

“Original Pro Forma Combined Financial Statements” means the unaudited pro forma combined financial information of the Group, comprising a pro forma combined statement of financial position of the Group as at 31 December 2018, a pro forma combined income statement of the Group for the year ended 31 December 2018, a pro forma combined statement of cash flows of the Group for the year ended 31 December 2018, and other explanatory information, which have been compiled based on the Original Combined Financial Statements and on the bases stated in such pro forma combined financial information;

“Person” means any person or entity;

“Principal Subsidiary” means, at any time, a Subsidiary of the Guarantor:

(1) as to which one or more of the following conditions is satisfied:

- (a) its net profits (before taxation and extraordinary items) or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated net profits (before taxation and extraordinary items) attributable to the Guarantor are at least 10 per cent. of the consolidated net profits of the Guarantor and its Subsidiaries (before taxation and extraordinary items but after deducting non-controlling interests' share of the net profits (before taxation and extraordinary items) of the Subsidiaries); or
- (b) its net assets or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated net assets attributable to the Guarantor represent 10 per cent. or more of the consolidated net assets (after deducting non-controlling interests in Subsidiaries) of the Guarantor and its Subsidiaries,

all as calculated by reference to the then latest audited accounts or annual accounts reviewed by the auditor (consolidated or, as the case may be, unconsolidated) of such Subsidiary, and as adjusted to conform with the group accounting policies and measurement basis of the Guarantor, and the Latest Consolidated Financial Statements, provided that:

- (i) in the case of a Subsidiary of the Guarantor acquired after the end of the financial period to which the Latest Consolidated Financial Statements (other than the Original Pro Forma Combined Financial Statements) relate, the reference to the Latest Consolidated Financial Statements for the purposes of the calculation above shall, until the audited consolidated accounts of the Group for the financial period in which the acquisition is made are published, be deemed to be a reference to such Latest Consolidated Financial Statements adjusted to consolidate the latest audited accounts or annual accounts reviewed by the auditor of such Subsidiary in such accounts;
- (ii) if, in the case of any Subsidiary of the Guarantor which itself has Subsidiaries, no consolidated accounts are prepared and audited, its consolidated net assets and consolidated net profits shall be determined on the basis of the combined accounts of the relevant Subsidiary and its Subsidiaries prepared for this purpose and opined on by the Guarantor's auditors; or

- (2) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary of the Guarantor which immediately prior to such transfer was a Principal Subsidiary, provided that the Subsidiary which so transfers its assets and undertaking shall forthwith upon the transfer cease to be a Principal Subsidiary and the Subsidiary of the Guarantor to which the assets and undertaking are so transferred shall cease to be a Principal Subsidiary at the date on which the first audited consolidated accounts of the Guarantor and its Subsidiaries prepared as of a date later than such transfer are published unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraph (1) above.

An opinion from the auditors of the Guarantor on a calculation to show whether or not a Subsidiary is a Principal Subsidiary shall be conclusive and binding on all Noteholders and Couponholders in the absence of manifest error; and

“**Subsidiary**” means in relation to an entity, any other entity which would be accounted for and consolidated in the latest audited consolidated financial statements of that entity as a subsidiary pursuant to the accounting standards applicable to such financial statements or, in the case of the Guarantor, until the audited consolidated accounts of the Group for, and as at the end of, the financial year ending 2019 are published, would be so accounted for and consolidated or combined in the Original Combined Financial Statements.

5 INTEREST

- (1) The Notes bear interest from and including 17 October 2019 (the “**Interest Commencement Date**”) to but excluding 17 October 2028 at the rate of 1.125 per cent. per annum, payable annually in arrear on 17 October of each year (each an “**Interest Payment Date**”). The first Interest Payment Date will be 17 October 2020, in respect of the period from and including the Interest Commencement Date to but excluding 17 October 2020.
- (2) Each Note will cease to bear interest from and including the due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of the payment. In such event, interest will continue to accrue up to but excluding whichever is the earlier of:
- (a) the date on which all amounts due in respect of such Notes have been paid; and
 - (b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12.
- (3) If interest is to be calculated for a period of less than a full year, interest shall be calculated on the basis of the number of days in the period from and including the date from which interest starts to accrue to but excluding the date on which it falls due, divided by the actual number of days in the Interest Period in which the relevant period ends, where “Interest Period” means the period from, and including 17 October in any year to, but excluding, 17 October in the immediately succeeding year.
- (4) Interest payable under this Condition 5 will be paid in accordance with Condition 6.

6 PAYMENTS

- (1) Payments of principal and interest in respect of each Note will be made only against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.
- (2) Payments will be made by credit or transfer to an account denominated in Euro maintained by the payee with or, at the option of the payee, by a cheque in Euro drawn on, a bank in a city in which banks have access to the TARGET2 System (as defined below).
- (3) Each Note should be presented for payment together with all unmatured Coupons relating to it. Upon the date on which any Note becomes due and repayable, all unmatured Coupons appertaining to the Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.
- (4) Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8.
- (5) A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 5, be entitled to any further interest or other payment if a Presentation Date is after the due date.

In this Condition:

“**Presentation Date**” means a day which (subject to Condition 9):

- (a) is or falls after the relevant due date;
- (b) is a Business Day; and
- (c) in the case of payment by credit or transfer to an account denominated in Euro in a bank in a city in which banks have access to the TARGET2 System, is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that city.

If payment to a holder is to be made by transfer to a Euro account maintained by the payee, and it is not practicable to transfer the relevant amount to such account for value on the relevant date of presentation as a result of differences in the time zones between Central European time and the location of such account, none of the Paying Agents shall be obliged so to do, but shall be obliged to transfer the relevant amount to such account for value on the first practicable day after such relevant date of presentation.

“Business Day” means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto (the **“TARGET2 System”**) is operating and on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place of the specified office of the Paying Agent at which a Note or Coupon is presented for payment and London.

- (6) The names of the initial Paying Agents and their initial specified offices are set out in the Agency Agreement. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that they will at all times maintain (i) a Fiscal Agent and (ii) so long as the Notes are listed on the LuxSE, or another stock exchange pursuant to Condition 4(3), as the case may be, and the rules of the LuxSE or such other stock exchange so require, a Paying Agent in Luxembourg or in the jurisdiction of such other stock exchange, as the case may be. Notice of any variation, termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

7 REDEMPTION AND PURCHASE

- (1) Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 17 October 2028.
- (2) If (a) as a result of any change in, or amendment to, the laws or regulations of the Grand Duchy of Luxembourg (in the case of the Issuer) or the Cayman Islands (in the case of the Guarantor) (or in each case of any political subdivision or taxing authority thereof or therein having power to tax) or any regulations or rulings promulgated thereunder or any change in the official interpretation or official application of such laws, regulations or rulings, or any change in the official application or interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which the Grand Duchy of Luxembourg or, as the case may be, the Cayman Islands or such political subdivision or taxing authority is a party, which change, amendment or treaty becomes effective on or after 10 October 2019, on the next Interest Payment Date either the Issuer would be required to pay Additional Amounts as provided or referred to in Condition 8 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such Additional Amounts, and (b) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, the Issuer may at its option, having given not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at their principal amount together with interest accrued to but excluding the date of redemption, provided that no notice of redemption shall be given earlier than 90 days before the earliest date on which the Issuer or, as the case may be, the Guarantor would be required to pay the Additional Amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7(2), the Issuer or the Guarantor, as the case may be, shall deliver to the Fiscal Agent a certificate signed by two senior officers of the Issuer or, as the case may be, the Guarantor stating that the requirement referred to in (a) above will apply on the occasion of the next payment due in respect of the Notes and cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it and an opinion of independent tax or legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such Additional Amounts as a result of the change, amendment or treaty.

- (3) The Notes may, at the option of the Issuer or the Guarantor, be redeemed in whole but not in part, on any date falling on or after 17 July 2028, upon not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12, at a redemption price equal to the principal amount thereof plus accrued interest to, but excluding, the date fixed for redemption.
- (4) The Issuer, the Guarantor or any of their respective Subsidiaries (as defined above), if any, may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price.
- (5) All Notes and/or Coupons which are redeemed will, and any Notes and/or Coupons purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries, if any, may (but need not) be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be reissued or resold. Notes purchased by the Issuer, the Guarantor or any of their respective Subsidiaries, if any, and not cancelled may be resold.
- (6) Upon the expiry of any notice as is referred to in Condition 7(2) or Condition 7(3) above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such condition.

8 TAXATION

- (1) Subject to Condition 8(3), all payments of principal and interest in respect of the Notes, the Coupons or the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Grand Duchy of Luxembourg (in the case of payments by the Issuer) or the Cayman Islands (in the case of payments by the Guarantor) (or in each case any political subdivision or taxing authority thereof or therein having power to tax) unless such withholding or deduction is required by law. In that event, the Issuer or the Guarantor shall pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Noteholders or Couponholders of such amounts as would have been received in respect of the Notes, the Coupons or the Guarantee had no such withholding or deduction been required, except that no such Additional Amounts shall be payable:
 - (a) in respect of any tax, duty, assessment or other governmental charge that would not have been imposed but for any connection between the holder or beneficial owner of a Note or Coupon and the Grand Duchy of Luxembourg or the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, as the case may be, otherwise than merely holding such Note or Coupon or receiving principal or interest in respect thereof;
 - (b) in respect of any Note or Coupon presented for payment more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such 30 day period; or
 - (c) to a Noteholder, Couponholder or to a third party on behalf of a person who would have been able to avoid such withholding or deduction by duly presenting the Notes or the Coupons to another Paying Agent.

For the purposes of these Conditions, the “**Relevant Date**” in relation to any Note or Coupon means (i) the due date for payment thereof or (ii) if the full amount payable on such due date has not been received by the Fiscal Agent on or prior to such due date, the first date on which such full amount has been so received and notice to that effect has been given to the Noteholders in accordance with Condition 12.

- (2) Unless the context otherwise requires, any reference in the Notes and these Conditions to principal or interest shall be deemed also to refer to any Additional Amounts which may be payable as described in Condition 8(1).
- (3) Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer or the Guarantor will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer, the Guarantor, or any other person will be required to pay any additional amounts in respect of FATCA Withholding.

9 PRESCRIPTION

Claims in respect of principal and interest will become void unless the relevant Notes and Coupons are presented for payment within ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date, subject to the provisions of Condition 6.

10 EVENTS OF DEFAULT

The occurrence of each of the following events will constitute an event of default (each an “**Event of Default**”) with respect to the Notes:

- (a) failure to pay principal of any Note within five days after the due date for such payment; or
- (b) failure to pay interest on any Note within 30 days after the due date for such payment; or
- (c) failure to perform any other covenant of the Issuer or the Guarantor in the Agency Agreement, the Guarantee or the Notes (excluding Condition 4(3)) which has continued for 60 days after there has been given, by registered or certified mail, to the Issuer or the Guarantor by the Fiscal Agent or by the holders of at least 25 per cent. in principal amount of the Notes then outstanding, a written notice specifying such failure and requiring it to be remedied and stating that such notice is a notice of default under the Agency Agreement, the Guarantee or the Notes, as the case may be; or
- (d) (i) failure to pay upon final maturity (after giving effect to the expiration of any applicable grace period therefor) the principal of any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries), (ii) acceleration of the maturity of any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) following a default by the Issuer, the Guarantor or such Principal

Subsidiary, if such Indebtedness for Borrowed Money is not discharged, or such acceleration is not annulled, within 10 days after receipt of the written notice as provided in the Agency Agreement, or (iii) failure to pay any amount payable by the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) under any guarantee or indemnity in respect of any Indebtedness for Borrowed Money of any other Person; provided however, that:

- (1) no such event set forth in (i), (ii) or (iii) of this paragraph (d) shall constitute an Event of Default unless the aggregate Indebtedness for Borrowed Money to which all such events relate exceeds HK\$380,000,000 (or its equivalent in any other currency or currencies converted at the date of the relevant event); and
- (2) Indebtedness for Borrowed Money which is:
 - (x) in the form of secured project financing or secured limited recourse financing and such Indebtedness for Borrowed Money is not guaranteed by the Guarantor or a Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries); or
 - (y) incurred or guaranteed by a Subsidiary of the Guarantor:
 - (A) which has an issuer credit rating of either BB+ or higher by S&P or Fitch or Bal or higher by Moody's; and
 - (B) which is not guaranteed by the Guarantor or a Principal Subsidiary (other than such Subsidiary of the Guarantor incurring or guaranteeing such Indebtedness and its Subsidiaries),

(**“Non-Recourse Debt”**);

shall be deemed not to be Indebtedness for Borrowed Money for the purposes of this paragraph (d); or

For the purpose of this Condition:

“Fitch” means Fitch Ratings, Inc., Fitch Ratings Ltd., their respective affiliates and subsidiaries or any successor to their respective rating businesses;

“Moody’s” means Moody’s Investors Service, Inc., its affiliates and subsidiaries or any successor to their respective rating businesses; and

“S&P” means S&P Global Ratings, its affiliates and subsidiaries or any successor to their respective rating businesses.

- (e) the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) becomes insolvent and is unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, begins negotiations or takes any proceeding or other step with a view to readjustment, rescheduling or deferral of all of its Indebtedness for Borrowed Money (or any part of its Indebtedness for Borrowed Money which it will or might otherwise be unable to pay when due)

or proposes or makes a general assignment or any arrangement or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of the Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) or of the Issuer or the Guarantor and their respective Subsidiaries taken as a whole; or

- (f) a distress, attachment, execution or other legal process (other than one initiated in relation to a Non-Recourse Debt) is levied, enforced or sued out on or against all or any material part of the assets of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) and is not discharged or stayed within 30 days (or such longer period as the holders of a majority in principal amount of the Notes may permit); or
- (g) any present or future encumbrance (other than any encumbrance securing a Non-Recourse Debt) on or over all or any material part of the assets of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar officer) is taken to enforce that encumbrance; or
- (h) any *bona fide* step is taken by any person for the dissolution of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries), except (in each such case) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (1) on terms approved by an Extraordinary Resolution of the Noteholders, or (2) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Guarantor or another of its Subsidiaries pursuant to a merger of such Principal Subsidiary with the Guarantor or such other Subsidiary or by way of a voluntary winding up or dissolution where there are surplus assets in such Principal Subsidiary and such surplus assets attributable to the Guarantor and/or such other Subsidiary are distributed to the Guarantor and/or such other Subsidiary; or
- (i) any event occurs which under the laws of any relevant jurisdiction has an analogous or equivalent effect to any of the events referred to in sub-paragraphs (e) through (h) above.

If an Event of Default (other than an Event of Default described in sub-paragraphs (e) to (i) above) with respect to the Notes shall occur and be continuing, the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding by notice as provided in the Agency Agreement may declare the principal amount of such Notes and any accrued and unpaid interest thereon to be due and payable immediately. If an Event of Default referred to in sub-paragraphs (e) to (i) above with respect to the Notes shall occur, the principal amount of all the Notes and any accrued and unpaid interest thereon will automatically, and without any action by any Noteholder, become immediately due and payable. After any such acceleration but before a judgment or decree based on acceleration has been obtained, the holders of a majority in aggregate principal amount of the outstanding Notes may, under certain circumstances, rescind and annul such acceleration if all the then existing Events of Default have been cured or waived as provided in the Agency Agreement.

11 REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent in London (and for so long as the Notes are listed on the LuxSE and the rules of the LuxSE so require, the specified office of the Paying Agent in Luxembourg), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12 NOTICES

All notices to the Noteholders will be valid if published in a leading English language daily newspaper with general circulation in Europe as the Issuer may decide. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, if published more than once or on different dates, on the first date on which publication is made.

13 MEETINGS OF NOTEHOLDERS AND MODIFICATION

- (1) The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions or the provisions of the Agency Agreement or the Deed of Guarantee. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting, the business of which includes the modification of certain of these Conditions, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than 75 per cent., or at any adjourned meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. The Agency Agreement does not contain any provisions requiring higher quorums in any circumstances. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders and Couponholders, whether or not they are present at the meeting. The Agency Agreement provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of the Notes outstanding shall be valid and effective as an Extraordinary Resolution. In addition, no Noteholders or any other person acting on behalf of them may start proceedings against the Issuer which are based on Article 470-21 of the Luxembourg law of 10 August 1915 relating to commercial companies, as amended (the “**Companies Act 1915**”).
- (2) The Fiscal Agent may agree, without the consent of the Noteholders or Couponholders, to any modification of any of these Conditions or any of the provisions of the Agency Agreement or the Deed of Guarantee which is not, in the opinion of the Fiscal Agent, materially prejudicial to the interests of the Noteholders or to any modification which is of a formal, minor or technical nature or to correct a manifest or proven error.
- (3) Any modification made in accordance with these Conditions shall be binding on the Noteholders and the Couponholders and, unless the Fiscal Agent agrees otherwise, any

modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

14 FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or the Couponholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the date and the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

15 CURRENCY INDEMNITY

The Issuer's obligations under the Notes or the Guarantor's obligations under the Guarantee, as the case may be, to make all payments in Euro will not be satisfied by any payment, recovery or any other realisation of proceeds in any currency other than Euro. If, for the purpose of obtaining a judgment in any court with respect to any obligation of the Issuer under any Notes or the Guarantor's obligations under the Guarantee, as the case may be, it shall become necessary to convert into any other currency or currency unit any amount in the currency or currency unit due under any Notes then such conversion shall be made by the Fiscal Agent at the market exchange rate (as determined by the Fiscal Agent) as in effect on the date of entry of the judgment (the "**Judgment Date**"); it being understood that the Fiscal Agent shall effect such conversion only after receipt of the relevant funds from the Issuer or, as the case may be, the Guarantor and that such conversion may require up to three Business Days to effect after the receipt of such funds. If pursuant to any such judgment, conversion shall be made on a date (the "**Substitute Date**") other than the Judgment Date and there shall occur a change between the market exchange rate for Euro as in effect on the Substitute Date and the market exchange rate as in effect on the Judgment Date, the Issuer agrees to pay such additional amounts (if any) in Euro as may be necessary to ensure that the amount paid is equal to the amount in such other currency or currency unit which, when converted at the market exchange rate as in effect on the Judgment Date, is the amount due under any Notes. Any amount due from the Issuer under this Condition shall be due as a separate debt and is not to be affected by or merged into any judgment being obtained for any other sums due in respect of any Notes. In no event, however, shall the Issuer be required to pay more in Euro due under the Notes at the market exchange rate as in effect on the Judgment Date than the amount of Euro stated to be due under the Notes so that in any event the Issuer's obligations under the Notes or the Guarantor's obligations under the Guarantee will be effectively maintained as obligations in Euro and the Issuer shall be entitled to withhold (or be reimbursed for, as the case may be) any excess of the amount actually realised upon any such conversion on the Substitute Date over the amount due and payable on the Judgment Date.

For the purpose of this Condition 15, "**Business Day**" means a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets are open for business in London and the Grand Duchy of Luxembourg.

16 GOVERNING LAW AND SUBMISSION TO JURISDICTION

The Agency Agreement, the Deed of Guarantee, the Notes and the Coupons, and any non-contractual obligations arising out of or in relation to any of them, are governed by, and will be construed in accordance with, English law.

The provisions contained in Articles 470-1 to 470-19 of the Companies Act 1915 will not apply in respect of the Notes.

The Issuer and the Guarantor irrevocably agree for the benefit of the Noteholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Deed of Guarantee, the Notes or the Coupons (including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with any of them) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as “**Proceedings**”) may be brought in the courts of England.

The Issuer and the Guarantor irrevocably and unconditionally waive and agree not to raise any objection which they may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and have further irrevocably and unconditionally agreed that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and the Guarantor and may be enforced in the courts of any other jurisdiction. Nothing in this Condition shall limit any right to take Proceedings against the Issuer or the Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

Each of the Issuer and the Guarantor hereby irrevocably and unconditionally appoints Hutchison Whampoa Agents (UK) Limited at its registered office in England (presently Hutchison House, 5 Hester Road, Battersea, London SW11 4AN, United Kingdom) as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of Hutchison Whampoa Agents (UK) Limited ceasing so to act it will appoint another person as its agent for that purpose.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

TERMS AND CONDITIONS OF THE SERIES D NOTES

The following is the text of the Terms and Conditions of the Series D Notes which (subject to completion and modification and excluding italicised text) will be endorsed on each Series D Note in definitive form:

The €750,000,000 1.500 per cent. Guaranteed Notes due 2031 (in these Conditions, the “**Notes**” which expression shall in these Conditions, unless the context otherwise requires, include any further Notes issued pursuant to Condition 14 and forming a single series with the Notes) of CK Hutchison Group Telecom Finance S.A. (the “**Issuer**”) are issued subject to an agency agreement dated on or about 17 October 2019 (the “**Agency Agreement**”) made between the Issuer, CK Hutchison Group Telecom Holdings Limited (the “**Guarantor**”) as guarantor and The Bank of New York Mellon, London Branch as fiscal agent and principal paying agent (the “**Fiscal Agent**” and, together with any other paying agents appointed from time to time pursuant to the Agency Agreement, the “**Paying Agents**”). The Notes have the benefit of a deed of guarantee dated on or about 17 October 2019 executed by the Guarantor (the “**Deed of Guarantee**”). The issue of the Notes was authorised by a resolution of the directors of the Issuer passed on 20 September 2019 and the giving of the guarantee in respect of the Notes (the “**Guarantee**”) was authorised by a resolution of the board of directors of the Guarantor passed on 24 September 2019. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement and the Deed of Guarantee are available for inspection during normal business hours at the specified office of the Fiscal Agent. The holders of the Notes (the “**Noteholders**”) and the holders of the interest coupons appertaining to the Notes (the “**Couponholders**” and the “**Coupons**” respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent and Paying Agent shall include any successor appointed under the Agency Agreement. Copies of the Agency Agreement are available for inspection by the holders of the Notes on the website of the Issuer at https://www.ckh.com.hk/bond/CK_Hutchison_Group_Telecom_Finance_SA.htm.

1 FORM, DENOMINATION AND TITLE

- (1) The Notes are in bearer form, serially numbered, in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, with Coupons attached on issue.
- (2) Title to the Notes and to the Coupons will pass by delivery.
- (3) The Issuer, the Guarantor and any Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the holder of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon).

2 STATUS OF THE NOTES

The Notes and the Coupons are direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4(1)) unsecured obligations of the Issuer and (subject as aforesaid) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

3 GUARANTEE

The payment of the principal of and interest on the Notes and any Additional Amounts (as defined in Condition 8) has been unconditionally and irrevocably guaranteed by the Guarantor. The Guarantor's obligations in that respect are contained in the Deed of Guarantee. The payment obligations of the Guarantor under the Deed of Guarantee constitute direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4(1)) unsecured obligations of the Guarantor and (subject as aforesaid) rank, and will at all times rank, *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4 COVENANTS

- (1) The Issuer will not create, incur, assume or permit to exist any Lien (as defined below) upon any of its property or assets, now owned or hereafter acquired, to secure any Indebtedness for Borrowed Money (as defined below) of the Issuer (or any secured guarantee or indemnity in respect thereof) without, in any such case, making effective provision whereby the Notes and the Coupons will be secured at least equally and rateably with such Indebtedness for Borrowed Money or by such other Lien as shall have been approved by the Noteholders as provided herein and in the Agency Agreement.

The Guarantor will not, and will not permit any of its Principal Subsidiaries (as defined below) (other than Listed Principal Subsidiaries (as defined below)) to, create, incur, assume or permit to exist any Lien upon any of its property or assets, now owned or hereafter acquired, to secure any Indebtedness for Borrowed Money of the Guarantor or such Principal Subsidiary (or any secured guarantee or indemnity in respect thereof) without, in any such case, making effective provision whereby the Guarantee will be secured either at least equally and rateably with such Indebtedness for Borrowed Money or by such other Lien as shall have been approved by the Noteholders as provided in the Agency Agreement, for so long as such Indebtedness for Borrowed Money will be so secured, unless, after giving effect thereto, the aggregate outstanding principal amount of all such secured Indebtedness for Borrowed Money (excluding that of Listed Principal Subsidiaries and their respective Subsidiaries (as defined below)) entered into after 17 October 2019 (the "**Issue Date**") would not exceed 50 per cent. of the Guarantor's Adjusted Consolidated Net Worth (as defined below).

If there occurs a breach of the foregoing restriction and that breach would not have occurred but for a change in the accounting standards applicable to the Original Combined Financial Statements that affects the calculation of the Guarantor's Adjusted Consolidated Net Worth, such breach shall be deemed not to have occurred provided that a written opinion from the auditors of the Guarantor is delivered to the Fiscal Agent opining on a calculation of the Guarantor's Adjusted Consolidated Net Worth as if there had been no change in accounting standards showing that a breach of the foregoing restriction would not have occurred but for the relevant change in accounting standards. Such opinion shall be conclusive and binding on all Noteholders and Couponholders.

The foregoing restriction will not apply to:

- (a) Liens existing on or prior to the Issue Date;
- (b) Liens for taxes or assessments or other applicable governmental charges or levies;

- (c) Liens created or arising by operation of law or created in the ordinary course of business, including, but not limited to, landlords' liens and statutory liens of carriers, warehousemen, mechanics, materialmen, vendors and other liens securing amounts which are not more than 60 days overdue or which are being contested in good faith;
- (d) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return of money bonds and similar obligations;
- (e) easements, rights-of-way, zoning and similar restrictions and other similar charges or encumbrances not interfering with the ordinary conduct of the business of the Guarantor and such Principal Subsidiaries;
- (f) Liens created on any property or assets acquired, leased or developed after the Issue Date; provided however, that (i) any such Lien shall be confined to the property or assets acquired, leased or developed; (ii) the principal amount of the debt encumbered by such Lien shall not exceed the cost of the acquisition or development of such property or assets or any improvements thereto or thereon and (iii) any such Lien shall be created concurrently with or within three years following the acquisition, lease or development of such property or assets;
- (g) rights of set-off of a financial institution with respect to deposits or other accounts of the Guarantor or such Principal Subsidiary held by such financial institution in an amount not to exceed the aggregate amount owed to such financial institution by the Guarantor or such Principal Subsidiary, as the case may be;
- (h) Liens on documents and the goods they represent in connection with letters of credit and similar transactions entered into in the ordinary course of business;
- (i) Liens arising in connection with industrial revenue, development or similar bonds or other means of project financing (not to exceed the value of the project financed and limited to the project financed);
- (j) Liens in favour of the Guarantor or any Principal Subsidiary;
- (k) leases, subleases, licences and sublicences granted to third parties in the ordinary course of business;
- (l) attachment, judgment and other similar Liens arising in connection with court proceedings which are effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings;
- (m) any Lien against any property or assets of a Person (as defined below) existing at the time such Person becomes such a Principal Subsidiary or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition;
- (n) any Lien existing on any property or assets prior to the acquisition thereof, which Lien was not created in connection with the acquisition thereof, except for Liens permitted pursuant to clause (f) above;

- (o) Liens on any property or assets of the Guarantor or any such Principal Subsidiary in favour of any government or any subdivision thereof, securing the obligations of the Guarantor or such Principal Subsidiary under any contract or payment owed to such governmental entity pursuant to applicable laws, rules, regulations or statutes;
 - (p) Liens created in connection with any sale/leaseback transaction;
 - (q) any renewal or extension of any of the Liens described in the foregoing clauses which is limited to the original property or assets covered thereby; and
 - (r) Liens in respect of Indebtedness for Borrowed Money with respect to which the Guarantor or any Principal Subsidiary has paid money or deposited money or securities with a fiscal agent, trustee or depository to pay or discharge in full the obligations of the Guarantor and its Subsidiaries in respect thereof (other than the obligations that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full).
- (2) The Guarantor may not, without the consent of the holders of any outstanding (as defined in the Agency Agreement) Notes, consolidate with or merge into any other Person in a transaction in which the Guarantor is not the surviving entity, or convey, transfer or lease its properties and assets substantially as an entirety to, any Person unless, (i) any Person formed by such consolidation or into which the Guarantor is merged or to whom the Guarantor has conveyed, transferred or leased its properties and assets substantially as an entirety is a corporation, partnership, trust or other entity validly existing under the laws of the jurisdiction of its organisation and such Person assumes the Guarantor's obligations under the Agency Agreement and the Deed of Guarantee, (ii) immediately after giving effect to the transaction no Event of Default (as defined in Condition 10), and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, (iii) any such Person not organised and validly existing under the laws of the Cayman Islands shall expressly agree in a deed of covenant made in favour of the Noteholders that all payments pursuant to the Guarantee in respect of principal of and interest on the Notes shall be made without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the jurisdiction of organisation of such Person or any political subdivision or taxing authority thereof or therein, unless such taxes, duties, assessments or governmental charges are (a) required by such jurisdiction or any such subdivision or authority to be withheld or deducted, in which case such Person will pay such additional amounts of, or in respect of, principal and interest ("**Successor Additional Amounts**") as will result (after deduction of such taxes, duties, assessments or governmental charges and any additional taxes, duties, assessments or governmental charges payable in respect of such Successor Additional Amounts) in the payment to the Noteholders of the amounts which would have been receivable in respect of the Notes, the Coupons or the Guarantee had no such withholding been required, subject to the same exceptions and qualifications (other than the right to redeem the Notes as a result of such consolidation, merger, conveyance, lease or transfer) as apply with respect to the payment by the Guarantor of Additional Amounts in respect of the Guarantee (inserting references to the taxing jurisdiction where appropriate) or (b) as a result of FATCA withholding (as defined in Condition 8), (iv) if, as a result of the transaction, property of the Guarantor would become subject to a Lien that would not be permitted under Condition 4(1) above, the Guarantor or such successor Person takes such steps as shall be necessary to secure the Notes and the Guarantee equally and rateably with (or prior to) the indebtedness secured by such Lien, and (v) the

Guarantor has delivered to the Fiscal Agent an officers' certificate and an opinion of counsel each stating that such consolidation, merger, conveyance, transfer or lease comply with this paragraph and that all conditions precedent herein provided for relating to such transaction have been complied with.

- (3) The Issuer has made an application for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange (“**LuxSE**”) and to be listed on the Official List of LuxSE but an application may instead be made to another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organisation for Economic Co-operation and Development. In connection with such application, the Issuer will use endeavours considered in its sole opinion to be reasonable to it to obtain the listing as promptly as practicable after the Issue Date (if not already obtained). The Issuer may elect to apply for a de-listing of the Notes from any stock exchange or markets of such stock exchange on which they are traded because the maintenance of such listing is or would be, in the opinion of the Issuer, unduly burdensome, including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than International Financial Reporting Standards in which event the Issuer will use endeavours considered in its sole opinion to be reasonable to it to seek a replacement listing of such Notes on another section of any stock exchange on which they are traded or another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organisation for Economic Co-operation and Development, provided that obtaining or maintaining a listing on such section or stock exchange would not be, in the opinion of the Issuer, unduly burdensome, including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than International Financial Reporting Standards. In the event that no listing is obtained or maintained which satisfies the foregoing requirements, the Issuer will use endeavours considered in its sole opinion to be reasonable to it to obtain a replacement listing elsewhere.

- (4) For the purposes of these Conditions:

“**Adjusted Consolidated Net Worth**” means the aggregate of (a) the amount paid up or credited as paid up on the issued share capital (including ordinary shares and preference shares) of the Guarantor; and (b) the amounts standing to the credit of the Guarantor's consolidated reserves (including but not limited to any such balance on the share premium account, exchange reserves, revaluation reserves and retained profits or losses); and (c) the amount of non-controlling interests and perpetual capital securities; all as shown by the Latest Consolidated Financial Statements; *provided however*, that the aggregate of the amounts described in clauses (a) through (c) above shall be adjusted (to the extent that the same has not been taken into account in such Latest Consolidated Financial Statements) by (i) deducting therefrom any amount directly or indirectly attributable to the Guarantor by which the Market Value of any asset is less than its book value in such Latest Consolidated Financial Statements, and/or (ii) adding thereto any amount directly or indirectly attributable to the Guarantor by which the Market Value of any asset is greater than its book value in such Latest Consolidated Financial Statements;

“**Group**” means the Guarantor and its Subsidiaries for the time being;

“**Indebtedness for Borrowed Money**” means any indebtedness for or in respect of money borrowed that has a final maturity of one year or more from its date of incurrence or issuance and that is evidenced by any agreement or other instrument, excluding trade payables and lease liabilities;

“Latest Consolidated Financial Statements” means:

- (a) at any time prior to the publication of the audited consolidated accounts of the Group for, and as at, 31 December 2019, the Original Pro Forma Combined Financial Statements; or
- (b) at any time following the publication of the audited consolidated accounts of the Group for, and as at, 31 December 2019, the then latest published audited consolidated annual accounts of the Group at such time;

“Lien” means any mortgage, charge, pledge, lien, encumbrance, hypothecation, title retention, security interest or security arrangement of any kind provided that the term “Lien” shall not include an unsecured guarantee or Liens arising by operation of law;

“Listed Principal Subsidiary” means any Principal Subsidiary, the shares of which are at the relevant time listed on The Stock Exchange of Hong Kong Limited or any other recognised stock exchange;

“Market Value” means:

- (a) the best price at which the relevant asset (other than shares described falling within sub-paragraph (b) below) is expected to be sold on the relevant date assuming:
 - (i) a willing seller;
 - (ii) a reasonable period in which to negotiate the sale;
 - (iii) values will remain constant during the negotiation period;
 - (iv) the asset will be freely exposed to the market; and
 - (v) there is no special purchaser; and
- (b) in the case of shares in associated companies of the Guarantor and its Subsidiaries which are quoted on any stock exchange, the value of such shares having regard to the underlying net assets of such associated companies and the percentage holding of the Guarantor and its Subsidiaries in such associated companies,

in each such case as reasonably determined by the Guarantor after deducting (or, where such Market Value is to result in an adjustment to the Latest Consolidated Financial Statements, adjusting for) an estimate of the direct tax liabilities (if any) which would arise on the sale of such asset at such price computed solely by reference to such sale price and the cost price for tax purposes;

“Original Combined Financial Statements” means the audited combined financial statements of the Group, comprising a combined statement of financial position of the Group as at 31 December 2018, a combined income statement of the Group for the year ended 31 December 2018, a combined statement of comprehensive income of the Group for the year ended 31 December 2018, a combined statement of changes in equity of the Group for the year ended 31 December 2018, a combined statement of cash flows of the Group for the year ended 31 December 2018, and the notes to the combined financial statements, which include a summary of significant accounting policies;

“Original Pro Forma Combined Financial Statements” means the unaudited pro forma combined financial information of the Group, comprising a pro forma combined statement of financial position of the Group as at 31 December 2018, a pro forma combined income statement of the Group for the year ended 31 December 2018, a pro forma combined statement of cash flows of the Group for the year ended 31 December 2018, and other explanatory information, which have been compiled based on the Original Combined Financial Statements and on the bases stated in such pro forma combined financial information;

“Person” means any person or entity;

“Principal Subsidiary” means, at any time, a Subsidiary of the Guarantor:

(1) as to which one or more of the following conditions is satisfied:

- (a) its net profits (before taxation and extraordinary items) or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated net profits (before taxation and extraordinary items) attributable to the Guarantor are at least 10 per cent. of the consolidated net profits of the Guarantor and its Subsidiaries (before taxation and extraordinary items but after deducting non-controlling interests' share of the net profits (before taxation and extraordinary items) of the Subsidiaries); or
- (b) its net assets or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated net assets attributable to the Guarantor represent 10 per cent. or more of the consolidated net assets (after deducting non-controlling interests in Subsidiaries) of the Guarantor and its Subsidiaries,

all as calculated by reference to the then latest audited accounts or annual accounts reviewed by the auditor (consolidated or, as the case may be, unconsolidated) of such Subsidiary, and as adjusted to conform with the group accounting policies and measurement basis of the Guarantor, and the Latest Consolidated Financial Statements, provided that:

- (i) in the case of a Subsidiary of the Guarantor acquired after the end of the financial period to which the Latest Consolidated Financial Statements (other than the Original Pro Forma Combined Financial Statements) relate, the reference to the Latest Consolidated Financial Statements for the purposes of the calculation above shall, until the audited consolidated accounts of the Group for the financial period in which the acquisition is made are published, be deemed to be a reference to such Latest Consolidated Financial Statements adjusted to consolidate the latest audited accounts or annual accounts reviewed by the auditor of such Subsidiary in such accounts;
- (ii) if, in the case of any Subsidiary of the Guarantor which itself has Subsidiaries, no consolidated accounts are prepared and audited, its consolidated net assets and consolidated net profits shall be determined on the basis of the combined accounts of the relevant Subsidiary and its Subsidiaries prepared for this purpose and opined on by the Guarantor's auditors; or

- (2) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary of the Guarantor which immediately prior to such transfer was a Principal Subsidiary, provided that the Subsidiary which so transfers its assets and undertaking shall forthwith upon the transfer cease to be a Principal Subsidiary and the Subsidiary of the Guarantor to which the assets and undertaking are so transferred shall cease to be a Principal Subsidiary at the date on which the first audited consolidated accounts of the Guarantor and its Subsidiaries prepared as of a date later than such transfer are published unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraph (1) above.

An opinion from the auditors of the Guarantor on a calculation to show whether or not a Subsidiary is a Principal Subsidiary shall be conclusive and binding on all Noteholders and Couponholders in the absence of manifest error; and

“Subsidiary” means in relation to an entity, any other entity which would be accounted for and consolidated in the latest audited consolidated financial statements of that entity as a subsidiary pursuant to the accounting standards applicable to such financial statements or, in the case of the Guarantor, until the audited consolidated accounts of the Group for, and as at the end of, the financial year ending 2019 are published, would be so accounted for and consolidated or combined in the Original Combined Financial Statements.

5 INTEREST

- (1) The Notes bear interest from and including 17 October 2019 (the **“Interest Commencement Date”**) to but excluding 17 October 2031 at the rate of 1.500 per cent. per annum, payable annually in arrear on 17 October of each year (each an **“Interest Payment Date”**). The first Interest Payment Date will be 17 October 2020, in respect of the period from and including the Interest Commencement Date to but excluding 17 October 2020.
- (2) Each Note will cease to bear interest from and including the due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of the payment. In such event, interest will continue to accrue up to but excluding whichever is the earlier of:
- (a) the date on which all amounts due in respect of such Notes have been paid; and
 - (b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12.
- (3) If interest is to be calculated for a period of less than a full year, interest shall be calculated on the basis of the number of days in the period from and including the date from which interest starts to accrue to but excluding the date on which it falls due, divided by the actual number of days in the Interest Period in which the relevant period ends, where **“Interest Period”** means the period from, and including 17 October in any year to, but excluding, 17 October in the immediately succeeding year.
- (4) Interest payable under this Condition 5 will be paid in accordance with Condition 6.

6 PAYMENTS

- (1) Payments of principal and interest in respect of each Note will be made only against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.
- (2) Payments will be made by credit or transfer to an account denominated in Euro maintained by the payee with or, at the option of the payee, by a cheque in Euro drawn on, a bank in a city in which banks have access to the TARGET2 System (as defined below).
- (3) Each Note should be presented for payment together with all unmatured Coupons relating to it. Upon the date on which any Note becomes due and repayable, all unmatured Coupons appertaining to the Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.
- (4) Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8.
- (5) A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 5, be entitled to any further interest or other payment if a Presentation Date is after the due date.

In this Condition:

“**Presentation Date**” means a day which (subject to Condition 9):

- (a) is or falls after the relevant due date;
- (b) is a Business Day; and
- (c) in the case of payment by credit or transfer to an account denominated in Euro in a bank in a city in which banks have access to the TARGET2 System, is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that city.

If payment to a holder is to be made by transfer to a Euro account maintained by the payee, and it is not practicable to transfer the relevant amount to such account for value on the relevant date of presentation as a result of differences in the time zones between Central European time and the location of such account, none of the Paying Agents shall be obliged so to do, but shall be obliged to transfer the relevant amount to such account for value on the first practicable day after such relevant date of presentation.

“**Business Day**” means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto (the “**TARGET2 System**”) is operating and on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place of the specified office of the Paying Agent at which a Note or Coupon is presented for payment and London.

- (6) The names of the initial Paying Agents and their initial specified offices are set out in the Agency Agreement. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that they will at all times maintain (i) a Fiscal Agent and (ii) so long as the Notes are listed on the LuxSE, or another stock exchange pursuant to Condition 4(3), as the case may be, and the rules of the LuxSE or such other stock exchange so require, a Paying Agent in Luxembourg or in the jurisdiction of such other stock exchange, as the case may be. Notice of any variation, termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

7 REDEMPTION AND PURCHASE

- (1) Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 17 October 2031.
- (2) If (a) as a result of any change in, or amendment to, the laws or regulations of the Grand Duchy of Luxembourg (in the case of the Issuer) or the Cayman Islands (in the case of the Guarantor) (or in each case of any political subdivision or taxing authority thereof or therein having power to tax) or any regulations or rulings promulgated thereunder or any change in the official interpretation or official application of such laws, regulations or rulings, or any change in the official application or interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which the Grand Duchy of Luxembourg or, as the case may be, the Cayman Islands or such political subdivision or taxing authority is a party, which change, amendment or treaty becomes effective on or after 10 October 2019, on the next Interest Payment Date either the Issuer would be required to pay Additional Amounts as provided or referred to in Condition 8 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such Additional Amounts, and (b) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at their principal amount together with interest accrued to but excluding the date of redemption, provided that no notice of redemption shall be given earlier than 90 days before the earliest date on which the Issuer or, as the case may be, the Guarantor would be required to pay the Additional Amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7(2), the Issuer or the Guarantor, as the case may be, shall deliver to the Fiscal Agent a certificate signed by two senior officers of the Issuer or, as the case may be, the Guarantor stating that the requirement referred to in (a) above will apply on the occasion of the next payment due in respect of the Notes and cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it and an opinion of independent tax or legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such Additional Amounts as a result of the change, amendment or treaty.

- (3) The Notes may, at the option of the Issuer or the Guarantor, be redeemed in whole but not in part, on any date falling on or after 17 July 2031, upon not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12, at a redemption price equal to the principal amount thereof plus accrued interest to, but excluding, the date fixed for redemption.

- (4) The Issuer, the Guarantor or any of their respective Subsidiaries (as defined above), if any, may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price.
- (5) All Notes and/or Coupons which are redeemed will, and any Notes and/or Coupons purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries, if any, may (but need not) be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be reissued or resold. Notes purchased by the Issuer, the Guarantor or any of their respective Subsidiaries, if any, and not cancelled may be resold.
- (6) Upon the expiry of any notice as is referred to in Condition 7(2) or Condition 7(3) above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such condition.

8 TAXATION

- (1) Subject to Condition 8(3), all payments of principal and interest in respect of the Notes, the Coupons or the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Grand Duchy of Luxembourg (in the case of payments by the Issuer) or the Cayman Islands (in the case of payments by the Guarantor) (or in each case any political subdivision or taxing authority thereof or therein having power to tax) unless such withholding or deduction is required by law. In that event, the Issuer or the Guarantor shall pay such additional amounts (“**Additional Amounts**”) as will result in receipt by the Noteholders or Couponholders of such amounts as would have been received in respect of the Notes, the Coupons or the Guarantee had no such withholding or deduction been required, except that no such Additional Amounts shall be payable:
 - (a) in respect of any tax, duty, assessment or other governmental charge that would not have been imposed but for any connection between the holder or beneficial owner of a Note or Coupon and the Grand Duchy of Luxembourg or the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, as the case may be, otherwise than merely holding such Note or Coupon or receiving principal or interest in respect thereof;
 - (b) in respect of any Note or Coupon presented for payment more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such 30 day period; or
 - (c) to a Noteholder, Couponholder or to a third party on behalf of a person who would have been able to avoid such withholding or deduction by duly presenting the Notes or the Coupons to another Paying Agent.

For the purposes of these Conditions, the “**Relevant Date**” in relation to any Note or Coupon means (i) the due date for payment thereof or (ii) if the full amount payable on such due date has not been received by the Fiscal Agent on or prior to such due date, the first date on which such full amount has been so received and notice to that effect has been given to the Noteholders in accordance with Condition 12.

- (2) Unless the context otherwise requires, any reference in the Notes and these Conditions to principal or interest shall be deemed also to refer to any Additional Amounts which may be payable as described in Condition 8(1).
- (3) Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer or the Guarantor will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer, the Guarantor, or any other person will be required to pay any additional amounts in respect of FATCA Withholding.

9 PRESCRIPTION

Claims in respect of principal and interest will become void unless the relevant Notes and Coupons are presented for payment within ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date, subject to the provisions of Condition 6.

10 EVENTS OF DEFAULT

The occurrence of each of the following events will constitute an event of default (each an “**Event of Default**”) with respect to the Notes:

- (a) failure to pay principal of any Note within five days after the due date for such payment; or
- (b) failure to pay interest on any Note within 30 days after the due date for such payment; or
- (c) failure to perform any other covenant of the Issuer or the Guarantor in the Agency Agreement, the Guarantee or the Notes (excluding Condition 4(3)) which has continued for 60 days after there has been given, by registered or certified mail, to the Issuer or the Guarantor by the Fiscal Agent or by the holders of at least 25 per cent. in principal amount of the Notes then outstanding, a written notice specifying such failure and requiring it to be remedied and stating that such notice is a notice of default under the Agency Agreement, the Guarantee or the Notes, as the case may be; or
- (d) (i) failure to pay upon final maturity (after giving effect to the expiration of any applicable grace period therefor) the principal of any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries), (ii) acceleration of the maturity of any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) following a default by the Issuer, the Guarantor or such Principal Subsidiary, if such Indebtedness for Borrowed Money is not discharged, or such acceleration is not annulled, within 10 days after receipt of the written notice as provided in the Agency Agreement, or (iii) failure to pay any amount payable by the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) under any guarantee or indemnity in respect of any Indebtedness for Borrowed Money of any other Person; provided however, that:
 - (1) no such event set forth in (i), (ii) or (iii) of this paragraph (d) shall constitute an Event of Default unless the aggregate Indebtedness for Borrowed Money to which all such events relate exceeds HK\$380,000,000 (or its equivalent in any other currency or currencies converted at the date of the relevant event); and

(2) Indebtedness for Borrowed Money which is:

- (x) in the form of secured project financing or secured limited recourse financing and such Indebtedness for Borrowed Money is not guaranteed by the Guarantor or a Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries); or
- (y) incurred or guaranteed by a Subsidiary of the Guarantor:
 - (A) which has an issuer credit rating of either BB+ or higher by S&P or Fitch or Bal or higher by Moody's; and
 - (B) which is not guaranteed by the Guarantor or a Principal Subsidiary (other than such Subsidiary of the Guarantor incurring or guaranteeing such Indebtedness and its Subsidiaries),

(**“Non-Recourse Debt”**);

shall be deemed not to be Indebtedness for Borrowed Money for the purposes of this paragraph (d); or

For the purpose of this Condition:

“Fitch” means Fitch Ratings, Inc., Fitch Ratings Ltd., their respective affiliates and subsidiaries or any successor to their respective rating businesses;

“Moody’s” means Moody’s Investors Service, Inc., its affiliates and subsidiaries or any successor to their respective rating businesses; and

“S&P” means S&P Global Ratings, its affiliates and subsidiaries or any successor to their respective rating businesses.

- (e) the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) becomes insolvent and is unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, begins negotiations or takes any proceeding or other step with a view to readjustment, rescheduling or deferral of all of its Indebtedness for Borrowed Money (or any part of its Indebtedness for Borrowed Money which it will or might otherwise be unable to pay when due) or proposes or makes a general assignment or any arrangement or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of the Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) or of the Issuer or the Guarantor and their respective Subsidiaries taken as a whole; or
- (f) a distress, attachment, execution or other legal process (other than one initiated in relation to a Non-Recourse Debt) is levied, enforced or sued out on or against all or any material part of the assets of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) and is not discharged or stayed within 30 days (or such longer period as the holders of a majority in principal amount of the Notes may permit); or

- (g) any present or future encumbrance (other than any encumbrance securing a Non-Recourse Debt) on or over all or any material part of the assets of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar officer) is taken to enforce that encumbrance; or
- (h) any *bona fide* step is taken by any person for the dissolution of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries), except (in each such case) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (1) on terms approved by an Extraordinary Resolution of the Noteholders, or (2) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Guarantor or another of its Subsidiaries pursuant to a merger of such Principal Subsidiary with the Guarantor or such other Subsidiary or by way of a voluntary winding up or dissolution where there are surplus assets in such Principal Subsidiary and such surplus assets attributable to the Guarantor and/or such other Subsidiary are distributed to the Guarantor and/or such other Subsidiary; or
- (i) any event occurs which under the laws of any relevant jurisdiction has an analogous or equivalent effect to any of the events referred to in sub-paragraphs (e) through (h) above.

If an Event of Default (other than an Event of Default described in sub-paragraphs (e) to (i) above) with respect to the Notes shall occur and be continuing, the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding by notice as provided in the Agency Agreement may declare the principal amount of such Notes and any accrued and unpaid interest thereon to be due and payable immediately. If an Event of Default referred to in sub-paragraphs (e) to (i) above with respect to the Notes shall occur, the principal amount of all the Notes and any accrued and unpaid interest thereon will automatically, and without any action by any Noteholder, become immediately due and payable. After any such acceleration but before a judgment or decree based on acceleration has been obtained, the holders of a majority in aggregate principal amount of the outstanding Notes may, under certain circumstances, rescind and annul such acceleration if all the then existing Events of Default have been cured or waived as provided in the Agency Agreement.

11 REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent in London (and for so long as the Notes are listed on the LuxSE and the rules of the LuxSE so require, the specified office of the Paying Agent in Luxembourg), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12 NOTICES

All notices to the Noteholders will be valid if published in a leading English language daily newspaper with general circulation in Europe as the Issuer may decide. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, if published more than once or on different dates, on the first date on which publication is made.

13 MEETINGS OF NOTEHOLDERS AND MODIFICATION

- (1) The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions or the provisions of the Agency Agreement or the Deed of Guarantee. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting, the business of which includes the modification of certain of these Conditions, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than 75 per cent., or at any adjourned meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. The Agency Agreement does not contain any provisions requiring higher quorums in any circumstances. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders and Couponholders, whether or not they are present at the meeting. The Agency Agreement provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of the Notes outstanding shall be valid and effective as an Extraordinary Resolution. In addition, no Noteholders or any other person acting on behalf of them may start proceedings against the Issuer which are based on Article 470-21 of the Luxembourg law of 10 August 1915 relating to commercial companies, as amended (the “**Companies Act 1915**”).
- (2) The Fiscal Agent may agree, without the consent of the Noteholders or Couponholders, to any modification of any of these Conditions or any of the provisions of the Agency Agreement or the Deed of Guarantee which is not, in the opinion of the Fiscal Agent, materially prejudicial to the interests of the Noteholders or to any modification which is of a formal, minor or technical nature or to correct a manifest or proven error.
- (3) Any modification made in accordance with these Conditions shall be binding on the Noteholders and the Couponholders and, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

14 FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or the Couponholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the date and the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

15 CURRENCY INDEMNITY

The Issuer's obligations under the Notes or the Guarantor's obligations under the Guarantee, as the case may be, to make all payments in Euro will not be satisfied by any payment, recovery or any other realisation of proceeds in any currency other than Euro. If, for the purpose of obtaining a judgment in any court with respect to any obligation of the Issuer under any Notes or the Guarantor's obligations under the Guarantee, as the case may be, it shall become necessary to convert into any other currency or currency unit any amount in the currency or currency unit due under any Notes then such conversion shall be made by the Fiscal Agent at the market exchange rate (as determined by the

Fiscal Agent) as in effect on the date of entry of the judgment (the “**Judgment Date**”); it being understood that the Fiscal Agent shall effect such conversion only after receipt of the relevant funds from the Issuer or, as the case may be, the Guarantor and that such conversion may require up to three Business Days to effect after the receipt of such funds. If pursuant to any such judgment, conversion shall be made on a date (the “**Substitute Date**”) other than the Judgment Date and there shall occur a change between the market exchange rate for Euro as in effect on the Substitute Date and the market exchange rate as in effect on the Judgment Date, the Issuer agrees to pay such additional amounts (if any) in Euro as may be necessary to ensure that the amount paid is equal to the amount in such other currency or currency unit which, when converted at the market exchange rate as in effect on the Judgment Date, is the amount due under any Notes. Any amount due from the Issuer under this Condition shall be due as a separate debt and is not to be affected by or merged into any judgment being obtained for any other sums due in respect of any Notes. In no event, however, shall the Issuer be required to pay more in Euro due under the Notes at the market exchange rate as in effect on the Judgment Date than the amount of Euro stated to be due under the Notes so that in any event the Issuer’s obligations under the Notes or the Guarantor’s obligations under the Guarantee will be effectively maintained as obligations in Euro and the Issuer shall be entitled to withhold (or be reimbursed for, as the case may be) any excess of the amount actually realised upon any such conversion on the Substitute Date over the amount due and payable on the Judgment Date.

For the purpose of this Condition 15, “**Business Day**” means a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets are open for business in London and the Grand Duchy of Luxembourg.

16 GOVERNING LAW AND SUBMISSION TO JURISDICTION

The Agency Agreement, the Deed of Guarantee, the Notes and the Coupons, and any non-contractual obligations arising out of or in relation to any of them, are governed by, and will be construed in accordance with, English law.

The provisions contained in Articles 470-1 to 470-19 of the Companies Act 1915 will not apply in respect of the Notes.

The Issuer and the Guarantor irrevocably agree for the benefit of the Noteholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Deed of Guarantee, the Notes or the Coupons (including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with any of them) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as “**Proceedings**”) may be brought in the courts of England.

The Issuer and the Guarantor irrevocably and unconditionally waive and agree not to raise any objection which they may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and have further irrevocably and unconditionally agreed that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and the Guarantor and may be enforced in the courts of any other jurisdiction. Nothing in this Condition shall limit any right to take Proceedings against the Issuer or the Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

Each of the Issuer and the Guarantor hereby irrevocably and unconditionally appoints Hutchison Whampoa Agents (UK) Limited at its registered office in England (presently Hutchison House, 5 Hester Road, Battersea, London SW11 4AN, United Kingdom) as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of Hutchison Whampoa Agents (UK) Limited ceasing so to act it will appoint another person as its agent for that purpose.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

TERMS AND CONDITIONS OF THE SERIES E NOTES

The following is the text of the Terms and Conditions of the Series E Notes which (subject to completion and modification and excluding italicised text) will be endorsed on each Series E Note in definitive form:

The £500,000,000 2.000 per cent. Guaranteed Notes due 2027 (in these Conditions, the “**Notes**” which expression shall in these Conditions, unless the context otherwise requires, include any further Notes issued pursuant to Condition 14 and forming a single series with the Notes) of CK Hutchison Group Telecom Finance S.A. (the “**Issuer**”) are issued subject to an agency agreement dated on or about 17 October 2019 (the “**Agency Agreement**”) made between the Issuer, CK Hutchison Group Telecom Holdings Limited (the “**Guarantor**”) as guarantor and The Bank of New York Mellon, London Branch as fiscal agent and principal paying agent (the “**Fiscal Agent**” and, together with any other paying agents appointed from time to time pursuant to the Agency Agreement, the “**Paying Agents**”). The Notes have the benefit of a deed of guarantee dated on or about 17 October 2019 executed by the Guarantor (the “**Deed of Guarantee**”). The issue of the Notes was authorised by a resolution of the directors of the Issuer passed on 20 September 2019 and the giving of the guarantee in respect of the Notes (the “**Guarantee**”) was authorised by a resolution of the board of directors of the Guarantor passed on 24 September 2019. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement and the Deed of Guarantee are available for inspection during normal business hours at the specified office of the Fiscal Agent. The holders of the Notes (the “**Noteholders**”) and the holders of the interest coupons appertaining to the Notes (the “**Couponholders**” and the “**Coupons**” respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent and Paying Agent shall include any successor appointed under the Agency Agreement. Copies of the Agency Agreement are available for inspection by the holders of the Notes on the website of the Issuer at https://www.ckh.com.hk/bond/CK_Hutchison_Group_Telecom_Finance_SA.htm.

1 FORM, DENOMINATION AND TITLE

- (1) The Notes are in bearer form, serially numbered, in minimum denominations of £200,000 and integral multiples of £1,000 in excess thereof, with Coupons attached on issue.
- (2) Title to the Notes and to the Coupons will pass by delivery.
- (3) The Issuer, the Guarantor and any Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the holder of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon).

2 STATUS OF THE NOTES

The Notes and the Coupons are direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4(1)) unsecured obligations of the Issuer and (subject as aforesaid) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

3 GUARANTEE

The payment of the principal of and interest on the Notes and any Additional Amounts (as defined in Condition 8) has been unconditionally and irrevocably guaranteed by the Guarantor. The Guarantor's obligations in that respect are contained in the Deed of Guarantee. The payment obligations of the Guarantor under the Deed of Guarantee constitute direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4(1)) unsecured obligations of the Guarantor and (subject as aforesaid) rank, and will at all times rank, *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4 COVENANTS

- (1) The Issuer will not create, incur, assume or permit to exist any Lien (as defined below) upon any of its property or assets, now owned or hereafter acquired, to secure any Indebtedness for Borrowed Money (as defined below) of the Issuer (or any secured guarantee or indemnity in respect thereof) without, in any such case, making effective provision whereby the Notes and the Coupons will be secured at least equally and rateably with such Indebtedness for Borrowed Money or by such other Lien as shall have been approved by the Noteholders as provided herein and in the Agency Agreement.

The Guarantor will not, and will not permit any of its Principal Subsidiaries (as defined below) (other than Listed Principal Subsidiaries (as defined below)) to, create, incur, assume or permit to exist any Lien upon any of its property or assets, now owned or hereafter acquired, to secure any Indebtedness for Borrowed Money of the Guarantor or such Principal Subsidiary (or any secured guarantee or indemnity in respect thereof) without, in any such case, making effective provision whereby the Guarantee will be secured either at least equally and rateably with such Indebtedness for Borrowed Money or by such other Lien as shall have been approved by the Noteholders as provided in the Agency Agreement, for so long as such Indebtedness for Borrowed Money will be so secured, unless, after giving effect thereto, the aggregate outstanding principal amount of all such secured Indebtedness for Borrowed Money (excluding that of Listed Principal Subsidiaries and their respective Subsidiaries (as defined below)) entered into after 17 October 2019 (the "**Issue Date**") would not exceed 50 per cent. of the Guarantor's Adjusted Consolidated Net Worth (as defined below).

If there occurs a breach of the foregoing restriction and that breach would not have occurred but for a change in the accounting standards applicable to the Original Combined Financial Statements that affects the calculation of the Guarantor's Adjusted Consolidated Net Worth, such breach shall be deemed not to have occurred provided that a written opinion from the auditors of the Guarantor is delivered to the Fiscal Agent opining on a calculation of the Guarantor's Adjusted Consolidated Net Worth as if there had been no change in accounting standards showing that a breach of the foregoing restriction would not have occurred but for the relevant change in accounting standards. Such opinion shall be conclusive and binding on all Noteholders and Couponholders.

