THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in CK Hutchison Holdings Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1)

(1) MAJOR TRANSACTIONS IN RELATION TO ESTABLISHMENT OF A JOINT VENTURE IN MOBILE TELECOMMUNICATIONS OPERATIONS IN THE UK AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Capitalised terms used in this cover page should have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 11 to 32 of this circular.

The EGM will be a hybrid meeting to be held on Thursday, 17 October 2024 at 3:00 pm at the Principal Meeting Place (being 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong) with online access through the Online Platform (https://web.lumiagm.com). The notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular. A proxy form for use at the EGM is enclosed with this circular. The proxy form can also be downloaded from the Company website at www.ckh.com.hk and the HKEXnews Website at www.hkexnews.hk. Irrespective of whether Shareholders will attend the EGM, they are encouraged to appoint the Chairman of the EGM as their proxy. Shareholders are recommended to complete and sign the proxy form in accordance with the instructions printed thereon and return it (i) by email to EGM2024proxy@ckh.com.hk, or (ii) to the Hong Kong Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, in either case, as soon as possible and in any event no later than 48 hours before the time for holding the EGM or any adjournment or postponement thereof. Shareholders are recommended to return proxy forms by email where possible and, if they elect to return proxy forms by post, ample time should be allowed for postal delivery.

Completion and return of the proxy form will not preclude a Shareholder from attending and voting, physically at the Principal Meeting Place or electronically through the Online Platform, at the EGM or at any adjournment or postponement thereof should the Shareholder subsequently so wish. In the event that a Shareholder subsequently attends and votes at the EGM, the proxy appointment shall be deemed to be revoked. For the EGM convened to be held on Thursday, 17 October 2024 at 3:00 pm, the deadline to submit completed proxy forms is Tuesday, 15 October 2024 at 3:00 pm.

In the event of any inconsistency, the English version of this circular shall prevail over the Chinese version.

24 September 2024

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GUIDANCE FOR THE EXTRAORDINARY GENERAL MEETING

This EGM will be a hybrid meeting. Shareholders have the option of attending, participating and voting at the EGM physically at the Principal Meeting Place (being 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong) or electronically through the Online Platform (https://web.lumiagm.com, see further below).

ATTENDANCE AT THE EGM

The Company reminds Shareholders that physical attendance at the EGM is not compulsory for the purpose of exercising their voting rights, and encourages Shareholders to vote through the Online Platform or by appointing the Chairman of the EGM as their proxy and submitting their proxy form as early as possible and in any event no later than 48 hours before the time for holding the EGM or any adjournment or postponement thereof.

An electronic voting system will be used by Shareholders (including their proxies and corporate representatives) who attend physically at the Principal Meeting Place, for enhancing efficiency and transparency in the vote counting process. Shareholders and other attendees are recommended to bring the Shareholder Notification (as defined below) bearing the unique login details as well as their own electronic device (for example, smart phone or tablet device with internet connection) for access to the electronic voting system.

No refreshments or drinks will be served at the Principal Meeting Place.

ONLINE PLATFORM

In addition to physical attendance at the EGM, Shareholders (including their proxies and corporate representatives) can attend, participate and vote by electronic means at the EGM through the Online Platform at https://web.lumiagm.com. Shareholders participating in the EGM using the Online Platform will also be counted towards the quorum and they will be able to cast their votes and raise questions. Votes cast through the Online Platform are irrevocable once the voting session at the EGM ends. Further, once the online voting has closed, the votes which a registered Shareholder has submitted through the Online Platform will supersede any votes which may be cast by his/her proxy (if any) at the EGM (whether by physical attendance or online).

The Online Platform will be open for registered Shareholders and non-registered Shareholders, as well as their proxies and corporate representatives (see below for login details and arrangements) to log in approximately 30 minutes prior to the commencement of the EGM (i.e. from 2:30 pm on 17 October 2024) and can be accessed from any location with internet connection by a smart phone, tablet device or computer. Shareholders as well as their proxies and corporate representatives should allow ample time to check into the Online Platform to complete the related procedures. An Online User Guide for the EGM is available at https://www.ckh.com.hk/en/ir/2024egm.php for more information.

Login details for registered Shareholders

Login details to access the Online Platform including the meeting ID, a unique username and a password, for registration and authentication purposes, are included in the notification letter from the Company to registered Shareholders dated 24 September 2024 (the "**Shareholder Notification**").

Login details for non-registered Shareholders

Non-registered Shareholders who wish to attend, participate and vote at the EGM using the Online Platform should:

(1) contact and instruct their banks, brokers, custodians, nominees or HKSCC Nominees Limited through which their Shares are held (together, the "**Intermediaries**") to appoint themselves as proxies or corporate representatives to attend the EGM; and

(2) provide their email addresses to their Intermediaries as early as possible and in any event, before the time limit required by the relevant Intermediaries.

Login details to access the Online Platform will be sent by the Hong Kong Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, to the email addresses of the non-registered Shareholders provided by them through the Intermediaries. Any non-registered Shareholder who has provided an email address through the relevant Intermediaries for this purpose but has not received the login details by email by 3:00 pm on Wednesday, 16 October 2024 should reach out to the Hong Kong Share Registrar of the Company for assistance. Without the login details, the non-registered Shareholder will not be able to attend, participate and vote at the EGM through the Online Platform. Non-registered Shareholders should therefore give clear and specific instructions to their Intermediaries in respect of both (1) and (2) above.

Login details for duly appointed proxies or corporate representatives

Login details to access the Online Platform will be sent by the Hong Kong Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, to the email addresses of the proxies provided in the relevant proxy forms.

For corporate Shareholders who wish to appoint corporate representatives to attend, participate and vote at the EGM on their behalf, please call the Hong Kong Share Registrar of the Company at +852 2862 8558 for arrangements.

Any proxy or corporate representative who has not received the login details by email by 3:00 pm on Wednesday, 16 October 2024 should reach out to the Hong Kong Share Registrar of the Company for assistance.

GENERAL

Registered and non-registered Shareholders (including their proxies or corporate representatives) should note that only one electronic device is allowed for each set of login details. Please keep the login details in safe custody for use at the EGM and do not disclose them to anyone else. Neither the Company nor its officers or agents assume any responsibility or liability whatsoever in connection with the transmission of the login details or any use of the login details for attending, participating or voting at the EGM or otherwise. Shareholders and other participants should also note that an active and stable internet connection is required in order to allow them to participate, vote and submit questions through the Online Platform. It is the users' own responsibility to ensure that they have a sufficient and stable internet connection.

QUESTIONS AT AND PRIOR TO THE EGM

Shareholders (including their proxies or corporate representatives) attending the EGM through the Online Platform will be able to raise questions (whether in English or Chinese) relevant to the proposed resolution during the EGM.

If any Shareholder wishes to send questions prior to the EGM, please do so by email from Wednesday, 9 October 2024 (9:00 am) to Tuesday, 15 October 2024 (5:00 pm) to EGM2024@ckh.com.hk (for registered Shareholders, specifying the 10-digit shareholder reference number starting with "C" (SRN) as printed on the top right corner of the Shareholder Notification).

Whilst the Company will endeavour to respond to as many questions as possible at the EGM, due to time constraints, it is possible that not all questions could be dealt with at the EGM. Unanswered questions may be responded to after the EGM as appropriate.

PROXY APPOINTMENT IN ADVANCE OF THE EGM

Shareholders are encouraged to submit their completed proxy forms well in advance of the EGM and in any event no later than 48 hours before the time for holding the EGM or any adjournment or postponement thereof. Return of a completed proxy form will not preclude a Shareholder from attending and voting, physically at the Principal Meeting Place or electronically through the Online Platform, at the EGM or at any adjournment or postponement thereof should the Shareholder subsequently so wish. In the event that a Shareholder subsequently attends and votes at the EGM, the proxy appointment shall be deemed to be revoked.

Submission of proxy forms for registered Shareholders

A proxy form for use at the EGM is enclosed with this circular. The proxy form can also be downloaded from the Company website at www.ckh.com.hk and the HKEXnews Website at www.hkexnews.hk.

For the EGM convened to be held on Thursday, 17 October 2024 at 3:00 pm, the deadline to submit completed proxy forms is Tuesday, 15 October 2024 at 3:00 pm. Completed proxy forms must be returned before the deadline (i) by email to EGM2024proxy@ckh.com.hk, or (ii) to the Hong Kong Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Appointment of proxy for non-registered Shareholders

Non-registered Shareholders should contact their Intermediaries as soon as possible for assistance regarding the appointment of proxy.

A dedicated area of the Company website (https://www.ckh.com.hk/en/ir/2024egm.php) is assigned to provide timely updates and useful information on the EGM arrangements. Alongside the usual investor relations section on the Company website and the HKEXnews Website, Shareholders can access the latest information of the EGM. Shareholders should check the Company website for future announcements and updates on the EGM arrangements.

If Shareholders have any questions relating to the EGM, please contact the Hong Kong Share Registrar of the Company as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Telephone: +852 2862 8558
Facsimile: +852 2865 0990
Website: www.computershare.com/hk/contact

In this circular, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings:

"Accountants' Report"	the accountants' report on the Vodafone UK Business as set out in Appendix II to this circular
"AFRCO"	the Accounting and Financial Reporting Council Ordinance (Cap. 588 of the Laws of Hong Kong) as amended from time to time
"Announcement"	the announcement of the Company dated 14 June 2023 in relation to, among other things, the Transaction
"Articles"	the articles of association of the Company, as amended from time to time
"Board"	the board of Directors
"Call/Put Option Price"	an amount (in British pounds) which is equal to (i) the Fair Market Enterprise Value as at the last calendar date of the month prior to the date of the Valuation Notice *less* the then aggregate consolidated net financial debt of MergeCo (which may be a positive number or a negative number) as at completion of the V Call Option or H Put Option (whichever is applicable) (subject to adjustments for the then working capital of MergeCo) *multiplied* by (ii) expressed as a percentage, the shareholding of Hutchison in MergeCo at the time of the exercise of the V Call Option or H Put Option (whichever is applicable)
"CKHGTH"	CK Hutchison Group Telecom Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, being an indirect wholly-owned subsidiary of the Company
"Closing"	the closing of the transactions under the Contribution Agreement
"CMA"	the UK Competition and Markets Authority
"Company"	CK Hutchison Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1)
"Contribution Agreement"	the contribution agreement dated 14 June 2023, entered into between the Company, Hutchison, CKHGTH, Vodafone, Vodafone TopCo and MergeCo in relation to the Transaction
"Director(s)"	the director(s) of the Company

"EGM"	the extraordinary general meeting of the Company convened as a hybrid meeting to be held on Thursday, 17 October 2024 at 3:00 pm at the Principal Meeting Place with online access through the Online Platform (or, in the event that a black rainstorm warning signal, a tropical cyclone warning signal no. 8 or above, or "extreme conditions" announced by the Hong Kong Government is/are in force in Hong Kong at 12:00 noon on that day, at the same time and place and through the same Online Platform on Friday, 18 October 2024), notice of which is set out on pages EGM-1 to EGM-3 of this circular, and any adjournment or postponement thereof. The Hong Kong Government may issue an announcement on "extreme conditions" in the event of, for example, serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons or other natural disaster of a substantial scale
"EU Merger Regulation"	Council Regulation (EC) 139/2004
"Fair Market Enterprise Value"	the fair market enterprise value of MergeCo determined through the Valuation Process pursuant to the Shareholders' Agreement
"FCA"	the Financial Conduct Authority of the UK and any successor or replacement body from time to time (as the context may require)
"FSMA"	the Financial Services and Markets Act 2000
"Group"	the Company and its subsidiaries
"HKEXnews Website"	https://www.hkexnews.hk, a dedicated website for the dissemination of information, including issuer information, established by Hong Kong Exchanges and Clearing Limited (or any other website maintained and announced by Hong Kong Exchanges and Clearing Limited at the relevant time for a similar purpose)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"H 1st Secondary Call Option"	a call option to be granted by Vodafone to Hutchison pursuant to the Shareholders' Agreement, whereby Hutchison may call for all (but not part only) of the shares in MergeCo then held by Vodafone following the occurrence of a Vodafone Trigger Event before the completion of an exercise of the H Put Option

"H 2nd Secondary Call Option"	a call option to be granted by Vodafone to Hutchison pursuant to the Shareholders' Agreement, whereby Hutchison may call for all (but not part only) of the shares in MergeCo then held by Vodafone following the occurrence of a Vodafone Trigger Event after the completion of an exercise of the H Put Option
"H Options"	the H Put Option, the H 1st Secondary Call Option and the H 2nd Secondary Call Option
"H Put Option"	a put option to be granted by Vodafone to Hutchison pursuant to the Shareholders' Agreement, whereby Hutchison may put to Vodafone all (but not part only) of the shares in MergeCo then held by Hutchison
"Hutchison"	Brilliant Design (BVI) Limited (formerly known as Brilliant Design Limited), a company incorporated in the British Virgin Islands, being an indirect wholly-owned subsidiary of the Company
"Intercompany Services Agreement"	the intercompany services agreement dated 14 June 2023, entered into between Vodafone Service Provider and MergeCo
"IOSCO"	International Organization of Securities Commissions
"IOSCO MMOU"	IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information
"Joint Venture Establishment"	the establishment of a joint venture (namely MergeCo) and the contribution to MergeCo by Hutchison and Vodafone of their respective mobile telecommunications operations in the UK pursuant to the Contribution Agreement, comprising, among other things, the disposal of 100% equity interest in Three UK and certain intercompany debt
"Latest Practicable Date"	17 September 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Longstop Date"	24 months after the date of the Contribution Agreement, subject to an extension in certain limited circumstances

"MergeCo"	Vodafone UK Trading Holdings Limited, a company incorporated in England and Wales, being an indirect wholly-owned subsidiary of Vodafone TopCo as at the Latest Practicable Date, and immediately following Closing, the issued share capital of MergeCo will become owned 51% by Vodafone and 49% by Hutchison
"MergeCo Group"	MergeCo, the Three UK Group, the Vodafone UK Group, and other subsidiaries of MergeCo (if any), from time to time, at Closing
"Online Platform"	the internet based platform (https://web.lumiagm.com) through which Shareholders can attend, participate and vote by electronic means at the EGM
"Options"	the V Call Option, the H Put Option, the H 1st Secondary Call Option and the H 2nd Secondary Call Option
"PRC"	the People's Republic of China, which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Principal Meeting Place"	1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong
"Secondary Options"	the H 1st Secondary Call Option and the H 2nd Secondary Call Option
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of par value HK$1.00 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shareholders' Agreement"	the shareholders' agreement to be entered into between Hutchison, CKHGTH, Vodafone, Vodafone TopCo and MergeCo at Closing
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Three UK"	Hutchison 3G UK Holdings Limited, a company incorporated in England and Wales with limited liability, being an indirect wholly-owned subsidiary of the Company
"Three UK Group"	Three UK and its subsidiary undertakings from time to time

"Three UK Shares"	4,446,487,753 ordinary shares of £0.001 each, being the entire issued share capital of Three UK to be acquired by MergeCo from Hutchison pursuant to the Contribution Agreement
"Transaction"	the transactions and steps contemplated under the Contribution Agreement, including the Joint Venture Establishment, the grant and the possible exercise of the Options including the possible acquisition and disposal of Vodafone Securities, as applicable under the Shareholders' Agreement
"UK"	the United Kingdom of Great Britain and Northen Ireland
"UK Listing Rules"	the listing rules made by the FCA pursuant to Part VI of the FSMA, as such may be amended, modified or revised from time to time
"UK NSIA"	the National Security and Investment Act 2021 of the UK
"UK Takeover Code"	the City Code on Takeovers and Mergers (as may be amended or updated from time to time)
"US Cents"	United States cents, the lawful currency of the United States of America
"V Call Option"	a call option to be granted by Hutchison to Vodafone pursuant to the Shareholders' Agreement, whereby Vodafone may call for all (but not part only) of the shares in MergeCo then held by Hutchison
"Valuation Deadline"	a date which is 60 calendar days after the date on which the Valuation Notice is served, or such longer period as the relevant parties may agree in writing
"Valuation Notice"	a written notice that may be served by Hutchison or Vodafone pursuant to the Shareholders' Agreement to commence the Valuation Process
"Valuation Process"	a pre-defined valuation process involving three independent investment banks for determining the Fair Market Enterprise Value in accordance with the Shareholders' Agreement
"Vodafone"	Vodafone International Operations Limited, a company incorporated in England and Wales, being an indirect wholly-owned subsidiary of Vodafone TopCo
"Vodafone CLNs"	unsecured convertible loan notes of £1.00 each to be issued by Vodafone TopCo
"Vodafone Group"	Vodafone TopCo and its subsidiary undertakings from time to time (excluding MergeCo)

"Vodafone Securities"	the Vodafone Shares and/or Vodafone CLNs, each to be issued by Vodafone TopCo to satisfy in part or in full (as applicable) the exercise price for the V Call Option or the H Put Option
"Vodafone Service Provider"	Vodafone Group Services Limited, a company registered in England and Wales, being an indirect wholly-owned subsidiary of Vodafone TopCo
"Vodafone Shares"	ordinary shares of $20^{20}/_{21}$ US Cents each in the issued share capital of Vodafone TopCo which are admitted to the equity shares (commercial companies) listing segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities
"Vodafone TopCo"	Vodafone Group Plc, a company incorporated in England and Wales, the shares of which are admitted to the equity shares (commercial companies) listing segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities
"Vodafone Trigger Event"	where (i) Vodafone TopCo's credit rating assigned by certain credit rating agencies falls below investment grade; or (ii) the Vodafone Shares (a) cease to have a primary listing on the Official List maintained by the FCA and cease to be admitted to trading on the London Stock Exchange's main market for listed securities; or (b) cease to have a secondary listing on a recognised stock exchange
"Vodafone UK"	Vodafone Limited, a company incorporated in England and Wales, being an indirect wholly-owned subsidiary of Vodafone
"Vodafone UK Business"	the mobile telecommunications operations in the UK carried on by the Vodafone Group
"Vodafone UK Group"	Vodafone UK and its subsidiary undertakings from time to time
"Voting Undertaking Registered Shareholders"	Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, Li Ka-Shing Castle Trustee Company Limited as trustee of The Li Ka-Shing Castle Trust and their related companies, and a company controlled by Li Ka-Shing Castle Trustee Corporation Limited as trustee of a discretionary trust
"VWAP"	volume-weighted average price
"%"	per cent
"£"	British pounds, the lawful currency of the UK

"€"	the lawful currency of most member states of the European Union

For the purpose of this circular, the conversion into Hong Kong dollars (HK$) has been made at the rate of HK$9.91 to £1.00 and HK$8.66 to €1.00. The conversion should not be construed as a representation that the amounts in Hong Kong dollars actually represented have been, or could be, converted into these currencies at this or any other rate.

All references to time and date in this circular are to Hong Kong time and date (unless otherwise stated).

Certain amounts and percentage figures in this circular have been subject to rounding adjustments.

In the event of any inconsistency, the English version of this circular shall prevail over the Chinese version.

長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1)

Board of Directors:
Executive Directors
LI Tzar Kuoi, Victor *Chairman*
FOK Kin Ning, Canning *Deputy Chairman*
Frank John SIXT *Group Co-Managing Director and Group Finance Director*
LAI Kai Ming, Dominic *Group Co-Managing Director*
IP Tak Chuen, Edmond *Deputy Managing Director*
KAM Hing Lam *Deputy Managing Director*
Edith SHIH
Andrew John HUNTER

Non-executive Directors
CHOW Kun Chee, Roland
CHOW WOO Mo Fong, Susan
LEE Yeh Kwong, Charles
George Colin MAGNUS

Independent Non-executive Directors
CHOW Ching Yee, Cynthia
Philip Lawrence KADOORIE
LEUNG LAU Yau Fun, Sophie
Paul Joseph TIGHE
TSIM Sin Ling, Ruth
WONG Kwai Lam

Company Secretary:
Edith SHIH

Registered Office:
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Principal Place of Business:
48th Floor
Cheung Kong Center
2 Queen's Road Central
Hong Kong

24 September 2024

Dear Shareholder(s),

(1) MAJOR TRANSACTIONS IN RELATION TO ESTABLISHMENT OF A JOINT VENTURE IN MOBILE TELECOMMUNICATIONS OPERATIONS IN THE UK AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

1 INTRODUCTION

As disclosed in the Announcement, the Company, Hutchison, CKHGTH, Vodafone, Vodafone TopCo and MergeCo entered into the Contribution Agreement on 14 June 2023 (after the end of the market trading hours in Hong Kong), pursuant to which the parties have conditionally agreed on the Transaction to combine Vodafone's and Hutchison's respective telecommunications operations in the UK into MergeCo. Immediately following

Closing, the issued share capital of MergeCo will be owned 51% by Vodafone and 49% by Hutchison, and Three UK and Vodafone UK will become wholly-owned subsidiaries of MergeCo.

On Closing, the parties and certain of their affiliates will also enter into a number of agreements in connection with the Transaction, including the Shareholders' Agreement which governs the future governance of MergeCo.

Upon signing of the Shareholders' Agreement at Closing, the Transaction also involves the grant of, among others, the Options.

The Hongkong and Shanghai Banking Corporation Limited and Moelis & Company Asia Limited have been appointed as the financial advisors to CKHGTH in relation to the Transaction.

The purpose of this circular is to provide Shareholders with, among other things, (i) further details of the Transaction; (ii) a notice of the EGM; and (iii) such information as required under the Listing Rules.

2 REASONS FOR AND BENEFITS OF THE TRANSACTION

The Board considers that the combined scale of the Three UK Group and the Vodafone UK Group operating as a single entity in the UK can achieve the following benefits:

(i) enable MergeCo to transform customer experience and create a best-in-class network in the UK for coverage and reliability. The Vodafone UK Group's and the Three UK Group's customers will obtain considerably more value due to the significantly better network, with at least 7 million customers benefitting from improved network speeds and a more reliable, consistent connection from day one following Closing[1];

(ii) enable MergeCo to invest significantly in the UK to create one of Europe's most comprehensive 5G networks, driving economic growth, innovation and jobs in all nations and regions in the UK. Through combining its standalone 5G network with best-in-class spectrum, MergeCo will be better positioned to enable advanced 5G-based innovations. The Joint Venture Establishment will drive European digital tech leadership for the UK; and

(iii) enable MergeCo to have the necessary scale and platform to invest, grow and compete into the future, challenging the two largest operators, BTEE and Virgin Media-O2. As a third mobile network operator with scale in the UK, MergeCo will be able to make the investments needed to roll out a leading 5G network, and to address exponential traffic growth on a sustainable basis. This in turn will spur the established market leaders to accelerate their own network investment plans, thereby delivering 5G more quickly and cost-effectively to UK consumers. MergeCo will also be able to give mobile virtual network operators, the fastest-growing part of the UK market, better choice for wholesale partnerships, given the scale and better quality provided by MergeCo's combined network. This will maintain strong price competition at the retail level.

The Joint Venture Establishment will enable MergeCo to realise significant synergies, which in turn will enable the Company to realise significant capital appreciation in its mobile telecommunications investment in the UK.

[1] Achieved within 12 months from Closing.

No cash consideration will be paid in connection with the Joint Venture Establishment and the grant of the Options, with the Three UK Group and the Vodafone UK Group to be contributed with differential debt amounts owing to their respective shareholders at Closing to achieve the MergeCo ownership of 51:49 between Vodafone and Hutchison. At Closing, debt of £1,684,000,000 owing by the Three UK Group to the Group will be repaid in cash.

The terms of the Transaction (including the consideration for the Joint Venture Establishment and the basis of determining the exercise price of the Options) were arrived at after arm's length negotiations between Hutchison and Vodafone, taking into account, among other things,: (i) the historical financial performance of the Three UK Group and the Vodafone UK Group; (ii) the market conditions and economic landscape of the UK and the outlook of the respective businesses in which the Three UK Group and the Vodafone UK Group are engaged; (iii) the potential synergies that could be realised via a combination of the Three UK Group and the Vodafone UK Group; and (iv) the reasons for and benefits of the Transaction set out above.

The Directors believe that the terms of the Joint Venture Establishment and the Options are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3 THE TERMS OF THE JOINT VENTURE ESTABLISHMENT

3.1 Contribution Agreement

On 14 June 2023 (after the end of the market trading hours in Hong Kong), the Company, Hutchison, CKHGTH, Vodafone, Vodafone TopCo and MergeCo entered into the Contribution Agreement, the principal terms of which are summarised below.

The Joint Venture Establishment

The Joint Venture Establishment involves combining the Vodafone UK Group and the Three UK Group such that, immediately following Closing, the issued share capital of MergeCo will be owned 51% by Vodafone and 49% by Hutchison, and each of Vodafone UK and Three UK will be a wholly-owned subsidiary of MergeCo. Neither MergeCo nor Three UK will be a subsidiary of the Company or consolidated in the consolidated financial statements of the Group after Closing. MergeCo and Three UK will be subsidiaries of Vodafone TopCo and consolidated in the consolidated financial statements of the Vodafone Group after Closing.

The key steps of the Joint Venture Establishment to be completed by Closing are as follows:

(i) Vodafone shall undergo a reorganisation such that Vodafone UK will become a wholly-owned subsidiary of MergeCo;

(ii) Hutchison shall contribute the Three UK Shares and certain intercompany debt to MergeCo; and

(iii) Hutchison will obtain ordinary shares in MergeCo.

No cash consideration will be paid in connection with the Joint Venture Establishment and grant of the Options, with the Vodafone UK Group and the Three UK Group to be contributed with differential debt amounts at Closing to achieve MergeCo ownership of 51:49. The Vodafone UK Group will be contributed with debt amount of approximately £4.3 billion and the Three UK Group with debt amount of approximately

£1.7 billion, subject to completion adjustments. The initial total debt in MergeCo is expected to be approximately £6.0 billion, comprising (i) £4.3 billion owing to Vodafone on Closing; and (ii) a further £1.7 billion owing to Vodafone pursuant to a loan extended to MergeCo on Closing which shall be applied towards satisfying the repayment obligations of the same amount owing to the Group.

Conditions precedent

Closing of the Contribution Agreement (including completion of the Joint Venture Establishment) is conditional upon (among other things) satisfaction of the following conditions:

(i) a reorganisation of certain companies within the Group and the Vodafone Group having been completed pursuant to the Contribution Agreement;

(ii) certain anti-trust and regulatory approvals, confirmations and filings having been obtained and/or completed, including from the UK Competition and Markets Authority;

(iii) the Shareholders having passed requisite resolutions at a general meeting approving the Joint Venture Establishment and the V Call Option as required by and in accordance with the Listing Rules and applicable laws for the parties to the Contribution Agreement to consummate the Joint Venture Establishment and the V Call Option; and

(iv) to the extent required, the shareholders of Vodafone TopCo having passed requisite resolutions at a general meeting approving the H Options (including the Vodafone Securities which may be received by the Group as exercise price for the H Put Option) as required by and in accordance with the UK Listing Rules and applicable laws for the parties to the Contribution Agreement to consummate the H Options.

None of the conditions set out above may be waived in whole or in part at any time. If any of the above conditions are not satisfied by the Longstop Date, any party may terminate in specified circumstances the Contribution Agreement, provided that the party proposing to terminate the Contribution Agreement (in specified circumstances) is not in material breach of the Contribution Agreement.

As at the Latest Practicable Date, certain anti-trust and regulatory clearances as required under the Contribution Agreement had been obtained (such as the clearances under the EU Merger Regulation and the UK NSIA). As to the UK anti-trust approval condition referred to under paragraph (ii) above, the Company notes that the review by the CMA was still underway as at the Latest Practicable Date. The CMA issued provisional findings and a notice of possible remedies on 13 September 2024. This is not a final decision, and the parties will continue to work with the CMA to secure approval. The current statutory deadline for the CMA to issue its final report is 7 December 2024. Furthermore, as at the Latest Practicable Date, not all of the conditions precedent referred to in paragraphs (i) to (iii) above have been satisfied and the shareholders' approval referred to in the condition precedent in paragraph (iv) above is no longer required under the UK Listing Rules and applicable laws, and therefore such condition precedent is deemed satisfied.

Closing

Closing is expected to occur in 2025, subject to satisfaction of the conditions precedent under the Contribution Agreement.

3.2 The Shareholders' Agreement

At Closing, the Shareholders' Agreement will be entered into between Hutchison, CKHGTH, Vodafone, Vodafone TopCo and MergeCo to govern their relationships and matters in relation to MergeCo. The Shareholders' Agreement shall take effect at Closing and continue until it is terminated. The Shareholders' Agreement contains customary and arm's length negotiated provisions regulating the parties' relationship as shareholders of MergeCo. The principal terms of the Shareholders' Agreement are summarised below.

Board of directors and management of MergeCo

The board of directors of MergeCo will comprise six directors, of which three directors will be appointed by Vodafone and three directors will be appointed by Hutchison. Employees of both businesses will be afforded equal opportunities for relevant positions in the combined business.

Lock-up and transfer restrictions

Vodafone and Hutchison shall not, for a period from Closing until the end of the third full financial year of MergeCo following Closing, dispose of all or part of its shares in MergeCo except pursuant to the terms of the Shareholders' Agreement. Shares in MergeCo shall not be disposed of to certain competitors of MergeCo or to any sanctioned persons (or otherwise in breach of sanctions laws).

The V Call Option

Hutchison will grant the V Call Option to Vodafone, whereby Vodafone may call for all (but not part only) of the shares in MergeCo then held by Hutchison. The V Call Option is only exercisable by Vodafone if the then Fair Market Enterprise Value is equal to or greater than £16.5 billion based on the Valuation Process undertaken pursuant to a Valuation Notice served within 60 calendar days after either the end of the third full financial year of MergeCo following Closing or after the end of each subsequent financial year of MergeCo as applicable. Only one Valuation Notice may be served in each financial year of MergeCo. The V Call Option is exercisable 15 calendar days after the Valuation Deadline and ends 30 calendar days after such deadline. The V Call Option shall expire upon the termination of the Shareholders' Agreement.

The £16.5 billion Fair Market Enterprise Value threshold above was arrived at after arm's length negotiations between Hutchison and Vodafone and (i) agreed as being the appropriate threshold to trigger the ability for Vodafone to exercise the V Call Option, at a level at which the MergeCo Group has reached sufficient scale and value that the V Call Option may be exercised; and (ii) after considering the historical financial performance of the Three UK Group and the Vodafone UK Business, and the then current conditions and prospects for the telecoms industry and general market conditions.

The V Call Option will be granted at no cost. The consideration payable pursuant to the exercise of the V Call Option shall be equal to the Call/Put Option Price. Such consideration may be satisfied, at Vodafone's sole election, in cash, in Vodafone Securities or a combination thereof. Where Vodafone elects that the consideration would be satisfied at least in part in the form of Vodafone Securities, the issue price of any Vodafone Shares to be issued as part of the Vodafone Securities (excluding the

Vodafone Shares to be issued upon conversion of the Vodafone CLNs) shall be calculated by reference to the 30-day VWAP per Vodafone Share at the exercise of the V Call Option. Completion of the V Call Option is subject to customary regulatory and shareholder approvals and consents (if applicable).

In the event that the V Call Option is exercised and a Vodafone Trigger Event occurs prior to the completion of the V Call Option, exercise of the V Call Option shall continue to proceed but the amount due by Vodafone in respect of the Call/Put Option Price must be satisfied only by the payment of cash to Hutchison.

In the event that the V Call Option is exercised and a Vodafone Trigger Event occurs after the completion of the V Call Option and the Group is holding any Vodafone Securities (excluding any Vodafone Securities which have been issued to Hutchison more than two years before the date of the Vodafone Trigger Event), Vodafone shall repurchase and/or repay all of the Vodafone Securities issued to Hutchison in satisfaction of the Call/Put Option Price for a cash amount equal to the aggregate of the price at which such securities were issued such that Hutchison would be in the same position as if Vodafone had paid the entire Call/Put Option Price in cash.

The H Put Option

Vodafone will grant the H Put Option to Hutchison, whereby Hutchison may put to Vodafone all (but not part only) of the shares in MergeCo then held by Hutchison. The H Put Option is exercisable by Hutchison if the then Fair Market Enterprise Value is equal to or greater than £16.5 billion based on the Valuation Process undertaken pursuant to a Valuation Notice served within 60 calendar days of the commencement of the fourth, fifth, sixth or seventh full financial year of MergeCo following Closing. Only one Valuation Notice may be served in each financial year of MergeCo. The H Put Option is exercisable by Hutchison after the end of the seventh full financial year and each subsequent financial year of MergeCo following Closing regardless of the then Fair Market Enterprise Value. The H Put Option is exercisable within 30 calendar days of the Valuation Deadline. The H Put Option shall expire upon the termination of the Shareholders' Agreement.

The £16.5 billion Fair Market Enterprise Value threshold above was arrived at after arm's length negotiations between Hutchison and Vodafone and (i) agreed as being the appropriate threshold to trigger the ability for Hutchison to exercise the H Put Option between the fourth and the seventh full financial years of MergeCo following Closing, at a level at which the MergeCo Group has reached sufficient scale and value that the H Put Option may be exercised; and (ii) after considering the historical financial performance of the Three UK Group and the Vodafone UK Business, and the then current conditions and prospects for the telecoms industry and general market conditions.

The H Put Option will be granted at no cost. The consideration payable pursuant to the exercise of the H Put Option shall be equal to the Call/Put Option Price. Such consideration may be satisfied, at Vodafone's sole election, in cash, in Vodafone Securities, or a combination thereof. Where Vodafone elects that the consideration would be satisfied at least in part in the form of Vodafone Securities, the issue price of any Vodafone Share to be issued as part of the Vodafone Securities (excluding the Vodafone Shares to be issued upon conversion of the Vodafone CLNs) shall be calculated by reference to the 30-day VWAP per Vodafone Share at the exercise of the H Put Option. Completion of the H Put Option is subject to customary regulatory and shareholder approvals and consents (if applicable).

Please see the section headed "*The Secondary Options*" for a summary of the consequences of a Vodafone Trigger Event occurring prior to or following completion of the H Put Option.

Vodafone Securities

The number of Vodafone Securities shall comprise Vodafone Shares and Vodafone CLNs which are convertible into Vodafone Shares, each to be issued by Vodafone TopCo.

The Vodafone Shares comprising the Vodafone Securities (excluding the Vodafone Shares to be issued upon conversion of the Vodafone CLNs) issued to satisfy in part or in full (as applicable) the Call/Put Option Price shall equal the lower of (a) a number of Vodafone Shares which together have a value that is equal to $33^{1}/_{3}$% of total value of the Vodafone Securities, provided that if such number is a fraction, it shall be rounded up to the nearest whole number; and (b) in relation to the V Call Option only, a number of Vodafone Shares which would be equal to 5% of the number of all Vodafone Shares in the issued share capital of Vodafone TopCo on a fully diluted basis at the time of issue, provided that if such number is a fraction, it shall be rounded up to the nearest whole number.

If any Vodafone CLNs are issued, the principal amount thereunder shall be equal to the Call/Put Option Price less an amount equal to the sum of any cash consideration paid and the value of the Vodafone Shares issued to satisfy the Call/Put Option Price. The Vodafone CLNs shall have a fixed interest rate which shall be commensurate with Vodafone's cost of debt immediately prior to completion of the V Call Option or H Put Option. On each of the second and fourth anniversaries of the date of the exercise notice of the V Call Option or the H Put Option, half of the principal amount (with accrued interest) under the Vodafone CLNs shall mature. At maturity, Vodafone TopCo may elect to redeem in cash the outstanding principal amount (with accrued interest) that has matured or convert such amount into Vodafone Shares at a conversion price representing the 30-day VWAP per Vodafone Share as at the issue date of the Vodafone Shares for the conversion. Vodafone TopCo is entitled, at any time and at its absolute discretion, to redeem all or part only of the outstanding Vodafone CLNs at par together with accrued but unpaid interest.

If Hutchison or its affiliates (or any of its concert parties) were to become subject to a mandatory offer obligation under the UK Takeover Code in relation to Vodafone TopCo following the issuance of Vodafone Shares (which, based on the UK Takeover Code that was in effect as at the Latest Practicable Date, would be triggered when Hutchison or its affiliates (or any of its concert parties) first holds 30% or more in the number of issued shares of Vodafone TopCo), (a) the number of the Vodafone Shares to be issued to Hutchison shall be reduced and the amount of Vodafone CLNs shall be increased correspondingly, and/or (b) Vodafone CLNs shall not be converted, such that the mandatory offer obligation would not arise. Therefore, Vodafone TopCo will not become a subsidiary of the Company from the exercise of the H Put Option or the V Call Option or the conversion of Vodafone CLNs.