The foregoing restriction will not apply to:

- (a) Liens existing on or prior to the Issue Date;
- (b) Liens for taxes or assessments or other applicable governmental charges or levies;

- (c) Liens created or arising by operation of law or created in the ordinary course of business, including, but not limited to, landlords' liens and statutory liens of carriers, warehousemen, mechanics, materialmen, vendors and other liens securing amounts which are not more than 60 days overdue or which are being contested in good faith;
- (d) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return of money bonds and similar obligations;
- (e) easements, rights-of-way, zoning and similar restrictions and other similar charges or encumbrances not interfering with the ordinary conduct of the business of the Guarantor and such Principal Subsidiaries;
- (f) Liens created on any property or assets acquired, leased or developed after the Issue Date; provided however, that (i) any such Lien shall be confined to the property or assets acquired, leased or developed; (ii) the principal amount of the debt encumbered by such Lien shall not exceed the cost of the acquisition or development of such property or assets or any improvements thereto or thereon; and (iii) any such Lien shall be created concurrently with or within three years following the acquisition, lease or development of such property or assets;
- (g) rights of set-off of a financial institution with respect to deposits or other accounts of the Guarantor or such Principal Subsidiary held by such financial institution in an amount not to exceed the aggregate amount owed to such financial institution by the Guarantor or such Principal Subsidiary, as the case may be;
- (h) Liens on documents and the goods they represent in connection with letters of credit and similar transactions entered into in the ordinary course of business;
- (i) Liens arising in connection with industrial revenue, development or similar bonds or other means of project financing (not to exceed the value of the project financed and limited to the project financed);
- (j) Liens in favour of the Guarantor or any Principal Subsidiary;
- (k) leases, subleases, licences and sublicences granted to third parties in the ordinary course of business;
- (l) attachment, judgment and other similar Liens arising in connection with court proceedings which are effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings;
- (m) any Lien against any property or assets of a Person (as defined below) existing at the time such Person becomes such a Principal Subsidiary or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition;
- (n) any Lien existing on any property or assets prior to the acquisition thereof, which Lien was not created in connection with the acquisition thereof, except for Liens permitted pursuant to clause (f) above;

- (o) Liens on any property or assets of the Guarantor or any such Principal Subsidiary in favour of any government or any subdivision thereof, securing the obligations of the Guarantor or such Principal Subsidiary under any contract or payment owed to such governmental entity pursuant to applicable laws, rules, regulations or statutes;
 - (p) Liens created in connection with any sale/leaseback transaction;
 - (q) any renewal or extension of any of the Liens described in the foregoing clauses which is limited to the original property or assets covered thereby; and
 - (r) Liens in respect of Indebtedness for Borrowed Money with respect to which the Guarantor or any Principal Subsidiary has paid money or deposited money or securities with a fiscal agent, trustee or depository to pay or discharge in full the obligations of the Guarantor and its Subsidiaries in respect thereof (other than the obligations that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full).
- (2) The Guarantor may not, without the consent of the holders of any outstanding (as defined in the Agency Agreement) Notes, consolidate with or merge into any other Person in a transaction in which the Guarantor is not the surviving entity, or convey, transfer or lease its properties and assets substantially as an entirety to, any Person unless, (i) any Person formed by such consolidation or into which the Guarantor is merged or to whom the Guarantor has conveyed, transferred or leased its properties and assets substantially as an entirety is a corporation, partnership, trust or other entity validly existing under the laws of the jurisdiction of its organisation and such Person assumes the Guarantor's obligations under the Agency Agreement and the Deed of Guarantee, (ii) immediately after giving effect to the transaction no Event of Default (as defined in Condition 10), and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, (iii) any such Person not organised and validly existing under the laws of the Cayman Islands shall expressly agree in a deed of covenant made in favour of the Noteholders that all payments pursuant to the Guarantee in respect of principal of and interest on the Notes shall be made without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the jurisdiction of organisation of such Person or any political subdivision or taxing authority thereof or therein, unless such taxes, duties, assessments or governmental charges are (a) required by such jurisdiction or any such subdivision or authority to be withheld or deducted, in which case such Person will pay such additional amounts of, or in respect of, principal and interest ("**Successor Additional Amounts**") as will result (after deduction of such taxes, duties, assessments or governmental charges and any additional taxes, duties, assessments or governmental charges payable in respect of such Successor Additional Amounts) in the payment to the Noteholders of the amounts which would have been receivable in respect of the Notes, the Coupons or the Guarantee had no such withholding been required, subject to the same exceptions and qualifications (other than the right to redeem the Notes as a result of such consolidation, merger, conveyance, lease or transfer) as apply with respect to the payment by the Guarantor of Additional Amounts in respect of the Guarantee (inserting references to the taxing jurisdiction where appropriate) or (b) as a result of FATCA withholding (as defined in Condition 8), (iv) if, as a result of the transaction, property of the Guarantor would become subject to a Lien that would not be permitted under Condition 4(1) above, the Guarantor or such successor Person takes such steps as shall be necessary to secure the Notes and the Guarantee equally and rateably with (or prior to) the indebtedness secured by such Lien, and (v) the

Guarantor has delivered to the Fiscal Agent an officers' certificate and an opinion of counsel each stating that such consolidation, merger, conveyance, transfer or lease comply with this paragraph and that all conditions precedent herein provided for relating to such transaction have been complied with.

- (3) The Issuer has made an application for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange (“**LuxSE**”) and to be listed on the Official List of LuxSE but an application may instead be made to another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organisation for Economic Co-operation and Development. In connection with such application, the Issuer will use endeavours considered in its sole opinion to be reasonable to it to obtain the listing as promptly as practicable after the Issue Date (if not already obtained). The Issuer may elect to apply for a de-listing of the Notes from any stock exchange or markets of such stock exchange on which they are traded because the maintenance of such listing is or would be, in the opinion of the Issuer, unduly burdensome, including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than International Financial Reporting Standards in which event the Issuer will use endeavours considered in its sole opinion to be reasonable to it to seek a replacement listing of such Notes on another section of any stock exchange on which they are traded or another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organisation for Economic Co-operation and Development, provided that obtaining or maintaining a listing on such section or stock exchange would not be, in the opinion of the Issuer, unduly burdensome, including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than International Financial Reporting Standards. In the event that no listing is obtained or maintained which satisfies the foregoing requirements, the Issuer will use endeavours considered in its sole opinion to be reasonable to it to obtain a replacement listing elsewhere.

- (4) For the purposes of these Conditions:

“**Adjusted Consolidated Net Worth**” means the aggregate of (a) the amount paid up or credited as paid up on the issued share capital (including ordinary shares and preference shares) of the Guarantor; and (b) the amounts standing to the credit of the Guarantor's consolidated reserves (including but not limited to any such balance on the share premium account, exchange reserves, revaluation reserves and retained profits or losses); and (c) the amount of non-controlling interests and perpetual capital securities; all as shown by the Latest Consolidated Financial Statements; *provided however*, that the aggregate of the amounts described in clauses (a) through (c) above shall be adjusted (to the extent that the same has not been taken into account in such Latest Consolidated Financial Statements) by (i) deducting therefrom any amount directly or indirectly attributable to the Guarantor by which the Market Value of any asset is less than its book value in such Latest Consolidated Financial Statements, and/or (ii) adding thereto any amount directly or indirectly attributable to the Guarantor by which the Market Value of any asset is greater than its book value in such Latest Consolidated Financial Statements;

“**Group**” means the Guarantor and its Subsidiaries for the time being;

“**Indebtedness for Borrowed Money**” means any indebtedness for or in respect of money borrowed that has a final maturity of one year or more from its date of incurrence or issuance and that is evidenced by any agreement or other instrument, excluding trade payables and lease liabilities;

“Latest Consolidated Financial Statements” means:

- (a) at any time prior to the publication of the audited consolidated accounts of the Group for, and as at, 31 December 2019, the Original Pro Forma Combined Financial Statements; or
- (b) at any time following the publication of the audited consolidated accounts of the Group for, and as at, 31 December 2019, the then latest published audited consolidated annual accounts of the Group at such time;

“Lien” means any mortgage, charge, pledge, lien, encumbrance, hypothecation, title retention, security interest or security arrangement of any kind provided that the term “Lien” shall not include an unsecured guarantee or Liens arising by operation of law;

“Listed Principal Subsidiary” means any Principal Subsidiary, the shares of which are at the relevant time listed on The Stock Exchange of Hong Kong Limited or any other recognised stock exchange;

“Market Value” means:

- (a) the best price at which the relevant asset (other than shares described falling within sub-paragraph (b) below) is expected to be sold on the relevant date assuming:
 - (i) a willing seller;
 - (ii) a reasonable period in which to negotiate the sale;
 - (iii) values will remain constant during the negotiation period;
 - (iv) the asset will be freely exposed to the market; and
 - (v) there is no special purchaser; and
- (b) in the case of shares in associated companies of the Guarantor and its Subsidiaries which are quoted on any stock exchange, the value of such shares having regard to the underlying net assets of such associated companies and the percentage holding of the Guarantor and its Subsidiaries in such associated companies,

in each such case as reasonably determined by the Guarantor after deducting (or, where such Market Value is to result in an adjustment to the Latest Consolidated Financial Statements, adjusting for) an estimate of the direct tax liabilities (if any) which would arise on the sale of such asset at such price computed solely by reference to such sale price and the cost price for tax purposes;

“Original Combined Financial Statements” means the audited combined financial statements of the Group, comprising a combined statement of financial position of the Group as at 31 December 2018, a combined income statement of the Group for the year ended 31 December 2018, a combined statement of comprehensive income of the Group for the year ended 31 December 2018, a combined statement of changes in equity of the Group for the year ended 31 December 2018, a combined statement of cash flows of the Group for the year ended 31 December 2018, and the notes to the combined financial statements, which include a summary of significant accounting policies;

“Original Pro Forma Combined Financial Statements” means the unaudited pro forma combined financial information of the Group, comprising a pro forma combined statement of financial position of the Group as at 31 December 2018, a pro forma combined income statement of the Group for the year ended 31 December 2018, a pro forma combined statement of cash flows of the Group for the year ended 31 December 2018, and other explanatory information, which have been compiled based on the Original Combined Financial Statements and on the bases stated in such pro forma combined financial information;

“Person” means any person or entity;

“Principal Subsidiary” means, at any time, a Subsidiary of the Guarantor:

(1) as to which one or more of the following conditions is satisfied:

- (a) its net profits (before taxation and extraordinary items) or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated net profits (before taxation and extraordinary items) attributable to the Guarantor are at least 10 per cent. of the consolidated net profits of the Guarantor and its Subsidiaries (before taxation and extraordinary items but after deducting non-controlling interests' share of the net profits (before taxation and extraordinary items) of the Subsidiaries); or
- (b) its net assets or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated net assets attributable to the Guarantor represent 10 per cent. or more of the consolidated net assets (after deducting non-controlling interests in Subsidiaries) of the Guarantor and its Subsidiaries,

all as calculated by reference to the then latest audited accounts or annual accounts reviewed by the auditor (consolidated or, as the case may be, unconsolidated) of such Subsidiary, and as adjusted to conform with the group accounting policies and measurement basis of the Guarantor, and the Latest Consolidated Financial Statements, provided that:

- (i) in the case of a Subsidiary of the Guarantor acquired after the end of the financial period to which the Latest Consolidated Financial Statements (other than the Original Pro Forma Combined Financial Statements) relate, the reference to the Latest Consolidated Financial Statements for the purposes of the calculation above shall, until the audited consolidated accounts of the Group for the financial period in which the acquisition is made are published, be deemed to be a reference to such Latest Consolidated Financial Statements adjusted to consolidate the latest audited accounts or annual accounts reviewed by the auditor of such Subsidiary in such accounts;
- (ii) if, in the case of any Subsidiary of the Guarantor which itself has Subsidiaries, no consolidated accounts are prepared and audited, its consolidated net assets and consolidated net profits shall be determined on the basis of the combined accounts of the relevant Subsidiary and its Subsidiaries prepared for this purpose and opined on by the Guarantor's auditors; or

- (2) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary of the Guarantor which immediately prior to such transfer was a Principal Subsidiary, provided that the Subsidiary which so transfers its assets and undertaking shall forthwith upon the transfer cease to be a Principal Subsidiary and the Subsidiary of the Guarantor to which the assets and undertaking are so transferred shall cease to be a Principal Subsidiary at the date on which the first audited consolidated accounts of the Guarantor and its Subsidiaries prepared as of a date later than such transfer are published unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraph (1) above.

An opinion from the auditors of the Guarantor on a calculation to show whether or not a Subsidiary is a Principal Subsidiary shall be conclusive and binding on all Noteholders and Couponholders in the absence of manifest error; and

“**Subsidiary**” means in relation to an entity, any other entity which would be accounted for and consolidated in the latest audited consolidated financial statements of that entity as a subsidiary pursuant to the accounting standards applicable to such financial statements or, in the case of the Guarantor, until the audited consolidated accounts of the Group for, and as at the end of, the financial year ending 2019 are published, would be so accounted for and consolidated or combined in the Original Combined Financial Statements.

5 INTEREST

- (1) The Notes bear interest from and including 17 October 2019 (the “**Interest Commencement Date**”) to but excluding 17 October 2027 at the rate of 2.000 per cent. per annum, payable annually in arrear on 17 October of each year (each an “**Interest Payment Date**”). The first Interest Payment Date will be 17 October 2020, in respect of the period from and including the Interest Commencement Date to but excluding 17 October 2020.
- (2) Each Note will cease to bear interest from and including the due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of the payment. In such event, interest will continue to accrue up to but excluding whichever is the earlier of:
- (a) the date on which all amounts due in respect of such Notes have been paid; and
 - (b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12.
- (3) If interest is to be calculated for a period of less than a full year, interest shall be calculated on the basis of the number of days in the period from and including the date from which interest starts to accrue to but excluding the date on which it falls due, divided by the actual number of days in the Interest Period in which the relevant period ends, where “Interest Period” means the period from, and including 17 October in any year to, but excluding, 17 October in the immediately succeeding year.
- (4) Interest payable under this Condition 5 will be paid in accordance with Condition 6.

6 PAYMENTS

- (1) Payments of principal and interest in respect of each Note will be made only against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.
- (2) Payments will be made by credit or transfer to an account denominated in Pounds Sterling maintained by the payee with or, at the option of the payee, by a cheque in Pounds Sterling drawn on, a bank in London.
- (3) Each Note should be presented for payment together with all unmatured Coupons relating to it. Upon the date on which any Note becomes due and repayable, all unmatured Coupons appertaining to the Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.
- (4) Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8.
- (5) A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 5, be entitled to any further interest or other payment if a Presentation Date is after the due date.

In this Condition:

“Presentation Date” means a day which (subject to Condition 9):

- (a) is or falls after the relevant due date;
- (b) is a Business Day; and
- (c) in the case of payment by credit or transfer to an account denominated in Pounds Sterling in a bank in London, is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

If payment to a holder is to be made by transfer to a Pounds Sterling account maintained by the payee, and it is not practicable to transfer the relevant amount to such account for value on the relevant date of presentation as a result of differences in the time zones between Central European time and the location of such account, none of the Paying Agents shall be obliged so to do, but shall be obliged to transfer the relevant amount to such account for value on the first practicable day after such relevant date of presentation.

“Business Day” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place of the specified office of the Paying Agent at which a Note or Coupon is presented for payment and London.

- (6) The names of the initial Paying Agents and their initial specified offices are set out in the Agency Agreement. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that they will at all times maintain (i) a Fiscal Agent and (ii) so long as the Notes are listed on the LuxSE, or another stock exchange pursuant to Condition 4(3), as the case may be, and the rules of the LuxSE or such other stock exchange so require, a Paying Agent in Luxembourg or in the jurisdiction of such other stock exchange, as the case may be. Notice of any variation, termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

7 REDEMPTION AND PURCHASE

- (1) Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 17 October 2027.
- (2) If (a) as a result of any change in, or amendment to, the laws or regulations of the Grand Duchy of Luxembourg (in the case of the Issuer) or the Cayman Islands (in the case of the Guarantor) (or in each case of any political subdivision or taxing authority thereof or therein having power to tax) or any regulations or rulings promulgated thereunder or any change in the official interpretation or official application of such laws, regulations or rulings, or any change in the official application or interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which the Grand Duchy of Luxembourg or, as the case may be, the Cayman Islands or such political subdivision or taxing authority is a party, which change, amendment or treaty becomes effective on or after 10 October 2019, on the next Interest Payment Date either the Issuer would be required to pay Additional Amounts as provided or referred to in Condition 8 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such Additional Amounts, and (b) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, the Issuer may at its option, having given not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at their principal amount together with interest accrued to but excluding the date of redemption, provided that no notice of redemption shall be given earlier than 90 days before the earliest date on which the Issuer or, as the case may be, the Guarantor would be required to pay the Additional Amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7(2), the Issuer or the Guarantor, as the case may be, shall deliver to the Fiscal Agent a certificate signed by two senior officers of the Issuer or, as the case may be, the Guarantor stating that the requirement referred to in (a) above will apply on the occasion of the next payment due in respect of the Notes and cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it and an opinion of independent tax or legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such Additional Amounts as a result of the change, amendment or treaty.

- (3) The Notes may, at the option of the Issuer or the Guarantor, be redeemed in whole but not in part, on any date falling on or after 17 July 2027, upon not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12, at a redemption price equal to the principal amount thereof plus accrued interest to, but excluding, the date fixed for redemption.
- (4) The Issuer, the Guarantor or any of their respective Subsidiaries (as defined above), if any, may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price.
- (5) All Notes and/or Coupons which are redeemed will, and any Notes and/or Coupons purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries, if any, may (but need not) be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be reissued or resold. Notes purchased by the Issuer, the Guarantor or any of their respective Subsidiaries, if any, and not cancelled may be resold.
- (6) Upon the expiry of any notice as is referred to in Condition 7(2) or Condition 7(3) above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such condition.

8 TAXATION

- (1) Subject to Condition 8(3), all payments of principal and interest in respect of the Notes, the Coupons or the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Grand Duchy of Luxembourg (in the case of payments by the Issuer) or the Cayman Islands (in the case of payments by the Guarantor) (or in each case any political subdivision or taxing authority thereof or therein having power to tax) unless such withholding or deduction is required by law. In that event, the Issuer or the Guarantor shall pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Noteholders or Couponholders of such amounts as would have been received in respect of the Notes, the Coupons or the Guarantee had no such withholding or deduction been required, except that no such Additional Amounts shall be payable:
 - (a) in respect of any tax, duty, assessment or other governmental charge that would not have been imposed but for any connection between the holder or beneficial owner of a Note or Coupon and the Grand Duchy of Luxembourg or the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, as the case may be, otherwise than merely holding such Note or Coupon or receiving principal or interest in respect thereof;
 - (b) in respect of any Note or Coupon presented for payment more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such 30 day period; or
 - (c) to a Noteholder, Couponholder or to a third party on behalf of a person who would have been able to avoid such withholding or deduction by duly presenting the Notes or the Coupons to another Paying Agent.

For the purposes of these Conditions, the “**Relevant Date**” in relation to any Note or Coupon means (i) the due date for payment thereof or (ii) if the full amount payable on such due date has not been received by the Fiscal Agent on or prior to such due date, the first date on which such full amount has been so received and notice to that effect has been given to the Noteholders in accordance with Condition 12.

- (2) Unless the context otherwise requires, any reference in the Notes and these Conditions to principal or interest shall be deemed also to refer to any Additional Amounts which may be payable as described in Condition 8(1).
- (3) Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer or the Guarantor will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer, the Guarantor, or any other person will be required to pay any additional amounts in respect of FATCA Withholding.

9 PRESCRIPTION

Claims in respect of principal and interest will become void unless the relevant Notes and Coupons are presented for payment within ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date, subject to the provisions of Condition 6.

10 EVENTS OF DEFAULT

The occurrence of each of the following events will constitute an event of default (each an “**Event of Default**”) with respect to the Notes:

- (a) failure to pay principal of any Note within five days after the due date for such payment; or
- (b) failure to pay interest on any Note within 30 days after the due date for such payment; or
- (c) failure to perform any other covenant of the Issuer or the Guarantor in the Agency Agreement, the Guarantee or the Notes (excluding Condition 4(3)) which has continued for 60 days after there has been given, by registered or certified mail, to the Issuer or the Guarantor by the Fiscal Agent or by the holders of at least 25 per cent. in principal amount of the Notes then outstanding, a written notice specifying such failure and requiring it to be remedied and stating that such notice is a notice of default under the Agency Agreement, the Guarantee or the Notes, as the case may be; or
- (d) (i) failure to pay upon final maturity (after giving effect to the expiration of any applicable grace period therefor) the principal of any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries), (ii) acceleration of the maturity of any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) following a default by the Issuer, the Guarantor or such Principal

Subsidiary, if such Indebtedness for Borrowed Money is not discharged, or such acceleration is not annulled, within 10 days after receipt of the written notice as provided in the Agency Agreement, or (iii) failure to pay any amount payable by the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) under any guarantee or indemnity in respect of any Indebtedness for Borrowed Money of any other Person; provided however, that:

- (1) no such event set forth in (i), (ii) or (iii) of this paragraph (d) shall constitute an Event of Default unless the aggregate Indebtedness for Borrowed Money to which all such events relate exceeds HK\$380,000,000 (or its equivalent in any other currency or currencies converted at the date of the relevant event); and
- (2) Indebtedness for Borrowed Money which is:
 - (x) in the form of secured project financing or secured limited recourse financing and such Indebtedness for Borrowed Money is not guaranteed by the Guarantor or a Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries); or
 - (y) incurred or guaranteed by a Subsidiary of the Guarantor:
 - (A) which has an issuer credit rating of either BB+ or higher by S&P or Fitch or Bal or higher by Moody's; and
 - (B) which is not guaranteed by the Guarantor or a Principal Subsidiary (other than such Subsidiary of the Guarantor incurring or guaranteeing such Indebtedness and its Subsidiaries),

(**“Non-Recourse Debt”**);

shall be deemed not to be Indebtedness for Borrowed Money for the purposes of this paragraph (d); or

For the purpose of this Condition:

“Fitch” means Fitch Ratings, Inc., Fitch Ratings Ltd., their respective affiliates and subsidiaries or any successor to their respective rating businesses;

“Moody’s” means Moody’s Investors Service, Inc., its affiliates and subsidiaries or any successor to their respective rating businesses; and

“S&P” means S&P Global Ratings, its affiliates and subsidiaries or any successor to their respective rating businesses.

- (e) the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) becomes insolvent and is unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, begins negotiations or takes any proceeding or other step with a view to readjustment, rescheduling or deferral of all of its Indebtedness for Borrowed Money (or any part of its Indebtedness for Borrowed Money which it will or might otherwise be unable to pay when due)

or proposes or makes a general assignment or any arrangement or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of the Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) or of the Issuer or the Guarantor and their respective Subsidiaries taken as a whole; or

- (f) a distress, attachment, execution or other legal process (other than one initiated in relation to a Non-Recourse Debt) is levied, enforced or sued out on or against all or any material part of the assets of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) and is not discharged or stayed within 30 days (or such longer period as the holders of a majority in principal amount of the Notes may permit); or
- (g) any present or future encumbrance (other than any encumbrance securing a Non-Recourse Debt) on or over all or any material part of the assets of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar officer) is taken to enforce that encumbrance; or
- (h) any *bona fide* step is taken by any person for the dissolution of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries), except (in each such case) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (1) on terms approved by an Extraordinary Resolution of the Noteholders, or (2) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Guarantor or another of its Subsidiaries pursuant to a merger of such Principal Subsidiary with the Guarantor or such other Subsidiary or by way of a voluntary winding up or dissolution where there are surplus assets in such Principal Subsidiary and such surplus assets attributable to the Guarantor and/or such other Subsidiary are distributed to the Guarantor and/or such other Subsidiary; or
- (i) any event occurs which under the laws of any relevant jurisdiction has an analogous or equivalent effect to any of the events referred to in sub-paragraphs (e) through (h) above.

If an Event of Default (other than an Event of Default described in sub-paragraphs (e) to (i) above) with respect to the Notes shall occur and be continuing, the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding by notice as provided in the Agency Agreement may declare the principal amount of such Notes and any accrued and unpaid interest thereon to be due and payable immediately. If an Event of Default referred to in sub-paragraphs (e) to (i) above with respect to the Notes shall occur, the principal amount of all the Notes and any accrued and unpaid interest thereon will automatically, and without any action by any Noteholder, become immediately due and payable. After any such acceleration but before a judgment or decree based on acceleration has been obtained, the holders of a majority in aggregate principal amount of the outstanding Notes may, under certain circumstances, rescind and annul such acceleration if all the then existing Events of Default have been cured or waived as provided in the Agency Agreement.

11 REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent in London (and for so long as the Notes are listed on the LuxSE and the rules of the LuxSE so require, the specified office of the Paying Agent in Luxembourg), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12 NOTICES

All notices to the Noteholders will be valid if published in a leading English language daily newspaper with general circulation in Europe as the Issuer may decide. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, if published more than once or on different dates, on the first date on which publication is made.

13 MEETINGS OF NOTEHOLDERS AND MODIFICATION

- (1) The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions or the provisions of the Agency Agreement or the Deed of Guarantee. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting, the business of which includes the modification of certain of these Conditions, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than 75 per cent., or at any adjourned meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. The Agency Agreement does not contain any provisions requiring higher quorums in any circumstances. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders and Couponholders, whether or not they are present at the meeting. The Agency Agreement provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of the Notes outstanding shall be valid and effective as an Extraordinary Resolution. In addition, no Noteholders or any other person acting on behalf of them may start proceedings against the Issuer which are based on Article 470-21 of the Luxembourg law of 10 August 1915 relating to commercial companies, as amended (the “**Companies Act 1915**”).
- (2) The Fiscal Agent may agree, without the consent of the Noteholders or Couponholders, to any modification of any of these Conditions or any of the provisions of the Agency Agreement or the Deed of Guarantee which is not, in the opinion of the Fiscal Agent, materially prejudicial to the interests of the Noteholders or to any modification which is of a formal, minor or technical nature or to correct a manifest or proven error.
- (3) Any modification made in accordance with these Conditions shall be binding on the Noteholders and the Couponholders and, unless the Fiscal Agent agrees otherwise, any

modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

14 FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or the Couponholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the date and the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

15 CURRENCY INDEMNITY

The Issuer's obligations under the Notes or the Guarantor's obligations under the Guarantee, as the case may be, to make all payments in Pounds Sterling will not be satisfied by any payment, recovery or any other realisation of proceeds in any currency other than Pounds Sterling. If, for the purpose of obtaining a judgment in any court with respect to any obligation of the Issuer under any Notes or the Guarantor's obligations under the Guarantee, as the case may be, it shall become necessary to convert into any other currency or currency unit any amount in the currency or currency unit due under any Notes then such conversion shall be made by the Fiscal Agent at the market exchange rate (as determined by the Fiscal Agent) as in effect on the date of entry of the judgment (the "**Judgment Date**"); it being understood that the Fiscal Agent shall effect such conversion only after receipt of the relevant funds from the Issuer or, as the case may be, the Guarantor and that such conversion may require up to three Business Days to effect after the receipt of such funds. If pursuant to any such judgment, conversion shall be made on a date (the "**Substitute Date**") other than the Judgment Date and there shall occur a change between the market exchange rate for Pounds Sterling as in effect on the Substitute Date and the market exchange rate as in effect on the Judgment Date, the Issuer agrees to pay such additional amounts (if any) in Pounds Sterling as may be necessary to ensure that the amount paid is equal to the amount in such other currency or currency unit which, when converted at the market exchange rate as in effect on the Judgment Date, is the amount due under any Notes. Any amount due from the Issuer under this Condition shall be due as a separate debt and is not to be affected by or merged into any judgment being obtained for any other sums due in respect of any Notes. In no event, however, shall the Issuer be required to pay more in Pounds Sterling due under the Notes at the market exchange rate as in effect on the Judgment Date than the amount of Pounds Sterling stated to be due under the Notes so that in any event the Issuer's obligations under the Notes or the Guarantor's obligations under the Guarantee will be effectively maintained as obligations in Pounds Sterling and the Issuer shall be entitled to withhold (or be reimbursed for, as the case may be) any excess of the amount actually realised upon any such conversion on the Substitute Date over the amount due and payable on the Judgment Date.

For the purpose of this Condition 15, "**Business Day**" means a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets are open for business in London and the Grand Duchy of Luxembourg.

16 GOVERNING LAW AND SUBMISSION TO JURISDICTION

The Agency Agreement, the Deed of Guarantee, the Notes and the Coupons, and any non-contractual obligations arising out of or in relation to any of them, are governed by, and will be construed in accordance with, English law. The provisions contained in Articles 470-1 to 470-19 of the Companies Act 1915 will not apply in respect of the Notes.

The Issuer and the Guarantor irrevocably agree for the benefit of the Noteholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Deed of Guarantee, the Notes or the Coupons (including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with any of them) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as “**Proceedings**”) may be brought in the courts of England.

The Issuer and the Guarantor irrevocably and unconditionally waive and agree not to raise any objection which they may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and have further irrevocably and unconditionally agreed that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and the Guarantor and may be enforced in the courts of any other jurisdiction. Nothing in this Condition shall limit any right to take Proceedings against the Issuer or the Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

Each of the Issuer and the Guarantor hereby irrevocably and unconditionally appoints Hutchison Whampoa Agents (UK) Limited at its registered office in England (presently Hutchison House, 5 Hester Road, Battersea, London SW11 4AN, United Kingdom) as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of Hutchison Whampoa Agents (UK) Limited ceasing so to act it will appoint another person as its agent for that purpose.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

TERMS AND CONDITIONS OF THE SERIES F NOTES

The following is the text of the Terms and Conditions of the Series F Notes which (subject to completion and modification and excluding italicised text) will be endorsed on each Series F Note in definitive form:

The £300,000,000 2.625 per cent. Guaranteed Notes due 2034 (in these Conditions, the “**Notes**” which expression shall in these Conditions, unless the context otherwise requires, include any further Notes issued pursuant to Condition 14 and forming a single series with the Notes) of CK Hutchison Group Telecom Finance S.A. (the “**Issuer**”) are issued subject to an agency agreement dated on or about 17 October 2019 (the “**Agency Agreement**”) made between the Issuer, CK Hutchison Group Telecom Holdings Limited (the “**Guarantor**”) as guarantor and The Bank of New York Mellon, London Branch as fiscal agent and principal paying agent (the “**Fiscal Agent**” and, together with any other paying agents appointed from time to time pursuant to the Agency Agreement, the “**Paying Agents**”). The Notes have the benefit of a deed of guarantee dated on or about 17 October 2019 executed by the Guarantor (the “**Deed of Guarantee**”). The issue of the Notes was authorised by a resolution of the directors of the Issuer passed on 20 September 2019 and the giving of the guarantee in respect of the Notes (the “**Guarantee**”) was authorised by a resolution of the board of directors of the Guarantor passed on 24 September 2019. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement and the Deed of Guarantee are available for inspection during normal business hours at the specified office of the Fiscal Agent. The holders of the Notes (the “**Noteholders**”) and the holders of the interest coupons appertaining to the Notes (the “**Couponholders**” and the “**Coupons**” respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent and Paying Agent shall include any successor appointed under the Agency Agreement. Copies of the Agency Agreement are available for inspection by the holders of the Notes on the website of the Issuer at https://www.ckh.com.hk/bond/CK_Hutchison_Group_Telecom_Finance_SA.htm.

1 FORM, DENOMINATION AND TITLE

- (1) The Notes are in bearer form, serially numbered, in minimum denominations of £200,000 and integral multiples of £1,000 in excess thereof, with Coupons attached on issue.
- (2) Title to the Notes and to the Coupons will pass by delivery.
- (3) The Issuer, the Guarantor and any Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the holder of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon).

2 STATUS OF THE NOTES

The Notes and the Coupons are direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4(1)) unsecured obligations of the Issuer and (subject as aforesaid) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

3 GUARANTEE

The payment of the principal of and interest on the Notes and any Additional Amounts (as defined in Condition 8) has been unconditionally and irrevocably guaranteed by the Guarantor. The Guarantor's obligations in that respect are contained in the Deed of Guarantee. The payment obligations of the Guarantor under the Deed of Guarantee constitute direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4(1)) unsecured obligations of the Guarantor and (subject as aforesaid) rank, and will at all times rank, *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4 COVENANTS

- (1) The Issuer will not create, incur, assume or permit to exist any Lien (as defined below) upon any of its property or assets, now owned or hereafter acquired, to secure any Indebtedness for Borrowed Money (as defined below) of the Issuer (or any secured guarantee or indemnity in respect thereof) without, in any such case, making effective provision whereby the Notes and the Coupons will be secured at least equally and rateably with such Indebtedness for Borrowed Money or by such other Lien as shall have been approved by the Noteholders as provided herein and in the Agency Agreement.

The Guarantor will not, and will not permit any of its Principal Subsidiaries (as defined below) (other than Listed Principal Subsidiaries (as defined below)) to, create, incur, assume or permit to exist any Lien upon any of its property or assets, now owned or hereafter acquired, to secure any Indebtedness for Borrowed Money of the Guarantor or such Principal Subsidiary (or any secured guarantee or indemnity in respect thereof) without, in any such case, making effective provision whereby the Guarantee will be secured either at least equally and rateably with such Indebtedness for Borrowed Money or by such other Lien as shall have been approved by the Noteholders as provided in the Agency Agreement, for so long as such Indebtedness for Borrowed Money will be so secured, unless, after giving effect thereto, the aggregate outstanding principal amount of all such secured Indebtedness for Borrowed Money (excluding that of Listed Principal Subsidiaries and their respective Subsidiaries (as defined below)) entered into after 17 October 2019 (the "**Issue Date**") would not exceed 50 per cent. of the Guarantor's Adjusted Consolidated Net Worth (as defined below).

If there occurs a breach of the foregoing restriction and that breach would not have occurred but for a change in the accounting standards applicable to the Original Combined Financial Statements that affects the calculation of the Guarantor's Adjusted Consolidated Net Worth, such breach shall be deemed not to have occurred provided that a written opinion from the auditors of the Guarantor is delivered to the Fiscal Agent opining on a calculation of the Guarantor's Adjusted Consolidated Net Worth as if there had been no change in accounting standards showing that a breach of the foregoing restriction would not have occurred but for the relevant change in accounting standards. Such opinion shall be conclusive and binding on all Noteholders and Couponholders.

The foregoing restriction will not apply to:

- (a) Liens existing on or prior to the Issue Date;
- (b) Liens for taxes or assessments or other applicable governmental charges or levies;

- (c) Liens created or arising by operation of law or created in the ordinary course of business, including, but not limited to, landlords' liens and statutory liens of carriers, warehousemen, mechanics, materialmen, vendors and other liens securing amounts which are not more than 60 days overdue or which are being contested in good faith;
- (d) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return of money bonds and similar obligations;
- (e) easements, rights-of-way, zoning and similar restrictions and other similar charges or encumbrances not interfering with the ordinary conduct of the business of the Guarantor and such Principal Subsidiaries;
- (f) Liens created on any property or assets acquired, leased or developed after the Issue Date; provided however, that (i) any such Lien shall be confined to the property or assets acquired, leased or developed; (ii) the principal amount of the debt encumbered by such Lien shall not exceed the cost of the acquisition or development of such property or assets or any improvements thereto or thereon; and (iii) any such Lien shall be created concurrently with or within three years following the acquisition, lease or development of such property or assets;
- (g) rights of set-off of a financial institution with respect to deposits or other accounts of the Guarantor or such Principal Subsidiary held by such financial institution in an amount not to exceed the aggregate amount owed to such financial institution by the Guarantor or such Principal Subsidiary, as the case may be;
- (h) Liens on documents and the goods they represent in connection with letters of credit and similar transactions entered into in the ordinary course of business;
- (i) Liens arising in connection with industrial revenue, development or similar bonds or other means of project financing (not to exceed the value of the project financed and limited to the project financed);
- (j) Liens in favour of the Guarantor or any Principal Subsidiary;
- (k) leases, subleases, licences and sublicences granted to third parties in the ordinary course of business;
- (l) attachment, judgment and other similar Liens arising in connection with court proceedings which are effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings;
- (m) any Lien against any property or assets of a Person (as defined below) existing at the time such Person becomes such a Principal Subsidiary or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition;
- (n) any Lien existing on any property or assets prior to the acquisition thereof, which Lien was not created in connection with the acquisition thereof, except for Liens permitted pursuant to clause (f) above;

- (o) Liens on any property or assets of the Guarantor or any such Principal Subsidiary in favour of any government or any subdivision thereof, securing the obligations of the Guarantor or such Principal Subsidiary under any contract or payment owed to such governmental entity pursuant to applicable laws, rules, regulations or statutes;
 - (p) Liens created in connection with any sale/leaseback transaction;
 - (q) any renewal or extension of any of the Liens described in the foregoing clauses which is limited to the original property or assets covered thereby; and
 - (r) Liens in respect of Indebtedness for Borrowed Money with respect to which the Guarantor or any Principal Subsidiary has paid money or deposited money or securities with a fiscal agent, trustee or depository to pay or discharge in full the obligations of the Guarantor and its Subsidiaries in respect thereof (other than the obligations that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full).
- (2) The Guarantor may not, without the consent of the holders of any outstanding (as defined in the Agency Agreement) Notes, consolidate with or merge into any other Person in a transaction in which the Guarantor is not the surviving entity, or convey, transfer or lease its properties and assets substantially as an entirety to, any Person unless, (i) any Person formed by such consolidation or into which the Guarantor is merged or to whom the Guarantor has conveyed, transferred or leased its properties and assets substantially as an entirety is a corporation, partnership, trust or other entity validly existing under the laws of the jurisdiction of its organisation and such Person assumes the Guarantor's obligations under the Agency Agreement and the Deed of Guarantee, (ii) immediately after giving effect to the transaction no Event of Default (as defined in Condition 10), and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, (iii) any such Person not organised and validly existing under the laws of the Cayman Islands shall expressly agree in a deed of covenant made in favour of the Noteholders that all payments pursuant to the Guarantee in respect of principal of and interest on the Notes shall be made without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the jurisdiction of organisation of such Person or any political subdivision or taxing authority thereof or therein, unless such taxes, duties, assessments or governmental charges are (a) required by such jurisdiction or any such subdivision or authority to be withheld or deducted, in which case such Person will pay such additional amounts of, or in respect of, principal and interest ("**Successor Additional Amounts**") as will result (after deduction of such taxes, duties, assessments or governmental charges and any additional taxes, duties, assessments or governmental charges payable in respect of such Successor Additional Amounts) in the payment to the Noteholders of the amounts which would have been receivable in respect of the Notes, the Coupons or the Guarantee had no such withholding been required, subject to the same exceptions and qualifications (other than the right to redeem the Notes as a result of such consolidation, merger, conveyance, lease or transfer) as apply with respect to the payment by the Guarantor of Additional Amounts in respect of the Guarantee (inserting references to the taxing jurisdiction where appropriate) or (b) as a result of FATCA withholding (as defined in Condition 8), (iv) if, as a result of the transaction, property of the Guarantor would become subject to a Lien that would not be permitted under Condition 4(1) above, the Guarantor or such successor Person takes such steps as shall be necessary to secure the Notes and the Guarantee equally and rateably with (or prior to) the indebtedness secured by such Lien, and (v) the

Guarantor has delivered to the Fiscal Agent an officers' certificate and an opinion of counsel each stating that such consolidation, merger, conveyance, transfer or lease comply with this paragraph and that all conditions precedent herein provided for relating to such transaction have been complied with.

- (3) The Issuer has made an application for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange (“**LuxSE**”) and to be listed on the Official List of LuxSE but an application may instead be made to another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organisation for Economic Co-operation and Development. In connection with such application, the Issuer will use endeavours considered in its sole opinion to be reasonable to it to obtain the listing as promptly as practicable after the Issue Date (if not already obtained). The Issuer may elect to apply for a de-listing of the Notes from any stock exchange or markets of such stock exchange on which they are traded because the maintenance of such listing is or would be, in the opinion of the Issuer, unduly burdensome, including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than International Financial Reporting Standards in which event the Issuer will use endeavours considered in its sole opinion to be reasonable to it to seek a replacement listing of such Notes on another section of any stock exchange on which they are traded or another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organisation for Economic Co-operation and Development, provided that obtaining or maintaining a listing on such section or stock exchange would not be, in the opinion of the Issuer, unduly burdensome, including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than International Financial Reporting Standards. In the event that no listing is obtained or maintained which satisfies the foregoing requirements, the Issuer will use endeavours considered in its sole opinion to be reasonable to it to obtain a replacement listing elsewhere.

- (4) For the purposes of these Conditions:

“**Adjusted Consolidated Net Worth**” means the aggregate of (a) the amount paid up or credited as paid up on the issued share capital (including ordinary shares and preference shares) of the Guarantor; and (b) the amounts standing to the credit of the Guarantor's consolidated reserves (including but not limited to any such balance on the share premium account, exchange reserves, revaluation reserves and retained profits or losses); and (c) the amount of non-controlling interests and perpetual capital securities; all as shown by the Latest Consolidated Financial Statements; *provided however*, that the aggregate of the amounts described in clauses (a) through (c) above shall be adjusted (to the extent that the same has not been taken into account in such Latest Consolidated Financial Statements) by (i) deducting therefrom any amount directly or indirectly attributable to the Guarantor by which the Market Value of any asset is less than its book value in such Latest Consolidated Financial Statements, and/or (ii) adding thereto any amount directly or indirectly attributable to the Guarantor by which the Market Value of any asset is greater than its book value in such Latest Consolidated Financial Statements;

“**Group**” means the Guarantor and its Subsidiaries for the time being;

“**Indebtedness for Borrowed Money**” means any indebtedness for or in respect of money borrowed that has a final maturity of one year or more from its date of incurrence or issuance and that is evidenced by any agreement or other instrument, excluding trade payables and lease liabilities;

“Latest Consolidated Financial Statements” means:

- (a) at any time prior to the publication of the audited consolidated accounts of the Group for, and as at, 31 December 2019, the Original Pro Forma Combined Financial Statements; or
- (b) at any time following the publication of the audited consolidated accounts of the Group for, and as at, 31 December 2019, the then latest published audited consolidated annual accounts of the Group at such time;

“Lien” means any mortgage, charge, pledge, lien, encumbrance, hypothecation, title retention, security interest or security arrangement of any kind provided that the term “Lien” shall not include an unsecured guarantee or Liens arising by operation of law;

“Listed Principal Subsidiary” means any Principal Subsidiary, the shares of which are at the relevant time listed on The Stock Exchange of Hong Kong Limited or any other recognised stock exchange;

“Market Value” means:

- (a) the best price at which the relevant asset (other than shares described falling within sub-paragraph (b) below) is expected to be sold on the relevant date assuming:
 - (i) a willing seller;
 - (ii) a reasonable period in which to negotiate the sale;
 - (iii) values will remain constant during the negotiation period;
 - (iv) the asset will be freely exposed to the market; and
 - (v) there is no special purchaser; and
- (b) in the case of shares in associated companies of the Guarantor and its Subsidiaries which are quoted on any stock exchange, the value of such shares having regard to the underlying net assets of such associated companies and the percentage holding of the Guarantor and its Subsidiaries in such associated companies,

in each such case as reasonably determined by the Guarantor after deducting (or, where such Market Value is to result in an adjustment to the Latest Consolidated Financial Statements, adjusting for) an estimate of the direct tax liabilities (if any) which would arise on the sale of such asset at such price computed solely by reference to such sale price and the cost price for tax purposes;

“Original Combined Financial Statements” means the audited combined financial statements of the Group, comprising a combined statement of financial position of the Group as at 31 December 2018, a combined income statement of the Group for the year ended 31 December 2018, a combined statement of comprehensive income of the Group for the year ended 31 December 2018, a combined statement of changes in equity of the Group for the year ended 31 December 2018, a combined statement of cash flows of the Group for the year ended 31 December 2018, and the notes to the combined financial statements, which include a summary of significant accounting policies;

“Original Pro Forma Combined Financial Statements” means the unaudited pro forma combined financial information of the Group, comprising a pro forma combined statement of financial position of the Group as at 31 December 2018, a pro forma combined income statement of the Group for the year ended 31 December 2018, a pro forma combined statement of cash flows of the Group for the year ended 31 December 2018, and other explanatory information, which have been compiled based on the Original Combined Financial Statements and on the bases stated in such pro forma combined financial information;

“Person” means any person or entity;

“Principal Subsidiary” means, at any time, a Subsidiary of the Guarantor:

(1) as to which one or more of the following conditions is satisfied:

- (a) its net profits (before taxation and extraordinary items) or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated net profits (before taxation and extraordinary items) attributable to the Guarantor are at least 10 per cent. of the consolidated net profits of the Guarantor and its Subsidiaries (before taxation and extraordinary items but after deducting non-controlling interests' share of the net profits (before taxation and extraordinary items) of the Subsidiaries); or
- (b) its net assets or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated net assets attributable to the Guarantor represent 10 per cent. or more of the consolidated net assets (after deducting non-controlling interests in Subsidiaries) of the Guarantor and its Subsidiaries,

all as calculated by reference to the then latest audited accounts or annual accounts reviewed by the auditor (consolidated or, as the case may be, unconsolidated) of such Subsidiary, and as adjusted to conform with the group accounting policies and measurement basis of the Guarantor, and the Latest Consolidated Financial Statements, provided that:

- (i) in the case of a Subsidiary of the Guarantor acquired after the end of the financial period to which the Latest Consolidated Financial Statements (other than the Original Pro Forma Combined Financial Statements) relate, the reference to the Latest Consolidated Financial Statements for the purposes of the calculation above shall, until the audited consolidated accounts of the Group for the financial period in which the acquisition is made are published, be deemed to be a reference to such Latest Consolidated Financial Statements adjusted to consolidate the latest audited accounts or annual accounts reviewed by the auditor of such Subsidiary in such accounts;
- (ii) if, in the case of any Subsidiary of the Guarantor which itself has Subsidiaries, no consolidated accounts are prepared and audited, its consolidated net assets and consolidated net profits shall be determined on the basis of the combined accounts of the relevant Subsidiary and its Subsidiaries prepared for this purpose and opined on by the Guarantor's auditors; or

- (2) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary of the Guarantor which immediately prior to such transfer was a Principal Subsidiary, provided that the Subsidiary which so transfers its assets and undertaking shall forthwith upon the transfer cease to be a Principal Subsidiary and the Subsidiary of the Guarantor to which the assets and undertaking are so transferred shall cease to be a Principal Subsidiary at the date on which the first audited consolidated accounts of the Guarantor and its Subsidiaries prepared as of a date later than such transfer are published unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraph (1) above.

An opinion from the auditors of the Guarantor on a calculation to show whether or not a Subsidiary is a Principal Subsidiary shall be conclusive and binding on all Noteholders and Couponholders in the absence of manifest error; and

“**Subsidiary**” means in relation to an entity, any other entity which would be accounted for and consolidated in the latest audited consolidated financial statements of that entity as a subsidiary pursuant to the accounting standards applicable to such financial statements or, in the case of the Guarantor, until the audited consolidated accounts of the Group for, and as at the end of, the financial year ending 2019 are published, would be so accounted for and consolidated or combined in the Original Combined Financial Statements.

5 INTEREST

- (1) The Notes bear interest from and including 17 October 2019 (the “**Interest Commencement Date**”) to but excluding 17 October 2034 at the rate of 2.625 per cent. per annum, payable annually in arrear on 17 October of each year (each an “**Interest Payment Date**”). The first Interest Payment Date will be 17 October 2020, in respect of the period from and including the Interest Commencement Date to but excluding 17 October 2020.
- (2) Each Note will cease to bear interest from and including the due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of the payment. In such event, interest will continue to accrue up to but excluding whichever is the earlier of:
- (a) the date on which all amounts due in respect of such Notes have been paid; and
 - (b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12.
- (3) If interest is to be calculated for a period of less than a full year, interest shall be calculated on the basis of the number of days in the period from and including the date from which interest starts to accrue to but excluding the date on which it falls due, divided by the actual number of days in the Interest Period in which the relevant period ends, where “Interest Period” means the period from, and including 17 October in any year to, but excluding, 17 October in the immediately succeeding year.
- (4) Interest payable under this Condition 5 will be paid in accordance with Condition 6.

6 PAYMENTS

- (1) Payments of principal and interest in respect of each Note will be made only against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.
- (2) Payments will be made by credit or transfer to an account denominated in Pounds Sterling maintained by the payee with or, at the option of the payee, by a cheque in Pounds Sterling drawn on, a bank in London.
- (3) Each Note should be presented for payment together with all unmatured Coupons relating to it. Upon the date on which any Note becomes due and repayable, all unmatured Coupons appertaining to the Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.
- (4) Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8.
- (5) A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 5, be entitled to any further interest or other payment if a Presentation Date is after the due date.

In this Condition:

“Presentation Date” means a day which (subject to Condition 9):

- (a) is or falls after the relevant due date;
- (b) is a Business Day; and
- (c) in the case of payment by credit or transfer to an account denominated in Pounds Sterling in a bank in London, is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

If payment to a holder is to be made by transfer to a Pounds Sterling account maintained by the payee, and it is not practicable to transfer the relevant amount to such account for value on the relevant date of presentation as a result of differences in the time zones between Central European time and the location of such account, none of the Paying Agents shall be obliged so to do, but shall be obliged to transfer the relevant amount to such account for value on the first practicable day after such relevant date of presentation.

“Business Day” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place of the specified office of the Paying Agent at which a Note or Coupon is presented for payment and London.

- (6) The names of the initial Paying Agents and their initial specified offices are set out in the Agency Agreement. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that they will at all times maintain (i) a Fiscal Agent and (ii) so long as the Notes are listed on the LuxSE, or another stock exchange pursuant to Condition 4(3), as the case may be, and the rules of the LuxSE or such other stock exchange so require, a Paying Agent in Luxembourg or in the jurisdiction of such other stock exchange, as the case may be. Notice of any variation, termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

7 REDEMPTION AND PURCHASE

- (1) Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 17 October 2034.
- (2) If (a) as a result of any change in, or amendment to, the laws or regulations of the Grand Duchy of Luxembourg (in the case of the Issuer) or the Cayman Islands (in the case of the Guarantor) (or in each case of any political subdivision or taxing authority thereof or therein having power to tax) or any regulations or rulings promulgated thereunder or any change in the official interpretation or official application of such laws, regulations or rulings, or any change in the official application or interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which the Grand Duchy of Luxembourg or, as the case may be, the Cayman Islands or such political subdivision or taxing authority is a party, which change, amendment or treaty becomes effective on or after 10 October 2019, on the next Interest Payment Date either the Issuer would be required to pay Additional Amounts as provided or referred to in Condition 8 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such Additional Amounts, and (b) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, the Issuer may at its option, having given not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at their principal amount together with interest accrued to but excluding the date of redemption, provided that no notice of redemption shall be given earlier than 90 days before the earliest date on which the Issuer or, as the case may be, the Guarantor would be required to pay the Additional Amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7(2), the Issuer or the Guarantor, as the case may be, shall deliver to the Fiscal Agent a certificate signed by two senior officers of the Issuer or, as the case may be, the Guarantor stating that the requirement referred to in (a) above will apply on the occasion of the next payment due in respect of the Notes and cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it and an opinion of independent tax or legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such Additional Amounts as a result of the change, amendment or treaty.

- (3) The Notes may, at the option of the Issuer or the Guarantor, be redeemed in whole but not in part, on any date falling on or after 17 July 2034, upon not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12, at a redemption price equal to the principal amount thereof plus accrued interest to, but excluding, the date fixed for redemption.
- (4) The Issuer, the Guarantor or any of their respective Subsidiaries (as defined above), if any, may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price.
- (5) All Notes and/or Coupons which are redeemed will, and any Notes and/or Coupons purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries, if any, may (but need not) be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be reissued or resold. Notes purchased by the Issuer, the Guarantor or any of their respective Subsidiaries, if any, and not cancelled may be resold.
- (6) Upon the expiry of any notice as is referred to in Condition 7(2) or Condition 7(3) above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such condition.

8 TAXATION

- (1) Subject to Condition 8(3), all payments of principal and interest in respect of the Notes, the Coupons or the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Grand Duchy of Luxembourg (in the case of payments by the Issuer) or the Cayman Islands (in the case of payments by the Guarantor) (or in each case any political subdivision or taxing authority thereof or therein having power to tax) unless such withholding or deduction is required by law. In that event, the Issuer or the Guarantor shall pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Noteholders or Couponholders of such amounts as would have been received in respect of the Notes, the Coupons or the Guarantee had no such withholding or deduction been required, except that no such Additional Amounts shall be payable:
 - (a) in respect of any tax, duty, assessment or other governmental charge that would not have been imposed but for any connection between the holder or beneficial owner of a Note or Coupon and the Grand Duchy of Luxembourg or the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, as the case may be, otherwise than merely holding such Note or Coupon or receiving principal or interest in respect thereof;
 - (b) in respect of any Note or Coupon presented for payment more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such 30 day period; or
 - (c) to a Noteholder, Couponholder or to a third party on behalf of a person who would have been able to avoid such withholding or deduction by duly presenting the Notes or the Coupons to another Paying Agent.

For the purposes of these Conditions, the “**Relevant Date**” in relation to any Note or Coupon means (i) the due date for payment thereof or (ii) if the full amount payable on such due date has not been received by the Fiscal Agent on or prior to such due date, the first date on which such full amount has been so received and notice to that effect has been given to the Noteholders in accordance with Condition 12.

- (2) Unless the context otherwise requires, any reference in the Notes and these Conditions to principal or interest shall be deemed also to refer to any Additional Amounts which may be payable as described in Condition 8(1).
- (3) Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer or the Guarantor will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer, the Guarantor, or any other person will be required to pay any additional amounts in respect of FATCA Withholding.

9 PRESCRIPTION

Claims in respect of principal and interest will become void unless the relevant Notes and Coupons are presented for payment within ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date, subject to the provisions of Condition 6.

10 EVENTS OF DEFAULT

The occurrence of each of the following events will constitute an event of default (each an “**Event of Default**”) with respect to the Notes:

- (a) failure to pay principal of any Note within five days after the due date for such payment; or
- (b) failure to pay interest on any Note within 30 days after the due date for such payment; or
- (c) failure to perform any other covenant of the Issuer or the Guarantor in the Agency Agreement, the Guarantee or the Notes (excluding Condition 4(3)) which has continued for 60 days after there has been given, by registered or certified mail, to the Issuer or the Guarantor by the Fiscal Agent or by the holders of at least 25 per cent. in principal amount of the Notes then outstanding, a written notice specifying such failure and requiring it to be remedied and stating that such notice is a notice of default under the Agency Agreement, the Guarantee or the Notes, as the case may be; or
- (d) (i) failure to pay upon final maturity (after giving effect to the expiration of any applicable grace period therefor) the principal of any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries), (ii) acceleration of the maturity of any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) following a default by the Issuer, the Guarantor or such Principal

Subsidiary, if such Indebtedness for Borrowed Money is not discharged, or such acceleration is not annulled, within 10 days after receipt of the written notice as provided in the Agency Agreement, or (iii) failure to pay any amount payable by the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) under any guarantee or indemnity in respect of any Indebtedness for Borrowed Money of any other Person; provided however, that:

- (1) no such event set forth in (i), (ii) or (iii) of this paragraph (d) shall constitute an Event of Default unless the aggregate Indebtedness for Borrowed Money to which all such events relate exceeds HK\$380,000,000 (or its equivalent in any other currency or currencies converted at the date of the relevant event); and
- (2) Indebtedness for Borrowed Money which is:
 - (x) in the form of secured project financing or secured limited recourse financing and such Indebtedness for Borrowed Money is not guaranteed by the Guarantor or a Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries); or
 - (y) incurred or guaranteed by a Subsidiary of the Guarantor:
 - (A) which has an issuer credit rating of either BB+ or higher by S&P or Fitch or Bal or higher by Moody's; and
 - (B) which is not guaranteed by the Guarantor or a Principal Subsidiary (other than such Subsidiary of the Guarantor incurring or guaranteeing such Indebtedness and its Subsidiaries),

(**“Non-Recourse Debt”**);

shall be deemed not to be Indebtedness for Borrowed Money for the purposes of this paragraph (d); or

For the purpose of this Condition:

“Fitch” means Fitch Ratings, Inc., Fitch Ratings Ltd., their respective affiliates and subsidiaries or any successor to their respective rating businesses;

“Moody’s” means Moody’s Investors Service, Inc., its affiliates and subsidiaries or any successor to their respective rating businesses; and

“S&P” means S&P Global Ratings, its affiliates and subsidiaries or any successor to their respective rating businesses.

- (e) the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) becomes insolvent and is unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, begins negotiations or takes any proceeding or other step with a view to readjustment, rescheduling or deferral of all of its Indebtedness for Borrowed Money (or any part of its Indebtedness for Borrowed Money which it will or might otherwise be unable to pay when due)

or proposes or makes a general assignment or any arrangement or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of the Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) or of the Issuer or the Guarantor and their respective Subsidiaries taken as a whole; or

- (f) a distress, attachment, execution or other legal process (other than one initiated in relation to a Non-Recourse Debt) is levied, enforced or sued out on or against all or any material part of the assets of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) and is not discharged or stayed within 30 days (or such longer period as the holders of a majority in principal amount of the Notes may permit); or
- (g) any present or future encumbrance (other than any encumbrance securing a Non-Recourse Debt) on or over all or any material part of the assets of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar officer) is taken to enforce that encumbrance; or
- (h) any *bona fide* step is taken by any person for the dissolution of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries), except (in each such case) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (1) on terms approved by an Extraordinary Resolution of the Noteholders, or (2) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Guarantor or another of its Subsidiaries pursuant to a merger of such Principal Subsidiary with the Guarantor or such other Subsidiary or by way of a voluntary winding up or dissolution where there are surplus assets in such Principal Subsidiary and such surplus assets attributable to the Guarantor and/or such other Subsidiary are distributed to the Guarantor and/or such other Subsidiary; or
- (i) any event occurs which under the laws of any relevant jurisdiction has an analogous or equivalent effect to any of the events referred to in sub-paragraphs (e) through (h) above.

If an Event of Default (other than an Event of Default described in sub-paragraphs (e) to (i) above) with respect to the Notes shall occur and be continuing, the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding by notice as provided in the Agency Agreement may declare the principal amount of such Notes and any accrued and unpaid interest thereon to be due and payable immediately. If an Event of Default referred to in sub-paragraphs (e) to (i) above with respect to the Notes shall occur, the principal amount of all the Notes and any accrued and unpaid interest thereon will automatically, and without any action by any Noteholder, become immediately due and payable. After any such acceleration but before a judgment or decree based on acceleration has been obtained, the holders of a majority in aggregate principal amount of the outstanding Notes may, under certain circumstances, rescind and annul such acceleration if all the then existing Events of Default have been cured or waived as provided in the Agency Agreement.

11 REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent in London (and for so long as the Notes are listed on the LuxSE and the rules of the LuxSE so require, the specified office of the Paying Agent in Luxembourg), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the

expenses incurred in connection with the replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12 NOTICES

All notices to the Noteholders will be valid if published in a leading English language daily newspaper with general circulation in Europe as the Issuer may decide. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, if published more than once or on different dates, on the first date on which publication is made.

13 MEETINGS OF NOTEHOLDERS AND MODIFICATION

- (1) The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions or the provisions of the Agency Agreement or the Deed of Guarantee. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting, the business of which includes the modification of certain of these Conditions, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than 75 per cent., or at any adjourned meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. The Agency Agreement does not contain any provisions requiring higher quorums in any circumstances. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders and Couponholders, whether or not they are present at the meeting. The Agency Agreement provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of the Notes outstanding shall be valid and effective as an Extraordinary Resolution. In addition, no Noteholders or any other person acting on behalf of them may start proceedings against the Issuer which are based on Article 470-21 of the Luxembourg law of 10 August 1915 relating to commercial companies, as amended (the “**Companies Act 1915**”).
- (2) The Fiscal Agent may agree, without the consent of the Noteholders or Couponholders, to any modification of any of these Conditions or any of the provisions of the Agency Agreement or the Deed of Guarantee which is not, in the opinion of the Fiscal Agent, materially prejudicial to the interests of the Noteholders or to any modification which is of a formal, minor or technical nature or to correct a manifest or proven error.
- (3) Any modification made in accordance with these Conditions shall be binding on the Noteholders and the Couponholders and, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

14 FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or the Couponholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the date and the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

15 CURRENCY INDEMNITY

The Issuer's obligations under the Notes or the Guarantor's obligations under the Guarantee, as the case may be, to make all payments in Pounds Sterling will not be satisfied by any payment, recovery or any other realisation of proceeds in any currency other than Pounds Sterling. If, for the purpose of obtaining a judgment in any court with respect to any obligation of the Issuer under any Notes or the Guarantor's obligations under the Guarantee, as the case may be, it shall become necessary to convert into any other currency or currency unit any amount in the currency or currency unit due under any Notes then such conversion shall be made by the Fiscal Agent at the market exchange rate (as determined by the Fiscal Agent) as in effect on the date of entry of the judgment (the "**Judgment Date**"); it being understood that the Fiscal Agent shall effect such conversion only after receipt of the relevant funds from the Issuer or, as the case may be, the Guarantor and that such conversion may require up to three Business Days to effect after the receipt of such funds. If pursuant to any such judgment, conversion shall be made on a date (the "**Substitute Date**") other than the Judgment Date and there shall occur a change between the market exchange rate for Pounds Sterling as in effect on the Substitute Date and the market exchange rate as in effect on the Judgment Date, the Issuer agrees to pay such additional amounts (if any) in Pounds Sterling as may be necessary to ensure that the amount paid is equal to the amount in such other currency or currency unit which, when converted at the market exchange rate as in effect on the Judgment Date, is the amount due under any Notes. Any amount due from the Issuer under this Condition shall be due as a separate debt and is not to be affected by or merged into any judgment being obtained for any other sums due in respect of any Notes. In no event, however, shall the Issuer be required to pay more in Pounds Sterling due under the Notes at the market exchange rate as in effect on the Judgment Date than the amount of Pounds Sterling stated to be due under the Notes so that in any event the Issuer's obligations under the Notes or the Guarantor's obligations under the Guarantee will be effectively maintained as obligations in Pounds Sterling and the Issuer shall be entitled to withhold (or be reimbursed for, as the case may be) any excess of the amount actually realised upon any such conversion on the Substitute Date over the amount due and payable on the Judgment Date.

For the purpose of this Condition 15, "**Business Day**" means a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets are open for business in London and the Grand Duchy of Luxembourg.

16 GOVERNING LAW AND SUBMISSION TO JURISDICTION

The Agency Agreement, the Deed of Guarantee, the Notes and the Coupons, and any non-contractual obligations arising out of or in relation to any of them, are governed by, and will be construed in accordance with, English law. The provisions contained in Articles 470-1 to 470-19 of the Companies Act 1915 will not apply in respect of the Notes.

The Issuer and the Guarantor irrevocably agree for the benefit of the Noteholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Deed of Guarantee, the Notes or the Coupons (including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with any of them) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as “**Proceedings**”) may be brought in the courts of England.

The Issuer and the Guarantor irrevocably and unconditionally waive and agree not to raise any objection which they may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and have further irrevocably and unconditionally agreed that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and the Guarantor and may be enforced in the courts of any other jurisdiction. Nothing in this Condition shall limit any right to take Proceedings against the Issuer or the Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

Each of the Issuer and the Guarantor hereby irrevocably and unconditionally appoints Hutchison Whampoa Agents (UK) Limited at its registered office in England (presently Hutchison House, 5 Hester Road, Battersea, London SW11 4AN, United Kingdom) as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of Hutchison Whampoa Agents (UK) Limited ceasing so to act it will appoint another person as its agent for that purpose.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The following is an overview of certain provisions to be contained in the Temporary Global Notes and/or the Permanent Global Notes (together the “Global Notes”) which will apply to, and in some cases modify, the Conditions of the Series A Notes, the Conditions of the Series B Notes, the Conditions of the Series C Notes, the Conditions of the Series D Notes, the Conditions of the Series E Notes and the Conditions of the Series F Notes while those Notes are represented by the Global Notes.

1. EXCHANGE

Each Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only:

- (a) on or following the giving of a default notice upon the occurrence of an Event of Default under Condition 10 of the relevant Conditions; or
- (b) if the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or
- (c) if the Issuer, or the Guarantor, as the case may be, has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form.

In the case of (a), (b) or (c) above, the Issuer shall promptly give notice to the Noteholders by publication in a leading English language daily newspaper of general circulation in Europe as the Issuer may decide in accordance with Condition 12 of the relevant series of Notes. In the case of (a) or (b) above, the holder of the relevant Permanent Global Note, acting on the instructions of one or more of the Accountholders (as defined in paragraph 4 below), may give notice to the Issuer and the Fiscal Agent and, in the case of (c) above, the Issuer may give notice to the Fiscal Agent of its intention to exchange the relevant Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the relevant Permanent Global Note may (or, in the case of (c) above, the holder of the relevant Permanent Global Note shall on the Exchange Date) surrender the relevant Permanent Global Note to or to the order of the Fiscal Agent. In exchange for the relevant Permanent Global Note, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the relevant Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Agency Agreement. On exchange of the relevant Permanent Global Note, the Issuer will procure that it is cancelled.

“Exchange Date” means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given, being a day on which banks are open for general business in the place in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

2. PAYMENTS

On and after 26 November 2019, no payment will be made on each Temporary Global Note unless exchange for an interest in the relevant Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note and, if no further payment falls to be made in respect of the Notes, against surrender of such Global Note to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. The Fiscal Agent shall procure that the details of each such payment shall be entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of Euroclear and Clearstream, Luxembourg shall not affect such discharge. Payments of interest on each Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. NOTICES

So long as all of the Notes of a series are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to Noteholders of that series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note, except that, so long as the Notes of that series are listed on the Luxembourg Stock Exchange's regulated market, the notice requirements of the Luxembourg Stock Exchange shall be complied with.

4. ACCOUNTHOLDERS

For so long as any of the Notes of a series are represented by one or more Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes of that series (each an "Accountholder") (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes of that series for all purposes (including but not limited to for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notice to the Issuer pursuant to Condition 10 of the relevant series of Notes) other than with respect to the payment of principal, redemption price and interest on such Notes of that series, the right to which shall be vested, as against the Issuer and the Guarantor, solely in the bearer of the relevant Global Note in accordance with and subject to its terms. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

In each Global Note the Issuer will covenant in favour of each Accountholder that it will make all payments in respect of the principal amount and redemption price of Notes of each series for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as being held by the Accountholder and represented by such Global Note to the bearer of such Global Note and will acknowledge that each Accountholder may take proceedings to enforce this covenant and any of the other rights which it has pursuant to the Issuer's promise to pay as contained in each Global Note.

If the principal in respect of the Notes of a series is not paid when due and payable, the holder of the relevant Global Note may elect that Direct Rights (as defined in the schedule to the relevant Global Note) shall come into effect. If Direct Rights come into effect each Accountholder in respect of which such Direct Rights have come into effect shall acquire all the rights which such Accountholder would have had if, immediately before such Direct Rights came into effect, it had been the holder of the definitive Notes issued on the issue date of the relevant Global Note in a principal amount equal to the principal amount of the relevant Accountholder as shown in the records of Euroclear and/or Clearstream, Luxembourg, including the right to receive payments due in respect of such definitive Notes, other than payments already made under the relevant Global Note.

5. PRESCRIPTION

Claims against the Issuer and the Guarantor in respect of principal, redemption price and interest on the Notes represented by a Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal or redemption price) and five years (in the case of interest) from the Relevant Date (as defined in Condition 8 of the relevant series of Notes).

6. CANCELLATION

Cancellation of any Note represented by a Global Note and required by the Conditions of the relevant series of Notes to be cancelled following its redemption or purchase will be effected by instruction to Euroclear and Clearstream, Luxembourg to make appropriate entries in their records in respect of all Notes which are cancelled.

7. EUROCLEAR AND CLEARSTREAM, LUXEMBOURG

Notes represented by a Global Note are transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as appropriate.

8. EUROSISTEM ELIGIBILITY

The Global Notes will be issued in NGN form. This means that the Notes are intended upon issue to be deposited with a Common Safekeeper for Euroclear and Clearstream, Luxembourg (each acting in its capacity as International Central Securities Depositary) and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

USE OF PROCEEDS

The net proceeds of the sale of the Notes after deducting commissions, fees and other costs and expenses in connection with the issue and offering of the Notes will be approximately €5,064 million¹. CK Hutchison Group Telecom intends to use the net proceeds of the offering to refinance certain indebtedness, including recourse or non-recourse indebtedness owed by CK Hutchison Group Telecom (including the Issuer). In the event that CK Hutchison Group Telecom determines not to use certain of the proceeds for this purpose, such proceeds will be used for general corporate purposes, including the funding of capital expenditures.

Note:

1. The proceeds of the Series E Notes and Series F Notes are translated into Euro based on an exchange rate of £1 = €1.077. Fees, costs and expenses payable in US\$ are translated into Euro based on an exchange rate of US\$1 = €0.878.

CAPITALISATION OF CK HUTCHISON GROUP TELECOM

The following table sets forth the combined capitalisation of CK Hutchison Group Telecom as of 30 June 2019 as adjusted to give effect to the issuance of the Notes. The table has been prepared on a basis consistent with the principal accounting policies of CK Hutchison Group Telecom as set out in the Combined Financial Statements for the Six Months Ended 30 June 2019 that are included elsewhere in this Prospectus and should be read in conjunction with the Combined Financial Statements for the Six Months Ended 30 June 2019.

	Unaudited		
	As of 30 June 2019		
	Actual	As adjusted	As adjusted ⁽¹⁾
	(in million)	(in million)	(in million)
Short-term bank and other debts ⁽²⁾			
(including current portion of long-term debt)	HK\$1,642	HK\$1,642	€185
Long-term bank and other debts ⁽²⁾			
(net of current portion)	HK\$83,543	HK\$83,543	€9,408
Parent company investments ⁽³⁾	HK\$98,240	HK\$98,240	€11,063
Securities offered hereby ⁽¹⁾	–	HK\$45,393	€5,112
Non-controlling interests	HK\$10,767	HK\$10,767	€1,213
Total capitalisation	HK\$192,550	HK\$237,943	€26,796
Total short-term bank and other debts ⁽²⁾			
and capitalisation	HK\$194,192	HK\$239,585	€26,981

Notes:

- (1) €4,250 million, representing the aggregate principal amounts of the Series A Notes, the Series B Notes, the Series C Notes and the Series D Notes, is translated into Hong Kong dollar for convenience only at the rate of €1 = HK\$8.88. £800 million, representing the aggregate principal amounts of the Series E Notes and the Series F Notes, is translated into Hong Kong dollar and Euro for convenience only at the rate of £1 = HK\$9.566 and £1 = €1.077 respectively.
- (2) Short-term bank and other debts and Long-term bank and other debts represent the respective current and non-current portion of bank and other debts. Bank and other debts comprise the principal amount of the bank and other debts, and are stated before the unamortised loan facilities fees and premiums or discounts related to debts.
- (3) The Telecommunications Businesses have not comprised a separate legal entity as at 30 June 2019 and did not therefore prepare consolidated financial statements as at 30 June 2019 and for the periods presented. Accordingly, the financial statements in respect of the Telecommunications Businesses has been prepared on a combined basis. Parent company investments as shown in the Combined Financial Statements for the Six Months Ended 30 June 2019 represents the combined total equity of CK Hutchison Group Telecom attributable to CKHH as at 30 June 2019.

Except for the adjustments included in the table above and the developments described below, there has been no material change in the total capitalisation of CK Hutchison Group Telecom since 30 June 2019.

- In July 2019, the reorganisation of the Telecommunications Businesses under CK Hutchison Group Telecom and assignments to CK Hutchison Group Telecom of HK\$91,881 million loans owing by the Telecommunications Businesses to CKHH group entities have been completed, resulting in an increase of HK\$91,881 million in Parent company investments.
- In July 2019, CK Hutchison Group Telecom prepaid GBP165 million of a floating rate loan facility maturing in October 2021.

- In August 2019, CK Hutchison Group Telecom drew down €10,400 million (approximately HK\$90,584 million) from a bridging loan facility of the same amount for up to a maximum period of 18 months (the “**Bridging Facility**”). The drawdown proceeds were applied (among other things) towards effecting an early redemption and prepayment of the bonds and loan facilities of Wind Tre in the aggregate principal amount of €8,175 million (approximately HK\$71,204 million) and US\$2,000 million (approximately HK\$15,600 million). CK Hutchison Group Telecom subsequently made a partial prepayment of the Bridging Facility in the amount of €1,100 million (approximately HK\$9,581 million). The Bridging Facility is intended to be subsequently refinanced through bonds and/or bank loans, including the net proceeds of the Notes and the Term Loan Facility.
- It is expected that on or around 11 October 2019, the Issuer and the Guarantor will enter into a facility agreement with a syndicate of lenders (including certain of the Underwriters and/or their affiliates) in respect of a term loan facility of €4.2 billion (approximately HK\$36,120 million) (the “**Term Loan Facility**”) and a revolving credit facility of €360 million (approximately HK\$3,096 million) with tenors ranging from 3 to 5 years. The Issuer and the Guarantor expect to drawdown the full amount of the Term Loan Facility on or around the Issue Date of the Notes, and net proceeds of the drawdown will be applied towards prepayment of the Bridging Facility.

DESCRIPTION OF THE ISSUER

CK Hutchison Group Telecom Finance S.A. (formerly CK Group Telecom Finance S.A.), a wholly-owned subsidiary of the Guarantor, was incorporated as a société anonyme under the laws of the Grand Duchy of Luxembourg on 4 July 2019 and registered with the Luxembourg Register of Commerce and Companies (Registre de Commerce et des Sociétés à Luxembourg) under number B236170. Its registered office is located at 7, rue du Marché-aux-Herbes, L-1728 Luxembourg, Grand Duchy of Luxembourg. The telephone number of the Issuer is +352 2626 8128.

The Issuer is a wholly-owned subsidiary of the Guarantor and its primary purpose is to act as a financing subsidiary of CK Hutchison Group Telecom.

The Issuer has no material assets as at 31 August 2019, other than cash of €349 million (approximately HK\$3,040 million) and intercompany receivables of €9,041 million (approximately HK\$78,747 million) (arising from the drawdown proceeds of (i) the Bridging Facility (net of the subsequent partial prepayment thereof in August 2019) and (ii) certain other intra-group borrowings, which were partly on-lent to the Group subsequently to refinance certain of its indebtedness and partly held by the Issuer as cash).

The directors of the Issuer are as follows:

Name	Position
Frank John SIXT	Director
Dominic Kai Ming LAI	Director
Edith SHIH	Director
Neil Douglas MCGEE	Director
Thomas Georg GEIGER	Director
Shane Robert AH-PIANG	Director
Richard Waichi CHAN	Director

The business address of the abovementioned directors for the purposes of their directorships of the Issuer is CK Hutchison Group Telecom Finance S.A., 7, rue du Marché-aux-Herbes, L-1728 Luxembourg, Grand Duchy of Luxembourg.

Each of Frank John SIXT, Dominic Kai Ming LAI and Edith SHIH is an employee of an entity within the CKHH Group. See the section entitled “Management of the Guarantor” for his or her other principal activities.

Neil Douglas MCGEE is an employee of certain entities within the CKHH Group and also acts as directors or managers of certain entities within the CKHH Group and their respective subsidiaries, affiliates and associates, and certain companies controlled by certain substantial shareholders of CKHH.

Thomas Georg GEIGER is an employee of an entity within the CKHH Group and also acts as directors or managers of certain entities within the CKHH Group and their respective subsidiaries, affiliates and associates, and certain companies controlled by certain substantial shareholders of CKHH.

Shane Robert AH-PIANG is an employee of an entity within the Group and also acts as directors or managers of certain entities within the CKHH Group and their respective subsidiaries, affiliates and associates.

Richard Waichi CHAN is an employee of LF Investment S.à r.l. and acts as directors or managers of certain entities within the CKHH Group and their respective subsidiaries, affiliates and associates, and certain companies controlled by substantial shareholders of CKHH.

The purpose for which the Issuer is established are set forth in Article 2 of the Consolidated Articles of Incorporation of the Issuer (copies of which are available as described under “General Information”).

The share capital of the Issuer is set at €30,000, represented by 30,000 shares with a nominal value of €1 each, all of which are fully paid up.

No part of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought.

The Issuer has no subsidiaries.

It is to be noted that any statements regarding the Issuer’s competitive position contained in this Prospectus are based on the Issuer’s estimates.

BUSINESS OF CK HUTCHISON GROUP TELECOM

OVERVIEW

The Guarantor, CK Hutchison Group Telecom Holdings Limited (formerly CK Group Telecom Holdings Limited), is an exempted company incorporated in the Cayman Islands on 26 June 2019 with limited liability. Its registered office is located at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Its registration number is MC-352731. The telephone number of the Guarantor is +852 2128 1542.

The Guarantor is an indirect wholly-owned subsidiary of CKHH, a Hong Kong-based multinational conglomerate incorporated in the Cayman Islands with limited liability whose shares are listed on The Stock Exchange of Hong Kong Limited. Pursuant to an internal reorganisation exercise implemented by CKHH, which was completed on 30 July 2019 (the “Reorganisation”), companies comprising the telecommunications businesses of CKHH and its subsidiaries (collectively, the CKHH Group”) in Europe, Hong Kong and Macau (collectively, the “Telecommunications Businesses”) have been reorganised under CK Hutchison Group Telecom.

CK Hutchison Group Telecom is a worldwide operator of mobile telecommunications networks, with operations spanning six European countries and Hong Kong and Macau. CK Hutchison Group Telecom’s operation in Hong Kong has operated telecom networks for over 30 years, and CK Hutchison Group Telecom’s operations in Europe launched commercial operations in 2003.

The Guarantor has an authorised share capital of Euro 40,000 divided into 40,000 shares of a par value of Euro 1.00 each, 64 shares of which are currently in issue.

CK Hutchison Group Telecom’s European operations comprises mobile telecommunications businesses in the UK, Sweden, Denmark, Austria and Ireland, offering mobile telecommunications services under the brand name “Three” or “3”, and in Italy through its subsidiary Wind Tre S.p.A. (“Wind Tre”), which became a wholly owned subsidiary of CKHH as of September 2018 following the acquisition of the remaining 50% interest from VEON Ltd. (“Veon”). Wind Tre offers mobile telecommunications services under the “Three” or “3” and “Wind” brand names, and fixed-line services under the “Infostrada” brand name. As of 31 December 2018 and 30 June 2019, CK Hutchison Group Telecom’s European operations had approximately 51.0 million and 49.9 million registered customers respectively. The new organisation structure and the refinancing transaction will allow CK Hutchison Group Telecom to generate significant financing cost savings, as well as rationalise its investments in light of the expected need for harmonisation of network, IT platform, and infrastructure configurations to meet new transnational business opportunities going forward.

- In the UK, Hutchison 3G UK Limited (“3 UK”) serviced a registered customer base of approximately 13.2 million and 13.3 million as of 31 December 2018 and 30 June 2019 respectively.
- In Italy, Wind Tre serviced a registered customer base of approximately 27.0 million as well as 2.7 million fixed line customers as of 31 December 2018, and approximately 25.7 million registered customer base as well as 2.7 million fixed line customers as of 30 June 2019 respectively.
- In Sweden, Hi3G Access AB (“Hi3G Access”), in which CK Hutchison Group Telecom holds a 60% interest, serviced a registered customer base of approximately 2.0 million as of 31 December 2018 and 30 June 2019.
- In Denmark, Hi3G Denmark ApS (“Hi3G Denmark”), in which CK Hutchison Group Telecom holds a 60% interest and which is a wholly-owned subsidiary of Hi3G Access, serviced a registered customer base of approximately 1.4 million as of 31 December 2018 and 30 June 2019.
- In Austria, Hutchison Drei Austria GmbH (“3 Austria”) serviced a registered customer base of approximately 3.7 million as of 31 December 2018 and 30 June 2019.
- In Ireland, Three Ireland (Hutchison) Limited (formerly known as Hutchison 3G Ireland Limited) (“3 Ireland”) serviced a registered customer base of approximately 3.6 million and 3.7 million as of 31 December 2018 and 30 June 2019.

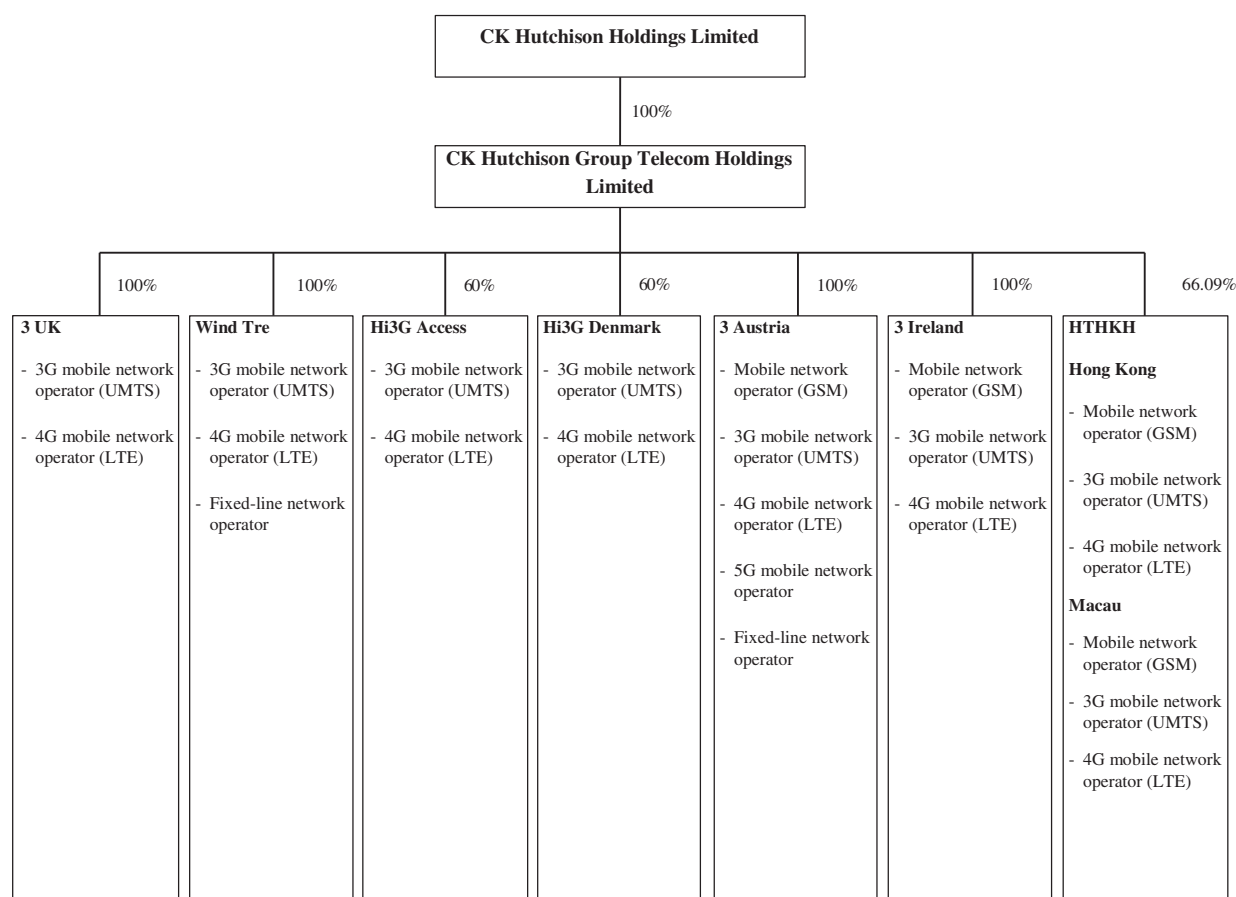
- In Hong Kong, CK Hutchison Group Telecom has an approximately 66.09% interest in Hutchison Telecommunications Hong Kong Holdings Limited (“HTHKH”), which is listed on the main board of SEHK. HTHKH is a mobile telecommunications operator that provides services in Hong Kong and Macau under the “3” Brand. HTHKH has a combined active mobile customer base of approximately 3.3 million in Hong Kong and Macau as of 31 December 2018 and 30 June 2019.

It is to be noted that any statements regarding the Guarantor’s competitive position contained in this Prospectus are based on the Guarantor’s estimates.

Presentation of financial information for the years ended 31 December 2017 and 2018 and for the six months ended 30 June 2018 and 2019

CK Hutchison Group Telecom’s combined financial statements are prepared and presented in accordance with IFRS. With effect from 1 January 2019, CK Hutchison Group Telecom has adopted IFRS 16 which relates to accounting for leases. The adoption of IFRS 16 does not require CK Hutchison Group Telecom to make retrospective adjustments to restate its previously reported combined financial statements. Accordingly, the comparative information continues to be reported under the precedent lease accounting standard International Accounting Standard 17 “Leases” (“IAS 17”). Hence, any comparison, particularly the financial results, between the two bases of reporting would not be meaningful. CK Hutchison Group Telecom believes that the IAS 17 basis metrics (“Pre-IFRS 16 basis”), which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis (“Post-IFRS 16 basis”), allows a like-with-like comparison with the prior period results, and to better reflect management’s view of the CK Hutchison Group Telecom’s underlying operational performance. As a result, CK Hutchison Group Telecom has provided an alternative presentation of the CK Hutchison Group Telecom’s financial performance prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the first six months of 2019. Unless otherwise specified, the discussion of CK Hutchison Group Telecom’s operating results in this Prospectus is on a Pre-IFRS 16 basis.

The following chart illustrates the main activities of CK Hutchison Group Telecom by business segment:



KEY BUSINESS STRENGTHS AND STRATEGY

CK Hutchison Group Telecom is a worldwide operator of mobile telecommunications networks primary under the 3 brand, with a sizable portfolio representing 32% and 29% of CKHH's EBITDA for the first half of 2019 and total assets as at 30 June 2019 respectively. CK Hutchison Group Telecom has made substantial investments to build mobile telecommunications operations in certain key markets in Europe, Hong Kong and Macau, and intends to leverage its strong network coverage to grow its businesses through establishing a diversified local presence while remaining profitable. CK Hutchison Group Telecom's overall strategy is to focus on, and continue to cautiously expand, its core businesses and market share through organic growth, including the expansion of data service offerings and competitive tariff plans to stimulate customer growth. CK Hutchison Group Telecom will also seek to explore selective acquisitions where in-market consolidation opportunities exist. CK Hutchison Group Telecom also operates a centralised platform function at a corporate level including: procurement, roaming agreements, cross border IoT, enterprise sales, operator alliances, digital product development and cyber security.

CK Hutchison Group Telecom has the following operational, business and financial strategies:

Operational strategies

CK Hutchison Group Telecom aims to offer its customers the best network quality and coverage. Key operational strategies include:

- **Network:** CK Hutchison Group Telecom focuses on improving its network through data-centric digitisation to optimise service quality, whilst also increasing overall network coverage to expand market share.
- CK Hutchison Group Telecom will complete network transformation and consolidation in Italy by Q4 2019.
- **IT platform:** CK Hutchison Group Telecom's focus on its IT transformation program encompasses customer relationship management, retail point-of-sales, billing systems and new product catalogues to enhance the customer experience.
- CK Hutchison Group Telecom will complete its IT transformation for certain countries by late 2019 to early 2020, to provide a leading customer experience that is online, multi-channel and real-time.
- **5G readiness:** CK Hutchison Group Telecom is actively involved in developing and standardising the fifth generation mobile communications standard ("5G"). 5G is anticipated to make it possible to operate fixed and mobile communications networks more efficiently and to improve the quality of critical services.
- **Spectrum:** CK Hutchison Group Telecom has already obtained sufficient spectrum for 5G in most operations and is 5G-ready in almost all markets in which it operates. Key developments in select markets include:
 - *Italy* – sufficient 5G spectrum with existing 30MHz of 2.6GHz 5G-ready spectrum, together with 20MHz of 3.6-3.8GHz 5G-ready spectrum acquired in 2018. CK Hutchison Group Telecom's network site modernisation project, which is expected to be completed within 2019, will enable a much more expedient upgrade to 5G in anticipation of 5G rollout.
 - *UK* – only operator to have a 100MHz contiguous block of 5G-ready spectrum in the country and the only operator with available >6GHz frequency spectrum. CK Hutchison Group Telecom will roll out its 5G mobile network in the UK across 25 cities by the end of 2019, being the first operator to offer all new and existing customers access to 5G with no speed caps and at no extra costs on all contract, SIM only and PAYG mobile plans.

- *Denmark* – recently acquired 20MHz of 700MHz and 20MHz of 900MHz spectrum, in order to complement 5G rollout.
- *Austria* – acquired 100MHz of 3.5GHz spectrum as part of the 5G licence auction held in 2019 and 5G service launched in 2019, 5G network expansion planned for 2020.
- *Ireland* – acquired 100MHz of 3.6GHz 5G-ready spectrum as part of the 5G licence auction held in 2017.
- **Digitisation of core network:** CK Hutchison Group Telecom through digitisation aims to give customers a leading experience that is online, multi-channel and real-time. CK Hutchison Group Telecom has continued to focus on standardisation and automation across operation support systems and core networks, with the introduction of new technologies such as virtualisation, orchestration and network slicing, to ensure the customer journey meets the evolving needs of digital consumers and enterprises. CK Hutchison Group Telecom has established a central digital aggregation platform, 50% holding in Delta CK, to deliver value creation and innovation on a global scale, as well as leveraging on partnership ecosystems.

Business strategies

Key business strategies include:

- **Increase contract customer base:** CK Hutchison Group Telecom continues to target to increase its contract customer base to protect short term volatility, through flexible tariff propositions and handset financing arrangements.
- **Expanding revenue streams:** CK Hutchison Group Telecom continues to expand its revenue streams to increase margins and drive growth. Key ‘other revenue’ segments include:
 - *Fixed-wireless access:* in the UK and Ireland, CK Hutchison Group Telecom is focusing on developing revenues from the broadband market and plans to launch a home broadband service in 2019. In Denmark, CK Hutchison Group Telecom recently started offering broadband connections to homes via 4G routers and increased its market share of mobile broadband subscriptions.
 - *Data analytics:* in Austria, CK Hutchison Group Telecom has improved margins through data analytics to reduce churn at a lower cost and more effectively up/cross-sell into the customer base, as well as through better customer lifecycle management.
 - *Accessories sales:* in Sweden, CK Hutchison Group Telecom has started accessories sales through an online sales channel.
- **Enhancing cost structure:** CK Hutchison Group Telecom continues to increase margins by enhancing its cost structures, capturing full cost efficiencies from network and IT transformations, as well as higher than expected level of synergies from Italy operations.
- *Wind Tre* – following the completion of the acquisition of the remaining 50% interest from Veon, Wind Tre continues to contribute accretive earnings and cash flows. Furthermore, synergy targets have since increased by €50 million (from €490 million to €540 million), as CK Hutchison Group Telecom continues to drive cost synergies to improve margins.
- *3 Austria & 3 Ireland* – achieved synergy targets post in-market consolidations.

Financial strategies

CK Hutchison Group Telecom has strong EBITDA margins demonstrating its operational efficiency and disciplined cost control. CK Hutchison Group Telecom's financial strategy also ensures that company's balance sheet remains strong. Key financial strategies include:

- **Prudent financial management and strong financial flexibility:** regular and close cash flow monitoring for all operating units, ensuring no major deviations from projections and appropriate rectification or mitigation actions are taken properly. Aims to maintain investment grade rating and CKHH's standard of financial management, discipline and system.
 - As of first half of 2019, CK Hutchison Group Telecom has a net leverage⁽¹⁾ of less than 2.5x EBITDA.
- **Stringent capex approval policies consistent with CKHH standards:** rigorous process to control capex and investment spending.
- **Strict dividend policy:** strict dividend payouts with net debt to EBITDA threshold to provide an implicit form of parental support to maintain liquidity of all operating units.

(1) Net leverage ratio is defined as total cash and cash equivalents less total gross principal amount of bank and other debts to EBITDA ratio.

OPERATIONS

Principal activities

CK Hutchison Group Telecom is a worldwide leading mobile telecommunications operator and a pioneer of 3G services primarily under the brand name "Three" or "3". The mobile telecommunications businesses span across six countries in Europe ("3 Group Europe"), as well as in Hong Kong and Macau.

CK Hutchison Group Telecom's telecommunications division currently comprises:

- **3 Group Europe**, comprising unlisted mobile businesses in the UK, Italy (including fixed-line business), Sweden, Denmark, Austria (including fixed-line business) and Ireland; and
- listed subsidiary HTHKH (in which CK Hutchison Group Telecom currently holds an approximately 66.09% interest) comprising mobile businesses in Hong Kong and Macau.

CK Hutchison Group Telecom has made substantial investments to build mobile telecommunications operations in certain key mature mobile telecommunications markets in Europe to grow its customer base organically. CK Hutchison Group Telecom intends to continue to grow its mobile telecommunications businesses and profitability through the expansion of data service offerings and competitive tariff plans to stimulate customer growth.

As part of its strategy, CK Hutchison Group Telecom has formed alliances with international telecommunications providers and investors including Investor AB, a diversified holding company in Sweden, as well as formed alliances with Telefonica, a global telecommunications company, to offer fixed, mobile and other digital communication solutions to large enterprises and multinational companies, and with Conexus Mobile Alliance in HTHKH to provide preferential roaming services for mobile customers worldwide.

In August 2019, CKHH announced that CK Hutchison Group Telecom will set up a new telecommunication infrastructure company, CK Hutchison Networks Holdings Limited (“CK Hutchison Networks”), which will group the 28,500 tower asset interests⁽¹⁾ into a separately managed wholly owned subsidiary of CK Hutchison Group Telecom and could potentially become the fourth largest European telecom infrastructure portfolio with the expected completion of the reorganisation by the end of 2019 or early 2020. CK Hutchison Networks is expected to start with a tenancy ratio⁽²⁾ of 1.2x across the six European markets and through reorganising the tower and infrastructure asset interests under a specialised management team, the new structure will allow CKHH to focus on optimising the asset portfolio, achieving cost synergies, as well as maximising returns on invested capital.

(1) CK Hutchison Networks’ site count includes European sites only (includes shared sites of joint venture interests in the UK and Sweden), with an option to include a further 9,300 sites in Asia.

(2) Tenancy ratio represents number of operator points of presence per site.

Revenue, EBITDA and EBIT presented in this section for the individual businesses are presented in their respective local currencies and these amounts are translated at the appropriate exchange rates at the time of the respective periods to arrive at the Hong Kong Dollar equivalent amounts as presented in the audited combined financial statements for the year ended 31 December 2018 and the unaudited condensed combined financial statements for the six months ended 30 June 2019.

3 Group Europe

Overview

3 Group Europe includes mobile telecommunications businesses in the UK, Italy (including fixed-line business), Sweden, Denmark, Austria (including fixed-line business) and Ireland. As of 31 December 2018, **3 Group Europe** had approximately 51.0 million registered mobile customers and 42.9 million active mobile customers. As of 30 June 2019, **3 Group Europe** had approximately 49.9 million registered mobile customers and 41.7 million active mobile customers.

As a global player in the mobile telecommunications arena, **3 Group Europe** is continuing to look towards the development of new services and network enhancement. **3 Group Europe** is continuing to upgrade their network capabilities and enhance customer experience to ensure that their service quality meets market demands.

With the upgrade of CK Hutchison Group Telecom’s networks for increased speed and capacity and the increasing demand for smartphone and related products, **3 Group Europe** has become a significant competitor in the provision of mobile broadband Internet access and high speed mobile data services on smartphones or mobile devices.

Key Business Indicators (“KBIs”)

The KBIs for the businesses of 3 Group Europe as included in CKHH’s 2018 Annual Report are as follows:

	Registered Customers Base					
	Registered Customers at 31 December 2018 (’000)			Registered Customer Growth (%) from 31 December 2017 to 31 December 2018		
	Non-contract	Contract	Total	Non-contract	Contract	Total
UK	6,243	7,007	13,250	+10%	+1%	+5%
Italy ⁽¹⁾	19,796	7,266	27,062	-11%	–	-8%
Sweden	519	1,517	2,036	+46%	-7%	+3%
Denmark	551	820	1,371	+8%	+3%	+5%
Austria	1,126	2,548	3,674	–	+1%	+1%
Ireland	2,223	1,342	3,565	+11%	+12%	+12%
3 Group Europe Total.	30,458	20,500	50,958	-5%	+1%	-3%

	Active ⁽²⁾ Customers Base					
	Active Customers at 31 December 2018 (’000)			Active Customer Growth (%) from 31 December 2017 to 31 December 2018		
	Non-contract	Contract	Total	Non-contract	Contract	Total
UK	3,129	6,897	10,026	-4%	+1%	–
Italy ⁽¹⁾	17,760	6,696	24,456	-10%	-2%	-8%
Sweden	438	1,517	1,955	+60%	-7%	+3%
Denmark	511	820	1,331	+8%	+3%	+4%
Austria	387	2,542	2,929	-2%	+1%	+1%
Ireland	1,880	1,318	2,198	–	+12%	+7%
3 Group Europe Total.	23,105	19,790	42,895	-8%	–	-4%

	12-month Trailing Average Revenue per Active User (“ARPU”) ⁽³⁾ to 31 December 2018			
	Non-contract	Contract	Blended Total	% Variance compared to 31 December 2017
UK	£5.00	£24.51	£18.23	+1%
Italy.	€10.32	€14.54	€11.44	-9%
Sweden	SEK117.26	SEK342.66	SEK300.66	+1%
Denmark	DKK89.31	DKK152.39	DKK128.42	-8%
Austria.	€10.63	€22.71	€21.09	-3%
Ireland.	€15.35	€23.23	€20.00	-8%
3 Group Europe Average⁽⁶⁾	€9.60	€23.55	€16.52	-8%

12-month Trailing Net Average Revenue per Active User ("Net ARPU") ⁽⁴⁾ to 31 December 2018				
	Non-contract	Contract	Blended Total	% Variance compared to 31 December 2017
UK	£5.00	£17.67	£13.59	-2%
Italy.	€10.32	€14.54	€11.44	-9%
Sweden	SEK117.26	SEK223.18	SEK203.44	-2%
Denmark	DKK89.31	DKK139.00	DKK120.11	-8%
Austria.	€10.63	€18.74	€17.65	-4%
Ireland.	€15.35	€18.75	€17.36	-8%
3 Group Europe Average⁽⁶⁾	€9.79	€18.41	€14.06	-8%

12-month Trailing Net Average Margin per Active User ("Net AMPU") ⁽⁵⁾ to 31 December 2018				
	Non-contract	Contract	Blended Total	% Variance compared to 31 December 2017
UK	£4.34	£15.33	£11.79	-2%
Italy.	€8.12	€12.54	€9.29	-11%
Sweden	SEK93.41	SEK190.46	SEK172.38	-3%
Denmark	DKK75.63	DKK115.42	DKK100.30	-7%
Austria.	€9.34	€16.42	€15.47	-1%
Ireland.	€13.73	€16.32	€15.26	-7%
3 Group Europe Average⁽⁶⁾	€7.91	€15.92	€11.88	-8%

Notes:

- (1) Italy's customer base as at 31 December 2018 and 31 December 2017 were calculated based on 100% of Wind Tre. In addition to the above, Wind Tre has 2.7 million fixed line customers.
- (2) An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.
- (3) ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.
- (4) Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.
- (5) Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the year.
- (6) 3 Group Europe ARPU, Net ARPU and Net AMPU in 2018 were calculated based on 50% contribution from Wind Tre from January to August 2018 and 100% contribution from September 2018 onwards, whereas the twelve months ended 31 December 2017 were calculated based on 50% contribution from Wind Tre.

The KBIs for the businesses of 3 Group Europe as included in CKHH's 2019 Interim Report are as follows:

Registered Customers Base						
	Registered Customers at 30 June 2019 ('000)			Registered Customer Growth (%) from 31 December 2018 to 30 June 2019		
	Non-contract	Contract	Total	Non-contract	Contract	Total
UK	6,232	7,107	13,339	–	+1%	+1%
Italy ⁽¹⁾	14,870	10,803	25,673	-25%	+49%	-5%
Sweden	574	1,471	2,045	+11%	-3%	–
Denmark	587	843	1,430	+7%	+3%	+4%
Austria	1,106	2,569	3,675	-2%	+1%	–
Ireland	2,328	1,419	3,747	+5%	+6%	+5%
3 Group Europe Total.	25,697	24,212	49,909	-16%	+18%	-2%

Active⁽²⁾ Customers Base						
	Active Customers at 30 June 2019 ('000)			Active Customer Growth (%) from 31 December 2018 to 30 June 2019		
	Non-contract	Contract	Total	Non-contract	Contract	Total
UK	3,230	7,004	10,234	+3%	+2%	+2%
Italy ⁽¹⁾	12,857	10,001	22,858	-28%	+49%	-7%
Sweden	505	1,471	1,976	+15%	-3%	+1%
Denmark	544	843	1,387	+6%	+3%	+4%
Austria	366	2,560	2,926	-5%	+1%	–
Ireland	882	1,402	2,284	–	+6%	+4%
3 Group Europe Total.	18,384	23,281	41,665	-20%	+18%	-3%

12-month Trailing Average Revenue per Active User ("ARPU")⁽³⁾ to 30 June 2019				
	Non-contract	Contract	Blended Total	% Variance compared to 30 June 2018
UK	£4.93	£24.45	£18.26	+2%
Italy.	€9.65	€13.16	€10.86	-11%
Sweden	SEK116.39	SEK342.46	SEK291.82	-4%
Denmark	DKK88.86	DKK148.11	DKK125.31	-5%
Austria.	€10.67	€22.40	€20.88	-3%
Ireland	€15.19	€22.44	€19.56	-6%
3 Group Europe Average⁽⁶⁾	€9.25	€21.32	€15.46	-12%

12-month Trailing Net Average Revenue per Active User ("Net ARPU") ⁽⁴⁾ to 30 June 2019				
	Non-contract	Contract	Blended Total	% Variance compared to 30 June 2018
UK	£4.93	£17.30	£13.38	-1%
Italy.	€9.65	€13.16	€10.86	-11%
Sweden	SEK116.39	SEK217.27	SEK194.67	-6%
Denmark	DKK88.86	DKK136.76	DKK118.33	-4%
Austria.	€10.67	€18.48	€17.46	-4%
Ireland.	€15.19	€17.87	€16.81	-8%
3 Group Europe Average ⁽⁶⁾	€9.25	€16.96	€13.22	-11%

12-month Trailing Net Average Margin per Active User ("Net AMPU") ⁽⁵⁾ to 30 June 2019				
	Non-contract	Contract	Blended Total	% Variance compared to 30 June 2018
UK	£4.30	£15.04	£11.63	-1%
Italy.	€7.58	€11.24	€8.84	-12%
Sweden	SEK92.33	SEK185.44	SEK164.58	-6%
Denmark	DKK75.64	DKK114.84	DKK99.76	-2%
Austria.	€9.34	€16.37	€15.46	-1%
Ireland.	€13.68	€15.60	€14.84	-7%
3 Group Europe Average ⁽⁶⁾	€7.46	€14.67	€11.17	-11%

Notes:

- (1) Italy KBIs were calculated based on 100% of Wind Tre's figures. In addition to the above, Wind Tre has 2.7 million fixed line customers. The contract customer base of Wind and corresponding KBIs have been adjusted in 2019 to conform with the definition of 3, the comparative KBIs have not been restated due to limitations of the data tracking system.
- (2) An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.
- (3) ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the period.
- (4) Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the period.
- (5) Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the period.
- (6) 3 Group Europe 12-month trailing ARPU, Net ARPU and Net AMPU in the six months ended 30 June 2019 were calculated based on 50% contribution from Wind Tre from June to August 2018 and 100% contribution from September 2018 onwards, whereas the six months ended 30 June 2018 were calculated based on 50% contribution from Wind Tre.

UK

CK Hutchison Group Telecom currently has a 100% interest in **3 UK**, which is one of four networks licensed to operate a national 3G and 4G (LTE) network in the UK.

3 UK successfully commissioned the first operational 3G network in the UK in 2003. In December 2007, **3 UK & T-Mobile UK Limited** (“**TMUK**”) entered into a network sharing arrangement, resulting in the accelerated roll-out of a more expansive 3G network which was materially completed in 2011, and has since delivered over 98% outdoor coverage of the UK population.

On 1 March 2010, the merger between Orange Personal Communications Services Limited and **TMUK** was cleared by the European Commission, creating a new entity called Everything Everywhere Limited (“**EE**”). As part of the negotiations surrounding this merger, the original network share agreement with **TMUK** was updated during 2010 in order to provide **3 UK** with certainty that the shared network arrangement would not be terminated by **EE** and that **3 UK**’s use of the shared network would not be affected in any way. In addition, the updated agreement has given **3 UK** the right to use 3G capability on an additional 3,000 sites in the UK.

3 UK launched 4G (LTE) services in December 2013 and 4G (LTE) network coverage by population has reached 94% as at 31 December 2018 and 30 June 2019.

3 UK currently has managed services agreements with Nokia Siemens Networks OY for 3G network Core and RAN supply, operation and maintenance, Nokia Solutions and Networks OY for 4G (LTE) site enablement services, Wipro Limited for IT infrastructure and Tech Mahindra Limited for technology services.

3 UK holds the following spectrum for use in operating a national mobile network.

Licence	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
800 MHz	5MHz	1	Paired	10MHz	Indefinite
1400 MHz	5MHz	4	Unpaired	20MHz	Indefinite
1800 MHz	5MHz	3	Paired	30MHz	Indefinite
1800 MHz	3.3MHz	1	Paired	6.6MHz	Indefinite
2100 MHz	14.6MHz	1	Paired	29.2MHz	Indefinite
2100 MHz	5MHz	1	Unpaired	5MHz	Indefinite
3.4 GHz	5MHz	4	Unpaired	20MHz	Indefinite
3.5 GHz	20MHz	2	Unpaired	40MHz	Indefinite
3.6 GHz	80MHz	1	Unpaired	80MHz	Indefinite
3.9 GHz	84MHz	1	Unpaired	84MHz	Indefinite
28 GHz (National)	112MHz	2	Unpaired	224MHz	Indefinite
28 GHz (Regional)	112MHz	2	Unpaired	224MHz	Indefinite
40 GHz	1000MHz	2	Unpaired	2000MHz	Indefinite

Revenue for the year ended 31 December 2018 increased by 1% in local currency to £2,439 million compared to the year ended 31 December 2017. EBITDA for the year ended 31 December 2018 was £752 million, representing a 7% increase from the year ended 31 December 2017 in local currency, mainly driven by more stringent CACs and operating costs control, as well as higher other margin through various initiatives, partly offset by higher costs incurred for network and IT transformation projects. EBIT increased by 1% in local currency to £441 million for the year ended 31 December 2018 primarily due to additional depreciation on a higher asset base and accelerated depreciation charges on certain network assets to be replaced under the network and IT transformation projects.

Revenue for the six months ended 30 June 2019 decreased by 2% in local currency to £1,167 million compared to the same period in 2018. EBITDA and EBIT for the six months ended 30 June 2019 decreased by 8% and 13% in local currency respectively compared to the same period last year, mainly driven by higher cost incurred for network and IT transformation projects and lower net customer service margin due to market competition and regulatory impact, partly offset by higher other margin through various initiatives. The network and IT transformation projects are expected to be completed in the next 12 months, which is expected to improve customer experience as well as create cost savings for 3 UK.

In May 2017, 3 UK completed the acquisition of UK Broadband for a total consideration of approximately £300 million. UK Broadband provides wireless home and business broadband services in Central London and Swindon, and has spectrum holdings in the 3.4 GHz and 3.6 to 3.8 GHz bandwidths.

Italy

Prior to 5 November 2016, CKHH held a 97.414% shareholding interest in 3 Italia S.p.A., which operated one of four national mobile networks in Italy. The remaining 2.586% shareholding in 3 Italia S.p.A. was held by Private Equity International S.A. (“PE International”), a company belonging to the Intesa Sanpaolo group, an Italian banking group.

On 5 November 2016, CKHH and Veon formed a joint venture company, VIP-CKH Luxembourg S.à r.l. (“VCL”), in which CKHH and Veon each indirectly owned a 50% interest. VCL combined the ownership and operations of the Italian telecommunications businesses of 3 Italia S.p.A. and WIND Acquisition Holdings Finance S.p.A. under VCL’s wholly-owned subsidiary, Wind Tre. The combined businesses trade under the “Wind”, “Tre”, and “Wind Tre Business” brands.

In connection with its approval of the merger, the European Commission required a divestment of sufficient assets to allow a new entrant to enter the Italian market as a fourth mobile network operator. Iliad, the French telecommunications operator, entered into contractual arrangements to purchase certain divested assets from Wind Tre. The agreed remedies package with Iliad comprise three primary components: (i) transfer and release of use of certain of “Wind” and “3”’s mobile radio spectrum licenses from various frequency bands (900 MHz, 1800 MHz, 2100 MHz and 2600 MHz) for a purchase price of €450 million, payment of which is to be made in stages between 2017 and 2019; (ii) the offer to transfer to Iliad, and co-locate equipment of Iliad at pre-determined prices payable to Wind Tre on, up to 8,000 Wind Tre mobile sites; and (iii) wholesale roaming and RAN sharing agreements (for access to 2G, 3G, 4G, and new technologies), under which Wind Tre expects to receive certain revenues, allowing Iliad to use the Wind Tre network to offer its customers nationwide mobile services on a transitional basis while Iliad builds out its own mobile network.

In July 2018, CKHH announced that it had reached an agreement to acquire the entire interest of Veon in the Wind Tre joint venture at a cash consideration of €2.45 billion. The transaction was completed in September 2018. Wind Tre contributed accretively as a wholly-owned subsidiary for four months in 2018. As of 31 December 2018, Wind Tre had approximately 27.1 million registered mobile customers, making it the largest mobile operator in Italy measured in terms of customer numbers, and approximately 2.7 million fixed-line customers. As of 30 June 2019, Wind Tre had approximately 25.7 million registered mobile customers, making it the largest mobile operator in Italy measured in terms of customer numbers, and approximately 2.7 million fixed-line customers.

Wind Tre's 4G (LTE) network coverage by population has reached 97% as at 31 December 2018 and 99% as at 30 June 2019.

CKHH's 50% interest in VCL includes a 1.293% indirect economic interest in VCL received by PE International in exchange for its 2.586% shareholding in 3 Italia S.p.A. prior to 5 November 2016.

As of 31 December 2018 and 30 June 2019, Wind Tre had incurred indebtedness under certain notes and loan facilities (both drawn and undrawn) in an aggregate principal amount of €10.7 billion on the back of security over the shares of capital stock of Wind Tre, certain subordinated shareholder loans advanced to Wind Tre and certain other assets held by Wind Tre. In August 2019, all such indebtedness was fully repaid (partly out of the proceeds of the Bridging Facility which was obtained at a lower borrowing cost) and the security was released accordingly.

The results of the telecommunications businesses in Italy included in CKHH's consolidated income statement for the year ended 31 December 2018, which is included in CK Hutchison Group Telecom's combined income statement for the year ended 31 December 2018 included elsewhere in this Prospectus, represented CKHH's 50% share of Wind Tre results from January to August 2018 and 100% contribution from September 2018 onwards, whereas CKHH's consolidated income statement for the year ended 31 December 2017, which is included in CK Hutchison Group Telecom's combined income statement for the year ended 31 December 2017 included elsewhere in this Prospectus, was based on 50% contribution from Wind Tre. In addition, the accounting standards require CKHH to account for Wind Tre's assets and liabilities at their acquisition-date fair values when Wind Tre became a joint venture and again when it became a subsidiary of CKHH. Accordingly, adjustments to the results of the telecommunications businesses in Italy have been made as a result of the acquisitions when CKHH's interest in Wind Tre was incorporated into CKHH's consolidated results.

CK Hutchison Group Telecom's share of revenue of the telecommunications businesses in Italy for the year ended 31 December 2018 increased by 20% in local currency to €3,271 million compared to the year ended 31 December 2017. EBITDA and EBIT for the year ended 31 December 2018 in local currency grew by 24% and 12% to €1,372 million and €900 million respectively compared to the year ended 31 December 2017, reflecting the accretive contribution from the acquisition of the additional 50% share in Wind Tre during the year.

CK Hutchison Group Telecom's share of revenue of the telecommunications businesses in Italy for the six months ended 30 June 2019 increased by 92% in local currency to €2,398 million compared to the same period in 2018. In local currency, CK Hutchison Group Telecom's share of Wind Tre's EBITDA and EBIT for the six months ended 30 June 2019 increased by 112% and 135% respectively compared to the same period in 2018, reflecting the accretive contribution from the acquisition of the additional 50% share in Wind Tre in September 2018. On a comparable basis, EBITDA and EBIT grew by 6% and 18%, mainly due to continued synergy realisation, lower depreciation and amortisation from network consolidation, as well as higher other margin under the remedy taker contract, partly offset by lower net customer service margin due to unfavourable market condition.

Wind Tre holds the following spectrum for use in operating a national mobile network.

Licence	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
800 MHz	5MHz	2	Paired	20MHz	2029
900 MHz	5MHz	2	Paired	20MHz	2029
900 MHz ⁽¹⁾	5MHz	1	Paired	10MHz	2021
1800 MHz	5MHz	4	Paired	40MHz	2029
1800 MHz ⁽¹⁾	5MHz	1	Paired	10MHz	2029
2000 MHz	5MHz	2	Unpaired	10MHz	2029
2100 MHz ⁽¹⁾	5MHz	4	Paired	40MHz	2029
2100 MHz	5MHz	2	Paired	20MHz	2029
2600 MHz	5MHz	4	Paired	40MHz	2029
2600 MHz	15MHz	2	Unpaired	30MHz	2029
3600 MHz	20MHz	1	Unpaired	20MHz	2037
27 GHz	200MHz	1	Unpaired	200MHz	2037

Note:

(1) For divestment to Iliad under the remedy taker contract.

Wind Tre, together with other Italian telecom operators (Telecom Italia, Vodafone and Fastweb) and Asstel (the trade association of Italian telecom operators), are currently subject to an ongoing investigation by the *Autorità Garante della Concorrenza e del Mercato* (AGCM, the Italian Competition Authority) where it is alleged that they coordinated their commercial strategy in a period between March 2017 and April 2018 in violation of Article 101 (agreements between companies) of the TFEU, in the context of changes in law requiring operators to adopt monthly tariff billing cycles. Should AGCM eventually issue a decision against Wind Tre, fines could be issued by AGCM in relation to impacted sales during the relevant period. Any such decision would be subject to appeal before administrative courts.

Also related to the matter of the change in billing cycles, the *Autorità per le Garanzie nelle Comunicazioni* (AGCOM, the Italian Communications Regulator) has issued a decree requiring the Italian telecom operators, including Wind Tre, to reimburse customers for the period of the delay by the operators in implementing the monthly billing requirements on fixed and convergent line customers in the period from the end of June 2017 to the end of February 2018. Wind Tre has provided impacted customers with the ability to request restitution through an online application, which AGCOM is contesting as not being in compliance with the AGCOM measures for a mandatory refund.

Scandinavia

CK Hutchison Group Telecom has a 60% interest in Hi3G Access, which owns and operates 3G mobile telecommunications networks in Scandinavia. Investor AB (publ), an owner of Nordic-based international companies, holds the remaining 40% interest. The mobile telecommunications businesses in Scandinavia comprise operations in Sweden and Denmark.

In Sweden, revenue for the year ended 31 December 2018 decreased 5% to SEK7,113 million as compared to the year ended 31 December 2017 mainly due to a 2% decrease in net ARPU from intense market competition, partly offset by a 3% increase in active customer base. EBITDA for the year ended 31 December 2018 of SEK2,281 million increased by 6% in local currency as compared to the year ended 31 December 2017 mainly due to lower operating costs from stringent control, partly offset by a lower net

customer service margin driven by a 3% lower net AMPU from keen market competition. However, EBIT for the year ended 31 December 2018 of SEK1,438 million decreased 8% in local currency compared to the year ended 31 December 2017 primarily due to higher depreciation and amortisation from an enlarged asset base.

In Sweden, for the six months ended 30 June 2019, revenue of SEK3,238 million, EBITDA of SEK1,065 million and EBIT of SEK596 million decreased 9%, 8% and 21% respectively as compared to the same period in 2018. The decreases were mainly due to lower net customer service margin as VAT reclaim was not recognised from December 2018 onwards. If excluding the VAT reclaim benefit for the six months ended 30 June 2018, underlying EBITDA for the six months ended 30 June 2019 compared to the same period in 2018 would have been 3% higher primarily driven by lower operating costs and total CACs from stringent cost control and underlying EBIT, compared to the same period in 2018, would have been 5% lower primarily due to the higher depreciation and amortisation from an enlarged asset base, particularly the ongoing LTE network rollout since 2018.

In Denmark, revenue for the year ended 31 December 2018 decreased 3% in local currency to DKK2,186 million as compared to the year ended 31 December 2017. For the year ended 31 December 2018, EBITDA of DKK728 million and EBIT of DKK410 million decreased by 10% and 21% in local currency, respectively, as compared to the year ended 31 December 2017, mainly due to a lower net customer service margin as VAT reclaim was not recognised from August 2017 onwards. If excluding the VAT reclaim benefit for 2017, underlying EBITDA for the year ended 31 December 2018 would have been flat as compared to the year ended 31 December 2017, while EBIT for the year ended 31 December 2018 would have been 6% lower in local currency as compared to the year ended 31 December due to higher depreciation and amortisation from an enlarged asset base and full year impact from a new licence which was acquired in mid-2017.

In Denmark, for the six months ended 30 June 2019, revenue decreased 2% in local currency to DKK1,054 million as compared to the same period in 2018. For the six months ended 30 June 2019, EBITDA of DKK389 million increased 6% in local currency when compared to same period in 2018, mainly due to 4% growth in net customer service margin driven by 6% growth in customer base, as well as lower CACs costs. EBIT of DKK209 million was flat when compared to same period in 2018 in local currency as the EBITDA growth was fully offset by higher depreciation and amortisation from an enlarged asset base.