On Hutchison's instruction, Vodafone shall facilitate Hutchison's disposal of any Vodafone Shares issued by Vodafone TopCo from the exercise of the V Call Option or the H Put Option and any Vodafone Shares issued following the conversion of the Vodafone CLNs.

The Secondary Options

The Secondary Options will be granted by Vodafone to Hutchison pursuant to the Shareholders' Agreement as protective measures to protect the value of the non-cash consideration (being the Vodafone Securities (if any)) issued to Hutchison in satisfaction of the consideration for the exercise of the H Put Option and on maturity of the Vodafone CLNs.

Pursuant to the H 1^{st} Secondary Call Option, Hutchison may call for all (but not part only) of the shares in MergeCo then held by Vodafone where:

(i) the H Put Option has been exercised but completion of the H Put Option has not yet occurred;

(ii) a Vodafone Trigger Event has occurred; and

(iii) Vodafone does not propose to satisfy the exercise price for the H Put Option wholly in cash.

If the H 1^{st} Secondary Call Option is exercised by Hutchison, its exercise of the H Put Option will be revoked. On completion of the exercise of the H 1^{st} Secondary Call Option, MergeCo will be wholly-owned by Hutchison. The H 1^{st} Secondary Call Option shall expire upon the termination of the Shareholders' Agreement and will not be exercisable after completion of the H Put Option.

Pursuant to the H 2^{nd} Secondary Call Option, Hutchison may call for all (but not part only) of the shares in MergeCo then held by Vodafone where:

(i) the H Put Option has been exercised and completion of the H Put Option has occurred;

(ii) Vodafone did not satisfy the exercise price for the H Put Option wholly in cash;

(iii) a Vodafone Trigger Event has occurred while the Group holds Vodafone Securities (excluding any Vodafone Securities which have been issued to Hutchison more than two years before the date of the Vodafone Trigger Event); and

(iv) Vodafone does not elect to and does not repurchase and/or repay (as applicable) the Vodafone Securities held by Hutchison in full.

If Hutchison exercises the H 2^{nd} Secondary Call Option, Vodafone must repurchase and/or repay all the Vodafone Securities at the price at which such securities were issued in satisfaction of the exercise price for the H Put Option *less* any cash consideration received and any distributions for such securities made or paid by Vodafone in aggregate, such that Hutchison would be in the same position as if Vodafone had paid the entire exercise price for the H Put Option in cash. The payment obligations of Vodafone for the repurchase of the Vodafone Securities on the one hand, and of Hutchison for the exercise of the H 2^{nd} Secondary Call Option on the other hand, shall be set-off against each other and Hutchison shall pay the balance thereof to Vodafone upon the completion of the H 2^{nd} Secondary Call Option. If the H 2^{nd} Secondary Call Option is exercised by Hutchison, on its completion, MergeCo will be wholly-owned by Hutchison. The H 2nd Secondary Call Option shall not be exercisable once Hutchison no longer holds any Vodafone Securities and shall also expire upon the termination of the Shareholders' Agreement.

Each of the Secondary Options will be granted at no cost. The consideration payable by Hutchison pursuant to the exercise of a Secondary Option shall be settled in cash at an amount equal to (i) the Fair Market Enterprise Value determined for the exercise of the H Put Option, *less* the then aggregate consolidated net financial debt of MergeCo as at the completion of the Secondary Option *multiplied* by (ii) expressed as a percentage, Vodafone's shareholding in MergeCo at the time of the exercise of the H Put Option. Completion of the Secondary Options is subject to customary regulatory and shareholder approvals and consents (if applicable).

Fair Market Enterprise Value

The Fair Market Enterprise Value will be used to determine the exercise price for each of the Options. The Fair Market Enterprise Value will be determined through a process involving three independent investment banks chosen by Hutchison and Vodafone together with their respective affiliates holding shares in MergeCo. Hutchison and Vodafone together with their respective affiliates holding shares in MergeCo shall each appoint one of the three independent investment banks, with the third independent investment bank to be jointly appointed by Hutchison and Vodafone.

The Fair Market Enterprise Value shall be determined based on commonly accepted valuation principles, on the basis of a sale (in cash) as between a willing buyer and a willing seller on an arm's length basis. If the estimate Fair Market Enterprise Values determined by the two banks nominated by Hutchison and Vodafone respectively are more than 10% of each other, the final Fair Market Enterprise Value shall be the arithmetic average of the estimate amount determined by the third bank jointly appointed by Hutchison and Vodafone and the other estimate amount that is mathematically closest to the estimate amount determined by the third bank.

Reserved matters and deadlock resolution

Hutchison and Vodafone will each have customary reserved matters (such as matters relating to winding up, mergers or share acquisition, financing and share issuances), with Vodafone (in certain scenarios) having a casting vote in relation to MergeCo's business plan and budget.

Distribution policy

The Shareholders' Agreement provides mechanism on how distributions should be calculated and when such distributions should be made.

Termination

The Shareholders' Agreement shall be terminated when (i) agreed between the parties; (ii) shares in MergeCo are listed, or commence dealing, on a securities market; or (iii) only one shareholder remains holding shares in MergeCo. Certain provisions relating to the V Call Option, H Put Option and the H 2nd Secondary Call Option shall continue to apply after the Shareholders' Agreement is terminated.

4 INTERCOMPANY SERVICES AGREEMENT

On 14 June 2023, the Intercompany Services Agreement was entered into between Vodafone Service Provider and MergeCo pursuant to which Vodafone Service Provider will, from Closing, provide certain business, technology, IT and corporate function services to MergeCo and its affiliates in the ordinary and usual course of business in consideration for service charges.

The Intercompany Services Agreement took effect on its signing date and shall continue until it is terminated. The termination rights available to MergeCo and Vodafone Service Provider are more particularly described in the Intercompany Services Agreement.

5 FINANCIAL EFFECTS OF THE TRANSACTION

At Closing, Three UK and its subsidiaries will cease as subsidiaries of the Group and will be de-consolidated from the consolidated financial statements of the Company, and the issued share capital of MergeCo will be owned 51% by Vodafone and 49% by Hutchison, and debt of £1,684 million (or HK$16,688 million) owing by the Three UK Group to the Group will be repaid in cash. As a result, the total assets and the total liabilities of the Group are expected to reduce by HK$17,448 million and HK$15,741 million, respectively, resulting in an expected decrease in the Group's net asset of HK$1,707 million at Closing.

The decrease in the Group's net asset at Closing reflects a loss before reclassification adjustments (as explained below) of HK$1,707 million to be realised from the Joint Venture Establishment. The calculation of this loss is based on information currently available, including estimates and assumptions about (i) the value of the consideration estimated by reference to the terms of the Transaction, the historical performance of the Three UK Group and the Vodafone UK Group to be contributed, the synergies to be realised, and the debt amounts of the MergeCo Group at Closing; (ii) the carrying cost for the assets and liabilities of the Three UK Group as at 30 June 2024 to be de-recognised; (iii) the repayment of debt of £1,684 million owing by the Three UK Group to the Group at Closing; and (iv) the exchange rate disclosed in the "Definitions" section of this circular. Since the actual amounts of the aforementioned items at Closing may be different from the amounts used in the calculation described above, the final amount of the profit or loss before reclassification adjustments at Closing will vary from the amount presented above.

In addition, the Group is required to reclassify from equity to profit or loss as an accounting adjustment of the foreign exchange gains and losses previously recognised and accumulated in other comprehensive income included in equity and recognise it in the profit or loss upon completion of the Joint Venture Establishment at Closing. For illustration purposes, based on the balance of HK$8,575 million net foreign exchange losses accumulated as at 30 June 2024, the Group would be required to recognise a loss of the same amount in the consolidated income statement at Closing.

On the assumptions that the £ to HK$ exchange rate and the entry and exit value of MergeCo remain constant, the exercise of the Options are not expected to result in any impacts on the earnings and the assets and liabilities of the Group.

The actual amount of the loss, reclassification adjustment loss and effects arising from the exercise of the V Call Option, the H Put Option and the Secondary Options to be realised by the Group is subject to audit and will depend on the actual amount/rate for items mentioned above at Closing and at the completion of the exercise of the Options, and therefore will vary from the amounts mentioned above.

6 FINANCIAL INFORMATION OF THE MERGECO GROUP AND VODAFONE TOPCO

6.1 Financial information of the MergeCo Group

As at the Latest Practicable Date, MergeCo was an indirect wholly-owned subsidiary of Vodafone TopCo and is principally engaged in the business of an investment holding company.

As at the Latest Practicable Date, Three UK was an indirect wholly-owned subsidiary of the Company and is principally engaged in the operation of mobile telecommunications networks and the provision of telecommunications services in the UK.

As at the Latest Practicable Date, Vodafone UK was an indirect wholly-owned subsidiary of Vodafone TopCo and is principally engaged in the operation of mobile telecommunications networks and the provision of telecommunications services in the UK.

No consolidated financial statements of MergeCo had been prepared as at the Latest Practicable Date. No historical financial information is presented for MergeCo as (i) it was incorporated on 30 May 2023 and had no activities in the financial year immediately preceding the Latest Practicable Date; (ii) Vodafone UK was transferred to MergeCo on 2 September 2024; and (iii) Three UK have yet to be transferred to MergeCo as at the Latest Practicable Date. Instead, the net asset value and profit (loss) before and after tax of the Three UK Group and the Vodafone UK Business are set out below.

The Contribution Agreement provides that the target amounts for cash and working capital of the MergeCo Group at Closing shall be £20 million (equivalent to HK$198 million) and negative £445.3 million (equivalent to negative HK$4,413 million), respectively, which was a commercially negotiated and mutually agreed upon amount of each of these items and serve as the benchmark in determining the post-Closing adjustments as set out in the Contribution Agreement. Those target amounts were established following an analysis and considered during the negotiation phases of the Transaction as being a sufficient amount for the MergeCo Group to continue operations post-Closing. This ensures that the MergeCo Group is not burdened post-Closing and is positioned with a sufficient level of these items on the day of Closing for ongoing operations.

Three UK Group *(Note 1)*

The unaudited net asset value of the Three UK Group as at 30 June 2024 amounted to HK$68,970 million.

The unaudited profit (loss) before and after tax of the Three UK Group for the two financial years ended 31 December 2022 and 2023 and for the six-month period ended 30 June 2024 are set out below:

(in million)	**Financial year ended 31 December**		**Six-month period ended 30 June**
	2022	**2023**	**2024**
Profit (loss) before tax	HK$22,175	HK$(4,294)	HK$(2,060)
Profit (loss) after tax	HK$18,995	HK$(2,521)	HK$(1,633)

Vodafone UK Business *(Note 2)*

As at 31 March 2024, the audited net asset value of the Vodafone UK Business was £7,174.9 million (equivalent to HK$71,103 million).

The audited profit (loss) before and after tax of the Vodafone UK Business for the two financial years ended 31 March 2023 and 2024 are set out below:

(in million)	**Financial year ended 31 March**	
	2023	**2024**
Profit (loss) before tax	£(4,016.8) (equivalent to HK$(39,806))	£462.8 (equivalent to HK$4,586)
Profit (loss) after tax	£(3,009.0) (equivalent to HK$(29,819))	£334.2 (equivalent to HK$3,312)

Notes:

(1) Amounts attributable to the Three UK Group as included in the Company's audited consolidated financial statements for the years ended 31 December 2022 and 31 December 2023 and the Company's unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2024.

(2) Amounts of the Vodafone UK Business in British pounds (£) as per the Vodafone UK Business's audited Historical Financial Information (as defined in the Accountants' Report) for the years ended 31 March 2023 and 31 March 2024 as set out in Appendix II to this circular. The conversion of these amounts into Hong Kong dollars (HK$) has been made at the exchange rate disclosed in the "Definitions" section of this circular.

6.2 Financial information of Vodafone TopCo

Vodafone TopCo *(Note 1)*

As at 31 March 2024, the audited consolidated net asset value of Vodafone TopCo was €60,998 million (equivalent to HK$528,243 million).

The audited consolidated profit before and after tax of Vodafone TopCo for the two financial years ended 31 March 2023 and 2024 are set out below:

(in million)	**Financial year ended 31 March**	
	2023	**2024**
Profit before tax – Continuing operations	€13,074 (equivalent to HK$113,221)	€1,620 (equivalent to HK$14,029)
Profit after tax – Continuing operations	€12,582 (equivalent to HK$108,960)	€1,570 (equivalent to HK$13,596)
Loss after tax – Discontinued operations	€(247) (equivalent to HK$(2,139))	€(65) (equivalent to HK$(563))
Net profit after tax	€12,335 (equivalent to HK$106,821)	€1,505 (equivalent to HK$13,033)

Note:

(1) Amounts of Vodafone TopCo in Euro (€) as per Vodafone TopCo's audited consolidated financial statements for the year ended 31 March 2024 (including comparative for the year ended 31 March 2023). The conversion of these amounts into Hong Kong dollars (HK$) has been made at the exchange rate disclosed in the "Definitions" section of this circular.

7 INFORMATION OF THE GROUP AND OTHER PARTIES

7.1 The Group

The Group is principally engaged in four core businesses: ports and related services, retail, infrastructure and telecommunications. The diverse businesses of the Group and associated companies operate in over 50 countries/markets across the world.

7.2 Hutchison

Hutchison is an indirect wholly-owned subsidiary of CKHGTH and the sole shareholder of Three UK. Hutchison is an investment holding company.

7.3 CKHGTH

CKHGTH is an indirect wholly-owned subsidiary of the Company. CKHGTH together with its subsidiaries is a worldwide operator of mobile telecommunications networks, with operations in six European countries and Hong Kong and Macau of the PRC. Its telecom operations in Europe comprise telecommunications businesses in the UK, Italy, Sweden, Denmark, Austria and Ireland, offering telecommunication services. Its telecommunications operations in Hong Kong comprise an approximately 66.09% interest in Hutchison Telecommunications Hong Kong Holdings Limited, which is listed on the Stock Exchange.

7.4 Vodafone

Vodafone is an indirect wholly-owned subsidiary of Vodafone TopCo and its principal function as a holding company in the Vodafone Group.

7.5 Vodafone TopCo

The Vodafone Group is a leading European and African telecoms company. It provides mobile and fixed services to over 330 million customers in 15 countries (excluding Italy which is held as a discontinued operation under the Vodafone Group), partners with mobile networks in 45 more and have one of the world's largest IoT platforms. In Africa, the Vodafone Group's financial technology businesses serve more than 76 million customers across eight countries – managing more transactions than any other provider.

Hutchison Telecommunications (Australia) Limited, an 87.87% owned subsidiary of the Company listed on the Australian Securities Exchange, and Vodafone TopCo are each interested in 25.05% of TPG Telecom Limited, a company listed on the Australian Securities Exchange. Notwithstanding such common interest in TPG Telecom Limited, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Vodafone, Vodafone TopCo and their ultimate beneficial owners (i) are not connected persons of the Company; and (ii) are otherwise third parties independent of the Company and connected persons of the Company.

8 IMPLICATIONS UNDER THE LISTING RULES

8.1 The Joint Venture Establishment

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the Joint Venture Establishment exceed 25% but all the applicable percentage ratios are less than 75% or 100% (as the case may be, being the thresholds applicable for determining whether a very substantial disposal or a very substantial acquisition is constituted, respectively), the Joint Venture Establishment constitutes a major transaction for the Company and is therefore subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

8.2 The V Call Option

The V Call Option is exercisable at the discretion of Vodafone. Under Rule 14.74(1) of the Listing Rules, the grant of the V Call Option is classified as if it had been exercised at the time of the grant. As neither the actual amount nor the maximum amount of consideration receivable by Hutchison on the exercise of the V Call Option can be ascertained at the time of grant, pursuant to Rule 14.76(1) of the Listing Rules, the V Call Option shall be classified as at least a major transaction for the Company. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the V Call Option exceed 25% but all the applicable percentage ratios are less than 75%, the V Call Option (including its grant and exercise) constitutes a major transaction for the Company and is therefore subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. If the requisite Shareholders' approval is obtained at the time of grant of the V Call Option, in accordance with the Listing Rules, no further approval from the Shareholders will be required at the time of exercise of the V Call Option.

8.3 The H Options

Each of the H Options is granted to the Group at no cost and its exercise is at the discretion of the Group. Pursuant to Rule 14.75(1) of the Listing Rules, on the grant of the H Options, only the premium will be taken into consideration for the purpose of classification of notifiable transactions. The grant of the H Options does not constitute notifiable transactions for the Company under Chapter 14 of the Listing Rules, or give rise to the announcement and shareholders' approval requirements under that Chapter. Pursuant to Rule 14.75(2) of the Listing Rules, the exercise of any of the H Options by Hutchison will be subject to the requirements under Chapter 14 of the Listing Rules at the time of exercise.

Under Rule 14.76(2) of the Listing Rules, a listed issuer may, at the time of entering into an option, seek any shareholders' approval necessary for the exercise of the option (in addition to seeking any shareholders' approval necessary for the entering into of the option). Such approval, if obtained, will be sufficient for satisfying the shareholders' approval requirement under Chapter 14 of the Listing Rules, provided that the actual monetary value of the total consideration payable upon exercise and all other relevant information are known and disclosed to the shareholders at the time such approval is obtained and there has been no change in any relevant facts at the time of exercise.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the relevant requirements under Rules 14.75(2) and 14.76(2) of the Listing Rules such that the Company can seek Shareholders' approval for the exercise of the H Options at the EGM instead of seeking Shareholders' approval at the time of exercise, based on the following grounds:

(i) it is in the best interests of the Company and the Shareholders for Hutchison to be able to act promptly to exercise the H Put Option (which is a reciprocal right to place Hutchison on equal footing with Vodafone with respect to the V Call Option) and ensure the Company has the benefit of the protective measures under the Secondary Options. If the exercise of the H Options requires approval to be sought from Shareholders at the time of exercise, the Group would be subject to deal uncertainty and market risk arising from such need at the time of exercise;

(ii) in respect of the H 1^{st} Secondary Call Option and the H 2^{nd} Secondary Call Option, the approval from Shareholders for the exercise of such options will be sought subject to monetary caps of £9.257 billion and £18.15 billion for their respective exercise price, which were determined taking into account the £16.5 billion Fair Market Enterprise Value threshold at which the V Call Option and (in certain financial years) the H Put Option will be exercisable, plus a 10% premium. In the event that the relevant cap is exceeded when the H 1^{st} Secondary Call Option or the H 2^{nd} Secondary Call Option (as the case may be) is exercised, the Company will re-comply with Rule 14.75(2) of the Listing Rules. For the avoidance of doubt, these monetary caps do not form part of the contractual terms between the parties to the Transaction, and the sole purpose of the caps is for seeking the approval of the Shareholders for the exercise of the Secondary Options at the time of their grant in the form of a mandate for the purpose of the Listing Rules;

(iii) Vodafone is not, and will not at Closing become, a connected person of the Company;

(iv) information required to approve the V Call Option pursuant to Rule 14.74(1) of the Listing Rules has been disclosed in this circular and is identical to the information required to approve the H Put Option; and the information on Vodafone UK (including but not limited to the Accountants' Report) required as if the Secondary Options have been exercised has also been disclosed in this circular; and

(v) the exercise price of the H Options will be determined through an independent third-party Valuation Process pursuant to the Shareholders' Agreement and is disclosed in this circular.

For the H Put Option, as one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 25% but all the applicable percentage ratios are less than 75%, the exercise of the H Put Option will constitute a major transaction for the Company under the Listing Rules.

For the Secondary Options (including the possible acquisition of MergeCo shares upon exercise of any of the Secondary Options), as one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules and on the basis of, among others, the monetary caps for their respective exercise price) exceed 25% but all the applicable percentage ratios are less than 100%, the exercise of each of the Secondary Options constitutes a major transaction for the Company.

8.4 The Vodafone Securities

(i) In respect of the possible acquisition of Vodafone Securities upon exercise of the V Call Option or the H Put Option and of the Vodafone Shares issued for the settlement of any Vodafone CLNs, as one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 25% but all the applicable percentage ratios are less than 100%; and (ii) in respect of the possible disposal of Vodafone Securities and any Vodafone Shares issued for the settlement of any Vodafone CLNs and which remain held by Hutchison upon the exercise of the H 2nd Secondary Call Option, as one or more of the applicable percentage ratios exceed 25% but all the applicable percentage ratios are less than 75%, such possible acquisition and possible disposal each constitutes a major transaction for the Company and is therefore subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

9 WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

The Company has applied to, and has been granted waivers by, the Stock Exchange from strict compliance with Rules 4.03 and 14.67(6)(a)(i) of the Listing Rules as detailed below.

9.1 Waiver from strict compliance with Rule 4.03 of the Listing Rules in relation to the Vodafone UK Business

Pursuant to Rule 4.03 of the Listing Rules, subject to Rules 4.03(1) and 4.03(2) of the Listing Rules, all accountants' reports must normally be prepared by practicing accountants who are registered and not prohibited under the AFRCO from holding any appointment as auditors of a company.

Rule 4.03(2) of the Listing Rules also provides that in the case of a major transaction circular issued by a listed issuer in connection with the acquisition of an overseas company, the Stock Exchange may be prepared to permit the accountants' report to be prepared by a firm of practicing accountants that is not registered under the AFRCO but which is acceptable to the Stock Exchange. Such a firm must normally satisfy the conditions referred to in Rule 4.03(2) of the Listing Rules (e.g., have an international name and reputation and be a member of a recognised body of accountants).

The Company has applied to, and has been granted a waiver by, the Stock Exchange from strict compliance with Rule 4.03 of the Listing Rules to permit PricewaterhouseCoopers LLP, United Kingdom ("**PwC UK**") to prepare the Accountants' Report for the following reasons:

(i) **International name and reputation**: PwC UK is a limited liability partnership registered in England, a member firm of the PricewaterhouseCoopers International Limited network of international firms. PwC UK has an international name and reputation;

(ii) **Member of a recognised body of accountants**: although PwC UK is not registered under the AFRCO, it is a member of the Institute of Chartered Accountants in England and Wales, an internationally recognised association for accountants;

(iii) **Audit oversight body or securities regulator in the jurisdiction is a full signatory to the IOSCO MMOU**: PwC UK is subject to independent oversight by the Financial Reporting Council, the UK's audit regulator. The FCA, being the UK's securities regulator, is a full signatory to the IOSCO MMOU;

(iv) **Independence**: PwC UK satisfies the independence requirement under the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) in order for it to issue the Accountants' Report;

(v) **Unduly burdensome to engage another accountant who is registered under the AFRCO in Hong Kong**: the headquarters, key financial reporting staff and accounting work papers of the Vodafone UK Business are located in the UK. The reporting accountant team of PwC UK has geographical proximity to the relevant personnel and records of the Vodafone UK Business. The Company therefore considers that it would be unduly burdensome, impractical, costly and would involve a significant amount of time for PricewaterhouseCoopers, Hong Kong ("**PwC HK**") or another accountant who is registered under the AFRCO in Hong Kong to act as the reporting accountants to prepare an accountants' report on the Vodafone UK Business in a timely manner; and

(vi) **Assistance from PwC HK**: PwC HK, the Company's auditor, will assist PwC UK in performing its duties as the reporting accountant to ensure the disclosure requirements of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the applicable provisions of the Listing Rules are duly complied with in the preparation of the Accountants' Report.

9.2 Waiver from strict compliance with Rule 14.67(6)(a)(i) of the Listing Rules in relation to Vodafone TopCo

As mentioned in the section headed "8.4 The Vodafone Securities" above, the possible acquisition of Vodafone Securities upon exercise of the V Call Option or the H Put Option and of the Vodafone Shares issued for the settlement of any Vodafone CLNs (the "**Possible Acquisition**") constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Pursuant to Rule 14.67(6)(a)(i) of the Listing Rules, a circular issued in relation to an acquisition constituting a major transaction must contain an accountants' report on the business, company or companies being acquired in accordance with Chapter 4 of the Listing Rules provided that, where any company in question has not or will not become a subsidiary of the listed issuer, the Stock Exchange may be prepared to relax this requirement.

The Company has applied to, and has been granted a waiver by, the Stock Exchange from strict compliance with Rule 14.67(6)(a)(i) of the Listing Rules to permit the Company to include hyperlinks to the audited financial reports of Vodafone TopCo for each of the three financial years preceding the date of this circular which are published on the website of the FCA, instead of an accountants' report on Vodafone TopCo in accordance with Chapter 4 of the Listing Rules for the following reasons:

(i) **Vodafone TopCo will not become a subsidiary of the Company:** As disclosed in the section headed "3.2 The Shareholders' Agreement – Vodafone Securities" above, Vodafone TopCo will not become a subsidiary of the Company as a result of the Possible Acquisition. Rule 14.67(6)(a)(i) of the Listing Rules explicitly provides that the Stock Exchange may relax the requirement to include an accountants' report where the target company has not or will not become a subsidiary of the listed issuer;

(ii) **Vodafone TopCo is listed on a recognised stock exchange:** Vodafone TopCo has a primary listing on the London Stock Exchange and is a constituent of the FTSE 100 Index, where its financial disclosures are subject to supervision by the regulatory authorities in the UK. Vodafone TopCo also has a secondary listing with its American depository receipts listed on the Nasdaq stock exchange;

(iii) **Vodafone TopCo has regularly published its financial information:** Vodafone TopCo has been publishing financial information to the market on a semi-annual basis on its own website and the website of FCA. In particular, Vodafone TopCo has published its audited financial statements for at least the three years ended 31 March 2022, 2023 and 2024. Such regular publication of financial information enables investors to assess the results and financial position of Vodafone TopCo;

(iv) **Vodafone TopCo's financial statements were audited by Ernst & Young LLP:** for the three years ended 31 March 2022, 2023 and 2024, the financial statements of the Vodafone TopCo had been audited by Ernst & Young LLP ("**EY**"). Based on public information available to the Company, EY is a limited liability partnership registered in England, a member firm of the Ernst & Young Global Limited network of international firms. EY has an international name and reputation. Although EY is not registered under the AFRCO, it is a member of the Institute of Chartered Accountants in England and Wales, an internationally recognised association for accountants. EY is also subject to independent oversight by the Financial Reporting Council, the UK's audit regulator. The FCA, being the UK's securities regulator, is a full signatory to the IOSCO MMOU;

(v) **Impractical to prepare an accountants' report on Vodafone TopCo:** it would be impractical to prepare an accountants' report on Vodafone TopCo given (a) the Company does not have access to non-public information of Vodafone TopCo to prepare an accountants' report on it; and (b) even where such non-public information is available, the substantial time and costs required to prepare an accountants' report on it does not provide much additional information to the Shareholders than those audited financial statements which have been regularly published by Vodafone TopCo. Furthermore, it remains uncertain whether the V Call Option and the H Put Option may be exercised, and even if exercised, whether the consideration will be in cash or Vodafone Securities; and

(vi) **No material difference:** Rule 4.11 of the Listing Rules requires that the financial history of results and the statement of financial position included in an accountants' report must normally be drawn up in conformity with Hong Kong Financial Reporting Standards ("**HKFRS**") or International Financial Reporting Standards ("**IFRS**"). The financial statements of Vodafone TopCo for the three years ended 31 March 2022, 2023 and 2024 were prepared in accordance with UK-adopted International Accounting Standards and IFRS. With reference to the publication on the comparison between IFRS and HKFRS issued by the Hong Kong Institute of Certified Public Accountants, the Company understands that there are no material differences between IFRS and HKFRS, being the standards adopted by the Company.

9.3 Waiver from strict compliance with Rule 14.66(10) of, and paragraph 43(2)(c) of Appendix D1B to, the Listing Rules in relation to the displaying of the Contribution Agreement on the Company website and the HKEXnews Website

The Company has applied to, and has been granted a waiver by, the Stock Exchange from strict compliance with Rule 14.66(10) of, and paragraph 43(2)(c) of Appendix D1B to, the Listing Rules such that certain information as described below (the "**Redacted Information**") would be redacted in the Contribution Agreement for the purpose of displaying on the Company website and the HKEXnews Website (the "**Redacted Contribution Agreement**"). The Company considers that:

(i) the Redacted Information is not of material importance and is not such as will influence the assessment of the impact of the Transaction. The omission of such information is not likely to mislead the Shareholders with regard to the facts and circumstances, knowledge of which is essential for an informed assessment of the impact of the Transaction;

(ii) the disclosure of the Redacted Information is or may be prejudicial, seriously detrimental, or competitively harmful, to the Group and is not in its interest as a whole;

(iii) the Redacted Contribution Agreement together with this circular contain such information as is material to the Shareholders for an informed assessment of the Transaction; and

(iv) the disclosure of certain Redacted Information may be in violation of the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong).

The term Redacted Information includes the following information:

(i) personal data or information such as names, signatures and contact details of individuals;

(ii) employee-related information and arrangements;

(iii) descriptions of certain agreements and arrangements between the Three UK Group or the Vodafone UK Business on the one hand and independent third parties such as network providers or financiers on the other hand, and the agreed arrangements for such agreements and arrangements in light of the Transaction;

(iv) descriptions of certain intra-group agreements (including agreements among (a) members of the Three UK Group, (b) members of the Vodafone UK Business, (c) members of the Three UK Group and the other members of the Group, and (d) the members of the Vodafone UK Business and the other members of the Vodafone Group), and the agreed arrangements for such agreements in light of the Transaction;

(v) details and particulars of the businesses and operations of the Three UK Group and the Vodafone UK Business, such as key details of material licenses, assets and properties;

(vi) detailed step plans on the reorganisation of the Group and the Vodafone Group prior to Closing (including certain pre-Closing matters and arrangements in preparation for Closing); and

(vii) finely nuanced terms which are not material to the fundamental structure of the Transaction, such as conduct relating to indemnity claims and Closing arrangements.

Accordingly, only the Redacted Contribution Agreement will be available on the Company website and the HKEXnews Website as a document on display in accordance with the arrangements as set out in this circular.

10 VOTING UNDERTAKING

The Voting Undertaking Registered Shareholders have provided an irrevocable undertaking to the Company to vote in favour of the resolution to be proposed at the EGM in relation to the Joint Venture Establishment and the V Call Option in respect of a total of approximately 30% of the existing issued share capital of the Company as at the Latest Practicable Date.

11 EGM AND VOTING

The Company will convene the EGM for the Shareholders to consider and, if thought fit, pass the ordinary resolution to approve the Transaction (including the exercise of the H Options).

A notice convening the EGM to be held as a hybrid meeting at 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 17 October 2024 at 3:00 pm is set out on pages EGM-1 to EGM-3 of this circular. Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The ordinary resolution to be proposed at the EGM shall be voted by way of a poll pursuant to Article 81 of the Articles. After the conclusion of the EGM, the results of the poll will be released on the Company website at www.ckh.com.hk and the HKEXnews Website at www.hkexnews.hk.

All Shareholders who have a material interest in the Transaction will be required to abstain from voting on the ordinary resolution to approve the Transaction at the EGM. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Transaction. As such, no Shareholder is required to abstain from voting under the Listing Rules on the resolution to be proposed at the EGM.

A proxy form for use at the EGM is enclosed with this circular. The proxy form can also be downloaded from the above websites. Shareholders are recommended to appoint the Chairman of the EGM as their proxy by completing and signing the proxy form in accordance with the instructions printed thereon and returning it (i) by email to EGM2024proxy@ckh.com.hk, or (ii) to the Hong Kong Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in either case, as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the EGM or any adjournment or postponement thereof. For the EGM convened to be held on Thursday, 17 October 2024 at 3:00 pm, the deadline to submit completed proxy forms is Tuesday, 15 October 2024 at 3:00 pm. Shareholders are recommended to return proxy forms by email where possible and, if they elect to return proxy forms by post, ample time should be allowed for postal delivery.

Completion and return of the proxy form will not preclude a Shareholder from attending and voting, physically at the Principal Meeting Place or electronically through the Online Platform, at the EGM or any adjournment or postponement thereof should the Shareholder subsequently so wish. In the event that a Shareholder subsequently attends and votes at the EGM, the proxy appointment shall be deemed to be revoked.

12 RECOMMENDATIONS

The Directors believe that the terms of the Transaction are on normal commercial terms and are fair and reasonable. Furthermore, having taken into account the reasons for and the benefits of the Transaction as more particularly described under the section headed "2 Reasons for and Benefits of the Transaction" of this circular, the Directors consider that the terms of the Joint Venture Establishment and the Options are in the interests of the Company and the Shareholders as a whole. Given the above, the Directors recommend Shareholders to vote in favour of the resolution to be proposed at the EGM.

As Closing is conditional on the satisfaction of certain conditions, there remains a possibility that the Transaction may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

Yours faithfully,
For and on behalf of the Board of
CK HUTCHISON HOLDINGS LIMITED

Victor T K LI
Chairman

1 FINANCIAL INFORMATION OF THE GROUP FOR EACH OF THE THREE YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023 AND THE SIX MONTHS ENDED 30 JUNE 2024

Financial information of the Group for each of the three years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 are disclosed in the following documents which have been published on the Company website at www.ckh.com.hk and the HKEXnews Website at www.hkexnews.hk and can be accessed at the website addresses below:

(i) annual report of the Company for the year ended 31 December 2021 (pages 124 to 258) (https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0411/2022041100561.pdf)

(ii) annual report of the Company for the year ended 31 December 2022 (pages 126 to 262) (https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0417/2023041700742.pdf)

(iii) annual report of the Company for the year ended 31 December 2023 (pages 132 to 266) (https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0419/2024041900568.pdf)

(iv) interim report of the Company for the six months ended 30 June 2024 (pages 39 to 96) (https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0829/2024082900309.pdf)

2 INDEBTEDNESS

The Group

Borrowings

As at the close of business on 31 July 2024, being the latest practicable date for the purposes of this statement, the Group had total outstanding borrowings of approximately HK$282,044 million comprising: (i) notes and bonds of approximately HK$191,210 million which were unsecured; (ii) bank loans of approximately HK$87,335 million, of which approximately HK$1,547 million were secured and approximately HK$85,788 million were unsecured; (iii) other loans of approximately HK$72 million, of which approximately HK$1 million were secured and approximately HK$71 million were unsecured; and (iv) loans from non-controlling shareholders of approximately HK$3,427 million which were unsecured.

Pledge of assets

As at 31 July 2024, the Group had pledged assets with aggregate carrying values of approximately HK$1,494 million, of which approximately HK$1,493 million and approximately HK$1 million are pledged as collateral for bank loans and other loans respectively.

Lease liabilities

As at 31 July 2024, the Group had lease liabilities recognised on application of HKFRS 16 “Leases” of approximately HK$64,475 million, of which approximately HK$12,210 million were due within one year and approximately HK$52,265 million were due after one year.

Contingent liabilities and guarantees

As at 31 July 2024, the Group had contingent liabilities of approximately HK$15,552 million. The contingent liabilities comprised guarantees in respect of bank and other borrowing facilities to associated companies and joint ventures of approximately HK$10,288 million, and performance and other guarantees of HK$5,264 million.

Save as set out above and apart from intra-group liabilities and guarantees, the Group did not have any outstanding indebtedness in respect of mortgages, charges, debentures or loan capital, bank overdrafts, loans, debt securities or other similar indebtedness or acceptance credits (other than trade bills in the ordinary and usual course of the business) or hire purchase commitments or any guarantees or other material contingent liabilities at the close of business on 31 July 2024.

Vodafone UK Business

Borrowings

As at the close of business on 31 July 2024, being the latest practicable date for the purposes of this statement, the Vodafone UK Business had unguaranteed and unsecured loans due to the remaining Vodafone Group that is not part of the Transaction of £1,369.5 million.

Lease liabilities

As at 31 July 2024, the Vodafone UK Business had lease liabilities recognised on application of IFRS 16 "Leases" of £2,564.0 million, of which £561.9 million were due within one year and £2,002.1 million were due after one year.