Sweden

Hi3G Access has a licence to operate a national mobile network in Sweden. Hi3G Access's 4G (LTE) network coverage by population has reached 86% as at 31 December 2018 and 87% as at 30 June 2019.

Hi3G Access holds the following spectrum for use in operating a national mobile network.

Licence	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
800 MHz	10MHz	1	Paired	20MHz	2035
900 MHz	5MHz	1	Paired	10MHz	2025
1800 MHz	5MHz	1	Paired	10MHz	2027
2100 MHz	20MHz	1	Paired	40MHz	2025
2100 MHz	5MHz	1	Unpaired	5MHz	2025
2600 MHz	10MHz	1	Paired	20MHz	2023
2600 MHz	50MHz	1	Unpaired	50MHz	2023

3G Infrastructure Services AB ("3GIS"), a 50/50 joint venture with Telenor Sverige AB, constructs and operates a UMTS infrastructure network in certain areas of Sweden.

Denmark

Hi3G Denmark, a wholly-owned subsidiary of Hi3G Access, has one of four licences to operate a national mobile network in Denmark. Hi3G Denmark's 4G (LTE) network coverage by population has reached 98% as at 31 December 2018 and 99% as at 30 June 2019.

Hi3G Denmark holds the following spectrum for use in operating a national mobile network.

<u>Licence</u>	<u>Spectrum Lot</u>	<u>Blocks</u>	<u>Paired/ Unpaired</u>	<u>Available Spectrum</u>	<u>Expiry</u>
700 MHz ⁽¹⁾	10MHz	1	Paired	20MHz	2040
900 MHz ⁽¹⁾	10MHz	1	Paired	20MHz	2034
900 MHz	5MHz	1	Paired	10MHz	2034
1800 MHz	5MHz	2	Paired	20MHz	2032
1800 MHz	10MHz	2	Paired	40MHz	2032
2100 MHz	15MHz	1	Paired	30MHz	2021
2100 MHz	5MHz	1	Unpaired	5MHz	2021
2600 MHz	10MHz	1	Paired	20MHz	2030
2600 MHz	5MHz	5	Unpaired	25MHz	2030

Note:

(1) Spectrum acquired in March 2019.

Since December 2016, Hi3G Denmark holds an equal equity interest (25% equity share) of OCH A/S with Telenor, Telia and TDC A/S. The purpose of this joint venture is to implement and handle number portability within the Danish telecommunications market.

Austria

CK Hutchison Group Telecom's wholly-owned subsidiary, **3** Austria, is one of three companies licensed to operate a national mobile and fixed-line network in Austria.

3 Austria's 4G (LTE) network coverage by population has reached 98% as at 31 December 2018 and 98% as at 30 June 2019.

In January 2013, 3 Austria completed the acquisition of a 100% interest in Orange Austria and the simultaneous onward sale of the “Yesss!” brand and certain other assets (including certain licences) to Telekom Austria Group. Together with the licences acquired following the acquisition of Orange Austria, 3 Austria holds the following spectrum for use in operating a national mobile network.

Licence	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
900 MHz	5MHz	1	Paired	10MHz	2034
1800 MHz	5MHz	4	Paired	40MHz	2034
2100 MHz	5MHz	5	Paired	50MHz	2020
2100 MHz	5MHz	1	Unpaired	5MHz	2020
2600 MHz	5MHz	5	Paired	50MHz	2026
2600 MHz	25MHz	1	Unpaired	25MHz	2026
3500 MHz ⁽¹⁾	10MHz	10	Unpaired	100MHz	2039

Note:

(1) Spectrum acquired in March 2019.

In December 2010, 3 Austria signed a Sale and Purchase agreement selling defined assets of the 3G network to BVPenintadio Beteiligungsverwaltung GmbH (“BVPenintadio”). Subsequently, 3 Austria entered into an operating lease agreement with BVPenintadio to lease back the network assets. In December 2011, a national roaming contract with T-Mobile Austria was signed. The agreement provides nationwide 2G and 2.5G voice and data roaming to 3 Austria, and 3G national roaming to T-Mobile Austria for areas above 75% population coverage not covered by T-Mobile Austria. In November 2017, 3 Austria completed the acquisition of Tele2, a fixed-network provider in Austria, for a total consideration of approximately €100 million.

Revenue for the year ended 31 December 2018 of €881 million increased by 8% in local currency as compared to the year ended 31 December 2017. EBITDA for the year ended 31 December 2018 grew by 10% in local currency to €375 million as compared to the year ended 31 December 2017 mainly due to higher contribution from the newly acquired fixed line operation, Tele2, in November 2017. EBIT for the year ended 31 December 2018 decreased by 5% in local currency to €229 million as compared to the year ended 31 December 2017 as a result of higher depreciation and amortisation from an enlarged asset base.

Revenue for the six months ended 30 June 2019 of €425 million remained flat in local currency compared to the same period in 2018. EBITDA and EBIT both decreased by 7% in local currency mainly due to higher network and IT costs to cope with network capacity expansion. Depreciation and amortisation decreased to €67 million from €71 million from the same period last year primarily due to lower amortisation from capitalised customer value from Orange acquisition fully amortised at the end of 2018, partly offset by higher depreciation from an enlarged asset base.

Ireland

3 Ireland is one of the three companies licensed to operate a national mobile network in the Republic of Ireland. In July 2014, the acquisition of O₂ Ireland was completed for €780 million with an additional deferred payment of €70 million payable dependent upon achievement of agreed financial targets.

3 Ireland’s 4G (LTE) network coverage by population has reached 98% as at 31 December 2018 and 98% as at 30 June 2019.

Together with the licences acquired following the acquisition of O₂ Ireland, 3 Ireland holds the following spectrum for use in operating its national network.

Licence	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
800 MHz	5 MHz	2	Paired	20 MHz	2030
900 MHz	5 MHz	3	Paired	30 MHz	2030
1800 MHz	5 MHz	7	Paired	70 MHz	2030
2100 MHz	5 MHz	6	Paired	60 MHz	2022
2100 MHz	5 MHz	1	Unpaired	5 MHz	2022
3600 MHz	5 MHz	20	Unpaired	100 MHz	2032

Revenue for the year ended 31 December 2018 decreased by 2% to €591 million compared to the year ended 31 December 2017. For the year ended 31 December 2018, EBITDA of €200 million and EBIT of €95 million were 18% and 6% higher than the year ended 31 December 2017 in local currency, respectively, due to lower operating costs from disciplined spending and inclusion of receivables write-off relating to voluntarily churned customers in 2017.

Revenue for the six months ended 30 June 2019 in local currency increased 2% to €296 million compared to the same period in 2018. EBITDA of €98 million increased by 4% compared to the same period in 2018, driven by improved net customer service margin from increased customer base, as well as stringent control on total CACs, partly offset by higher operating cost. EBIT of €39 million decreased 15% from the same period in 2018 due to higher depreciation and amortisation from an enlarged asset base.

Hutchison Telecommunications Hong Kong Holdings Limited

Overview

HTHKH operates mobile telecommunications services in Hong Kong and Macau marketed under the 3 brand. Hutchison Whampoa Limited began its telecommunications business in Hong Kong in 1985 with the provision of analogue mobile telecommunications services, and subsequently expanded into digital mobile telecommunications services. Hutchison's principal 2G mobile telecommunications assets together with its 3G mobile telecommunications assets and fixed-line business in Hong Kong were then reorganised in 2004 as part of Hutchison Telecommunications International Limited ("HTIL"). In March 2009, HTIL announced a conditional interim dividend and spin-off by way of a distribution in specie and listing on the Main Board of SEHK of the entire share capital of HTHKH, the holding company of HTIL's Hong Kong and Macau telecommunications operations. The spin-off became unconditional on 7 May 2009 and HTHKH was listed on the Main Board of SEHK on 8 May 2009.

In October 2017, HTHKH completed the disposal of its 100% interest in the fixed-line operation for a consideration of approximately HK\$14.5 billion. In May 2019, HTHKH completed the acquisition of the 24.1% non-controlling interest in each of Hutchison Telephone Company Limited and Hutchison 3G HK Holdings Limited, which hold HTHKH's mobile telecommunications business, for a consideration of US\$60 million (approximately HK\$471 million). The transaction has increased HTHKH's shareholding from 75.9% to 100% after completion.

Based on the closing price of HTHKH's shares on SEHK on 30 June 2019, HTHKH had a market capitalisation of approximately HK\$8,867 million (approximately US\$1,137 million).

On 28 February 2019, HTHKH announced its audited results for the year ended 31 December 2018. Profit attributable to shareholders from continuing mobile operations amounted to HK\$404 million (US\$52 million) for the year ended 31 December 2018.

On 30 July 2019, HTHKH announced its unaudited results for the six months ended 30 June 2019. Post-IFRS 16 profit attributable to shareholders amounted to HK\$188 million (US\$24 million) for the six months ended 30 June 2019.

Hong Kong and Macau Mobile

HTHKH provides services to approximately 3.3 million active customers as of 31 December 2018 and 30 June 2019 in Hong Kong and Macau (Registered customers: 3.5 million as of 31 December 2018, 3.8 million as of 30 June 2019).

HTHKH holds a unified carrier licence (“UCL”) in Hong Kong, under which it currently operates. HTHKH currently holds the following spectrum:

Licence	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
900 MHz ⁽¹⁾	8.3 MHz	1	Paired	16.6 MHz	2021
900 MHz	5 MHz	1	Paired	10 MHz	2026
1800 MHz	11.6 MHz	1	Paired	23.2 MHz	2021
2100 MHz	14.8 MHz	1	Paired	29.6 MHz	2031
2300 MHz	30 MHz	1	Unpaired	30 MHz	2027
2600 MHz ⁽²⁾	5 MHz	1	Paired	10 MHz	2028
2600 MHz ⁽²⁾	15 MHz	1	Paired	30 MHz	2024

Notes:

- (1) To align with the new spectrum assignment period, the expiry date of the licence of the existing 16.6MHz of the 900MHz spectrum band has been extended to 11 January 2021.
- (2) Held by Genius Brand Limited, a 50/50 owned joint venture between HTHKH and Hong Kong Telecommunications (HKT) Limited.

In 2018, HTHKH exercised a right of first refusal offered by the Communications Authority of Hong Kong and was selected as a preferred bidder in a spectrum auction. Accordingly, HTHKH will hold 10MHz of the 900MHz spectrum band for a 15-year term commencing from 12 January 2021 and 30MHz of the 1800MHz spectrum band for a 15-year term commencing from 30 September 2021 after expiry of the existing licences. The total spectrum utilisation fee was HK\$2,040 million.

Regulation

European Union Regulation

General regulatory and policy background

A key objective of the European Commission (“Commission”) is the creation of the “digital single market” in the EU. The Commission set out its action plan in May 2015 to create such a market in its “Digital Single Market Strategy”, which is made of three main pillars (i) improving access to digital goods and services, (ii) a regulatory environment where digital networks and services can prosper and (iii) digital as a driver for growth. The aim is to create the right environment and conditions for digital networks and services. See below “Proposal for reform of the EU Framework – the European Electronics Communications Code”.

EU telecoms regulatory framework

Individual national regulatory authorities (“NRA(s)”) regulate 3 Group Europe businesses in the EU under national laws, which implement the EU telecoms regulatory framework (“EU Framework”). The current EU Framework came into force on 25 May 2011.

The EU Framework comprises several pieces of legislation which provide for, among other things, the way in which telecommunications operators are authorised to operate, the terms for access to, and interconnection between, operators' networks, principles for ensuring the universal availability of a basic set of telecommunications services at affordable prices, the protection of personal data privacy and the principles and coordination procedures for the development of a coherent EU radio spectrum policy.

The EU Framework is built upon the general concepts of competition law, with the main objectives being:

- to maintain sector-specific obligations in situations where operators are regarded as having significant market power ("SMP"), which concept accords with the concept of "dominance" under existing EU competition laws;
- to use a competition law based approach to sector-specific regulation; and
- to conduct periodic market reviews, with the aim of gradually phasing out sector-specific regulation, in favour of generally applicable competition laws.

In order to ensure consistency in the implementation and interpretation across the EU, the EU Framework establishes powers for the Commission, as well as processes for collaboration among the NRAs, and between the NRAs and the Commission.

Under the current EU Framework, the NRAs are required to conduct market reviews periodically with respect to markets recommended by the Commission to require ex ante regulation. The NRAs may only impose remedies (such as price controls and non-discrimination obligations) on operators in identified markets if they have been designated as having SMP.

The Commission's "Recommendation on relevant markets" includes the market for "voice call termination on individual mobile markets". The list is a non-exhaustive list, and NRAs have the discretion to examine other markets not identified by the Commission. The Commission launched a consultation on 15 February 2019 as part of a review of the Recommendation. Under the new European Electronic Communications Code (the "EEC Code") the Commission is obliged to adopt a new Recommendation by 21 December 2020.

In May 2009, the Commission adopted a recommendation to harmonise the way NRAs determine the price controls on wholesale mobile termination rates ("MT Rates") ("MT Rates Recommendation"). The MT Rates Recommendation set out a common methodology for calculating the cost of mobile termination. Many NRAs have set MT Rate price controls which followed the MT Rates Recommendation and data collected by the NRAs show the weighted average MT Rate in the 28 EU Member States as at January 2019 was 0.7956 eurocents per minute (compared to the weighted average in Europe in 2012 of 2.76 eurocents per minute).

All Mobile Networks Operators ("MNOs") in Europe, including the 3 Group companies, have been designated as having SMP in the market for voice call termination and the NRAs have imposed price controls on their respective MT Rates. In the UK and Italy:

- The UK Office of Communications ("Ofcom") issued a statement in March 2018 on the regulation of MT Rates for the period of 1 April 2018 to 31 March 2021, with the MT Rate currently capped at 0.479 ppm (pence per minute) until 31 March 2020. Ofcom estimates that a nominal MT Rate of 0.471 ppm will apply in the 2020/21 financial year.

- The Italian NRA (“AGCOM”) has regulated down the MT Rates for all MNOs in phases, and as from 1 January 2014 is 0.98 eurocents per minute for all MNOs. Over the years there have been several appeals of the MT Rates by the MNOs. Currently, there is one ongoing appeal by Telecom Italia with respect to the MT Rates payable during the period 1 November 2008 to 30 June 2009 as well as during the period from 1 January 2013 until present. Accordingly, the MT Rates stated for these periods may change with respect to that MNO. In January 2019, AGCOM issued a decision specifying the MT Rates for the years 2018 – 2021 for all MNOs and full MVNOs to be: 0.98 eurocents per minute in 2018, 0.90 eurocents per minute in 2019, 0.76 eurocents per minute in 2020 and 0.67 eurocents per minute in 2021.

NRAs have powers to determine interconnection disputes (whether or not an SMP designation has been made) when a dispute is referred to them by a communications provider.

Reform of the EU Framework – the European Electronic Communications Code (“EEC Code”) and the BEREC Regulation

As part of the Digital Single Market Strategy, the Commission published legislative proposals on 14 September 2016 to revise the EU Framework and establish the EEC Code. The EEC Code came into effect on 20 December 2018 and Member States have two years to transpose the directive into national legislation. The EEC Code will replace the EU Framework with effect from 21 December 2020 (other than the directive on e-privacy which is being reviewed separately – see below “E-privacy”).

The EEC Code contains provisions to: harmonise further the management of spectrum; lighten regulated access to infrastructure (e.g. fixed-line networks) where the operator has SMP; revise the definition of the universal service obligation; implement new consumer protection rules that will regulate internet based (“over-the-top” or “OTT”) communication services and fully harmonise many consumer protection measures across the EU (e.g. maximum contract periods, rights of termination where customer terms have changed, new rules and transparency measures with respect to bundled packages, mandated one day recipient led number porting); and set a single maximum MT Rate for the whole EU. The Commission’s stated objective is to increase the availability of fast broadband connections and the EEC Code contains measures to encourage investment in fast broadband connections, principally fibre. This is partly achieved by lightening the regulation of access to new fibre infrastructure, which may make it more difficult for competitors to access the fibre infrastructure of fixed-line incumbents, including the mobile backhaul services needed by MNOs. The EEC Code also contains provisions that would allow NRAs to impose national roaming or infrastructure sharing to improve coverage of telecoms networks.

In addition to the EEC Code, the European Parliament and European Council agreed to formalise and enhance the Body of European Regulators of Electronic Communications (“BEREC”) in a revised BEREC Regulation which came into effect on 20 December 2018. The BEREC Regulation also contains a provision to cap the retail prices of international calls and SMS made by persons in their home Member State to persons in other Member States at €0.19 per minute and €0.06 per SMS respectively, with effect from 15 May 2019.

International roaming

There is EU regulation which sets price controls on the wholesale international roaming charges for voice, SMS and data roaming that MNOs based in the EU can charge other operators based in the EU, and on the retail international roaming charges that EU operators can charge their customers while roaming on mobile networks in other Member States within the EU:

- The European Parliament and Council first adopted a roaming regulation in 2007 which imposed wholesale and retail price caps on international roaming charges for voice calls, and thereafter regulation was extended to SMS and data roaming, with progressively lower wholesale and retail price caps.

Retail price caps

- The Telecoms Single Market Regulation that was published on 26 November 2015 amended further the roaming regulation with the aim to eliminate the difference between roaming and domestic charges within the EU. The first phase of the roaming price changes took effect on 30 April 2016, with retail roaming charges in the EU capped at the domestic price plus a surcharge which was equal to the prevailing wholesale price caps (5 eurocents per minute for voice, 2 eurocents per SMS and 5 eurocents per MB of data). From 15 June 2017, surcharges have been abolished and customers are to be charged their domestic prices when roaming, subject to a fair use policy, which will allow operators to limit international roaming in the EU at the domestic prices to periodic travel.
- On December 15, 2016, the Commission adopted an implementing regulation to define the fair use policy and “sustainability” mechanism. The Commission’s fair use policy is the minimum amount of EU roaming services that operators must offer their customers at domestic prices. For roaming traffic that exceeds the fair use limit, retail international roaming prices will be capped at the domestic price plus a surcharge equal to the wholesale cap. The Telecoms Single Market Regulation requires that operators must be able to recover their costs and the sustainability mechanism defines the test that NRAs must apply if an operator claims that it cannot sustainably offer roaming at domestic prices.

Wholesale price caps

- The Telecoms Single Market Regulation also required the Commission to undertake a review of wholesale roaming charges. The latest wholesale price caps which came into effect from 1 January 2019 are: 3.2 eurocents per minute for wholesale voice roaming, 1 eurocent per SMS and, for data, €4.50 per gigabyte. The voice and SMS caps will remain unchanged until 30 June 2022 whereas the wholesale data price cap will decrease in stages down to €2.50 per gigabyte from 1 January 2022.
- The Commission is currently reviewing the price caps for wholesale roaming charges and has appointed consultants to model the costs of wholesale roaming. The results of the cost model will inform new price caps that the Commission is due to propose by 15 December 2019. (The Commission also intends to use the results of the cost model to inform the single EU price cap on mobile termination (see above “EU telecoms regulatory framework”), which is due to come into effect by 31 December 2020.)

The amendments to the regulation of roaming that were adopted in 2012 also included structural changes to the way roaming services are provided to allow new forms of competition in the international roaming market from, inter alia, MVNOs and resellers. In particular, the regulation obliges MNOs to meet all reasonable requests for wholesale roaming access from 1 July 2012 and to enable their customers to choose a local provider of data roaming services (a “local break-out” or LBO provider) from 1 July 2014.

Net neutrality

The Telecoms Single Market Regulation imposes obligations on operators not to discriminate in their treatment of data traffic (commonly referred to as “net neutrality”). The Regulation requires providers of publicly available “internet access services” to treat all data traffic equally. It also gives end-users the right to access and distribute information and content, via their internet access service, and use and provide applications and services and terminal equipment of their choice, regardless of location, origin or destination of the information, content, application or service. The Regulation allows “reasonable” traffic management, which must be transparent, non-discriminatory and reasonable and not based on commercial considerations. The Regulation required BEREC to issue guidelines on the implementation of the obligations and these were issued by BEREC on 30 August 2016. The guidelines address commercial practices, traffic management, specialised services and transparency requirements. In particular, they prohibit offers that limit the websites that can be accessed (“sub-internet offers”), and impose restrictions on tethering, certain zero rating offers (where data use does not count against the consumer’s allowance) and network based blocking of content, including blocking of advertising. NRAs are responsible for

enforcing the Regulation and are to take utmost account of BEREC's guidelines. Depending on how the guidelines are applied by the NRAs in light of the underlying Regulation, they could reduce the flexibility of operators to manage traffic in order to provide a certain quality of service, or to agree terms (including preferential treatment in return for remuneration) with content and application providers related to quality of service.

The Regulation requires the Commission to review the net neutrality provisions of the Telecoms Single Market Regulation and report to the European Parliament and European Council. The Commission published the first such review on 30 April 2019 and concluded that there was no need to amend the Regulation at that time. BEREC is currently reviewing its guidelines and is expected to publish a consultation on draft revised guidelines in October 2019.

Spectrum

On 14 March 2012, the European Parliament and Council adopted the Radio Spectrum Policy Programme ("RSPP"). The RSPP is a Decision that sets the strategic objectives for spectrum policy in the EU. One such objective is to identify sufficient spectrum for wireless broadband. In that regard, the RSPP required European Member States to authorise the use of the 800 MHz band for mobile operators by 1 January 2013, with derogations possible only until 31 December 2015. On 2 February 2016 the Commission presented a proposal to coordinate the use of the 700 MHz band for mobile services. The European Parliament and European Council approved the regulation on December 14, 2016. It requires Member States to assign the 694-790 MHz band to wireless broadband services by 30 June 2020, with the possibility of an extension of up to 2 years in duly justified cases.

The European Radio Spectrum Policy Group has set out its view that the 3.4 – 3.8 GHz band is likely to be the primary band suitable for the introduction of 5G services across Europe, potentially before 2020. In this regard, the EEC Code sets a target for Member States to release 3.4 – 3.8 GHz spectrum (and at least 1 GHz of the 24.25 – 27.5 GHz spectrum band for 5G) by 31 December 2020. On 24 January 2019, the Commission adopted an implementing decision setting out the harmonised technical parameters for use of this spectrum band. The Radio Spectrum Policy Group has announced that it intends to review the RSPP and make recommendations for changes in light of the EEC Code.

Data protection

The General Data Protection Regulation ("GDPR") was adopted in April 2016 and came into effect on 25 May 2018, when it replaced the 1995 Data Protection Directive. The GDPR is directly effective and does not need to be implemented in national laws. It applies to all data controllers and data processors in the EU that are processing personal data, and those outside the EU that target data subjects in the EU. The GDPR introduces new rights for data subjects, such as the right to be forgotten and data portability, and strengthens existing obligations on data controllers in obtaining consents and to ensure their systems and procedures are compliant (privacy by design and by default), and requires data controllers to maintain a data processing register. Fines for failing to comply with the GDPR can be up to 4% of worldwide annual revenue.

E-privacy

On 10 January 2017, the Commission published its legislative proposals to revise the e-Privacy Directive. The Directive would be replaced by an e-Privacy Regulation that would regulate not only electronic communications services, as is currently the case, but also internet based (OTT) communication services. There is a stricter requirement to obtain consent for the use of personal or meta data, revisions to the requirement to obtain consent for cookies, rules on data breach notification and higher fines for breaches of the Regulation (up to 4% of worldwide annual turnover, in line with the fines in the GDPR). Member States have proposed a range of amendments and it is not clear when the Regulation will be adopted.

MANAGEMENT OF THE GUARANTOR

The registered office of the Guarantor is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Board of Directors of the Guarantor consists of four members. Set forth below is selected biographical information for each of the Directors:

FOK Kin Ning, Canning, aged 68, has been a Director and Managing Director of the Guarantor since 5 July 2019 and 28 August 2019, respectively. Mr Fok has been a Non-executive Director of CK Hutchison Holdings Limited (“CKHH”) since January 2015 and was re-designated as an Executive Director and Group Co-Managing Director of CKHH in June 2015. He has been a member of the Nomination Committee of CKHH since 1 January 2019. Mr Fok was a Director of Cheung Kong (Holdings) Limited (“Cheung Kong (Holdings)”) since 1985 and became a Non-executive Director in 1993 until June 2015. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by CKHH in March 2015 and he was re-designated as Director of Cheung Kong (Holdings) in June 2015. Mr Fok was an Executive Director of Hutchison Whampoa Limited (“HWL”) since 1984, Group Managing Director since 1993 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement, which became a wholly owned subsidiary of CKHH. He is also Chairman of Hutchison Telecommunications Hong Kong Holdings Limited (“HTHKH”), Hutchison Telecommunications (Australia) Limited (“HTAL”), Hutchison Port Holdings Management Pte. Limited (“HPHM”) as the trustee-manager of Hutchison Port Holdings Trust (“HPH Trust”), Power Assets Holdings Limited, HK Electric Investments Manager Limited (“HKEIML”) as the trustee-manager of HK Electric Investments (“HKEI”), and HK Electric Investments Limited (“HKEIL”), Co-Chairman of Husky Energy Inc. (“Husky Energy”) and Deputy Chairman of CK Infrastructure Holdings Limited (“CKI”). The aforementioned companies are either subsidiaries or associated companies of the CKHH Group of which Mr Fok acts as Chairman, Co-Chairman, Deputy Chairman or Director for the purpose of overseeing the management of such businesses. Mr Fok is a director of certain companies controlled by a substantial shareholder of CKHH within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”). Mr Fok holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a Fellow of Chartered Accountants Australia and New Zealand.

Frank John SIXT, aged 67, has been a Director and Finance Director of the Guarantor since 26 June 2019 and 28 August 2019, respectively. Mr Sixt has been a Non-executive Director of CKHH since January 2015 and was re-designated as an Executive Director, Group Finance Director and Deputy Managing Director of CKHH in June 2015. He has been a member of the Nomination Committee of CKHH since 1 January 2019. Mr Sixt was an Executive Director of Cheung Kong (Holdings) since 1991 and became a Non-executive Director in 1998 until June 2015. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by CKHH in March 2015 and he was re-designated as Director of Cheung Kong (Holdings) in June 2015. He was an Executive Director of HWL since 1991, Group Finance Director since 1998 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement, which became a wholly owned subsidiary of CKHH. He is also Non-executive Chairman of TOM Group Limited (“TOM”), an Executive Director of CKI, a Director of HTAL and Husky Energy, and an Alternate Director to Directors of HTAL, HKEIML as the trustee-manager of HKEI, and HKEIL. The aforementioned companies are either subsidiaries or associated companies of the CKHH Group of which Mr Sixt acts as Chairman or Director for the purpose of overseeing the management of such businesses. Mr Sixt is a director of certain substantial shareholders of CKHH within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of CKHH. Mr Sixt holds a Master’s degree in Arts and a Bachelor’s degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Québec and Ontario, Canada.

LAI Kai Ming, Dominic, aged 66, has been a Director of the Guarantor since 26 June 2019. Mr Lai has also been an Executive Director and Deputy Managing Director of CKHH since June 2015 and a member of the Nomination Committee of CKHH since 1 January 2019. Mr Lai was an Executive Director of HWL since 2000 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement, which became a wholly owned subsidiary of CKHH. He is a Non-executive Director of HTHKH, a Director of HTAL and a member of the Board of Commissioners of PT Duta Intidaya Tbk (“PTDI”). He is also an Alternate Director to Directors of HTHKH, HTAL and TOM. The aforementioned companies are either subsidiaries or associated companies of the CKHH Group of which Mr Lai acts as Director or Commissioner for the purpose of overseeing the management of such businesses. Mr Lai has over 35 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master’s degree in Business Administration.

Edith SHIH, aged 67, has been a Director of the Guarantor since 26 June 2019. Ms Shih has also been an Executive Director of CKHH since January 2017 and a member of the Nomination Committee of CKHH since 1 January 2019. She is also the Company Secretary of CKHH and was the Head Group General Counsel of CKHH from June 2015 to March 2017. She was previously the Head Group General Counsel of HWL from 1993 to June 2015 and has been the Company Secretary of HWL since 1997. HWL was privatised by way of a scheme of arrangement in June 2015 and is currently a wholly owned subsidiary of CKHH. She is a Non-executive Director of HTHKH, Hutchison China MediTech Limited and HPHM as the trustee-manager of HPH Trust. She is also a member of the Board of Commissioners of PTDI. The aforementioned companies are either subsidiaries or associated companies of the CKHH Group of which Ms Shih acts as Director or Commissioner for the purpose of overseeing the management of such businesses. She has over 35 years of experience in the legal, regulatory, corporate finance, compliance and corporate governance fields. Ms Shih is at present the International President and Executive Committee Chairman of the Institute of Chartered Secretaries and Administrators (“ICSA”) as well as a past President and current chairperson of various committees and panels of The Hong Kong Institute of Chartered Secretaries (“HKICS”). She is also the Chairman of the Governance Committee of the Hong Kong Institute of Certified Public Accountants, a panel member of the Securities and Futures Appeals Tribunal and a member of the Process Review Panel for the Financial Reporting Council. Ms Shih is a solicitor qualified in England and Wales, Hong Kong and Victoria, Australia and a Fellow of both the ICSA and HKICS, holding Chartered Secretary and Chartered Governance Professional dual designations. She holds a Bachelor of Science degree in Education and a Master of Arts degree from the University of the Philippines and a Master of Arts degree and a Master of Education degree from Columbia University, New York.

The business address of the abovementioned directors for the purposes of their directorships of the Guarantor is CK Hutchison Group Telecom Holdings Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on law and relevant interpretations thereof in effect as at the date of this Prospectus, all of which are subject to change, and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective holders of the Notes who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction are advised to consult their own professional advisers.

LUXEMBOURG TAXATION

Withholding Tax

Under Luxembourg tax law currently in effect and subject to the exception below, no Luxembourg withholding tax is due on payments of interest (including accrued but unpaid interest) or repayments of principal.

In accordance with the law of 23 December 2005, interest payments made by Luxembourg paying agents to individual beneficial owners resident in Luxembourg are currently subject to a 20 per cent. withholding tax. Responsibility for withholding such tax will be assumed by the Luxembourg paying agent.

Income Taxation on Principal, Interest, Gains on Sales or Redemption

Luxembourg tax residency of the Noteholders

Noteholders will not be deemed to be resident, domiciled or carrying on business in Luxembourg solely by reason of holding, execution, performance, delivery, exchange and/or enforcement of the Notes.

Taxation of Luxembourg non-residents

Noteholders who are non-residents of Luxembourg and who do not have a permanent establishment in Luxembourg with which the holding of the Notes is connected, will not be subject to taxes (income taxes and net wealth tax) or duties in Luxembourg with respect to payments of principal or interest (including accrued but unpaid interest), payments received upon redemption, repurchase or exchange of the Notes or capital gains realised upon disposal or repayment of the Notes.

Taxation of Luxembourg residents

Noteholders who are residents of Luxembourg will not be liable for any Luxembourg income tax on repayment of principal.

Interest received by an individual resident in Luxembourg is, in principle, reportable and taxable at the progressive rate unless the interest has been subject to withholding tax (see above “Withholding Tax”) or to the self-applied tax, if applicable. Indeed, in accordance with the Luxembourg law of 23 December 2005, Luxembourg resident individuals, acting in the framework of their private wealth, can opt to self-declare and pay a 20 per cent. tax on interest payments made by paying agents located in an EU Member State other than Luxembourg or a Member State of the European Economic Area other than an EU Member State.

The withholding tax or self-applied tax are the final tax liability for the Luxembourg individual resident taxpayers receiving the interest payment in the framework of their private wealth. Individual Luxembourg resident Noteholders receiving the interest as business income must include this interest in their taxable basis. If applicable, the 20 per cent. Luxembourg withholding tax levied will be credited against their final income tax liability.

Luxembourg resident individual Noteholders are not subject to taxation on capital gains upon the disposal of the Notes, unless the disposal of the Notes precedes the acquisition of the Notes or the Notes are disposed of within six months of the date of acquisition of these Notes. Upon the sale, redemption or exchange of the Notes, accrued but unpaid interest will be subject to the 20 per cent. withholding tax or the self-applied tax, if applicable. Individual Luxembourg resident Noteholders receiving the interest as business income must include the portion of the price corresponding to this interest in their taxable income. The 20 per cent. Luxembourg withholding tax levied will be credited against their final income tax liability.

Luxembourg resident corporate Noteholders, or non-resident Noteholders which have a permanent establishment, a permanent representative or a fixed base of business in Luxembourg with which the holding of the Notes is connected, must for income tax purposes include in their taxable income any interest (including accrued but unpaid interest) as well as the difference between the sale or redemption price and the lower of the cost or book value of the Notes sold or redeemed.

Luxembourg resident corporate Noteholders which are companies benefiting from a special tax regime (such as (a) family wealth management companies subject to the law of 11 May 2007, (b) undertakings for collective investment subject to the law of 17 December 2010 (c) specialised investment funds subject to the law of 13 February 2007, or (d) reserved alternative investment funds governed by the law of 23 July 2016, provided it is not foreseen in the incorporation documents that (i) the exclusive object is the investment in risk capital and that (ii) article 48 of the aforementioned law of 23 July 2016 applies) are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (i.e., corporate income tax, municipal business tax and net wealth tax) other than the annual subscription tax calculated on their (paid up) share capital (and share premium) or net asset value.

Net Wealth tax

Luxembourg net wealth tax will not be levied on the Notes held by a corporate Noteholder, unless (a) such Noteholder is a Luxembourg resident other than a corporate Noteholder governed by (i) the laws of 17 December 2010 and 13 February 2007 on undertakings for collective investment; (ii) the law of 22 March 2004 on securitisation; (iii) the law of 15 June 2004 on the investment company in risk capital; (iv) the law of 11 May 2007 on family estate management companies or (v) the law of 23 July 2016 on reserved alternative investment funds, or (b) the Notes are attributable to an enterprise or part thereof which is carried on in Luxembourg through a permanent establishment or a permanent representative.

Luxembourg levies a minimum net wealth tax for corporate taxpayers, which is due even if the net asset value of the corporate taxpayer is nil or negative. This minimum net wealth tax amounts to a EUR 4,815 flat rate for corporate taxpayers whose total assets amount to at least EUR 350,000 and at least 90% of the corporate taxpayer's assets are financial assets falling within the meaning of accounts 23, 41, 50 and 51 of the *Luxembourg Plan Comptable Normalisé*.

In all other cases, corporate taxpayers are subject to a minimum net wealth tax ranging from EUR 535 to EUR 32,100. All Luxembourg corporate taxpayers that are subject to net wealth tax are also subject to minimum net wealth tax.

Securitisation companies governed by the law of 22 March 2004 on securitisation, companies governed by the law of 15 June 2004 on the investment company in risk capital and certain reserved alternative investment funds governed by the law of 23 July 2016 which fall under the special tax regime set out under article 48 thereof, may be subject to an annual minimum net wealth tax.

Other taxes

No stamp, registration, transfer or similar taxes or duties will be payable in Luxembourg by Noteholders in connection with the issue of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer or redemption of the Notes, unless the documents relating to the Notes are voluntarily registered or appended to a document that requires mandatory registration in Luxembourg.

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of the Notes. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

Noteholders not permanently resident in Luxembourg at the time of death will not be subject to inheritance or other similar taxes in Luxembourg in respect of the Notes. No Luxembourg gift tax is levied upon a gift or donation of the Notes, if the gift is not passed before a Luxembourg notary or recorded in a deed registered in Luxembourg.

CAYMAN ISLANDS TAXATION

The Cayman Islands currently has no exchange control restrictions and no income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax applicable to the Issuer or any holder of the Notes. Accordingly, payment of principal of (including any premium) and interest on, and any transfer of, the Notes will not be subject to taxation in the Cayman Islands, no Cayman Islands withholding tax will be required on such payments to any holder of a Note and gains derived from the sale of the Notes will not be subject to Cayman Islands capital gains tax. The Cayman Islands are not party to a double tax treaty with any country that is applicable to any payments made to or by the Issuer.

No taxes, fees or charges are payable (either by direct assessment or withholding) to the government or other taxing authority in the Cayman Islands under the laws of the Cayman Islands in respect of payments made by the Guarantor under, or pursuant to, the Guarantees. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

The Guarantor has obtained an undertaking from the Financial Secretary of the Cayman Islands that, in accordance with the provision of section 6 of The Tax Concessions Law (2018 Revision) of the Cayman Islands, for a period of 20 years from 28 June 2019, no law which is enacted in the Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Guarantor or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on or in respect of the shares, debentures or other obligations of the Guarantor or (ii) by way of the withholding in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (2018 Revision).

THE PROPOSED FINANCIAL TRANSACTIONS TAX

On 14 February 2013, the European Commission published a proposal aimed at introducing Financial Transaction Tax (“FTT”) within some of the member states of the European Union. The FTT proposal remains subject to negotiation between the participating member states. The scope of any such tax, its adoption and effective date are uncertain. Prospective holders of the Notes are advised to consult their own professional advisers for details.

SUBSCRIPTION AND SALE

Citigroup Global Markets Limited and The Hongkong and Shanghai Banking Corporation Limited as joint global co-ordinators (together, the “**JGCs**”), Citigroup Global Markets Limited, The Hongkong and Shanghai Banking Corporation Limited, Banca IMI S.p.A., Barclays Bank PLC, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, Goldman Sachs International and UniCredit Bank AG as joint bookrunners (together, the “**JBRs**”) and Australia and New Zealand Banking Group Limited, Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Bank of China (Hong Kong) Limited, Bank of Communications Co., Ltd., Luxembourg Branch, China Construction Bank (Asia) Corporation Limited, DBS Bank Ltd., ING Bank N.V., Landesbank Baden-Württemberg, Mediobanca Banca di Credito Finanziario S.p.A., Merrill Lynch (Asia Pacific) Ltd., Mizuho Securities Europe GmbH, Morgan Stanley & Co. International plc, Natixis, NatWest Markets Plc, Oversea-Chinese Banking Corporation Limited, Raiffeisen Bank International AG, Skandinaviska Enskilda Banken AB (publ), SMBC Nikko Capital Markets Limited, Standard Chartered Bank and United Overseas Bank Limited, Hong Kong Branch as co-managers (together, the “**Co-Managers**”, the JGCs, the JBRs and the Co-Managers together, the “**Underwriters**”) have, pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated 10 October 2019 jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 99.739 per cent. of the principal amount of the Series A Notes, 99.761 per cent. of the principal amount of the Series B Notes, 99.567 per cent. of the principal amount of the Series C Notes, 99.565 per cent. of the principal amount of the Series D Notes, 99.176 per cent. of the principal amount of the Series E Notes and 98.815 per cent. of the principal amount of the Series F Notes, less commissions set out in the Subscription Agreement. The Issuer and the Guarantor have agreed in the Subscription Agreement to indemnify and hold the Underwriters harmless against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

UNITED STATES

The Notes and the Guarantees have not been and will not be registered under the Securities Act and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes and the Guarantees may not be offered, sold or delivered within the United States or to U.S. persons. Each Underwriter has agreed that it will not offer, sell or deliver any Notes or Guarantees within the United States or to U.S. persons, except as permitted by the Subscription Agreement.

In addition, until 40 days after the commencement of the offering of the Notes and the Guarantees, an offer or sale of Notes or Guarantees within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”) (“TEFRA D”) unless the Notes are issued other than in compliance with TEFRA D but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982. Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations promulgated thereunder.

UNITED KINGDOM

Each Underwriter has represented and agreed that:

- (i) it has complied with, and will comply with, all applicable provisions of the Financial Services and Markets Act 2000 (the “FSMA”) with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (ii) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor.

CAYMAN ISLANDS

Each Underwriter has represented and agreed that it has not made and will not make (on behalf of the Issuer) any invitation directly or indirectly to the public in the Cayman Islands to subscribe for any Notes.

HONG KONG

Each Underwriter has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

THE NETHERLANDS

Each Underwriter has represented and agreed that it will not make an offer of the Notes to the public in the Netherlands in reliance on Article 1(4) of the Prospectus Regulation unless (i) such offer is made exclusively to persons or entities which are qualified investors as defined in the Dutch Financial Supervision Act or (ii) standard exemption wording is disclosed as required by Article 5:20(5) of the Dutch Financial Supervision Act, provided that no such offer of the Notes shall require the Issuer or any Underwriter to publish a prospectus pursuant to Article 1 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

BELGIUM

Each Underwriter has represented and agreed that the offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a “Belgian Consumer”) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

SWITZERLAND

Each Underwriter has acknowledged that the Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange Ltd. (“SIX”) or any other stock exchange or other regulated trading facility in Switzerland, and this Prospectus has been prepared without regard to the disclosure standards for issuance of prospectuses under Article 652a or Article 1156 of the Swiss Code of Obligations or disclosure standards for listing prospectuses

under Article 27 et seqq. of the SIX listing rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Accordingly, each Underwriter has represented and agreed that it has not and will not (i) publicly offer, sell or advertise the Notes directly or indirectly, in, into or from Switzerland; and (ii) publicly distribute or otherwise make publicly available in Switzerland this Prospectus nor any other offering or marketing material relating to the Notes or the offering thereof.

Each Underwriter has also acknowledged that neither this Prospectus nor any other offering or marketing material relating to the offering of the Notes, the Issuer, the Guarantor or the Notes have been filed with or approved by any Swiss regulatory authority. In particular, this Prospectus has not been filed with, and the offer of the Notes will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of the Notes has not been authorised under the Swiss Federal Act on Collective Investment Scheme (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Notes.

ITALY

Each Underwriter has acknowledged that the offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“CONSOB”) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to any Notes be distributed in Italy, except, in accordance with the exceptions provided under the Prospectus Regulation and any Italian securities, tax and other applicable laws and regulations.

Each Underwriter has represented, agreed and acknowledged that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Prospectus or any other document relating to the Notes in Italy except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and the applicable Italian laws; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation and the applicable Italian laws.

Each Underwriter has acknowledged that in any event, any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Legislative Decree No. 58 of 24 February 1998, as amended from time to time, Legislative Decree No. 385 of 1 September 1993, as amended from time to time (the “Banking Act”) and CONSOB Regulation No. 20307 of 15 February 2018, as amended from time to time;
- (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy; and
- (iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

JAPAN

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “Financial Instruments and Exchange Act”). Accordingly, each Underwriter has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

SINGAPORE

Each Underwriter has acknowledged that this Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the “MAS”). Accordingly, each Underwriter has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

GENERAL

Each Underwriter has acknowledged and agreed that no action has been taken by the Issuer, the Guarantor and any of the Underwriters that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Underwriters has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, memorandum, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

OTHER BANKING OR COMMERCIAL RELATIONSHIPS

Certain of the Underwriters, their subsidiaries, holding companies and other subsidiaries of such holding companies (the "Relevant Parties") have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Guarantor and/or their Relevant Parties in the ordinary course of business. They may have received, or may in the future receive, customary fees and commissions for these transactions. Certain of the Underwriters and their Relevant Parties may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer, the Guarantor and their respective Relevant Parties or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Underwriters and their Relevant Parties may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor or their respective Relevant Parties. Certain of the Underwriters or their Relevant Parties may have a lending relationship with the Issuer, the Guarantor and/or their Relevant Parties and may routinely hedge their credit exposure to the Issuer, the Guarantor and/or their Relevant Parties consistent with their customary risk management policies. Such Underwriters and their Relevant Parties may hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Underwriters and their Relevant Parties may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

GENERAL INFORMATION

1. Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to the Official List and to be admitted to trading on the Luxembourg Stock Exchange's regulated market. The admission to trading of the Notes is expected on or around 18 October 2019.
2. The Issuer and the Guarantor have obtained all necessary consents, approvals and authorisations as may be required in connection with the issue and performance of the Notes, except as disclosed in this Prospectus. The issue of the Notes was approved by resolutions of the Issuer passed on 20 September 2019, and the giving of the Guarantees by the Guarantor was authorised by resolutions of the Guarantor passed on 24 September 2019.
3. Except as disclosed in this Prospectus:
 - there has been no significant change in the financial performance of the Issuer since its date of incorporation and no significant change in the financial performance of the Guarantor or of CK Hutchison Group Telecom since 30 June 2019;
 - there has been no significant change in the financial position of the Issuer since its date of incorporation and no significant change in the financial position of the Guarantor or of CK Hutchison Group Telecom since 30 June 2019; and
 - there has been no material adverse change in the prospects of the Issuer since its date of incorporation and no material adverse change in the prospects of the Guarantor or of CK Hutchison Group Telecom since 31 December 2018.
4. Except as disclosed in this Prospectus, neither the Issuer nor the Guarantor nor any of the Guarantor's subsidiaries is involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) during the 12 months preceding the date of this Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Guarantor and its subsidiaries (including the Issuer) taken as a whole.
5. All Notes and Coupons will contain the following legend: *"Any United States person (as defined in the Internal Revenue Code) who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code"*.
6. On the basis of the issue price of the Series A Notes of 99.739 per cent. of its principal amount, the gross yield of the Series A Notes during the Interest Period is 0.441 per cent. on an annual basis. On the basis of the issue price of the Series B Notes of 99.761 per cent. of its principal amount, the gross yield of the Series B Notes during the Interest Period is 0.788 per cent. on an annual basis. On the basis of the issue price of the Series C Notes of 99.567 per cent. of its principal amount, the gross yield of the Series C Notes during the Interest Period is 1.176 per cent. on an annual basis. On the basis of the issue price of the Series D Notes of 99.565 per cent. of its principal amount, the gross yield of the Series D Notes during the Interest Period is 1.540 per cent. on an annual basis. On the basis of the issue price of the Series E Notes of 99.176 per cent. of its principal amount, the gross yield of the Series E Notes during the Interest Period is 2.113 per cent. on an annual basis. On the basis of the issue price of the Series F Notes of 98.815 per cent. of its principal amount, the gross yield of the Series F Notes during the Interest Period is 2.722 per cent. on an annual basis.

7. The Legal Entity Identifier (“LEI”) Code of the Issuer is 254900OM17Q9YNDIUG82. The LEI Code of the Guarantor is 254900ZKNLQDBJH2PX17. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg.

The ISIN for the Series A Notes is XS2056572154 and the Common Code for the Series A Notes is 205657215.

The ISIN for the Series B Notes is XS2057069093 and the Common Code for the Series B Notes is 205706909.

The ISIN for the Series C Notes is XS2057069762 and the Common Code for the Series C Notes is 205706976.

The ISIN for the Series D Notes is XS2057070182 and the Common Code for the Series D Notes is 205707018.

The ISIN for the Series E Notes is XS2057072121 and the Common Code for the Series E Notes is 205707212.

The ISIN for the Series F Notes is XS2057072477 and the Common Code for the Series F Notes is 205707247.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

8. Other than as described in “Business of CK Hutchison Group Telecom” and “Capitalisation of CK Hutchison Group Telecom”, there are no material contracts entered into other than in the ordinary course of the Issuer’s or Guarantor’s business, which could result in any member of the Issuer’s group being under an obligation or entitlement that is material to the Issuer’s or Guarantor’s ability to meet its obligations to Noteholders in respect of the Notes being issued.
9. For the period of 12 months starting on the date of this Prospectus, copies (and English translations where the documents in question are not in English) of the following documents will be available, during usual business hours on any weekday (Saturdays and holidays excepted), for inspection at the place of business in Hong Kong of the Guarantor at 48/F, Cheung Kong Center, 2 Queen’s Road Central, Hong Kong:
- (a) the Deed of Incorporation of the Issuer and the Memorandum and Articles of Association of the Guarantor;
 - (b) the Agency Agreement (which includes the form of the Global Notes, definitive Notes and Coupons) (in execution form after the Closing Date);
 - (c) the Deed of Guarantee (in execution form after the Closing Date); and
 - (d) a copy of this Prospectus together with any Supplement to this Prospectus or further Prospectus.

This Prospectus will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The Prospectus, the Consolidated Articles of Incorporation of the Issuer and the Memorandum and Articles of Association of the Guarantor will be published on the website of the Issuer (https://www.ckh.com.hk/bond/CK_Hutchison_Group_Telecom_Finance_SA.htm) for so long as the Notes are traded on the Luxembourg Stock Exchange, save that the Prospectus will be published on the website of the Issuer for 10 years from the date of the Prospectus. The contents on the websites to which this Prospectus refers to (including the Issuer's website or any website directly or indirectly linked to the Issuer's website) do not form part of this Prospectus and has not been scrutinised or approved by the CSSF, and investors should not rely on them.

10. CK Hutchison Group Telecom's combined financial statements for the year ended 31 December 2018 have been audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong ("PwC") in accordance with International Standards on Auditing and CK Hutchison Group Telecom's unaudited condensed combined financial statements for the six months ended 30 June 2019 have been reviewed by PwC in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as stated in their audit report dated 31 July 2019 and review report dated 15 August 2019, respectively.
11. PwC has reported on the compilation of CK Hutchison Group Telecom's unaudited pro forma combined financial information for the year ended 31 December 2018 and for the six months ended 30 June 2019 in accordance with International Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", as stated in their assurance reports dated 10 October 2019.
12. Save for any fees payable to the Underwriters, the professional advisers, service providers and auditors of the Issuer and the Guarantor and/or the Underwriters, the Listing Agent and the Fiscal Agent, and save that some of these persons and/or their affiliates may engage in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Guarantor and/or their affiliates in the ordinary course of business, as far as the Issuer is aware, no person involved in the issue of the Notes has an interest material in the offer.
13. The total expenses related to the listing and admission to trading of the Notes are estimated to be €40,000.
14. As far as the Issuer is aware, no director of the Issuer has any personal interests (except by virtue of he/she being a shareholder of CKHH and/or a director or an officer of CKHH, the Guarantor or their respective affiliates) that may result in potential conflicts of interests with any duties carried out by him/her on behalf of the Issuer. As far as the Guarantor is aware, no director of the Guarantor has any personal interests (except by virtue of he/she being a shareholder of CKHH and/or a director or an officer of CKHH, the Issuer or their respective affiliates) that may result in potential conflicts of interests with any duties carried out by him/her on behalf of the Guarantor.

GLOSSARY OF CERTAIN TERMS

Aggregates	rock, generally granite, which has been crushed into different sizes for use in the construction industry
ARPU	Average revenue per user
CAC	Customer acquisition cost
EU	European Union
GSM	Global System for Mobile Communications cellular telephone technology
HSDPA	High-Speed Downlink Packet Access, a packet-based mobile telephony protocol to increase data capacity and speed up transfer rates
IDD	International Direct Dial
IoT	Internet of Things
km	kilometre
LTE	Long Term Evolution, a standard for 4G wireless broadband technology that offers increased network capacity and speed to mobile device users
MHz	megahertz
Mobile virtual network operators (MVNO)	a mobile operator that does not own spectrum or have its own network infrastructure. An MVNO has business arrangements with traditional mobile operators to buy network time, which it then sells to its own customers
MW	megawatt, equal to 1,000 kilowatts
Over-the-top content	delivery of audio, video, and other media over the Internet without the involvement of a multiple-system operator in the control or distribution of the content
UMTS	Universal Mobile Telecommunications Service, a third-generation (3G) broadband, packet-based transmission of text, digitized voice, video, and multimedia at data rates up to 2 megabits per second (Mbps)
UK	United Kingdom
Voice-over-IP	Voice-over Internet Protocol is a method and group of technologies for the delivery of voice communications and multimedia sessions over Internet Protocol networks, such as the Internet

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**INDEPENDENT AUDITOR’S REPORT
TO THE BOARD OF DIRECTORS OF CK HUTCHISON GROUP TELECOM HOLDINGS
LIMITED (THE “COMPANY”)**
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The combined financial statements of companies comprising the telecommunication businesses of CK Hutchison Group Telecom Holdings Limited and its subsidiaries in Europe, Hong Kong and Macau (the “Group”) as described in Note 1 to the combined financial statements are set out on pages 4 to 80, which comprise:

- the combined statement of financial position as at 31 December 2018 and 31 December 2017;
- the combined income statement for each of the two years then ended;
- the combined statement of comprehensive income for each of the two years then ended;
- the combined statement of changes in equity for each of the two years then ended;
- the combined statement of cash flows for each of the two years then ended; and
- the notes to the combined financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the combined financial statements give a true and fair view of the combined financial position of the Group as at 31 December 2018 and 31 December 2017, and of its combined financial performance and its combined cash flows for each of the two years then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Combined 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 are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of Directors for the Combined Financial Statements

The directors of the Company are responsible for the preparation of the combined financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 combined financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 combined 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 Group to cease to continue as a going concern.

**Auditor's Responsibilities for the Audit of the Combined Financial Statements
(Continued)**

- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 July 2019

CK Hutchison Group Telecom Holdings Limited

Combined Income Statement

for the years ended 31 December 2018 and 31 December 2017

2018 [#]			2018	2017*
US\$ million		Note	HK\$ million	HK\$ million
9,108	Revenue	2, 3	71,045	56,136
(467)	Cost of inventories sold		(3,645)	(2,167)
(2,012)	Expensed customer acquisition and retention costs		(15,693)	(15,583)
(574)	Staff costs		(4,482)	(3,710)
(1,217)	Depreciation and amortisation	3	(9,490)	(8,729)
(2,938)	Other operating expenses		(22,915)	(15,964)
1,102	Profits on disposal of investments and others	4	8,600	-
310	Share of profits less losses of joint ventures		2,418	4,495
3,312			25,838	14,478
(454)	Interest expenses and other finance costs	5	(3,540)	(5,749)
2,858	Profit before tax		22,298	8,729
66	Current tax credit (charge)	6	511	(658)
208	Deferred tax credit	6	1,620	1,638
3,132	Profit after tax		24,429	9,709
(85)	Profit attributable to non-controlling interests		(660)	(598)
3,047	Profit attributable to Parent company		23,769	9,111

See note 32.

* See note 35.

CK Hutchison Group Telecom Holdings Limited
Combined Statement of Comprehensive Income

for the years ended 31 December 2018 and 31 December 2017

2018 [#]			2018	2017*
US\$ million		Note	HK\$ million	HK\$ million
3,132	Profit after tax		24,429	9,709
	Other comprehensive income (losses)			
	Items that will not be reclassified to profit or loss:			
	Remeasurement of defined benefit obligations recognised directly in			
(1)	reserves		(11)	94
(1)	Share of other comprehensive income (losses) of joint ventures		(10)	(3)
-	Tax relating to items that will not be reclassified to profit or loss	24	3	-
(2)			(18)	91
	Items that have been reclassified or may be subsequently reclassified to profit or loss:			
	Cash flow hedges (cross currency interest rate swap contracts and interest rate swap contracts)			
15	Gains recognised directly in reserves		124	-
(220)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves		(1,718)	(14,159)
(239)	Losses (gains) previously in exchange and other reserves related to subsidiaries and joint ventures disposed during the year recognised in income statement		(1,866)	12
(117)	Share of other comprehensive income (losses) of joint ventures		(914)	4,054
(5)	Tax relating to items that have been reclassified or may be subsequently reclassified to profit or loss	24	(41)	-
(566)			(4,415)	(10,093)
(568)	Other comprehensive income (losses), net of tax		(4,433)	(10,002)
2,564	Total comprehensive income (losses)		19,996	(293)
(30)	Total comprehensive income attributable to non-controlling interests		(237)	(1,368)
2,534	Total comprehensive income (losses) attributable to Parent company		19,759	(1,661)

See note 32.

* See note 35.

CK Hutchison Group Telecom Holdings Limited

Combined Statement of Financial Position

at 31 December 2018 and 31 December 2017

2018 [#]		Note	2018	2017*
US\$ million			HK\$ million	HK\$ million
Non-current assets				
6,879	Fixed assets	7	53,657	31,220
7,790	Telecommunications licences	8	60,758	25,774
4,488	Brand names and other rights	9	35,006	13,643
16,250	Goodwill	10	126,750	32,238
52	Interests in joint ventures	11	406	33,157
2,425	Deferred tax assets	12	18,917	18,353
595	Other non-current assets	13	4,644	-
38,479			300,138	154,385
Current assets				
2,941	Cash and cash equivalents	14	22,941	18,955
292	Inventories		2,279	1,566
4,643	Trade receivables and other current assets	15	36,213	19,907
7,876			61,433	40,428
302	Assets classified as held for sale	16	2,352	-
8,178			63,785	40,428
Current liabilities				
200	Bank and other debts	17	1,557	3,907
4	Current tax liabilities		31	108
7,318	Trade payables and other current liabilities	18	57,078	25,714
4,437	Amounts due to CKHH group entities	20	34,610	34,224
11,959			93,276	63,953
(3,781)	Net current liabilities		(29,491)	(23,525)
34,698	Total assets less current liabilities		270,647	130,860
Non-current liabilities				
11,870	Bank and other debts	17	92,583	5,649
39	Deferred tax liabilities	12	310	359
85	Pension obligations	21	660	68
2,115	Other non-current liabilities	22	16,500	5,711
6,635	Amounts due to CKHH group entities	20	51,754	55,123
20,744			161,807	66,910
13,954	Net assets		108,840	63,950

See note 32.

* See note 35.

CK Hutchison Group Telecom Holdings Limited

Combined Statement of Financial Position

at 31 December 2018 and 31 December 2017

2018 [#]		Note	2018	2017*
US\$ million			HK\$ million	HK\$ million
	Equity			
12,319	Parent company investments		96,089	51,276
1,635	Non-controlling interests		12,751	12,674
13,954	Total equity		108,840	63,950

See note 32.

* See note 35.

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

CK Hutchison Group Telecom Holdings Limited
Combined Statement of Changes in Equity
for the years ended 31 December 2018 and 31 December 2017

Total equity # US\$ million		Attributable to					Total equity HK\$ million
		Exchange reserve HK\$ million	Hedging reserve HK\$ million	Other reserves including earnings HK\$ million	Parent company investments HK\$ million	Non-controlling interests HK\$ million	
8,199	At 31 December 2017 *, as previously reported, and 1 January 2018	(1,024)	96	52,204	51,276	12,674	63,950
74	Effect on adoption of IFRS 9 and IFRS 15 (see note 35)	-	-	414	414	163	577
8,273	At 1 January 2018, as adjusted	(1,024)	96	52,618	51,690	12,837	64,527
3,132	Profit for the year	-	-	23,769	23,769	660	24,429
	Other comprehensive income (losses)						
(1)	Remeasurement of defined benefit obligations recognised directly in reserves	-	-	(12)	(12)	1	(11)
15	Cash flow hedges (cross currency interest rate swap contracts and interest rate swap contracts)	-	124	-	124	-	124
(220)	Gains recognised directly in reserves	(1,294)	-	-	(1,294)	(424)	(1,718)
(239)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(1,941)	75	-	(1,866)	-	(1,866)
(118)	Losses (gains) previously in exchange and other reserves related to subsidiaries and joint ventures disposed during the year recognised in income statement	(747)	(167)	(10)	(924)	-	(924)
(5)	Share of other comprehensive income (losses) of joint ventures	-	(41)	3	(38)	-	(38)
(568)	Tax relating to components of other comprehensive income (losses)	(3,982)	(9)	(19)	(4,010)	(423)	(4,433)
2,564	Other comprehensive income (losses), net of tax	(3,982)	(9)	23,750	19,759	237	19,996
3,479	Total comprehensive income (losses)	-	-	27,136	27,136	-	27,136
(251)	Issue of shares by subsidiary companies to CKHH group entities	-	-	(1,955)	(1,955)	-	(1,955)
(69)	Distribution by subsidiary companies to CKHH group entities	-	-	(541)	(541)	-	(541)
(42)	Dividends paid to CKHH group entities	-	-	-	-	(323)	(323)
3,117	Dividends paid to non-controlling interests	-	-	24,640	24,640	(323)	24,317
13,954	At 31 December 2018	(5,006)	87	101,008	96,089	12,751	108,840

See note 32.