Contingent liabilities

In December 2018, the administrators of former UK indirect seller, Phones 4U, sued three of the UK mobile network operators ("**MNOs**"), including Vodafone UK, and their parent companies in the English High Court. The administrators alleged collusion between the MNOs to withdraw their business from Phones 4U, thereby causing its collapse. The judge ordered that there should be a split trial between 1) liability and 2) causation and damages. The first trial on liability took place from May to July 2022. On 10 November 2023, the High Court issued a judgment in Vodafone UK's and Vodafone TopCo's favour and rejected Phones 4U's allegations that the defendants were in breach of competition law, consistent with Vodafone UK's and Vodafone TopCo's previously stated position that a present obligation does not exist. Phones 4U has been granted permission to appeal the judgment from the Court of Appeal. The appeal hearing will be in May 2025. Vodafone UK and Vodafone TopCo intend to vigorously defend the appeal and are not able to estimate any possible loss in the event of an adverse judgment on appeal.

In November 2023, Mr Gutmann issued claims in the Competition Appeal Tribunal seeking permission, as a proposed class representative, to bring collective proceedings against the four UK MNOs and their respective parent companies. Vodafone TopCo and Vodafone UK are named defendants to one of the claims with an alleged value of £1.4 billion, including interest. It is alleged that Vodafone UK, Vodafone TopCo and the other MNOs used their alleged market dominance to overcharge their customers after the expiry of the minimum terms of certain mobile contracts (referred to as a "**loyalty penalty**"). Taking into account all available evidence at this stage, Vodafone UK's and Vodafone TopCo's assessment is that the allegations are without merit and Vodafone UK and Vodafone TopCo intend to defend the claim. Vodafone UK and Vodafone TopCo are currently unable to estimate any possible loss in regards to this issue but, while the outcome is uncertain, Vodafone UK and Vodafone TopCo believe it is probable that no present obligation exists.

Vodafone UK has a possible exposure amounting to £18.9 million relating to certain bad debts as at 31 July 2024. Vodafone UK is confident that it can provide sufficient information to defend its position where required, therefore no provision has been recorded.

Guarantees

Vodafone TopCo has furnished performance guarantees of £139.0 million to external parties on behalf of the Vodafone UK Business as of 31 July 2024. These guarantees are backed by the Vodafone UK Business through back-to-back indemnity agreements with Vodafone TopCo.

Save as set out above, the Vodafone UK Business did not have any outstanding indebtedness in respect of mortgages, charges, debentures or loan capital, bank overdrafts, loans, debt securities or other similar indebtedness or acceptance credits (other than trade bills in the ordinary and usual course of the business) or hire purchase commitments or any guarantees or other material contingent liabilities at the close of business on 31 July 2024.

3 WORKING CAPITAL

Taking into account the Group's internal resources, available credit facilities and the effect of the Transaction, in the absence of unforeseeable circumstances, the Directors are of the opinion that the Group has sufficient working capital for its present requirement for at least 12 months from the date of this circular.

4 FINANCIAL AND TRADING PROSPECTS

The Group

The Group's operations consist of four core businesses – ports and related services, retail, infrastructure, and telecommunications.

Ports and Related Services

The demand outlook for the third quarter in 2024 remains positive but is expected to gradually slow down in the fourth quarter as shippers will have frontloaded cargo orders in advance for holiday seasons. The division expects an overall moderate volume growth during 2024 with relatively higher growth in Asia, Europe and Latin America regions.

Retail

Looking into the second half of 2024, businesses in European and ASEAN Asia countries should maintain momentum in achieving solid results, while various initiatives are being implemented to improve the performance of the Asian operations in non-ASEAN markets. The division will strive to enhance profitability and maintain short payback on store openings through effective efficiencies planning, as well as strengthening its customer engagement with its substantial customer base.

Infrastructure

The Infrastructure division comprises a 75.67% interest in CK Infrastructure Holdings Limited ("**CKI**"), a subsidiary listed in Hong Kong as well as interests in six co-owned infrastructure investments with CKI.

Market uncertainties persist around the world as interest rates remain high and geopolitical tensions pervade headlines. With strong recurring income and predictable cashflow, CKI has shown its resilience during difficult financial times.

Telecommunications

Looking into the remainder of the year, the good underlying performance reported in the first half is expected to continue with on-going revenue initiatives, disciplined cost management and stabilising depreciation from tight management of capital spending. Although cost pressures will continue to weigh on the division's profitability, all operations will focus in delivering margin enhancements and cost reductions to improve financial performance.

Vodafone UK Business

The Vodafone UK Business provides mobile and fixed line services to customers across the UK.

Leveraging its mobile and fixed networks, the Vodafone UK Business offers a wide range of products and services to both consumers and businesses of all sizes, including the ability to offer converged solutions for customers who require a combination of both mobile and fixed services.

Through its partnerships with CityFibre and Openreach, the Vodafone UK Business can now offer the fastest speeds in more locations across the UK than any other provider, covering 16.2 million households, and is one of the fastest growing broadband providers in the UK.

In the six months ended 31 March 2024, Vodafone UK (a member of the Vodafone UK Business) was recognised as having a co-leading Consumer Net Promoter Score in the market and consumer mobile contract churn is now at its lowest ever, reflecting the significant improvements and investment made in customer experience over the last few years.

Looking ahead, the business will continue to focus on delivering its strategic priorities of Customers, Simplicity and Growth.

5 NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that, other than in the section headed "4 Financial and Trading Prospects" above and as disclosed in the 2023 Annual Report and 2024 Interim Report of the Company, there has been no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group have been made up.

The following is the text of a report set out on pages II-1 to II-2, received from the Company's reporting accountant, PricewaterhouseCoopers LLP, Chartered Accountants, for the purpose of incorporation in this circular.

pwc

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CK HUTCHISON HOLDINGS LIMITED

Introduction

We report on the historical financial information of certain UK businesses and operations of Vodafone Group Plc (the "**Vodafone UK Business**") set out on pages II-3 to II-63, which comprises the combined statement of financial position as at 31 March 2022, 2023 and 2024, and the combined income statement, the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for each of the years ended 31 March 2022, 2023 and 2024 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-3 to II-63 forms an integral part of this report, which has been prepared for inclusion in the circular of CK Hutchison Holdings Limited (the "**Company**") dated 24 September 2024 (the "**Circular**") in connection with the major transactions in relation to the transactions and steps contemplated under a contribution agreement, including the joint venture establishment, the grant and the possible exercise of the options including the possible acquisition and disposal of Vodafone securities, as applicable under a shareholders' agreement.

Directors' responsibility for the Historical Financial Information

The directors of the Company (the "**Directors**") are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the Directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The underlying financial statements of the Vodafone UK Business, which comprise the combined statement of financial position as at 31 March 2022, 2023 and 2024, and the combined income statement, the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the Track Record Period and the notes to these combined financial statements (together, the "**Underlying Financial Statements**"), on which the Historical Financial Information is based, were prepared by the directors of Vodafone Limited. The directors of Vodafone Limited are responsible for the preparation of the Underlying Financial Statements in accordance with the basis of preparation and presentation set out therein which conforms with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**") and for such

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internal control as the directors of Vodafone Limited determine is necessary to enable the preparation of the Underlying Financial Statements that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Historical 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 Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the combined financial position of the Vodafone UK Business as at 31 March 2022, 2023 and 2024 and of its combined financial performance and its combined cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

The Historical Financial Information is stated after making such adjustments to the Underlying Financial Statements as were considered necessary.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants
Reading
24 September 2024

HISTORICAL FINANCIAL INFORMATION OF THE VODAFONE UK BUSINESS

HISTORICAL FINANCIAL INFORMATION

Set out below is the historical financial information of the Vodafone UK Business as at and for the years ended 31 March 2022, 2023 and 2024 (the "Historical Financial Information"), which forms an integral part of this accountants' report.

The underlying financial statements of the Vodafone UK Business, which comprise the combined statement of financial position as at 31 March 2022, 2023 and 2024, and the combined income statement, the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the years ended 31 march 2022, 2023 and 2024 and the notes to these combined financial statements (the "Underlying Financial Statements"), on which the Historical Financial Information is based, were audited by Ernst & Young LLP in accordance with International Standards on Auditing (UK) issued by the Financial Reporting Council in the UK ("ISAs (UK)"). ISAs (UK) are based on the International Standards on Auditing ("ISAs") of the same titles that have been issued by the International Auditing and Assurance Standards Board, published by the International Federation of Accountants.

The Historical Financial Information is presented in millions of pound sterling (£m), unless otherwise stated.

COMBINED INCOME STATEMENT

		Year ended 31 March		
	Note	**2022**	**2023**	**2024**
		£m	*£m*	*£m*
Revenue	*7*	5,573.3	5,829.2	5,861.2
Cost of inventories sold	*8*	(11.2)	(13.6)	(14.9)
Staff costs	*9*	(472.7)	(518.2)	(560.2)
Expensed customer acquisition and retention costs		(1,270.5)	(1,345.4)	(1,188.4)
Depreciation and amortisation	*8*	(1,476.1)	(1,650.0)	(1,531.0)
Other expenses and losses	*8*	(2,207.2)	(6,324.2)	(2,283.5)
Other income and gains	*8*	1,707.0	–	154.5
		1,842.6	(4,022.2)	437.7
Finance income	*10*	5.8	47.9	122.9
Interest expenses and other finance costs	*10*	(34.5)	(42.5)	(97.8)
Profit (loss) before tax		1,813.9	(4,016.8)	462.8
Current tax credit (charge)	*11*	(12.5)	59.6	(2.7)
Deferred tax credit (charge)	*11*	(215.8)	948.2	(125.9)
Profit (loss) after tax		1,585.6	(3,009.0)	334.2

HISTORICAL FINANCIAL INFORMATION OF THE VODAFONE UK BUSINESS

COMBINED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 March		
	Note	**2022**	**2023**	**2024**
		£m	*£m*	*£m*
Profit (loss) after tax		1,585.6	(3,009.0)	334.2
Other comprehensive income (loss)				
Items that will not be reclassified to profit or loss				
Defined benefit pension schemes:				
Actuarial gains (losses)	*27*	461.9	(202.1)	(85.6)
Related income tax credit (charge)		(106.6)	49.7	22.1
		355.3	(152.4)	(63.5)
Items that may be reclassified to profit or loss				
Trade receivables held at fair value through other comprehensive income ("FVOCI"):				
Net gains (losses)	*26*	8.4	(3.3)	4.9
Related income tax credit (charge)	*26*	(2.1)	0.7	(1.2)
Cash flow hedges:				
Net gains (losses)	*26*	9.7	(5.2)	(8.4)
Related income tax credit (charge)		(1.9)	1.3	2.1
		14.1	(6.5)	(2.6)
Other comprehensive income (loss)		369.4	(158.9)	(66.1)
Total comprehensive income (loss)		1,955.0	(3,167.9)	268.1

HISTORICAL FINANCIAL INFORMATION OF THE VODAFONE UK BUSINESS

COMBINED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2022 £m	2023 £m	2024 £m
Non-current assets				
Fixed assets	12	2,693.8	1,747.3	1,901.4
Right-of-use assets	13	1,599.6	952.3	1,136.9
Telecommunications licences	14	5,986.8	3,564.2	3,647.4
Deferred tax assets	17	438.4	1,438.1	1,335.2
Other non-current assets	18	1,034.5	710.7	585.1
		11,753.1	8,412.6	8,606.0
Current assets				
Cash and cash equivalents	19	11.2	12.1	74.8
Inventories	20	112.1	150.0	128.0
Trade receivables and other current assets	21	3,979.7	4,256.3	4,210.6
		4,103.0	4,418.4	4,413.4
Current liabilities				
Loans due to RemainCo and other debts	22	1,715.1	1,849.4	1,823.6
Current tax liabilities		12.6	–	3.7
Lease liabilities	13	507.8	518.9	522.5
Trade payables and other current liabilities	23	1,954.5	2,087.7	2,058.2
		4,190.0	4,456.0	4,408.0
Net current assets (liabilities)		(87.0)	(37.6)	5.4
Total assets less current liabilities		11,666.1	8,375.0	8,611.4
Non-current liabilities				
Lease liabilities	13	1,262.4	1,214.9	1,163.2
Pension obligations	27	6.3	6.5	6.5
Other non-current liabilities	25	253.0	264.9	266.8
		1,521.7	1,486.3	1,436.5
Net assets		10,144.4	6,888.7	7,174.9
Equity				
Net parent's investment		10,144.4	6,888.7	7,174.9
Total equity		10,144.4	6,888.7	7,174.9

HISTORICAL FINANCIAL INFORMATION OF THE VODAFONE UK BUSINESS

COMBINED STATEMENT OF CHANGES IN EQUITY

	Note	**Net parent's investment** *£m*
At 1 April 2021	*33*	**8,062.2**
Profit for the year		1,585.6
Other comprehensive income		369.4
Total comprehensive income		1,955.0
Transactions with equity holders in their capacity as equity holders:		
Net share-based payments		4.1
Contribution [(a)]		123.1
		127.2
At 31 March 2022		**10,144.4**
Loss for the year		(3,009.0)
Other comprehensive income (loss)		(158.9)
Total comprehensive income (loss)		(3,167.9)
Transactions with equity holders in their capacity as equity holders:		
Net share-based payments		5.3
Distribution [(a)]		(93.1)
		(87.8)
At 31 March 2023		**6,888.7**
Profit for the year		334.2
Other comprehensive income (loss)		(66.1)
Total comprehensive income		268.1
Transactions with equity holders in their capacity as equity holders:		
Net share-based payments		8.2
Contribution [(a)]		9.9
		18.1
At 31 March 2024		**7,174.9**

(a) Contribution and distribution have arisen from the application of the separate return method, using the submitted tax computations for the tax reporting in respect of the years ended before 31 March 2024. Both current and deferred tax balances are capped based on the tax base available to the Perimeter Entities post surrender or claim of tax losses from or to the Vodafone Group. Contribution and distribution represent the change in intragroup payments and receipts for intragroup loss relief.

HISTORICAL FINANCIAL INFORMATION OF THE VODAFONE UK BUSINESS

COMBINED STATEMENT OF CASH FLOWS

	Note	Year ended 31 March 2022	2023	2024
		£m	£m	£m
Operating activities				
Cash generated from operating activities before finance income, interest expenses and other finance costs, tax paid and changes in working capital	29(a)	1,364.6	1,450.3	1,566.5
Interest received		–	–	0.7
Interest paid		(34.1)	(38.4)	(62.6)
Tax paid		(0.7)	(1.1)	–
Funds from operations (before principal elements of lease payments)		1,329.8	1,410.8	1,504.6
Changes in working capital	29(b)	44.5	240.5	56.4
Net cash from operating activities		1,374.3	1,651.3	1,561.0
Investing activities				
Purchase of fixed assets		(703.2)	(807.9)	(739.4)
Additions to telecommunications licences		(20.0)	–	–
Proceeds from disposal of fixed assets		2.4	1.0	0.4
Net movements in short-term loans and advances		5.8	(127.3)	97.5
Cash flows used in investing activities		(715.0)	(934.2)	(641.5)
Financing activities				
New borrowings	29(c)	13.1	16.6	21.2
Repayment of borrowings	29(c)	(15.0)	(1.7)	(27.9)
Principal elements of lease payments	29(c)	(650.0)	(731.1)	(835.1)
Settlement of share-based payments		(6.4)	–	(15.0)
Cash flows used in financing activities		(658.3)	(716.2)	(856.8)
Increase in cash and cash equivalents		1.0	0.9	62.7
Cash and cash equivalents at beginning of the year		10.2	11.2	12.1
Cash and cash equivalents at end of the year		11.2	12.1	74.8

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 General information

CK Hutchison Holdings Limited (the "Company"), Brilliant Design Limited ("Hutchison"), CK Hutchison Group Telecom Holdings Limited ("CKHGTH"), Vodafone International Operations Limited ("Vodafone"), Vodafone Group Plc ("Vodafone TopCo", together with its subsidiaries, the "Vodafone Group"), and Vodafone UK Trading Holdings Limited ("MergeCo") entered into a contribution agreement on 14 June 2023 (the "Contribution Agreement"), pursuant to which the parties have conditionally agreed on the transaction to combine Vodafone's and Hutchison's respective telecommunications operations in the UK into MergeCo. Immediately following the closing of the transactions under the Contribution Agreement (the "Closing"), the issued share capital of MergeCo will be owned 51% by Vodafone and 49% by Hutchison.

The transactions and steps contemplated under the Contribution Agreement, including the joint venture establishment, the grant and the possible exercise of the options to be granted pursuant to the Shareholders' Agreement (as defined below) including the possible acquisition and disposal of Vodafone securities, as applicable under a shareholders' agreement to be entered into between Hutchison, CKHGTH, Vodafone, Vodafone TopCo and MergeCo at Closing (the "Shareholders' Agreement") is hereunder defined as the "Transaction". The Transaction is subject to regulatory and shareholder approvals.

The Vodafone Group's telecommunications operations in the UK (the "Vodafone UK Business"), which are the subject of the Transaction, comprise the entirety of the Vodafone Group's 100% interest in Vodafone Limited ("Vodafone UK"), Talkmobile Limited, Vodafone Enterprise U.K., Energis Communications Limited and Thus Group Holdings Limited; and the Vodafone Group's 25% interest in Digital Mobile Spectrum Limited (collectively the "Perimeter Entities").

The principal activity of the Vodafone UK Business is the provision of telecommunication services in the UK through its mobile and fixed networks.

2 Basis of preparation and presentation

The Vodafone UK Business represents a collection of economic activities which represents a business under International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The Perimeter Entities, forming the Vodafone UK Business, were under the common control and management of the Vodafone Group and have been managed as a single business by the Vodafone Group throughout the years ended 31 March 2022, 2023 and 2024.

The Historical Financial Information presents the financial track record of the Vodafone UK Business as at 31 March 2022, 2023 and 2024 and for each of the years ended 31 March 2022, 2023 and 2024 and is prepared solely for the purpose of inclusion in this circular (the "Circular") for the Transaction.

The Historical Financial Information has been prepared in accordance with IFRS and drawn up applying the accounting policies which are materially consistent with the accounting policies of the Company and its subsidiaries. A summary of material accounting policies of the Company and its subsidiaries is set out in the consolidated financial statements of the Company for the year ended 31 December 2023.

The Historical Financial Information comprises the combined statement of financial position as at 31 March 2022, 2023 and 2024, and the combined income statement, the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for each of the years ended 31 March 2022, 2023 and 2024 and material accounting policy information and other explanatory information set out in this appendix to the Circular. The combined statement of financial position as at 31 March 2022, 2023 and 2024 have been prepared to present the carrying amounts of the combined assets and the combined liabilities of the Perimeter Entities, which form the Vodafone UK Business, as at 31 March 2022, 2023 and 2024. The combined income statement, the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the years ended 31 March 2022, 2023 and 2024 have been prepared to include the combined financial performance, the combined changes in equity and the combined cash flows of the Perimeter Entities, which form the Vodafone UK Business, for each of the years ended 31 March 2022, 2023 and 2024.

The Historical Financial Information has been prepared based on the audited Underlying Financial Statements as at 31 March 2022, 2023 and 2024 and for each of the years ended 31 March 2022, 2023 and 2024 (the "Track Record Period") and adjusted to reflect the applicable accounting policies of the Company and its subsidiaries. The audited Underlying Financial Statements as at 31 March 2022, 2023 and 2024 and for each of the years ended 31 March 2022, 2023 and 2024, on which the Historical Financial Information is based, were drawn up from the consolidated financial statements of the Vodafone Group and related accounting records unless otherwise stated, and were prepared under the Vodafone Group's accounting policies at and for the year ended 31 March 2024 and in accordance with IFRS.

The preparation of the Historical Financial Information in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies. The critical accounting judgements and key sources of estimation uncertainty are detailed in note 6.

In preparing the Historical Financial Information, IFRS 1 "First-time Adoption of International Financial Reporting Standards" has been applied to prepare an opening balance sheet at 1 April 2021 (see note 33). Since the Vodafone UK Business as a combined reporting entity has not previously prepared financial statements, it has not presented a reconciliation of its income statement, financial position or cash flows to previous generally accepted accounting principles ("GAAP").

The Historical Financial Information is prepared on a historical cost basis except for certain financial instruments measured at fair value and pension plans measured at the fair value of plan assets, less the present value of defined benefit obligations.

Management believes that the assumptions and estimates used in the preparation of this Historical Financial Information are reasonable. However, the Historical Financial Information may not be indicative of the Vodafone UK Business's future performance and do not necessarily reflect what its results or financial position would have been had the Vodafone UK Business operated as a separate independent entity during the Track Record Period presented.

The Directors are satisfied that, at the time of approving the Historical Financial Information, it is appropriate to adopt the going concern basis. The Directors have considered that the proposed merger of the Vodafone UK Business and the entities constituting the CK Hutchison's telecommunications operations in the UK (collectively referred to as "Three UK Business") ("the Merger") is expected to complete in the period prior to 30 September 2025 ("the going concern period").

In forming their view on the going concern of the Vodafone UK Business, the Directors have considered two scenarios, one, where completion of the Merger does not occur within the going concern period, and both the Vodafone UK Business and the Three UK Business continue to operate on a standalone basis ("Standalone Scenario"), and two, where the Merger completes in the going concern period ("Merger Scenario").

Standalone Scenario

In the Standalone Scenario, the Directors have considered the financial performance and position of the Vodafone UK Business and have assessed the monthly cashflow forecasts through to 30 September 2025, and concluded that the going concern basis is appropriate.

The Directors also noted that the Vodafone UK Business has £2,777 million cash held in a call deposit account on 31 March 2024 as part of the Vodafone TopCo cash pooling arrangement. Under the terms of the arrangement, the management of the Vodafone UK Business has control of this deposit and can withdraw funds as required. The Directors have reviewed the financial performance and position of Vodafone TopCo and concluded there is sufficient cash and liquidity to support the cash pooling arrangement as needed.

Vodafone TopCo has confirmed its continued support to the Vodafone UK Business to refinance and not request repayment of £2,187 million of intercompany liabilities repayable on demand, to the extent that financing is not otherwise available, as and when they fall due for a period expiring upon the earlier of: (i) completion of the Merger; and (ii) 30 September 2025.

Based on the above factors, the Directors have a reasonable expectation that the Vodafone UK Business in the Standalone Scenario will have adequate resources to continue in business as going concern.

Merger Scenario

In assessing whether the Vodafone UK Business will continue to be a going concern in the Merger Scenario, the Directors have specifically considered the following factors:

– The Merger is expected to complete in 2025 and a completion date of 31 March 2025 has been assumed ("estimated completion date").

- The impact of changes in working capital, injection of shareholder debt and available cash and cash equivalents of MergeCo upon completion, including but not limited to, the settlement of the call deposit account and intercompany balances.

- The shareholder debt is not due for repayment for at least three years from the estimated completion date, and there are no financial covenants that would trigger immediate repayment.

- The available equity funding facility which is contractually available to MergeCo from the shareholders following completion.

- The additional debt facility which is contractually available to MergeCo from the shareholders after MergeCo has exhausted all other possible financing options and will not be repayable during the going concern period.

- The ability of both the shareholders to provide the committed equity funding and additional debt funding considering the solvency and liquidity position based on the publicly available information for both shareholders.

- The Base Case cash flow forecast of MergeCo for the six-month period from the estimated completion date to 30 September 2025 as well as any significant events and conditions impacting cash flow immediately after the going concern period.

- The impact of a severe, but plausible "Downside" case on MergeCo's available liquidity and the results of a Reverse Stress Test as detailed below in (b) and (c) respectively.

(a) Base Case

- The Base Case combined the standalone cash flow forecasts of the Vodafone UK Business and the Three UK Business, adjusted for MergeCo's forecast debt servicing payment. It also considered the expected effects of the merger, including synergies, integration costs and other relevant adjustments, as determined through the joint business planning process.

- MergeCo will make use of the committed equity funding in the Shareholders' Agreement during the going concern period and this has been factored into the available liquidity assessment.

- The Base Case Scenario demonstrates sufficient liquidity throughout, and immediately after, the going concern period, without the need for mitigating actions or additional shareholder funds beyond the committed equity funding.

(b) Downside Case

- The Directors adjusted the Base Case forecast to reflect potential liquidity impacts of a severe, but plausible downside case.

- In order to determine the extent of sensitivities applied to the Base Case cash flow forecast, the Directors considered MergeCo's business model, the principal risks and uncertainties it might face, and its financing structure. The following downside risks have been assumed, and the impact of these risks crystallising simultaneously has been modelled:

  - Reduction in growth in the customer base in the six-month period following the estimated completion date;

  - Delayed realisation of synergies and other forecast cash inflows;

  - Increase in operating expenses, integration costs, and interest costs on debt; and

  - Other working capital and cash sensitivities impacting the timing of key cash inflows during the going concern period.

- Should the above downside risks crystallise simultaneously or any unforeseen circumstances arise that are not already considered, the headroom in the cash flow forecast may not be sufficient in certain months and may result in MergeCo requiring additional funding on top of the available equity funding facility. In such a scenario, both shareholders have committed to provide the necessary funds to MergeCo to ensure it can operate as going concern through the additional debt facility after MergeCo has exhausted all other possible financing options.

– The Downside Case scenario demonstrates sufficient liquidity throughout, and immediately after the going concern period, without additional shareholder funds beyond the committed equity and debt facility.

(c) Reverse Stress Test

– The Directors have also modelled a reverse stress test scenario, analysing the decline in customers that MergeCo could withstand before breaching the Base Case headroom. This scenario is considered remote, as it would require a significant reduction in MergeCo's revenue during the going concern period at the average contribution margin. Given the historical growth trend in the customer bases of the Vodafone UK Business and the Three UK Business, and the synergies arising from the merger, the Directors do not find such a reduction in revenue plausible within the going concern period.

The Directors have assessed the cash flow projection covering a period of not less than twelve months from the approval of this Historical Financial Information and taken into account the considerations outlined in both the Standalone and Merger scenario detailed above. They are of the opinion that the Vodafone UK Business will have sufficient liquidity to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of approving this Historical Financial Information. Accordingly, the Directors are satisfied that it is appropriate to prepare the Historical Financial Information on a going concern basis.

3 Basis of combination

The assets, liabilities, income and expenses of the Perimeter Entities have been included in the Historical Financial Information in full except for those held in Vodafone Enterprise U.K.. Prior to completion of the Transaction, Vodafone Enterprise U.K. will transfer its assets, liabilities, income, and expenses as recognised in its statutory accounts to an entity outside the perimeter. Therefore, these assets, liabilities, income, and expenses as recognised in the statutory accounts of Vodafone Enterprise U.K. are not included in the Historical Financial Information.

Further, the 25% interest in Digital Mobile Spectrum Limited is accounted for as an intangible asset being the capped contribution by the Vodafone UK Business in relation to Digital Mobile Spectrum Limited's activities following the acquisition of 4G spectrum licences.

Transactions and balances between the Perimeter Entities are eliminated. Transactions and balances between the Vodafone UK Business and the remaining Vodafone Group that is not part of the Transaction ("RemainCo") have been presented as external transactions and balances and have been disclosed as related party transactions and balances in accordance with IAS 24 "Related Party Disclosures".

All equity components are presented in a single line item within "Net parent's investment" in the combined statement of financial position and combined statement of changes in equity. No separate share capital or other similar equity reserves are presented on the basis that the Vodafone UK Business does not represent a group as defined by IFRS 10 "Consolidated Financial Statements".

4 Basis of allocation

All separately identifiable assets and liabilities, income and expenses and cash flows that are attributable to the Vodafone UK Business have been included in the Historical Financial Information.

Certain financial assets and liabilities are managed at the Vodafone Group level for the entire Vodafone Group (including the Vodafone UK Business). Treatment of these balances in the Historical Financial Information is as described below:

(a) Cash and liquidity management

Perimeter Entities take part in the cash pooling arrangement operated centrally by the Vodafone Group treasury. Daily excess cash balances or deposits are automatically transferred to the Vodafone Group's bank account; cash is drawn from the Vodafone Group's bank account when there is a funding shortage. The net cash balance when swept to/transferred from the Vodafone Group's bank account is recognised as a receivable/payable, which is unsecured and repayable on demand with interest charged on an arm's length basis. Any balances not swept to the cash pool account remain in the legal name of the Perimeter Entities and are recognised as cash and cash equivalents in their statutory accounts. These balances are recognised as receivables, payables and cash and cash equivalents respectively by the Perimeter Entities and are included as such in the Historical Financial Information.

(b) External borrowings and related finance expenses

The Vodafone Group raises external borrowings centrally. The Vodafone Group's external borrowings range from committed bank facilities, bank loans and short-term and long-term issuances in the capital markets including bonds. These external borrowings are not specific to the Perimeter Entities. These external borrowings and related expenses are not recognised by the Perimeter Entities in their statutory accounts.

These external borrowings and related finance expenses are not allocated to the Historical Financial Information as:

- None of the Perimeter Entities are severally or jointly liable for these borrowings;
- None of the Perimeter Entities have provided any guarantee for these borrowings; and
- None of these borrowings will be novated or transferred to the Vodafone UK Business after the Transaction.

(c) Pensions

Vodafone UK is the only entity within the Vodafone UK Business with employees. The entity has both defined benefit and defined contribution plans.

Vodafone UK's main defined benefit plan is the Vodafone UK Group Pension Scheme ("Vodafone Pension Plan"), which is a Group plan. The Vodafone UK's section of the Vodafone Pension Plan covers a number of UK based employers within the Vodafone Group. Vodafone Pension Plan was closed to new members and future accrual in March 2010. At that time, an allocation was determined for Vodafone UK's share of defined benefit obligation, plan assets, contributions and costs associated with the plan relative to the other Vodafone Group entities' members. Vodafone UK and other Vodafone Group entities have agreed to maintain the basis of allocation of the pension scheme assets and liabilities as determined in March 2010 for all the future years. Vodafone UK also operates the THUS Group Plc Pension Scheme and a small unfunded plan.

All costs, assets and liabilities arising from these plans and directly attributable to Vodafone UK are recognised in the statutory accounts of Vodafone UK and are included as such in the Historical Financial Information.

(d) Share-based payments

Vodafone TopCo issues equity-settled share awards to some of the employees in Vodafone UK, the only entity within the Vodafone UK Business with employees. When Vodafone TopCo issues rights or share options over its shares to employees of Vodafone UK, Vodafone UK records this as a capital contribution directly in equity with a corresponding debit to income statement for share-based payment expense. When Vodafone UK makes cash payments to its ultimate parent in respect of any rights or share options granted, such cash contributions are accounted for as a reduction in the capital contribution received.

Expenses in respect of the share-based payment awards which are directly attributable to Vodafone UK are recognised in the statutory accounts of Vodafone UK and are included as such in the Historical Financial Information.

(e) Corporate cost allocation

The Vodafone Group incurs a number of corporate costs centrally. These costs comprise costs associated with remuneration of the Vodafone Group's Board including top executives, provision of treasury services, use of shared assets etc. These costs are recharged to the Perimeter Entities based on pre-defined agreements, on an arm's length basis. The expenses are recognised by the Perimeter Entities in their statutory accounts and are included as such in the Historical Financial Information. The expenses are included in "Purchase of goods or services" within the related party transactions disclosure in note 30.

(f) Taxation

Current and deferred tax is determined by applying the separate return method using the known factual basis of submitted tax computations for the tax reporting in respect of the years ended before 31 March 2024. This method assumes that the Perimeter Entities were separately taxable entities and did not surrender or claim tax losses to or from the Vodafone Group. Therefore, the current and deferred income taxes of the Perimeter Entities are calculated separately, which differs from the methodology reflected in those entities' statutory accounts. The difference is recognised as a contribution or distribution within equity. However, both current and deferred tax balances recognised under the separate return method in the Historical Financial Information are capped based on the tax base available to the Perimeter Entities post surrender or claim of tax losses from or to the Vodafone Group.

5 Material accounting policies

Accounting policies that materially impact the Historical Financial Information are as follows:

(a) Revenue recognition

When Perimeter Entities enter into an agreement with a customer, goods and services deliverable under the contract are identified as separate performance obligations ("obligations") to the extent that the customer can benefit from the goods or services on their own and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified.

The obligations identified will depend on the nature of individual customer contracts, but will typically be separately identified for mobile handsets, other equipment such as set-top boxes and routers provided to customers and services provided to customers such as mobile and fixed line communication services. The Perimeter Entities' digital services and Internet of Things customer offers typically include separate obligations for communication services, as well as equipment and software or software as a service. Where goods and services have a functional dependency (for example, a fixed line router can only be used with the Perimeter Entities' services) this does not, in isolation, prevent those goods or services from being assessed as separate obligations. Activities relating to connecting customers to the Perimeter Entities' network for the future provision of services are not considered to meet the criteria to be recognised as obligations except to the extent that the control of related equipment passes to customers.

The Perimeter Entities determine the transaction price which they expect to receive in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts. The contractual amounts may include fixed amounts, variable amounts, or both. The Perimeter Entities include the transaction price some or all of the variable amounts only to the extent that it is highly probable that a significant reversal in the amount of the cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Where indirect channel dealers, such as retailers, acquire customer contracts on behalf of the Perimeter Entities and receive commission, any commissions that the dealer is compelled to use to fund discounts or other incentives to the customer are treated as payments to the customer when determining the transaction price and consequently are not included in contract acquisition costs.

The transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each obligation deliverable in the contract, is determined in accordance with the price the Perimeter Entities would receive by selling the similar goods and/or services included in the obligation to a similar customer on a standalone basis. Where standalone selling prices are not directly observable, estimation techniques are used maximising the use of external inputs.

Methods for estimating standalone prices include determining the standalone price of similar goods and services sold by the Perimeter Entities, observing the standalone prices for similar goods and services when sold by third parties or using a cost-plus reasonable margin approach (which may be the case for handsets and other equipment). Where it is not possible to reliably estimate standalone prices due to lack of observable standalone sales or highly variable pricing, which is sometimes the case for services, the standalone price of an obligation may be determined as the transaction price less the standalone prices of other obligations in the contract. The standalone price determined for each obligation impacts the allocation of revenue to these obligations and the timing of revenue recognition when obligations are provided to customers at different times.

Revenue is recognised when the respective obligations in the contract are delivered to the customer and payment remains probable.

- Revenue for the provision of services, such as mobile airtime and fixed line broadband, is recognised when the Perimeter Entities provide the related service during the agreed service period.

- Revenue for device sales to end customers is generally recognised when the device is delivered to the end customer. For device sales made to intermediaries, such as indirect channel dealers, revenue is recognised if control of the device has transferred to the intermediary and the intermediary has no right to return the device to receive a refund; otherwise, revenue recognition is deferred until sale of the device to an end customer by the intermediary or the expiry of any right of return.

Where refunds are issued to customers, they are deducted from revenue in the relevant service period.

When the Perimeter Entities have control of goods or services prior to delivery to a customer, then the Perimeter Entities are the principal in the sale to the customer. As a principal, receipts from customers, and payments to suppliers are reported on a gross basis in revenue and operating costs. If another party has control of goods or services prior to transfer to a customer, then the Perimeter Entities may be acting as an agent and revenue in respect of the relevant obligations is recognised net of any related payments to the supplier; recognised revenue represents the margin earned by the Perimeter Entities.

Customers typically pay in advance for prepaid mobile services and monthly for other communication services. Customers typically pay for handsets and other equipment either up-front at the time of sale or over a period of time through a loan agreement.

When revenue recognised in respect of a customer contract exceeds amounts received or receivable from a customer at that time, a contract asset is recognised. Once the amount receivable becomes conditional only on the passage of time, the contract asset becomes a trade receivable. If amounts received or receivable from a customer exceed revenue recognised for a contract, a contract liability is recognised.

When contract assets or liabilities are recognised, a financing component may exist in the contract. This is typically the case when a handset or other equipment is provided to a customer up-front, but payment is received over a loan term, in which case the customer is deemed to have received financing. If a significant financing component is provided to the customer, the transaction price is reduced, and interest revenue is recognised over the customer's payment period using an interest rate reflecting the relevant central bank rates and customer credit risk.

(b) Contract-related costs

When costs directly relating to a specific contract are incurred prior to recognising revenue for a related obligation, and those costs enhance the ability of the Perimeter Entities to deliver an obligation and are expected to be recovered, then those costs are recognised on the combined statement of financial position as fulfilment costs and are recognised as expenses in line with the recognition of revenue when the related obligation is delivered.

The direct and incremental costs of acquiring a contract including, for example, certain commissions payable to staff or agents for acquiring customers on behalf of the Perimeter Entities, are recognised as contract acquisition cost assets on the combined statement of financial position when the related payment obligation is recorded. Costs are recognised as an expense in line with the recognition of the related revenue that is expected to be earned by the Perimeter Entities; typically, this is over the customer contract period as new commissions are payable on contract renewal. Amounts payable to agents that are assessed as, in substance, Perimeter Entities-funded incentives to end customers, are deducted from revenue recognised.

(c) Foreign currencies

Transactions in currencies other than the Perimeter Entities' functional currency are recorded at the exchange rate prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities which are denominated in other currencies are translated into the functional currency at the rates prevailing on that date. Non-monetary items measured at historical cost denominated in other currencies are not retranslated. Gains and losses arising on translations are included in the combined income statement.

The functional and presentation currency of all the Perimeter Entities is pound sterling.

(d) Leases

As a lessee

When the Perimeter Entities lease an asset, a right-of-use asset is recognised for the leased item and a lease liability is recognised for any lease payments to be paid over the lease term at the lease commencement date. The right-of-use asset is initially measured at cost, being the present value of the lease payments paid or payable, plus any initial direct costs incurred in entering the lease and less any lease incentives received.

Right-of-use assets are separately presented on the combined statement of financial position.

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. The lease term is the non-cancellable period of the lease plus any periods for which the Perimeter Entities are 'reasonably certain' to exercise any extension options. The useful life of the asset is determined in a manner consistent to that for fixed assets. If right-of-use assets are assessed to be impaired, the carrying value is reduced accordingly.

Lease liabilities are initially measured at the value of the lease payments over the lease term that are not paid at the commencement date and are discounted using the incremental borrowing rates of the Perimeter Entities. Lease payments included in the lease liability include fixed payments during the term of the lease.

After initial recognition, the lease liability is recorded at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate (e.g., an inflation related increase) or if the Perimeter Entities' assessment of the lease term changes; any remeasurement of the lease liability as a result of these changes also results in a corresponding adjustment to the recorded right-of-use asset.

Lease modifications that increase the scope of a lease by adding the right to use one or more underlying assets in return for consideration commensurate with the stand-alone price for the additional lease components are treated as separate leases. If a lease modification decreases the scope of the lease, the Perimeter Entities remeasure both the right-of-use asset and the lease liability and recognise any gain or loss in profit or loss. Other lease modifications result in a remeasurement of the lease liability with an adjustment to the right-of-use asset. Remeasured lease liabilities are discounted at the modification date using a current discount rate.

Lease term

Where practicable the Perimeter Entities seek to include extension or break options in leases to provide operational flexibility, therefore many of the lease contracts contain optional periods. The policy on assessing and reassessing whether it is reasonably certain that the optional period will be included in the lease term is described under "Critical accounting judgements and key sources of estimation uncertainty" in note 6.

After initial recognition of a lease, the Perimeter Entities only reassess the lease term when there is a significant event or a significant change in circumstance, which was not anticipated at the time of the previous assessment. Significant event or significant change in circumstance could include merger and acquisition or similar activity, significant expenditure on the leased asset not anticipated in the previous assessment, or detailed management plans indicating a different conclusion on optional periods to the previous assessment. Where a significant event or significant change in circumstance does not occur, the lease term and therefore lease liability and right-of-use asset value, will decline over time.

The leases for customer connectivity are normally either under regulated access or network sharing or similar preferential access arrangements and, as a result, the Perimeter Entities normally have significant flexibility over the term it can lease such connections for; generally, the notice period required to cancel these leases is less than the notice period included in the service contracts with end customers. As a result, the Perimeter Entities do not have any significant cash exposure to optional periods on customer connectivity as the entities can cancel the lease when the service agreement ends. In some circumstances the Perimeter Entities are committed to minimum spend amounts for connectivity leases, which are included within reported lease liabilities.

As a lessor

Where the Perimeter Entities act as a lessor, they determine at inception whether the lease is a finance or an operating lease. When a lease transfers substantially all the risks and rewards of ownership of the underlying asset then the lease is a finance lease; otherwise, the lease is an operating lease.

Where the Perimeter Entities act as an intermediate lessor, the interests in the head lease and the sub-lease are accounted for separately and the lease classification of a sub-lease is determined by reference to the right-of-use asset arising from the head lease.

Finance lease receivables are included as "net investment in leases" within other non-current assets and trade receivables and other current assets.

Income from operating leases is recognised on a straight-line basis over the lease term. Interest income from finance leases is recognised over the lease term.

Lease income is recognised as "other revenue" for transactions that are part of the Perimeter Entities' ordinary activities which include the supply of equipment to customers. The Perimeter Entities use principles under IFRS 15 "Revenue from Contracts with Customers" to allocate the consideration in contracts between any lease and non-lease components.

(e) Post-employment benefits

The Perimeter Entities participate in both defined benefit and defined contribution pension schemes.

Defined benefit pension schemes

The surplus or deficit recognised on the combined statement of financial position in respect of the defined benefit plan represents the fair value of plan assets less the present value of the defined benefit obligations at the reporting date. Net plan assets are recognised only to the extent that the present value of the economic benefit is available in the form of refunds from the plan or reductions in future contributions to the plan. Assets are valued at market value. Defined benefit obligations for the scheme are calculated annually by independent actuaries using the projected unit method. The present value of these obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid. The bonds used have terms to maturity approximating the terms of the related pension obligation.

The Perimeter Entities recognise actuarial gains and losses, arising from experience adjustments and changes in actuarial assumptions, in the period in which they occur in the combined statement of comprehensive income. The return on plan assets, in excess of interest income, and costs incurred for the management of plan assets are also taken to other comprehensive income.

Past service costs are recognised immediately in the combined income statement, unless the changes to the pension plan are conditional on the employee remaining in service for a specified period of time (the vesting period). In these cases, the past service costs are amortised on a straight-line basis over the vesting period.

Current service costs, past service costs and the effect of any settlements, together with scheme administration costs are included within operating costs. The unwinding of the discount on plan liabilities less expected return on plan assets is recognised within finance costs.

Defined contribution pension schemes

For defined contribution schemes, the Perimeter Entities pay contributions to independently administered funds. The Perimeter Entities have no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they fall due.

Defined contribution pension costs charged to the combined income statement represent contributions payable in respect of the year.

(f) Share-based payments

Vodafone TopCo issues equity-settled share-based awards in the form of share options and rights to shares to certain employees of the Perimeter Entities. Equity-settled share-based awards 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 Vodafone UK's estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Where Vodafone UK grants rights or share options over Vodafone TopCo shares to its employees, Vodafone UK records it as an increase in net parent's investment. Where Vodafone UK makes cash payments to Vodafone TopCo, in respect of any rights or share options granted, such cash contributions are accounted for as a reduction in net parent's investment.

(g) Taxation

The tax expense for the period comprises current and deferred taxes. Tax is recognised in the combined income statement, except to the extent that it relates to items recognised in other comprehensive income or equity directly, in which case the tax is also recognised in other comprehensive income or equity directly.

The current tax charge calculation is based on the tax laws enacted or substantively enacted at the balance sheet date. Management of the Perimeter Entities periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

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

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

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

(h) Finance costs and income

Finance costs and income are recognised in the combined income statement in the period in which they are incurred or earned respectively.

(i) Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Perimeter Entities' interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity recognised at the date of acquisition.

Goodwill is allocated to the cash-generating units that are expected to benefit from the acquisition, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not subject to amortisation, but instead is tested annually for impairment or whenever there is an indication that the asset may be impaired. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash generating units. As the Perimeter Entities as a whole have been involved in providing a single group of similar services and products (being the supply of communications services and related products) representing the lowest level of asset group for which separately identifiable cash flows are generated, one cash-generating unit ("CGU") has been identified throughout the Track Record Period.

If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata, based on the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not reversible in subsequent periods.

The recoverable amount is the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU").

(j) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any provision for impairment.

Included within the cost of network infrastructure assets are materials awaiting installation which are valued at cost less provision for excess and obsolete items. The materials are used in the construction and maintenance of new and existing infrastructure and, when issued, are charged either to the cost of specific infrastructure or to the combined income statement.

Computer software comprises software purchased from third parties as well as the cost of internally developed software. Computer software licences are capitalised based on the costs incurred to acquire and bring the specific software into use. Costs that are directly associated with the production of identifiable and unique software products controlled by the Perimeter Entities, and are probable of producing future economic benefits, are recognised as intangible assets. Direct costs of software development include employee costs and directly attributable overheads. Costs associated with maintaining software programs are classified as an expense when they are incurred.

Assets in the course of construction are carried at cost, less any recognised impairment losses. Depreciation of these assets commences when the assets are ready for their intended use.

The cost of fixed assets includes directly attributable incremental costs incurred in its acquisition and installation.

Depreciation of fixed assets

Depreciation of fixed assets is charged to write off the cost of assets, other than assets under construction, to their residual values using the straight-line method over their estimated useful lives, as follows:

Freehold buildings	40-50 years
Leasehold improvements	5-40 years (or lease term, whichever is shorter)
Computer software	Not more than 5 years
Plant and machinery	1-7 years
Motor vehicles	4 years
Furniture and fittings	5-10 years
Network infrastructure	5-40 years

Depreciation is not provided on freehold land.

The depreciation charge for an asset is derived using estimates of its expected useful life and expected residual value, which are reviewed annually. Management of the Perimeter Entities determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and considering other relevant factors such as any expected changes in technology. The useful life of network infrastructure is assumed not to exceed the duration of related operating licences unless there is a reasonable expectation of renewal or an alternative future use for the asset. The useful life of computer software will not exceed the duration of the licence.

(k) Telecommunications licences

Telecommunications licences are stated at cost less accumulated amortisation and any provision for impairment. Telecommunications licences are considered to have indefinite useful lives since 1 January 2009 and are not amortised, and are tested for impairment annually and when there is an indication that they may be impaired.

(l) Financial instruments

Financial assets and financial liabilities are recognised on the combined statement of financial position when the Perimeter Entities become a party to the contractual provisions of the instrument.

(m) Trade and other receivables

Trade and other receivables, other than contract assets and net investment in leases, are recognised initially at fair value. Trade receivables represent amounts due from customers where the right to receive payment is conditional only on the passage of time.

Trade receivables that are held with the objective of collecting the contractual cash flows are subsequently measured at amortised cost using the effective interest method. Trade receivables that are recovered in instalments from customers over an extended period are initially discounted at market rates and interest revenue is accreted over the expected repayment period. Other trade receivables do not carry any interest and are stated at their nominal value.

The Perimeter Entities sell portfolios of receivables related to handset sales from time to time. These portfolios are essentially held for both collecting contractual cashflows and sale and are therefore, recorded at FVOCI. At inception, the fair value of these receivables is expected to be equal to their discounted present value. Subsequently, as the discount is accrued on these receivables on a monthly basis, their carrying value is generally considered equal to their fair value. When there is a change in risk free rate (considered in determining the discount rate on initial recognition), the change in discounted value is recorded in other comprehensive income as change in the fair value. When there is a change in credit risk, an impairment gain or loss is charged to combined income statement with corresponding change in loss allowance recognised in other comprehensive income. The change in fair value attributable to credit risk is adjusted to the carrying value of these receivables with corresponding movement recognised in other comprehensive income.

When a sale of a receivable occurs, the receivable is derecognised when substantially all the risks and rewards associated with the receivable are transferred to the buyer. Upon derecognition, the receivable is re-measured at fair value prior to sale, and the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss within "Other expenses and losses" in the combined income statement.

The carrying values of trade receivables carried at amortised cost and contract assets are presented net of allowances for lifetime expected credit losses. Expected future credit losses are first recorded on the initial recognition of a receivable and are based on the historical experience and forward-looking considerations. Individual balances are written off when management of the Perimeter Entities deems them uncollectible.

If collection is expected in one year or less, receivables are classified as current assets; if not, they are classified as non-current assets.

(n) Trade and other payables

Trade and other payables, other than contract liabilities, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

(o) Balances under the cash pooling arrangement

The receivables and payables under the cash pooling arrangement are initially measured at fair value (which is equal to cost at inception), and are subsequently measured at amortised cost, using the effective interest rate method. These balances are unsecured, repayable on demand with interest charged at an arm's length. These receivables and payables are included within "Trade receivables and other current assets" and "Loans due to RemainCo and other debts" respectively in the combined statement of financial position.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash balances with banks. Cash and cash equivalents are measured at amortised cost. The majority of the cash balances are held in a bank account managed by a third-party. These balances are considered as demand deposits without restriction for use by the Perimeter Entities and are therefore recognised as cash in the combined statement of financial position.

(q) Inventory

Inventory is valued at the lower of cost and estimated net realisable value. Cost is determined on the basis of weighted average costs and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventory to their present location and condition. Provision is made where inventory is slow moving or obsolete to reduce cost to its net realisable value, calculated with reference to historic sales experience and forecast demand.

(r) Provisions

Provisions for asset retirement obligations, restructuring costs and other claims are recognised when the Perimeter Entities have a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. Where the timing of settlement is uncertain, amounts are classified as non-current where settlement is expected more than 12 months from the reporting date.

(s) Contingent liabilities

Contingent liabilities are potential future cash outflows, where the likelihood of payment is considered more than remote but is not considered probable or cannot be measured reliably.

(t) Segment reporting

The Vodafone UK Business's operating segments are established based on how the Perimeter Entities are evaluated regularly by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources and in assessing performance. The Vodafone UK Business has determined the Chief Executive Officer of the Vodafone UK Business as the "CODM".

During the Track Record Period, the Perimeter Entities have been involved in providing a single group of similar services and products, being the supply of communications services and related products. Further, the results of the Perimeter Entities are reviewed by the CODM on an aggregated basis. Therefore, the Vodafone UK Business as a whole is considered a single operating segment.

New accounting pronouncements

New accounting pronouncements adopted during the Track Record Period

The Perimeter Entities adopted the new accounting policies, listed below, to comply with amendments to IFRS issued by IASB. These accounting policies were effective from their adoption date and none of these were early adopted in the earlier periods. These accounting pronouncements did not have a material impact on the Historical Financial Information on adoption.

New accounting pronouncements	**Adoption date**
Amendments to IFRS 16 "Covid-19 – Related Rent Concessions" and "Covid-19 – Related Rent Concessions beyond 30 June 2021"	1 April 2021
Amendments to IFRS 9, IAS 39, IFRS 4, IFRS 7 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2"	1 April 2021
Annual Improvements to IFRS Standards 2018-2020	1 April 2022
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"	1 April 2022
Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"	1 April 2022
Amendments to IFRS 3 "Reference to the Conceptual Framework"	1 April 2022
IFRS 17 "Insurance Contracts"	1 April 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	1 April 2023
Amendment to IAS 8 "Definition of Accounting Estimates"	1 April 2023
Amendment to IAS 12 "International Tax Reform – Pillar Two Model Rules"	1 April 2023
Amendment to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	1 April 2023

New accounting pronouncements to be adopted on or after 1 April 2024

The following narrow-scope amendments have been issued by the IASB and are effective for annual reporting periods beginning on or after 1 January 2024:

– Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current" and amendments to IAS 1 "Non-current Liabilities and Covenants"

– Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

– Amendments to IAS 7 and IFRS 7 "Disclosures – Supplier Finance Arrangements"

The amendments to IAS 1, IFRS 16, IAS 7 and IFRS 7 are not expected to have a material impact on the combined financial statements of the Vodafone UK Business.

New accounting pronouncement to be adopted on or after 1 April 2025

The following narrow-scope amendments have been issued by the IASB and are effective for annual reporting periods beginning on or after 1 January 2025:

– Amendments to IAS 21 "The Lack of Exchangeability – The Effects of Changes in Foreign Exchange Rates"

The amendments to IAS 21 are not expected to have a material impact on the combined financial statements of the Vodafone UK Business.

New accounting pronouncement to be adopted on or after 1 April 2026

The following narrow-scope amendments have been issued by the IASB and are effective for annual reporting periods beginning on or after 1 January 2026:

– Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"

– Amendments to IFRS 9 and IFRS 7 "Settlement by electronic payments"

– Annual improvements to IFRS Accounting Standards – Volume 11

The Perimeter Entities are assessing the impact of the amendments to IFRS 9 and IFRS 7 and the annual improvements to IFRS Accounting Standards on the combined financial statements of the Vodafone UK Business.

New accounting pronouncement to be adopted on or after 1 April 2027

The following new accounting standards have been issued by the IASB and are effective for annual reporting periods beginning on or after 1 January 2027:

– IFRS 18 "Presentation and Disclosure in Financial Statements"

– IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

The Perimeter Entities are assessing the impact of IFRS 18 on the combined financial statements of the Vodafone UK Business. IFRS 19 is not applicable to the Perimeter Entities.

6 Critical accounting judgements and key sources of estimation uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Perimeter Entities make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Judgements

The following judgements which have the most significant effect on the amounts recognised in the Historical Financial Information have been made:

(a) Revenue recognition

Gross versus net presentation

When the Perimeter Entities sell goods or services as a principal, income and payments to suppliers are reported on a gross basis in revenue and operating costs. If the Perimeter Entities sell goods or services as an agent, revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned. Whether the Perimeter Entities are considered to be the principal or an agent in the transaction depends on analysis by management of the Perimeter Entities of both the legal form and substance of the agreement between the Perimeter Entities and their business partners; such judgements impact the amount of reported revenue and operating expenses, but do not impact reported assets, liabilities or cash flows.

(b) Useful life of telecommunications licences

Telecommunications licences comprise the right to use spectrum and the right to provide a telecommunications service. Telecommunications licences that are considered to have an indefinite useful life are not amortised. Telecommunications licences are reviewed for impairment annually. Judgement is required to decide if the life of the asset is indefinite or finite. Due to the perpetual nature of these telecommunications licences, these have been concluded to have indefinite lives.

(c) Lease accounting

Lease accounting under IFRS 16 necessitates the collation and processing of very large amounts of data and the increased use of management judgements and estimates to produce financial information.

Lease identification

Whether the arrangement is considered a lease, or a service contract, depends on the analysis by management of the Perimeter Entities of both the legal form and substance of the arrangement between the Perimeter Entities and the counterparty to determine if control of an identified asset has been passed between the parties; if not, the arrangement is a service arrangement. Control exists if the Perimeter Entities obtain substantially all of the economic benefit from the use of the asset, and are able to direct its use, for a period of time. An identified asset exists where an agreement explicitly or implicitly identifies an asset or a physically distinct portion of an asset which the lessor has no substantive right to substitute.

The scenarios requiring the greatest judgement include those where the arrangement is for the use of fibre or other fixed telecommunication lines. Generally, where the Perimeter Entities have exclusive use of a physical line it is determined that the Perimeter Entities can also direct the use of the line and therefore leases will be recognised. Where the Perimeter Entities provide access to fibre or other fixed telecommunication lines to another operator on a wholesale basis the arrangement will generally be identified as a lease.

The impact of determining whether an agreement is a lease or a service, depends on whether the Perimeter Entities are potential lessees or lessors in the arrangement and, where the Perimeter Entities are lessors, whether the arrangement is classified as an operating or finance lease. The impacts for each scenario are described below where the Perimeter Entities are potentially:

– A lessee

  The judgement impacts the nature and timing of both costs and reported assets and liabilities. A lease results in an asset and a liability being reported and depreciation and interest being recognised; the interest charge will decrease over the life of the lease. A service contract results in operating expenses being recognised evenly over the life of the contract and no assets or liabilities being recorded (other than trade payables, prepayments and accruals).

– An operating lessor

  The judgement impacts the nature of income recognised. An operating lease results in lease income being recognised whilst a service contract results in service revenue. Both are recognised evenly over the life of the contract.

– A finance lessor

  The judgement impacts the nature and timing of both income and reported assets. A finance lease results in the lease income being recognised at commencement of the lease and an asset (the net investment in the lease) being recorded.

Lease term

Where leases include additional optional periods after an initial lease term, significant judgement is required in determining whether these optional periods should be included when determining the lease term. The impact of this judgement is significantly greater where the Perimeter Entities act as a lessee. As a lessee, optional periods are included in the lease term if the Perimeter Entities are reasonably certain they will exercise an extension option or will not exercise a termination option; this depends on an analysis by management of the Perimeter Entities of all relevant facts and circumstances including the leased asset's nature and purpose, the economic and practical potential for replacing the asset and any plans that the Perimeter Entities have in place for the future use of the asset. Where a leased asset is highly customised (either when initially provided or as a result of leasehold improvements) or it is impractical or uneconomic to replace then the Perimeter Entities are more likely to judge that lease extension options are reasonably certain to be exercised. The value of the right-of-use asset and lease liability will be greater when extension options are included in the lease term. The normal approach adopted for lease term by asset class is described below.

The lease terms can vary significantly by type and use of asset. In addition, the exact lease term is subject to the non-cancellable period and rights and options in each contract. Generally, lease terms are judged to be the longer of the minimum lease term and:

– Between 5 and 10 years for land and buildings (excluding retail), with terms at the top end of this range if the lease relates to assets that are considered to be difficult to exit sooner for economic, practical or reputational reasons;

– The period to the next contractual lease break date for retail premises (excluding breaks within the next 12 months);

– The lease term, or useful economic life, of the assets connected for the leases that are used to provide internal connectivity;

- The customer service agreement length for leases of local loop connections or other assets required to provide fixed line services to individual customers; and
- 5 years where the Perimeter Entities have leases for the use of space on towers for the placement of network infrastructure.

Where there are contractual agreements to provide services using leased assets, the lease term for these assets is generally set in accordance with the above principles or for the lease term required to provide the services for the agreed service period, if longer.

In most instances the Perimeter Entities have options to renew or extend leases for additional periods after the end of the lease term which are assessed using the criteria above.

Lease terms are reassessed if a significant event or change in circumstance occurs relating to the leased assets that is within the control of the Perimeter Entities; such changes usually relate to commercial agreements entered into by the Perimeter Entities, or business decisions made by the Perimeter Entities. Where such changes revise the Perimeter Entities' assessment of whether they are reasonably certain to exercise options to extend, or not terminate leases, then the lease term is reassessed and the lease liability is remeasured, which in most cases will increase the lease liability.

(d) Recognition of deferred tax assets

Management judgement is exercised to determine the recognition of deferred tax assets on the basis that it is probable that there will be sufficient and suitable taxable profits in the Perimeter Entities against which to utilise the assets in the future.

(e) Contingent liabilities

Management judgement is exercised to determine whether to recognise provisions and the exposures to contingent liabilities related to pending litigations or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities (see note 31). Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within 12 months from the balance sheet date, are described below:

(a) Recoverability of deferred tax assets

The Perimeter Entities assess the availability of future taxable profits using the same undiscounted five-year forecasts for the Perimeter Entities' operations as are used in the Vodafone UK Business's VIU calculations. Where tax losses are forecast to be recovered beyond the five-year period, the availability of taxable profits is assessed using the cash flows and long-term growth rates used for the VIU calculations.

The estimated cash flows inherent in these forecasts include the unsystematic risks of operating in the telecommunications business including the potential impacts of changes in the market structure, trends in customer pricing, the costs associated with the acquisition and retention of customers, future technological evolutions and potential regulatory changes, such as the Vodafone UK Business's ability to acquire and/or renew spectrum licences.

Changes in estimates which underpin the Vodafone UK Business's forecasts could have an impact on the amount of future taxable profits and a significant impact on the period over which the deferred tax asset would be recovered.

The Perimeter Entities only consider substantively enacted tax laws when assessing the amount and availability of tax losses to offset against the future taxable profits.

Further details, including a sensitivity analysis, are included in note 17.

(b) Post-employment benefits

Management judgement is exercised when determining the Perimeter Entities' liabilities arising for defined benefit pension schemes. Management of the Perimeter Entities is required to make assumptions regarding future rates of inflation, salary increases, discount rates and longevity of members, each of which may have a material impact on the defined benefit obligations that are recorded.

Further details, including a sensitivity analysis, are included in note 27.

(c) Impairment reviews

IFRS requires management to perform impairment tests annually for goodwill and intangible assets that have an indefinite useful life, or more frequently if events or changes in circumstances indicate that they might be impaired. Finite lived assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount of the CGU (to which goodwill is allocated) exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's FVLCD and its VIU. Management determined the recoverable amount of the CGU based on FVLCD, as it was higher than the VIU calculations. The FVLCD is calculated using a discounted cash flow approach, which requires assumptions to be made in respect of highly uncertain matters including management's expectations of:

– Projected cash flows for a 5-year period, including assumptions regarding the timing and amount of future capital expenditure, licence and spectrum payments;

– Long-term growth rates; and

– Post-tax discount rates.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projection, could significantly affect the Perimeter Entities' impairment evaluation, and hence reported assets and profits or losses.

Further details, including a sensitivity analysis, are included in note 8.

7 Revenue and segmental analysis

Revenue in the Track Record Period includes revenue from contracts with customers comprising service and hardware revenue, interest revenue arising for transactions with a significant financing component and other revenue items which primarily include revenue from leases.

	Year ended 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Service revenue	4,355.1	4,586.2	4,825.4
Hardware revenue	1,154.4	1,163.1	965.0
Revenue from contracts with customers	5,509.5	5,749.3	5,790.4
Interest revenue	28.5	28.6	37.6
Other revenue	35.3	51.3	33.2
Total revenue	5,573.3	5,829.2	5,861.2

Contract-related balances

The total future revenue from the remaining term of Perimeter Entities' contracts with customers for performance obligations not yet delivered to those customers at 31 March 2022, 2023 and 2024 are £3,729 million, £3,693 million and £3,998 million; of which £2,109 million, £2,083 million and £2,125 million are expected to be recognised within the next twelve months respectively and the majority of the remaining amounts in the following twenty-four months.

Balances of contract assets, contract liabilities and contract related costs are disclosed in notes 18, 21, 23 and 25.

Segmental analysis

For the Historical Financial Information, the Vodafone UK Business as a whole is considered a single operating and reportable segment.

Revenue is attributed to a country based on the location of the Perimeter Entities reporting the revenue. There are no assets located or operating revenue derived from activities outside the UK. There is no single external customer that exceeds 10% of total revenue in the Track Record Period presented.

Adjusted EBITDAaL is identified as the Vodafone UK Business's measure of segment profit or loss, while EBITDA is an alternative performance measure for the Vodafone UK Business's financial results. The latter is deemed material information to the users of the Historical Financial Information.

Adjusted EBITDAaL is defined as profit or loss (i) after depreciation on right-of-use assets and interest on lease liabilities, and (ii) before depreciation on fixed assets, amortisation on contract related costs, restructuring costs arising from discrete restructuring plans, corporate costs recharged by RemainCo, impairment loss (reversal of impairment loss) against fixed assets, right-of-use assets and telecommunication licences including the depreciation adjustment arising from impairment loss (reversal of impairment loss) against right-of-use assets, other income and expense that are not considered by management of the Vodafone UK Business to be reflective of the underlying performance of the Perimeter Entities, finance income, interest expenses and other finance costs and tax. The definition and calculation of adjusted EBITDAaL are based on the definition and calculation of adjusted EBITDAaL as applied in the Underlying Financial Statements and adjusted to reflect the applicable accounting policies of the Company and its subsidiaries as mentioned in Note 2.

EBITDA (LBITDA) is defined as profit or loss before depreciation and amortisation, finance income, interest expenses and other finance costs and tax. The definition and calculation of EBITDA (LBITDA) are based on the definition and calculation of EBITDA as applied in the Underlying Financial Statements and adjusted to reflect the applicable accounting policies of the Company and its subsidiaries as mentioned in Note 2.

A reconciliation of adjusted EBITDAaL and EBITDA (LBITDA) of the Vodafone UK Business to its profit (loss) before tax for the Track Record Period is shown below.

	Year ended 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Adjusted EBITDAaL	1,393.3	1,426.8	1,495.4
Reorganisation expenses – restructuring (see note 8)	(21.7)	(5.9)	(8.6)
Interest expenses on lease liabilities (see note 10)	29.4	33.0	62.6
Depreciation on fixed assets (see note 8)	(662.6)	(701.1)	(636.9)
Amortisation on contract related costs (see note 8)	(235.5)	(264.8)	(280.0)
Corporate costs recharged by RemainCo	(434.3)	(407.7)	(437.3)
Reversal of impairment loss (impairment loss) (see note 8)	1,707.0	(4,088.8)	140.4
Depreciation adjustment arising from impairment loss (reversal of impairment loss) against right-of-use assets	60.5	(10.0)	95.6
Other income and expense	6.5	(3.7)	6.5
	1,842.6	(4,022.2)	437.7
Finance income	5.8	47.9	122.9
Interest expenses and other finance costs	(34.5)	(42.5)	(97.8)
Profit (loss) before tax	1,813.9	(4,016.8)	462.8

	Year ended 31 March		
	2022	2023	2024
	£m	£m	£m
EBITDA (LBITDA)	3,318.7	(2,372.2)	1,968.7
Depreciation and amortisation	(1,476.1)	(1,650.0)	(1,531.0)
	1,842.6	(4,022.2)	437.7
Finance income	5.8	47.9	122.9
Interest expenses and other finance costs	(34.5)	(42.5)	(97.8)
Profit (loss) before tax	1,813.9	(4,016.8)	462.8

An analysis of EBITDA before the impairment impact is shown below.

	Year ended 31 March		
	2022	2023	2024
	£m	£m	£m
EBITDA before the impairment impact	1,611.7	1,716.6	1,828.3
Reversal of impairment loss (impairment loss) (see note 8)	1,707.0	(4,088.8)	140.4
EBITDA (LBITDA)	3,318.7	(2,372.2)	1,968.7

8 Presentation of cost of goods sold, depreciation and amortisation, other expenses and losses and other income and gains

This note provides additional details in respect of cost of goods sold, depreciation and amortisation, other expenses and losses and other income and gains.

	Year ended 31 March		
	2022	2023	2024
	£m	£m	£m
Cost of goods sold:			
included in "Cost of inventories sold"	11.2	13.6	14.9
included in "Expensed customer acquisition and retention costs"	992.9	1,023.1	846.0
	1,004.1	1,036.7	860.9

	Year ended 31 March		
	2022	2023	2024
	£m	£m	£m
Depreciation and amortisation:			
Fixed assets (see note 12)	662.6	701.1	636.9
Right-of-use assets (see note 13)	578.0	684.1	614.1
Contract related costs	235.5	264.8	280.0
	1,476.1	1,650.0	1,531.0

	Year ended 31 March		
	2022	2023	2024
	£m	£m	£m
Other expenses and losses:			
Cost of providing services	1,716.4	1,740.4	1,850.1
Office and general administrative expenses and others	321.7	303.5	280.4
Auditors' remuneration (a)	1.4	1.4	1.5
Net impairment losses on financial and contract assets (see note 26)	140.5	181.1	142.9
Reorganisation expenses – restructuring	21.7	5.9	8.6
Losses on disposal of fixed assets	5.0	1.8	–
Net foreign exchange loss	0.5	1.3	–
Impairment loss (b)	–	4,088.8	–
	2,207.2	6,324.2	2,283.5

	Year ended 31 March		
	2022	2023	2024
	£m	£m	£m
Other income and gains:			
Reversal of impairment loss (b)	1,707.0	–	140.4
Profits on disposal of fixed assets	–	–	14.1
	1,707.0	–	154.5

(a) The audit fees are paid to the statutory auditors for group reporting and statutory audits. Fees related to the Transaction are borne by RemainCo.

(b) Impairment loss (reversal of impairment loss)

Management considers that the Vodafone UK Business is a single CGU to which goodwill is allocated in its entirety. The reconciliation of the carrying amount of goodwill from the beginning of the Track Record Period to the end of the Track Record Period is disclosed in note 16.

Management determined the recoverable amount of the CGU based on FVLCD, as it was higher than the VIU calculations. The FVLCD is calculated using a discounted cash flow approach, with a discount rate applied to market participant based projected cash flows and terminal value. The FVLCD is categorised in its entirety as Level 3 in the fair value hierarchy.

The key assumptions used in determining the FVLCD are:

– Projected cash flows are based on the Vodafone UK Business's formal five-year plan adjusted for objectives and assumptions available to market participants.

– The long-term growth rate into perpetuity is applied immediately at the end of the five-year forecast period. It is benchmarked against externally available information, including macroeconomic and market-specific factors.

– Post-tax discount rate is the weighted average cost of capital applied to post-tax cash flows. The assumptions used to develop the discount rates are benchmarked against externally available data. These include risk-free rate, beta, gearing, market risk premium, cost of debt and tax rate. The discount rate is determined in nominal terms in order to match the nominal estimates of future cash flows.

The annual tests of intangible assets with indefinite useful life for impairment were conducted at each year end. The results of the impairment tests are as follows:

	Year ended 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Impairment loss (reversal of impairment loss) against:			
Telecommunications licenses	(998.0)	2,422.6	(83.2)
Fixed assets	(415.6)	1,018.9	(34.9)
Right-of-use assets	(293.4)	647.3	(22.3)
	(1,707.0)	4,088.8	(140.4)

The long-term growth rate and post-tax discount rate used in the FVLCD calculation of the CGU are disclosed as follows:

	Year ended 31 March		
	2022	**2023**	**2024**
Long-term growth rate	1.0%	1.0%	1.0%
Post-tax discount rate	6.5%	7.3%	7.4%

The 31 March 2022 annual impairment test resulted in a reversal of impairment loss of £1,707.0 million against telecommunication licences and other assets, reflecting an expected improvement in free cash flows driven by growth in revenue, continued strong cost control and a recovery from COVID-19 pandemic.

The 31 March 2023 annual impairment test resulted in an impairment loss of £4,088.8 million against telecommunication licences and other assets, primarily resulted from the increased market interest rate increasing the discount rate and challenging market environment exacerbated by the energy crisis.

The 31 March 2024 annual impairment test resulted in a reversal of impairment loss of £140.4 million against telecommunication licences and other assets, mainly attributable to the better-than-expected growth in revenue.

For illustration purposes, if the long-term growth rate and post-tax discount rate applied to the cash flows used in the FVLCD calculations had been 10 basis points lower and 50 basis points higher respectively and all other variables remain unchanged, the increase/decrease in the impairment loss/reversal of impairment loss is as follows:

	Year ended 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Long-term growth rate had been 10 basis points lower	100	50	50
Post-tax discount rate had been 50 basis points higher	660	320	350

The sensitivity analysis is for illustration purposes only. It should be noted that in practice assumptions and estimates used in preparing discounted cash flow projection including those used in the FVLCD calculations do not necessarily change in isolation. Actual results in the future may differ materially from the sensitivity analysis.

9 Staff costs

The net costs incurred in respect of employees (including directors) of Perimeter Entities are as follows:

	Year ended 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Wages and salaries	440.9	477.3	525.3
Social security costs	54.6	61.2	63.0
Pension costs (see note 27)	39.9	55.1	62.1
Costs of employee share schemes	10.5	13.9	16.4
Other employees' costs	19.4	20.2	19.4
	565.3	627.7	686.2
Less: Staff costs capitalised	(92.6)	(109.5)	(126.0)
	472.7	518.2	560.2

10 Net finance income (costs)

	Year ended 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Finance income			
Interest income on amounts due from RemainCo [(a)]	3.0	44.3	116.9
Interest on net investment in leases	2.8	3.6	6.0
	5.8	47.9	122.9
Interest expenses and other finance costs			
Interest expenses on amounts due to RemainCo	(1.4)	(12.2)	(25.9)
Interest expenses on lease liabilities	(29.4)	(33.0)	(62.6)
Other finance credits (costs)	(3.7)	2.7	(9.3)
	(34.5)	(42.5)	(97.8)
Net finance income (costs)	(28.7)	5.4	25.1

(a) The significant increase in interest income in the years ended 31 March 2023 and 2024 was primarily due to increase in underlying market interest rates on amounts due from RemainCo than their preceding financial year.

11 Taxation

Income tax credit (charge) represents the sum of the current and deferred taxes.

Tax is charged or credited to the combined income statement, except when it relates to items charged or credited to other comprehensive income or equity directly, in which case the tax is recognised in other comprehensive income or equity directly.