* See note 35.

CK Hutchison Group Telecom Holdings Limited
Combined Statement of Changes in Equity
for the years ended 31 December 2018 and 31 December 2017

Total equity # US\$ million	Attributable to					Total equity *
	Exchange reserve* HK\$ million	Hedging reserve* HK\$ million	Other reserves including earnings* HK\$ million	Parent company investments* HK\$ million	Non-controlling interests * HK\$ million	
(7,637) At 1 January 2017	10,062	(163)	(81,042)	(71,143)	11,576	(59,567)
1,245 Profit for the year	-	-	9,111	9,111	598	9,709
Other comprehensive income (losses)						
12 Remeasurement of defined benefit obligations recognised directly in reserves	-	-	58	58	36	94
(1,815) Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(14,888)	-	-	(14,888)	729	(14,159)
2 Losses previously in exchange and other reserves related to subsidiaries disposed during the year recognised in income statement	7	-	-	7	5	12
519 Share of other comprehensive income (losses) of joint ventures	3,795	259	(3)	4,051	-	4,051
(1,282) Other comprehensive income (losses), net of tax	(11,086)	259	55	(10,772)	770	(10,002)
(37) Total comprehensive income (losses)	(11,086)	259	9,166	(1,661)	1,368	(293)
Issue of shares by subsidiary companies to						
15,947 CKHH group entities	-	-	124,391	124,391	-	124,391
(44) Dividends paid to CKHH group entities	-	-	(344)	(344)	-	(344)
(30) Dividends paid to non-controlling interests	-	-	-	-	(237)	(237)
- Relating to partial disposal of subsidiary companies	-	-	33	33	(33)	-
15,873	-	-	124,080	124,080	(270)	123,810
8,199 At 31 December 2017	(1,024)	96	52,204	51,276	12,674	63,950

See note 32.

* See note 35.

CK Hutchison Group Telecom Holdings Limited

Combined Statement of Cash Flows

for the years ended 31 December 2018 and 31 December 2017

2018 [#] US\$ million	Note	2018 HK\$ million	2017* HK\$ million
Operating activities			
2,870			
(434)			
33			
2,469		19,259	10,704
92	25 (b)	720	137
2,561		19,979	10,841
Investing activities			
(1,475)		(11,503)	(8,898)
(818)		(6,384)	(197)
(172)		(1,342)	(20)
(1,840)	25 (c)	(14,348)	(3,677)
(9)		(72)	(85)
4		29	17
-	25 (d)	-	14,244
-		-	9
(4,310)		(33,620)	1,393
49		387	-
(739)		(5,766)	-
(5,000)		(38,999)	1,393
(2,439)		(19,020)	12,234
Financing activities			
209	25 (e)	1,631	4,603
(501)	25 (e)	(3,907)	(1,403)
124	25 (e)	965	(122,963)
-	25 (e)	-	(1,516)
3,479		27,136	124,391
(320)		(2,496)	(344)
(41)		(323)	(237)
2,950		23,006	2,531
511		3,986	14,765
2,430		18,955	4,190
2,941		22,941	18,955
2,941	14	22,941	18,955
12,071	17	94,161	9,578
9,130		71,220	(9,377)

See note 32.

* See note 35.

CK Hutchison Group Telecom Holdings Limited

Notes to the Financial Statements

1 Basis of preparation and presentation

CK Hutchison Group Telecom Holdings Limited (the “Company”), formerly known as CK Group Telecom Holdings Limited, is a limited company incorporated in the Cayman Islands on 26 June 2019. On 24 July 2019, the name of the Company has been changed from CK Group Telecom Holdings Limited to CK Hutchison Group Telecom Holdings Limited. The Company is an indirect wholly owned subsidiary of CK Hutchison Holdings Limited (“CKHH” or the “Parent company”), a limited company incorporated in the Cayman Islands and whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

The Company and its subsidiaries are collectively referred to as the “Group”. CKHH and its subsidiaries are collectively referred to as the “CKHH Group”. CKHH and its subsidiaries other than the Group are collectively referred to as the “CKHH group entities”.

Pursuant to an internal reorganisation exercise implemented by CKHH, which was completed on 30 July 2019, (the “Reorganisation”), companies comprising the telecommunications businesses of CKHH Group in Europe, Hong Kong and Macau (collectively the “Telecommunications Businesses”) have been reorganised under the Group, including:

- 100% interests in Hutchison Drei Austria GmbH which provides mobile telecommunications services in Austria;
- 60% interests in Hi3G Access AB and Hi3G Denmark ApS which provides mobile telecommunications services in Sweden and Denmark respectively;
- 100% interests in Three Ireland (Hutchison) Limited which provides mobile telecommunications services in Ireland;
- 100% interests in Wind Tre S.p.A. which provides mobile telecommunications services in Italy. In November 2016, VIP-CKH Luxembourg S.à r.l., a 50/50 joint venture was formed to jointly own and operate the telecommunications businesses of 3 Italia S.p.A., a then indirect subsidiary of the CKHH Group, and WIND Acquisition Holdings Finance S.p.A., a then wholly-owned subsidiary of VimpelCom Ltd. In September 2018, CKHH Group acquired the remaining 50% interests in VIP-CKH Luxembourg S.à r.l. from VimpelCom Ltd and since then become the sole owner of the 3 Group Europe telecommunications businesses in Italy operated by Wind Tre S.p.A.;
- 100% interests in Hutchison 3G UK Limited which provides mobile telecommunications services in the United Kingdom; and
- 66.09% interests in Hutchison Telecommunications Hong Kong Holdings Limited which provides mobile telecommunications services in Hong Kong and Macau.

The Telecommunications Businesses have not comprised a separate legal entity for each of the years ended 31 December 2018 and 31 December 2017 and did not therefore prepare consolidated financial statements. The Telecommunications Businesses acquired by the Company were under the common control of CKHH before and after the Reorganisation. Accordingly, the financial statements in respect of the Telecommunications Businesses have been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed for the years presented.

The combined financial statements are therefore prepared on a basis that combines the results, cash flows, assets and liabilities of the Group for each of the two years ended 31 December 2018 and 31 December 2017 and as at these dates, using the existing book values from CKHH Group’s perspective. Inter-company transactions, balances and unrealised gains on transactions between the combining entities or businesses are eliminated. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

The combined financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”). These financial statements have been prepared on a historical cost basis, except for the following:

- defined benefit plans plan assets, certain financial assets and liabilities (including derivative instruments) which are measured at fair values; and
- non-current assets classified as held for sale which are measured at the lower of carrying amount and fair value less cost to sell.

Non-current assets classified as held for sale are presented separately from other assets and liabilities in the combined statement of financial position. Assets and liabilities are presented in these financial statements on a net of reclassification to held for sale basis. Details of the major classes of asset and liability items classified as held for sale are separately disclosed in note 16.

1 Basis of preparation and presentation (continued)

These financial statements have been prepared in accordance with International Financial Reporting Standards. The Group has initially applied International Financial Reporting Standard 9 “Financial Instruments” (“IFRS 9”) and International Financial Reporting Standard 15 “Revenue from Contracts with Customers” (“IFRS 15”) with effect from 1 January 2018 and has taken transitional provisions and methods not to restate comparative information for prior periods. The comparative information continues to be reported under the accounting policies prevailing prior to 1 January 2018. The Group had to change its accounting policies with effect from 1 January 2018 as a result of adopting IFRS 9 and IFRS 15. The effect on adoption of these two standards is summarised in note 35. Except for these changes, the accounting policies applied and methods of computation used in the preparation of these financial statements are consistent with those used in the preparation of the combined financial statements of the Company and its subsidiaries for the year ended 31 December 2017. A list of the significant accounting policies adopted in the preparation of these financial statements is set out in note 34.

2 Revenue

(a) An analysis of revenue of the Company and subsidiary companies is as follows:

	2018 HK\$ million	2017 HK\$ million
Sale of goods	16,784	13,261
Revenue from services	53,997	42,819
Interest	264	56
	71,045	56,136

(b) Further details are set out below in respect of revenue of the Company and subsidiary companies, including the disaggregation of revenue from contracts with customers within the scope of IFRS 15:

(i) By segments

	Revenue from contracts with customers			Revenue from other sources	2018 Total
	recognised at a point in time HK\$ million	recognised over time HK\$ million	Subtotal HK\$ million	HK\$ million	HK\$ million
3 Group Europe	12,534	50,321	62,855	-	62,855
Hutchison Telecommunications Hong Kong Holdings	4,250	3,662	7,912	-	7,912
Corporate and Others	-	18	18	264	282
	16,784	54,001	70,785	264	71,049
Intra-group elimination	-	(4)	(4)	-	(4)
	16,784	53,997	70,781	264	71,045

	Revenue from contracts with customers			Revenue from other sources	2017 Total
	recognised at a point in time HK\$ million	recognised over time HK\$ million	Subtotal HK\$ million	HK\$ million	HK\$ million
3 Group Europe	10,362	36,186	46,548	-	46,548
Hutchison Telecommunications Hong Kong Holdings	2,899	6,786	9,685	-	9,685
Corporate and Others	-	11	11	56	67
	13,261	42,983	56,244	56	56,300
Intra-group elimination	-	(164)	(164)	-	(164)
	13,261	42,819	56,080	56	56,136

2 Revenue (continued)

- (b) Further details are set out below in respect of revenue of the Company and subsidiary companies, including the disaggregation of revenue from contracts with customers within the scope of IFRS 15 (continued):

(ii) By geographical locations

	Revenue from contracts with customers			Revenue from other sources	2018 Total
	recognised at a point in time HK\$ million	recognised over time HK\$ million	Subtotal HK\$ million	HK\$ million	HK\$ million
Hong Kong and Macau	4,250	3,662	7,912	-	7,912
Europe	12,534	50,321	62,855	-	62,855
Corporate and Others	-	18	18	264	282
	16,784	54,001	70,785	264	71,049
Intra-group elimination	-	(4)	(4)	-	(4)
	16,784	53,997	70,781	264	71,045

	Revenue from contracts with customers			Revenue from other sources	2017 Total
	recognised at a point in time HK\$ million	recognised over time HK\$ million	Subtotal HK\$ million	HK\$ million	HK\$ million
Hong Kong and Macau	2,899	6,782	9,681	-	9,681
Europe	10,362	36,190	46,552	-	46,552
Corporate and Others	-	11	11	56	67
	13,261	42,983	56,244	56	56,300
Intra-group elimination	-	(164)	(164)	-	(164)
	13,261	42,819	56,080	56	56,136

2 Revenue (continued)

(c) Contract balances related to contracts with customers within the scope of IFRS 15

Under IFRS 15, a contract asset or a contract liability is generated when either party to the contract performs, depending on the relationship between the entity's performance and the customer's payment. When an entity satisfies a performance obligation by transferring a promised goods or service, the entity has earned a right to consideration from the customer and, therefore, has a contract asset. When the customer performs first, for example, by prepaying its promised consideration, the entity has a contract liability. Generally, contract assets may represent conditional or unconditional rights to consideration. The right would be conditional, for example, when an entity is required first to satisfy another performance obligation in the contract before it is entitled to payment from the customer. If an entity has an unconditional right to receive consideration from the customer, the contract asset is classified as and accounted for as a receivable and presented separately from other contract assets. A right is unconditional if nothing other than the passage of time is required before payment of that consideration is due.

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers within the scope of IFRS 15.

	31 December 2018 HK\$ million	1 January 2018 HK\$ million
Trade receivables (see note 15)	12,886	4,973
Contract assets (see notes 13 and 15)	6,943	3,842
Contract liabilities (see note 18)	(3,171)	(1,090)

The Group has initially applied IFRS 15 using the cumulative effect method and adjusted the opening balance at 1 January 2018.

Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days. The acquisition of subsidiary companies during the year resulted in increase in trade receivables of HK\$8,502 million. In 2018, HK\$1,418 million was recognised in the income statement as provision for expected credit losses on trade receivables.

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The acquisition of a subsidiary during the year resulted in increase in contract assets of HK\$1,863 million. In 2018, HK\$853 million was recognised in the income statement as provision for expected credit losses on contract assets.

Contract liabilities primarily relate to the Group's unfulfilled performance obligations for which consideration has been received at the reporting date. On fulfilment of its obligations, the contract liability is recognised in revenue in the period when the performance obligations are fulfilled. HK\$1,037 million was recognised as revenue in 2018 that was included in the contract liability balance at the beginning of the year.

(d) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date. The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations for contracts with an original expected duration of one year or less. In addition, contracts that include a promise to perform an undefined quantity of tasks at a fixed contractual rate per unit, with no contractual minimums that would make some or all of the consideration fixed, are not included in the following analysis as the possible transaction prices and the ultimate consideration for those contracts will depend on the occurrence or non-occurrence of future customer usage. In light of these basis of preparation, the following does not reflect the expectation of the Group's performance. The analysis is solely for compliance with IFRS 15 disclosure requirement in respect of transaction price allocated to the remaining performance obligations.

	2018 HK\$ million
Within one year	17,591
More than one year	7,729
	25,320

3 Operating segment information

- (a) The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management and board of directors for the purposes of resource allocation and performance assessment, the Group presents its operating segment information based on the following two operating divisions.

3 Group Europe:

This division consists of 3 Group Europe with businesses in 6 countries in Europe. During the year, the Group has acquired the remaining 50% interest in the 3 Group Europe telecommunications businesses in Italy operated by Wind Tre S.p.A. ("Wind Tre") and become the sole shareholder of Wind Tre. Results of Wind Tre for the period following the acquisition are included in the segment results (under 3 Group Europe) on a 100% basis.

Hutchison Telecommunications Hong Kong Holdings:

This division consists of a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), which is listed on the Stock Exchange.

Corporate and Others is presented to reconcile to the totals included in the Group's income statement and statement of financial position, which covers the activities of other areas of the Group that are not presented separately and includes centralised procurement, corporate head office operations and the returns earned on the Group's holdings of cash and cash equivalents.

- (b) Segment results, assets and liabilities

Saved as disclosed in the notes below, the column headed as Company and Subsidiaries refers to the holding company of the Group and subsidiary companies' respective items and the column headed as JV refers to the Group's share of joint ventures' respective items. Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. The Group uses two measures of segment results, EBITDA (see note 3(b)(xiii)) and EBIT (see note 3(b)(xiv)).

IFRS 9 and IFRS 15 are applied with effect from 1 January 2018 without restating the comparative information. See notes 1 and 35. The comparative information set out in this note continues to be reported under the accounting policies prevailing prior to 1 January 2018.

3 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(i) An analysis of revenue by segments

	Revenue							
	2018				2017			
	Company and Subsidiaries HK\$ million	JV HK\$ million	Total HK\$ million	%	Company and Subsidiaries HK\$ million	JV HK\$ million	Total HK\$ million	%
3 Group Europe	62,855	15,556	78,411	90%	46,548	24,186	70,734	88%
UK	25,525	-	25,525	29%	24,478	-	24,478	30%
Italy	14,566	15,543	30,109	35%	-	24,170	24,170	30%
Sweden and Denmark	9,139	13	9,152	11%	9,546	16	9,562	12%
Austria	8,157	-	8,157	9%	7,192	-	7,192	9%
Ireland	5,468	-	5,468	6%	5,332	-	5,332	7%
Hutchison Telecommunications Hong Kong Holdings	7,912	-	7,912	9%	9,685	-	9,685	12%
Corporate and Others	282	128	410	1%	67	121	188	-
	71,049	15,684	86,733	100%	56,300	24,307	80,607	100%
Intra-group elimination	(4)	-	(4)	-	(164)	-	(164)	-
	71,045	15,684	86,729	100%	56,136	24,307	80,443	100%

(ii) An analysis of EBITDA by segments

	EBITDA (LBITDA) ^(xiii)							
	2018				2017			
	Company and Subsidiaries HK\$ million	JV HK\$ million	Total HK\$ million	%	Company and Subsidiaries HK\$ million	JV HK\$ million	Total HK\$ million	%
3 Group Europe	22,787	5,974	28,761	94%	14,546	9,791	24,337	85%
UK	7,860	-	7,860	26%	7,087	-	7,087	25%
Italy	6,627	5,974	12,601	41%	-	9,793	9,793	34%
Sweden and Denmark	2,972	-	2,972	10%	2,931	(2)	2,929	10%
Austria	3,475	-	3,475	11%	3,025	-	3,025	11%
Ireland	1,853	-	1,853	6%	1,503	-	1,503	5%
Hutchison Telecommunications Hong Kong Holdings ^(xv)	1,298	73	1,371	5%	4,272	65	4,337	15%
Corporate and Others	225	-	225	1%	(106)	-	(106)	-
EBITDA before profits on disposal of investments and others	24,310	6,047	30,357	100%	18,712	9,856	28,568	100%
Profits on disposal of investments and others (see note 4)	8,600	-	8,600		-	-	-	
EBITDA (see note 25(a))	32,910	6,047	38,957		18,712	9,856	28,568	
Depreciation and amortisation	(9,490)	(2,458)	(11,948)		(8,729)	(2,684)	(11,413)	
Interest expenses and other finance costs	(3,540)	(1,082)	(4,622)		(5,749)	(2,715)	(8,464)	
Current tax credit (charge)	511	(58)	453		(658)	(22)	(680)	
Deferred tax credit (charge)	1,620	(31)	1,589		1,638	60	1,698	
Non-controlling interests	(660)	-	(660)		(598)	-	(598)	
	21,351	2,418	23,769		4,616	4,495	9,111	

3 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(iii) An analysis of EBIT by segments

	EBIT (LBIT) ^(xiv)							
	2018				2017			
	Company and Subsidiaries HK\$ million	JV HK\$ million	Total HK\$ million	%	Company and Subsidiaries HK\$ million	JV HK\$ million	Total HK\$ million	%
3 Group Europe								
EBITDA before the following non-cash items:	22,787	5,974	28,761		14,546	9,791	24,337	
Depreciation	(5,064)	(950)	(6,014)		(3,968)	(1,103)	(5,071)	
Amortisation of licence fees, other rights, customer acquisition and retention costs	(3,626)	(1,458)	(5,084)		(1,164)	(1,535)	(2,699)	
EBIT - 3 Group Europe	14,097	3,566	17,663	96%	9,414	7,153	16,567	97%
UK	4,594	-	4,594	25%	4,426	-	4,426	26%
Italy	4,680	3,566	8,246	44%	-	7,155	7,155	42%
Sweden and Denmark	1,816	-	1,816	10%	2,045	(2)	2,043	12%
Austria	2,125	-	2,125	12%	2,136	-	2,136	12%
Ireland	882	-	882	5%	807	-	807	5%
Hutchison Telecommunications Hong Kong Holdings ^(xv)	530	23	553	3%	688	19	707	4%
Corporate and Others	193	-	193	1%	(119)	-	(119)	-1%
EBIT before profits on disposal of investments and others	14,820	3,589	18,409	100%	9,983	7,172	17,155	100%
Profits on disposal of investments and others (see note 4)	8,600	-	8,600		-	-	-	
Interest expenses and other finance costs	(3,540)	(1,082)	(4,622)		(5,749)	(2,715)	(8,464)	
Current tax credit (charge)	511	(58)	453		(658)	(22)	(680)	
Deferred tax credit (charge)	1,620	(31)	1,589		1,638	60	1,698	
Non-controlling interests	(660)	-	(660)		(598)	-	(598)	
	21,351	2,418	23,769		4,616	4,495	9,111	

3 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(iv) An analysis of depreciation and amortisation expenses by segments

	Depreciation and amortisation					
	Company and Subsidiaries	JV	2018 Total	Company and Subsidiaries	JV	2017 Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
3 Group Europe	8,690	2,408	11,098	5,132	2,638	7,770
UK	3,266	-	3,266	2,661	-	2,661
Italy	1,947	2,408	4,355	-	2,638	2,638
Sweden and Denmark	1,156	-	1,156	886	-	886
Austria	1,350	-	1,350	889	-	889
Ireland	971	-	971	696	-	696
Hutchison Telecommunications Hong Kong Holdings ^(xv)	768	50	818	3,584	46	3,630
Corporate and Others	32	-	32	13	-	13
	9,490	2,458	11,948	8,729	2,684	11,413

(v) An analysis of capital expenditure by segments

	Capital expenditure							
	Fixed assets	Telecom- munications licences	Brand names and other rights	2018 Total	Fixed assets	Telecom- munications licences	Brand names and other rights	2017 Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
3 Group Europe	10,990	6,384	1,341	18,715	7,880	197	3	8,080
UK	4,576	1,750	-	6,326	4,795	21	-	4,816
Italy	2,938	4,623	1,314	8,875	-	-	-	-
Sweden and Denmark	1,366	-	-	1,366	1,026	-	-	1,026
Austria	1,078	-	27	1,105	1,054	-	3	1,057
Ireland	1,032	11	-	1,043	1,005	176	-	1,181
Hutchison Telecommunications Hong Kong Holdings	513	-	-	513	1,018	-	9	1,027
Corporate and Others	-	-	1	1	-	-	8	8
	11,503	6,384	1,342	19,229	8,898	197	20	9,115

3 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(vi) An analysis of total assets by segments

	2018 HK\$ million	2017 HK\$ million
Segment assets ^(xvi)		
3 Group Europe	309,333	114,415
UK	57,614	54,807
Italy	193,225	-
Sweden and Denmark	21,080	21,737
Austria	21,198	21,369
Ireland	16,216	16,502
Hutchison Telecommunications Hong Kong Holdings	19,469	23,500
Corporate and Others	13,446	5,388
	342,248	143,303
Interests in joint ventures	406	33,157
Deferred tax assets	18,917	18,353
Assets classified as held for sale ^(xvii)	2,352	-
Total assets	363,923	194,813

(vii) An analysis of total liabilities by segments

	2018 HK\$ million	2017 HK\$ million
Segment liabilities ^(xvi)		
3 Group Europe	55,660	23,420
UK	12,313	11,771
Italy	34,002	1,762
Sweden and Denmark	3,798	4,036
Austria	2,828	2,950
Ireland	2,719	2,901
Hutchison Telecommunications Hong Kong Holdings	1,804	2,229
Corporate and Others	274	133
	57,738	25,782
Current and non-current borrowings and other non-current liabilities	110,640	15,267
Current and deferred tax liabilities	341	467
Amounts due to CKHH group entities	86,364	89,347
Total liabilities	255,083	130,863

3 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(viii) An analysis of revenue by geographical locations

	Revenue							
	2018				2017			
	Company and Subsidiaries HK\$ million	JV HK\$ million	Total HK\$ million	%	Company and Subsidiaries HK\$ million	JV HK\$ million	Total HK\$ million	%
Hong Kong and Macau	7,912	-	7,912	9%	9,681	-	9,681	12%
Europe	62,855	15,556	78,411	90%	46,552	24,186	70,738	88%
Corporate and Others	282	128	410	1%	67	121	188	-
	71,049	15,684	86,733 ⁽¹⁾	100%	56,300	24,307	80,607 ⁽¹⁾	100%

(1) see note 3(b)(i) for reconciliation of segment revenue to revenue presented in the income statement.

(ix) An analysis of EBITDA by geographical locations

	EBITDA (LBITDA) ^(xiii)							
	2018				2017			
	Company and Subsidiaries HK\$ million	JV HK\$ million	Total HK\$ million	%	Company and Subsidiaries HK\$ million	JV HK\$ million	Total HK\$ million	%
Hong Kong and Macau	1,298	73	1,371	4%	4,296	65	4,361	15%
Europe	22,787	5,974	28,761	95%	14,522	9,791	24,313	85%
Corporate and Others	225	-	225	1%	(106)	-	(106)	-
	24,310	6,047	30,357 ⁽²⁾	100%	18,712	9,856	28,568 ⁽²⁾	100%

(2) see note 3(b)(ii) for reconciliation of segment EBITDA to profit or loss presented in the income statement.

(x) An analysis of EBIT by geographical locations

	EBIT (LBIT) ^(xiv)							
	2018				2017			
	Company and Subsidiaries HK\$ million	JV HK\$ million	Total HK\$ million	%	Company and Subsidiaries HK\$ million	JV HK\$ million	Total HK\$ million	%
Hong Kong and Macau	530	23	553	3%	713	19	732	4%
Europe	14,097	3,566	17,663	96%	9,389	7,153	16,542	97%
Corporate and Others	193	-	193	1%	(119)	-	(119)	-1%
	14,820	3,589	18,409 ⁽³⁾	100%	9,983	7,172	17,155 ⁽³⁾	100%

(3) see note 3(b)(iii) for reconciliation of segment EBIT to profit or loss presented in the income statement.

3 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xi) An analysis of capital expenditure by geographical locations

	Capital expenditure							
	Telecom-		Brand names		Telecom-		Brand names	
	munications		and		munications		and	
	Fixed assets	licences	other rights	2018 Total	Fixed assets	licences	other rights	2017 Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Hong Kong and Macau	513	-	-	513	1,018	-	9	1,027
Europe	10,990	6,384	1,341	18,715	7,880	197	3	8,080
Corporate and Others	-	-	1	1	-	-	8	8
	11,503	6,384	1,342	19,229	8,898	197	20	9,115

(xii) An analysis of total assets by geographical locations

	2018	2017
	HK\$ million	HK\$ million
Segment assets ^(xvi)		
Hong Kong and Macau	19,469	23,498
Europe	309,333	114,417
Corporate and Others	13,446	5,388
	342,248	143,303
Interests in joint ventures	406	33,157
Deferred tax assets	18,917	18,353
Assets classified as held for sale ^(xvii)	2,352	-
Total assets	363,923	194,813

3 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

- (xiii) EBITDA (LBITDA) represents the EBITDA (LBITDA) of the Company and subsidiary companies as well as the Group's share of the EBITDA (LBITDA) of joint ventures. EBITDA (LBITDA) is defined as earnings (losses) before interest expenses and other finance costs, tax, depreciation and amortisation, and includes profits on disposal of investments and other earnings. Information concerning EBITDA (LBITDA) has been included in the Group's financial information and financial statements and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA (LBITDA) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA (LBITDA) is therefore presented as a measure of segment results in accordance with IFRS 8. EBITDA (LBITDA) is not a measure of cash liquidity or financial performance under IFRS and the EBITDA (LBITDA) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA (LBITDA) should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with IFRS.
- (xiv) EBIT (LBIT) represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of joint ventures. EBIT (LBIT) is defined as earnings (losses) before interest expenses and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and combined financial statements and is used by many industries and investors as one measure of results from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is therefore presented as a measure of segment results in accordance with IFRS 8. EBIT (LBIT) is not a measure of financial performance under IFRS and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with IFRS.
- (xv) During the comparative 2017 year, HTHKH disposed of its fixed-line telecommunications business and reported a one-off gain of HK\$5,614 million. HTHKH also reported a one-off after tax and non-controlling interests accelerated depreciation charges of HK\$1,391 million for certain 2G and 3G mobile telecommunications fixed assets in Hong Kong and Macau. The Group's share of this disposal gain is HK\$2,034 million at the EBITDA (included in Other operating expenses) level and EBIT level, and the Group's share of these accelerated depreciation charges is HK\$2,182 million at the EBIT level (included in Depreciation and amortisation). These one-offs resulted in a net loss of HK\$148 million at the EBIT level and the respective amounts are included in the Other operating expenses and Depreciation and amortisation in the income statement and reported under Hutchison Telecommunications Hong Kong Holdings in the segment results.
- (xvi) Segment assets and segment liabilities are measured in the same way as in the financial statements. Segment assets comprise fixed assets, telecommunications licences, brand names and other rights, goodwill, other non-current assets, cash and cash equivalents, other current assets and exclude assets classified as held for sale. Segment liabilities comprise trade and other payables and pension obligations. As additional information, the Group's non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets for Hong Kong and Macau, Europe, amounted to HK\$8,831 million (2017 - HK\$8,945 million), HK\$267,746 million (2017 - HK\$127,087 million) respectively.
- (xvii) See note 16.

4 Profits on disposal of investments and others

	Attributable to		Total HK\$ million
	Ordinary shareholders	Non-controlling interests	
	HK\$ million	HK\$ million	
Year ended 31 December 2018			
Re-measurement and other gains ^(a)	8,600	-	8,600

- (a) As announced by CKHH on 3 July 2018, the CKHH Group acquired the remaining 50% interest in the telecommunications businesses in Italy operated by Wind Tre and become the sole shareholder of Wind Tre. The CKHH Group, and therefore the Group, recognised one-off re-measurement and other gains of HK\$8,600 million.

5 Interest expenses and other finance costs

	2018 HK\$ million	2017 HK\$ million
Bank loans and overdrafts	192	112
Other loans	1	1
Notes and bonds	681	-
Interest bearing loans from CKHH group entities	2,457	5,426
Interest bearing loans from non-controlling shareholders	-	9
Other finance costs	66	13
	3,397	5,561
Amortisation of loan facilities fees and premiums or discounts relating to borrowings	7	8
Notional interest accretions	143	187
	3,547	5,756
Less: interest capitalised	(7)	(7)
	3,540	5,749

6 Tax

	2018 HK\$ million	2017 HK\$ million
Current tax charge (credit)		
Hong Kong	16	1
Outside Hong Kong	(527)	657
	(511)	658
Deferred tax charge (credit)		
Hong Kong	46	(206)
Outside Hong Kong	(1,666)	(1,432)
	(1,620)	(1,638)
	(2,131)	(980)

Hong Kong profits tax has been provided for at the rate of 16.5% (2017 - 16.5%) on the estimated assessable profits less estimated available tax losses. Tax outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses.

The differences between the Group's expected tax charge (credit), calculated at the domestic rates applicable to the country concerned, and the Group's tax charge (credit) for the years were as follows:

	2018 HK\$ million	2017 HK\$ million
Tax calculated at the domestic rates applicable in the country concerned	1,332	1,516
Tax effect of:		
Tax losses not recognised	88	1
Income not subject to tax	(164)	(429)
Expenses not deductible for tax purposes	175	262
Recognition of previously unrecognised tax losses	-	(2,010)
Utilisation of previously unrecognised tax losses	(7)	(21)
Under (over) provision in prior years	(21)	22
Other temporary differences	(3,783)	(323)
Effect of change in tax rate	249	2
	(2,131)	(980)

7 Fixed assets

	Land and buildings HK\$ million	Telecom- munications network assets HK\$ million	Other assets ^(a) HK\$ million	Total HK\$ million
Cost				
At 1 January 2017	566	31,813	8,245	40,624
Additions	-	1,574	7,324	8,898
Relating to subsidiaries acquired (see note 25(c))	-	334	64	398
Disposals	(3)	(2,797)	(656)	(3,456)
Relating to subsidiaries disposed (see note 25(d))	(35)	(7,618)	(567)	(8,220)
Transfer between categories	55	5,244	(5,299)	-
Exchange translation differences	41	2,396	807	3,244
At 31 December 2017 and 1 January 2018	624	30,946	9,918	41,488
Additions	-	1,587	9,916	11,503
Relating to subsidiaries acquired (see note 25(c))	15	14,881	2,908	17,804
Disposals	(2)	(550)	(563)	(1,115)
Transfer between categories	106	2,273	(2,166)	213
Exchange translation differences	(29)	(1,887)	(93)	(2,009)
Transfer to assets classified as held for sale (see note 16)	-	(148)	-	(148)
At 31 December 2018	714	47,102	19,920	67,736
Accumulated depreciation and impairment				
At 1 January 2017	380	5,292	1,439	7,111
Charge for the year	136	5,723	1,365	7,224
Disposals	(3)	(2,753)	(653)	(3,409)
Relating to subsidiaries disposed (see note 25(d))	(5)	(1,406)	(127)	(1,538)
Transfer between categories	(165)	165	-	-
Exchange translation differences	38	727	115	880
At 31 December 2017 and 1 January 2018	381	7,748	2,139	10,268
Charge for the year	132	3,469	1,729	5,330
Disposals	(2)	(550)	(550)	(1,102)
Transfer between categories	-	189	24	213
Exchange translation differences	(27)	(338)	(265)	(630)
At 31 December 2018	484	10,518	3,077	14,079
Net book value				
At 31 December 2018	230	36,584	16,843	53,657
At 31 December 2017	243	23,198	7,779	31,220
At 1 January 2017	186	26,521	6,806	33,513

(a) Cost and net book value of other assets include assets under construction of HK\$12,823 million (2017 - HK\$6,339 million).

8 Telecommunications licences

	2018 HK\$ million	2017 HK\$ million
Net book value		
At 1 January	25,774	22,293
Additions	6,384	197
Relating to subsidiaries acquired (see note 25(c))	32,484	1,962
Amortisation for the year	(909)	(818)
Exchange translation differences	(1,631)	2,140
Transfer to assets classified as held for sale (see note 16)	(1,344)	-
At 31 December	60,758	25,774
Cost	63,510	27,699
Accumulated amortisation and impairment	(2,752)	(1,925)
	60,758	25,774

The carrying amount of telecommunications licences primarily arises from the acquisitions of the telecommunications businesses in Italy of HK\$35,325 million (2017 - nil) and UK of HK\$17,091 million (2017 - HK\$16,297 million).

The Group's telecommunications licences in the UK and Italy are considered to have an indefinite useful life.

9 Brand names and other rights

	Brand names HK\$ million	Other rights HK\$ million	Total HK\$ million
Net book value			
At 1 January 2017	10,471	2,685	13,156
Additions	-	20	20
Relating to subsidiaries acquired (see note 25(c))	-	134	134
Amortisation for the year	-	(687)	(687)
Relating to subsidiaries disposed (see note 25(d))	-	(503)	(503)
Exchange translation differences	1,272	251	1,523
At 31 December 2017 and 1 January 2018	11,743	1,900	13,643
Additions	-	1,342	1,342
Relating to subsidiaries acquired (see note 25(c))	7,652	15,327	22,979
Amortisation for the year	-	(2,063)	(2,063)
Exchange translation differences	(650)	(245)	(895)
At 31 December 2018	18,745	16,261	35,006
Cost	18,745	19,869	38,614
Accumulated amortisation	-	(3,608)	(3,608)
	18,745	16,261	35,006

The carrying amount of brand names and other rights primarily arises from the acquisitions of telecommunications businesses in Italy of HK\$22,604 million (2017 - nil) and UK of HK\$5,120 million (2017 - HK\$5,565 million) and Austria of HK\$2,918 million (2017 - HK\$3,261 million). At 31 December 2018,

- brand names are considered to have an indefinite useful life; and
- other rights, which include rights of use of telecommunications network infrastructure sites of HK\$547 million (2017 - HK\$711 million), operating and service content rights of HK\$5,970 million (2017 - HK\$94 million), resource consents and customer lists of HK\$9,744 million (2017 - HK\$1,095 million) are amortised over their finite useful lives.

10 Goodwill

	2018 HK\$ million	2017 HK\$ million
Cost		
At 1 January	32,238	33,825
Relating to subsidiaries acquired (see note 25(c))	97,160	1,271
Relating to subsidiaries disposed (see note 25(d))	-	(5,929)
Exchange translation differences	(2,648)	3,071
At 31 December	126,750	32,238

Goodwill arises from the acquisitions of the telecommunications businesses in Austria of HK\$6,866 million (2017: HK\$7,102 million), Hong Kong of HK\$3,952 million (2017: HK\$3,952 million), Ireland of HK\$5,859 million (2017: HK\$6,062 million), Italy of HK\$95,875 million (2017: nil), Denmark and Sweden of HK\$9,663 million (2017: HK\$10,330 million), the UK of HK\$4,535 million (2017: HK\$4,792 million).

Goodwill and assets with indefinite useful lives (telecommunication licences and brand names) are allocated to business units as described in notes 8, 9 and in this note. In assessing whether these assets have suffered any impairment, the carrying value of the respective business unit or division on which these assets are allocated is compared with its recoverable amount, which is the higher of the asset's fair value less costs to dispose and value in use. The recoverable amounts are determined, where applicable, by reference to the prevailing trading prices and with consideration for premium over the Group's controlling block of shares held (Level 3 of the IFRS 13 fair value hierarchy), or by utilising cash flow projections based on the latest approved financial budgets for 5 years discounted to present value at a pre-tax rate of 3.3% to 5.2% (2017 - 3.1% to 4.0%) and where applicable, in the calculation, the cash flows beyond the 5 year period have been extrapolated using a growth rate of 1.0% to 2.0% (2017 - 1.0% to 2.0%) per annum. The Group prepared the financial budgets reflecting current and prior year performances, market development expectations, including the expected market share and growth momentum, and where available and relevant, observable market data. There are a number of assumptions and estimates involved for the preparation of the budget, the cash flow projections for the period covered by the approved budget and the estimated terminal value at the end of the budget period. Key assumptions, where applicable, include the expected growth in revenues and gross margin, inventory level, volume and operating costs, timing of future capital expenditures, growth rates and selection of discount rates and, where applicable, for the fair value less cost of disposal calculation, the prevailing trading prices, the earning multiple and control premium that can be realised for the estimated fair value. A reasonably possible change in a key assumption would not cause the recoverable amount to fall below the carrying value of the respective business units and divisions. The results of the tests undertaken as at 31 December 2018 and 2017 indicated no impairment charge was necessary.

11 Interests in joint ventures

	2018 HK\$ million	2017 HK\$ million
Unlisted shares	-	25,133
Share of undistributed post acquisition reserves	(27)	7,558
	(27)	32,691
Amounts due from joint ventures ^(a)	433	466
	406	33,157

There are no material contingent liabilities relating to the Group's interests in the joint ventures, saved as for those disclosed in note 28.

(a) At 31 December 2018 and 2017, the amounts due from joint ventures are unsecured and have no fixed terms of repayment and bear interests at floating rates at approximately 3.7% to 5.4% (2017 - 3.36% to 4.19%) per annum with reference to Hong Kong Interbank Offered Rate, as applicable.

(b) Material joint ventures

	2018 Wind Tre ⁽ⁱⁱ⁾ HK\$ million	2017 Wind Tre HK\$ million
Gross amount of the following items of the joint ventures ⁽ⁱ⁾ :		
Total revenue	31,086	48,340
EBITDA	11,948	19,586
EBIT	7,132	14,310
Other comprehensive income (losses)	(1,848)	8,108
Total comprehensive income	2,996	17,114
Current assets	-	26,073
Non-current assets	-	204,698
Current liabilities	-	31,897
Non-current liabilities	-	133,448
Net assets	-	65,426
Reconciliation to the carrying amount of the Group's interests in joint ventures:		
Group's interest	-	50%
Group's share of net assets	-	32,713

(i) After translation into Hong Kong dollars and consolidation adjustments.

(ii) As Wind Tre became a wholly owned subsidiary of the Group during the year ended 31 December 2018, Wind Tre's respective profit and loss items are included in the summarised financial information for the Group's material joint ventures above up to the effective date it became a wholly owned subsidiary, and Wind Tre's respective statement of financial position items as at 31 December 2018 are not included above as it is no longer a joint venture and its assets and liabilities are consolidated in the Group's statement of financial position as at that date.

Set out below are additional information in respect of the Group's material joint ventures:

	2018			2017		
	Wind Tre	Other joint ventures	Total	Wind Tre	Other joint ventures	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Profits less losses after tax	2,422	(4)	2,418	4,503	(8)	4,495
Other comprehensive income (losses)	(924)	-	(924)	4,054	(3)	4,051
Total comprehensive income	1,498	(4)	1,494	8,557	(11)	8,546

12 Deferred tax

	2018 HK\$ million	2017 HK\$ million
Deferred tax assets	18,917	18,353
Deferred tax liabilities	310	359
Net deferred tax assets	18,607	17,994

Movements in net deferred tax assets (liabilities) are summarised as follows:

	2018 HK\$ million	2017 HK\$ million
At 1 January	17,994	13,730
Effect on adoption of IFRS 9 and IFRS 15 (see note 35)	(186)	-
Relating to subsidiaries acquired (see note 25(c))	-	249
Relating to subsidiaries disposed (see note 25(d))	-	637
Transfer to current tax	-	(6)
Net charge to other comprehensive income	(38)	-
Net credit (charge) to the income statement		
Unused tax losses	396	793
Accelerated depreciation allowances	27	229
Fair value adjustments arising from acquisitions	(471)	684
Other temporary differences	1,668	(68)
Exchange translation differences	(783)	1,746
At 31 December	18,607	17,994

Analysis of net deferred tax assets (liabilities):

	2018 HK\$ million	2017 HK\$ million
Unused tax losses	16,943	15,246
Accelerated depreciation allowances	(1,229)	(1,299)
Fair value adjustments arising from acquisitions	593	4,020
Revaluation of other investments	124	-
Other temporary differences	2,176	27
	18,607	17,994

The Group is subject to income taxes in a number of jurisdictions and significant judgement is required in determining the worldwide provision for income taxes. To the extent that dividends distributed from investments in subsidiaries, branches and interests in joint ventures are expected to result in additional taxes, appropriate amounts have been provided for. No deferred tax has been provided for the temporary differences arising from undistributed profits of these companies to the extent that the undistributed profits are considered permanently employed in their businesses and it is probable that such temporary differences will not reverse in the foreseeable future.

The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority. The amounts shown in the combined statement of financial position are determined after appropriate offset.

Note 36(e) contains information about the estimates, assumptions and judgements relating to the recognition of deferred tax assets for unused tax losses carried forward.

12 Deferred tax (continued)

The Group has not recognised deferred tax assets of HK\$16,798 million at 31 December 2018 (2017 - HK\$349 million) in respect of unutilised tax losses, tax credits and deductible temporary differences totalling HK\$70,632 million (2017 - HK\$1,881 million). These unutilised tax losses, tax credits and deductible temporary differences can be carried forward against future taxable income indefinitely.

13 Other non-current assets

	2018 HK\$ million	2017 HK\$ million
Customer acquisition and retention costs ^(a)	1,576	-
Contract assets (see note 15(b))	2,726	-
Unlisted investments		
Financial assets at FVOCI * - equity securities	19	-
Derivative financial instruments		
Cash flow hedges - Cross currency Interest rate swaps	317	-
Other derivative financial instruments	6	-
	4,644	-

* See note 35.

- (a) Customer acquisition and retention costs primarily relate to incremental commission costs incurred to obtain telecommunications contracts with customers. The amount of amortisation charged to the income statement for the year was HK\$1,188 million and there was no impairment loss in relation to the cost capitalised. The Group applies the practical expedient in paragraph 94 of IFRS 15, and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the costs that the Group otherwise would have recognised is one year or less.

14 Cash and cash equivalents

	2018 HK\$ million	2017 HK\$ million
Cash at bank and in hand	11,773	3,488
Short term bank deposits	11,168	15,467
	22,941	18,955

The carrying amounts of cash and cash equivalents approximate their fair values.

15 Trade receivables and other current assets

	2018 HK\$ million	2017 HK\$ million
Trade receivables ^(a)	13,739	6,403
Less: loss allowance provision	(853)	(1,430)
	12,886	4,973
Contract assets ^(b)	4,217	-
Prepayments	11,171	3,106
Other receivables	7,939	11,828
	36,213	19,907

- (a) Trade receivables are stated at the expected recoverable amount, net of any provision for estimated impairment losses where it is deemed that a receivable may not be fully recoverable. The carrying amounts of these assets approximate their fair values.

Trade receivables exposures are managed locally in the operating units where they arise and credit limits are set as deemed appropriate for the customer. The Group has established credit policies for customers. The average credit period granted for trade receivables ranges from 30 to 45 days. As stated above trade receivables which are past due at the end of the reporting period are stated at the expected recoverable amount, net of provision for estimated impairment losses. The Group generally does not hold collateral over these balances.

At 31 December, the ageing analysis of the trade receivables presented based on the invoice date, is as follows:

	2018 HK\$ million	2017 HK\$ million
Less than 31 days	8,006	4,086
Within 31 to 60 days	998	568
Within 61 to 90 days	581	350
Over 90 days	4,154	1,399
	13,739	6,403

Movements on the loss allowance provision for trade receivables are as follows:

	2018 HK\$ million	2017 HK\$ million
At 1 January	1,430	1,458
Additions	1,418	1,135
Utilisations	(1,902)	(956)
Write back	(4)	(267)
Relating to subsidiaries disposed	-	(62)
Exchange translation differences	(89)	122
	853	1,430
At 31 December	853	1,430

15 Trade receivables and other current assets (continued)

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The gross carrying amount of the trade receivables and the loss allowance provision determined under the new accounting policies from 1 January 2018 analysed by aging band are set out below.

	2018		
	Gross carrying amount	Loss allowance provision	Expected loss rate
	HK\$ million	HK\$ million	Percentage
Not past due	6,475	96	1%
Past due less than 31 days	1,685	68	4%
Past due within 31 to 60 days	698	84	12%
Past due within 61 to 90 days	372	90	24%
Past due over 90 days	4,509	515	11%
	13,739	853	

The Group has initially applied IFRS 9 using the cumulative effect method and adjusted the opening balance at 1 January 2018. The comparative information continues to be reported under the accounting policies prevailing prior to 1 January 2018. The gross carrying amount of the impaired and not impaired trade receivables and the loss allowance provision determined under the accounting policies prevailing prior to 1 January 2018 analysed by aging band are set out below.

	2017			Loss allowance provision	Expected loss rate
	Gross carrying amount of trade receivables				
	Not impaired	Impaired	Total		
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	Percentage
Not past due	81	2,919	3,000	99	3%
Past due less than 31 days	809	455	1,264	60	5%
Past due within 31 to 60 days	100	308	408	183	45%
Past due within 61 to 90 days	42	199	241	191	79%
Past due over 90 days	161	1,329	1,490	897	60%
	1,193	5,210	6,403	1,430	

- (b) As at 31 December 2018, contract assets of HK\$4,217 million and HK\$2,726 million are included in “Trade receivables and other current assets” (see above) and “Other non-current assets” (see note 13) respectively. These amounts are net of provision for estimated impairment losses of HK\$493 million.

16 Assets classified as held for sale

	2018
	HK\$ million
Assets classified as held for sale	
Non-current assets held for sale	2,352

During the year, the Group has acquired the remaining 50% interest in the telecommunications businesses in Italy operated by Wind Tre and become the sole shareholder of Wind Tre. Wind Tre has a pre-existing commitment to sell certain telecommunications assets, including sites, spectrums and frequencies to an external third party. The transfer is expected to be completed within a year from the reporting date. These assets are classified for accounting purposes as assets held for sale as at the reporting date and the major classes of assets and their carrying amounts at that date are as follows:

	2018
	HK\$ million
Fixed assets	477
Telecommunications licences	1,875
	2,352

Non-current assets held for sale are presented within total assets of “3 Group Europe” segment in note 3(b)(vi) and “Europe” in note 3(b)(xii).

17 Bank and other debts

	2018			2017		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Principal amounts						
Bank loans	1,554	32,228	33,782	3,900	5,660	9,560
Other loans	3	7	10	7	11	18
Notes and bonds	-	60,369	60,369	-	-	-
	1,557	92,604	94,161	3,907	5,671	9,578
Unamortised loan facilities fees and premiums or discounts related to debts	-	(21)	(21)	-	(22)	(22)
	1,557	92,583	94,140	3,907	5,649	9,556

Details of the bank and other debts by principal amounts are as follows:

	2018			2017		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Bank loans	1,554	32,228	33,782	3,900	5,660	9,560
Other loans	3	7	10	7	11	18
Notes and bonds						
US\$1,843 million notes, 5% due 2026	-	14,375	14,375	-	-	-
EUR1,537 million notes, 2.625% due 2023	-	13,756	13,756	-	-	-
EUR2,026 million notes, EURIBOR [^] + 2.75% due 2024	-	18,133	18,133	-	-	-
EUR1,576 million notes, 3.125% due 2025	-	14,105	14,105	-	-	-
	-	60,369	60,369	-	-	-
	1,557	92,604	94,161	3,907	5,671	9,578

[^] EURIBOR represents the Euro Interbank Offered Rate

Further analysis of the principal amount of bank and other debts are set out below:

(a) By year of repayment

	2018			2017		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Bank loans						
Within a year	1,554	-	1,554	3,900	-	3,900
After 1 year, but within 2 years	-	4,028	4,028	-	1,661	1,661
After 2 years, but within 5 years	-	28,200	28,200	-	3,999	3,999
	1,554	32,228	33,782	3,900	5,660	9,560
Other loans						
Within a year	3	-	3	7	-	7
After 1 year, but within 2 years	-	2	2	-	3	3
After 2 years, but within 5 years	-	3	3	-	3	3
After 5 years	-	2	2	-	5	5
	3	7	10	7	11	18
Notes and bonds						
After 2 years, but within 5 years	-	13,756	13,756	-	-	-
After 5 years	-	46,613	46,613	-	-	-
	-	60,369	60,369	-	-	-
	1,557	92,604	94,161	3,907	5,671	9,578

17 Bank and other debts (continued)

Further analysis of the principal amount of bank and other debts are set out below (continued):

(b) By secured and unsecured borrowings

	2018			2017		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Secured borrowings	3	87,226	87,229	7	11	18
Unsecured borrowings	1,554	5,378	6,932	3,900	5,660	9,560
	1,557	92,604	94,161	3,907	5,671	9,578

Out of the principal amount of secured bank and other debts of the Group as at 31 December 2018, HK\$87,219 million is arising from the acquisition of a subsidiary during the year.

(c) By borrowings at fixed and floating interest rate

	2018			2017		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Borrowings at fixed rate	3	42,244	42,247	7	11	18
Borrowings at floating rate	1,554	50,360	51,914	3,900	5,660	9,560
	1,557	92,604	94,161	3,907	5,671	9,578

(d) By currency

	2018			2017		
	Current portion Percentage	Non-current portion Percentage	Total Percentage	Current portion Percentage	Non-current portion Percentage	Total Percentage
US dollars	-	16%	16%	-	-	-
Euro	-	76%	76%	-	-	-
HK dollars	-	-	-	41%	-	41%
British Pounds	-	2%	2%	-	-	-
Swedish Krona	2%	4%	6%	-	59%	59%
	2%	98%	100%	41%	59%	100%

17 Bank and other debts (continued)

Further analysis of the principal amount of bank and other debts are set out below (continued):

(e) By borrowings at fixed and floating interest rate (adjusted for the effect of hedging transactions)

	2018			2017		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Borrowings at fixed rate	3	69,094	69,097	7	11	18
Borrowings at floating rate	1,554	23,510	25,064	3,900	5,660	9,560
	1,557	92,604	94,161	3,907	5,671	9,578

Derivative financial instruments are principally utilised by the Group in the management of its foreign currency and interest rate exposures.

The Group has entered into interest rate swap agreements to swap floating interest rate borrowings to fixed interest rate borrowings to mainly mitigate interest rate exposures. At 31 December 2018, the notional amount of the outstanding interest rate swap agreements amounted to HK\$26,850 million (2017 - nil) (See note 37(h)).

(f) By currency (adjusted for the effect of hedging transactions)

	2018			2017		
	Current portion Percentage	Non-current portion Percentage	Total Percentage	Current portion Percentage	Non-current portion Percentage	Total Percentage
Euro	-	92%	92%	-	-	-
HK dollars	-	-	-	41%	-	41%
British Pounds	-	2%	2%	-	-	-
Swedish Krona	2%	4%	6%	-	59%	59%
	2%	98%	100%	41%	59%	100%

As at 31 December 2018, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK\$15,600 million (2017 - nil) (see note 37(h)) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses.

18 Trade payables and other current liabilities

	2018 HK\$ million	2017 HK\$ million
Trade payables ^(a)	13,485	3,422
Other current liabilities		
Contract liabilities	3,171	-
Provisions (see note 19)	3,669	111
Other payables and accruals	36,753	22,181
	57,078	25,714

(a) At 31 December, the ageing analysis of the trade payables is as follows:

	2018 HK\$ million	2017 HK\$ million
Less than 31 days	10,108	3,002
Within 31 to 60 days	642	108
Within 61 to 90 days	973	250
Over 90 days	1,762	62
	13,485	3,422

19 Provisions

	Provision for commitments, onerous contracts and other guarantees	Closure obligation	Assets retirement obligation	Others	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
At 1 January 2017	-	182	536	-	718
Additions	-	-	7	-	7
Interest accretion	-	-	15	-	15
Utilisations	-	(89)	-	-	(89)
Relating to subsidiaries acquired	-	-	34	-	34
Relating to subsidiaries disposed	-	-	(34)	-	(34)
Exchange translation differences	-	18	31	-	49
At 31 December 2017 and 1 January 2018	-	111	589	-	700
Additions	-	-	240	108	348
Interest accretion	-	6	16	-	22
Relating to subsidiaries acquired	12,774	-	871	601	14,246
Utilisations	(1,731)	(83)	(58)	(28)	(1,900)
Exchange translation differences	(169)	(9)	(31)	(10)	(219)
At 31 December 2018	10,874	25	1,627	671	13,197

Provisions are analysed as:

	2018 HK\$ million	2017 HK\$ million
Current portion (see note 18)	3,669	111
Non-current portion (see note 22)	9,528	589
	13,197	700

The provision for closure obligations represents costs to execute integration plans and store closures. The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing fixed assets when they are no longer used and restoring the sites on which they are located. The provision for commitments, onerous contracts and other guarantees represents the unavoidable costs of meeting these commitments and obligations after deducting the associated, expected future benefits and / or estimated recoverable value.

20 Amounts due to CKHH group entities

	2018 HK\$ million	2017 HK\$ million
Amounts due to CKHH group entities		
Current portion ^(a)	34,610	34,224
Non-current portion ^(b)	51,754	55,123
	86,364	89,347

(a) At 31 December 2018 and 2017, the amounts due to CKHH group entities are unsecured, interest free except HK\$9,603 million (2017 - HK\$10,248 million) which bear interests at floating rate with reference to EURIBOR and have no fixed terms of repayment. The carrying amounts of these liabilities approximate their fair values.

(b) At 31 December 2018 and 2017, the amounts due to CKHH group entities are unsecured and bear interests ranging from 3.0% to 5.6% (2017 - 2.3% to 5.6%) and repayable after two years. The carrying amounts of these liabilities approximate their fair values.

(c) The balances are denominated in the following currencies:

	2018 Percentage	2017 Percentage
British Pounds	60%	61%
Euro	40%	39%
	100%	100%

21 Pension plans

	2018 HK\$ million	2017 HK\$ million
Defined benefit assets	-	-
Defined benefit liabilities	660	68
Net defined benefit liabilities	660	68

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds.

(a) Defined benefit plans

The Group's major defined benefit plans are in Hong Kong and Italy. The plans are either contributory final salary pension plans or contributory career average pay plans or non-contributory guaranteed return defined contribution plans. No other post-retirement benefits are provided.

The principal actuarial assumptions used for the purpose of the actuarial valuation were as follows:

	2018	2017
Discount rates	1.5% - 2.4%	1.6% - 1.8%
Future salary increases	2.5% - 4.0%	3.0% - 4.0%
Interest credited on two principal plans in Hong Kong	5.0% - 6.0%	5.0% - 6.0%

The amount recognised in the combined statement of financial position is determined as follows:

	2018 HK\$ million	2017 HK\$ million
Present value of defined benefit obligations	877	339
Fair value of plan assets	217	271
Net defined benefit liabilities	660	68

Movements in net defined benefit liabilities and its components are as follows:

	Present value of defined benefit obligations HK\$ million	Fair value of plan assets HK\$ million	Net defined benefit liabilities HK\$ million
At 1 January 2018	339	(271)	68
Net charge (credit) to the income statement			
Current service cost	26	-	26
Interest cost (income)	10	(5)	5
	36	(5)	31
Net charge (credit) to other comprehensive income			
Remeasurements loss (gain):			
Actuarial gain arising from change in financial assumptions	(12)	-	(12)
Actuarial loss arising from experience adjustment	4	-	4
Return on plan assets excluding interest income	-	20	20
Exchange translation differences	(9)	-	(9)
	(17)	20	3
Contributions paid by the employer	-	(31)	(31)
Benefits paid	(58)	58	-
Relating to subsidiaries acquired (see note 25(c))	589	-	589
Transfer from (to) other liabilities	(12)	12	-
At 31 December 2018	877	(217)	660

21 Pension plans (continued)

(a) Defined benefit plans (continued)

	Present value of defined benefit obligations HK\$ million	Fair value of plan assets HK\$ million	Net defined benefit liabilities HK\$ million
At 1 January 2017	478	(317)	161
Net charge (credit) to the income statement			
Current service cost	40	-	40
Past service cost and gains and losses on settlements	(5)	-	(5)
Interest cost (income)	5	(3)	2
	40	(3)	37
Net charge (credit) to other comprehensive income			
Remeasurements loss (gain):			
Actuarial loss arising from change in demographic assumptions	2	-	2
Actuarial gain arising from change in financial assumptions	(29)	-	(29)
Actuarial loss arising from experience adjustment	5	-	5
Return on plan assets excluding interest income	-	(73)	(73)
Exchange translation differences	6	-	6
	(16)	(73)	(89)
Contributions paid by the employer	-	(22)	(22)
Contributions paid by the employee	1	(1)	-
Benefits paid	(148)	148	-
Relating to subsidiaries acquired (see note 25(c))	11	-	11
Transfer to other liabilities	(27)	(3)	(30)
At 31 December 2017	339	(271)	68

The net defined benefit liabilities presented above represent the deficit calculated in accordance with International Accounting Standard 19 “Employee Benefits” (“IAS 19”) and is the difference between the present value of the defined benefit obligation and the fair value of plan assets. Management appointed actuaries to carry out a valuation of these pension plans to determine the pension obligation and the fair value of the plan assets that are required to be disclosed and accounted for in the financial statements in accordance with IAS 19 (the “accounting actuarial valuations”). The realisation of the deficit disclosed above is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. The accounting actuarial valuations are not used for the purposes of determining the funding contributions to the defined benefit pension plans. Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for the Group’s pension plans to fully fund the relevant schemes on an ongoing basis. Funding requirements of the Group’s major defined benefit pension plans are detailed below.

The Group operates two principal pension plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides pension benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and pension benefits derived by a formula based on the final salary and years of service. An independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong’s Occupational Retirement Schemes Ordinance (“ORSO”), at 31 May 2017 reported a funding level of 125% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method and the main assumptions in the valuation are an investment return of 5% per annum, salary increases of 4% per annum and interest credited to balances of 6% per annum. The valuation was prepared by Tian Keat Aun, a Fellow of The Institute and Faculty of Actuaries, and William Chow, a Fellow of the Society of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2018, vested benefits under this plan are fully funded in accordance with the ORSO funding requirements. During the year, forfeited contributions totalling HK\$3 million (2017 - HK\$5 million) were used to reduce the current year’s level of contributions and no forfeited contribution was available at 31 December 2018 (2017 - nil) to reduce future years’ contributions.

The Group’s telecommunications operation in Italy is required under the local laws to pay severance indemnities to employees when the employee leaves the company. The amount of the payment due upon termination of employment is calculated on the basis of the period of employment and the taxable remuneration of the employee. The liability is adjusted annually based on the official cost of living and the legally set interest rate, and is not contingent on any vesting condition or accrual period. The liability is not associated with any funding arrangement; accordingly, there are no assets servicing the liability to pay the severance indemnities. Under the local regulations, for companies with at least 50 employees, the employee can elect to assign his entitlement to severance indemnities accruing from 2007, either to a fund held by INPS Treasury Fund or to a supplementary pension fund. Except for the amount assigned as aforementioned, the employee severance indemnities are recognised as defined benefit plan obligation. In application of IAS 19, the defined benefit plan obligation in respect of these employee severance indemnities have been calculated using the projected unit credit method and the main assumptions used in the accounting actuarial valuation are salary increases of 2.5% per annum and discount rate of 1.6% per annum.

21 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets

Fair value of the plan assets are analysed as follows:

	2018 Percentage	2017 Percentage
Equity instruments		
Consumer markets and manufacturing	8%	11%
Energy and utilities	4%	5%
Financial institutions and insurance	9%	13%
Telecommunications and information technology	16%	17%
Units trust and equity instrument funds	16%	4%
Others	19%	20%
	72%	70%
Debt instruments		
US Treasury notes	2%	4%
Government and government guaranteed notes	10%	11%
Financial institutions notes	4%	4%
Others	7%	8%
	23%	27%
Other assets	5%	3%
	100%	100%

The debt instruments are analysed by issuers' credit rating as follows:

	2018 Percentage	2017 Percentage
Aaa/AAA	12%	17%
Aa1/AA+	32%	31%
Aa2/AA	3%	9%
Aa3/AA-	4%	2%
A1/A+	9%	4%
A2/A	9%	7%
Other investment grades	23%	27%
No investment grades	8%	3%
	100%	100%

The fair value of the above equity instruments and debt instruments are determined based on quoted market prices.

The long term strategic asset allocations of the plans are set and reviewed from time to time by the plans' trustees taking into account the membership and liability profile, and the liquidity requirements of the plans.

(ii) Defined benefit obligation

The average duration of the defined benefit obligation as at 31 December 2018 is 11 years (2017 - 10 years).

The Group expects to make contributions of HK\$66 million (2017 - HK\$21 million) to the defined benefit plans next year.

IAS 19 "Employee Benefits" requires disclosure of a sensitivity analysis for the significant actuarial assumptions, used to determine the present value of the defined benefit obligations, that shows the effects of a hypothetical change in the relevant actuarial assumption at the end of the reporting period on defined benefit obligations.

21 Pension plans (continued)

(a) Defined benefit plans (continued)

(ii) Defined benefit obligation (continued)

The effect that is disclosed in the following assumes that (a) a hypothetical change of the relevant actuarial assumption had occurred at the end of the reporting period and had applied to the relevant actuarial assumption in existence on that date; and (b) the sensitivity analysis for each type of actuarial assumption does not reflect inter-dependencies between different assumptions.

The preparation and presentation of the sensitivity analysis for significant actuarial assumptions is solely for compliance with IAS 19 disclosure requirements in respect of defined benefit obligations. The sensitivity analysis measures changes in the defined benefit obligations from hypothetical instantaneous changes in one actuarial assumption (e.g. discount rate or future salary increase), the amount so generated from the sensitivity analysis are “what-if” forward-looking estimates. The sensitivity analyses are for illustration purposes only and it should be noted that in practice actuarial assumptions rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the markets which may cause fluctuations in actuarial assumptions (e.g. discount rate or future salary increase) to vary and therefore it is important to note that the hypothetical amounts so generated do not present a projection of likely future events and profits or losses.

If the discount rate is 0.25% higher or lower, the defined benefit obligation would decrease by 2.4% or increase by 2.4% respectively (2017- decrease by 2.3% or increase by 2.3% respectively).

If the future salary increase is 0.25% higher or lower, the defined benefit obligation would increase by 0.2% or decrease by 0.2% respectively (2017 - increase by 0.5% or decrease by 0.5% respectively).

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

(b) Defined contribution plans

The Group’s cost in respect of defined contribution plans for the year amounted to HK\$236 million (2017 - HK\$180 million) which has been charged to the profit or loss for the year. Forfeited contributions of HK\$1 million (2017 - HK\$1 million) were used to reduce the current year’s level of contributions and no forfeited contribution was available at 31 December 2018 (2017 - nil) to reduce future years’ contributions.

22 Other non-current liabilities

	2018 HK\$ million	2017 HK\$ million
Derivative financial instruments		
Cash flow hedges - Interest rate swaps	192	-
Obligations for telecommunications licences and other rights	6,381	3,554
Other non-current liabilities	399	1,568
Provisions (see note 19)	9,528	589
	16,500	5,711

23 Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue to provide returns for shareholders and to support the Group's stability and growth. The Group regularly reviews and manages its capital structure to ensure optimal capital structure to maintain a balance between higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

As additional information, the following table shows the net debt to net total capital ratios calculated on the basis of marking the Group's investments in its listed subsidiaries to market value at the end of the reporting period.

Net debt / Net total capital ratios ⁽ⁱ⁾ at 31 December:

	2018	2017
A1	26.7%	N/A
A2 - as in A1 above and investments in listed subsidiaries marked to market value	27.0%	N/A

- (i) Net debt is defined on the combined statement of cash flows. Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts. Net total capital is defined as total bank and other debts plus total equity and amounts due to CKHH group entities net of total cash and cash equivalents.

24 Tax effects of other comprehensive income (losses) for the year

Set out below are the before and after related tax effects of other comprehensive income (losses) for the year:

	2018		
	Before-tax	Tax effect	Net-of-tax
	amount HK\$ million	HK\$ million	amount HK\$ million
Remeasurement of defined benefit obligations recognised directly in reserves	(11)	3	(8)
Cash flow hedges (cross currency interest rate swap contracts and interest rate swap contracts)			
Gains recognised directly in reserves	124	(41)	83
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(1,718)	-	(1,718)
Gains previously in exchange and other reserves related to subsidiaries and joint ventures disposed during the year recognised in income statement	(1,866)	-	(1,866)
Share of other comprehensive income (losses) of joint ventures	(924)	-	(924)
	(4,395)	(38)	(4,433)
	2017		
	Before-tax	Tax effect	Net-of-tax
	amount HK\$ million	HK\$ million	amount HK\$ million
Remeasurement of defined benefit obligations recognised directly in reserves	94	-	94
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(14,159)	-	(14,159)
Losses previously in exchange reserve related to subsidiaries, disposed during the year recognised in income statement	12	-	12
Share of other comprehensive income of joint ventures	4,051	-	4,051
	(10,002)	-	(10,002)

25 Notes to combined statement of cash flows

(a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital

	2018 HK\$ million	2017 HK\$ million
Profit after tax	24,429	9,709
Less: share of profits less losses of joint ventures	(2,418)	(4,495)
	22,011	5,214
Adjustments for:		
Current tax charge (credit)	(511)	658
Deferred tax credit	(1,620)	(1,638)
Interest expenses and other finance costs	3,540	5,749
Depreciation and amortisation	9,490	8,729
EBITDA of Company and subsidiaries ⁽ⁱ⁾	32,910	18,712
Loss (profit) on disposal of fixed assets	(49)	27
Profits on disposal of investments and others	(8,600)	-
Profit on disposal of subsidiaries and joint ventures	-	(2,043)
Other items	(1,871)	121
	22,390	16,817

(i) Reconciliation of EBITDA:

	2018 HK\$ million	2017 HK\$ million
EBITDA of Company and subsidiaries	32,910	18,712
Share of EBITDA of joint ventures		
Share of profits less losses of joint ventures	2,418	4,495
Adjustments for:		
Current tax charge	58	22
Deferred tax charge (credit)	31	(60)
Interest expenses and other finance costs	1,082	2,715
Depreciation and amortisation	2,458	2,684
	6,047	9,856
EBITDA (see notes 3(b)(ii) and 3(b)(xiii))	38,957	28,568

(b) Changes in working capital

	2018 HK\$ million	2017 HK\$ million
Increase in inventories	(161)	(138)
Increase in debtors and prepayments	(2,556)	(3,259)
Increase in creditors	4,162	1,952
Other non-cash items	(725)	1,582
	720	137

25 Notes to combined statement of cash flows (continued)

(c) Purchase of subsidiary companies

During the year, the Group acquired the remaining 50% interest in the telecommunications businesses in Italy operated by Wind Tre and become the sole shareholder of Wind Tre. During the comparative year ended 31 December 2017, the Group acquired 100% interest in the telecommunications businesses in UK and Austria operated by UK Broadband Limited and Tele2 Austria Holding GmbH, respectively. The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed recognised for acquisitions completed during the years.

	2018 HK\$ million	2017 HK\$ million
Purchase consideration transferred:		
Cash and cash equivalents paid	21,744	3,875
Fair value of investments held by the Company prior to acquisition	39,342	-
	61,086	3,875
Fair value		
Fixed assets	17,804	398
Telecommunications licences	32,484	1,962
Brand names and other rights	22,979	134
Deferred tax assets	-	249
Other non-current assets	20	-
Cash and cash equivalents	7,396	198
Trade and other receivables	14,831	191
Contract assets	1,863	-
Inventories	661	3
Assets held for sale	2,007	-
Creditors and current tax liabilities	(30,109)	(500)
Contract liabilities	(1,738)	-
Bank and other debts	(93,829)	(20)
Pension obligations	(589)	(11)
Other non-current liabilities	(9,854)	-
Net identifiable assets (liabilities) acquired	(36,074)	2,604
Goodwill	97,160	1,271
	61,086	3,875
Total consideration		
Net cash outflow (inflow) arising from acquisition:		
Cash and cash equivalents paid	21,744	3,875
Cash and cash equivalents acquired	(7,396)	(198)
	14,348	3,677

The assets acquired and liabilities assumed are recognised at the acquisition date fair values.

Acquisition related costs of approximately HK\$145 million (2017 - HK\$58 million) had been charged to income statement during the year and included in the line item titled other operating expenses.

The subsidiaries acquired during the current year contributed HK\$14,566 million to the Group's revenue and HK\$3,773 million to the Group's profit before tax since the respective date of acquisition.

For the year ended 31 December 2017, the contribution to the Group's revenue and profit before tax from the subsidiaries acquired during the comparative year since the respective date of acquisition were not material.

25 Notes to combined statement of cash flows (continued)

(d) Disposal of subsidiary companies

During the comparative year ended 31 December 2017, the Group disposed the fixed-line telecommunications business operated by HTHKH.

	2017 HK\$ million
Consideration received or receivable	
Cash and cash equivalents	14,527
Total disposal consideration	14,527
Carrying amount of net assets disposed	(12,486)
Cumulative exchange losses in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of subsidiaries	(7)
Gain on disposal*	2,034
Net cash inflow (outflow) on disposal of subsidiaries	
Cash and cash equivalents received as consideration	14,527
Less: Cash and cash equivalents disposed	(283)
Total net cash consideration	14,244
Analysis of assets and liabilities over which control was lost	
Fixed assets	6,682
Brand names and other rights	503
Goodwill	5,929
Interests in joint ventures	(1)
Trade and other receivables	1,124
Creditors and current tax liabilities	(1,401)
Deferred tax liabilities	(637)
Non-controlling interests	4
Net assets (excluding cash and cash equivalents) disposed	12,203
Cash and cash equivalents disposed	283
Net assets disposed	12,486

* The gain on disposal for the year ended 31 December 2017 was recognised in the combined income statement and was included in the line item titled other operating expenses.

The effect on the Group's results from the subsidiaries disposed during the comparative year ended 31 December 2017 was not material.

25 Notes to combined statement of cash flows (continued)

(e) Changes in liabilities arising from financing activities

The following table sets out an analysis of the cash flows and non-cash flows changes in liabilities arising from financing activities:

	Bank and other debts HK\$ million	Interest bearing loans from non-controlling shareholders HK\$ million	Amounts due to CKHH group entities HK\$ million	Total HK\$ million
At 1 January 2017	5,949	1,414	188,204	195,567
Financing cash flows				
New borrowings	4,603	-	-	4,603
Repayment of borrowings	(1,403)	-	-	(1,403)
Net loans repayment to CKHH group entities	-	-	(122,963)	(122,963)
Net loans to non-controlling shareholders	-	(1,516)	-	(1,516)
Non-cash changes				
Amortisation of loan facilities fees and premiums or discounts relating to borrowings (see note 5)	8	-	-	8
Amortisation of bank and other debts' fair value adjustments arising from acquisitions	24	-	-	24
Relating to subsidiaries acquired (see note 25(c))	20	-	-	20
Exchange translation differences	355	102	24,106	24,563
At 31 December 2017 and 1 January 2018	9,556	-	89,347	98,903
Financing cash flows				
New borrowings	1,631	-	-	1,631
Repayment of borrowings	(3,907)	-	-	(3,907)
Net loans from CKHH group entities	-	-	965	965
Non-cash changes				
Amortisation of loan facilities fees and premiums or discounts relating to borrowings (see note 5)	7	-	-	7
Relating to subsidiaries acquired (see note 25(c))	93,829	-	-	93,829
Derecognition of notes and bonds *	(5,633)	-	-	(5,633)
Exchange translation differences	(1,343)	-	(3,948)	(5,291)
At 31 December 2018	94,140	-	86,364	180,504

* via transfer from other listed investments

26 Share-based payments

The Company does not have a share option scheme but one of the Company's subsidiary company has issued equity-settled share-based payments to certain employees. The amount of the share-based payments recognised by this company is not material to the Group.

27 Pledge of assets

At 31 December 2018, assets of the Group totalling HK\$109,800 million (2017 - HK\$12 million) were pledged as security for bank and other debts. The increase is mainly attributable to an acquisition of a subsidiary during the year.

28 Contingent liabilities

At 31 December 2018, the Group had provided performance and other guarantees of HK\$143 million (2017 - HK\$122 million).

29 Commitments

The Group's outstanding commitments contracted for at 31 December 2018, where material, not provided for in the financial statements at 31 December 2018 are as follows:

Capital commitments

- (a) 3 Group Europe - HK\$6,441 million (2017 - HK\$3,271 million)
- (b) Telecommunications, Hong Kong - HK\$206 million (2017 - HK\$317 million)
- (c) Other fixed assets - HK\$190 million (2017 - HK\$126 million)

Operating lease commitments - future aggregate minimum lease payments for land and buildings leases

- (a) In the first year - HK\$4,154 million (2017 - HK\$1,922 million)
- (b) In the second to fifth years inclusive - HK\$3,281 million (2017 - HK\$3,505 million)
- (c) After the fifth year - HK\$1,769 million (2017 - HK\$1,686 million)

Operating lease commitments - future aggregate minimum lease payments for other assets

- (a) In the first year - HK\$118 million (2017 - HK\$24 million)
- (b) In the second to fifth years inclusive - HK\$152 million (2017 - HK\$30 million)
- (c) After the fifth year - HK\$92 million (2017 - HK\$1 million)

30 Related party transactions

(a) Key management personnel remuneration

The remuneration for the directors of the Company (being the key management personnel) for the current and comparative 2017 years are borne by CKHH group entities.

(b) Saved as disclosed elsewhere in these financial statements, the following transactions occurred with other related parties:

	2018 HK\$ million	2017 HK\$ million
Sales of contract assets (handset receivables) to CKHH group entities ⁽ⁱ⁾	5,453	4,813
Exchange gain (losses) hedged to CKHH group entities ⁽ⁱⁱ⁾	109	(164)

(i) During the year, the Group has entered into handset receivable agreements with CKHH group entities which resulted in the sale of certain contract assets (unbilled handset receivables) for which the Group was paid at the carrying cost of the contract assets sold, being the face value of the underlying unbilled handset receivables less the related allowance to cover the credit and late payment risk.

(ii) During the year, the Group has entered into a foreign exchange economic hedge agreement with CKHH group entities which resulted in the transfer of foreign exchange exposure in relation to a notional amount of US\$275 million (2017: US\$275 million).

31 Legal proceedings

As at 31 December 2018, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

32 US dollar equivalents

Amounts in these financial statements are stated in Hong Kong dollars (HK\$), the functional currency of the Company. The translation into US dollars (US\$) of these financial statements as of, and for the year ended, 31 December 2018, is for convenience only and has been made at the rate of HK\$7.8 to US\$1. This translation should not be construed as a representation that the Hong Kong dollar amounts actually represented have been, or could be, converted into US dollars at this or any other rate.

33 Profit before tax

Profit before tax is shown after charging (crediting) the following items:

	2018 HK\$ million	2017 HK\$ million
Operating leases		
Properties	3,462	2,600
Hire of plant and machinery	25	42
Auditors' remuneration	77	46
Cost of providing services	11,533	10,218
Office and general administrative expenses	2,603	1,990
Repair and maintenance expenses	3,316	493
Gain on disposal of subsidiary companies	-	(2,034)

34 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes elsewhere in these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Business combinations under common control

The Group applies the predecessor values accounting to account for combination of entities or businesses under common control. The financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been obtained from the date when the combining entities or business first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities, contingent liabilities over cost at the time of common control combination, to the extent of the combination of the controlling party's interest. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities are recorded have been recognised directly in equity.

The combined statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the combined financial statements are presented as if the entities or businesses had been combined at the earliest date of statement of financial position presented or when they first came under common control, whichever is the later.

Inter-company transactions, balances and unrealised gains on transactions between the combining entities or businesses are eliminated. Unrealised losses are also eliminated but considered as an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Telecommunication Business.

(b) Subsidiary companies

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the combined income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(c) Joint arrangement

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control.

Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. The Group recognises its direct right to the assets, liabilities, revenue and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement. The results and net assets of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5, Non-current assets held for sale and discontinued operations. The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

34 Significant accounting policies (continued)

(d) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

(e) Fixed assets

Fixed assets are stated at cost less depreciation and any impairment loss. Buildings are depreciated on the basis of an expected life of 50 years, or the remainder thereof, or over the remaining period of the lease of the underlying leasehold land, whichever is less. The period of the lease includes the period for which a right to renewal is attached.

Depreciation of other fixed assets is provided on the straight-line basis to write off their costs over their estimated useful lives. The principal annual rates used for these purposes are as follows:

Motor vehicles	20 - 25%
Plant, machinery and equipment	3 1/3 - 20%
Telecommunications equipment	2.5 - 20%
Leasehold improvements	Over the unexpired period of the lease or 15%, whichever is greater

The gain or loss on disposal or retirement of a fixed asset is the difference between the net sales proceeds and the carrying amount.

(f) Telecommunications licences, other licences, brand names, trademarks and other rights

Separately acquired telecommunications licences, other licences, brand names, trademarks and other rights are carried at historical cost. Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of these assets over their estimated useful lives:

Telecommunications licences and other licences	2 to 20 years
Brand names, trademarks and other rights	2 to 45 years

Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have indefinite useful lives to the Group are not amortised and are tested for impairment annually and when there is indication that they may be impaired.

(g) Customer acquisition and retention costs

(i) Policy applied from 1 January 2018

Customer acquisition and retention costs ("CACs") comprise the net costs to acquire and retain customers, which are mainly mobile telecommunication 3G and LTE customers. CACs are expensed and recognised in the income statement in the period in which they are incurred, except (i) the costs are incremental of obtaining a contract and they are expected to be recovered; and (ii) the costs relate directly to the contract, generate resources used in satisfying the contract and are expected to be recovered, then they are capitalised and amortised over the customer contract period. Appropriate allowance are recognised if the carrying amounts of the capitalised costs exceed the remaining amount that the Group expects to receive less any directly related costs that have not been recognised as expenses.

34 Significant accounting policies (continued)

(g) Customer acquisition and retention costs (continued)

(ii) Policy applied prior to 1 January 2018

Telecommunications customer acquisition and retention costs comprise the net costs to acquire and retain mobile telecommunications customers, which are primarily 3G and LTE customers. Telecommunications customer acquisition and retention costs are expensed and recognised in the income statement in the period in which they are incurred.

(h) Goodwill

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill on acquisition of a foreign operation is treated as an asset of the foreign operation.

Goodwill is subject to impairment test annually and when there is indication that the carrying value may not be recoverable.

If the cost of acquisition is less than the fair value of the Group's share of the net identifiable assets of the acquired company, the difference is recognised directly in the income statement.

The profit or loss on disposal is calculated by reference to the net assets at the date of disposal including the attributable amount of goodwill but does not include any attributable goodwill previously eliminated against reserves.

(i) Contractual customer relationships

Separately acquired contractual customer relationships are carried at historical cost. These contractual customer relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method from five to seven years over the expected useful life of the customer relationship.

(j) Deferred tax

Deferred tax is recognised, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised.

(k) Other unlisted investments and other financial assets

"Other unlisted investments", disclosed under other non-current assets, are investments in unlisted debt securities. These investments are recognised and de-recognised on the date the Group commits to purchase or sell the investments or when they expire. These investments are classified and accounted for as follows:

(i) Policy applied from 1 January 2018 - see note 35(a)(i) and (ii)

(ii) Policy applied prior to 1 January 2018

Loans and receivables

"Loans and receivables" are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of the reporting period subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method less impairment. Interest calculated using the effective interest method is recognised in the income statement.

34 Significant accounting policies (continued)

(l) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

The Group designates certain derivative financial instruments as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and variable rate borrowings (cash flow hedges). The hedge accounting policy applied from 1 January 2018 is similar to that applicable prior to 1 January 2018. However, under the new hedge accounting policy, depending on the complexity of the hedge, the Group applies a more qualitative approach to assessing hedge effectiveness, and the assessment is always forward-looking.

Cash flow hedges

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset such as inventory, the associated gain or loss is reclassified from equity to be included in the initial cost of the non-financial asset. For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged cash flows affect profit or loss (such as when a forecast sale occurs or interest expense is recognised).

If a hedge no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedged forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from equity to profit or loss immediately.

34 Significant accounting policies (continued)

(m) Trade and other receivables, and contract assets

Trade receivables are recognised when the Group's right to consideration is unconditional that only the passage of time is required before the payment is due.

Contract assets primarily relate to the Group's rights to consideration for delivered goods or services but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Trade and other receivables and contract assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less allowances for expected credit losses. The Group measured the loss allowance for its trade and other receivables and contract assets at an amount equal to the lifetime expected credit losses. Appropriate allowance for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

(n) Inventories

Inventories consist mainly of retail goods. The carrying value of retail stock is mainly determined using the weighted average cost method. Inventories are stated at the lower of cost and net realisable value. Cost includes all direct expenditure and other appropriate attributable costs incurred in bringing inventories to their present location and condition.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(p) Borrowings and borrowing costs

Borrowings and debt instruments are initially measured at fair value, net of transaction costs, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption amount is recognised over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(q) Trade and other payables, and contract liabilities

Trade and other payables and contract liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

The contract liabilities primarily relate to the advance consideration received from customers, where the Group has the unconditional right to considerations before the goods or services are delivered. They are released and revenues are recognised when the performance obligations are satisfied upon transferring of goods and services to customers.

(r) Share capital

Share capital issued by the Company are recorded in equity at the proceeds received, net of direct issue costs.

(s) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation as a result of past events and a reliable estimate can be made of the amount of the obligation.

34 Significant accounting policies (continued)

(t) Leased assets

Assets acquired pursuant to finance leases and hire purchase contracts that transfer to the Group substantially all the rewards and risks of ownership are accounted for as if purchased.

Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Lease payments are treated as consisting of capital and interest elements. The capital element of the leasing commitment is included as a liability and the interest element is charged to the income statement. All other leases are accounted for as operating leases and the rental payments are charged to the income statement on accrual basis.

(u) Asset impairment

Assets that have an indefinite useful life are tested for impairment annually and when there is indication that they may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and 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. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. Such impairment loss is recognised in the income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease.

(v) Pension plans

Pension plans are classified into defined benefit and defined contribution plans. The pension plans are generally funded by the relevant group companies taking into account the recommendations of independent qualified actuaries and by payments from employees for contributory plans.

The Group's contributions to the defined contribution plans are charged to the income statement in the year incurred.

Pension costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The liability or asset recognised in the combined statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The present value of the defined benefit obligation is measured by discounting the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations.

Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

Pension costs are charged to the income statement within staff costs.

(w) Share-based payments

The Company has no share option scheme but one of the Company's subsidiary company has issued equity-settled share-based compensation plans. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the respective group company's estimate of their shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

(x) Foreign exchange

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the end of the reporting period.

The financial statements of foreign operations are translated into Hong Kong dollars using the year end rates of exchange for the statement of financial position items and the average rates of exchange for the year for the income statement items. Exchange differences are recognised in other comprehensive income and accumulated under the heading of exchange reserve. Exchange differences arising from foreign currency borrowings and other currency instruments designated as hedges of such overseas investments, are recognised in other comprehensive income and accumulated under the heading of exchange reserve.

34 Significant accounting policies (continued)

(x) Foreign exchange (continued)

Exchange differences arising from translation of inter-company loan balances between Group entities are recognised in other comprehensive income and accumulated under the heading of exchange reserve when such loans form part of the Group's net investment in a foreign entity. On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange gains or losses accumulated in exchange reserve in respect of that operation attributable to the owners of the Company are transferred out of the exchange reserve and are recognised in the income statement.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the income statement. For all other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is transferred out of the exchange reserve and are recognised in the income statement.

All other exchange differences are recognised in the income statement.

(y) Business combinations

The Group applies the provisions of IFRS 3, Business combinations, to transactions and other events that meet the definition of a business combination within the scope of IFRS 3. Where the acquisition method of accounting is used to account for business combinations, the consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the Group to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are generally recognised in profit or loss as incurred. Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

The difference between the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any pre-existing investment in the acquiree over the acquisition date fair value of assets acquired and the liabilities assumed is recognised as goodwill. If the consideration transferred and the fair value of pre-existing investment in the acquiree is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the Group, the difference is recognised as a gain directly in profit or loss by the Group on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the Group's previously held equity interest in the acquiree.

Business combinations are initially accounted for on a provisional basis. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed as of the acquisition date. The measurement period is the period from the date the Group obtains complete information about the facts and circumstances that existed as of the acquisition date, and ends on 12 months from the date of the acquisition.

34 Significant accounting policies (continued)

(z) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Revenue represents amounts earned for services rendered and for the sale of mobile and related devices. The Group recognises revenue for mobile devices when it transfers the control over the device to the customer which is usually the time the customer signs up to a contract. The Group recognises revenue for mobile telecommunication services as the services are rendered. Monthly recurring charges and additional airtime used by contract customers are invoiced and recorded as part of a periodic billing cycle and recognised as revenue over the related access period. Unbilled revenue resulting from services already provided from the billing cycle date to the end of each period is accrued, and unearned monthly access charges relating to periods after each accounting period are deferred. Products and services may be sold separately or in a bundled transaction. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires.

For bundled transactions under contract comprising the provision of telecommunications services and sale of a device (e.g. handsets), the elements are accounted for separately if they are distinct. A product or service is distinct if they are separately identifiable from other items in the bundled package and if the customer can benefit from it. The revenue is allocated to the respective element in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services and device, where device revenue is recognised at the inception of the contract upon delivery to the customer and services revenue is recognised throughout the contract period as the services are provided.

Other service income is recognised when the service is rendered. Customer service revenue is mobile telecommunications service revenue, and where a customer is invoiced for a bundled transaction under contract, the invoiced amount less amounts related to accrued device revenue and also less other service income. Total revenue arising from telecommunications services comprises of service revenue, sale of device revenue and other service income.

Dividend income from investments in securities is recognised when the Group's right to receive payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

(aa) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million Hong Kong dollars unless otherwise stated.

(ab) New standards and interpretations not yet adopted

At the date these financial statements are authorised for issue, the following standards, amendments and interpretations were in issue, and applicable to the Group's financial statements for annual accounting periods beginning on or after 1 January 2019, but not yet effective and have not been early adopted by the Group:

Annual Improvements 2015-2017 Cycle ⁽ⁱ⁾	Improvements to IFRSs
IAS 1 and IAS 8 (Amendments) ⁽ⁱⁱ⁾	Definition of Material
IAS 28 (Amendments) ⁽ⁱ⁾	Long-term Interests in Associates and Joint Ventures
IAS 19 (Amendments) ⁽ⁱ⁾	Plan Amendment, Curtailment and Settlement
IFRS 3 (Amendments) ⁽ⁱⁱ⁾	Definition of a Business
IFRS 9 (Amendments) ⁽ⁱ⁾	Prepayment Features with Negative Compensation
IFRS 16 ⁽ⁱ⁾	Leases
IFRS 10 and IAS 28 (Amendments) ⁽ⁱⁱⁱ⁾	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRIC Interpretation 23 ⁽ⁱ⁾	Uncertainty over Income Tax Treatments

(i) Effective for the Group for annual periods beginning on or after 1 January 2019.

(ii) Effective for the Group for annual periods beginning on or after 1 January 2020.

(iii) The original effective date of 1 January 2016 has been postponed until further announcement by the International Accounting Standards Board ("IASB").

The Group is continuing to assess the implications of the adoption of these standards.

35 Changes in significant accounting policies

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations issued by the IASB that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2018. The Group had to change its accounting policies with effect from 1 January 2018 as a result of adopting IFRS 9 and IFRS 15. The effect on adoption of these two standards is summarised below. The comparative information continues to be reported under the accounting policies prevailing prior to 1 January 2018.

(a) IFRS 9

The adoption of IFRS 9 has resulted in changes in accounting policies. While the new policies are generally required to be applied retrospectively, the Group has taken transitional provisions in IFRS 9 not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. In addition, changes to hedge accounting policies have been applied prospectively. Therefore, comparative balances have not been restated and continue to be reported under the accounting policies prevailing prior to 1 January 2018. Differences in the carrying amounts resulting from the adoption of IFRS 9 are recognised as adjustments to the opening combined statement of financial position on 1 January 2018.

IFRS 9 largely retains the requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments. However, IFRS 9 eliminates the IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. From 1 January 2018, the Group and, for the purpose of reporting for the Group's financial statements, the Group's joint ventures are required to classify and measure financial assets in accordance with IFRS 9 categories: as measured at amortised cost, at fair value either through other comprehensive income ("FVOCI") or through profit or loss ("FVPL").

The adoption of IFRS 9 has resulted in a HK\$109 million reduction in the opening balance of total equity on 1 January 2018. The impact is attributable to changes in classification and measurement by certain of the Group's joint ventures of their financial assets to IFRS 9 categories.

Set out below are further details on the changes in significant accounting policies under IFRS 9 that have been applied from 1 January 2018, where they are different to those applied in preparing the 2017 combined financial statements.

(i) Measurement

Debt instrument financial assets subsequent to initial recognition are measured as follows:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses and reversals, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to, and recognised in, profit or loss.

35 Changes in significant accounting policies (continued)

(a) IFRS 9 (continued)

(i) Measurement (continued)

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI, or designated as FVPL using fair value option, are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in the fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established. Where an election is made to present fair value gains and losses on equity investments in other comprehensive income, unlike the previous policies under IAS 39 there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

(ii) Impairment of financial assets

IFRS 9 replaces the "incurred loss" impairment model in IAS 39 with a forward-looking expected credit loss model. It is no longer necessary for a loss event to occur before an impairment loss is recognised under the new model. Under the new expected loss approach, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The new impairment model applies to debt instruments measured at amortised cost and at FVOCI, contract assets under IFRS 15, lease receivables, loan commitments and certain financial guarantee contracts. The Group applies the simplified approach to recognise lifetime expected losses for trade receivables, due from customers and contract assets. As regards lease receivables, loan commitments, financial guarantee contracts, and certain other financial assets (which are presented under other unlisted investments) the Group considers that they have low credit risk and hence recognises 12-month expected credit losses for such items. The application of this new guidance represents a change in accounting policy. The Group was required to revise its impairment methodology under IFRS 9 for these classes of assets. The results of the revision at 1 January 2018 have not resulted in any material change in impairment provision or any material impact on the carrying amount of the Group's financial assets.

(iii) Hedge accounting

The Group applies the new hedge accounting model prospectively from 1 January 2018, as no hedging relationships existed on or were designated after 1 January 2017 (the beginning of the comparative period) that would require retrospective application of the new hedge accounting treatment. Accordingly, no adjustment was made to the opening balance of retained profits and other reserves on 1 January 2018. All hedge accounting relationships designated under the previous IAS 39 have continued to be valid hedge accounting relationships in accordance with IFRS 9.

Previously under IAS 39, entities can designate as hedging instrument only the change in the intrinsic value of an option or the spot element of a forward contract. Under these situations, the changes in the fair value of the time value of the option or the forward points, which can be considered as a cost of hedging, are accounted for in profit or loss in the period, therefore resulting in volatility. Under the IFRS 9 hedging model when only the change in the intrinsic value of an option or the spot element of a forward contract is designated in the hedge relationship, all fluctuations in the fair value of the time value or forward points over time is recorded in other comprehensive income instead of affecting profit or loss immediately. The subsequent timing in the recognition in profit or loss of these amounts recognised in other comprehensive income depends on the nature of the hedged transaction, distinguishing between transaction related hedged items and time-period related hedged items. The amount accumulated in other comprehensive income will be included in the measurement of the hedged item or reclassified to profit or loss in the same periods during which the hedged item affects profit or loss (in the case of a transaction related hedged item), or be amortised to profit or loss on a rational basis, such as over the time periods during which the cost of hedging provides protection against risk, (in the case of a time-period related hedged item). This guidance also applies to foreign currency basis spreads.

35 Changes in significant accounting policies (continued)

(b) IFRS 15

IFRS 15 permits either a full retrospective or a modified retrospective approach for the adoption. The Group has elected to apply the modified retrospective approach for transition to the new revenue standard. Under this transition approach, comparative information for prior periods is not restated, the Group recognises the cumulative effect of initially applying the guidance as adjustments to the opening balance of retained profits (or other component of equity, as appropriate) on 1 January 2018, and the Group applies the new guidance only to contracts that are not yet completed on that date. The comparative information continues to be reported under the accounting policies prevailing prior to 1 January 2018.

The Group and, for the purpose of reporting for the Group's financial statements, the Group's joint ventures are required to apply the new guidance from 1 January 2018. The application of the new guidance has resulted in a HK\$686 million increase in the opening balance of total equity on 1 January 2018, which is mainly attributable to the capitalisation of the incremental cost of obtaining a contract, as explained further below.

Set out below are details of the changes in significant accounting policies under IFRS 15 that have been applied from 1 January 2018, where they are different to those applied in preparing the 2017 combined financial statements.

Previously, under the Group's accounting policies the costs associated with obtaining a contract are expensed as incurred. The accounting for some of these costs has changed upon adoption of IFRS 15. Under the new guidance, the incremental cost of obtaining a contract is now recognised as an asset when incurred, and expensed over the customer contract period. Incremental costs of obtaining a contract are those costs that would not have incurred if the contract had not been obtained (for example, sales commissions payable on obtaining a contract). This new policy applied to the Group from 1 January 2018 is similar to that applicable by a subsidiary acquired during the year prior to 1 January 2018 with respect to certain types of its contracts with customers, and for which this newly acquired subsidiary has recognised HK\$698 million as an asset and expensed HK\$146 million as depreciation and amortisation charge from the date of its acquisition to 31 December 2018. Accordingly, these amounts have been excluded from adoption impacts discussed below. The adoption of this guidance has resulted in an increase of HK\$718 million in the opening balance of the Group's total equity at 1 January 2018, and a HK\$982 million reduction in Expensed customer acquisition and retention costs and a HK\$1,042 million increase in Depreciation and amortisation for the year ended 31 December 2018.

Under IFRS 15, revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer, and control either transfers over time or at a point in time. The new revenue standard introduces specific criteria for determining when revenue is recognised. As a result of adopting this new guidance, the opening balance of the Group's total equity has been reduced by HK\$32 million and the Group's revenue for the year ended 31 December 2018 has been reduced by HK\$28 million, reflecting the change in assessment in respect of the timing of satisfaction of the performance obligations related to certain revenue streams at the subsidiaries and joint ventures levels.

In addition, IFRS 15 requires an entity to determine whether it is the principal in the transaction or the agent on the basis of whether it controls the goods or services before they are transferred to the customer. Prior to the adoption of IFRS 15, based on the existence of credit risks and other factors, certain entities within the Group concluded that they have an exposure to the significant risks and rewards associated with certain sale arrangements to their customers, and accounted for the contracts as if they were a principal. In applying the new guidance, they determined that they do not control the goods before they are transferring to customers, and hence, are an agent in these contracts. This change has no impact on the total equity on 1 January 2018 and 31 December 2018. However, the amounts for revenue and other operating expenses reported on the combined income statement for the year ended 31 December 2018 would have been both higher by HK\$776 million if these contracts were reported under the previous accounting policies where the same group entities would have accounted for the contracts as if they were a principal.

35 Changes in significant accounting policies (continued)

(c) Effect on adoption of IFRS 9 and IFRS 15

- (i) on the opening combined statement of financial position on 1 January 2018

As explained above, IFRS 9 and IFRS 15 were adopted without restating comparative information. The resulting reclassifications and adjustments arising from the new accounting policies are therefore not reflected in the comparative balances, but are recognised in the opening combined statement of financial position on 1 January 2018.

	31 December 2017	Effect on adoption of		1 January 2018
	As previously reported HK\$ million	IFRS 9 HK\$ million	IFRS 15 HK\$ million	As adjusted HK\$ million
Non-current assets				
Fixed assets	31,220	-	-	31,220
Telecommunications licences	25,774	-	-	25,774
Brand names and other rights	13,643	-	-	13,643
Goodwill	32,238	-	-	32,238
Interests in joint ventures	33,157	(109)	37	33,085
Deferred tax assets	18,353	-	(186)	18,167
Other non-current assets	-	-	1,336	1,336
	154,385	(109)	1,187	155,463
Current assets				
Cash and cash equivalents	18,955	-	-	18,955
Inventories	1,566	-	-	1,566
Trade receivables and other current assets	19,907	-	(256)	19,651
	40,428	-	(256)	40,172
Current liabilities				
Bank and other debts	3,907	-	-	3,907
Current tax liabilities	108	-	-	108
Trade payables and other current liabilities	25,714	-	245	25,959
Amounts due to CKHH group entities	34,224	-	-	34,224
	63,953	-	245	64,198
Net current liabilities	(23,525)	-	(501)	(24,026)
Total assets less current liabilities	130,860	(109)	686	131,437
Non-current liabilities				
Bank and other debts	5,649	-	-	5,649
Deferred tax liabilities	359	-	-	359
Pension obligations	68	-	-	68
Other non-current liabilities	5,711	-	-	5,711
Amounts due to CKHH group entities	55,123	-	-	55,123
	66,910	-	-	66,910
Net assets	63,950	(109)	686	64,527
Equity				
Parent company investments	51,276	(109)	523	51,690
Non-controlling interests	12,674	-	163	12,837
Total equity	63,950	(109)	686	64,527

35 Changes in significant accounting policies (continued)

(c) Effect on adoption of IFRS 9 and IFRS 15 (continued)

(ii) on the combined income statement for the year ended 31 December 2018

	For the year ended 31 December 2018			
	As presented	Effect on adoption of		As presented
	under accounting			under accounting
	policies pre 1 January 2018 HK\$ million	IFRS 9 HK\$ million	IFRS 15 HK\$ million	policies from 1 January 2018 HK\$ million
Revenue	71,849	-	(804)	71,045
Cost of inventories sold	(3,645)	-	-	(3,645)
Expensed customer acquisition and retention costs	(16,675)	-	982	(15,693)
Staff costs	(4,482)	-	-	(4,482)
Depreciation and amortisation	(8,448)	-	(1,042)	(9,490)
Other operating expenses	(23,880)	113	852	(22,915)
Profits on disposal of investments and others	8,600	-	-	8,600
Share of profits less losses of joint ventures	2,428	-	(10)	2,418
	25,747	113	(22)	25,838
Interest expenses and other finance costs	(3,540)	-	-	(3,540)
Profit before tax	22,207	113	(22)	22,298
Current tax credit (charge)	516	-	(5)	511
Deferred tax credit	1,622	-	(2)	1,620
Profit after tax	24,345	113	(29)	24,429
Profit attributable to non-controlling interests	(670)	-	10	(660)
Profit attributable to Parent company	23,675	113	(19)	23,769

35 Changes in significant accounting policies (continued)

(c) Effect on adoption of IFRS 9 and IFRS 15 (continued)

(iii) on the combined statement of comprehensive income for the year ended 31 December 2018

	For the year ended 31 December 2018			
	As presented under accounting policies pre 1 January 2018	Effect on adoption of		As presented under accounting policies from 1 January 2018
	HK\$ million	IFRS 9 HK\$ million	IFRS 15 HK\$ million	HK\$ million
Profit after tax	24,345	113	(29)	24,429
Other comprehensive income (losses)				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit obligations recognised directly in reserves	(11)	-	-	(11)
Share of other comprehensive income (losses) of joint ventures	(10)	-	-	(10)
Tax relating to items that will not be reclassified to profit or loss	3	-	-	3
	(18)	-	-	(18)
Items that have been reclassified or may be subsequently reclassified to profit or loss:				
Cash flow hedges (cross currency interest rate swap contracts and interest rate swap contracts)				
Gains recognised directly in reserves	124	-	-	124
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(1,695)	-	(23)	(1,718)
Losses (gains) previously in exchange and other reserves related to subsidiaries and joint ventures disposed during the year recognised in income statement	(1,866)	-	-	(1,866)
Share of other comprehensive income (losses) of joint ventures	(913)	-	(1)	(914)
Tax relating to items that have been reclassified or may be subsequently reclassified to profit or loss	(41)	-	-	(41)
	(4,391)	-	(24)	(4,415)
Other comprehensive income (losses), net of tax	(4,409)	-	(24)	(4,433)
Total comprehensive income (losses)	19,936	113	(53)	19,996
Total comprehensive income attributable to non-controlling interests	(252)	-	15	(237)
Total comprehensive income (losses) attributable to Parent company	19,684	113	(38)	19,759

35 Changes in significant accounting policies (continued)

(c) Effect on adoption of IFRS 9 and IFRS 15 (continued)

(iv) on the combined statement of financial position on 31 December 2018

	As at 31 December 2018			
	As presented under accounting policies pre 1 January 2018	Effect on adoption of		As presented under accounting policies from 1 January 2018
	HK\$ million	IFRS 9 HK\$ million	IFRS 15 HK\$ million	HK\$ million
Non-current assets				
Fixed assets	53,657	-	-	53,657
Telecommunications licences	60,758	-	-	60,758
Brand names and other rights	35,006	-	-	35,006
Goodwill	126,750	-	-	126,750
Interests in joint ventures	406	-	-	406
Deferred tax assets	19,101	-	(184)	18,917
Other non-current assets	3,075	-	1,569	4,644
	298,753	-	1,385	300,138
Current assets				
Cash and cash equivalents	22,941	-	-	22,941
Inventories	2,279	-	-	2,279
Trade receivables and other current assets	36,812	4	(603)	36,213
	62,032	4	(603)	61,433
Assets classified as held for sale	2,352	-	-	2,352
	64,384	4	(603)	63,785
Current liabilities				
Bank and other debts	1,557	-	-	1,557
Current tax liabilities	29	-	2	31
Trade payables and other current liabilities	56,931	-	147	57,078
Amounts due to CKHH group entities	34,610	-	-	34,610
	93,127	-	149	93,276
Net current liabilities	(28,743)	4	(752)	(29,491)
Total assets less current liabilities	270,010	4	633	270,647
Non-current liabilities				
Bank and other debts	92,583	-	-	92,583
Deferred tax liabilities	310	-	-	310
Pension obligations	660	-	-	660
Other non-current liabilities	16,500	-	-	16,500
Amounts due to CKHH group entities	51,754	-	-	51,754
	161,807	-	-	161,807
Net assets	108,203	4	633	108,840
Equity				
Parent company investments	95,600	4	485	96,089
Non-controlling interests	12,603	-	148	12,751
Total equity	108,203	4	633	108,840

35 Changes in significant accounting policies (continued)

(d) Standards issued but not yet effective and applied by the Group

A number of new standards and amendments to standards are effective for annual periods beginning on and after 1 January 2019 and earlier application is permitted. However, the Group has not early adopted these new or amended standards in preparing these financial statements. The Group is in the process of making an assessment of what the impact of these standards is expected to be in the period of initial application. So far the Group has identified some aspects of IFRS 16 which may have a significant impact on the Group's financial statements. Further details of the expected impacts are discussed below.

IFRS 16 "Leases" replaces IAS 17 "Leases" and is mandatory for the Group's financial statements for annual periods beginning on or after 1 January 2019.

As disclosed in note 34(t), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee. IFRS 16 will primarily affect the Group's accounting as a lessee of leases which are currently classified as operating leases.

The new lease standard requires lessees to account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases over the lease term.

The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the income statement over the period of the lease. With all other variables remaining constant, the new accounting treatment will lead to a higher EBITDA and EBIT. The combination of a straight-line depreciation of the right-of-use asset and effective interest rate method applied to the lease liability results in a decreasing "total lease expense" over the lease term. In the initial years of a lease, the new standard will result in an income statement expense which is higher than the straight-line operating lease expense typically recognised under the current standard, and a lower expense after the mid-term of the lease as the interest expense reduces. The Group's profit after tax for a particular year may be affected negatively or positively depending on the maturity of the Group's overall lease portfolio in that year. In addition, leasing expenses will no longer be presented as operating cash outflows in the statement of cash flows, but will be included as part of the financing cash outflow. Interest expenses from the newly recognised lease liability may be presented in the cash flow from operating or from financing activities.

The Group plans to elect the modified retrospective approach for the adoption of IFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019 and will not restate the comparative information. As allowed by IFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in IFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

Other than the impacts discussed above, the Group expects that the transition adjustments to be made upon the initial adoption of IFRS 16 will not be material. However, the actual impact upon the initial adoption of this standard may differ as the assessment carried out to date is based on the information currently available to the Group, and further impacts may be identified before the standard is initially applied in the Group's interim financial report for the six months ending 30 June 2019. The Group may also change its elections on transition options, practical expedients and recognition exemptions, until the standard is initially applied in that financial report.

36 Critical accounting estimates and judgements

Note 34 includes a summary of the significant accounting policies used in the preparation of the financial statements. The preparation of financial statements often requires the use of judgements to select specific accounting methods and policies from several acceptable alternatives. Furthermore, significant estimates and assumptions concerning the future may be required in selecting and applying those methods and policies in the financial statements. The Group bases its estimates and judgements on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates and judgements under different assumptions or conditions.

The following is a review of the more significant assumptions and estimates, as well as the accounting policies and methods used in the preparation of the financial statements.

(a) Basis of consolidation

The determination of the Group's level of control over another entity will require exercise of judgement under certain circumstances. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group also considers, in particular, whether it obtains benefits, including non-financial benefits, from its power to control the entity. As such, the classification of the entity as a subsidiary, a joint venture, a joint operation, an associate or a cost investment might require the application of judgement through the analysis of various indicators, such as the percentage of ownership interest held in the entity, the representation on the entity's board of directors and various other factors including, if relevant, the existence of agreement with other shareholders, applicable statutes and regulations and their requirements.

(b) Long-lived assets

Assets that have an indefinite useful life are tested for impairment annually and when there is indication that they may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and 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. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. Such impairment loss is recognised in the income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease and is recognised in other comprehensive income.

Judgement is required in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to dispose or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions used to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

(c) Depreciation and amortisation

(i) Fixed assets

Depreciation of operating assets constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as depreciation expense over the estimated useful lives of the respective assets using the straight-line method. The Group periodically reviews changes in technology and industry conditions, asset retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates.

Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable lives and therefore depreciation expense in future periods.

(ii) Telecommunications licences, other licences, brand names, trademarks and other rights

Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation and are reviewed for impairment annually. Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have an indefinite useful life are not amortised and are tested for impairment annually and when there is indication that they may be impaired.

Certain brand names are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows.

36 Critical accounting estimates and judgements (continued)

(c) Depreciation and amortisation (continued)

(ii) Telecommunications licences, other licences, brand names, trademarks and other rights (continued)

Judgement is required to determine the useful lives of the telecommunications licences, other licences, brand names, trademarks and other rights. The actual economic lives of these assets may differ from the current contracted or expected usage periods, which could impact the amount of amortisation expense charged to the income statement. In addition, governments from time to time revise the terms of licences to change, amongst other terms, the contracted or expected licence period, which could also impact the amount of amortisation expense charged to the income statement.

(iii) Customer acquisition and retention costs

From 1 January 2018, in accordance with IFRS 15, customer acquisition and retention costs, which comprise the net costs to acquire and retain customers, are expensed and recognised in the income statement in the period in which they are incurred, where (i) the costs are incurred after 31 December 2017; (ii) the costs are incremental of obtaining a contract and they are expected to be recovered; and (iii) the costs relate directly to the contract, generate resources used in satisfying the contract and are expected to be recovered, then they are capitalised and amortised over the customer contract period. Appropriate allowance are recognised if the carrying amounts of the capitalised costs exceed the remaining amount that the Group expects to receive less any directly related costs that have not been recognised as expenses.

Judgement is required to determine the amount of the provision and the amortisation period. The actual amount to be received from the customer and customer period may differ from the expected amount and the contract periods, which could impact the amount of expense charged to the income statement.

Prior to 1 January 2018, all customer acquisition and retention costs are expensed and recognised in the income statement in the period in which they are incurred.

(d) Goodwill

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill is recorded as a separate asset or, as applicable, included within investments in joint ventures. Goodwill is also subject to the impairment test annually and when there are indications that the carrying value may not be recoverable.

(e) Tax

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were previously recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax group. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised.

The ultimate realisation of deferred tax assets recognised for certain of the Group's businesses depends principally on these businesses maintaining profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used can significantly affect these taxable profit and loss projections.

36 Critical accounting estimates and judgements (continued)

(f) Business combinations and goodwill

As disclosed in note 34(y), the Group applies the provisions of IFRS 3 to transactions and other events that meet the definition of a business combination within the scope of IFRS 3. When the Group completes a business combination, the identifiable assets acquired and the liabilities assumed, including intangible assets, contingent liabilities and commitments, are recognised at their fair value. Judgement is required to determine the fair values of the assets acquired, the liabilities assumed, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the net assets acquired then the difference is recorded as a gain in the income statement. Allocation of the purchase consideration between finite lived assets and indefinite lived assets such as goodwill affects the subsequent results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised.

(g) Provisions for commitments, onerous contracts and other guarantees

The Group has entered into a number of procurement, supply and other contracts related to specific assets in the ordinary course of its business. Where the unavoidable costs of meeting the obligations under these procurement and supply contracts exceed the associated, expected future net benefits, an onerous contract provision is recognised. The calculation of these provisions will involve the use of estimates. These onerous provisions are calculated by taking the unavoidable costs that will be incurred under the contract and deducting any estimate revenues or predicted income to be derived from the assets, or by taking the unavoidable costs that will be incurred under the guarantee and deducting any estimated recoverable value.

(h) Pension costs

The Group operates several defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with IAS 19, "Employee Benefits". Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The liability or asset recognised in the combined statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The present value of the defined benefit obligation is measured by discounting the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

Management appoints actuaries to carry out full valuations of these pension plans to determine the pension obligations that are required to be disclosed and accounted for in the financial statements in accordance with the IFRS requirements.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans and evaluate and update these assumptions on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

(i) Allocation of revenue for bundled telecommunications transactions with customers

The Group has bundled transactions under contract with customers including sales of both services and hardware (for example handsets). Revenue is allocated to the respective element in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services and device, where device revenue is recognised at the inception of the contract upon delivery to the customer and services revenue is recognised throughout the contract period as the services are provided. Significant judgement is required in assessing fair values of both of these elements by considering inter alia, standalone selling price, the consideration to which the Group expects to be entitled in exchange for transferring the services and hardware to the customer, and other relevant observable market data. Changes in the allocation may cause the revenue recognised for sales of services and hardware to change individually but not the total bundled revenue from a specific customer throughout its contract term. The Group periodically re-assesses the allocation of the elements as a result of changes in market conditions.

37 Financial risk management

The Group's major financial assets and financial liabilities include cash and cash equivalents and borrowings. Details of these financial assets and financial liabilities are disclosed in the respective notes. The Group's treasury function sets financial risk management policies in accordance with policies and procedures of the CKHH Group, and which are also subject to periodic review by the CKHH Group's internal audit function. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates on the Group's overall financial position and to minimise the Group's financial risks. The Group's treasury function operates as a centralised service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost-efficient funding to the Group and its companies. It manages the majority of the Group's funding needs, interest rate, foreign currency and credit risk exposures. It is the Group's policy not to have credit rating triggers that would accelerate the maturity dates of the Group's borrowings. The Group uses interest rate and foreign currency swaps as appropriate for risk management purposes only, for hedging transactions and for managing the Group's exposure to interest rate and foreign exchange rate fluctuations. The Group generally does not enter into foreign currency hedges in respect of its foreign currency earnings and no derivatives instruments to hedge the Group's earnings were entered during the year or remain outstanding at the end of the year. It is the Group's policy not to enter into derivative transactions for speculative purposes. It is also the Group's policy not to invest liquidity in financial products, including hedge funds or similar vehicles, that have significant underlying leverage or derivative exposure.

(a) Cash management and funding

The Group via CKHH Group operates a central cash management system for all of its unlisted subsidiaries. Except for listed and certain overseas entities conducting businesses in non-HK or non-US dollar currencies, the Group via CKHH Group generally obtains long-term financing at the Group level to on-lend or contribute as equity to its subsidiaries and associated companies to meet their funding requirements and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings, for which the proportions will change depending upon financial market conditions and projected interest rates. The Group regularly and closely monitors its overall debt position and reviews its funding costs and maturity profile to facilitate refinancing.

The Group continues to maintain a robust financial position. Cash and cash equivalents amounted to HK\$22,941 million at 31 December 2018 (2017 - HK\$18,955 million), mainly reflecting cash arising from positive funds from operations from the Group's businesses, and cash from new borrowings, partly offset by the dividend payments to CKHH group entities and non-controlling shareholders, repayment and early repayment of certain borrowings and capital expenditure and investment spending.

(b) Interest rate exposure

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate, the Group uses derivatives such as interest rate swaps to manage its interest rate exposure. The Group's main interest rate exposure relates to US dollar, British Pound, Euro, Swedish Krona and HK dollar borrowings.

At 31 December 2018, approximately 55% (2017 - approximately 100%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 45% (2017 - nil) were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK\$26,850 million (2017 - nil) principal amount of floating interest rate borrowings to effectively become fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 27% (2017 - approximately 100%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 73% (2017 - nil) were at fixed rates at 31 December 2018. All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

37 Financial risk management (continued)

(c) Foreign currency exposure

For overseas subsidiaries, which consist of non-HK dollar or non-US dollar assets, the Group generally endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For overseas businesses that are in the development phase, or where borrowings in local currency are not or are no longer attractive, the Group may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cash flow and the relevant debt markets with a view to refinance these businesses with local currency borrowings in the future when conditions are more appropriate.

The Group has operations in about 8 countries and the respective operation conducts businesses mainly in local currencies (including Euro, British Pounds and Hong Kong dollars) and US dollars. The currency for group reporting and presentation purposes is Hong Kong Dollars and the Group's reported results in Hong Kong Dollars are exposed to exchange translation on its foreign currency earnings.

As at 31 December 2018, the Group's total principal amount of bank and other debts are denominated as follows: 16% in US dollars, 76% in Euro, 2% in British Pounds and 6% in Swedish Krona (2017 - 41% in HK dollars and 59% in Swedish Krona). The Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK\$15,600 million (2017 - nil) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, are denominated as follows: 92% in Euro, 2% in British Pounds and 6% in Swedish Krona (2017 - 41% in HK dollars and 59% in Swedish Krona).

(d) Credit exposure

The Group's holdings of cash, interest rate and foreign currency swaps and with financial institutions expose the Group to credit risk of counterparties. The Group controls its credit risk to non-performance by its counterparties through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed.

The Group is also exposed to counterparties credit risk from its operating activities. Such risks are continuously monitored by the local operational management.

(e) Market risks sensitivity analyses

For the presentation of financial assets and financial liabilities market risks (including interest rate risk and currency risk) information, IFRS 7 "Financial Instruments: Disclosures" requires disclosure of a sensitivity analysis for each type of financial market risk that shows the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the end of the reporting period on profit for the year and on total equity.

The effect that is disclosed in the following sections assumes that (a) a hypothetical change of the relevant risk variable had occurred at the end of the reporting period and had been applied to the relevant risk variable in existence on that date; and (b) the sensitivity analysis for each type of financial market risk does not reflect inter-dependencies between risk variables, e.g. the interest rate sensitivity analysis does not take into account of the impact of changes in interest rates would have on the relative strengthening and weakening of the currency with other currencies.

37 Financial risk management (continued)

(e) Market risks sensitivity analyses (continued)

The preparation and presentation of the sensitivity analysis on financial market risk is solely for compliance with IFRS 7 disclosure requirements in respect of financial assets and financial liabilities. The sensitivity analysis measures changes in the fair value and / or cash flows of the Group's financial assets and financial liabilities from hypothetical instantaneous changes in one risk variable (e.g. functional currency rate or interest rate), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analyses are for illustration purposes only and it should be noted that in practice market rates rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the global markets which may cause fluctuations in market rates (e.g. exchange or interest rate) to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.

(i) Interest rate sensitivity analysis

Interest rate risk as defined by IFRS 7 arises on interest-bearing financial assets and financial liabilities.

The interest rate sensitivity analysis is based on the following assumptions:

In the cases of non-derivative financial assets and financial liabilities with fixed interest rates, changes in market interest rates only affect profit for the year or total equity if these financial assets and financial liabilities are measured at fair value. Accordingly, all non-derivative financial assets and financial liabilities with fixed interest rates that are carried at amortised cost are excluded from the interest rate sensitivity analysis as they are not subject to interest rate risk as defined in IFRS 7.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging interest rate risks, changes in market interest rates affect their fair values. All interest rate hedges are expected to be highly effective. Changes in the fair value of fair value interest rate hedges and changes in the fair value of the hedged items that are attributable to interest rate movements effectively balance out with each other in income statement in the same period. Accordingly, these hedging instruments and hedged items are excluded from the interest rate sensitivity analysis as they are not exposed to interest rate risk as defined in IFRS 7. Changes in the fair value of cash flow interest rate hedges resulting from market interest rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

In the cases of derivative financial assets and financial liabilities that are not part of an interest rate risk hedging relationship, changes in their fair values (arising from gain or loss from remeasurement of these interest rate derivatives to fair value) resulting from market interest rate movements affect profit for the year and total equity, and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the interest rate sensitivity analysis include:

- cash and cash equivalents (see note 14)
- some of the bank and other debts (see note 17) that bear interest at floating rate

Under these assumptions, the impact of a hypothetical 100 basis points (2017 - 100 basis points) increase in market interest rate at 31 December 2018, with all other variables held constant:

- profit for the year would reduce by HK\$24 million due to increase in interest expenses (2017 - increase by HK\$95 million mainly due to increase in interest income);
- total equity would reduce by HK\$24 million due to increase in interest expenses (2017 - increase by HK\$95 million mainly due to increase in interest income).