	Year ended 31 March		
	2022	2023	2024
	£m	£m	£m
Tax included in profit or loss:			
UK Corporation Tax credit (charge):			
31 March 2022 and 2023: 19%			
31 March 2024: 25%	(12.5)	59.6	(2.7)
Total current tax credit (charge)	(12.5)	59.6	(2.7)
Deferred tax credit (charge):			
Current year	(458.7)	948.2	(127.6)
Over provision in prior year	–	–	1.7
Impact of change in tax rate [(a)]	242.9	–	–
Total deferred tax credit (charge)	(215.8)	948.2	(125.9)
Total income tax credit (charge)	(228.3)	1,007.8	(128.6)
Tax included in other comprehensive income:			
Current tax credit	0.5	–	–
Total current tax credit	0.5	–	–
Deferred tax credit (charge):			
Origination and reversal of temporary differences	(91.8)	39.3	23.0
Impact of change in tax rate	(19.3)	12.4	–
Total deferred tax credit (charge)	(111.1)	51.7	23.0
Total income tax credit (charge)	(110.6)	51.7	23.0
Tax charged directly to equity:			
Current tax charge	–	–	(1.0)
Deferred tax charge	–	(0.2)	–
Total income tax charge	–	(0.2)	(1.0)

(a) Opening deferred tax balances at 1 April 2021 were remeasured at the substantively enacted tax rate at 31 March 2022 being 25% (1 April 2021: 19%) resulting in a deferred tax credit £242.9 million recognised in the combined income statement.

The actual income tax for the Track Record Period differs from the tax credit (charge) at the standard rate for the reasons set out in the following reconciliation:

	Year ended 31 March		
	2022	2023	2024
	£m	£m	£m
Profit (loss) before tax	1,813.9	(4,016.8)	462.8
Tax credit (charge) at standard rate	(344.7)	763.3	(115.8)
Factors affecting tax credit (charge) for the year:			
Permanent difference	4.3	4.7	(14.5)
Remeasurement of deferred tax – change in UK tax rate	242.9	–	–
Effects of the difference in the standard rate and the tax rate used for deferred tax calculation	(130.8)	239.8	–
Over provision in prior year	–	–	1.7
Total tax credit (charge) for the year	(228.3)	1,007.8	(128.6)

Factors affecting the tax charge in future years

The tax rate for the years ended 31 March 2022 and 2023 is 19%, and 31 March 2024 is 25%. The rate used to calculate the closing deferred tax assets (liabilities) at 31 March 2022, 2023 and 2024 is 25%.

In December 2021, the Organisation for Economic Co-operation and Development ("OECD") released model rules for a new global minimum corporate tax framework applicable to multinational enterprise groups with global revenues of over €750 million ("Pillar Two rules"). The UK substantively enacted legislation implementing these rules in June 2023 and the rules apply to the Perimeter Entities from 1 April 2024. Based on the information currently available, as the Perimeter Entities only operate in the UK, the impact of these rules on the Perimeter Entities' tax position is not expected to be material. In accordance with the mandatory exception under the amendment to IAS 12 'International Tax Reform – Pillar Two Model Rules' effective during the year ended 31 March 2024, the Perimeter Entities have not remeasured deferred tax assets and liabilities as a result of the implementation of the Pillar Two rules.

12 Fixed assets

The following table reconciles the movement of fixed assets by asset classes:

	Freehold land & buildings and leasehold improvements	Network infrastructure	Other assets[a]	Assets under construction	Total
	£m	£m	£m	£m	£m
Cost					
At 1 April 2021	282.0	6,083.2	2,495.0	252.6	9,112.8
Additions	–	270.0	256.7	177.4	704.1
Transfers	–	200.7	12.2	(212.9)	–
Disposals	(85.8)	(70.8)	(406.8)	–	(563.4)
At 31 March 2022	196.2	6,483.1	2,357.1	217.1	9,253.5
Additions	–	311.9	273.4	194.7	780.0
Transfers	–	146.4	17.1	(163.5)	–
Disposals	(43.8)	(94.1)	(116.5)	–	(254.4)
At 31 March 2023	152.4	6,847.3	2,531.1	248.3	9,779.1
Additions	–	386.3	245.3	125.4	757.0
Transfers	–	179.2	21.0	(200.2)	–
Reclassification to inventories	–	–	–	(0.5)	(0.5)
Disposals	(0.4)	(61.5)	(10.2)	–	(72.1)
At 31 March 2024	152.0	7,351.3	2,787.2	173.0	10,463.5
Accumulated depreciation and impairment					
At 1 April 2021	253.6	4,561.9	2,049.1	–	6,864.6
Depreciation charges	0.8	448.7	213.1	–	662.6
Reversal of impairment loss (see note 8)	(5.9)	(316.8)	(92.9)	–	(415.6)
Disposals	(80.6)	(65.9)	(405.4)	–	(551.9)
At 31 March 2022	167.9	4,627.9	1,763.9	–	6,559.7
Depreciation charges	0.7	471.3	229.1	–	701.1
Impairment loss (see note 8)	9.3	745.5	264.1	–	1,018.9
Disposals	(39.3)	(94.1)	(114.5)	–	(247.9)
At 31 March 2023	138.6	5,750.6	2,142.6	–	8,031.8
Depreciation charges	0.5	398.1	238.3	–	636.9
Reversal of impairment loss (see note 8)	(0.3)	(25.6)	(9.0)	–	(34.9)
Disposals	(0.2)	(61.5)	(10.0)	–	(71.7)
At 31 March 2024	138.6	6,061.6	2,361.9	–	8,562.1
Net book value					
At 31 March 2022	28.3	1,855.2	593.2	217.1	2,693.8
At 31 March 2023	13.8	1,096.7	388.5	248.3	1,747.3
At 31 March 2024	13.4	1,289.7	425.3	173.0	1,901.4

(a) Net book value of other assets of £593.2 million, £388.5 million and £425.3 million at 31 March 2022, 2023 and 2024 primarily relate to computer software of £496.3 million, £340.5 million and £373.3 million and furniture and fittings of £85.6 million, £42.5 million and £47.5 million at 31 March 2022, 2023 and 2024 respectively.

Included in fixed assets is freehold land with a cost of £9.5 million at 31 March 2022, 2023 and 2024. Freehold land is not depreciated.

13 Leases

As a lessee

The Perimeter Entities lease buildings for retail stores, offices and data centres, network sites and space and accommodation for network infrastructure. In addition, the Perimeter Entities lease fibre and other fixed connectivity for network purposes, to support both backhaul and other internal use, and fixed connectivity services to customers.

The general approach to determining lease term by class of asset is described under critical accounting judgements and key sources of estimation uncertainty in note 6.

Certain leases include future price increases as fixed percentage increases, indexation to inflation measures on a periodic basis, or rent review clauses. Other than fixed percentage increases, the lease liability does not reflect the impact of these future increases unless the measurement date has passed. The leases contain no material variable payment clauses.

Right-of-use assets

The following table discloses the balances of right-of-use assets:

	As at 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Freehold land & buildings and leasehold improvements	935.9	577.2	591.3
Network infrastructure	652.8	368.4	536.5
Other assets	10.9	6.7	9.1
	1,599.6	952.3	1,136.9

Additions of £669.9 million, £789.6 million and £858.0 million are recorded in respect of right-of-use assets for the years ended 31 March 2022, 2023 and 2024 respectively.

Depreciation charges are recorded in respect of right-of-use assets for all years:

	Year ended 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Depreciation charges of right-of-use assets (included in "Depreciation and amortisation")			
Freehold land & buildings and leasehold improvements	162.7	185.2	127.3
Network infrastructure	411.2	493.8	481.9
Other assets	4.1	5.1	4.9
	578.0	684.1	614.1

Included in the book value of network infrastructure are assets leased out by the Perimeter Entities under operating leases:

	As at 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Network infrastructure			
Cost	261.4	260.6	272.9
Accumulated depreciation	(142.7)	(166.9)	(194.2)
Net book value	118.7	93.7	78.7

Income from sub-leasing right-of-use assets recognised in the combined income statement is disclosed as follows:

	Year ended 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Income from sub-leasing right-of-use assets	15.0	22.7	19.8

Lease liabilities

The maturity profile of the Perimeter Entities' lease liabilities is as follows:

	As at 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Within one year	526.9	586.7	619.2
In more than one year but less than two years	347.4	374.8	416.7
In more than two years but less than three years	239.6	230.6	273.9
In more than three years but less than four years	204.3	235.2	251.9
In more than four years but less than five years	195.9	228.4	180.7
In more than five years	382.3	277.5	255.7
	1,896.4	1,933.2	1,998.1
Effect of discounting	(126.2)	(199.4)	(312.4)
Lease liabilities	1,770.2	1,733.8	1,685.7
Presented within:			
Non-current liabilities	1,262.4	1,214.9	1,163.2
Current liabilities	507.8	518.9	522.5
	1,770.2	1,733.8	1,685.7

The Perimeter Entities have no material liabilities under residual value guarantees and makes no material payments for variable payments not included in the lease liabilities.

Interest expenses on lease liabilities for the Track Record Period are disclosed in note 10.

The total cash outflow for leases was:

	Year ended 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Total cash outflow for leases	684.1	769.5	897.7

Lease commitments

The Perimeter Entities had entered into certain lease commitments with a related party that had not yet commenced at 31 March 2022, 2023 and 2024 (see Note 30).

As a lessor

The Perimeter Entities have a wide range of lessor activities with consumer and enterprise customers, other telecommunication companies and other companies. With consumer and enterprise customers, the Perimeter Entities generate lease income from the provision of handsets, routers and other communications equipment. The Perimeter Entities also provide wholesale access to the Perimeter Entities' fibre and cable networks to other telecommunication companies. In addition, the Perimeter Entities sub-lease retail stores to franchise partners and sub-lease surplus assets (e.g., vacant offices and retail stores).

The risks associated with rights that the Perimeter Entities retain in the underlying assets are not considered significant, as the Perimeter Entities have entered into back-to-back sub-leasing arrangements. These sub-leasing arrangements mirror the payment terms in the head lease.

Operating leases as a lessor

The Perimeter Entities' income from operating leases as a lessor is as follows:

	Year ended 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Income from operating leases:			
included in "Revenue"	38.7	35.1	30.3
included in "Other expenses and losses"	7.1	6.9	7.4
	45.8	42.0	37.7

The committed amounts to be received from the Perimeter Entities' operating leases (undiscounted lease payments) are as follows:

	As at 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Maturity			
Within one year	35.8	35.7	29.8
In more than one year but less than two years	21.5	21.7	16.4
In more than two years but less than three years	6.9	8.0	3.8
In more than three years but less than four years	0.8	0.9	0.2
In more than four years but less than five years	0.2	0.1	0.1
In more than five years	0.1	0.1	0.1
	65.3	66.5	50.4

Finance leases as a lessor

The Perimeter Entities' net investments in leases are disclosed in notes 18 and 21.

The maturity profile of the Perimeter Entities' net investment in leases is as follows:

	As at 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Maturity			
Within one year	51.8	51.5	46.9
In more than one year but less than two years	51.6	45.2	43.5
In more than two years but less than three years	40.2	40.1	39.0
In more than three years but less than four years	35.7	36.2	36.6
In more than four years but less than five years	31.6	34.2	26.8
In more than five years	41.0	29.8	13.5
	251.9	237.0	206.3
Unearned finance income	(7.6)	(21.9)	(27.5)
Net investment in leases	244.3	215.1	178.8

The Perimeter Entities do not have material lease income arising from variable lease payments.

Interest income on net investment in leases is disclosed in the note 10.

14 Telecommunications licences

	£m
Cost	
At 1 April 2021	7,289.3
Additions	196.4
At 31 March 2022, 2023 and 2024	7,485.7
Accumulated amortisation and impairment	
At 1 April 2021	2,496.9
Reversal of impairment loss (see note 8)	(998.0)
At 31 March 2022	1,498.9
Impairment loss (see note 8)	2,422.6
At 31 March 2023	3,921.5
Reversal of impairment loss (see note 8)	(83.2)
At 31 March 2024	3,838.3
Net book value	
At 31 March 2022	5,986.8
At 31 March 2023	3,564.2
At 31 March 2024	3,647.4

The telecommunications licences are considered to have an indefinite useful life since 1 January 2009.

Management tests whether intangible assets that have an indefinite useful life have suffered any impairment on an annual basis and when there is an indication these assets may be impaired. The annual tests of intangible assets with indefinite useful life for impairment were conducted at each year end. The results of the impairment tests are set out in note 8(b).

Please refer to note 6 for critical accounting judgement applied, estimates and assumptions made in assessing whether goodwill and intangible assets that have an indefinite useful life have suffered any impairment.

15 Customer bases

	£m
Cost	
At 1 April 2021 and 31 March 2022, 2023 and 2024	307.3
Accumulated amortisation	
At 1 April 2021 and 31 March 2022, 2023 and 2024	307.3
Net book value	
At 31 March 2022, 2023 and 2024	–

16 Goodwill

	£m
Cost	
At 1 April 2021 and 31 March 2022, 2023 and 2024	648.1
Accumulated impairment	
At 1 April 2021 and 31 March 2022, 2023 and 2024	648.1
Net book value	
At 31 March 2022, 2023 and 2024	–

Management considers that the Vodafone UK Business is a single CGU to which goodwill in entirety is allocated. Goodwill was fully impaired in the opening combined statement of financial position as at 1 April 2021.

Please refer to note 6 for critical accounting judgement applied, estimates and assumptions made in assessing whether goodwill and intangible assets that have an indefinite useful life have suffered any impairment.

17 Deferred tax

The elements of deferred taxation which have been recognised as assets and liabilities in the combined statement of financial position are as follows:

	As at 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Fixed asset temporary differences	1,729.5	2,091.7	2,000.5
Share-based payments	4.0	2.9	3.2
Other timing differences [(a)]	54.0	64.7	73.3
Total deferred tax assets	1,787.5	2,159.3	2,077.0
Tax amortisation of licences	(1,241.2)	(659.3)	(700.5)
Pension plans	(99.2)	(51.5)	(32.0)
Other timing differences	(8.7)	(10.4)	(9.3)
Total deferred tax liabilities	(1,349.1)	(721.2)	(741.8)
Net deferred tax assets	438.4	1,438.1	1,335.2

(a) The other timing differences (within the deferred tax assets) primarily arose from the expected credit losses allowances.

Deferred tax assets and liabilities have not been discounted.

The movements in the net deferred taxation balances are as follows:

	Year ended 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Net deferred tax assets at the beginning of the year	765.3	438.4	1,438.1
Amount credited (charged) to the combined income statement	(215.8)	948.2	(125.9)
Amount credited (charged) to other comprehensive income	(111.1)	51.7	23.0
Amount charged directly to equity	–	(0.2)	–
Net deferred tax assets at the end of the year	438.4	1,438.1	1,335.2

The recoverability of the deferred tax assets is evaluated through a probability assessment of the future taxable profit that will be available for the temporary differences to be utilised against. The future taxable profit is based on estimates.

Changes in the assumptions which underpin the Perimeter Entities' forecasts could have an impact on the amount of future taxable profits and a significant impact on the period over which the deferred tax asset would be recovered. However, an increase or decrease in the forecast taxable profits per year of 5%-10% would not change the total period over which the deferred tax asset will be utilised.

Reconciliation of deferred tax assets

	Fixed asset temporary differences £m	Share-based payment £m	Other timing differences £m	Total £m
At 1 April 2021	1,392.5	2.8	43.1	1,438.4
Amount credited to the combined income statement	337.0	1.2	14.9	353.1
Amount charged to other comprehensive income	–	–	(4.0)	(4.0)
At 31 March 2022	1,729.5	4.0	54.0	1,787.5
Amount credited (charged) to the combined income statement	362.2	(0.9)	8.7	370.0
Amount credited to other comprehensive income	–	–	2.0	2.0
Amount charged directly to equity	–	(0.2)	–	(0.2)
At 31 March 2023	2,091.7	2.9	64.7	2,159.3
Amount credited (charged) to the combined income statement	(91.2)	0.3	7.7	(83.2)
Amount credited to other comprehensive income	–	–	0.9	0.9
At 31 March 2024	2,000.5	3.2	73.3	2,077.0

Reconciliation of deferred tax liabilities

	Tax amortisation of licences £m	Pension plans £m	Other timing differences £m	Total £m
At 1 April 2021	(686.8)	16.0	(2.3)	(673.1)
Amount charged to the combined income statement	(554.4)	(8.1)	(6.4)	(568.9)
Amount charged to other comprehensive income	–	(107.1)	–	(107.1)
At 31 March 2022	(1,241.2)	(99.2)	(8.7)	(1,349.1)
Amount credited (charged) to the combined income statement	581.9	(2.0)	(1.7)	578.2
Amount credited to other comprehensive income	–	49.7	–	49.7
At 31 March 2023	(659.3)	(51.5)	(10.4)	(721.2)
Amount credited (charged) to the combined income statement	(41.2)	(2.6)	1.1	(42.7)
Amount credited to other comprehensive income	–	22.1	–	22.1
At 31 March 2024	(700.5)	(32.0)	(9.3)	(741.8)

18 Other non-current assets

	As at 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Pension assets (see note 27)	406.6	214.2	138.3
Trade receivables held at FVOCI (see note 21)	216.2	99.7	82.9
Net investment in leases	195.2	168.3	139.1
Amount due from RemainCo (see note 30)	33.1	–	–
Contract assets (see note 21)	63.6	73.9	59.6
Contract related costs	89.3	76.9	72.0
Prepayments	27.2	40.9	43.3
Other receivables	3.3	36.8	49.9
	1,034.5	710.7	585.1

Contract related costs at each year end are analysed as follows:

	As at 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Perimeter Entities' contract related costs comprise:			
Costs incurred to obtain customer contracts	275.0	287.5	278.9
Costs incurred to fulfil customer contracts	3.3	4.8	2.4
	278.3	292.3	281.3
Presented within:			
Other non-current assets	89.3	76.9	72.0
Trade receivables and other current assets	189.0	215.4	209.3
	278.3	292.3	281.3

The amortisation expenses for contract related costs are disclosed in note 8.

19 Cash and cash equivalents

Cash and cash equivalents comprise cash balances which are presented in the combined statement of financial position and combined statement of cash flows.

	As at 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Cash in bank	11.2	12.1	74.8
	11.2	12.1	74.8

The Perimeter Entities do not have restricted cash.

20 Inventories

	As at 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Finished goods held for resale (net of provision)	112.1	150.0	128.0
	112.1	150.0	128.0

There is no material difference between the carrying value of inventory and its net realisable value.

Inventories are stated after provisions for impairment of:

	As at 31 March		
	2022	2023	2024
	£m	£m	£m
Provisions for impairment of inventories	17.9	14.1	10.4

Cost of goods sold included in combined income statement is disclosed in note 8.

21 Trade receivables and other current assets

	As at 31 March		
	2022	2023	2024
	£m	£m	£m
Trade receivables carried at amortised cost	388.6	403.7	416.4
Trade receivables held at FVOCI	170.2	132.2	106.8
Net investment in leases	49.1	46.8	39.7
Amounts due from RemainCo [(a)]	2,621.7	2,783.5	2,803.4
Contract assets	411.8	422.4	430.6
Contract related costs	189.0	215.4	209.3
Prepayments	128.2	157.5	147.1
Current tax assets	–	59.6	–
Derivative financial instruments	0.8	–	–
Other receivables	20.3	35.2	57.3
	3,979.7	4,256.3	4,210.6

(a) Amounts due from RemainCo primarily relate to the cash pooling arrangement (see note 4). They also include trade-related balances of £29.2 million, £23.7 million and £26.7 million at 31 March 2022, 2023 and 2024 respectively. These balances are included within "Amounts due from RemainCo" in note 30.

The tables below disclose expected future credit losses for trade receivables carried at amortised cost and contract assets at each year end:

	As at 31 March		
	2022	2023	2024
	£m	£m	£m
Trade receivables carried at amortised cost included in "Trade receivables and other current assets"	388.6	403.7	416.4
Trade receivables carried at amortised cost are stated after expected future credit losses of	117.7	97.2	85.1

	As at 31 March		
	2022	2023	2024
	£m	£m	£m
Contract assets			
included in "Other non-current asset"	63.6	73.9	59.6
included in "Trade receivables and other current assets"	411.8	422.4	430.6
	475.4	496.3	490.2
Contract assets are stated after expected future credit losses of	6.9	6.4	6.7

The ageing analysis of trade receivables carried at amortised cost, trade receivables held at FVOCI and trade-related balances due from RemainCo based on due date is as follows:

	As at 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Not Overdue	656.3	502.5	549.4
30 days or less	62.4	47.2	36.8
31-60 days	25.3	14.1	7.9
61-180 days	43.0	40.9	24.9
more than 180 days	17.2	54.6	13.8
	804.2	659.3	632.8

The table above does not include ageing for contract assets as these balances are not overdue. Details of balances included in the ageing analysis above are as follows:

	As at 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Included in "Trade receivables and other current assets":			
Trade receivables carried at amortised cost	388.6	403.7	416.4
Trade receivables held at FVOCI	170.2	132.2	106.8
Amounts due from RemainCo – Trade-related balances	29.2	23.7	26.7
Included in "Other non-current assets":			
Trade receivables held at FVOCI	216.2	99.7	82.9
	804.2	659.3	632.8

Management of the Perimeter Entities uses ageing by due date as a measure to monitor movement in trade receivables and expected credit loss provision balances. The standard credit period for trade receivables is 30 days or less. Therefore, the ageing analysis will not be significantly different if it were to be disclosed by invoice date.

22 Loans due to RemainCo and other debts

	As at 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Loans due to RemainCo	1,713.4	1,847.4	1,823.6
Other debts	1.7	2.0	–
	1,715.1	1,849.4	1,823.6

Loans due to RemainCo are unguaranteed, unsecured and repayable on demand.

23 Trade payables and other current liabilities

	As at 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Trade payables	565.4	715.0	515.5
Trade payables due to RemainCo	428.2	454.7	350.8
Other payables due to RemainCo	–	8.3	0.4
Provisions (see note 24)	15.4	12.8	16.9
Other taxes and social security costs	247.2	217.3	290.0
Accruals	369.4	367.7	569.3
Contract liabilities	268.6	238.2	226.7
Derivative financial instruments	–	4.4	12.6
Other payables	60.3	69.3	76.0
	1,954.5	2,087.7	2,058.2

Trade payables are not interest-bearing and are stated at their nominal value.

Materially, all of the amounts of £301.4 million, £268.6 million and £238.2 million recorded as current contract liabilities at 1 April 2021, 2022 and 2023 were recognised as revenue during the years ended 31 March 2022, 2023 and 2024 respectively.

The ageing analysis of trade payables and trade payables due to RemainCo based on invoice date is as follows:

	As at 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Less than 31 days	558.7	641.1	682.1
Within 31 to 60 days	105.1	283.7	73.3
Within 61 to 90 days	75.4	102.5	56.2
Over 90 days	254.4	142.4	54.7
	993.6	1,169.7	866.3

The table above does not include ageing for contract liabilities as these are not overdue for payment. Details of balances included in the ageing analysis above are as follows:

	As at 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Included in "Trade payables and other current liabilities":			
Trade payables	565.4	715.0	515.5
Trade payables due to RemainCo	428.2	454.7	350.8
	993.6	1,169.7	866.3

24 Provisions

	Asset retirement obligations	**Other**	**Total**
	£m	*£m*	*£m*
At 1 April 2021	155.4	12.0	167.4
Amount charged to the combined income statement	–	21.5	21.5
Additions	19.9	–	19.9
Transfers	–	(3.6)	(3.6)
Released in the year	(3.1)	(5.1)	(8.2)
Utilised in the year	(6.1)	(7.6)	(13.7)
Unwinding of discount	1.5	–	1.5
At 31 March 2022	167.6	17.2	184.8
Amount charged to the combined income statement	–	10.5	10.5
Additions	17.6	–	17.6
Released in the year	(30.6)	(3.0)	(33.6)
Utilised in the year	(8.9)	(10.7)	(19.6)
Unwinding of discount	3.3	–	3.3
At 31 March 2023	149.0	14.0	163.0
Amount charged to the combined income statement	–	20.4	20.4
Additions	34.4	–	34.4
Released in the year	(17.7)	(1.4)	(19.1)
Utilised in the year	(7.8)	(10.7)	(18.5)
Unwinding of discount	6.0	–	6.0
At 31 March 2024	163.9	22.3	186.2

Asset retirement obligations are primarily provisions recognised by the Perimeter Entities to decommission their network assets at the end of their operating life. The associated cash outflows are substantially expected to occur at the dates of decommissioning of the assets and are long-term in nature; primarily in periods up to 25 years from when the asset is put to use.

Other provisions mainly relate to restructuring activities, for instance onerous non-lease costs associated with vacant leased properties. The majority of the non-current balances at 31 March 2022, 2023 and 2024 are expected to be utilised over next 17, 16 and 15 years respectively.

Provisions are analysed between current and non-current as follows:

	Asset retirement obligations	**Other**	**Total**
	£m	*£m*	*£m*
Current liabilities	5.9	9.5	15.4
Non-current liabilities	161.7	7.7	169.4
At 31 March 2022	167.6	17.2	184.8
Current liabilities	4.9	7.9	12.8
Non-current liabilities	144.1	6.1	150.2
At 31 March 2023	149.0	14.0	163.0
Current liabilities	5.0	11.9	16.9
Non-current liabilities	158.9	10.4	169.3
At 31 March 2024	163.9	22.3	186.2

25 Other non-current liabilities

		As at 31 March	
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Provisions (see note 24)	169.4	150.2	169.3
Contract liabilities	21.8	29.7	19.3
Other taxes	61.5	84.7	78.0
Other payables	0.3	0.3	0.2
	253.0	264.9	266.8

26 Capital and financial risk management

Financial instruments – financial assets and liabilities

The following table summarises the financial assets and financial liabilities of Perimeter Entities:

	As at 31 March		
	2022	2023	2024
	£m	£m	£m
Assets			
Derivatives designated as hedging instruments			
Derivative financial instruments	0.8	–	–
Financial assets at FVOCI			
Trade receivable held at FVOCI	386.4	231.9	189.7
Financial assets at amortised cost			
Trade receivables carried at amortised cost	388.6	403.7	416.4
Amounts owed by RemainCo [(a)]	2,621.7	2,783.5	2,803.4
Cash and cash equivalents	11.2	12.1	74.8
Other receivables [(a)]	15.4	32.9	47.3
Total financial assets at amortised cost [(b)]	3,036.9	3,232.2	3,341.9
Total financial assets	3,424.1	3,464.1	3,531.6

(a) The balances presented in the table only include the portions that are considered as financial assets in the scope of IFRS 9.

(b) The carrying values of financial assets at amortised cost approximate their fair values.

	As at 31 March		
	2022	2023	2024
	£m	£m	£m
Liabilities			
Derivatives designated as hedging instruments			
Derivative financial instruments	–	4.4	12.6
Financial liabilities at amortised cost			
Trade payables	565.4	715.0	515.5
Trade payables due to RemainCo	428.2	454.7	350.8
Other payables due to RemainCo	–	8.3	0.4
Loans due to RemainCo	1,713.4	1,847.4	1,823.6
Other loans	1.7	2.0	–
Accruals	369.4	367.7	569.3
Total financial liabilities at amortised cost [(c)]	3,078.1	3,395.1	3,259.6
Total financial liabilities	3,078.1	3,399.5	3,272.2

(c) The carrying values of financial liabilities at amortised cost approximate their fair values.

Capital Management

Capital management for the Perimeter Entities was performed by Vodafone TopCo during the Track Record Period. Vodafone TopCo's investment in the Perimeter Entities includes equity presented as "Net parent's investment" and borrowings presented as loans due to RemainCo within "Loans due to RemainCo and other debts" in the combined statement of financial position.

Financial risk management

The Perimeter Entities' treasury function is supported by Vodafone TopCo's treasury function, which provides central access to funding and derivatives for managing their funding requirements and net foreign exchange exposure. Treasury operations are conducted within a framework of policies and guidelines authorised and reviewed by the Vodafone TopCo's Board, most recently in March 2024.

The Perimeter Entities' financial risk management policies seek to reduce their exposure to any future disruption to financial markets, including any future impacts from global economic and political uncertainty and other macro-economic events.

The Perimeter Entities have exposure to the following risks arising from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial asset leading to a financial loss for the Perimeter Entities. The Perimeter Entities are exposed to credit risk from their operating activities and financing activities. The Perimeter Entities consider their maximum exposure to credit risk to be:

	As at 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Cash and cash equivalents	11.2	12.1	74.8
Derivative financial instruments	0.8	–	–
Trade receivables	775.0	635.6	606.1
Contract assets	475.4	496.3	490.2
Other receivables (a)	15.4	32.9	47.3
Net investment in leases	244.3	215.1	178.8
Amounts due from RemainCo (a)	2,621.7	2,783.5	2,803.4
	4,143.8	4,175.5	4,200.6

(a) The balances presented in the table only include the portions that are considered as financial assets in the scope of IFRS 9.

Cash and cash equivalents

The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A– to A+ for the years ended 31 March 2022 and 2023 and A to A+ for the year ended 31 March 2024, based on Standard & Poor's ratings.

While cash and cash equivalents are also subject to expected credit loss provision as per IFRS 9, the identified impairment loss is immaterial.

Derivative financial instruments

The Perimeter Entities have entered into derivative contracts with Vodafone TopCo to hedge their exposure. As a result of this arrangement, the maximum default risk is equal to the value of underlying instruments and is related to the default by Vodafone TopCo which had a Standard and Poor's rating of BBB for the years ended 31 March 2022, 2023 and 2024.

Operating activities

Customer credit risk is managed by the Perimeter Entities which operate policies, procedures and controls relating to customer credit risk management. Outstanding trade receivables and contract assets are regularly reviewed to monitor any changes in credit risk with concentrations of credit risk considered to be limited given that the Perimeter Entities' customer base is large and unrelated.

The Perimeter Entities apply the simplified approach and record lifetime expected credit losses for trade receivables and contract assets. Expected credit losses are measured using historical cash collection data for periods of at least 24 months wherever possible and grouped into various customer segments based on product or customer type.

The historical loss rates are adjusted where macroeconomic factors, for example changes in interest rates or unemployment rates, or other commercial factors are expected to have a significant impact when determining future expected credit loss rates. For trade receivables the expected credit loss provision is calculated using a provision matrix, in which the provision increases as balances age. For receivables paid in instalments and contract assets, a weighted loss rate is calculated to reflect the period over which the amounts are due for payment by the customer.

Trade receivables and contract assets are written off when Perimeter Entities determine there is no reasonable expectation of recovery and enforcement activity has ceased. For balances receivable from RemainCo, management of the Perimeter Entities has determined expected credit losses to be insignificant, and therefore they have not been presented in the analysis that follows in the tables below.

Movement in expected credit losses during the Track Record Period is as follows:

	Contract assets	**Trade receivables carried at amortised cost**	**Trade receivables held at FVOCI**
	£m	*£m*	*£m*
At 1 April 2021	12.3	132.2	–
Amounts charged (credited) to credit losses on financial assets	(5.2)	110.7	36.7
Others [(a)]	(0.2)	(125.2)	–
At 31 March 2022	6.9	117.7	36.7
Amounts charged to credit losses on financial assets	2.6	107.7	70.7
Others [(a)]	(3.1)	(128.2)	–
At 31 March 2023	6.4	97.2	107.4
Amounts charged to credit losses on financial assets	0.4	93.4	48.6
Others [(a)]	(0.1)	(105.5)	–
At 31 March 2024	6.7	85.1	156.0

(a) Others primarily represent the utilisation of the provision by way of write-off.

The following table provides other comprehensive income reserve movement related to trade receivables held at FVOCI during the Track Record Period:

	Year ended 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Balance at the beginning of the year	–	6.3	3.7
Impairment losses	36.7	70.7	48.6
Amounts reclassified to combined income statement	(1.7)	0.1	0.5
Change in fair value recognised in the other comprehensive income:			
Credit risk	(21.4)	(73.8)	(50.3)
Risk free rate	(5.2)	(0.3)	6.1
Related income tax	(2.1)	0.7	(1.2)
Balance at the end of the year	6.3	3.7	7.4

During the Track Record Period, the following losses (gains) were recognised in combined income statement in relation to financial and contract assets:

	Year ended 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Trade receivables carried at amortised cost: Increase in credit loss allowance	110.7	107.7	93.4
Trade receivables held at FVOCI:			
Impairment loss	36.7	70.7	48.6
Amounts reclassified to combined income statement	(1.7)	0.1	0.5
Contract assets:			
Increase (decrease) in credit loss allowance	(5.2)	2.6	0.4
Net impairment losses on financial and contract assets	140.5	181.1	142.9

Expected credit losses are presented as net impairment losses on financial and contract assets within "Other expenses and losses" and subsequent recoveries of amounts previously written off are credited against the same line item.

The majority of the Perimeter Entities' trade receivables are due for maturity within 30 days and largely comprise amounts receivable from consumers and business customers.

The table below presents information on trade receivables measured at amortised cost days past due and their associated expected credit losses. The table below does not include contract assets balances as these balances are not overdue.

	Trade receivables carried at amortised cost					
	Not overdue	**30 days or less**	**31-60 days**	**61-180 days**	**180 days+**	**Total**
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
At 31 March 2022						
Gross carrying amount	308.1	47.3	23.4	65.4	62.1	506.3
Expected credit loss allowance	(21.8)	(8.7)	(8.3)	(37.1)	(41.8)	(117.7)
Net carrying amount	286.3	38.6	15.1	28.3	20.3	388.6
At 31 March 2023						
Gross carrying amount	342.6	28.6	15.8	53.2	60.7	500.9
Expected credit loss allowance	(4.6)	(6.8)	(7.6)	(35.5)	(42.7)	(97.2)
Net carrying amount	338.0	21.8	8.2	17.7	18.0	403.7
At 31 March 2024						
Gross carrying amount	394.0	13.0	10.5	39.6	44.4	501.5
Expected credit loss allowance	(9.9)	(4.9)	(5.6)	(26.4)	(38.3)	(85.1)
Net carrying amount	384.1	8.1	4.9	13.2	6.1	416.4

The table below presents information on trade receivables held at FVOCI days past due. The carrying value of these trade receivables represents their fair value.

	Trade receivables held at FVOCI					
	Not overdue	**30 days or less**	**31-60 days**	**61-180 days**	**180 days+**	**Total**
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
At 31 March 2022						
Carrying amount	358.2	6.8	6.2	14.6	0.6	386.4
At 31 March 2023						
Carrying amount	158.0	6.6	5.9	20.3	41.1	231.9
At 31 March 2024						
Carrying amount	164.4	3.5	3.0	11.6	7.2	189.7

Liquidity risk

The Perimeter Entities maintain cash and cash equivalents which amounted to £11.2 million, £12.1 million and £74.8 million at 31 March 2022, 2023 and 2024 respectively.

The maturity profile of the anticipated future cash flows including interest in relation to the Perimeter Entities' non-derivative financial liabilities on an undiscounted basis (which differs from both the carrying value and fair value) is as follows:

	Lease liabilities £m	Trade and other payables due to RemainCo £m	Loans due to RemainCo £m	Trade payables £m	Other loans £m	Total £m
At 31 March 2022						
Within one year	526.9	428.2	1,713.4	565.4	1.7	3,235.6
In one to two years	347.4	–	–	–	–	347.4
In two to three years	239.6	–	–	–	–	239.6
In three to four years	204.3	–	–	–	–	204.3
In four to five years	195.9	–	–	–	–	195.9
In more than five years	382.3	–	–	–	–	382.3
	1,896.4	428.2	1,713.4	565.4	1.7	4,605.1
Effect of discounting/ financing rates	(126.2)	–	–	–	–	(126.2)
	1,770.2	428.2	1,713.4	565.4	1.7	4,478.9
At 31 March 2023						
Within one year	586.7	463.0	1,847.4	715.0	2.0	3,614.1
In one to two years	374.8	–	–	–	–	374.8
In two to three years	230.6	–	–	–	–	230.6
In three to four years	235.2	–	–	–	–	235.2
In four to five years	228.4	–	–	–	–	228.4
In more than five years	277.5	–	–	–	–	277.5
	1,933.2	463.0	1,847.4	715.0	2.0	4,960.6
Effect of discounting/ financing rates	(199.4)	–	–	–	–	(199.4)
	1,733.8	463.0	1,847.4	715.0	2.0	4,761.2

	Lease liabilities £m	Trade and other payables due to RemainCo £m	Loans due to RemainCo £m	Trade payables £m	Total £m
At 31 March 2024					
Within one year	619.2	351.2	1,823.6	515.5	3,309.5
In one to two years	416.7	–	–	–	416.7
In two to three years	273.9	–	–	–	273.9
In three to four years	251.9	–	–	–	251.9
In four to five years	180.7	–	–	–	180.7
In more than five years	255.7	–	–	–	255.7
	1,998.1	351.2	1,823.6	515.5	4,688.4
Effect of discounting/ financing rates	(312.4)	–	–	–	(312.4)
	1,685.7	351.2	1,823.6	515.5	4,376.0

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Perimeter Entities' income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate management

The Perimeter Entities are exposed to interest rate risks on account of variable interest borrowings from and to RemainCo.