(ii) Foreign currency exchange rate sensitivity analysis

Currency risk as defined by IFRS 7 arises on financial assets and financial liabilities being denominated in a currency that is not the functional currency and being of a monetary nature. Therefore, non-monetary financial assets and financial liabilities, monetary financial assets and financial liabilities denominated in the entity's functional currency and differences resulting from the translation of financial statements of overseas subsidiaries into the Group's presentation currency are not taken into consideration for the purpose of the sensitivity analysis for currency risk.

The foreign currency exchange rate sensitivity analysis is based on the following assumptions:

Major non-derivative monetary financial assets and financial liabilities are either directly denominated in the functional currency or are transferred to the functional currency through the use of foreign currency swaps. Exchange fluctuations of these monetary financial assets and financial liabilities therefore have no material effects on profit for the year and total equity.

37 Financial risk management (continued)

(e) Market risks sensitivity analyses (continued)

(ii) Foreign currency exchange rate sensitivity analysis (continued)

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging currency risks, changes in foreign exchange rates affect their fair values. All currency hedges are expected to be highly effective. Changes in the fair value of foreign currency fair value hedges and changes in the fair value of the hedged items effectively balance out with each other in income statement in the same period. As a consequence, these hedging instruments and hedged items are excluded from the foreign currency exchange rate sensitivity analysis as they are not exposed to currency risk as defined in IFRS 7. Changes in the fair value of foreign currency cash flow hedges resulting from market exchange rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the foreign currency exchange rate sensitivity analysis include:

- some of the cash and cash equivalents (see note 14)
- some of the bank and other debts (see note 17)

Under these assumptions, the impact of a hypothetical 5% weakening of HK dollar against all exchange rates at the end of the reporting period, with all other variables held constant, on the Group's profit for the year and total equity is set out in the table below.

	2018		2017	
	Hypothetical increase (decrease) in profit after tax HK\$ million	Hypothetical increase (decrease) in total equity HK\$ million	Hypothetical increase (decrease) in profit after tax HK\$ million	Hypothetical increase (decrease) in total equity HK\$ million
Euro	(5)	(5)	(2)	(2)
British Pounds	(3)	(3)	(1)	(1)
Australian dollars	(1)	(1)	-	-
Renminbi	1	1	-	-
US dollars	(21)	(21)	(12)	(12)

37 Financial risk management (continued)

(f) Contractual maturities of financial liabilities

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted principal cash flows and the earliest date the Group can be required to pay:

Non-derivative financial liabilities:

	Contractual maturities				Difference from carrying amounts	Carrying amounts
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows		
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
At 31 December 2018						
Trade payables	13,485	-	-	13,485	-	13,485
Other payables and accruals	36,753	-	-	36,753	-	36,753
Amounts due to CKHH group entities	34,610	34,343	17,411	86,364	-	86,364
Bank loans	1,554	32,228	-	33,782	(20)	33,762
Other loans	3	5	2	10	-	10
Notes and bonds	-	13,756	46,613	60,369	(1)	60,368
Obligations for telecommunications licences and other rights	180	6,074	559	6,813	(432)	6,381
	86,585	86,406	64,585	237,576	(453)	237,123

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK\$2,864 million in "within 1 year" maturity band, HK\$10,273 million in "after 1 year, but within 5 years" maturity band, and HK\$2,721 million in "after 5 years" maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

Derivative financial liabilities:

	Contractual maturities			
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
At 31 December 2018				
Cash flow hedges:				
Interest rate swaps				
Net outflow	(107)	(269)	-	(376)
Cross currency interest rate swaps				
Net inflow	529	988	-	1,517

37 Financial risk management (continued)

(f) Contractual maturities of financial liabilities (continued)

Non-derivative financial liabilities:

	Contractual maturities				Difference from carrying amounts	Carrying amounts
	Within 1 year HK\$ million	After 1 year, but within 5 years HK\$ million	After 5 years HK\$ million	Total undiscounted cash flows HK\$ million		
At 31 December 2017						
Trade payables	3,422	-	-	3,422	-	3,422
Other payables and accruals	22,181	-	-	22,181	-	22,181
Amounts due to CKHH group entities	34,224	36,282	18,841	89,347	-	89,347
Bank loans	3,900	5,660	-	9,560	(22)	9,538
Other loans	7	6	5	18	-	18
Obligations for telecommunications licences and other rights	468	2,305	972	3,745	(191)	3,554
	64,202	44,253	19,818	128,273	(213)	128,060

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK\$79 million in “within 1 year” maturity band, HK\$236 million in “after 1 year, but within 5 years” maturity band, and HK\$7 million in “after 5 years” maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

- (g) In accordance with the disclosure requirement of IFRS 7, the group’s financial instruments resulted in the following income, expenses and gains and losses recognised in the income statement:

	2018 HK\$ million	2017 HK\$ million
Interest from assets held at amortised cost	216	39
Net impairment expense recognised on trade receivables	(1,414)	(868)

37 Financial risk management (continued)

(h) Hedge accounting

Cash flow hedges

	2018							
	Receive average contracted interest rate	Pay average contracted interest rate	Notional amount in local currency million	Notional Amount HK\$ million	Carrying amount of derivatives included in			
					Other current assets HK\$ million	Other non current assets HK\$ million	Other current liabilities HK\$ million	Other non current liabilities HK\$ million
Hedging instruments								
Interest rate swaps - receive floating and pay fixed maturing in 2022	2.00%	2.40%	EUR 3,000	26,850	-	-	-	(192)
				26,850	-	-	-	(192)
Cross currency interest rate swaps - receive fixed and pay fixed maturing in 2021 - 2022	5.00%	2.76%	US\$ 2,000	15,600	-	317	-	-
				15,600	-	317	-	-

	2018		
	Change in value used for calculating hedge ineffectiveness HK\$ million	Surplus (deficit) in hedging reserve for continuing hedges HK\$ million	Surplus (deficit) in hedging reserve arising from hedging relationships for which hedge accounting is no longer applied HK\$ million
Hedged items			
Interest rate risk	35	63	-
Cross currency interest rate risk	(525)	(361)	-

37 Financial risk management (continued)

- (i) The following table shows the classification category and carrying amount as at 31 December 2018 and 1 January 2018 (the date of initial application of IFRS 9) under IFRS 9 and as at 31 December 2017 under IAS 39 for the Group's financial assets and financial liabilities.

	Note	Classification under IFRS 9 *	31 December 2018 Carrying amount HK\$ million	1 January 2018 Carrying amount HK\$ million	Classification under IAS 39 *	31 December 2017 Carrying amount HK\$ million
Financial assets						
Unlisted investments						
Unlisted equity securities	13	FVOCI	19	-		
Derivative financial instruments						
Cash flow hedges						
Cross currency interest rate swaps	13	Fair value - hedges	317	-		
Other derivative financial instruments	13	FVPL	6	-		
Cash and cash equivalents	14	Amortised cost	22,941	18,955	Loans and receivables	18,955
Trade receivables	15	Amortised cost	12,886	4,973	Loans and receivables	4,973
Other receivables	15	Amortised cost	7,939	11,828	Loans and receivables	11,828
			44,108	35,756		35,756
Financial liabilities						
Bank and other debts	17	Amortised cost	94,140	9,556	Amortised cost	9,556
Trade payables	18	Amortised cost	13,485	3,422	Amortised cost	3,422
Derivative financial instruments						
Cash flow hedges						
Interest rate swaps	22	Fair value - hedges	192	-		
Other payables and accruals	18	Amortised cost	36,753	22,181	Amortised cost	22,181
Obligations for telecommunications licences and other rights	22	Amortised cost	6,381	3,554	Amortised cost	3,554
			150,951	38,713		38,713
Representing:						
Financial assets measured at						
Amortised cost (2017 - Loans and receivables)			43,766	35,756		35,756
FVOCI			19	-		-
FVPL			6	-		-
Fair value - hedges			317	-		-
			44,108	35,756		35,756
Financial liabilities measured at						
Amortised cost			150,759	38,713		38,713
Fair value - hedges			192	-		-
			150,951	38,713		38,713

* see note 35.

In addition, amounts due to CKHH group entities (a form of financial liabilities) are classified as amortised cost under IFRS 9 and IAS 39. The carrying amount of these financial liabilities as at 31 December 2018 and 1 January 2018 (the date of initial application of IFRS 9) under IFRS 9 and as at 31 December 2017 under IAS 39 are HK\$86,364 million, HK\$89,347 million and HK\$89,347 million respectively. See note 20 for details.

37 Financial risk management (continued)

(j) Carrying amount and fair value of financial assets and financial liabilities

The fair value of financial assets and financial liabilities, together with the carrying amount in the combined statement of financial position, are as follows:

			2018		2017	
		Classification under	Carrying	Fair	Carrying	Fair
	Note	IFRS 9 *	amount	value	amount	value
			HK\$ million	HK\$ million	HK\$ million	HK\$ million
Financial assets						
Unlisted investments						
Unlisted equity securities	13	FVOCI	19	19	-	-
Derivative financial instruments						
Cash flow hedges						
Cross currency interest rate swaps	13	Fair value - hedges	317	317	-	-
Other derivative financial instruments	13	FVPL	6	6	-	-
Cash and cash equivalents	14	Amortised cost	22,941	22,941	18,955	18,955
Trade receivables	15	Amortised cost	12,886	12,886	4,973	4,973
Other receivables	15	Amortised cost	7,939	7,939	11,828	11,828
			44,108	44,108	35,756	35,756
Financial liabilities						
Bank and other debts ⁽ⁱ⁾	17	Amortised cost	94,140	87,004	9,556	9,552
Trade payables	18	Amortised cost	13,485	13,485	3,422	3,422
Derivative financial instruments						
Cash flow hedges						
Interest rate swaps	22	Fair value - hedges	192	192	-	-
Other payables and accruals	18	Amortised cost	36,753	36,753	22,181	22,181
Obligations for telecommunications licences and other rights	22	Amortised cost	6,381	6,381	3,554	3,554
			150,951	143,815	38,713	38,709
Representing:						
Financial assets measured at						
Amortised cost (2017 - Loans and receivables)			43,766	43,766	35,756	35,756
FVOCI			19	19	-	-
FVPL			6	6	-	-
Fair value - hedges			317	317	-	-
			44,108	44,108	35,756	35,756
Financial liabilities measured at						
Amortised cost			150,759	143,623	38,713	38,709
Fair value - hedges			192	192	-	-
			150,951	143,815	38,713	38,709

* see note 35.

- (i) The fair value of the bank and other debts are based on market quotes or estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

In addition, the fair value and carrying amount of amounts due to CKHH group entities (a form of financial liabilities classified as amortised cost under IFRS 9) as at 31 December 2018 are HK\$86,364 million and HK\$86,364 million respectively (2017 - HK\$89,347 million and HK\$89,347 million respectively). See note 20 for details.

37 Financial risk management (continued)

(k) Fair value measurements

- (i) Financial assets and financial liabilities measured at fair value

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
 Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
 Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

		2018			
		Level 1	Level 2	Level 3	Total
	Note	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Financial assets					
Unlisted investments					
Unlisted equity securities	13	-	-	19	19
Derivative financial instruments					
Cash flow hedges					
Cross currency interest rate swaps	13	-	317	-	317
Other derivative financial instruments	13	-	6	-	6
		-	323	19	342
Financial liabilities					
Derivative financial instruments					
Cash flow hedges					
Interest rate swaps	22	-	192	-	192
		-	192	-	192

The fair value of financial assets and financial liabilities that are not traded in active market is determined by using valuation techniques. Specific valuation techniques used to value financial assets and financial liabilities include discounted cash flow analysis, are used to determine fair value for the financial assets and financial liabilities.

During the year ended 31 December 2018, there were no transfers between the Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 from or to Level 1 or Level 2 fair value measurements.

37 Financial risk management (continued)

(k) Fair value measurements (continued)

(i) Financial assets and financial liabilities measured at fair value (continued)

Level 3 fair values

The movements of the balance of financial assets and financial liabilities measured at fair value based on Level 3 are as follows:

	2018 HK\$ million
At 1 January	-
Relating to subsidiaries acquired	20
Exchange translation differences	(1)
At 31 December	19

The fair value of financial assets and financial liabilities that are grouped under Level 3 is determined by using valuation techniques including discounted cash flow analysis. In determining fair value, specific valuation techniques are used with reference to inputs such as dividend stream and other specific input relevant to those particular financial assets and financial liabilities.

Changing unobservable inputs used in Level 3 valuation to reasonable alternative assumptions would not have significant impact on the Group's profit or loss.

(ii) Financial assets and financial liabilities that are not measured at fair value but fair value disclosures are required

Except for bank and other debts as detailed in the table 37(j) above, the carrying amounts of the financial assets and financial liabilities recognised in the combined statement of financial position approximate their fair values.

Fair value hierarchy

The table below analyses the fair value measurements disclosures for bank and other debts. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	Total HK\$ million
At 31 December 2018				
Bank and other debts	53,232	33,772	-	87,004
At 31 December 2017				
Bank and other debts	-	9,552	-	9,552

The fair value of the bank and other debts included in level 2 category above are estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

38 Approval of combined financial statements

The combined financial statements set out on pages 4 to 80 were approved and authorised for issue by the Board of Directors on 31 July 2019.

Principal Subsidiary companies

at 31 December 2018

	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital	Percentage of equity attributable to the Group	Principal activities	
Subsidiary companies					
Hi3G Access AB	Sweden	SEK	10,000,000	60	Mobile telecommunications services
Hi3G Denmark ApS	Denmark	DKK	64,375,000	60	Mobile telecommunications services
Three Ireland (Hutchison) Limited	Ireland	EUR	780,000,002	100	Mobile telecommunications services
Hutchison 3G Ireland Holdings Limited	United Kingdom	EUR	2	100	Holding company of mobile telecommunications services
Hutchison 3G UK Limited	United Kingdom	GBP	201	100	Mobile telecommunications services
Hutchison 3G UK Investment S.à r.l.	Luxembourg	EUR	3,596,178,200	100	Holding company of mobile telecommunications services
Hutchison Drei Austria GmbH	Austria	EUR	34,882,960	100	Mobile telecommunications services
Hutchison 3G Austria Investment S.à r.l.	Luxembourg	EUR	166,835,025	100	Holding company of mobile telecommunications services
Hutchison Europe Telecommunications S.à r.l.	Luxembourg	EUR	6,573,136,025	100	Holding company of mobile telecommunications services
* Hutchison Telecommunications Hong Kong Holdings Limited	Cayman Islands / Hong Kong	HKD	1,204,724,052	66	Holding company of mobile telecommunications services
Hutchison Telephone Company Limited	Hong Kong	HKD	2,730,684,340	50	Mobile telecommunications services
VIP-CKH Luxembourg S.à r.l.	Luxembourg	EUR	50,000	100	Holding company of mobile telecommunications services
Wind Tre S.p.A.	Italy	EUR	474,303,795	100	Mobile telecommunications services

The above table lists the principal subsidiary companies of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiary companies would, in the opinion of the directors, result in particulars of excessive length.

Unless otherwise stated, the principal place of operation of each company is the same as its place of incorporation.

The interests in the above subsidiary companies are held indirectly.

* Company listed on the Stock Exchange of Hong Kong.

** For Hong Kong incorporated companies, this represents issued ordinary share capital.

**INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM COMBINED
FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF CK HUTCHISON GROUP TELECOM HOLDINGS
LIMITED (THE "COMPANY")**

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim combined financial statements, set out on pages 2 to 38, of companies comprising the telecommunication businesses of CK Hutchison Group Telecom Holdings Limited and its subsidiaries in Europe, Hong Kong and Macau (the "Group") as described in Note 1 to the interim combined financial statements which comprise the condensed combined statement of financial position of the Group as at 30 June 2019 and the condensed combined income statement, the condensed combined statement of comprehensive income, the condensed combined statement of changes in equity and the condensed combined statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The directors of the Company are responsible for the preparation and presentation of these interim combined financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim combined financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim combined financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim combined financial statements of the Group are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 15 August 2019

CK Hutchison Group Telecom Holdings Limited
Condensed Combined Income Statement
for the six months ended 30 June 2019

Unaudited 2019 # US\$ million		Note	Unaudited	
			2019 HK\$ million	2018 * HK\$ million
5,914	Revenue	2, 3	46,128	28,426
(105)	Cost of inventories sold		(816)	(1,888)
(1,068)	Expensed customer acquisition and retention costs		(8,331)	(6,911)
(415)	Staff costs		(3,239)	(1,859)
(1,256)	Depreciation and amortisation	3	(9,793)	(3,905)
(1,629)	Other operating expenses	4	(12,707)	(8,974)
-	Share of profits less losses of joint ventures		(2)	1,900
1,441			11,240	6,789
(337)	Interest expenses and other finance costs	5	(2,626)	(1,108)
1,104	Profit before tax		8,614	5,681
(31)	Current tax	6	(242)	168
(69)	Deferred tax	6	(538)	987
1,004	Profit after tax		7,834	6,836
(36)	Profit attributable to non-controlling interests		(285)	(356)
968	Profit attributable to Parent company		7,549	6,480

See note 23.

* See note 24.

CK Hutchison Group Telecom Holdings Limited
Condensed Combined Statement of Comprehensive Income
for the six months ended 30 June 2019

Unaudited 2019 # US\$ million		Unaudited 2019 2018 * HK\$ million HK\$ million	
1,004	Profit after tax	7,834	6,836
	Other comprehensive income (losses)		
	Items that will not be reclassified to profit or loss:		
	Remeasurement of defined benefit obligations recognised directly		
(1)	in reserves	(6)	-
-	Share of other comprehensive income of joint ventures	-	10
(1)		(6)	10
	Items that have been reclassified or may be subsequently reclassified to profit or loss:		
	Cash flow hedges (cross currency interest rate swap contracts and interest rate swap contracts)		
(1)	Losses recognised directly in reserves	(10)	-
(132)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(1,030)	(770)
-	Share of other comprehensive income (losses) of joint ventures	(1)	(693)
(2)	Tax relating to items that have been reclassified or may be subsequently reclassified to profit or loss	(12)	-
(135)		(1,053)	(1,463)
(136)	Other comprehensive income (losses), net of tax	(1,059)	(1,453)
868	Total comprehensive income	6,775	5,383
(12)	Total comprehensive income attributable to non-controlling interests	(92)	(95)
856	Total comprehensive income attributable to Parent company	6,683	5,288

See note 23.

* See note 24.

CK Hutchison Group Telecom Holdings Limited
Condensed Combined Statement of Financial Position
at 30 June 2019

Unaudited 30 June 2019 [#] US\$ million		Note	Unaudited 30 June 2019 HK\$ million	Audited 31 December 2018 [*] HK\$ million
	Non-current assets			
6,973	Fixed assets	7	54,387	53,657
2,993	Right-of-use assets	8	23,348	
7,830	Telecommunications licences		61,072	60,758
4,400	Brand names and other rights		34,319	35,006
16,100	Goodwill		125,581	126,750
48	Interests in joint ventures		375	406
2,370	Deferred tax assets	9	18,486	18,917
761	Other non-current assets	10	5,932	4,644
41,475			323,500	300,138
	Current assets			
1,767	Cash and cash equivalents	11	13,785	22,941
274	Inventories		2,138	2,279
4,390	Trade receivables and other current assets	12	34,244	36,213
6,431			50,167	61,433
244	Assets classified as held for sale	13	1,906	2,352
6,675			52,073	63,785
	Current liabilities			
210	Bank and other debts	14	1,639	1,557
514	Lease liabilities		4,009	-
21	Current tax liabilities		164	31
5,917	Trade payables and other current liabilities	15	46,153	57,078
5,083	Amounts due to CKHH group entities	16	39,645	34,610
11,745			91,610	93,276
(5,070)	Net current liabilities		(39,537)	(29,491)
36,405	Total assets less current liabilities		283,963	270,647
	Non-current liabilities			
10,708	Bank and other debts	14	83,524	92,583
2,684	Lease liabilities		20,939	-
37	Deferred tax liabilities	9	288	310
84	Pension obligations		656	660
2,280	Other non-current liabilities	17	17,784	16,500
6,637	Amounts due to CKHH group entities	16	51,765	51,754
22,430			174,956	161,807
13,975	Net assets		109,007	108,840

See note 23.

* See note 24.

CK Hutchison Group Telecom Holdings Limited
Condensed Combined Statement of Financial Position
at 30 June 2019

Unaudited 30 June 2019 [#] US\$ million		Note	Unaudited 30 June 2019 HK\$ million	Audited 31 December 2018 * HK\$ million
12,595	Equity			
	Parent company investments		98,240	96,089
1,380	Non-controlling interests		10,767	12,751
13,975	Total equity		109,007	108,840

See note 23.

* See note 24.

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

CK Hutchison Group Telecom Holdings Limited
Condensed Combined Statement of Changes in Equity
for the six months ended 30 June 2019

Unaudited Total equity [#] US\$ million		Attributable to					Unaudited Total equity HK\$ million
		Exchange reserve HK\$ million	Hedging reserve HK\$ million	Other reserves including earnings HK\$ million	Parent company investments HK\$ million	Non- controlling interests HK\$ million	
13,954	At 31 December 2018*, as previously reported, and 1 January 2019	(5,006)	87	101,008	96,089	12,751	108,840
(124)	Effect on adoption of IFRS 16 (see note 24)	-	-	(943)	(943)	(25)	(968)
13,830	At 1 January 2019, as adjusted	(5,006)	87	100,065	95,146	12,726	107,872
1,004	Profit for the period	-	-	7,549	7,549	285	7,834
	Other comprehensive income (losses)						
(1)	Remeasurement of defined benefit obligations recognised directly in reserves	-	-	(6)	(6)	-	(6)
(1)	Cash flow hedges (cross currency interest rate swap contracts and interest rate swap contracts) Losses recognised directly in reserves	-	(10)	-	(10)	-	(10)
(132)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(837)	-	-	(837)	(193)	(1,030)
-	Share of other comprehensive income (losses) of joint ventures	(1)	-	-	(1)	-	(1)
(2)	Tax relating to components of other comprehensive income (losses)	-	(12)	-	(12)	-	(12)
(136)	Other comprehensive income (losses), net of tax	(838)	(22)	(6)	(866)	(193)	(1,059)
868	Total comprehensive income (losses)	(838)	(22)	7,543	6,683	92	6,775
(435)	Dividends paid to CKHH group entities	-	-	(3,395)	(3,395)	-	(3,395)
(228)	Dividends paid to non-controlling interests	-	-	-	-	(1,774)	(1,774)
(60)	Relating to purchase of non-controlling interests	-	-	(194)	(194)	(277)	(471)
(723)		-	-	(3,589)	(3,589)	(2,051)	(5,640)
13,975	At 30 June 2019	(5,844)	65	104,019	98,240	10,767	109,007

See note 23.

* See note 24.

CK Hutchison Group Telecom Holdings Limited
Condensed Combined Statement of Changes in Equity
for the six months ended 30 June 2019

Unaudited Total equity [#] US\$ million		Attributable to					Unaudited Total equity [*] HK\$ million
		Exchange reserve* HK\$ million	Hedging reserve* HK\$ million	Other reserves including earnings* HK\$ million	Parent company investments* HK\$ million	Non- controlling interests [*] HK\$ million	
8,273	At 1 January 2018	(1,024)	96	52,618	51,690	12,837	64,527
877	Profit for the period	-	-	6,480	6,480	356	6,836
	Other comprehensive income (losses)						
(99)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(509)	-	-	(509)	(261)	(770)
(88)	Share of other comprehensive income (losses) of joint ventures	(490)	(203)	10	(683)	-	(683)
(187)	Other comprehensive income (losses), net of tax	(999)	(203)	10	(1,192)	(261)	(1,453)
690	Total comprehensive income (losses)	(999)	(203)	6,490	5,288	95	5,383
(57)	Dividends paid to CKHH group entities	-	-	(441)	(441)	-	(441)
(35)	Dividends paid to non-controlling interests	-	-	-	-	(272)	(272)
(92)		-	-	(441)	(441)	(272)	(713)
8,871	At 30 June 2018	(2,023)	(107)	58,667	56,537	12,660	69,197

[#] See note 23.

^{*} See note 24.

CK Hutchison Group Telecom Holdings Limited
Condensed Combined Statement of Cash Flows
for the six months ended 30 June 2019

Unaudited 2019 # US\$ million		Note	Unaudited	
			2019 HK\$ million	2018 * HK\$ million
	Operating activities			
2,488	Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	18 (a)	19,406	8,390
(323)	Interest expenses and other finance costs paid (net of capitalisation)		(2,520)	(1,030)
(46)	Tax paid		(360)	(57)
2,119	Funds from operations (before payment of lease liabilities)		16,526	7,303
(863)	Changes in working capital	18 (b)	(6,728)	(1,865)
1,256	Net cash from operating activities		9,798	5,438
	Investing activities			
(746)	Purchase of fixed assets		(5,819)	(3,045)
(134)	Additions to telecommunications licences		(1,045)	(1,747)
(84)	Additions to brand names and other rights		(657)	(27)
(3)	Purchase of and advances to joint ventures		(26)	(42)
3	Proceeds on disposal of fixed assets		23	5
(964)	Cash flows used in investing activities		(7,524)	(4,856)
292	Net cash inflow before financing activities		2,274	582
	Financing activities			
725	New borrowings	18 (c)	5,652	-
(1,747)	Repayment of borrowings	18 (c)	(13,623)	(3,901)
(389)	Payment of lease liabilities	18 (c)	(3,029)	-
668	Net loans from CKHH group entities	18 (c)	5,210	654
(60)	Payments to acquire additional interests in subsidiary companies		(471)	-
(435)	Dividends paid to CKHH group entities		(3,395)	(441)
(228)	Dividends paid to non-controlling interests		(1,774)	(272)
(1,466)	Cash flows used in financing activities		(11,430)	(3,960)
(1,174)	Decrease in cash and cash equivalents		(9,156)	(3,378)
2,941	Cash and cash equivalents at 1 January		22,941	18,955
1,767	Cash and cash equivalents at 30 June		13,785	15,577
1,767	Cash and cash equivalents, as above		13,785	15,577
10,921	Total principal amount of bank and other debts	14	85,185	5,433
9,154	Net debt (Net cash)		71,400	(10,144)

See note 23.

* See note 24.

CK Hutchison Group Telecom Holdings Limited

Notes to the Interim Combined Financial Statements

1 Basis of preparation and changes to the Group's accounting policies

(a) Basis of preparation

CK Hutchison Group Telecom Holdings Limited (the "Company"), formerly known as CK Group Telecom Holdings Limited, is a limited company incorporated in the Cayman Islands on 26 June 2019. On 24 July 2019, the name of the Company has been changed from CK Group Telecom Holdings Limited to CK Hutchison Group Telecom Holdings Limited. The Company is an indirect wholly owned subsidiary of CK Hutchison Holdings Limited ("CKHH" or the "Parent company"), a limited company incorporated in the Cayman Islands and whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The Company and its subsidiaries are collectively referred to as the "Group". CKHH and its subsidiaries are collectively referred to as the "CKHH Group". CKHH and its subsidiaries other than the Group are collectively referred to as the "CKHH group entities".

Pursuant to an internal reorganisation exercise implemented by CKHH, which was completed on 30 July 2019, (the "Reorganisation"), companies comprising the telecommunications businesses of CKHH Group in Europe, Hong Kong and Macau (collectively the "Telecommunications Businesses") have been reorganised under the Group, including:

- 100% interests in Hutchison Drei Austria GmbH which provides mobile telecommunications services in Austria;
- 60% interests in Hi3G Access AB and Hi3G Denmark ApS which provides mobile telecommunications services in Sweden and Denmark respectively;
- 100% interests in Three Ireland (Hutchison) Limited which provides mobile telecommunications services in Ireland;
- 100% interests in Wind Tre S.p.A. which provides mobile telecommunications services in Italy. In November 2016, VIP-CKH Luxembourg S.à r.l., a 50/50 joint venture was formed to jointly own and operate the telecommunications businesses of 3 Italia S.p.A., a then indirect subsidiary of the CKHH Group, and WIND Acquisition Holdings Finance S.p.A., a then wholly-owned subsidiary of VimpelCom Ltd. In September 2018, CKHH Group acquired the remaining 50% interests in VIP-CKH Luxembourg S.à r.l. from VimpelCom Ltd and since then become the sole owner of the 3 Group Europe telecommunications businesses in Italy operated by Wind Tre S.p.A.;
- 100% interests in Hutchison 3G UK Limited which provides mobile telecommunications services in the United Kingdom; and
- 66.09% interests in Hutchison Telecommunications Hong Kong Holdings Limited which provides mobile telecommunications services in Hong Kong and Macau.

The Telecommunications Businesses have not comprised a separate legal entity as at 30 June 2019 and 31 December 2018 and for each of the six months ended 30 June 2019 and 30 June 2018 and did not therefore prepare consolidated financial statements. The Telecommunications Businesses acquired by the Company were under the common control of CKHH immediately before and after the Reorganisation. Accordingly, the financial statements in respect of the Telecommunications Businesses have been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed for the periods presented and as at 30 June 2019 and 31 December 2018.

The combined financial statements are therefore prepared on a basis that combines the results and cash flows of the Group for each of the six months ended 30 June 2019 and 30 June 2018 and combine the assets and liabilities of the Group as at 30 June 2019 and 31 December 2018, using the existing book values from CKHH Group's perspective. Inter-company transactions, balances and unrealised gains on transactions between the combining entities or businesses are eliminated. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

These unaudited combined financial statements of the Group as of and for the six months ended 30 June 2019 (the "Interim Combined Financial Statements") are prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting", issued by the International Accounting Standards Board ("IASB"). The Interim Combined Financial Statements do not contain all the notes of the type normally included in the annual combined financial statements. Accordingly, the Interim Combined Financial Statements should be read in conjunction with the audited combined financial statements of the Group for the year ended 31 December 2018 (the "2018 Annual Combined Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These financial statements have been prepared on a historical cost basis, except for the following:

- defined benefit plans plan assets, certain financial assets and liabilities (including derivative instruments) which are measured at fair values, and
- non-current assets classified as held for sale which are measured at the lower of carrying amount and fair value less cost to sell.

Non-current assets classified as held for sale are presented separately from other assets in the combined statement of financial position. See note 13 for further details.

1 Basis of preparation and changes to the Group's accounting policies (continued)

(b) Accounting policies

In the current period, the Group has adopted all of the new and revised standards, amendments and interpretations issued by the IASB that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2019. The Group had to change its accounting policies for leases with effect from 1 January 2019 as a result of adopting the new lease accounting standard International Financial Reporting Standard 16 "Leases" ("IFRS 16"). Other than changes in accounting policies resulting from application of IFRS 16, the accounting policies and methods of computation used in the preparation of the Interim Combined Financial Statements are consistent with those used in the 2018 Annual Combined Financial Statements. A summary of the accounting policies for leases adopted with effect from 1 January 2019 are set out in note 24(b) and a summary of the significant accounting policies used in the 2018 Annual Combined Financial Statements is set out in note 34 to the 2018 Annual Combined Financial Statements.

The Group has initially applied IFRS 16 with effect from 1 January 2019 and has taken transitional provisions and methods not to restate comparative information for prior periods. The comparative information continues to be reported under the accounting policies prevailing prior to 1 January 2019. The adoption of IFRS 16 has resulted in a HK\$968 million decrease in the opening balance of total equity on 1 January 2019. The effect of adoption of this standard is summarised in note 24.

The Interim Combined Financial Statements were authorised for issue by the Company's Board of Directors on 15 August 2019.

2 Revenue

(a) An analysis of revenue of the Company and subsidiary companies is as follows:

	Six months ended 30 June	
	2019	2018
	HK\$ million	HK\$ million
Sale of goods	7,858	7,516
Revenue from services	38,123	20,810
Interest	147	100
	46,128	28,426

2 Revenue (continued)

(b) Further details are set out below in respect of revenue of the Company and subsidiary companies, including the disaggregation of revenue from contracts with customers within the scope of IFRS 15:

(i) By segments

Six months ended 30 June 2019					
	Revenue from contracts with customers			Revenue from other sources HK\$ million	Total HK\$ million
	recognised at a point in time HK\$ million	recognised over time HK\$ million	Subtotal HK\$ million		
3 Group Europe	7,125	36,334	43,459	-	43,459
Hutchison Telecommunications Hong Kong Holdings	733	1,782	2,515	-	2,515
Corporate and Others	-	10	10	147	157
	7,858	38,126	45,984	147	46,131
Intra-group elimination	-	(3)	(3)	-	(3)
	7,858	38,123	45,981	147	46,128
Six months ended 30 June 2018					
	Revenue from contracts with customers			Revenue from other sources HK\$ million	Total HK\$ million
	recognised at a point in time HK\$ million	recognised over time HK\$ million	Subtotal HK\$ million		
3 Group Europe	5,338	18,962	24,300	-	24,300
Hutchison Telecommunications Hong Kong Holdings	2,178	1,843	4,021	-	4,021
Corporate and Others	-	8	8	100	108
	7,516	20,813	28,329	100	28,429
Intra-group elimination	-	(3)	(3)	-	(3)
	7,516	20,810	28,326	100	28,426

2 Revenue (continued)

- (b) Further details are set out below in respect of revenue of the Company and subsidiary companies, including the disaggregation of revenue from contracts with customers within the scope of IFRS 15 (continued):

(ii) By geographical locations

	Six months ended 30 June 2019				
	Revenue from contracts with customers recognised at a point in time	Revenue from contracts with customers recognised over time	Subtotal	Revenue from other sources	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Hong Kong and Macau	733	1,782	2,515	-	2,515
Europe	7,125	36,334	43,459	-	43,459
Corporate and Others	-	10	10	147	157
	7,858	38,126	45,984	147	46,131
Intra-group elimination	-	(3)	(3)	-	(3)
	7,858	38,123	45,981	147	46,128

	Six months ended 30 June 2018				
	Revenue from contracts with customers recognised at a point in time	Revenue from contracts with customers recognised over time	Subtotal	Revenue from other sources	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Hong Kong and Macau	2,178	1,843	4,021	-	4,021
Europe	5,338	18,962	24,300	-	24,300
Corporate and Others	-	8	8	100	108
	7,516	20,813	28,329	100	28,429
Intra-group elimination	-	(3)	(3)	-	(3)
	7,516	20,810	28,326	100	28,426

- (c) Contract balances related to contracts with customers within the scope of IFRS 15

Under IFRS 15, a contract asset or a contract liability is generated when either party to the contract performs, depending on the relationship between the entity's performance and the customer's payment. When an entity satisfies a performance obligation by transferring a promised goods or service, the entity has earned a right to consideration from the customer and, therefore, has a contract asset. When the customer performs first, for example, by prepaying its promised consideration, the entity has a contract liability. Generally, contract assets may represent conditional or unconditional rights to consideration. The right would be conditional, for example, when an entity is required first to satisfy another performance obligation in the contract before it is entitled to payment from the customer. If an entity has an unconditional right to receive consideration from the customer, the contract asset is classified as and accounted for as a receivable and presented separately from other contract assets. A right is unconditional if nothing other than the passage of time is required before payment of that consideration is due.

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers within the scope of IFRS 15.

	30 June 2019	31 December 2018
	HK\$ million	HK\$ million
Trade receivables (see note 12)	11,027	12,886
Contract assets (see notes 10 and 12)	6,003	6,943
Contract liabilities (see note 15)	(3,125)	(3,171)

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. Contract liabilities primarily relate to the Group's unfulfilled performance obligations for which consideration has been received at the reporting date. On fulfilment of its obligations, the contract liability is recognised in revenue in the period when the performance obligations are fulfilled.

3 Operating segment information

- (a) The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management and board of directors for the purposes of resource allocation, performance assessment and internal decision making, the Group presents its operating segment information based on the following two operating divisions.

3 Group Europe:

This division consists of 3 Group Europe with businesses in six countries in Europe. In the second half of 2018, the Group has acquired the remaining 50% interest in the 3 Group Europe telecommunications businesses in Italy operated by Wind Tre S.p.A. ("Wind Tre") and become the sole shareholder of Wind Tre. Results of Wind Tre for the period following the acquisition are included in the segment results (under 3 Group Europe) on a 100% basis.

Hutchison Telecommunications Hong Kong Holdings:

This division consists of a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), which is listed on the Stock Exchange.

Corporate and Others is presented to reconcile to the totals included in the Group's income statement and statement of financial position, which covers the activities of other areas of the Group that are not presented separately and includes centralised procurement, corporate head office operations and the returns earned on the Group's holdings of cash and cash equivalents.

- (b) Segment results, assets and liabilities

The following presents information regarding the Group's operating segments. Saved as disclosed in the notes below, the column headed as Company and Subsidiaries refers to the holding company of the Group and subsidiary companies' respective items and the column headed as JV refers to the Group's share of joint ventures' respective items. Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. The Group uses two measures of segment results, EBITDA (see note 3(b)(xiii)) and EBIT (see note 3(b)(xiv)).

In the current period, the Group has adopted the IFRS 16 accounting standard (which relates to accounting for leases) for its statutory reporting, but its management reporting has remained on the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17"). The Group believes that the IAS 17 basis metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), provide useful information to allow comparable growth rates to be calculated and a like-with-like comparison with the prior period results, and to better reflect management's view of the Group's underlying operational performances. Accordingly, segmental information is presented on a IAS 17 basis ("Pre-IFRS 16 basis") as this is the basis of the information used for resource allocation, performance assessment and internal decision-making. As additional information, reconciliation from Pre-IFRS 16 basis metrics to Post-IFRS 16 basis is included in the following segmental information analysis. The IAS 17 lease accounting policy is disclosed in note 34(t) of the Group's 2018 Annual Combined Financial Statements.

3 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(i) An analysis of revenue by segments

	Revenue							
	Six months ended 30 June 2019				Six months ended 30 June 2018			
	Company and Subsidiaries	JV	Total	%	Company and Subsidiaries	JV	Total	%
	HK\$ million	HK\$ million	HK\$ million		HK\$ million	HK\$ million	HK\$ million	
3 Group Europe	43,459	5	43,464	95%	24,300	11,824	36,124	90%
UK	11,826	-	11,826	26%	12,817	-	12,817	32%
Italy	21,262	-	21,262	46%	-	11,817	11,817	29%
Sweden and Denmark	3,973	5	3,978	9%	4,689	7	4,696	12%
Austria	3,772	-	3,772	8%	4,048	-	4,048	10%
Ireland	2,626	-	2,626	6%	2,746	-	2,746	7%
Hutchison Telecommunications Hong Kong Holdings	2,515	-	2,515	5%	4,021	-	4,021	10%
Corporate and Others	157	63	220	-	108	64	172	-
	46,131	68	46,199	100%	28,429	11,888	40,317	100%
Intra-group elimination	(3)	-	(3)	-	(3)	-	(3)	-
	46,128	68	46,196	100%	28,426	11,888	40,314	100%
IFRS 16 impact	-	-	-					
	46,128	68	46,196					

(ii) An analysis of EBITDA by segments

	EBITDA (LBITDA) ^(xiii)							
	Six months ended 30 June 2019				Six months ended 30 June 2018			
	Company and Subsidiaries	JV	Total	%	Company and Subsidiaries	JV	Total	%
	HK\$ million	HK\$ million	HK\$ million		HK\$ million	HK\$ million	HK\$ million	
3 Group Europe	16,297	-	16,297	93%	8,212	4,585	12,797	95%
UK	3,381	-	3,381	19%	3,938	-	3,938	29%
Italy	9,093	-	9,093	52%	-	4,585	4,585	34%
Sweden and Denmark	1,360	-	1,360	8%	1,554	-	1,554	11%
Austria	1,596	-	1,596	9%	1,827	-	1,827	14%
Ireland	867	-	867	5%	893	-	893	7%
Hutchison Telecommunications Hong Kong Holdings	628	35	663	4%	654	36	690	5%
Corporate and Others	549	-	549	3%	(72)	-	(72)	-
EBITDA	17,474 [^]	35 [^]	17,509 [^]	100%	8,794	4,621	13,415	100%
Depreciation and amortisation	(6,706)	(24)	(6,730)		(3,905)	(1,816)	(5,721)	
Interest expenses and other finance costs	(2,121)	(10)	(2,131)		(1,108)	(821)	(1,929)	
Current tax credit (charge)	(241)	(2)	(243)		168	(51)	117	
Deferred tax credit (charge)	(535)	(1)	(536)		987	(33)	954	
Non-controlling interests	(285)	-	(285)		(356)	-	(356)	
	7,586	(2)	7,584		4,580	1,900	6,480	
IFRS 16 impact								
EBITDA	3,561 [^]	- [^]	3,561 [^]					
Depreciation and amortisation	(3,087)	-	(3,087)					
Interest expenses and other finance costs	(505)	-	(505)					
Current tax	(1)	-	(1)					
Deferred tax	(3)	-	(3)					
	7,551	(2)	7,549					

[^] Post-IFRS 16 basis EBITDA
(see note 18(a)(i))

Combined Financial Statements
For the Six Months Ended 30 June 2019
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3 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(iii) An analysis of EBIT by segments

	EBIT (LBIT) ^(xiv)							
	Six months ended 30 June 2019				Six months ended 30 June 2018			
	Company and Subsidiaries	JV	Total		Company and Subsidiaries	JV	Total	
	HK\$ million	HK\$ million	HK\$ million	%	HK\$ million	HK\$ million	HK\$ million	%
3 Group Europe								
EBITDA before the following non-cash items:	16,297	-	16,297		8,212	4,585	12,797	
Depreciation	(4,313)	-	(4,313)		(2,406)	(704)	(3,110)	
Amortisation of licence fees, other rights, customer acquisition and retention costs	(2,014)	-	(2,014)		(1,112)	(1,087)	(2,199)	
EBIT - 3 Group Europe	9,970	-	9,970	92%	4,694	2,794	7,488	97%
UK	1,729	-	1,729	16%	2,128	-	2,128	28%
Italy	6,142	-	6,142	57%	-	2,794	2,794	36%
Sweden and Denmark	750	-	750	7%	973	-	973	12%
Austria	1,002	-	1,002	9%	1,155	-	1,155	15%
Ireland	347	-	347	3%	438	-	438	6%
Hutchison Telecommunications Hong Kong Holdings	249	11	260	3%	273	11	284	4%
Corporate and Others	549	-	549	5%	(78)	-	(78)	-1%
EBIT	10,768 ^	11 ^	10,779 ^	100%	4,889	2,805	7,694	100%
Interest expenses and other finance costs	(2,121)	(10)	(2,131)		(1,108)	(821)	(1,929)	
Current tax credit (charge)	(241)	(2)	(243)		168	(51)	117	
Deferred tax credit (charge)	(535)	(1)	(536)		987	(33)	954	
Non-controlling interests	(285)	-	(285)		(356)	-	(356)	
	7,586	(2)	7,584		4,580	1,900	6,480	
IFRS 16 impact								
EBIT	474 ^	- ^	474 ^					
Interest expenses and other finance costs	(505)	-	(505)					
Current tax	(1)	-	(1)					
Deferred tax	(3)	-	(3)					
	7,551	(2)	7,549					
^ Post-IFRS 16 basis EBIT	11,242	11	11,253					

3 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(iv) An analysis of depreciation and amortisation expenses by segments

	Depreciation and amortisation					
	Six months ended 30 June 2019			Six months ended 30 June 2018		
	Company and Subsidiaries		Total	Company and Subsidiaries		Total
	HK\$ million	HK\$ million		HK\$ million	HK\$ million	
3 Group Europe	6,327	-	6,327	3,518	1,791	5,309
UK	1,652	-	1,652	1,810	-	1,810
Italy	2,951	-	2,951	-	1,791	1,791
Sweden and Denmark	610	-	610	581	-	581
Austria	594	-	594	672	-	672
Ireland	520	-	520	455	-	455
Hutchison Telecommunications						
Hong Kong Holdings	379	24	403	381	25	406
Corporate and Others	-	-	-	6	-	6
	6,706	24	6,730	3,905	1,816	5,721
IFRS 16 impact	3,087	-	3,087			
	9,793	24	9,817			

(v) An analysis of capital expenditure by segments

	Capital expenditure ^(xvii)							
	Six months ended 30 June 2019				Six months ended 30 June 2018			
	Telecom- Brand names munications and			Total	Telecom- Brand names munications and			Total
	Fixed assets	licences	other rights		Fixed assets	licences	other rights	
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
3 Group Europe	5,663	1,045	657	7,365	2,763	1,747	26	4,536
UK	1,534	-	-	1,534	1,283	1,747	-	3,030
Italy	2,472	-	656	3,128	-	-	-	-
Sweden and Denmark	555	580	-	1,135	548	-	-	548
Austria	601	462	1	1,064	366	-	26	392
Ireland	501	3	-	504	566	-	-	566
Hutchison								
Telecommunications								
Hong Kong Holdings	154	-	-	154	282	-	-	282
Corporate and Others	2	-	-	2	-	-	1	1
	5,819	1,045	657	7,521	3,045	1,747	27	4,819
IFRS 16 impact	-	-	-	-				
	5,819	1,045	657	7,521				

3 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(vi) An analysis of total assets by segments

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Segment assets ^(xv)		
3 Group Europe	309,393	309,333
UK	57,058	57,614
Italy	194,572	193,225
Sweden and Denmark	20,889	21,080
Austria	20,851	21,198
Ireland	16,023	16,216
Hutchison Telecommunications Hong Kong Holdings	15,028	19,469
Corporate and Others	8,577	13,446
	332,998	342,248
IFRS 16 impact on segment assets	21,808	-
Interests in joint ventures	375	406
Deferred tax assets	18,486	18,917
Assets classified as held for sale ^(xvi)	1,906	2,352
Total assets	375,573	363,923

(vii) An analysis of total liabilities by segments

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Segment liabilities ^(xv)		
3 Group Europe	46,981	55,660
UK	11,453	12,313
Italy	28,692	34,002
Sweden and Denmark	1,993	3,798
Austria	2,381	2,828
Ireland	2,462	2,719
Hutchison Telecommunications Hong Kong Holdings	1,565	1,804
Corporate and Others	193	274
	48,739	57,738
IFRS 16 impact on segment liabilities	23,018	-
Current and non-current borrowings and other non-current liabilities	102,947	110,640
Current and deferred tax liabilities	452	341
Amounts due to CKHH group entities	91,410	86,364
Total liabilities	266,566	255,083

3 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(viii) An analysis of revenue by geographical locations

	Revenue							
	Six months ended 30 June 2019				Six months ended 30 June 2018			
	Company and Subsidiaries	JV	Total	%	Company and Subsidiaries	JV	Total	%
	HK\$ million	HK\$ million	HK\$ million		HK\$ million	HK\$ million	HK\$ million	
Hong Kong and Macau	2,515	-	2,515	5%	4,021	-	4,021	10%
Europe	43,459	5	43,464	95%	24,300	11,824	36,124	90%
Corporate and Others	157	63	220	-	108	64	172	-
	46,131	68	46,199 **	100%	28,429	11,888	40,317 **	100%
IFRS 16 impact	-	-	-					
	46,131	68	46,199 **					

** see note 3(b)(i) for reconciliation to total revenue included in the Group's combined income statement.

(ix) An analysis of EBITDA by geographical locations

	EBITDA (LBITDA) ^(xiii)							
	Six months ended 30 June 2019				Six months ended 30 June 2018			
	Company and Subsidiaries	JV	Total	%	Company and Subsidiaries	JV	Total	%
	HK\$ million	HK\$ million	HK\$ million		HK\$ million	HK\$ million	HK\$ million	
Hong Kong and Macau	628	35	663	4%	654	36	690	5%
Europe	16,297	-	16,297	93%	8,212	4,585	12,797	95%
Corporate and Others	549	-	549	3%	(72)	-	(72)	-
	17,474	35	17,509 ##	100%	8,794	4,621	13,415 ##	100%
IFRS 16 impact	3,561	-	3,561					
	21,035	35	21,070 ##					

see note 3(b)(ii) for reconciliation to total EBITDA included in the Group's combined income statement.

(x) An analysis of EBIT by geographical locations

	EBIT (LBIT) ^(xiv)							
	Six months ended 30 June 2019				Six months ended 30 June 2018			
	Company and Subsidiaries	JV	Total	%	Company and Subsidiaries	JV	Total	%
	HK\$ million	HK\$ million	HK\$ million		HK\$ million	HK\$ million	HK\$ million	
Hong Kong and Macau	249	11	260	3%	273	11	284	4%
Europe	9,970	-	9,970	92%	4,694	2,794	7,488	97%
Corporate and Others	549	-	549	5%	(78)	-	(78)	-1%
	10,768	11	10,779 @@	100%	4,889	2,805	7,694 @@	100%
IFRS 16 impact	474	-	474					
	11,242	11	11,253 @@					

@@ see note 3(b)(iii) for reconciliation to total EBIT included in the Group's combined income statement.

3 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xi) An analysis of capital expenditure by geographical locations

	Capital expenditure ^(xvii)							
	Six months ended 30 June 2019				Six months ended 30 June 2018			
	Fixed assets	Telecom- munications licences	Brand names and other rights	Total	Fixed assets	Telecom- munications licences	Brand names and other rights	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Hong Kong and Macau	154	-	-	154	282	-	-	282
Europe	5,663	1,045	657	7,365	2,763	1,747	26	4,536
Corporate and Others	2	-	-	2	-	-	1	1
	5,819	1,045	657	7,521	3,045	1,747	27	4,819
IFRS 16 impact	-	-	-	-				
	5,819	1,045	657	7,521				

(xii) An analysis of total assets by geographical locations

	30 June 2019	31 December 2018
	HK\$ million	HK\$ million
Segment assets ^(xv)		
Hong Kong and Macau	15,028	19,469
Europe	309,393	309,333
Corporate and Others	8,577	13,446
	332,998	342,248
IFRS 16 impact on segment assets	21,808	-
Interests in joint ventures	375	406
Deferred tax assets	18,486	18,917
Assets classified as held for sale ^(xvi)	1,906	2,352
	375,573	363,923
Total assets		

(xiii) EBITDA (LBITDA) represents the EBITDA (LBITDA) of the Company and subsidiary companies as well as the Group's share of the EBITDA (LBITDA) of joint ventures. EBITDA (LBITDA) is defined as earnings (losses) before interest expenses and other finance costs, tax, depreciation and amortisation, and includes profits on disposal of investments and other earnings. Information concerning EBITDA (LBITDA) has been included in the Group's financial information and financial statements and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA (LBITDA) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA (LBITDA) is therefore presented as a measure of segment results in accordance with IFRS 8. EBITDA (LBITDA) is not a measure of cash liquidity or financial performance under IFRS and the EBITDA (LBITDA) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA (LBITDA) should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with IFRS.

3 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

- (xiv) EBIT (LBIT) represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of joint ventures. EBIT (LBIT) is defined as earnings (losses) before interest expenses and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and combined financial statements and is used by many industries and investors as one measure of results from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is therefore presented as a measure of segment results in accordance with IFRS 8. EBIT (LBIT) is not a measure of financial performance under IFRS and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with IFRS.
- (xv) Segment assets and segment liabilities are measured in the same way as in the financial statements. Segment assets comprise fixed assets, right-of-use assets, telecommunications licences, brand names and other rights, goodwill, other non-current assets, cash and cash equivalents, other current assets and exclude assets classified as held for sale. Segment liabilities comprise trade and other payables, lease liabilities and pension obligations. As additional information, the Group's non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets for Hong Kong and Macau, Europe amounted to HK\$8,656 million (31 December 2018 - HK\$8,831 million), HK\$267,185 million (31 December 2018 - HK\$267,746 million) respectively.
- (xvi) See note 13.
- (xvii) For the purpose of segmental information analysis, expenditures incurred for leases are not regarded as capital expenditures.

4 Other operating expenses

Other operating expenses include cost of providing services of HK\$8,646 million and expenses for short term, low value leases and payment for variable rent of HK\$863 million. The balance of the comparative period includes cost of providing services of HK\$4,993 million and operating lease expenses of HK\$1,407 million.

5 Interest expenses and other finance costs

	Six months ended 30 June	
	2019 HK\$ million	2018 HK\$ million
Interest on borrowings	1,093	37
Interest bearing loans from CKHH group entities	1,185	987
Interest on lease liabilities	505	-
Other finance costs (income) ^(a)	(260)	10
	2,523	1,034
Amortisation of loan facilities fees and premiums or discounts relating to borrowings	4	3
Unwinding of discount	102	75
	2,629	1,112
Less: interest capitalised	(3)	(4)
	2,626	1,108

- (a) Include fair value gain of HK\$341 million (30 June 2018 - nil) on derivatives financial instruments used to manage interest rate exposure.

6 Tax

	Six months ended 30 June	
	2019	2018
	HK\$ million	HK\$ million
Current tax charge (credit)		
Hong Kong	11	3
Outside Hong Kong	231	(171)
	242	(168)
Deferred tax charge (credit)		
Hong Kong	32	38
Outside Hong Kong	506	(1,025)
	538	(987)
	780	(1,155)

Hong Kong profits tax has been provided for at the rate of 16.5% (30 June 2018 - 16.5%) on the estimated assessable profits less estimated available tax losses. Tax outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses.

7 Fixed assets

During the six months ended 30 June 2019, the Group acquired fixed assets with a cost of HK\$5,819 million (30 June 2018 - HK\$3,045 million). Fixed assets with a net book value of HK\$16 million (30 June 2018 - HK\$7 million) were disposed of during the period, resulting in a gain of HK\$7 million (30 June 2018 - loss of HK\$4 million).

8 Right-of-use assets

During the six months ended 30 June 2019, the Group entered into new lease agreements. For these new leases, the Group is required to make fixed monthly payments. On leases that commenced during the six months ended 30 June 2019, the Group has recognised HK\$2,011 million of right-of-use assets, and HK\$2,010 million of lease liabilities.

9 Deferred tax

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Deferred tax assets	18,486	18,917
Deferred tax liabilities	288	310
Net deferred tax assets	18,198	18,607

Analysis of net deferred tax assets (liabilities):

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Unused tax losses	16,389	16,943
Accelerated depreciation allowances	(1,079)	(1,229)
Fair value adjustments arising from acquisitions	553	593
Revaluation of other investments	113	124
Other temporary differences	2,222	2,176
	18,198	18,607

The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority. The amounts shown in the condensed combined statement of financial position are determined after appropriate offset.

Unutilised tax losses, tax credits and other deductible temporary differences for which the Group has not recognised deferred tax assets totalling HK\$67,539 million (31 December 2018 - HK\$70,632 million). Their potential tax effect amounted to HK\$16,049 million at 30 June 2019 (31 December 2018 - HK\$16,798 million).

10 Other non-current assets

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Customer acquisition and retention costs ^(a)	2,348	1,576
Contract assets	2,322	2,726
Unlisted investments		
Financial assets at fair value through other comprehensive income ("FVOCI") - equity securities	19	19
Derivative financial instruments		
Cash flow hedges - Cross currency interest rate swaps	588	317
Other derivative financial instruments	346	6
Others (mainly lease receivables)	309	-
	5,932	4,644

- (a) Customer acquisition and retention costs primarily relate to incremental commission costs incurred to obtain telecommunications contracts with customers. The amount of amortisation charged to the income statement for the six months ended 30 June 2019 was HK\$692 million (30 June 2018 - HK\$536 million) and there was no impairment loss in relation to the cost capitalised. The Group applies the practical expedient in paragraph 94 of IFRS 15, and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the costs that the Group otherwise would have recognised is one year or less.

11 Cash and cash equivalents

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Cash at bank and in hand	4,731	11,773
Short term bank deposits	9,054	11,168
	13,785	22,941

The carrying amount of cash and cash equivalents approximate their fair values.

12 Trade receivables and other current assets

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Trade receivables ^(a)	12,023	13,739
Less: loss allowance provision	(996)	(853)
	11,027	12,886
Other current assets		
Contract assets	3,681	4,217
Prepayments	12,066	11,171
Other receivables	7,470	7,939
	34,244	36,213

- (a) Trade receivables are stated at the expected recoverable amount, net of any provision for estimated impairment losses where it is deemed that a receivable may not be fully recoverable. The carrying amounts of these assets approximate their fair values.