The following table details the Perimeter Entities' sensitivity to interest rate risk.

	Profit (loss) before tax Year ended 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Change in basis points			
+100	22.1	22.6	22.6
–100	(22.1)	(22.6)	(22.6)

Foreign exchange management

The Perimeter Entities primarily enter into transactions in their functional currency, pound sterling. While the operation of the Perimeter Entities is based in the UK, the foreign exchange exposure arises from sale and purchase transactions denominated in foreign currencies. Where there are foreign currency risks due to a mismatch between the currencies in which sales and purchases are entered into and the functional currency of the Perimeter Entities i.e., pound sterling, the risk is managed by entering into foreign exchange derivative contracts. Cash and cash equivalents are denominated in pound sterling at 31 March 2022, 2023 and 2024.

The summary quantitative information about the Perimeter Entities' exposure to foreign currency risk reported to the management of the Perimeter Entities is as follows:

	As at 31 March 2022		
	Euro	**USD**	**Total**
	£m	*£m*	*£m*
Trade and other receivables carried at amortised cost	6.9	18.2	25.1
Trade and other payables	(10.8)	(28.1)	(38.9)
Net statement of financial position exposure	(3.9)	(9.9)	(13.8)

	As at 31 March 2023		
	Euro	**USD**	**Total**
	£m	*£m*	*£m*
Trade and other receivables carried at amortised cost	–	11.0	11.0
Trade and other payables	(5.3)	(23.3)	(28.6)
Net statement of financial position exposure	(5.3)	(12.3)	(17.6)

	As at 31 March 2024		
	Euro	**USD**	**Total**
	£m	*£m*	*£m*
Trade and other receivables carried at amortised cost	–	10.9	10.9
Trade and other payables	4.5	22.8	27.3
Net statement of financial position exposure	4.5	33.7	38.2

The following table details the Perimeter Entities' sensitivity to foreign exchange risk.

	Equity As at 31 March			Profit (loss) after tax Year ended 31 March		
	2022	**2023**	**2024**	**2022**	**2023**	**2024**
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
USD						
Exchange rate	0.7595	0.8088	0.7916	0.7341	0.8304	0.7948
Strengthening (1%)	(0.1)	(0.1)	0.2	(0.1)	(0.1)	0.2
Weakening (1%)	0.1	0.1	(0.2)	0.1	0.1	(0.2)

The Perimeter Entities have also entered into derivative contracts with Vodafone TopCo to hedge their exposure to change in foreign exchange rates. This has resulted in recognition of immaterial derivative assets of £0.8 million at 31 March 2022 and derivative liabilities of £4.4 million and £0.9 million at 31 March 2023 and 2024 respectively. The corresponding nominal amount of these derivative contracts are £63.0 million, £81.7 million and £76.8 million at 31 March 2022, 2023 and 2024 respectively.

During the year ended 31 March 2024, the Perimeter Entities have also entered into derivative contracts with Vodafone TopCo to hedge their exposure to change in energy prices resulting in recognition of derivative liabilities of £11.7 million with a nominal amount of £33.9 million at 31 March 2024.

Fair value and carrying value information

The following table shows the carrying amounts and fair values of financial assets that are carried at fair value, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities measured at amortised cost where the carrying amount is a reasonable approximation of fair value.

	As at 31 March 2022		As at 31 March 2023		As at 31 March 2024	
	Fair value – level 2	Carrying amount	Fair value – level 2	Carrying amount	Fair value – level 2	Carrying amount
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Financial assets						
Trade receivables held at FVOCI	386.4	386.4	231.9	231.9	189.7	189.7

There have been no transfers between levels of the fair value hierarchy as per IFRS 13 "Fair Value Measurement" in the Track Record Period.

Trade receivables held at FVOCI are held at fair value at level 2 which comprises items where fair value is determined from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is reported in the combined statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. Financial assets and financial liabilities are generally reported gross in the combined statement of financial position except when IFRS netting criteria is met.

The offsetting right is a legal right to settle, or otherwise eliminate, all or a portion of an amount due, by applying an amount receivable from the same counterparty against it, thus reducing credit exposure.

The Perimeter Entities have balances due to and from RemainCo that meet the netting off criteria. The following table summarises the balances subject to netting off:

	Amount before offsetting £m	Offsetting £m	Net amount recognised in combined statement of financial position £m
At 31 March 2022			
Amounts due from RemainCo	2,727.3	(72.5)	2,654.8
Trade and other payables due to RemainCo	(500.7)	72.5	(428.2)
Loans due to RemainCo	(1,713.4)	–	(1,713.4)
At 31 March 2023			
Amounts due from RemainCo	2,838.9	(55.4)	2,783.5
Trade and other payables due to RemainCo	(512.4)	49.4	(463.0)
Loans due to RemainCo	(1,853.4)	6.0	(1,847.4)
At 31 March 2024			
Amounts due from RemainCo	3,037.5	(234.1)	2,803.4
Trade and other payables due to RemainCo	(562.6)	211.4	(351.2)
Loans due to RemainCo	(1,846.3)	22.7	(1,823.6)

27 Pension plans

Vodafone UK offers pension plans to its employees. The pension plans include both defined benefit and defined contribution arrangements.

	Year ended 31 March		
	2022	2023	2024
	£m	£m	£m
Expense (income) recorded in the combined income statement			
Defined contribution plans	55.8	59.8	66.9
Defined benefit plans (net of interest income)	(15.9)	(4.7)	(4.8)
	39.9	55.1	62.1

Defined contribution plans

Defined contribution plans offer employees individual funds that are converted into benefits at the time of retirement. No amount was accrued, but not paid, in respect of pension plans as at 31 March 2022, 2023 and 2024.

Defined benefit plans

Overview

Defined benefit plans provide benefits based on the employees' length of pensionable service and their final pensionable salary or other criteria.

The defined benefit plans are administered by Trustee Boards that are legally separated from the Perimeter Entities. The Trustee Board of each pension plan consists of representatives who are employees, former employees or are independent from the Perimeter Entities. The Boards of the pension plans are required by law to act in the best interest of the plan participants and are responsible for setting certain policies, such as investment and contribution policies, and the governance of the fund.

Vodafone UK's main defined benefit plan is Vodafone Pension Plan. There are two segregated sections of the Vodafone Pension Plan, the pre-existing assets and liabilities of the Vodafone Pension Plan in the Vodafone Section and the former Cable & Wireless Worldwide Retirement Plan ("CWWRP") assets and liabilities, which were transferred into the Vodafone Pension Plan on 6 June 2014, in the CWW Section, with the CWWRP then being wound up. The pre-existing Vodafone Pension Plan and the former CWWRP plan closed to future accrual on 31 March 2010 and 30 November 2013 respectively.

Regulation and valuation

The Vodafone Pension Plan is registered as an occupational pension plan with HM Revenue & Customs ("HMRC") and is subject to UK legislation and oversight from the Pensions Regulator. UK legislation requires that pension schemes are funded prudently and that valuations are undertaken at least every three years. Separate valuations are required for the Vodafone Section and CWW Section.

The most recent valuations for the Vodafone Section and CWW Section of the Vodafone Pension Plan were carried out at 31 March 2022, by an independent actuary appointed by the plan trustee. These valuations revealed a net surplus of £248 million on the funding basis, comprising of a £97 million surplus for the Vodafone Section and a £151 million surplus for the CWW Section. No further contributions are due in respect of the Vodafone Pension Plan at 31 March 2022, 2023 and 2024. The next actuarial valuation has an effective date of 31 March 2025.

The Vodafone Section of the Vodafone Pension Plan covers a number of UK based employers within the Vodafone Group. Vodafone UK's contribution, including the impact of any surplus or deficit overall within the plan, have been accounted by Vodafone UK in the same proportion since 31 March 2010, when the plan closed to future accrual, based on members employed in the entity at that time.

Vodafone UK also operates the THUS Group Plc Pension Scheme and a small unfunded plan.

The funding policies for these plans are reviewed on a systematic basis in consultation with the independent plan actuaries in order to ensure that the funding contributions from sponsoring employers are appropriate to meet the payment liabilities of the plans over the long term. Vodafone UK has a funding commitment of £4.1 million for the years ended 31 March 2023 and 2024, and £4.0 million for the year ending 31 March 2025 to the THUS Group Plc Pension Scheme.

Investment strategy and risks

The investment strategy for the UK plans is controlled by the trustees in consultation with Vodafone UK and the plans have no direct investments in Vodafone TopCo's equity securities, property or other assets currently used by RemainCo and the Perimeter Entities. The allocation of assets between different classes of investment is reviewed regularly and is a key factor in the trustee investment policy. The trustees aim to achieve the plan's investment objectives through investing in a diversified mix of growth assets which, over the long term, are expected to grow higher in value than the low-risk assets. The low-risk assets include cash and gilts, inflation and interest rate hedging and in substance insured pensioner annuity policies in both the Vodafone Section and CWW Section of the Vodafone Pension Plan. Several investment managers are appointed to promote diversification by assets, organisation and investment style and current market conditions and trends are regularly assessed, which may lead to adjustments in the asset allocation.

During the year ended 31 March 2023, there were significant movements in UK gilt markets – in particular the "mini budget" announced by the UK government on 23 September 2022 caused rapid sales of government bonds which further depressed gilt markets. Although a temporary intervention by the Bank of England and subsequent policy changes stabilised the market, gilt yields increased significantly in a short period of time. This triggered an increase in collateral calls for pension schemes that, like the Vodafone Pension Plan, used liability driven investment ("LDI") strategies to hedge their interest rate risks.

In response to the risk of potential future collateral calls, on 18 October 2022, Vodafone TopCo entered into short-term liquidity facilities with both sections of the Vodafone Pension Plan for an aggregate amount of £450 million. These facilities were put in place for short-term liquidity purposes, with the intention of reducing the risk should the UK plan be required to dispose of assets at short notice in the event of significant increases in gilt yields. Drawings could be made from the facility until 27 January 2023, with all amounts borrowed required to be repaid by 28 February 2023. No amounts were drawn under these facilities.

There has been reduced volatility in gilt yields since the end of 2022, although, the level of yields are significantly higher than they were at 31 March 2022. This has resulted in a decrease in the value of the assets, and also liabilities in respect of the Vodafone Pension Plan at 31 March 2023.

The key risks in relation to the Vodafone Pension Plan are set out below, alongside a summary of the steps taken to mitigate each risk.

Risk description	**Mitigation**
Investment strategy risk Underperformance of the investment strategy relative to the changes in the Vodafone Pension Plan's liabilities, which are sensitive to interest rates and inflation, potentially leading to shortfalls in meeting pension obligations.	The plan adopts a LDI framework, by investing in assets that aim to match the characteristics of the Vodafone Pension Plan's liabilities. This can help to hedge the risk of future changes in interest rate and inflation and also reduce balance sheet volatility.
Longevity risk Pensions paid by the Vodafone Pension Plan are guaranteed for life, and, therefore, if members are expected to live longer, the liabilities increase.	The Vodafone Pension Plan's funding targets include a margin for prudence to reflect uncertainty in future life expectancy. Both sections of the Vodafone Pension Plan have pensioner annuity policies which help reduce exposure to changes in longevity. Longevity risk is also monitored by the trustees on a regular basis through its risk management framework.
Regulatory risk Changes in pension regulations and accounting standards can impact the Perimeter Entities' pension obligations and reporting requirements.	There is open communication with the trustees and advisors of the Vodafone Pension Plan to understand the impact of any changes in regulation and proactively address potential resulting risks.

Impact on the combined income statement and combined statement of comprehensive income

Amounts recognised in the combined income statement and the combined statement of comprehensive income in respect of defined benefit pension plans are analysed as follows:

	Year ended 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Current service costs	1.0	0.7	0.4
Net past service credits [(a)]	(21.2)	–	–
Net interest income	(0.2)	(10.5)	(10.0)
Administration expenses	4.5	5.1	4.8
Total net credit recognised in the combined income statement	(15.9)	(4.7)	(4.8)
Total actuarial (gains) losses recognised in the combined statement of comprehensive income	(461.9)	202.1	85.6

(a) Net past service credits for the Vodafone Pension Plan were recognised in the year ended 31 March 2022. These credits were in relation to the offer of a pension increase exchange to all members at retirement and benefit clarifications.

Actuarial assumptions

IAS 19 valuations of the defined benefit pension plans operated by Vodafone UK have been prepared at the respective year end by qualified independent actuaries, ISIO Group. Plan liabilities are measured using the projected unit credit method; the principal actuarial assumptions are set out below:

	As at 31 March		
	2022	**2023**	**2024**
	%	*%*	*%*
Weighted average actuarial assumptions used			
Rate of inflation	3.5	3.2	3.2
Rate of increase in salaries	3.4	2.9	3.0
Discount rate	2.6	4.7	4.8

The assumptions regarding mortality in retirement for the Vodafone Pension Plan as at 31 March 2022, 2023 and 2024 use the S3PXA tables with scheme specific adjustments, subject to improvements in line with the CMI 2018 (used for 31 March 2022), CMI 2021 (used for 31 March 2023) and CMI 2022 (used for 31 March 2024) and a longer-term trend rate 1.5% per annum (used for 31 March 2022 and 31 March 2023) and 1.25% per annum (used for 31 March 2024) and smoothing factor 7.5, for both males and females.

Based on these assumptions, the life expectancy of pensioners aged 65 are as follows:

	As at 31 March		
	2022 years	2023 years	2024 years
Male	23.4	22.7	22.5
Female	25.4	24.7	24.2

Based on these assumptions, the life expectancy from age 65 for non-pensioner member currently aged 40 (i.e., who are retiring in 25 years) are as follows:

	As at 31 March		
	2022 years	2023 years	2024 years
Male	25.3	23.8	23.5
Female	27.4	25.6	25.4

The table below provides an analysis of the net surplus (deficit) for Vodafone UK as a whole:

	As at 31 March		
	2022 *£m*	2023 *£m*	2024 *£m*
Total market value of assets	4,754.3	3,046.0	2,930.9
Present value of scheme liabilities	(4,354.0)	(2,838.3)	(2,799.1)
Net surplus over funded obligations	400.3	207.7	131.8
Represented by:			
Schemes with excess of assets over obligations (see note 18)	406.6	214.2	138.3
Schemes with excess of obligations over assets	(6.3)	(6.5)	(6.5)
	400.3	207.7	131.8

Pension assets are deemed to be recoverable and there are no adjustments in respect of minimum funding requirements as future economic benefits are available to the Perimeter Entities either in the form of future refunds or, for plans still open to benefit accruals, in the form of possible reductions in future contributions, at each year end.

Fair value of the assets and present value of the liabilities of the schemes

The amount included in the combined statement of financial position arising from Vodafone UK's obligations in respect of its defined benefit plans is as follows:

	Assets *£m*	Liabilities *£m*	Net surplus (deficit) *£m*
At 1 April 2021	4,757.6	(4,839.8)	(82.2)
Service cost	–	(1.0)	(1.0)
Past service credit	–	21.2	21.2
Interest income (expenses)	96.2	(96.0)	0.2
Return on plan assets excluding interest income	46.1	–	46.1
Actuarial gains arising from changes in financial assumptions	–	331.2	331.2
Actuarial gains arising from changes in demographic assumptions	–	5.7	5.7
Actuarial gains arising from experience adjustments	–	78.9	78.9
Employer cash contributions	4.7	–	4.7
Member cash contributions	0.1	(0.1)	–
Benefits paid	(145.9)	145.9	–
Expenses paid	(4.5)	–	(4.5)
At 31 March 2022	4,754.3	(4,354.0)	400.3

	Assets £m	Liabilities £m	Net surplus (deficit) £m
At 1 April 2022	4,754.3	(4,354.0)	400.3
Service cost	–	(0.7)	(0.7)
Interest income (expenses)	123.0	(112.5)	10.5
Return on plan assets excluding interest income	(1,707.7)	–	(1,707.7)
Actuarial gains arising from changes in financial assumptions	–	1,526.0	1,526.0
Actuarial gains arising from changes in demographic assumptions	–	136.3	136.3
Actuarial losses arising from experience adjustments	–	(156.7)	(156.7)
Employer cash contributions	4.8	–	4.8
Member cash contributions	0.1	(0.1)	–
Benefits paid	(123.4)	123.4	–
Expenses paid	(5.1)	–	(5.1)
At 31 March 2023	3,046.0	(2,838.3)	207.7

	Assets £m	Liabilities £m	Net surplus (deficit) £m
At 1 April 2023	3,046.0	(2,838.3)	207.7
Service cost	–	(0.4)	(0.4)
Interest income (expenses)	140.4	(130.4)	10.0
Return on plan assets excluding interest income	(157.4)	–	(157.4)
Actuarial gains arising from changes in financial assumptions	–	24.6	24.6
Actuarial gains arising from changes in demographic assumptions	–	54.5	54.5
Actuarial gains arising from experience adjustments	–	(7.3)	(7.3)
Employer cash contributions	4.9	–	4.9
Member cash contributions	0.1	(0.1)	–
Benefits paid	(98.3)	98.3	–
Expenses paid	(4.8)	–	(4.8)
At 31 March 2024	2,930.9	(2,799.1)	131.8

Fair value of pension assets

The analysis of fair value of pension assets by asset class is as follows:

	As at 31 March		
	2022 £m	2023 £m	2024 £m
Cash and cash equivalents	8.7	7.6	10.0
Equity investments:			
With quoted prices in an active market	489.8	47.9	110.1
Debt instruments:			
With quoted prices in an active market	884.8	345.5	577.9
Property:			
With quoted prices in an active market	24.3	14.7	13.5
Without quoted prices in an active market	299.0	290.8	206.1
Derivatives:			
Without quoted prices in an active market	1,463.2	1,252.3	1,090.8
Investment fund:			
With quoted prices in an active market	688.6	401.6	398.0
Without quoted prices in an active market	178.0	180.1	34.3
Annuity policies:			
Without quoted prices in an active market	717.9	505.5	490.2
	4,754.3	3,046.0	2,930.9

Duration of the benefit obligations

The weighted average duration of the defined benefit obligation is disclosed as below:

	As at 31 March		
	2022	2023	2024
	years	*years*	*years*
Weighted average duration of the defined benefit obligation	22.3	17.1	16.2

Sensitivity analysis

Measurement of the defined benefit retirement obligation is sensitive to changes in certain key assumptions. The sensitivity analysis below shows how a reasonably possible increase or decrease in a particular assumption would, in isolation, result in an increase (decrease) in the present value of the defined benefit obligation at each year end.

	Rate of inflation		Discount rate		Life expectancy	
	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 1 year	Increase by 1 year
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
At 31 March 2022	(356.7)	352.1	495.8	(429.9)	(159.1)	158.5
At 31 March 2023	(139.7)	168.1	250.4	(221.7)	(83.7)	82.9
At 31 March 2024	(146.4)	156.2	228.5	(202.8)	(76.2)	75.8

The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another. In presenting this sensitivity analysis, the change in the present value of the defined benefit obligation has been calculated on the same basis for each year presented 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 recognised in the combined statement of financial position.

28 Share-based payments

The Perimeter Entities currently use a number of equity-settled share plans to grant a right to acquire shares in Vodafone TopCo to its directors and employees. These include:

Share options

Vodafone Group Executive Plans

No share options have been granted to any directors or employees under the Perimeter Entities' discretionary share option plans in the years ended 31 March 2022, 2023 and 2024.

Vodafone Group Sharesave Plan

The Vodafone Group 2008 Sharesave Plan enables UK staff to acquire shares in Vodafone TopCo through monthly savings of up to £375 over a three, or five, year period. The savings may then be used to purchase shares at the option price, which is set at the beginning of the invitation period and usually at a discount of up to 20% to the then prevailing market price of the shares.

Share plans

Vodafone Group Executive Plans

Under the Vodafone Global Incentive Plan awards of shares are granted to directors and certain employees. The release of these shares is conditional upon continued employment and for some awards achievement of certain company performance targets measured over a three-year period.

Vodafone Share Incentive Plan

The Vodafone Share Incentive Plan enabled staff to acquire shares in Vodafone TopCo through monthly purchases of up to £125 per month or 5% of salary, whichever is lower. For each share purchased by the employee, Vodafone TopCo provided a free matching share. Following a review of the Vodafone Share Incentive Plan, it was decided that, from 1 April 2017, employees would no longer be able to purchase shares under this plan and would no longer receive matching shares.

IFRS 2 "Share-based payment" requires that equity-settled share-based payments issued to the Perimeter Entities' employees are measured at fair value and that this value is expensed over the vesting period, with an equivalent credit taken directly in net parent's investment. On vesting of the shares, the Perimeter Entities are charged the intrinsic value of the share by Vodafone TopCo.

For share options granted under Vodafone Sharesave Plan, fair value is measured using a binomial pricing model, which is calibrated using a Black-Scholes option pricing framework. The expected life used in the model is adjusted, based on management of the Vodafone UK Business's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Rights to shares are granted under share plans such as Vodafone Group executive plan and Vodafone Share Incentive Plan. Rights to shares granted to the employees of the Perimeter Entities under Vodafone Group executive plan have an attached market condition, based on total shareholder return ("TSR"), which is taken into account when calculating the fair value of the share awards. The valuation for the TSR is based on the Vodafone Group's ranking within the same group of companies, where possible, over the past five years. The fair value of awards of non-vested shares is a calculation of the closing price of Vodafone TopCo's shares on the day prior to the grant date, adjusted for the present value of the delay in receiving dividends where appropriate.

29 Notes to the combined statement of cash flows

(a) Reconciliation of profit (loss) after tax to cash generated from operating activities before finance income, interest expenses and other finance costs, tax paid and changes in working capital

	Year ended 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Profit (loss) after tax	1,585.6	(3,009.0)	334.2
Adjustments for:			
Current tax charge (credit)	12.5	(59.6)	2.7
Deferred tax charge (credit)	215.8	(948.2)	125.9
Finance income	(5.8)	(47.9)	(122.9)
Interest expenses and other finance costs	34.5	42.5	97.8
Depreciation and amortisation	1,476.1	1,650.0	1,531.0
EBITDA (LBITDA) (see note 7)	3,318.7	(2,372.2)	1,968.7
Contract related costs capitalised in the year	(271.1)	(278.8)	(269.0)
Losses (profits) on disposal of fixed assets (see note 8)	5.0	1.8	(14.1)
Share-based payments and other non-cash charges	19.0	10.7	21.3
Impairment loss (reversal of impairment loss) (see note 8)	(1,707.0)	4,088.8	(140.4)
	1,364.6	1,450.3	1,566.5

(b) Changes in working capital

	Year ended 31 March		
	2022	2023	2024
	£m	£m	£m
Decrease (increase) in inventories	27.4	(39.6)	28.4
Decrease (increase) in trade receivables and other current assets	219.0	59.9	(69.1)
Increase (decrease) in trade payables and other current liabilities	(201.9)	220.2	97.1
	44.5	240.5	56.4

(c) Changes in liabilities arising from financing activities

	Lease liabilities	Other debts	Loans due to RemainCo	Total
	£m	£m	£m	£m
At 1 April 2021	1,969.3	10.9	1,705.2	3,685.4
Financing cash flows				
New borrowings	–	1.7	11.4	13.1
Repayment of borrowings	–	(10.9)	(4.1)	(15.0)
Principal elements of lease payments	(650.0)	–	–	(650.0)
Operating cash flows				
Interest paid	(34.1)	–	–	(34.1)
Non-cash movements				
Interest costs	29.4	–	1.4	30.8
Lease additions and other adjustments	455.6	–	–	455.6
Others	–	–	(0.5)	(0.5)
At 31 March 2022	1,770.2	1.7	1,713.4	3,485.3
Financing cash flows				
New borrowings	–	2.0	14.6	16.6
Repayment of borrowings	–	(1.7)	–	(1.7)
Principal elements of lease payments	(731.1)	–	–	(731.1)
Operating cash flows				
Interest paid	(38.4)	–	–	(38.4)
Non-cash movements				
Interest costs	33.0	–	12.2	45.2
Lease additions and other adjustments	700.1	–	–	700.1
Others [(a)]	–	–	107.2	107.2
At 31 March 2023	1,733.8	2.0	1,847.4	3,583.2
Financing cash flows				
New borrowings	–	–	21.2	21.2
Repayment of borrowings	–	(2.0)	(25.9)	(27.9)
Principal elements of lease payments	(835.1)	–	–	(835.1)
Operating cash flows				
Interest paid	(62.6)	–	–	(62.6)
Non-cash movements				
Interest costs	62.6	–	25.9	88.5
Lease additions and other adjustments	787.0	–	–	787.0
Others [(a)]	–	–	(45.0)	(45.0)
At 31 March 2024	1,685.7	–	1,823.6	3,509.3

(a) Others represent group tax relief balances converted into Loans due to RemainCo during the year ended 31 March 2023 and 2024.

30 Related party transactions

The Perimeter Entities have a number of related parties including pension plans (see note 27) and key management personnel. The nature of relationship with RemainCo is disclosed in note 2 and 3.

The transactions with related parties, other than with pension plans (see note 27), are stated as follows. Details of loans drawdown and repaid during the Track Record Period are disclosed in "Changes in liabilities arising from financial activities" within note 29.

	Year ended 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Transactions with RemainCo:			
Sale of goods and services	96.2	108.8	85.3
Purchase of goods and services	(1,071.5)	(1,134.0)	(980.3)
Interest income	5.0	46.9	117.3
Interest expenses	(13.8)	(16.1)	(31.6)

	Year ended 31 March 2024
	£m
Transactions with Cornerstone Telecommunications Infrastructure Limited ("CTIL") [(a)]:	
Purchase of goods and services	(228.5)
Interest income	4.6
Interest expenses	(15.1)

(a) Following the deconsolidation of Vantage Towers AG by Vodafone TopCo on 22 March 2023, CTIL, which was accounted for as a joint operation by RemainCo prior to this date, became an associated company of RemainCo. Transactions with CTIL primarily comprise fees for the provision and/or management of tower space infrastructure to the Vodafone UK Business. Transactions with CTIL between 22 March 2023 and 31 March 2023 were not significant, and therefore are not disclosed separately.

The balances with related parties, other than with pension plans (see note 27), are stated as follows:

	As at 31 March		
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Balances due from RemainCo:			
Amounts due from RemainCo [(a)]	2,654.8	2,783.5	2,803.4
Derivative financial instruments	0.8	–	–
Net investment in finance leases	180.2	–	–
Balances due to RemainCo:			
Trade and other payables	(428.2)	(463.0)	(351.2)
Derivative financial instruments	–	(4.4)	(12.6)
Loans	(1,713.4)	(1,847.4)	(1,823.6)
Lease liabilities	(736.2)	–	–

(a) Amounts due from RemainCo are unsecured and repayable on demand.

	As at 31 March	
	2023	**2024**
	£m	*£m*
Balances due from CTIL:		
Trade and other receivables	40.6	45.8
Net investment in finance leases	146.4	128.3
Balances due to CTIL:		
Trade and other payables	(27.7)	(7.3)
Lease liabilities	(756.4)	(624.2)

Details of guarantees given to the related parties

Vodafone TopCo has furnished performance guarantees of £30.2 million, £132.8 million and £139.1 million to external parties on behalf of the Vodafone UK Business at 31 March 2022, 2023 and 2024, respectively. These guarantees are backed by the Vodafone UK Business through back-to-back guarantee agreements with Vodafone TopCo.

Lease commitments

The Perimeter Entities had entered into lease commitments with CTIL with undiscounted payment obligations totaling £26.2 million, £16.5 million and £6.9 million, that had not yet commenced at 31 March 2022, 2023 and 2024, respectively.

Transactions with key management personnel ("KMPs")

For the Perimeter Entities, the Board of Directors of Vodafone UK and UK General Management Team are considered as KMPs.

Aggregate compensation for KMPs are as follows:

		As at 31 March	
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Short-term employee benefits	7.1	7.1	7.9
Share-based payment	1.3	2.0	2.1
	8.4	9.1	10.0

31 Commitments, contingencies, and legal proceedings

Capital commitments

The amounts below are the minimum amounts that the Perimeter Entities are committed to pay:

		As at 31 March	
	2022	**2023**	**2024**
	£m	*£m*	*£m*
Contracts for future capital expenditure not provided in the Historical Financial Information	106.5	115.9	107.6

The Perimeter Entities had also entered into certain lease commitments with a related party that had not yet commenced at 31 March 2022, 2023 and 2024 (see note 30).

Contingent matters

(a) In December 2018, the administrators of former UK indirect seller, Phones 4U, sued three of the UK mobile network operators ("MNOs"), including Vodafone UK, and their parent companies in the English High Court. The administrators alleged collusion between the MNOs to withdraw their business from Phones 4U, thereby causing its collapse. The judge ordered that there should be a split trial between 1) liability and 2) causation and damages. The first trial on liability took place from May to July 2022. On 10 November 2023, the High Court issued a judgment in Vodafone UK's and Vodafone TopCo's favour and rejected Phones 4U's allegations that the defendants were in breach of competition law, consistent with Vodafone UK's and Vodafone TopCo's previously stated position that a present obligation does not exist. Phones 4U has been granted permission to appeal the judgment from the Court of Appeal. The appeal hearing will be in May 2025. Vodafone UK and Vodafone TopCo intend to vigorously defend the appeal and are not able to estimate any possible loss in the event of an adverse judgment on appeal.

(b) In November 2023, Mr Gutmann issued claims in the Competition Appeal Tribunal seeking permission, as a proposed class representative, to bring collective proceedings against the four UK MNOs and their respective parent companies. Vodafone TopCo and Vodafone UK are named defendants to one of the claims with an alleged value of £1.4 billion, including interest. It is alleged that Vodafone UK, Vodafone TopCo and the other MNOs used their alleged market dominance to overcharge their customers after the expiry of the minimum terms of certain mobile contracts (referred to as a "loyalty penalty"). Taking into account all available evidence at this stage, Vodafone UK's and Vodafone TopCo's assessment is that the allegations are without merit and Vodafone UK and Vodafone TopCo intend to defend the claim. Vodafone UK and Vodafone TopCo are currently unable to estimate any possible loss in regards to this issue but, while the outcome is uncertain, Vodafone UK and Vodafone TopCo believe it is probable that no present obligation exists.

(c) Vodafone UK has a possible exposure amounting to £36 million, £30 million and £23 million relating to certain bad debts as at 31 March 2022, 2023 and 2024, respectively. Vodafone UK is confident that it can provide sufficient information to defend its position where required, therefore no provision has been recorded in the Historical Financial Information.

32 Events after the Reporting Periods

Network sharing

In June 2024, Vodafone UK and Virgin Media O2 agreed to extend and enhance their existing network sharing agreement for more than a decade. Many elements of the agreement expand on the existing arrangement and are independent of the Vodafone UK and Three UK merger outcome. However, subject to completion of the Transaction, the operators have agreed that Virgin Media O2 will acquire spectrum from the newly combined business, establishing three scaled mobile network operators.

The extension of the network sharing agreement triggered the Vodafone UK Business to reassess the end dates of certain network infrastructure agreements which are accounted for as leases, resulting in the recognition of significant further lease liabilities and related right-of-use assets.

Change of immediate parent entity

In contemplation of the Transaction, all shares in Vodafone UK were transferred from Vodafone to MergeCo (which is ultimately controlled by Vodafone TopCo) on 2 September 2024.

Review by the UK Competition and Markets Authority (the "CMA")

The Company notes that the review by the CMA is still underway. The CMA issued provisional findings and a notice of possible remedies on 13 September 2024. This is not a final decision, and the parties will continue to work with the CMA to secure approval. Based on our current expectation, the measures to be agreed to address the CMA's concerns are not expected to have a material adverse effect on the liquidity of MergeCo for a twelve-month period to 30 September 2025. The current statutory deadline for the CMA to issue its final report is 7 December 2024.

33 First-time adoption of IFRS

The Historical Financial Information and Underlying Financial Statements are the first set of financial statements prepared for the Vodafone UK Business in accordance with IFRS as issued by the IASB and have been prepared by applying IFRS 1 with a date of transition of 1 April 2021.

In applying IFRS 1, management has taken advantage of the exemption afforded by IFRS 1 to measure the carrying amounts of the Vodafone UK Business's assets and liabilities at its date of transition at the carrying amounts at which they were included in the Vodafone Group's consolidated financial statements prepared in accordance with IFRS based on the Vodafone Group's date of transition to IFRS excluding the effects of consolidation procedures and including the adjustments to reflect the applicable accounting policies of the Company and its subsidiaries as set out in the consolidated financial statements of the Company for the year ended 31 December 2023.

No reconciliation to previous GAAP has been presented on the basis that the Vodafone UK Business has not previously prepared any combined financial statements. The combined statement of financial position of the Vodafone UK Business at its date of transition to IFRS 1 is as presented below:

	As at 1 April 2021
	£m
Non-current assets	
Fixed assets	2,248.2
Right-of-use assets	1,408.7
Telecommunications licences	4,792.4
Deferred tax assets	765.3
Other non-current assets	517.1
	9,731.7
Current assets	
Cash and cash equivalents	10.2
Inventories	142.1
Trade receivables and other current assets	4,207.5
	4,359.8
Current liabilities	
Loans due to RemainCo and other debts	1,716.0
Current tax liabilities	42.3
Lease liabilities	473.8
Trade payables and other current liabilities	1,987.3
	4,219.4
Net current assets	140.4
Total assets less current liabilities	9,872.1
Non-current liabilities	
Lease liabilities	1,495.5
Pension obligations	133.1
Other non-current liabilities	181.3
	1,809.9
Net assets	8,062.2
Equity	
Net parent's investment	8,062.2
Total equity	8,062.2

34 Additional information of Perimeter Entities

Additional information for the Perimeter Entities is detailed as follows:

Entity Name	Country of incorporation and place of operations	Issued and fully paid share capital	Percentage of equity attributable to the Vodafone UK Business As at 31 March 2022	2023	2024
Vodafone Limited	UK	£4,543	100%	100%	100%
Talkmobile Limited	UK	£2	100%	100%	100%
Digital Mobile Spectrum Limited [(a)]	UK	£4	25%	25%	25%
Vodafone Enterprise U.K. [(b)]	UK	£1	100%	100%	100%
Energis Communications Limited	UK	£19,600,820.8	100%	100%	100%
Thus Group Holdings Limited	UK	£1,000	100%	100%	100%

(a) Vodafone UK held 25% interest (i.e., 1 share) in Digital Mobile Spectrum Limited which is accounted for as an intangible asset (see note 3).

(b) Vodafone Enterprise U.K. will transfer its assets, liabilities, income, and expenses as recognised in its statutory accounts to an entity outside the Vodafone UK Business prior to the completion of the Transaction.

The information set out in this appendix is for illustrative purposes only and does not form part of the accountants' report on the Vodafone UK Business prepared by the independent reporting accountant of the Company, PricewaterhouseCoopers LLP, set out in Appendix II to this circular.

I. INTRODUCTION

The Company, Hutchison, CKHGTH, Vodafone, Vodafone TopCo and MergeCo entered into the Contribution Agreement on 14 June 2023, pursuant to which the parties have conditionally agreed on the Transaction to combine Vodafone's and Hutchison's respective telecommunications operations in the UK into MergeCo. Immediately following Closing, the issued share capital of MergeCo will be owned 51% by Vodafone and 49% by Hutchison, and Three UK and Vodafone UK will become wholly-owned subsidiaries of MergeCo. No cash consideration will be paid in connection with the Joint Venture Establishment, with the Three UK Group and the Vodafone UK Group to be contributed with differential debt amounts owing to their respective shareholders at Closing to achieve the MergeCo ownership of 51:49 between Vodafone and Hutchison. At Closing, debt of £1,684 million owing by the Three UK Group to the Group will be repaid in cash.

On Closing, the parties and certain of their affiliates will also enter into a number of agreements in connection with the Transaction, including the Shareholders' Agreement which governs the future governance of MergeCo. Upon signing of the Shareholders' Agreement at Closing, the Transaction also involves the grant of, among others, the Options which include the V Call Option, the H Put Option, the H 1st Secondary Call Option and the H 2nd Secondary Call Option.

II. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma consolidated statement of assets and liabilities of the Group (the "**Unaudited Pro Forma Financial Information**") has been prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of notes set out below, for illustrative purposes only, to provide information about how each of the scenarios described below:

1. the Joint Venture Establishment,
2. the Joint Venture Establishment and the V Call Option,
3. the Joint Venture Establishment and the H Put Option,
4. the Joint Venture Establishment and the H 1st Secondary Call Option; and
5. the Joint Venture Establishment, the H Put Option and the H 2nd Secondary Call Option,

might have affected the consolidated assets and liabilities of the Group as if they had been completed at 30 June 2024.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and that because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Joint Venture Establishment and the Options in the respective scenario described above been completed at 30 June 2024 or at any further date.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in the published interim report of the Company for the six months ended 30 June 2024 and other financial information included elsewhere in this circular. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in this circular.

For illustrative purposes, all amounts in £ are converted into HK$ using an exchange rate at GBP1: HK$9.91.

Scenario 1 – Joint Venture Establishment

The following unaudited pro forma consolidated statement of assets and liabilities of the Group has been prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of notes set out in this appendix, for illustrative purposes only, to provide information about how the Joint Venture Establishment might have affected the consolidated assets and liabilities of the Group as if the Joint Venture Establishment had been completed at 30 June 2024.

	The Group (unadjusted)	**Joint Venture Establishment**	**The Group after Joint Venture Establishment**
	Note 1	*Note 2*	
	HK$ million	*HK$ million*	*HK$ million*
Non-current assets			
Fixed assets	112,848	(22,950)	89,898
Right-of-use assets	58,342	(5,412)	52,930
Telecommunications licences	62,630	(19,871)	42,759
Brand names and other rights	81,105	(5,011)	76,094
Goodwill	268,714	(3,320)	265,394
Associated companies	142,625	50,938	193,563
Interests in joint ventures	156,318	–	156,318
Deferred tax assets	20,520	(13,172)	7,348
Liquid funds and other listed investments	11,477	–	11,477
Other non-current assets	20,269	(8,311)	11,958
	934,848	(27,109)	907,739
Current assets			
Cash and cash equivalents	131,599	16,195	147,794
Inventories	25,162	(560)	24,602
Trade receivables and other current assets	46,878	(5,974)	40,904
	203,639	9,661	213,300

	The Group (unadjusted)	Joint Venture Establishment	The Group after Joint Venture Establishment
	Note 1	*Note 2*	
	HK$ million	*HK$ million*	*HK$ million*
Current liabilities			
Bank and other debts	69,327	–	69,327
Interest bearing loan from a non-controlling shareholder	2,007	–	2,007
Current tax liabilities	3,703	(1,616)	2,087
Lease liabilities	12,415	(1,214)	11,201
Trade payables and other current liabilities	79,345	(6,568)	72,777
	166,797	(9,398)	157,399
Net current assets	36,842	19,059	55,901
Total assets less current liabilities	971,690	(8,050)	963,640
Non-current liabilities			
Bank and other debts	208,690	–	208,690
Interest bearing loans from non-controlling shareholders	1,134	–	1,134
Lease liabilities	51,691	(4,166)	47,525
Deferred tax liabilities	19,578	(1,569)	18,009
Pension obligations	3,088	–	3,088
Other non-current liabilities	30,549	(608)	29,941
	314,730	(6,343)	308,387
Net assets	656,960	(1,707)	655,253

Scenario 2 – Joint Venture Establishment and V Call Option

The following unaudited pro forma consolidated statement of assets and liabilities of the Group has been prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of notes set out in this appendix, for illustrative purposes only, to provide information about how the Joint Venture Establishment and the V Call Option might have affected the consolidated assets and liabilities of the Group as if they had been completed at 30 June 2024.

	The Group after Joint Venture Establishment	**V Call Option**	**The Group after Joint Venture Establishment and V Call Option**
	Note 3	*Note 4*	
	HK$ million	*HK$ million*	*HK$ million*
Non-current assets			
Fixed assets	89,898	–	89,898
Right-of-use assets	52,930	–	52,930
Telecommunications licences	42,759	–	42,759
Brand names and other rights	76,094	–	76,094
Goodwill	265,394	–	265,394
Associated companies	193,563	(50,938)	142,625
Interests in joint ventures	156,318	–	156,318
Deferred tax assets	7,348	–	7,348
Liquid funds and other listed investments	11,477	50,938	62,415
Other non-current assets	11,958	–	11,958
	907,739	–	907,739
Current assets			
Cash and cash equivalents	147,794	–	147,794
Inventories	24,602	–	24,602
Trade receivables and other current assets	40,904	–	40,904
	213,300	–	213,300
Current liabilities			
Bank and other debts	69,327	–	69,327
Interest bearing loan from a non-controlling shareholder	2,007	–	2,007
Current tax liabilities	2,087	–	2,087
Lease liabilities	11,201	–	11,201
Trade payables and other current liabilities	72,777	–	72,777
	157,399	–	157,399
Net current assets	55,901	–	55,901
Total assets less current liabilities	963,640	–	963,640

	The Group after Joint Venture Establishment	V Call Option	The Group after Joint Venture Establishment and V Call Option
	Note 3	*Note 4*	
	HK$ million	*HK$ million*	*HK$ million*
Non-current liabilities			
Bank and other debts	208,690	–	208,690
Interest bearing loans from non-controlling shareholders	1,134	–	1,134
Lease liabilities	47,525	–	47,525
Deferred tax liabilities	18,009	–	18,009
Pension obligations	3,088	–	3,088
Other non-current liabilities	29,941	–	29,941
	308,387	–	308,387
Net assets	655,253	–	655,253

Scenario 3 – Joint Venture Establishment and H Put Option

The following unaudited pro forma consolidated statement of assets and liabilities of the Group has been prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of notes set out in this appendix, for illustrative purposes only, to provide information about how the Joint Venture Establishment and the H Put Option might have affected the consolidated assets and liabilities of the Group as if they had been completed at 30 June 2024.

	The Group after Joint Venture Establishment	**H Put Option**	**The Group after Joint Venture Establishment and H Put Option**
	Note 3	*Note 5*	
	HK$ million	*HK$ million*	*HK$ million*
Non-current assets			
Fixed assets	89,898	–	89,898
Right-of-use assets	52,930	–	52,930
Telecommunications licences	42,759	–	42,759
Brand names and other rights	76,094	–	76,094
Goodwill	265,394	–	265,394
Associated companies	193,563	(50,938)	142,625
Interests in joint ventures	156,318	–	156,318
Deferred tax assets	7,348	–	7,348
Liquid funds and other listed investments	11,477	50,938	62,415
Other non-current assets	11,958	–	11,958
	907,739	–	907,739
Current assets			
Cash and cash equivalents	147,794	–	147,794
Inventories	24,602	–	24,602
Trade receivables and other current assets	40,904	–	40,904
	213,300	–	213,300
Current liabilities			
Bank and other debts	69,327	–	69,327
Interest bearing loan from a non-controlling shareholder	2,007	–	2,007
Current tax liabilities	2,087	–	2,087
Lease liabilities	11,201	–	11,201
Trade payables and other current liabilities	72,777	–	72,777
	157,399	–	157,399
Net current assets	55,901	–	55,901
Total assets less current liabilities	963,640	–	963,640

	The Group after Joint Venture Establishment	**H Put Option**	**The Group after Joint Venture Establishment and H Put Option**
	Note 3	*Note 5*	
	HK$ million	*HK$ million*	*HK$ million*
Non-current liabilities			
Bank and other debts	208,690	–	208,690
Interest bearing loans from non-controlling shareholders	1,134	–	1,134
Lease liabilities	47,525	–	47,525
Deferred tax liabilities	18,009	–	18,009
Pension obligations	3,088	–	3,088
Other non-current liabilities	29,941	–	29,941
	308,387	–	308,387
Net assets	655,253	–	655,253

Scenario 4 – Joint Venture Establishment and H 1st Secondary Call Option

The following unaudited pro forma consolidated statement of assets and liabilities of the Group has been prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of notes set out in this appendix, for illustrative purposes only, to provide information about how the Joint Venture Establishment and the H 1st Secondary Call Option might have affected the consolidated assets and liabilities of the Group as if they had been completed at 30 June 2024.

	The Group after Joint Venture Establishment	**H Put Option (exercised but not completed)**	**H 1st Secondary Call Option**	**The Group after Joint Venture Establishment and H 1st Secondary Call Option**
	Note 3	*Note 6*	*Note 7*	
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
Non-current assets				
Fixed assets	89,898	–	41,793	131,691
Right-of-use assets	52,930	–	16,679	69,609
Telecommunications licences	42,759	–	56,017	98,776
Brand names and other rights	76,094	–	5,011	81,105
Goodwill	265,394	–	35,343	300,737
Associated companies	193,563	–	(50,938)	142,625
Interests in joint ventures	156,318	–	–	156,318
Deferred tax assets	7,348	–	26,404	33,752
Liquid funds and other listed investments	11,477	–	–	11,477
Other non-current assets	11,958	–	14,109	26,067
	907,739	–	144,418	1,052,157
Current assets				
Cash and cash equivalents	147,794	–	(52,819)	94,975
Inventories	24,602	–	1,828	26,430
Trade receivables and other current assets	40,904	–	21,934	62,838
	213,300	–	(29,057)	184,243
Current liabilities				
Bank and other debts	69,327	–	–	69,327
Interest bearing loan from a non-controlling shareholder	2,007	–	–	2,007
Current tax liabilities	2,087	–	1,653	3,740
Lease liabilities	11,201	–	6,392	17,593
Trade payables and other current liabilities	72,777	–	26,980	99,757
	157,399	–	35,025	192,424
Net current assets (liabilities)	55,901	–	(64,082)	(8,181)
Total assets less current liabilities	963,640	–	80,336	1,043,976

	The Group after Joint Venture Establishment	H Put Option (exercised but not completed)	H 1st Secondary Call Option	The Group after Joint Venture Establishment and H 1st Secondary Call Option
	Note 3	*Note 6*	*Note 7*	
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
Non-current liabilities				
Bank and other debts	208,690	–	59,758	268,448
Interest bearing loans from non-controlling shareholders	1,134	–	–	1,134
Lease liabilities	47,525	–	15,693	63,218
Deferred tax liabilities	18,009	–	1,569	19,578
Pension obligations	3,088	–	64	3,152
Other non-current liabilities	29,941	–	3,252	33,193
	308,387	–	80,336	388,723
Net assets	655,253	–	–	655,253

Scenario 5 – Joint Venture Establishment, H Put Option and H 2nd Secondary Call Option

The following unaudited pro forma consolidated statement of assets and liabilities of the Group has been prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of notes set out in this appendix, for illustrative purposes only, to provide information about how the Joint Venture Establishment, the H Put Option and the H 2nd Secondary Call Option might have affected the consolidated assets and liabilities of the Group as if they had been completed at 30 June 2024.

	The Group after Joint Venture Establishment	H Put Option	The Group after Joint Venture Establishment and H Put Option	H 2nd Secondary Call Option	The Group after Joint Venture Establishment, H Put Option and H 2nd Secondary Call Option
	Note 3	*Note 5*		*Note 8*	
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Non-current assets					
Fixed assets	89,898	–	89,898	41,793	131,691
Right-of-use assets	52,930	–	52,930	16,679	69,609
Telecommunications licences	42,759	–	42,759	56,017	98,776
Brand names and other rights	76,094	–	76,094	5,011	81,105
Goodwill	265,394	–	265,394	35,343	300,737
Associated companies	193,563	(50,938)	142,625	–	142,625
Interests in joint ventures	156,318	–	156,318	–	156,318
Deferred tax assets	7,348	–	7,348	26,404	33,752
Liquid funds and other listed investments	11,477	50,938	62,415	(50,938)	11,477
Other non-current assets	11,958	–	11,958	14,109	26,067
	907,739	–	907,739	144,418	1,052,157
Current assets					
Cash and cash equivalents	147,794	–	147,794	(52,819)	94,975
Inventories	24,602	–	24,602	1,828	26,430
Trade receivables and other current assets	40,904	–	40,904	21,934	62,838
	213,300	–	213,300	(29,057)	184,243

	The Group after Joint Venture Establishment	H Put Option	The Group after Joint Venture Establishment and H Put Option	H 2nd Secondary Call Option	The Group after Joint Venture Establishment, H Put Option and H 2nd Secondary Call Option
	Note 3	*Note 5*		*Note 8*	
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Current liabilities					
Bank and other debts	69,327	–	69,327	–	69,327
Interest bearing loan from a non-controlling shareholder	2,007	–	2,007	–	2,007
Current tax liabilities	2,087	–	2,087	1,653	3,740
Lease liabilities	11,201	–	11,201	6,392	17,593
Trade payables and other current liabilities	72,777	–	72,777	26,980	99,757
	157,399	–	157,399	35,025	192,424
Net current assets (liabilities)	55,901	–	55,901	(64,082)	(8,181)
Total assets less current liabilities	963,640	–	963,640	80,336	1,043,976
Non-current liabilities					
Bank and other debts	208,690	–	208,690	59,758	268,448
Interest bearing loans from non-controlling shareholders	1,134	–	1,134	–	1,134
Lease liabilities	47,525	–	47,525	15,693	63,218
Deferred tax liabilities	18,009	–	18,009	1,569	19,578
Pension obligations	3,088	–	3,088	64	3,152
Other non-current liabilities	29,941	–	29,941	3,252	33,193
	308,387	–	308,387	80,336	388,723
Net assets	655,253	–	655,253	–	655,253

Note 1

The unadjusted assets and liabilities of the Group have been extracted from the unaudited condensed consolidated statement of financial position of the Group at 30 June 2024 as set out in the published interim report of the Company for the first half of 2024.

Note 2

At Closing, the Three UK Group will cease as subsidiaries of and be de-consolidated from the Group, Three UK and Vodafone UK will become wholly-owned subsidiaries of MergeCo, and the issued share capital of MergeCo will be owned 51% by Vodafone and 49% by Hutchison, and debt of £1,684 million (or HK$16,688 million) owing by the Three UK Group to the Group will be repaid in cash. In addition, under the terms of the Transaction, the differences between the actual and the target amounts as set out in the Contribution Agreement for cash, debt (other than the debt of £1,684 million (or HK$16,688 million) mentioned above) and working capital of the Three UK Group will be settled in cash.

The table sets out in this note below provides information about the impact to the unaudited condensed consolidated statement of financial position of the Group at 30 June 2024 arising from:

(i) the de-consolidation of the Three UK Group from the Group,

(ii) the recognition of the Group's 49% interest in MergeCo,

(iii) the repayment of debt owing by the Three UK Group to the Group and the settlement in cash of the differences of the items described above, and

(iv) the estimated legal and professional fees payable by the Group,

as if the Joint Venture Establishment had been completed at 30 June 2024.

Set out in the table below are the pro forma adjustments in relation to the Joint Venture Establishment.

	De-consolidation of Three UK Group	**Recognition of investment in MergeCo**	**Cash payments of £1,684 million and £15 million to the Group**	**Legal and professional fees payable by the Group**	**Total**
	Note 2(i)	*Note 2(ii)*	*Note 2(iii)*	*Note 2(iv)*	
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	***HK$ million***
Non-current assets					
Fixed assets	(22,950)	–	–	–	**(22,950)**
Right-of-use assets	(5,412)	–	–	–	**(5,412)**
Telecommunications licences	(19,871)	–	–	–	**(19,871)**
Brand names and other rights	(5,011)	–	–	–	**(5,011)**
Goodwill	(3,320)	–	–	–	**(3,320)**
Associated companies	–	50,938	–	–	**50,938**
Deferred tax assets	(13,172)	–	–	–	**(13,172)**
Other non-current assets	(8,311)	–	–	–	**(8,311)**
	(78,047)	50,938	–	–	**(27,109)**
Current assets					
Cash and cash equivalents	(639)	–	16,834	–	**16,195**
Inventories	(560)	–	–	–	**(560)**
Trade receivables and other current assets	(5,974)	–	–	–	**(5,974)**
	(7,173)	–	16,834	–	**9,661**
Current liabilities					
Current tax liabilities	(1,616)	–	–	–	**(1,616)**
Lease liabilities	(1,214)	–	–	–	**(1,214)**
Trade payables and other current liabilities	(7,077)	–	–	509	**(6,568)**
	(9,907)	–	–	509	**(9,398)**
Net current assets (liabilities)	2,734	–	16,834	(509)	**19,059**
Total assets less current liabilities	(75,313)	50,938	16,834	(509)	**(8,050)**
Non-current liabilities					
Lease liabilities	(4,166)	–	–	–	**(4,166)**
Deferred tax liabilities	(1,569)	–	–	–	**(1,569)**
Other non-current liabilities	(608)	–	–	–	**(608)**
	(6,343)	–	–	–	**(6,343)**
Net assets (liabilities)	(68,970)	50,938	16,834	(509)	**(1,707)**

Note 2(i)

The pro forma adjustments illustrate how the de-consolidation of the Three UK Group from the Group might have affected the consolidated assets and liabilities of the Group as if the de-consolidation had been completed at 30 June 2024. For the purposes of the Unaudited Pro Forma Financial Information, the assets and liabilities of the Three UK Group have been derived from the accounting records of the Group in relation to the Three UK Group on which the published unaudited condensed consolidated statement of financial position of the Group at 30 June 2024 is based. Since the amounts of assets and liabilities of the Three UK Group at Closing may be different from the amounts used in the Unaudited Pro Forma Financial Information, the final amounts of the assets and liabilities of the Three UK Group to be de-consolidated at Closing may be substantially different from the amounts presented above.

Note 2(ii)

At Closing, the Group's 49% interest in MergeCo will be accounted for as an associated company using the equity method of accounting in accordance with Hong Kong Accounting Standard 28 Investments in Associates and Joint Ventures. The pro forma adjustments illustrate how the recognition of the Group's 49% interest in MergeCo might have affected the consolidated assets and liabilities of the Group as if MergeCo had been accounted for as a 49% owned associated company of the Group at 30 June 2024. For the purposes of the Unaudited Pro Forma Financial Information, the Group's 49% interest in MergeCo is recognised at HK$50,938 million. This amount is by reference to the terms of the Transaction including an assumed enterprise value of £16.5 billion and the initial total debt of MergeCo of £6.0 billion. Since the fair value of the investment at Closing may be different from the value used in the Unaudited Pro Forma Financial Information, the final amount of the fair value of the investment to be recognised at Closing may be substantially different from the amount presented above.

Note 2(iii)

The pro forma adjustments in relation to the debt repayment and the settlement to the Group in cash described in Note 2 above illustrate how these repayment and settlement might have affected the consolidated assets and liabilities of the Group as if they had taken place at 30 June 2024. The amount of the debt repayment to the Group of £1,684 million (or HK$16,688 million) used in the Unaudited Pro Forma Financial Information is based on the Contribution Agreement. For the purposes of the Unaudited Pro Forma Financial Information, the differences between the actual and the target amounts for cash, debt (other than the debt of £1,684 million (or HK$16,688 million) mentioned above) and working capital of the Three UK Group is determined to be £15 million (or HK$146 million) payable to the Group and the settlement is assumed to take place at 30 June 2024. The actual amounts used in the determination are derived from the accounting records of the Group in relation to the Three UK Group, on which the published unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 is based (see Note 2(i)), and the target amounts are based on the Contribution Agreement. Since the amounts for these items of the Three UK Group at Closing may be different from the amounts used in the Unaudited Pro Forma Financial Information, the final amounts for these items to be settled at Closing may be substantially different from the amounts presented above.

Note 2(iv)

The amount represents the estimated legal and professional fees for the Joint Venture Establishment payable by the Group at 30 June 2024. The pro forma adjustments illustrate how the estimated payable for these fees might have affected the consolidated assets and liabilities of the Group as if the Joint Venture Establishment had been completed at 30 June 2024. Since the legal and professional fees payable at Closing may be different from the amounts used in the Unaudited Pro Forma Financial Information, the final amounts of the legal and professional fees payable at Closing may be substantially different from the amounts presented above.

Note 3

These amounts have been extracted from Scenario 1. The amounts represent the consolidated assets and liabilities of the Group after adjusted for the impact of the pro forma adjustments described in Note 2(i), (ii), (iii) and (iv) above as if the Joint Venture Establishment had been completed at 30 June 2024.

See Scenario 1 and Note 1 for the unadjusted assets and liabilities of the Group which have been extracted from the unaudited condensed consolidated statement of financial position of the Group at 30 June 2024 as set out in the published interim report of the Company for the first half of 2024.

See Scenario 1 and Note 2 for details of the pro forma adjustments in relation to the Joint Venture Establishment.

Note 4

Under the terms of the Transaction, Hutchison will grant the V Call Option to Vodafone, whereby Vodafone may call for all (but not part only) of the shares in MergeCo then held by Hutchison. The V Call Option is only exercisable by Vodafone if the then Fair Market Enterprise Value is equal to or greater than £16.5 billion based on the Valuation Process undertaken pursuant to a Valuation Notice served within 60 calendar days after either the end of the third full financial year of MergeCo following Closing or after the end of each subsequent financial year of MergeCo as applicable. The consideration payable pursuant to the exercise of the V Call Option shall be equal to the Call/Put Option Price. Such consideration may be satisfied, at Vodafone's sole election, in cash, in Vodafone Securities or a combination thereof. The number of Vodafone Securities shall comprise Vodafone Shares and Vodafone CLNs which are convertible into Vodafone Shares, each to be issued by Vodafone TopCo.

The pro forma adjustments illustrate how the V Call Option might have affected the consolidated assets and liabilities of the Group as if the exercise of the V Call Option had been completed at 30 June 2024. For the purposes of the Unaudited Pro Forma Financial Information, the consideration payable to the Group pursuant to the exercise of the V Call Option is estimated to be £5.14 billion (or HK$50,938 million) and the full amount is assumed to be satisfied by Vodafone Securities. The consideration payable to the Group of £5.14 billion (or HK$50,938 million) described above is estimated by reference to the terms of the Transaction including an assumed enterprise value of £16.5 billion, the initial total debt of MergeCo of £6.0 billion, and the Group's 49% interest in MergeCo. Since the amounts as well as the combination (cash and Vodafone Securities) of the consideration payable to the Group pursuant to the actual exercise of the V Call Option in the future may be different from the amounts and the combination used in the Unaudited Pro Forma Financial Information, the final amounts and the combination of the consideration payable to the Group on completion of the exercise of the V Call Option in the future may be substantially different from the amounts presented above.

Note 5

Under the terms of the Transaction, Vodafone will grant the H Put Option to Hutchison, whereby Hutchison may put to Vodafone all (but not part only) of the shares in MergeCo then held by Hutchison. The H Put Option is exercisable by Hutchison if the then Fair Market Enterprise Value is equal to or greater than £16.5 billion based on the Valuation Process undertaken pursuant to a Valuation Notice served within 60 calendar days of the commencement of the fourth, fifth, sixth or seventh full financial year of MergeCo following Closing. The H Put Option is exercisable by Hutchison after the end of the seventh full financial year and each subsequent financial year of MergeCo following Closing regardless of the then Fair Market Enterprise Value. The consideration payable pursuant to the exercise of the H Put Option shall be equal to the Call/Put Option Price. Such consideration may be satisfied, at Vodafone's sole election, in cash, in Vodafone Securities, or a combination thereof. The number of Vodafone Securities shall comprise Vodafone Shares and Vodafone CLNs which are convertible into Vodafone Shares, each to be issued by Vodafone TopCo.

The pro forma adjustments illustrate how the H Put Option might have affected the consolidated assets and liabilities of the Group as if the exercise of the H Put Option had been completed at 30 June 2024. For the purposes of the Unaudited Pro Forma Financial Information, the consideration payable to the Group pursuant to the exercise of the H Put Option is estimated to be £5.14 billion (or HK$50,938 million) and the full amount is assumed to be satisfied by Vodafone Securities. The consideration payable to the Group of £5.14 billion (or HK$50,938 million) described above is estimated by reference to the terms of the Transaction including an assumed enterprise value of £16.5 billion, the initial total debt of MergeCo of £6.0 billion, and the Group's 49% interest in MergeCo. Since the amounts as well as the combination (cash and Vodafone Securities) of the consideration payable to the Group pursuant to the actual exercise of the H Put Option in the future may be different from the amounts and the combination used in the Unaudited Pro Forma Financial Information, the final amounts and the combination of the consideration payable to the Group on completion of the exercise of the H Put Option in the future may be substantially different from the amounts presented above.

Note 6

In this scenario, it is assumed that the H Put Option has been exercised (but completion has not yet occurred) and, upon the H 1st Secondary Call Option is exercised by Hutchison, the exercise of the H Put Option is revoked. Therefore, the exercise of the H Put Option under this scenario has no impact on the consolidated assets and liabilities of the Group.

Note 7

Under the terms of the Transaction, the H 1st Secondary Call Option will be granted by Vodafone to Hutchison pursuant to the Shareholders' Agreement as protective measures to protect the value of the non-cash consideration (being the Vodafone Securities (if any)) issued to Hutchison in satisfaction of the consideration for the exercise of the H Put Option and on maturity of the Vodafone CLNs. The H 1st Secondary Call Option will not be exercisable after completion of the H Put Option. If the H 1st Secondary Call Option is exercised by Hutchison, its exercise of the H Put Option will be revoked.

Pursuant to the H 1st Secondary Call Option, Hutchison may call for all (but not part only) of the shares in MergeCo then held by Vodafone. The consideration payable by Hutchison pursuant to the exercise of the H 1st Secondary Call Option shall be settled in cash at an amount equal to (i) the Fair Market Enterprise Value determined for the exercise of the H Put Option, less the then aggregate consolidated net financial debt of MergeCo as at the completion of the H 1st Secondary Call Option multiplied by (ii) expressed as a percentage, Vodafone's shareholding in MergeCo at the time of the exercise of the H Put Option. On completion of the exercise of the H 1st Secondary Call Option, MergeCo will cease as an associated company of the Group and become a wholly-owned subsidiary of Hutchison.

The table sets out in note 7(i) below, for illustrative purposes only, provides information about the impact to the unaudited condensed consolidated statement of financial position of the Group at 30 June 2024 arising from:

(i) the consolidation of the MergeCo Group with the Group, and

(ii) the settlement of the consideration payable by the Group pursuant to the exercise of the H 1st Secondary Call Option and the de-recognition of investment in former associated company MergeCo,

as if the exercise of the H 1st Secondary Call Option had been completed at 30 June 2024.

The table sets out in note 7(ii) below, for illustrative purposes only, provides information about the assets and liabilities of the MergeCo Group at 30 June 2024 as if the MergeCo Group had been consolidated with the Group at 30 June 2024, i.e. item (i) described above.

Note 7(i)

Set out in the table below are the pro forma adjustments in relation to the H 1st Secondary Call Option.

	MergeCo Group's assets and liabilities *Note 7(ii)* *HK$ Million*	**Settlement of consideration for acquisition of 51% interest in MergeCo** *Note 7(iii)* *HK$ million*	**Total** ***HK$ million***
Non-current assets			
Fixed assets	41,793	–	**41,793**
Right-of-use assets	16,679	–	**16,679**
Telecommunications licences	56,017	–	**56,017**
Brand names and other rights	5,011	–	**5,011**
Goodwill	35,343	–	**35,343**
Associated companies	–	(50,938)	**(50,938)**
Deferred tax assets	26,404	–	**26,404**
Other non-current assets	14,109	–	**14,109**
	195,356	(50,938)	**144,418**
Current assets			
Cash and cash equivalents	198	(53,017)	**(52,819)**
Inventories	1,828	–	**1,828**
Trade receivables and other current assets	21,934	–	**21,934**
	23,960	(53,017)	**(29,057)**
Current liabilities			
Current tax liabilities	1,653	–	**1,653**
Lease liabilities	6,392	–	**6,392**
Trade payables and other current liabilities	26,980	–	**26,980**
	35,025	–	**35,025**
Net current liabilities	(11,065)	(53,017)	**(64,082)**
Total assets less current liabilities	184,291	(103,955)	**80,336**
Non-current liabilities			
Bank and other debts	59,758	–	**59,758**
Lease liabilities	15,693	–	**15,693**
Deferred tax liabilities	1,569	–	**1,569**
Pension obligations	64	–	**64**
Other non-current liabilities	3,252	–	**3,252**
	80,336	–	**80,336**
Net assets	103,955	(103,955)	**–**

Note 7(ii)

The pro forma adjustments illustrate how the consolidation of the MergeCo Group with the Group might have affected the consolidated assets and liabilities of the Group as if MergeCo had become a wholly-owned subsidiary of the Group at 30 June 2024. For the purposes of the Unaudited Pro Forma Financial Information, the Group's 100% interest in MergeCo is recognised at HK$103,955 million. This amount is by reference to the terms of the Transaction including an assumed enterprise value of £16.5 billion and the initial total debt of MergeCo of £6.0 billion. Since the fair value of MergeCo at the completion of the exercise of the H 1st Secondary Call Option may be different from the value used in the Unaudited Pro Forma Financial Information, the final amounts of the fair value of MergeCo to be recognised at the completion of the exercise of the H 1st Secondary Call Option may be substantially different from the amounts presented above. The table sets out in this note below, for illustrative purposes, provides information about assets and liabilities of the MergeCo Group as if MergeCo had become a wholly-owned subsidiary of the Group at 30 June 2024.

	MergeCo Group's assets and liabilities				
	Consolidation of Three UK Group	**Consolidation of Vodafone UK Group**	**Adjustment of cash, debt and working capital**	**Recognition of goodwill**	**Total**
	Note 7(ii)(a)	*Note 7(ii)(b)*	*Note 7(ii)(c)*	*Note 7(ii)(d)*	
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	***HK$ Million***
Non-current assets					
Fixed assets	22,950	18,843	–	–	**41,793**
Right-of-use assets	5,412	11,267	–	–	**16,679**
Telecommunications licences	19,871	36,146	–	–	**56,017**
Brand names and other rights	5,011	–	–	–	**5,011**
Goodwill	3,320	–	–	32,023	**35,343**
Deferred tax assets	13,172	13,232	–	–	**26,404**
Other non-current assets	8,311	5,798	–	–	**14,109**
	78,047	85,286	–	32,023	**195,356**
Current assets					
Cash and cash equivalents	639	741	(1,182)	–	**198**
Inventories	560	1,268	–	–	**1,828**
Trade receivables and other current assets	5,974	41,727	(25,767)	–	**21,934**
	7,173	43,736	(26,949)	–	**23,960**
Current liabilities					
Bank and other debts	–	18,072	(18,072)	–	**-**
Current tax liabilities	1,616	37	–	–	**1,653**
Lease liabilities	1,214	5,178	–	–	**6,392**
Trade payables and other current liabilities	7,077	20,397	(494)	–	**26,980**
	9,907	43,684	(18,566)	–	**35,025**
Net current assets (liabilities)	(2,734)	52	(8,383)	–	**(11,065)**
Total assets less current liabilities	75,313	85,338	(8,383)	32,023	**184,291**
Non-current liabilities					
Bank and other debts	–	–	59,758	–	**59,758**
Lease liabilities	4,166	11,527	–	–	**15,693**
Deferred tax liabilities	1,569	–	–	–	**1,569**
Pension obligations	–	64	–	–	**64**
Other non-current liabilities	608	2,644	–	–	**3,252**
	6,343	14,235	59,758	–	**80,336**
Net assets (liabilities)	68,970	71,103	(68,141)	32,023	**103,955**

Note 7(ii)(a)

For the purposes of the Unaudited Pro Forma Financial Information, the assets and liabilities of the Three UK Group have been derived from the accounting records of the Group in relation to the Three UK Group on which the published unaudited condensed consolidated statement of financial position of the Group at 30 June 2024 is based. Since the amounts of assets and liabilities of the Three UK Group at the completion of the exercise of the H 1st Secondary Call Option may be different from the amounts used in the Unaudited Pro Forma Financial Information, the final amounts of the assets and liabilities of the Three UK Group to be consolidated at the completion of the exercise of the H 1st Secondary Call Option may be substantially different from the amounts presented above.

Note 7(ii)(b)

For the purposes of the Unaudited Pro Forma Financial Information, the assets and liabilities of the Vodafone UK Group have been derived from the audited combined statement of financial position of the Vodafone UK Business at 31 March 2024 as set out in Appendix II to this circular. Since the amounts of assets and liabilities of the Vodafone UK Group at the completion of the exercise of the H 1st Secondary Call Option may be different from the amounts used in the Unaudited Pro Forma Financial Information, the final amounts of the assets and liabilities of the Vodafone UK Group to be consolidated at the completion of the exercise of the H 1st Secondary Call Option may be substantially different from the amounts presented above.

Note 7(ii)(c)

For the purposes of the Unaudited Pro Forma Financial Information, the combined total amounts for cash, debt and working capital of the Three UK Group and the Vodafone UK Group, per Note 7(ii)(a) and Note 7(ii)(b), are adjusted to align with the target amounts for cash, debt and working capital as per the Contribution Agreement of £20 million (or HK$198 million), approximately £6.0 billion (or HK$59,758 million) and negative £445.3 million (or negative HK$4,413 million), respectively. Since the amounts of cash, debt and other balance sheet items of the Three UK Group, the Vodafone UK Group and the MergeCo Group at the completion of the exercise of the H 1st Secondary Call Option may be different from the amounts used in the Unaudited Pro Forma Financial Information, the final amounts of the adjustments to cash, debt and other balance sheet items of the Three UK Group, the Vodafone UK Group and the MergeCo Group at the completion of the exercise of the H 1st Secondary Call Option may be substantially different from the amounts presented above.

Note 7(ii)(d)

For the purposes of the Unaudited Pro Forma Financial Information, the difference between the fair value of HK$103,955 million recognised for MergeCo, per Note 7(ii), and the carrying amounts of the identifiable assets acquired and liabilities assumed for the MergeCo Group, per Note 7(ii)(a), 7(ii)(b) and 7(ii)(c), is recognised as goodwill at the completion of the exercise of the H 1st Secondary Call Option. Since the fair value of MergeCo and the fair value for the identifiable assets acquired and liabilities assumed for the MergeCo Group at the completion of the exercise of the H 1st Secondary Call Option may be different from the values used in the Unaudited Pro Forma Financial Information, the final amounts of the fair value of MergeCo and the fair values for the identifiable assets acquired and liabilities assumed for the MergeCo Group to be recognised at the completion of the exercise of the H 1st Secondary Call Option may be substantially different from the amounts presented above.

Note 7(iii)

For the purposes of the Unaudited Pro Forma Financial Information, the consideration payable by Hutchison pursuant to the exercise of the H 1st Secondary Call Option is determined to be £5,350 million (or HK$53,017 million). This amount is determined at an amount equal to (i) an assumed enterprise value of £16.5 billion, less the initial total debt of MergeCo of £6.0 billion, and multiplied by (ii) Vodafone's 51% shareholding in MergeCo. Since the consideration payable by Hutchison at the completion of the exercise of the H 1st Secondary Call Option may be different from the value used in the Unaudited Pro Forma Financial Information, the final amounts of the consideration payable by Hutchison at the completion of the exercise of the H 1st Secondary Call Option may be substantially different from the amounts presented above.

In addition, investment in associated company (being the 49% interest in MergeCo held by the Group upon completion of the Joint Venture Establishment) had been de-recognised as part of the pro forma adjustments as 100% interest in the assets and liabilities of MergeCo had been consolidated with the consolidated statement of financial position of the Group on completion of the exercise of the H 1st Secondary Call Option (see Note 7(ii) above).

Note 8

Under the terms of the Transaction, the H 2nd Secondary Call Option will be granted by Vodafone to Hutchison pursuant to the Shareholders' Agreement as protective measures to protect the value of the non-cash consideration (being the Vodafone Securities (if any)) issued to Hutchison in satisfaction of the consideration for the exercise of the H Put Option and on maturity of the Vodafone CLNs.