At the end of the period / year, the ageing analysis of the trade receivables presented based on the invoice date, is as follows:

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Less than 31 days	9,264	8,006
Within 31 to 60 days	701	998
Within 61 to 90 days	288	581
Over 90 days	1,770	4,154
	12,023	13,739

13 Assets classified as held for sale

	30 June 2019	31 December 2018
	HK\$ million	HK\$ million
Assets classified as held for sale		
Non-current assets held for sale ^(a)	1,906	2,352

- (a) During the year ended 31 December 2018, the Group acquired the remaining 50% interest in the telecommunications businesses in Italy operated by Wind Tre and become the sole shareholder of Wind Tre. Wind Tre has a pre-existing commitment to sell certain telecommunications assets, including sites, spectrums and frequencies to an external third party. Once classified as held for sale, the transfer of the relevant asset items is expected to be completed within a year. These assets are classified for accounting purposes as assets held for sale as at the reporting date and the major classes of assets and their carrying amounts at that date are as follows:

	30 June 2019	31 December 2018
	HK\$ million	HK\$ million
Fixed assets	565	477
Telecommunications licences	1,341	1,875
	1,906	2,352

Movements of non-current assets held for sale are as follows:

	Fixed assets	Telecom- munications licences	Total
	HK\$ million	HK\$ million	HK\$ million
At 1 January 2019	477	1,875	2,352
Transfer from fixed assets	202	-	202
Disposal	(111)	(519)	(630)
Exchange translation differences	(3)	(15)	(18)
At 30 June 2019	565	1,341	1,906

14 Bank and other debts

	30 June 2019			31 December 2018		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Principal amounts						
Bank loans	1,642	27,768	29,410	1,554	32,228	33,782
Other loans	-	-	-	3	7	10
Notes and bonds	-	55,775	55,775	-	60,369	60,369
	1,642	83,543	85,185	1,557	92,604	94,161
Unamortised loan facilities fees and premiums or discounts related to debts	(3)	(19)	(22)	-	(21)	(21)
	1,639	83,524	85,163	1,557	92,583	94,140

14 Bank and other debts (continued)

Bank and other debts at principal amount are scheduled for repayment by calendar year as follows:

30 June 2019				
	Bank loans HK\$ million	Other loans HK\$ million	Notes and bonds HK\$ million	Total HK\$ million
2019, remainder of year	1,642	-	-	1,642
2021	5,328	-	-	5,328
2022	22,440	-	-	22,440
2023	-	-	12,601	12,601
2024 to 2028	-	-	43,174	43,174
	29,410	-	55,775	85,185
Less: current portion	(1,642)	-	-	(1,642)
	27,768	-	55,775	83,543

31 December 2018				
	Bank loans HK\$ million	Other loans HK\$ million	Notes and bonds HK\$ million	Total HK\$ million
2019	1,554	3	-	1,557
2020	4,028	2	-	4,030
2021	7,007	1	-	7,008
2022	21,193	1	-	21,194
2023	-	1	13,756	13,757
2024 to 2028	-	2	46,613	46,615
	33,782	10	60,369	94,161
Less: current portion	(1,554)	(3)	-	(1,557)
	32,228	7	60,369	92,604

15 Trade payables and other current liabilities

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Trade payables ^(a)	12,778	13,485
Derivative financial instruments		
Cash flow hedges - other contracts	14	-
Other current liabilities		
Contract liabilities	3,125	3,171
Provisions	3,495	3,669
Other payables and accruals	26,741	36,753
	46,153	57,078

15 Trade payables and other current liabilities (continued)

(a) At the end of the period / year, the ageing analysis of the trade payables is as follows:

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Less than 31 days	10,997	10,108
Within 31 to 60 days	73	642
Within 61 to 90 days	168	973
Over 90 days	1,540	1,762
	12,778	13,485

16 Amounts due to CKHH group entities

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Amounts due to CKHH group entities		
Current portion ^(a)	39,645	34,610
Non-current portion ^(b)	51,765	51,754
	91,410	86,364

- (a) At 30 June 2019 and 31 December 2018, the amounts due to CKHH group entities are unsecured, interest free except HK\$9,528 million (31 December 2018 - HK\$9,603 million) which bear interests at floating rate with reference to Euro Interbank Offered Rate and have no fixed terms of repayment. The carrying amounts of these liabilities approximate their fair values.
- (b) At 30 June 2019 and 31 December 2018, the amounts due to CKHH group entities are unsecured and bear interests ranging from 3.0% to 5.6% (31 December 2018 - 3.0% to 5.6%) and repayable after one year (31 December 2018 - repayable after two years). The carrying amounts of these liabilities approximate their fair values.
- (c) The balances are denominated in the following currencies:

	30 June 2019 Percentage	31 December 2018 Percentage
British Pounds	57%	60%
Euro	41%	40%
US dollars	2%	-
	100%	100%

17 Other non-current liabilities

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	285	192
Other contracts	2	-
Obligations for telecommunications licences and other rights	7,205	6,381
Other non-current liabilities	1,543	399
Provisions	8,749	9,528
	17,784	16,500

18 Notes to condensed combined statement of cash flows

(a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital

	Six months ended 30 June	
	2019	2018
	HK\$ million	HK\$ million
Profit after tax	7,834	6,836
Less: share of profits less losses of joint ventures	2	(1,900)
	7,836	4,936
Adjustments for:		
Current tax charge (credit)	242	(168)
Deferred tax charge (credit)	538	(987)
Interest expenses and other finance costs	2,626	1,108
Depreciation and amortisation	9,793	3,905
	21,035	8,794
EBITDA of Company and subsidiaries ⁽ⁱ⁾	21,035	8,794
Loss (gain) on disposal of fixed assets	(7)	4
Other items		
Customer acquisition and retention costs capitalised in the period	(1,430)	(472)
Others	(192)	64
	19,406	8,390

	Six months ended 30 June	
	2019	2018
	HK\$ million	HK\$ million
(i) Reconciliation of EBITDA:		
EBITDA of Company and subsidiaries	21,035	8,794
Share of EBITDA of joint ventures		
Share of profits less losses of joint ventures	(2)	1,900
Adjustments for:		
Depreciation and amortisation	24	1,816
Interest expenses and other finance costs	10	821
Current tax charge	2	51
Deferred tax charge	1	33
	35	4,621
	21,070	13,415

(b) Changes in working capital

	Six months ended 30 June	
	2019	2018
	HK\$ million	HK\$ million
Decrease in inventories	92	183
Decrease (increase) in debtors and prepayments	(336)	791
Decrease in creditors	(7,754)	(2,494)
Other non-cash items	1,270	(345)
	(6,728)	(1,865)

18 Notes to condensed combined statement of cash flows (continued)

(c) Reconciliation of liabilities arising from financing activities

The following table sets out an analysis of the cash flows and non-cash changes in liabilities arising from financing activities:

	Bank and other debts HK\$ million	Lease liabilities HK\$ million	Amounts due to CKHH group entities HK\$ million	Total HK\$ million
At 31 December 2018, as previously reported, and 1 January 2019	94,140	-	86,364	180,504
Effect of adoption of IFRS 16 (see note 24)	(10)	26,126	-	26,116
At 1 January 2019, as adjusted	94,130	26,126	86,364	206,620
Financing cash flows				
New borrowings	5,652	-	-	5,652
Repayment of borrowings	(13,623)	-	-	(13,623)
Capital element of lease liabilities paid	-	(3,029)	-	(3,029)
Interest element of lease liabilities paid	-	(479)	-	(479)
Net loans from CKHH group entities	-	-	5,210	5,210
Non-cash changes				
Amortisation of loan facilities fees and premiums or discounts relating to borrowings (see note 5)	4	-	-	4
Increase in lease liabilities from entering into new leases during the period (see note 8)	-	2,010	-	2,010
Interest on lease liabilities (see note 5)	-	505	-	505
Exchange translation differences	(1,000)	(185)	(164)	(1,349)
At 30 June 2019	85,163	24,948	91,410	201,521
At 1 January 2018	9,556	-	89,347	98,903
Financing cash flows				
Repayment of borrowings	(3,901)	-	-	(3,901)
Net loans from CKHH group entities	-	-	654	654
Non-cash changes				
Amortisation of loan facilities fees and premiums or discounts relating to borrowings (see note 5)	3	-	-	3
Exchange translation differences	(244)	-	(703)	(947)
At 30 June 2018	5,414	-	89,298	94,712

19 Contingent liabilities

At 30 June 2019, the Group had provided performance and other guarantees of HK\$140 million (31 December 2018 - HK\$143 million).

20 Commitments

There have been no material changes in the total amount of capital commitments since 31 December 2018 except for the amounts taken up during the period in the normal course of business.

21 Related parties transactions

There have been no material changes in the total amount of outstanding balances with joint ventures since 31 December 2018.

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Transactions between the Group and other related parties during the period are not significant to the Group. The remuneration for the directors of the Company (being the key management personnel) for the current and comparative 2018 years are borne by CKHH group entities.

22 Legal proceedings

At 30 June 2019, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

23 US dollar equivalents

Amounts in these financial statements are stated in Hong Kong dollars (HK\$), the functional currency of the Company. The translation into US dollars (US\$) of these financial statements as of, and for the six months ended, 30 June 2019, is for convenience only and has been made at the rate of HK\$7.8 to US\$1. This translation should not be construed as a representation that the Hong Kong dollar amounts actually represented have been, or could be, converted into US dollars at this or any other rate.

24 Changes in significant accounting policies

(a) IFRS 16

The new leases standard IFRS 16 “Leases” is mandatory for the Group’s financial statements for annual periods beginning on or after 1 January 2019. IFRS 16 replaces IAS 17 “Leases”.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The new lease standard requires lessees to account for all leases in a similar way to finance leases under the principles of precedent lease accounting standard IAS 17. At the commencement date of the lease the lessee recognises and measures a lease liability at the present value of the minimum future lease payments and recognises a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the lessee recognises interest expense accrued on the outstanding balance of the lease liability and the depreciation of the right-of-use asset.

Under the new lease standard, total interest and depreciation over the entire term of a lease equals total rental expense under IAS 17, but total lease expense on an individual lease basis is front loaded as interest is higher in the beginning of the term where rental expense under the IAS 17 basis is recognised on a straight-line basis.

IFRS 16 has no impact on:

- cash.
- the Group’s underlying business economics.
- how the Group operates the businesses.

IFRS 16 has a significant impact on the Group’s financial statements. Impacts include:

- statement of financial position is “grossed up”, as substantially all leases are brought on balance sheet, including lease renewals where management is “reasonably certain”.
- increase in EBITDA and EBIT (no longer operating lease expense, now interest and depreciation).
- negative net earnings and EPS impact earlier in the lease term on an individual lease basis.
- nil cumulative net earnings and EPS impact over the term of the lease.
- change in classification of amounts on the statement of cash flows and statement of financial position.

In applying IFRS 16 for the first time, the Group has applied the following recognition exemptions and practical expedients permitted by the standard:

- grandfather the definition of a lease for existing contracts at the date of initial application.
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- reliance on previous assessments on whether leases are onerous.
- the use of recognition exemption to leases with a remaining lease term of less than 12 months at 1 January 2019.
- the use of recognition exemption to leases for which the underlying asset is of low value.
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- the use of hindsight in determining lease term at the date of initial application.

(b) How the Group’s leasing activities are accounted for

Until the 2018 financial year, leases were classified as either operating leases or finance leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liability and interest on lease liability. The interest on lease liability is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- variable lease payment that are based on an index or a rate.
- amounts expected to be payable by the lessee under residual value guarantees.
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

24 Changes in significant accounting policies (continued)

(b) How the Group's leasing activities are accounted for (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability.
- lease payments made at or before the commencement date less any lease incentives received.
- initial direct costs and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Some leases contain variable payment terms that are linked to sales generated from a store. For individual retail stores, lease payments are on the basis of variable payment terms and there is a wide range of sales percentages applied. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. However, when the Group is an intermediate lessor the sublease are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

(c) Reconciliation from lease commitments to lease liabilities

Set out below is a reconciliation of the operating lease commitments disclosed at 31 December 2018 to lease liabilities recognised on 1 January 2019:

	HK\$ million
Operating lease commitments disclosed at 31 December 2018	9,566
Discounted using the Group's weighted average incremental borrowing rate of 3.6%	8,711
Add: finance lease liabilities recognised as at 31 December 2018	9
Less: leases end within 12 months from the date of initial application	(249)
Less: non lease components	(21)
Add: adjustments as a result of a different treatment of contractual and expected lease periods including extension options	17,143
Others (mainly prepaid and accrued lease expenses)	533
Lease liability recognised at 1 January 2019	<u>26,126</u>
Of which are:	
Current lease liabilities	4,925
Non-current lease liabilities	<u>21,201</u>
	<u>26,126</u>

(d) Effect on adoption of IFRS 16

The Group has initially applied IFRS 16 with effect from 1 January 2019. On adoption, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to the Group's lease liabilities on 1 January 2019 was 3.6%. For leases previously classified as finance leases under IAS 17, the Group transferred the carrying amounts (immediately before transition) of the underlying assets and obligations, previously grouped for financial statements presentation purposes under Fixed assets and Other debts, to Right-of-use assets and Lease liability at 1 January 2019.

The Group has applied the modified retrospective approach to adopt IFRS 16. The modified retrospective approach applies the requirements of the standard retrospectively with the cumulative effects of initial application recorded in opening equity at 1 January 2019, and with no restatement of the comparative period. The comparative information continues to be reported under the accounting policies prevailing prior to 1 January 2019. The adoption has resulted in a HK\$968 million decrease in the opening balance of total equity on 1 January 2019. The impact is mainly attributable to the recognition of right-of-use assets and lease liabilities of lease contracts, as explained further below.

24 Changes in significant accounting policies (continued)

(d) Effect on adoption of IFRS 16 (continued)

(i) Opening combined statement of financial position on 1 January 2019

As explained above, IFRS 16 was adopted without restating comparative information. The resulting reclassifications and adjustments arising from the new accounting policies for leases are therefore not reflected in the comparative balances, but are recognised in the opening consolidated statement of financial position on 1 January 2019.

	31 December 2018 As previously reported HK\$ million	Effect on adoption of IFRS 16 HK\$ million	1 January 2019 As adjusted HK\$ million
Non-current assets			
Fixed assets	53,657	(120)	53,537
Right-of-use assets	-	24,608	24,608
Telecommunications licences	60,758	-	60,758
Brand names and other rights	35,006	-	35,006
Goodwill	126,750	-	126,750
Interests in joint ventures	406	-	406
Deferred tax assets	18,917	207	19,124
Other non-current assets	4,644	315	4,959
	300,138	25,010	325,148
Current assets			
Cash and cash equivalents	22,941	-	22,941
Inventories	2,279	-	2,279
Trade receivables and other current assets	36,213	(1,520)	34,693
	61,433	(1,520)	59,913
Assets classified as held for sale	2,352	-	2,352
	63,785	(1,520)	62,265
Current liabilities			
Bank and other debts	1,557	(3)	1,554
Lease liabilities	-	4,925	4,925
Current tax liabilities	31	-	31
Trade payables and other current liabilities	57,078	(1,658)	55,420
Amounts due to CKHH group entities	34,610	-	34,610
	93,276	3,264	96,540
Net current liabilities	(29,491)	(4,784)	(34,275)
Total assets less current liabilities	270,647	20,226	290,873
Non-current liabilities			
Bank and other debts	92,583	(7)	92,576
Lease liabilities	-	21,201	21,201
Deferred tax liabilities	310	-	310
Pension obligations	660	-	660
Other non-current liabilities	16,500	-	16,500
Amounts due to CKHH group entities	51,754	-	51,754
	161,807	21,194	183,001
Net assets	108,840	(968)	107,872
Equity			
Parent company investments	96,089	(943)	95,146
Non-controlling interests	12,751	(25)	12,726
Total equity	108,840	(968)	107,872

24 Changes in significant accounting policies (continued)

(d) Effect on adoption of IFRS 16 (continued)

(ii) Combined income statement for the six months ended 30 June 2019

	For the six months ended 30 June 2019		
	As presented under accounting policies pre 1 January 2019 HK\$ million	Effect on adoption of IFRS 16 HK\$ million	As presented under accounting policies from 1 January 2019 HK\$ million
Revenue	46,128	-	46,128
Cost of inventories sold	(816)	-	(816)
Expensed customer acquisition and retention costs	(8,570)	239	(8,331)
Staff costs	(3,239)	-	(3,239)
Depreciation and amortisation	(6,706)	(3,087)	(9,793)
Other operating expenses	(16,029)	3,322	(12,707)
Share of profits less losses of joint ventures	(2)	-	(2)
	10,766	474	11,240
Interest expenses and other finance costs	(2,121)	(505)	(2,626)
Profit before tax	8,645	(31)	8,614
Current tax	(241)	(1)	(242)
Deferred tax	(535)	(3)	(538)
Profit after tax	7,869	(35)	7,834
Profit attributable to non-controlling interests	(285)	-	(285)
Profit attributable to Parent company	7,584	(35)	7,549

24 Changes in significant accounting policies (continued)

(d) Effect on adoption of IFRS 16 (continued)

(iii) Combined statement of comprehensive income for the six months ended 30 June 2019

	For the six months ended 30 June 2019		
	As presented under accounting policies pre 1 January 2019 HK\$ million	Effect on adoption of IFRS 16 HK\$ million	As presented under accounting policies from 1 January 2019 HK\$ million
Profit after tax	7,869	(35)	7,834
Other comprehensive income (losses)			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations recognised directly in reserves	(6)	-	(6)
	(6)	-	(6)
Items that have been reclassified or may be subsequently reclassified to profit or loss:			
Cash flow hedges (cross currency interest rate swap contracts and interest rate swap contracts)			
Losses recognised directly in reserves	(10)	-	(10)
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(1,034)	4	(1,030)
Share of other comprehensive income (losses) of joint ventures	(1)	-	(1)
Tax relating to items that have been reclassified or may be subsequently reclassified to profit or loss	(12)	-	(12)
	(1,057)	4	(1,053)
Other comprehensive income (losses), net of tax	(1,063)	4	(1,059)
Total comprehensive income	6,806	(31)	6,775
Total comprehensive income attributable to non-controlling interests	(92)	-	(92)
Total comprehensive income attributable to Parent company	6,714	(31)	6,683

24 Changes in significant accounting policies (continued)

(d) Effect on adoption of IFRS 16 (continued)

(iv) Combined statement of financial position on 30 June 2019

	As at 30 June 2019		
	As presented under accounting policies pre 1 January 2019 HK\$ million	Effect on adoption of IFRS 16 HK\$ million	As presented under accounting policies from 1 January 2019 HK\$ million
Non-current assets			
Fixed assets	54,494	(107)	54,387
Right-of-use assets	-	23,348	23,348
Telecommunications licences	61,072	-	61,072
Brand names and other rights	34,319	-	34,319
Goodwill	125,581	-	125,581
Interests in joint ventures	375	-	375
Deferred tax assets	18,283	203	18,486
Other non-current assets	5,623	309	5,932
	299,747	23,753	323,500
Current assets			
Cash and cash equivalents	13,785	-	13,785
Inventories	2,138	-	2,138
Trade receivables and other current assets	35,986	(1,742)	34,244
	51,909	(1,742)	50,167
Assets classified as held for sale	1,906	-	1,906
	53,815	(1,742)	52,073
Current liabilities			
Bank and other debts	1,640	(1)	1,639
Lease liabilities	-	4,009	4,009
Current tax liabilities	163	1	164
Trade payables and other current liabilities	48,083	(1,930)	46,153
Amounts due to CKHH group entities	39,645	-	39,645
	89,531	2,079	91,610
Net current liabilities	(35,716)	(3,821)	(39,537)
Total assets less current liabilities	264,031	19,932	283,963
Non-current liabilities			
Bank and other debts	83,532	(8)	83,524
Lease liabilities	-	20,939	20,939
Deferred tax liabilities	288	-	288
Pension obligations	656	-	656
Other non-current liabilities	17,784	-	17,784
Amounts due to CKHH group entities	51,765	-	51,765
	154,025	20,931	174,956
Net assets	110,006	(999)	109,007
Equity			
Parent company investments	99,214	(974)	98,240
Non-controlling interests	10,792	(25)	10,767
Total equity	110,006	(999)	109,007

24 Changes in significant accounting policies (continued)

(d) Effect on adoption of IFRS 16 (continued)

(v) Combined statement of cash flows for the six months ended 30 June 2019

	For the six months ended 30 June 2019		
	As presented under accounting policies pre 1 January 2019 HK\$ million	Effect on adoption of IFRS 16 HK\$ million	As presented under accounting policies from 1 January 2019 HK\$ million
	(A)		(B)
Operating activities			
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	15,845	3,561	19,406
Interest expenses and other finance costs paid (net of capitalisation)	(2,015)	(505)	(2,520)
Tax paid	(360)	-	(360)
Funds from operations (Funds from operations under (B) is before payment of lease liabilities)	13,470	3,056	16,526
Changes in working capital	(6,701)	(27)	(6,728)
Net cash from operating activities	6,769	3,029	9,798
Investing activities			
Purchase of fixed assets	(5,819)	-	(5,819)
Additions to telecommunications licences	(1,045)	-	(1,045)
Additions to brand names and other rights	(657)	-	(657)
Purchase of and advances to joint ventures	(26)	-	(26)
Proceeds on disposal of fixed assets	23	-	23
Cash flows used in investing activities	(7,524)	-	(7,524)
Net cash inflow before financing activities	(755)	3,029	2,274
Financing activities			
New borrowings	5,652	-	5,652
Repayment of borrowings	(13,623)	-	(13,623)
Payment of lease liabilities	-	(3,029)	(3,029)
Net loans from CKHH group entities	5,210	-	5,210
Payments to acquire additional interests in subsidiary companies	(471)	-	(471)
Dividends paid to CKHH group entities	(3,395)	-	(3,395)
Dividends paid to non-controlling interests	(1,774)	-	(1,774)
Cash flows used in financing activities	(8,401)	(3,029)	(11,430)
Decrease in cash and cash equivalents	(9,156)	-	(9,156)
Cash and cash equivalents at 1 January	22,941	-	22,941
Cash and cash equivalents at 30 June	13,785	-	13,785

(e) Standards issued but not yet effective and applied by the Group

A number of new standards and amendments to standards are effective for annual periods beginning on and after 1 January 2020 and earlier application is permitted. However, the Group has not early adopted these new standards or amendments to standards in preparing the Interim Combined Financial Statements. The Group is continuing to assess the implications of the adoption of these new standards and amendments to standards. Based on information currently available to the Group there are no new standards or amendments to standards that have been issued but are not yet effective and upon their initial application that would be expected to have a material impact on the financial position and / or financial performance of the Group.

25 Fair value measurement

(a) Carrying amount and fair value of financial assets and financial liabilities

The fair value of financial assets and financial liabilities, together with the carrying amount in the combined statement of financial position, are as follows:

			30 June 2019		31 December 2018	
			Carrying amount	Fair value	Carrying amount	Fair value
	Note	Classification under IFRS 9	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Financial assets						
Unlisted investments						
Unlisted equity securities	10	FVOCI	19	19	19	19
Derivative financial instruments						
Cash flow hedges						
Cross currency interest rate swaps	10	Fair value - hedges	588	588	317	317
Other derivative financial instruments	10	FVPL	346	346	6	6
Cash and cash equivalents	11	Amortised cost	13,785	13,785	22,941	22,941
Trade receivables	12	Amortised cost	11,027	11,027	12,886	12,886
Other receivables	12	Amortised cost	7,470	7,470	7,939	7,939
			33,235	33,235	44,108	44,108
Financial liabilities						
Bank and other debts ⁽ⁱ⁾	14	Amortised cost	85,163	84,721	94,140	87,004
Lease liabilities		Amortised cost	24,948	24,948	-	-
Trade payables	15	Amortised cost	12,778	12,778	13,485	13,485
Derivative financial instruments						
Cash flow hedges						
Interest rate swaps	17	Fair value - hedges	285	285	192	192
Other contracts	15 and 17	Fair value - hedges	16	16	-	-
Other payables and accruals	15	Amortised cost	26,741	26,741	36,753	36,753
Obligations for telecommunications licences and other rights	17	Amortised cost	7,205	7,205	6,381	6,381
			157,136	156,694	150,951	143,815
Representing:						
Financial assets measured at						
Amortised cost			32,282	32,282	43,766	43,766
FVOCI			19	19	19	19
FVPL			346	346	6	6
Fair value - hedges			588	588	317	317
			33,235	33,235	44,108	44,108
Financial liabilities measured at						
Amortised cost			156,835	156,393	150,759	143,623
Fair value - hedges			301	301	192	192
			157,136	156,694	150,951	143,815

- (i) The fair value of the bank and other debts are based on market quotes or estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

In addition, the fair value and carrying amount of amounts due to CKHH group entities (a form of financial liabilities classified as amortised cost under IFRS 9) as at 30 June 2019 are HK\$91,410 million and HK\$91,410 million respectively (31 December 2018 - HK\$86,364 million and HK\$86,364 million respectively). See note 16 for details.

25 Fair value measurements (continued)

(b) Financial assets and financial liabilities measured at fair value

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
 Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
 Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

		30 June 2019				31 December 2018			
	Note	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	Total HK\$ million	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	Total HK\$ million
Financial assets									
Unlisted investments									
Unlisted equity securities	10	-	-	19	19	-	-	19	19
Derivative financial instruments									
Cash flow hedges									
Cross currency interest rate swaps	10	-	588	-	588	-	317	-	317
Other derivative financial instruments	10	-	346	-	346	-	6	-	6
		-	934	19	953	-	323	19	342
Financial liabilities									
Derivative financial instruments									
Cash flow hedges									
Interest rate swaps	17	-	285	-	285	-	192	-	192
Other contracts	15 and 17	-	16	-	16	-	-	-	-
		-	301	-	301	-	192	-	192

The fair value of financial assets and financial liabilities that are not traded in active market is determined by using valuation techniques. Specific valuation techniques used to value financial assets and financial liabilities include discounted cash flow analysis, are used to determine fair value for the financial assets and financial liabilities.

During the six months ended 30 June 2019 and 2018, there were no transfers between the Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 from or to Level 1 or Level 2 fair value measurements.

Level 3 fair values

The movements of the balance of financial assets and financial liabilities measured at fair value based on Level 3 are as follows:

	Six months ended 30 June	
	2019	2018
	HK\$ million	HK\$ million
At 1 January and 30 June	19	-

The fair value of financial assets and financial liabilities that are grouped under Level 3 is determined by using valuation techniques including discounted cash flow analysis. In determining fair value, specific valuation techniques are used with reference to inputs such as dividend stream and other specific input relevant to those particular financial assets and financial liabilities.

Changing unobservable inputs used in Level 3 valuation to reasonable alternative assumptions would not have significant impact on the Group's profit or loss.

APPENDIX

For illustrative purposes only, CK Hutchison Group Telecom has compiled and included in this Prospectus the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019.

The Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 have been prepared for illustrative purposes only, to illustrate how the combined financial position of the Group as at 31 December 2018 and as at 30 June 2019 respectively, and the combined financial results and the combined cash flows of the Group for the year ended 31 December 2018 and for the six months ended 30 June 2019 respectively, as set out in the Combined Financial Statements for the Year Ended 31 December 2018 and Combined Financial Statements for the Six Months Ended 30 June 2019 respectively, might have been affected as if certain events as described in note 3(b) of the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 respectively had occurred as of 31 December 2018 and as of 30 June 2019 respectively for the purpose of the pro forma combined statement of financial position as at 31 December 2018 and as at 30 June 2019 respectively or immediately prior to 1 January 2018 and 1 January 2019 respectively for the purpose of the pro forma combined income statement and the pro forma combined statement of cash flows for the year ended 31 December 2018 and for the six months ended 30 June 2019 respectively rather than the actual dates of which such events actually took place. The key assumptions and adjustments made for the compilation and the applicable basis of which the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 have been compiled are set out in notes 3 and 4 of the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 respectively.

The Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 have not been audited or reviewed in accordance with any generally accepted auditing standards. The Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 have been compiled for illustrative purposes only and, because of its hypothetical nature, does not purport to give a true picture of the actual combined financial position of the Group as at 31 December 2018 and as at 31 June 2019 respectively, and the actual combined financial results and the actual combined cash flows of the Group for the year ended 31 December 2018 and for the six months ended 30 June 2019 respectively would have been had the relevant events occurred as described above. Therefore, the actual combined financial position, financial results and cash flows of the Group after the occurrence of such events may differ significantly from those reflected in the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 and the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019. Further, in consideration that the pro forma effects are calculated differently with reference to the financial position as compared to the financial results and cash flows, the pro forma combined statement of financial position of the Group as at 31 December 2018 and as at 30 June 2019, the pro forma combined income statement and the pro forma combined statement of cash flows of the Group for the year ended 31 December 2018 and for the six months ended 30 June 2019 have to be interpreted separately, without seeking to read them in conjunction with each other.

Unaudited Pro Forma Financial Information of CK Hutchison Group Telecom Holdings Limited for the year ended 31 December 2018

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Unaudited Pro Forma Financial Information of CK Hutchison Group Telecom Holdings Limited for the six months ended 30 June 2019

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Independent Auditor's Assurance Report on the Compilation of Unaudited Pro Forma Financial Information Included in a Prospectus

To the Board of Directors (the "Directors") of CK Hutchison Group Telecom Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have completed our assurance engagement to report on the compilation of unaudited pro forma combined financial information of CK Hutchison Group Telecom Holdings Limited (the "Company") and its subsidiaries (the "Group") by the Directors. The unaudited pro forma combined financial information consists of the unaudited pro forma combined statement of financial position as at 31 December 2018, the unaudited pro forma combined income statement and the unaudited pro forma combined statement of cash flows for the year ended 31 December 2018 and other explanatory information (the "Unaudited Pro Forma Financial Information") as set out on pages A-6 to A-12 of the prospectus issued in relation to the issuance of notes by CK Hutchison Group Telecom Finance S.A. (the "Prospectus") on the *Bourse de Luxembourg* market of the Luxembourg Stock Exchange. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are specified in Section 1 and 2 of Annex 20 of the Commission Delegated Regulation (EU) 2019/980, relating to information contained in prospectuses (the "Regulation") and are described in notes 3 and 4 to the Unaudited Pro Forma Financial Information (the "Applicable Criteria").

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate how the combined financial position of the Group as at 31 December 2018, and the combined financial results and the combined cash flows of the Group for the year ended 31 December 2018 might have been affected as if the events as set out in note 3(b) to the Unaudited Pro Forma Financial Information had occurred at an earlier date as described therein. As part of this process, the unadjusted financial information about the Group's combined financial position as at 31 December 2018, the combined financial results and the combined cash flows for the year ended 31 December 2018 have been extracted by the Directors from the audited combined financial statements of the Group as of and for the year ended 31 December 2018, on which an auditor report has been issued.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information on the basis of the Applicable Criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

Our responsibility is to express an opinion, as required by Section 3 of Annex 20 of the Regulation, about whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, by the Directors on the basis of the Applicable Criteria and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus". This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Unaudited Pro Forma Financial Information on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event on unadjusted financial information of the Group as if the event had occurred at an earlier date selected for the purpose of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events as set out in note 3(b) to the Unaudited Pro Forma Financial Information at the dates as described therein would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the events and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those Applicable Criteria;
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group and its accounting policies and the basis on which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated by the Directors and such basis is consistent with the accounting policies of the Group as set out in note 34 of the audited combined financial statements of the Group as of and for the year ended 31 December 2018.

Restriction of use of the report

This report is required by the Regulation and is provided solely for the purpose of being included in the Prospectus to comply with the requirements of the Regulation and for no other purpose.

The Unaudited Pro Forma Financial Information of the Company has not been prepared in accordance with the requirements of Regulation S-X of the United States of America (the “US”) Securities and Exchange Commission or practices generally accepted in the US. Our procedures on the Unaudited Pro Forma Financial Information have not been carried out in accordance with auditing standards or other standards and practices generally accepted in the US. Accordingly, our report should not be relied upon as if our procedures had been carried out in accordance with those standards and practices.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 10 October 2019

Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 of CK Hutchison Group Telecom Holdings Limited

1. Introduction

The following is an illustrative unaudited pro forma combined statement of financial position as at 31 December 2018, an illustrative unaudited pro forma combined income statement for the year ended 31 December 2018, and an illustrative unaudited pro forma combined statement of cash flows for the year ended 31 December 2018 of CK Hutchison Group Telecom Holdings Limited (the “Company”) and its subsidiaries (the “Group”), and other explanatory information (the “Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018”).

The Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 has been prepared for illustrative purposes only, to illustrate the impact of the Reorganisation and other events as described in note 3(b) below (the “Reorganisation and Other Events”) on how the combined financial position of the Group as at 31 December 2018, and the combined financial results and the combined cash flows of the Group for the year ended 31 December 2018 might have been impacted as if the Reorganisation and Other Events had been undertaken at an earlier date as described in note 3(b).

Because of its hypothetical nature, the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 does not purport to give a true picture of the actual combined financial position of the Group as at 31 December 2018, and the actual combined financial results and the actual combined cash flows of the Group for the year ended 31 December 2018 had the Reorganisation and Other Events been undertaken at an earlier date as described in note 3(b). Therefore, the actual combined financial position, financial results and cash flows of the Group after occurrence of the Reorganisation and Other Events may differ significantly from those reflected in the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018. Further, in consideration that the pro forma effects are calculated differently with reference to the financial position as compared to the financial results and cash flows, the pro forma combined statement of financial position of the Group as at 31 December 2018, the pro forma combined income statement and the pro forma combined statement of cash flows of the Group for the year ended 31 December 2018 have to be interpreted separately, without seeking to read them in conjunction with each other.

CK Hutchison Holdings Limited (“CKHH” or the “Parent company”) and its subsidiaries are referred to as “CKHH Group”. CKHH and its subsidiaries other than the Group are referred to as “CKHH group entities”.

2. Significant Events

(a) Reorganisation

Pursuant to an internal reorganisation exercise implemented by the Parent company, which was completed on 30 July 2019, (the “Reorganisation”), companies comprising the telecommunications businesses of CKHH Group in Europe, Hong Kong and Macau (the “Telecommunications Businesses”) have been reorganised under the Group, and loans owing by the Telecommunications Businesses to CKHH group entities have been assigned to the Group.

(b) Acquisition of the remaining equity interest in a joint venture company

In September 2018, CKHH Group acquired the remaining 50% interest not owned by CKHH Group in VIP-CKH Luxembourg S.à r.l., which holds the 3 Group Europe telecommunications businesses in Italy operated by Wind Tre S.p.A. (“Wind Tre”), from VimpelCom Ltd and became

Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 of CK Hutchison Group Telecom Holdings Limited

the sole owner of Wind Tre. This acquisition resulted in a cash outflow of HK\$21,744 million (before netting off HK\$7,396 million cash and cash equivalents acquired) in 2018.

(c) Purchases of debts issued by Wind Tre

In the second half of 2018 and the first half of 2019, CKHH Group acquired certain debts issued by Wind Tre. These purchases resulted in cash outflows of HK\$5,379 million in the second half of 2018 and HK\$4,259 million in the first half of 2019.

3. Basis of compilation of the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018

- (a) The Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 is based on the audited combined financial statements of the Group as of and for the year ended 31 December 2018 (the “Combined Financial Statements for the Year Ended 31 December 2018”) which were prepared under the accounting policies adopted by the Group and in accordance with International Financial Reporting Standards and audited by PricewaterhouseCoopers, Certified Public Accountants, in accordance with International Standards on Auditing. The independent auditor’s report on the Combined Financial Statements for the Year Ended 31 December 2018 does not contain any qualification.

The Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 has been prepared in a manner consistent with the accounting policies adopted by the Group as set out in the Combined Financial Statements for the Year Ended 31 December 2018. In arriving at the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018, certain assumptions and adjustments have been made. The Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 should be read in conjunction with the Combined Financial Statements for the Year Ended 31 December 2018, assumptions and adjustments, and other basis of compilation described in notes 3 and 4.

- (b) For the compilation of the Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018 the following are assumed to have occurred at 31 December 2018 for the purpose of the pro forma combined statement of financial position as at 31 December 2018 or immediately prior to 1 January 2018 for the purpose of the pro forma combined income statement and the pro forma combined statement of cash flows for the year ended 31 December 2018:
- (i) The reorganisation of the Telecommunications Businesses under the Group and assignments to the Group of loans owing by the Telecommunications Businesses to CKHH group entities completed on 30 July 2019 as described in note 2(a).
 - (ii) The acquisition of the remaining 50% interest not owned by CKHH Group in VIP-CKH Luxembourg S.à r.l. in September 2018 as described in note 2(b).
 - (iii) The purchases of certain debts issued by Wind Tre in the second half of 2018 and first half of 2019 as described in note 2(c).
 - (iv) Reimbursement by CKHH group entities of procurement and other services fees of HK\$179 million is assumed to have ceased.

**Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018
of CK Hutchison Group Telecom Holdings Limited**

4. Pro forma adjustments

- (a) Being adjustments to illustrate the pro forma effects of the loan assignments, as described in note 3(b)(i), which would have:
 - (i) increased the Parent company investments by HK\$86,364 million in the pro forma combined statement of financial position of the Group as at 31 December 2018 reflecting contribution by CKHH group entities to the Group of loans owing by the Telecommunications Businesses to CKHH group entities.
 - (ii) increased the profit attributable to Parent company by HK\$2,457 million in the pro forma combined income statement of the Group for the year ended 31 December 2018 and increased the cash and cash equivalents at 31 December 2018 by the same amount of HK\$2,457 million in the pro forma combined statement of cash flows of the Group for the year ended 31 December 2018 reflecting savings in interest expenses on the loans assigned to the Group. This adjustment is expected to have a continuing effect on the Group.
- (b) Being adjustments to illustrate the pro forma effects of the acquisition of the remaining 50% interest in VIP-CKH Luxembourg S.à r.l., as described in note 3(b)(ii), which would have:
 - (i) increased the profit attributable to Parent company by HK\$2,422 million in the pro forma combined income statement of the Group for the year ended 31 December 2018 reflecting the incorporation of an additional 50% share of the results of Wind Tre amounting to HK\$2,422 million for the first eight months in 2018 before its acquisition. This adjustment is expected to have a continuing effect on the Group.
 - (ii) reduced the profit attributable to Parent company by HK\$8,600 million in the pro forma combined income statement of the Group for the year ended 31 December 2018 reflecting the reversal of profits on disposal of investments and others by HK\$8,600 million. This adjustment is not expected to have a continuing effect on the Group.
- (c) Being adjustments to illustrate the pro forma effects of the purchases of certain debts issued by Wind Tre, as described in note 3(b)(iii), which would have:
 - (i) increased the Parent company investments by HK\$4,259 million in the pro forma combined statement of financial position of the Group as at 31 December 2018 reflecting contribution of certain Wind Tre's debts by CKHH group entities to the Group of HK\$4,259 million.
 - (ii) increased the profit attributable to Parent company by HK\$198 million in the pro forma combined income statement of the Group for the year ended 31 December 2018 and increased the cash and cash equivalents at 31 December 2018 by the same amount of HK\$198 million in the pro forma combined statement of cash flows of the Group for the year ended 31 December 2018 reflecting savings in interest expenses on Wind Tre's debts contributed to the Group. This adjustment is expected to have a continuing effect on the Group.
 - (iii) reduced the profit attributable to Parent company by HK\$276 million in the pro forma combined income statement of the Group for the year ended 31 December 2018 reflecting the reversal of non-cash gains on buying back certain of Wind Tre's debts of HK\$276 million. This adjustment is not expected to have a continuing effect on the Group.

**Unaudited Pro Forma Financial Information for the Year Ended 31 December 2018
of CK Hutchison Group Telecom Holdings Limited**

For the purpose of the Unaudited Pro Forma Financial Information, the purchases in the first half of 2019 of certain debts issued by Wind Tre amounting to HK\$4,259 million have been converted from Euro into HK dollar at the rate of 1 Euro = HK\$8.95.

- (d) Being adjustments to illustrate the pro forma effects of the reversal of reimbursement by CKHH group entities of procurement and other services fees of HK\$179 million, as described in note 3(b)(iv), which would have reduced the profit attributable to Parent company by HK\$179 million in the pro forma combined income statement of the Group for the year ended 31 December 2018. This adjustment is expected to have a continuing effect on Group.

Unaudited Pro Forma Combined Statement of Financial Position at 31 December 2018 of CK Hutchison Group Telecom Holdings Limited

	Audited	Pro forma adjustments				Pro stat
	Combined statement of financial position	Loan assignments Note 4(a)	50% additional interests in Wind Tre Note 4(b)	Purchase of certain Wind Tre's debts Note 4(c)	Reversal of procurement and other services fees Note 4(d)	
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
Non-current assets						
Fixed assets	53,657	-	-	-	-	
Telecommunications licences	60,758	-	-	-	-	
Brand names and other rights	35,006	-	-	-	-	
Goodwill	126,750	-	-	-	-	
Interests in joint ventures	406	-	-	-	-	
Deferred tax assets	18,917	-	-	-	-	
Other non-current assets	4,644	-	-	-	-	
	300,138	-	-	-	-	
Current assets						
Cash and cash equivalents	22,941	-	-	-	-	
Inventories	2,279	-	-	-	-	
Trade receivables and other current assets	36,213	-	-	-	-	
	61,433	-	-	-	-	
Assets classified as held for sale	2,352	-	-	-	-	
	63,785	-	-	-	-	
Current liabilities						
Bank and other debts	1,557	-	-	-	-	
Current tax liabilities	31	-	-	-	-	
Trade payables and other current liabilities	57,078	-	-	-	-	
Amounts due to CKHH group entities	34,610	(34,610)	-	-	-	
	93,276	(34,610)	-	-	-	
Net current assets (liabilities)	(29,491)	34,610	-	-	-	
Total assets less current liabilities	270,647	34,610	-	-	-	
Non-current liabilities						
Bank and other debts	92,583	-	-	(4,259)	-	
Deferred tax liabilities	310	-	-	-	-	
Pension obligations	660	-	-	-	-	
Other non-current liabilities	16,500	-	-	-	-	
Amounts due to CKHH group entities	51,754	(51,754)	-	-	-	
	161,807	(51,754)	-	(4,259)	-	
Net assets	108,840	86,364	-	4,259	-	
Equity						
Parent company investments	96,089	86,364	-	4,259	-	
Non-controlling interests	12,751	-	-	-	-	
Total equity	108,840	86,364	-	4,259	-	

Unaudited Pro Forma Financial Information
For the Year Ended 31 December 2018

Unaudited Pro Forma Combined Income Statement for the year ended 31 December 2018 of CK Hutchison Group

	Audited	Pro forma adjustments		
	Combined income statement	Loan assignments Note 4(a)	50% additional interests in Wind Tre Note 4(b)	
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Revenue	71,045	-	31,061	-
Cost of inventories sold	(3,645)	-	-	-
Expensed customer acquisition and retention costs	(15,693)	-	(2,155)	-
Staff costs	(4,482)	-	(1,841)	-
Depreciation and amortisation	(9,490)	-	(4,816)	-
Other operating expenses	(22,915)	-	(15,143)	-
Profits on disposal of investments and others	8,600	-	-	(8,600)
Share of profits less losses of joint ventures	2,418	-	(2,422)	-
	25,838	-	4,684	(8,600)
Interest expenses and other finance costs	(3,540)	2,457	(2,093)	-
Profit before tax	22,298	2,457	2,591	(8,600)
Current tax credit (charge)	511	-	(109)	-
Deferred tax credit (charge)	1,620	-	(60)	-
Profit after tax	24,429	2,457	2,422	(8,600)
Profit attributable to non-controlling interests	(660)	-	-	-
Profit attributable to Parent company	23,769	2,457	2,422	(8,600)

Unaudited Pro Forma Combined Statement of Cash Flows for the year ended 31 December 2018 of CK Hutchison Group Telecom Holdings

	Audited		Pro forma adjustments			
	Combined statement of cash flows	Loan assignments Note 4(a)	50% additional interests in Wind Tre Note 4(b)		Purchases of certain Wind Tre's debts Note 4(c)	Reversal of procurement other services Note 4(d)
			HK\$ million	HK\$ million		
Operating activities						
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	22,390	-	10,514	-	11	-
Interest expenses and other finance costs paid (net of capitalisation)	(3,390)	2,457	(1,959)	-	198	-
Tax recovered (paid)	259	-	(250)	-	-	-
Funds from operations	19,259	2,457	8,305	-	209	-
Changes in working capital	720	-	(2,472)	-	2	-
Net cash from (to) operating activities	19,979	2,457	5,833	-	211	-
Investing activities						
Purchase of fixed assets	(11,503)	-	(3,209)	-	-	-
Additions to telecommunications licences	(6,384)	-	(22)	-	-	-
Additions to brand names and other rights	(1,342)	-	(946)	-	-	-
Purchase of subsidiary companies	(14,348)	-	(7,396)	21,744	-	-
Purchase of and advances to joint ventures	(72)	-	-	-	-	-
Proceeds on disposal of fixed assets	29	-	28	-	-	-
Cash flows from (used in) investing activities before purchase of / disposal of other listed investments	(33,620)	-	(11,545)	21,744	-	-
Disposal of other listed investments	387	-	-	-	(387)	-
Purchase of other listed investments issued by joint ventures	(5,766)	-	-	-	5,766	-
Cash flows from (used in) investing activities	(38,999)	-	(11,545)	21,744	5,379	-
Net cash inflows (outflows) before financing activities	(19,020)	2,457	(5,712)	21,744	5,590	-
Financing activities						
New borrowings	1,631	-	(2)	-	-	-
Repayment of borrowings	(3,907)	-	-	-	-	-
Net loans from (to) CKHH group entities	965	-	(15)	-	-	-
Issue of shares by subsidiary companies to CKHH group entities	27,136	-	-	(21,744)	(5,392)	-
Distributions and dividends paid to CKHH group entities	(2,496)	-	-	-	-	-
Dividends paid to non-controlling interests	(323)	-	-	-	-	-
Cash flows from (used in) financing activities	23,006	-	(17)	(21,744)	(5,392)	-
Increase (decrease) in cash and cash equivalents	3,986	2,457	(5,729)	-	198	-
Cash and cash equivalents at 1 January	18,955	-	5,729	-	-	-
Cash and cash equivalents at 31 December	22,941	2,457	-	-	198	-

Independent Auditor's Assurance Report on the Compilation of Unaudited Pro Forma Financial Information Included in a Prospectus

To the Board of Directors (the "Directors") of CK Hutchison Group Telecom Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have completed our assurance engagement to report on the compilation of unaudited pro forma combined financial information of CK Hutchison Group Telecom Holdings Limited (the "Company") and its subsidiaries (the "Group") by the Directors. The unaudited pro forma combined financial information consists of the unaudited pro forma combined statement of financial position as at 30 June 2019, the unaudited pro forma combined income statement and the unaudited pro forma combined statement of cash flows for the six months ended 30 June 2019 and other explanatory information (the "Unaudited Pro Forma Financial Information") as set out on pages A-16 to A-21 of the prospectus issued in relation to the issuance of notes by CK Hutchison Group Telecom Finance S.A. (the "Prospectus") on the *Bourse de Luxembourg* market of the Luxembourg Stock Exchange. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are specified in Section 1 and 2 of Annex 20 of the Commission Delegated Regulation (EU) 2019/980, relating to information contained in prospectuses (the "Regulation") and are described in notes 3 and 4 to the Unaudited Pro Forma Financial Information (the "Applicable Criteria").

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate how the combined financial position of the Group as at 30 June 2019, and the combined financial results and the combined cash flows of the Group for the six months ended 30 June 2019 might have been affected as if the events as set out in note 3(b) to the Unaudited Pro Forma Financial Information had occurred at an earlier date as described therein. As part of this process, the unadjusted financial information about the Group's combined financial position as at 30 June 2019, the combined financial results and the combined cash flows for the six months ended 30 June 2019 have been extracted by the Directors from the unaudited interim combined financial statements of the Group as of and for the six months ended 30 June 2019, on which a review report has been issued.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information on the basis of the Applicable Criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

Our responsibility is to express an opinion, as required by Section 3 of Annex 20 of the Regulation, about whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, by the Directors on the basis of the Applicable Criteria and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus". This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Unaudited Pro Forma Financial Information on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event on unadjusted financial information of the Group as if the event had occurred at an earlier date selected for the purpose of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events as set out in note 3(b) to the Unaudited Pro Forma Financial Information at the dates as described therein would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the events and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those Applicable Criteria;
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group and its accounting policies and the basis on which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated by the Directors and such basis is consistent with the accounting policies of the Group as set out in note 1(b) of the unaudited interim combined financial statements of the Group as of and for the six months ended 30 June 2019.

Restriction of use of the report

This report is required by the Regulation and is provided solely for the purpose of being included in the Prospectus to comply with the requirements of the Regulation and for no other purpose.

The Unaudited Pro Forma Financial Information of the Company has not been prepared in accordance with the requirements of Regulation S-X of the United States of America (the “US”) Securities and Exchange Commission or practices generally accepted in the US. Our procedures on the Unaudited Pro Forma Financial Information have not been carried out in accordance with auditing standards or other standards and practices generally accepted in the US. Accordingly, our report should not be relied upon as if our procedures had been carried out in accordance with those standards and practices.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 10 October 2019

Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 of CK Hutchison Group Telecom Holdings Limited

1. Introduction

The following is an illustrative unaudited pro forma combined statement of financial position as at 30 June 2019, an illustrative unaudited pro forma combined income statement for the six months ended 30 June 2019, and an illustrative unaudited pro forma combined statement of cash flows for the six months ended 30 June 2019 of CK Hutchison Group Telecom Holdings Limited (the “Company”) and its subsidiaries (the “Group”), and other explanatory information (the “Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019”).

The Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 has been prepared for illustrative purposes only, to illustrate the impact of the Reorganisation and other events as described in note 3(b) below (the “Reorganisation and Other Events”) on how the combined financial position of the Group as at 30 June 2019, and the combined financial results and the combined cash flows of the Group for the six months ended 30 June 2019 might have been impacted as if the Reorganisation and Other Events had been undertaken at an earlier date as described in note 3(b).

Because of its hypothetical nature, the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 does not purport to give a true picture of the actual combined financial position of the Group as at 30 June 2019, and the actual combined financial results and the actual combined cash flows of the Group for the six months ended 30 June 2019 had the Reorganisation and Other Events been undertaken at an earlier date as described in note 3(b). Therefore, the actual combined financial position, financial results and cash flows of the Group after occurrence of the Reorganisation and Other Events may differ significantly from those reflected in the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019. Further, in consideration that the pro forma effects are calculated differently with reference to the financial position as compared to the financial results and cash flows, the pro forma combined statement of financial position of the Group as at 30 June 2019, the pro forma combined income statement and the pro forma combined statement of cash flows of the Group for the six months ended 30 June 2019 have to be interpreted separately, without seeking to read them in conjunction with each other.

CK Hutchison Holdings Limited (“CKHH” or the “Parent company”) and its subsidiaries are referred to as “CKHH Group”. CKHH and its subsidiaries other than the Group are referred to as “CKHH group entities”.

2. Significant Events

(a) Reorganisation

Pursuant to an internal reorganisation exercise implemented by the Parent company, which was completed on 30 July 2019, (the “Reorganisation”), companies comprising the telecommunications businesses of CKHH Group in Europe, Hong Kong and Macau (the “Telecommunications Businesses”) have been reorganised under the Group, and loans owing by the Telecommunications Businesses to CKHH group entities have been assigned to the Group.

(b) Purchases of debts issued by Wind Tre

In the first half of 2019, CKHH Group acquired certain debts issued by Wind Tre. These purchases resulted in cash outflows in the first half of 2019 amounting to Euro 476m, or HK\$4,259 million (translated for illustrative purposes using a rate of 1 Euro = HK\$8.95).

Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 of CK Hutchison Group Telecom Holdings Limited

3. Basis of compilation of the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019

- (a) The Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 is based on the unaudited interim combined financial statements of the Group as of and for the six months ended 30 June 2019 (the “Unaudited Interim Combined Financial Statements for the Six Months Ended 30 June 2019”) which were prepared under the accounting policies adopted by the Group and in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board and reviewed by PricewaterhouseCoopers, Certified Public Accountants, in accordance with International Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the International Auditing and Assurance Standards Board. The independent auditor’s report on the Unaudited Interim Combined Financial Statements for the Six Months Ended 30 June 2019 does not contain any qualification.

The Unaudited Pro Forma Financial Information for Six Months Ended 30 June 2019 has been prepared in a manner consistent with the accounting policies adopted by the Group as set out in the Unaudited Interim Combined Financial Statements for the Six Months Ended 30 June 2019. In arriving at the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019, certain assumptions and adjustments have been made. The Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 should be read in conjunction with the Unaudited Interim Combined Financial Statements for the Six Months Ended 30 June 2019, assumptions and adjustments, and other basis of compilation described in notes 3 and 4.

- (b) For the compilation of the Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019 the following are assumed to have occurred at 30 June 2019 for the purpose of the pro forma combined statement of financial position as at 30 June 2019 or immediately prior to 1 January 2019 for the purpose of the pro forma combined income statement and the pro forma combined statement of cash flows for the six months ended 30 June 2019:
- (i) The reorganisation of the Telecommunications Businesses under the Group and assignments to the Group of loans owing by the Telecommunications Businesses to CKHH group entities completed on 30 July 2019 as described in note 2(a).
 - (ii) The purchases of certain debts issued by Wind Tre in the first half of 2019 as described in note 2(b).
 - (iii) Reimbursement by CKHH group entities of procurement and other services fees of HK\$102 million is assumed to have ceased.

**Unaudited Pro Forma Financial Information for the Six Months Ended 30 June 2019
of CK Hutchison Group Telecom Holdings Limited**

4. Pro forma adjustments

- (a) Being adjustments to illustrate the pro forma effects of the loan assignments, as described in note 3(b)(i), which would have:
 - (i) increased the Parent company investments by HK\$91,410 million in the pro forma combined statement of financial position of the Group as at 30 June 2019 reflecting contribution by CKHH group entities to the Group of loans owing by the Telecommunications Businesses to CKHH group entities.
 - (ii) increased the profit attributable to Parent company by HK\$1,185 million in the pro forma combined income statement of the Group for the six months ended 30 June 2019 and increased the cash and cash equivalents as at 30 June 2019 by the same amount of HK\$1,185 million in the pro forma combined statement of cash flows of the Group for the six months ended 30 June 2019 reflecting savings in interest expenses on the loans assigned to the Group. This adjustment is expected to have a continuing effect on the Group.
- (b) Being adjustments to illustrate the pro forma effects of the purchases of certain debts issued by Wind Tre, as described in note 3(b)(ii), which would have:
 - (i) increased the profit attributable to Parent company by HK\$35 million in the pro forma combined income statement of the Group for the six months ended 30 June 2019 and increased the cash and cash equivalents as at 30 June 2019 by the same amount of HK\$35 million in the pro forma combined statement of cash flows of the Group for the six months ended 30 June 2019 reflecting savings in interest expenses on Wind Tre's debts contributed to the Group. This adjustment is expected to have a continuing effect on the Group.
 - (ii) reduced the profit attributable to Parent company by HK\$259 million in the pro forma combined income statement of the Group for the six months ended 30 June 2019 reflecting the reversal of non-cash gains on buying back certain of Wind Tre's debts of HK\$259 million. This adjustment is not expected to have a continuing effect on the Group.
- (c) Being adjustments to illustrate the pro forma effects of the reversal of reimbursement by CKHH group entities of procurement and other services fees of HK\$102 million, as described in note 3(b)(iii), which would have reduced the profit attributable to Parent company by HK\$102 million in the pro forma combined income statement of the Group for the six months ended 30 June 2019. This adjustment is expected to have a continuing effect on the Group.

Unaudited Pro Forma Combined Statement of Financial Position at 30 June 2019 of CK Hutchison Group Telecom Holdings Limited

	Unaudited	Pro forma adjustments			Total
	Combined statement of financial position	Loan assignments Note 4(a)	Purchase of certain Wind Tre's debts Note 4(b)	Reversal of procurement and other services fees Note 4(c)	Pro forma combined statement of financial position
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Non-current assets					
Fixed assets	54,387	-	-	-	54,387
Right-of-use assets	23,348	-	-	-	23,348
Telecommunications licences	61,072	-	-	-	61,072
Brand names and other rights	34,319	-	-	-	34,319
Goodwill	125,581	-	-	-	125,581
Interests in joint ventures	375	-	-	-	375
Deferred tax assets	18,486	-	-	-	18,486
Other non-current assets	5,932	-	-	-	5,932
	323,500	-	-	-	323,500
Current assets					
Cash and cash equivalents	13,785	-	-	-	13,785
Inventories	2,138	-	-	-	2,138
Trade receivables and other current assets	34,244	-	-	-	34,244
	50,167	-	-	-	50,167
Assets classified as held for sale	1,906	-	-	-	1,906
	52,073	-	-	-	52,073
Current liabilities					
Bank and other debts	1,639	-	-	-	1,639
Lease liabilities	4,009	-	-	-	4,009
Current tax liabilities	164	-	-	-	164
Trade payables and other current liabilities	46,153	-	-	-	46,153
Amounts due to CKHH group entities	39,645	(39,645)	-	-	-
	91,610	(39,645)	-	-	51,965
Net current assets (liabilities)	(39,537)	39,645	-	-	108
Total assets less current liabilities	283,963	39,645	-	-	323,608
Non-current liabilities					
Bank and other debts	83,524	-	-	-	83,524
Lease liabilities	20,939	-	-	-	20,939
Deferred tax liabilities	288	-	-	-	288
Pension obligations	656	-	-	-	656
Other non-current liabilities	17,784	-	-	-	17,784
Amounts due to CKHH group entities	51,765	(51,765)	-	-	-
	174,956	(51,765)	-	-	123,191
Net assets	109,007	91,410	-	-	200,417
Equity					
Parent company investments	98,240	91,410	-	-	189,650
Non-controlling interests	10,767	-	-	-	10,767
Total equity	109,007	91,410	-	-	200,417

**Unaudited Pro Forma Combined Income Statement for the six months ended 30 June 2019 of CK Hutchison Group T
Holdings Limited**

	Unaudited	Pro forma adjustments			Total
	Combined income statement	Loan assignments Note 4(a)	Purchase of certain Wind Tre's debts Note 4(b)	Reversal of procurement and other services fees Note 4(c)	Pro forma combined income statement
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Revenue	46,128	-	-	-	46,128
Cost of inventories sold	(816)	-	-	-	(816)
Expensed customer acquisition and retention costs	(8,331)	-	-	-	(8,331)
Staff costs	(3,239)	-	-	-	(3,239)
Depreciation and amortisation	(9,793)	-	-	-	(9,793)
Other operating expenses	(12,707)	-	(259)	(102)	(13,068)
Share of profits less losses of joint ventures	(2)	-	-	-	(2)
	11,240	-	(259)	(102)	10,879
Interest expenses and other finance costs	(2,626)	1,185	35	-	(1,406)
Profit before tax	8,614	1,185	(224)	(102)	9,473
Current tax	(242)	-	-	-	(242)
Deferred tax	(538)	-	-	-	(538)
Profit after tax	7,834	1,185	(224)	(102)	8,693
Profit attributable to non-controlling interests	(285)	-	-	-	(285)
Profit attributable to Parent company	7,549	1,185	(224)	(102)	8,408

Unaudited Pro Forma Combined Statement of Cash Flows for the six months ended 30 June 2019 of CK Hutchison

	Unaudited	Pro forma adjustments				Total
	Combined statement of cash flows	Loan assignments	Purchases of certain Wind Tre's debts	Reversal of procurement and other services fees	Reclassification	Pro forma combined statement of cash flows
	HK\$ million	Note 4(a)	Note 4(b)	Note 4(c)	Note 4(a)	HK\$ million
Operating activities						
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	19,406	-	-	(102)	-	19,304
Interest expenses and other finance costs paid (net of capitalisation)	(2,520)	1,185	35	-	-	(1,300)
Tax paid	(360)	-	-	-	-	(360)
Funds from operations (before payment of lease liabilities)	16,526	1,185	35	(102)	-	17,644
Changes in working capital	(6,728)	-	-	-	-	(6,728)
Net cash from (to) operating activities	9,798	1,185	35	(102)	-	10,916
Investing activities						
Purchase of fixed assets	(5,819)	-	-	-	-	(5,819)
Additions to telecommunications licences	(1,045)	-	-	-	-	(1,045)
Additions to brand names and other rights	(657)	-	-	-	-	(657)
Purchase of and advances to joint ventures	(26)	-	-	-	-	(26)
Proceeds on disposal of fixed assets	23	-	-	-	-	23
Cash flows used in investing activities	(7,524)	-	-	-	-	(7,524)
Net cash inflow (outflow) before financing activities	2,274	1,185	35	(102)	-	3,392
Financing activities						
New borrowings	5,652	-	-	-	-	5,652
Repayment of borrowings	(13,623)	-	4,259	-	-	(9,364)
Payment of lease liabilities	(3,029)	-	-	-	-	(3,029)
Net loans from (repayment to) CKHH group entities	5,210	-	(4,259)	102	(1,053)	-
Issue of shares by subsidiary companies to CKHH group entities	-	-	-	-	1,053	-
Payments to acquire additional interests in subsidiary companies	(471)	-	-	-	-	(471)
Dividends paid to CKHH group entities	(3,395)	-	-	-	-	(3,395)
Dividends paid to non-controlling interests	(1,774)	-	-	-	-	(1,774)
Cash flows from (used in) financing activities	(11,430)	-	-	102	-	(11,328)
Increase (decrease) in cash and cash equivalents	(9,156)	1,185	35	-	-	(7,936)
Cash and cash equivalents at 1 January	22,941	-	-	-	-	22,941
Cash and cash equivalents at 30 June	13,785	1,185	35	-	-	15,005

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