Pursuant to the H 2nd Secondary Call Option, Hutchison may call for all (but not part only) of the shares in MergeCo then held by Vodafone where:

(i) the H Put Option has been exercised and completion of the H Put Option has occurred;

(ii) Vodafone did not satisfy the exercise price for the H Put Option wholly in cash;

(iii) a Vodafone Trigger Event has occurred while the Group holds Vodafone Securities (excluding any Vodafone Securities which have been issued to Hutchison more than two years before the date of the Vodafone Trigger Event); and

(iv) Vodafone does not elect to and does not repurchase and/or repay (as applicable) the Vodafone Securities held by Hutchison in full.

If Hutchison exercises the H 2nd Secondary Call Option, Vodafone must repurchase and/or repay all the Vodafone Securities at the price at which such securities were issued in satisfaction of the exercise price for the H Put Option less any cash consideration received and any distributions for such securities made or paid by Vodafone in aggregate, such that Hutchison would be in the same position as if Vodafone had paid the entire exercise price for the H Put Option in cash. The payment obligations of Vodafone for the repurchase of the Vodafone Securities on the one hand, and of Hutchison for the exercise of the H 2nd Secondary Call Option on the other hand, shall be set-off against each other and Hutchison shall pay the balance thereof to Vodafone upon the completion of the H 2nd Secondary Call Option. If the H 2nd Secondary Call Option is exercised by Hutchison, on its completion, MergeCo will be wholly-owned by Hutchison. The H 2nd Secondary Call Option shall not be exercisable once Hutchison no longer holds any Vodafone Securities. The consideration payable by Hutchison pursuant to the exercise of the H 2nd Secondary Call Option shall be settled in cash at an amount equal to (i) the Fair Market Enterprise Value determined for the exercise of the H Put Option, less the then aggregate consolidated net financial debt of MergeCo as at the completion of the H 2nd Secondary Call Option multiplied by (ii) expressed as a percentage, Vodafone's shareholding in MergeCo at the time of the exercise of the H Put Option. On completion of the exercise of the H 2nd Secondary Call Option, MergeCo will become a wholly-owned subsidiary of Hutchison.

The table sets out in note 8(i) below, for illustrative purposes only, provides information about the impact to the unaudited condensed consolidated statement of financial position of the Group at 30 June 2024 arising from:

(i) the consolidation of the MergeCo Group with the Group, and

(ii) the settlement of the consideration payable by the Group pursuant to the exercise of the H 2nd Secondary Call Option,

as if the exercise of the H 2nd Secondary Call Option had been completed at 30 June 2024.

Note 8(i)

Set out in the table below are the pro forma adjustments in relation to the H 2nd Secondary Call Option.

	MergeCo Group's assets and liabilities *Note 8(ii)* *HK$ million*	**Settlement of consideration for acquisition of 100% interest in MergeCo** *Note 8(iii)* *HK$ million*	**Total** ***HK$ million***
Non-current assets			
Fixed assets	41,793	–	**41,793**
Right-of-use assets	16,679	–	**16,679**
Telecommunications licences	56,017	–	**56,017**
Brand names and other rights	5,011	–	**5,011**
Goodwill	35,343	–	**35,343**
Deferred tax assets	26,404	–	**26,404**
Liquid funds and other listed investments	–	(50,938)	**(50,938)**
Other non-current assets	14,109	–	**14,109**
	195,356	(50,938)	**144,418**
Current assets			
Cash and cash equivalents	198	(53,017)	**(52,819)**
Inventories	1,828	–	**1,828**
Trade receivables and other current assets	21,934	–	**21,934**
	23,960	(53,017)	**(29,057)**
Current liabilities			
Current tax liabilities	1,653	–	**1,653**
Lease liabilities	6,392	–	**6,392**
Trade payables and other current liabilities	26,980	–	**26,980**
	35,025	–	**35,025**
Net current liabilities	(11,065)	(53,017)	**(64,082)**
Total assets less current liabilities	184,291	(103,955)	**80,336**
Non-current liabilities			
Bank and other debts	59,758	–	**59,758**
Lease liabilities	15,693	–	**15,693**
Deferred tax liabilities	1,569	–	**1,569**
Pension obligations	64	–	**64**
Other non-current liabilities	3,252	–	**3,252**
	80,336	–	**80,336**
Net assets	103,955	(103,955)	**–**

Note 8(ii)

The pro forma adjustments illustrate how the consolidation of the MergeCo Group with the Group might have affected the consolidated assets and liabilities of the Group as if MergeCo had become a wholly-owned subsidiary of the Group at 30 June 2024. For the purposes of the Unaudited Pro Forma Financial Information, the Group's 100% interest in MergeCo is recognised at HK$103,955 million. This amount is by reference to the terms of the Transaction including an assumed enterprise value of £16.5 billion and the initial total debt of MergeCo of £6.0 billion. Since the fair value of MergeCo at the completion of the exercise of the H 2nd Secondary Call Option may be different from the value used in the Unaudited Pro Forma Financial Information, the final amounts of the fair value of MergeCo to be recognised at the completion of the exercise of the H 2nd Secondary Call Option may be substantially different from the amounts presented above.

Please refer to the table sets out in Note 7(ii), and Notes 7(ii)(a), 7(ii)(b), 7(ii)(c) and 7(ii)(d) for further information about assets and liabilities of the MergeCo Group as if MergeCo had become a wholly-owned subsidiary of the Group at 30 June 2024.

Note 8(iii)

For the purposes of the Unaudited Pro Forma Financial Information, the consideration payable by Hutchison pursuant to the exercise of the H 2nd Secondary Call Option is determined to be £10,490 million (or HK$103,955 million). This amount is determined at an amount equal to an assumed enterprise value of £16.5 billion, less the initial total debt of MergeCo of £6.0 billion. The payment obligation of the Group for the exercise of the H 2nd Secondary Call Option on the one hand, and of Vodafone for the repurchase of the Vodafone Securities on the other hand, shall be set-off against each other and the Group shall pay the balance thereof to Vodafone upon the completion of the H 2nd Secondary Call Option. Since the consideration payable by Hutchison at the completion of the exercise of the H 2nd Secondary Call Option may be different from the value used in the Unaudited Pro Forma Financial Information, the final amounts of the consideration payable by Hutchison at the completion of the exercise of the H 2nd Secondary Call Option may be substantially different from the amounts presented above.

Save as aforesaid, no other adjustment has been made to the unaudited pro forma consolidated statement of assets and liabilities of the Group to reflect any trading results or other transactions of the Group and the Three UK Group entered into subsequent to 30 June 2024, or the Vodafone UK Business entered into subsequent to 31 March 2024.

III. REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of CK Hutchison Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of CK Hutchison Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2024, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages III-1 to III-20 of the Company's circular dated 24 September 2024, in connection with the major transactions in relation to the transactions and steps contemplated under a contribution agreement, including the joint venture establishment, the grant and the possible exercise of the options including the possible acquisition and disposal of Vodafone securities, as applicable under a shareholders' agreement (the "**Transaction**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-20 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Transaction on the Group's financial position as at 30 June 2024 as if the Transaction had taken place at 30 June 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's interim financial statements for the six months ended 30 June 2024, on which a review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

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Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements,* issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information 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 Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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 unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 30 June 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled 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 event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of 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:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 24 September 2024

MANAGEMENT DISCUSSION AND ANALYSIS OF THE VODAFONE UK BUSINESS

The following discussion and analysis of the Vodafone UK Business should be read together with the Historical Financial Information included in the accountants' report on the Vodafone UK Business as set out in Appendix II to this circular (the "**Accountants' Report**") and capitalised terms used in this appendix shall have the same meaning as those defined in the Accountants' Report. The Historical Financial Information has been prepared based on the audited underlying financial statements of the Vodafone UK Business for the Track Record Period, which were drawn up under the Vodafone Group's accounting policies, and adjusted to reflect the applicable accounting policies of the Company and its subsidiaries. The Historical Financial Information has been prepared in accordance with IFRS as issued by the IASB and on the basis of the notes set out in the Accountants' Report to present the financial track record of the Vodafone UK Business as at 31 March 2022, 2023 and 2024 and for each of the years ended 31 March 2022, 2023 and 2024 for inclusion in the Accountants' Report of the Vodafone UK Business.

Review of financial results

Revenue

For each of the three years ended 31 March 2022, 2023 and 2024, the Vodafone UK Business's revenue was £5,573.3 million, £5,829.2 million and £5,861.2 million respectively. The revenue of the Vodafone UK Business primarily consists of service revenue from the provision of telecommunication services and the sale of telecommunications products ("**hardware revenue**") in the UK through its mobile and fixed networks.

Service revenue for the years ended 31 March 2022, 2023 and 2024 was £4,355.1 million, £4,586.2 million and £4,825.4 million respectively. The annual increase of 5.3% from the year ended 31 March 2022 to the year ended 31 March 2023 was driven by multiple factors including growth in the number of customers in the consumer component across both mobile and fixed broadband, mobile contract ARPU growth supported by inflation-linked annual price rises, and an improvement in the business component from several large corporate contract wins and higher project work. The annual increase of 5.2% from the year ended 31 March 2023 to the year ended 31 March 2024 was driven by mobile contract ARPU growth supported by inflation-linked annual price rises, higher roaming revenue and growth in the number of customers in the consumer component across both mobile and fixed broadband, partially offset by the migration of the Virgin Media MVNO off the network.

Hardware revenue for the years ended 31 March 2022, 2023 and 2024 was £1,154.4 million, £1,163.1 million and £965.0 million respectively. The annual increase of 0.8% from the year ended 31 March 2022 to the year ended 31 March 2023 was driven by an increase in sales of fixed broadband hardware. The annual decrease of 17.0% from the year ended 31 March 2023 to the year ended 31 March 2024 was driven by fewer mobile device sales, partially off-set by an increase in sales of fixed broadband hardware.

Adjusted EBITDAaL

Adjusted EBITDAaL for the years ended 31 March 2022, 2023 and 2024 was £1,393.3 million, £1,426.8 million and £1,495.4 million respectively. The annual increase of 2.4% from the year ended 31 March 2022 to the year ended 31 March 2023 was driven by service revenue growth, partially offset by higher energy and other inflationary costs, increase in depreciation on right-of-use assets (before the impairment impact) and new annual licence fees (payable following the expiry in the year ended 31 March 2022 of a long-term 3G spectrum licence granted in 2000). The annual increase of 4.8% from the year ended 31 March 2023 to the year ended 31

March 2024 was driven by service revenue growth, partially offset by higher energy costs, increase in depreciation on right-of-use assets (before the impairment impact) and the migration of the Virgin Media MVNO off the network.

Adjusted EBITDAaL is defined as profit or loss (i) after depreciation on right-of-use assets and interest on lease liabilities, and (ii) before depreciation on fixed assets, amortisation on contract related costs, restructuring costs arising from discrete restructuring plans, corporate costs recharged by RemainCo, impairment loss (reversal of impairment loss) against fixed assets, right-of-use assets and telecommunication licences including the depreciation adjustment arising from impairment loss (reversal of impairment loss) against right-of-use assets, other income and expense that are not considered by management of the Vodafone UK Business to be reflective of the underlying performance of the Perimeter Entities, finance income, interest expenses and other finance costs and tax. The definition and calculation of adjusted EBITDAaL are based on the definition and calculation of adjusted EBITDAaL as applied in the Underlying Financial Statements and adjusted to reflect the applicable accounting policies of the Company and its subsidiaries as mentioned in the first paragraph of this section.

EBITDA before the impairment impact

EBITDA before the impairment impact for the years ended 31 March 2022, 2023 and 2024 was £1,611.7 million, £1,716.6 million and £1,828.3 million respectively. The annual increase of 6.5% from the year ended 31 March 2022 to the year ended 31 March 2023 was driven by service revenue growth, partially offset by higher energy and other inflationary costs and new annual licence fees (payable following the expiry in the year ended 31 March 2022 of a long-term 3G spectrum licence granted in 2000). The annual increase of 6.5% from the year ended 31 March 2023 to the year ended 31 March 2024 was driven by service revenue growth, partially offset by higher energy costs and the migration of the Virgin Media MVNO off the network.

EBITDA (LBITDA) is defined as profit or loss before depreciation and amortisation, finance income, interest expenses and other finance costs and tax. The definition and calculation of EBITDA (LBITDA) are based on the definition and calculation of EBITDA as applied in the Underlying Financial Statements and adjusted to reflect the applicable accounting policies of the Company and its subsidiaries as mentioned in the first paragraph of this section.

Impairment loss (reversal of impairment loss)

Impairment loss (reversal of impairment loss) for the years ended 31 March 2022, 2023 and 2024 was £(1,707.0) million, £4,088.8 million and £(140.4) million respectively. These charges (reversals of charge) were recognised as part of the adjustments to reflect the applicable accounting policies of the Company and its subsidiaries as mentioned in the first paragraph of this section.

Depreciation and amortisation

Depreciation and amortisation for the years ended 31 March 2022, 2023 and 2024 was £1,476.1 million, £1,650.0 million and £1,531.0 million respectively. The year-on-year changes mainly reflect the movements in the cost base.

Finance income

Finance income for the years ended 31 March 2022, 2023 and 2024 was £5.8 million, £47.9 million and £122.9 million respectively. The increase from the year ended 31 March 2022 to the year ended 31 March 2023 and from the year ended 31 March 2023 to the year ended 31 March 2024 was primarily driven by an increase in underlying market interest rates on amounts due from RemainCo.

Interest expenses and other finance costs

Interest expenses and other finance costs for the years ended 31 March 2022, 2023 and 2024 was £34.5 million, £42.5 million and £97.8 million respectively. The increase from the year ended 31 March 2022 to the year ended 31 March 2023 and from the year ended 31 March 2023 to the year ended 31 March 2024 was primarily driven by an increase in underlying market interest rates on loans due to RemainCo.

Income tax credit (charge)

Income tax credit (charge) represents the sum of the current and deferred taxes. Income tax credit (charge) for the years ended 31 March 2022, 2023 and 2024 was £(228.3) million, £1,007.8 million and £(128.6) million, respectively. The year-on-year changes in the balances are largely impacted by the tax effects relating to the impairment loss (reversal of impairment loss) for the year. Excluding these tax effects, the income tax credit (charge) for the years ended 31 March 2022, 2023 and 2024 was £198.5 million, £(14.4) million and £(93.5) million, respectively. The change from the income tax credit of £198.5 million for the year ended 31 March 2022 to the income tax charge of £(14.4) million for the year ended 31 March 2023 was driven by the remeasurement in the year ended 31 March 2022 of deferred taxation balances to the substantively enacted UK Corporation tax rate of 25% (previously 19%), which resulted in an one-off deferred tax credit of £242.9 million in the year ended 31 March 2022. The drivers of the increase in income tax charge of £(14.4) million for the year ended 31 March 2023 to the income tax charge of £(93.5) million for the year ended 31 March 2024 were the increase in profit before tax and decrease in tax deductions in relation to qualified capital expenditure in the year ended 31 March 2024.

Profit (loss) after tax

The profit (loss) after tax for the years ended 31 March 2022, 2023 and 2024 was £1,585.6 million, £(3,009.0) million and £334.2 million respectively. The year-on-year changes in the profit (loss) after tax for the year mainly reflect the movements in impairment charge (reversal of impairment charge) recognised for the year. In addition, the decrease from the profit after tax for the year ended 31 March 2022 to the loss after tax for the year ended 31 March 2023 was also driven by the one-off deferred tax credit recognised in the year ended 31 March 2022. The increase from the loss after tax for the year ended 31 March 2023 to the profit after tax for the year ended 31 March 2024 was also driven by the increase in the EBITDA before the impairment impact and net finance income in the year ended 31 March 2024.

Financial position

Net assets of the Vodafone UK Business were £10,144.4 million, £6,888.7 million and £7,174.9 million as at 31 March 2022, 2023 and 2024 respectively.

The decrease in net assets by £3,255.7 million from 31 March 2022 to 31 March 2023 was primarily attributable to the net decrease in telecommunication licences, fixed assets, right-of-use assets and deferred tax assets of £3,016.7 million (primarily driven by the impairment loss), the decrease in pension assets of £192.4 million (driven by the actuarial loss) and the increase in trade payables and other current liabilities by £133.2 million (primarily driven by higher energy costs and inflationary impacts), partially offset by the increase in inventories by £37.9 million (driven by the combined effects of increased unit costs and an increase in stock level on devices) and the decrease in lease liabilities by £36.4 million (driven by the increase in discount rates for certain lease arrangements and lease payments made during the year).

The increase in net assets by £286.2 million from 31 March 2023 to 31 March 2024 was primarily attributable to the net increase in telecommunication licences, fixed assets, right-of-use assets and deferred tax assets of £319.0 million (driven by the reversal of the impairment loss and net additions to owned and leased network infrastructure assets), partially offset by the decrease in pension assets of £75.9 million (driven by the actuarial loss) and the decrease in inventories by £22.0 million (driven by improved management of the year-end inventory position).

Key operating drivers

	Year ended 31 March		
	2022	**2023**	**2024**
Measures			
Mobile Customers (000's)	17,107	17,920	18,638
Mobile Contract (post-paid) Percentage	77.6%	75.3%	71.3%
Mobile Contract (post-paid) ARPU (£)[1]	16.3	17.3	18.2
Fixed Broadband Customers (000's)	1,050	1,223	1,383

[1] *Represents the average of the financial year*

For the year ended 31 March 2023 and 31 March 2024 the Vodafone UK Business continued to deliver customer base growth, adding over 800,000 and 700,000 new mobile customers, supported by its multi-brand strategy including Vodafone 'Evo' – Vodafone UK Business's flexible handset contract financing proposition and the digital prepaid sub-brand 'VOXI'. Fixed broadband customers increased by 173,000 and 160,000 during the years ended 31 March 2023 and 31 March 2024 respectively, supported by demand for Vodafone 'Pro Broadband' and fibre products. In the years ended 31 March 2023 and 31 March 2024, average monthly mobile contract APRU increased by £1.0 and £0.9 per subscriber per month to £17.3 and £18.2 respectively, underpinned by unlimited 5G propositions and inflation-linked annual price rises.

Capital structure, liquidity and financial resources

Capital structure

The Vodafone UK Business's funding requirements were managed centrally by Vodafone TopCo's treasury function for the years ended 31 March 2022, 2023 and 2024. There were no capital injections during the years ended 31 March 2022, 2023 and 2024.

Cash resources

The Vodafone UK Business participated in the cash pooling arrangement operated centrally by Vodafone TopCo's treasury, whereby daily excess cash balances or deposits were automatically transferred to Vodafone TopCo's bank account. The Vodafone UK Business's total cash and cash equivalents were £11.2 million, £12.1 million and £74.8 million as at 31 March 2022, 2023 and 2024 respectively, all of which were denominated in pound sterling (£).

Borrowings and facilities

The Vodafone UK Business's external debt primarily consisted of loans due to RemainCo, which amounted to £1,713.4 million, £1,847.4 million and £1,823.6 million as at 31 March 2022, 2023 and 2024 respectively. Loans due to RemainCo were unsecured, repayable on demand and denominated in pound sterling (£). Of these balances, £1,330.2 million, £1,345.2 million and £1,307.6 million as at 31 March 2022, 2023 and 2024 respectively were non-interest bearing. The remaining borrowings were charged at market interest rate.

Foreign exchange risk exposure

For the years ended 31 March 2022, 2023 and 2024, the Vodafone UK Business had transaction currency exposures. Such exposures primarily arose from transactions for receipts and payments for sales and purchases in currencies other than the Vodafone UK Business's functional currency of pound sterling (£).

This risk was managed by entering into foreign exchange derivative contracts to hedge certain expenditures not denominated in functional currency of the Vodafone UK Business i.e., to hedge foreign exchange spot risk. Derivative financial instruments include foreign exchange swaps and forwards and were designated as cash flow hedges. The swap maturity dates, and liquidity profiles of the nominal cash flows matched those of the exposures.

Capital commitments and future plans

As at 31 March 2022, 2023 and 2024, the Vodafone UK Business had capital commitments amounting to £106.5 million, £115.9 million and £107.6 million respectively. The commitments in each of the years were predominately in respect of spectrum licence purchases and network infrastructure. Aside from the proposed merger with Three UK (still subject to regulatory approval) the board currently has no significant future capital investment plans outside of business-as-usual demands for the capital assets of the Vodafone UK Business.

Contingent assets and liabilities

Please refer to paragraphs (a) and (b) in the section headed "Contingent matters" in Note 31 of the Notes to the Historical Financial Information of the Accountants' Report.

Vodafone UK has a possible exposure amounting to £36 million, £30 million and £23 million relating to certain bad debts as at 31 March 2022, 2023 and 2024, respectively. Vodafone UK is confident that it can provide sufficient information to defend its position where required, therefore no provision has been recorded in the Historical Financial Information.

As at 31 March 2022, 2023 and 2024, the Vodafone UK Business had no other contingent assets and liabilities.

Segment information

The Vodafone UK Business operated in one single segment which is telecommunication in the UK. In this regard, no segmental information is presented.

Employees and remuneration policies

The Vodafone UK Business employed an average of 9,010 employees, 9,113 employees and 9,424 employees during the years ended 31 March 2022, 2023 and 2024 respectively. Staff costs (before capitalisation) for the years ended 31 March 2022, 2023 and 2024 were £565.3 million, £627.7 million and £686.2 million, respectively. The Vodafone UK Business provides its employees with competitive remuneration and contributes to a number of bonus and share-based payment schemes, defined benefit and defined contribution pension plans. Training programs are also organised for its employees.

Charge on assets

There were no charges on the Vodafone UK Business's assets as at 31 March 2022, 2023 and 2024.

Gearing ratio

The gearing ratios were 14.4%, 21.1% and 19.6% as at 31 March 2022, 2023 and 2024 respectively. The gearing ratio is defined as net debt to net total capital ratio. Net debt represents loans due to RemainCo and other debts net of cash and cash equivalents. Net total capital is defined as loans due to RemainCo and other debts plus total equity net of cash and cash equivalents.

Significant investments, material acquisitions and disposals of subsidiaries or associated companies

The Vodafone UK Business had no significant investment or material acquisition or disposal of subsidiaries and associates for the years ended 31 March 2022, 2023 and 2024.

1 FINANCIAL INFORMATION OF VODAFONE TOPCO FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2022, 2023 AND 2024

Financial information of Vodafone TopCo for each of the three years ended 31 March 2022, 2023 and 2024 is disclosed in the following documents which have been published on the website of the FCA and can be accessed at the website addresses below:

(i) annual report of Vodafone TopCo for the year ended 31 March 2022 (https://data.fca.org.uk/artefacts/NSM/Portal/NI-000056458/reports/213800TB53ELEUKM7Q61-2022-03-31-T01.html)

(ii) annual report of Vodafone TopCo for the year ended 31 March 2023 (https://data.fca.org.uk/artefacts/NSM/Portal/NI-000076038/NI-000076038.pdf)

(iii) annual report of Vodafone TopCo for the year ended 31 March 2024 (https://data.fca.org.uk/artefacts/NSM/Portal/NI-000097578/NI-000097578.pdf)

1 RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2 INTERESTS OF DIRECTORS

Interests in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the "**Model Code**") to be notified to the Company and the Stock Exchange, were as follows:

(I) Long positions in the Shares

Directors	Capacity	Nature of Interests	Number of Shares Held	Total	Approximate % of Shareholding[8]
Li Tzar Kuoi, Victor	Beneficiary of trusts	Other interest	1,162,632,010[1]		
	Beneficial owner	Personal interest	220,000		
	Interest of controlled corporations	Corporate interest	2,572,350[2]		
	Interest of spouse	Family interest	200,000		
	Interest of child	Family interest	205,200[3]	1,165,829,560	30.4390%
Fok Kin Ning, Canning	Interest of a controlled corporation	Corporate interest	6,011,438[4]	6,011,438	0.1569%
Frank John Sixt	Beneficial owner	Personal interest	166,800	166,800	0.0043%
Lai Kai Ming, Dominic	Beneficial owner	Personal interest	34,200	34,200	0.0008%

Directors	Capacity	Nature of Interests	Number of Shares Held	Total	Approximate % of Shareholding[8]
Kam Hing Lam	Beneficial owner	Personal Interest	51,040		
	Interest of child	Family interest	57,360	108,400	0.0028%
Edith Shih	Beneficial owner	Personal interest	187,125		
	Interest of spouse	Family interest	5,062	192,187	0.0050%
Chow Kun Chee, Roland	Beneficial owner	Personal interest	99,752	99,752	0.0026%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	129,960	129,960	0.0033%
Lee Yeh Kwong, Charles	Beneficial owner	Personal interest	862,124		
	Interest of spouse	Family interest	37,620		
	Interest of a controlled corporation	Corporate interest	6,840[5]	906,584	0.0236%
George Colin Magnus	Founder and/or beneficiary of a discretionary trust	Other interest	833,868[6]		
	Beneficial owner	Personal interest	85,361		
	Interest of spouse	Family interest	16,771	936,000	0.0244%
Philip Lawrence Kadoorie	Beneficiary of a discretionary trust	Other interest	7,380,860[7]	7,380,860	0.1927%
Leung Lau Yau Fun, Sophie	Beneficial owner	Personal interest	10,000		
	Interest of spouse	Family interest	1,000	11,000	0.0002%

Notes:

(1) The 1,162,632,010 Shares comprise:

(a) 1,005,817,044 Shares held by Li Ka-Shing Unity Trustee Company Limited ("**TUT1**") as trustee of The Li Ka-Shing Unity Trust ("**UT1**") and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("**TUT1 related companies**"). Mr Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust ("**DT1**") and another discretionary trust ("**DT2**"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("**TDT1**", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("**TDT2**", which is the trustee of DT2) holds units in UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard.

The entire issued share capital of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited ("**Unity Holdco**"). Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Unity Holdco. TUT1 is only interested in the Shares by reason only of its obligation and power to hold interests in those Shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the Shares independently without any reference to Unity Holdco or any of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

As Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, Mr Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said Shares held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO as a Director.

(b) 72,387,720 Shares held by Li Ka-Shing Castle Trustee Company Limited ("**TUT3**") as trustee of The Li Ka-Shing Castle Trust ("**UT3**") and its related companies in which TUT3 as trustee of UT3 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("**TUT3 related companies**"). Mr Li Ka-shing is the settlor of each of the two discretionary trusts ("**DT3**" and "**DT4**"). Each of Li Ka-Shing Castle Trustee Corporation Limited ("**TDT3**", which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited ("**TDT4**", which is the trustee of DT4) holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard.

The entire issued share capital of TUT3, TDT3 and TDT4 are owned by Li Ka-Shing Castle Holdings Limited ("**Castle Holdco**"). Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Castle Holdco. TUT3 is only interested in the Shares by reason only of its obligation and power to hold interests in those Shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the Shares independently without any reference to Castle Holdco or any of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor as a holder of the shares of Castle Holdco as aforesaid.

As Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT3 and DT4, and by virtue of the above, Mr Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said Shares held by TUT3 as trustee of UT3 and TUT3 related companies under the SFO as a Director.

(c) 84,427,246 Shares held by a company controlled by TDT3 as trustee of DT3.

(2) Among those Shares,

(a) 300,000 Shares are held by Li Ka Shing Foundation Limited ("**LKSF**"). By virtue of the terms of the constituent documents of LKSF, Mr Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at its general meetings.

(b) 2,272,350 Shares are held by certain companies of which Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.

(3) Such Shares are held by a company in which a child of Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings.

(4) Such Shares are held by a company which is equally controlled by Mr Fok Kin Ning, Canning and his spouse.

(5) Such Shares are held by a company of which Mr Lee Yeh Kwong, Charles is interested in the entire issued share capital.

(6) 184,000 Shares are held by a company controlled by a trust of which Mr George Colin Magnus is a discretionary beneficiary and 649,868 Shares are indirectly held by a discretionary trust of which Mr George Colin Magnus is the settlor and/or a discretionary beneficiary.

(7) Such Shares are ultimately held by a discretionary trust of which Mr Philip Lawrence Kadoorie is one of the discretionary beneficiaries.

(8) The percentages of shareholding in this table were computed based on the number of issued Shares as at the Latest Practicable Date, being 3,830,044,500 Shares.

(II) Long positions in the shares, underlying shares and debentures of the associated corporations of the Company

(1) (a) As at the Latest Practicable Date, Mr Li Tzar Kuoi, Victor, as a Director of the Company, was deemed to be interested in the following by virtue of, inter alia, his interests as described in Note (1) of section 2(I) above:

(i) 5,428,000 ordinary shares, representing approximately 0.21% of the issued voting shares, in CK Infrastructure Holdings Limited ("**CKI**") held by TUT1 as trustee of UT1;

(ii) 53,604,826 ordinary shares, representing approximately 1.11% of the issued voting shares, in Hutchison Telecommunications Hong Kong Holdings Limited ("**HTHKH**") of which 53,451,546 ordinary shares are held by TUT1 as trustee of UT1 and its related company in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings, and 153,280 ordinary shares are held by TUT3 as trustee of UT3;

(iii) 15,000,000 ordinary shares, representing approximately 15% of the issued voting shares, in Beautiland Company Limited held by a wholly-owned subsidiary of TUT1 as trustee of UT1; and

(iv) 2,700,000 share stapled units, representing approximately 0.03% of the issued voting share stapled units, in HK Electric Investments ("**HKEI**") and HK Electric Investments Limited ("**HKEIL**") held by TUT1 as trustee of UT1.

(b) As at the Latest Practicable Date, Mr Li Tzar Kuoi, Victor was also deemed to be interested in (i) 5,170,000 share stapled units, representing approximately 0.05% of the issued voting share stapled units, in HKEI and HKEIL held by LKSF; (ii) 2,835,759,715 ordinary shares, representing approximately 29.50% of the issued voting shares, in CK Life Sciences Int'l., (Holdings) Inc. ("**CKLS**") held by certain wholly-owned subsidiaries of LKSF; and (iii) 350,527,953 ordinary shares, representing approximately 7.27% of the issued voting shares, in HTHKH held by LKSF. By virtue of the terms of the constituent documents of LKSF, Mr Li may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at its general meetings.

(c) In addition, Mr Li Tzar Kuoi, Victor had, as at the Latest Practicable Date, the following interests:

(i) personal interests in 2,250,000 ordinary shares, representing approximately 0.02% of the issued voting shares, in CKLS held in his capacity as a beneficial owner;

(ii) family interests in (A) 192,000 ordinary shares, representing approximately 0.003% of the issued voting shares, in HTHKH held by a company of which his child is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings; and (B) 227,000 ordinary shares, representing approximately 0.009% of the issued voting shares, in CKI held by his spouse; and

(iii) corporate interests in (A) 2,519,250 ordinary shares, representing approximately 0.05% of the issued voting shares, in HTHKH; and (B) a nominal amount of US$10,000,000 in the 4.20% Guaranteed Perpetual Capital Securities issued by Cheung Kong Infrastructure Finance (BVI) Limited, which are held by companies of which Mr Li is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.

(2) Mr Fok Kin Ning, Canning had, as at the Latest Practicable Date, the following interests:

(a) 5,100,000 ordinary shares, representing approximately 0.03% of the issued voting shares, in Hutchison Telecommunications (Australia) Limited ("**HTAL**") comprising personal and corporate interests in 4,100,000 ordinary shares and 1,000,000 ordinary shares respectively;

(b) family interests in 267,400 ordinary shares, representing approximately 0.03% of the issued voting shares, in HUTCHMED (China) Limited ("**HUTCHMED**") held by his spouse;

(c) corporate interests in 1,202,380 ordinary shares, representing approximately 0.02% of the issued voting shares, in HTHKH;

(d) corporate interests in 2,000,000 share stapled units, representing approximately 0.02% of the issued voting share stapled units, in HKEI and HKEIL; and

(e) corporate interests in 1,500,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in CKLS.

Mr Fok Kin Ning, Canning holds the above personal interests in his capacity as a beneficial owner and holds the above corporate interests through a company which is equally controlled by Mr Fok and his spouse.

(3) Mr Frank John Sixt in his capacity as a beneficial owner had, as at the Latest Practicable Date, personal interests in (a) 1,000,000 ordinary shares, representing approximately 0.007% of the issued voting shares, in HTAL; (b) 255,000 ordinary shares, representing approximately 0.005% of the issued voting shares, in HTHKH; (c) 900,000 ordinary shares, representing approximately 0.009% of the issued voting shares, in CKLS; and (d) 492,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in TOM Group Limited ("**TOM**").

(4) Mr Ip Tak Chuen, Edmond in his capacity as a beneficial owner had, as at the Latest Practicable Date, personal interests in 2,250,000 ordinary shares, representing approximately 0.02% of the issued voting shares, in CKLS.

(5) Mr Kam Hing Lam had, as at the Latest Practicable Date, the following interests:

(a) personal interests in 100,000 ordinary shares, representing approximately 0.003% of the issued voting shares, in CKI held in his capacity as a beneficial owner; and

(b) family interests in (i) 100,000 ordinary shares, representing approximately 0.004% of the issued voting shares, in Power Assets Holdings Limited ("**Power Assets**"); (ii) 1,025,000 share stapled units, representing approximately 0.01% of the issued voting share stapled units, in HKEI and HKEIL; and (iii) 6,225,000 ordinary shares, representing approximately 0.06% of the issued voting shares, in CKLS held by his child.

(6) Ms Edith Shih in her capacity as a beneficial owner had, as at the Latest Practicable Date, personal interests in 700,000 ordinary shares and 100,000 American depositary shares (each representing five ordinary shares), in aggregate representing approximately 0.13% of the issued voting shares, in HUTCHMED.

(7) Mr Chow Kun Chee, Roland in his capacity as a beneficial owner had, as at the Latest Practicable Date, personal interests in (a) 10,000 ordinary shares, representing approximately 0.0003% of the issued voting shares, in CKI; (b) 903,936 ordinary shares, representing approximately 0.009% of the issued voting shares, in CKLS; (c) 134,918 ordinary shares, representing approximately 0.006% of the issued voting shares, in Power Assets; (d) 582,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in TOM; and (e) 33,730 share stapled units, representing approximately 0.0003% of the issued voting share stapled units, in HKEI and HKEIL.

(8) Mrs Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had, as at the Latest Practicable Date, personal interests in 250,000 ordinary shares, representing approximately 0.005% of the issued voting shares, in HTHKH.

(9) Mr Lee Yeh Kwong, Charles had, as at the Latest Practicable Date, the following interests:

(a) personal interests in 100,000 ordinary shares, representing approximately 0.003% of the issued voting shares, in CKI held in his capacity as a beneficial owner;

(b) 247,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in Power Assets comprising corporate interests in 100,000 ordinary shares held through a company of which Mr Lee is interested in the entire issued share capital and family interests in 147,000 ordinary shares held by his spouse; and

(c) corporate interests in 25,000 share stapled units, representing approximately 0.0002% of the issued voting share stapled units, in HKEI and HKEIL held through a company of which Mr Lee is interested in the entire issued share capital.

(10) Mr George Colin Magnus had, as at the Latest Practicable Date, the following interests:

(a) 13,333 ordinary shares, representing approximately 0.0002% of the issued voting shares, in HTHKH comprising personal interests in 13,201 ordinary shares held in his capacity as a beneficial owner and family interests in 132 ordinary shares held by his spouse; and

(b) 765,000 ordinary shares, representing approximately 0.007% of the issued voting shares, in CKLS comprising (i) personal interests in 753,360 ordinary shares held in his capacity as a beneficial owner; (ii) family interests in 600 ordinary shares held by his spouse; and (iii) other interests in 11,040 ordinary shares held by a company controlled by a trust of which Mr Magnus is a discretionary beneficiary.

(11) Mrs Leung Lau Yau Fun, Sophie had, as at the Latest Practicable Date, the following interests:

(a) personal interests in 6,000 ordinary shares, representing approximately 0.0001% of the issued voting shares, in TOM held in her capacity as a beneficial owner;

(b) family interests in 2,400 ordinary shares, representing approximately 0.00002% of the issued voting shares, in CKLS held by her spouse; and

(c) corporate interests in (i) 100,000 share stapled units, representing approximately 0.001% of the issued voting share stapled units, in HKEI and HKEIL; (ii) 200,000 ordinary shares, representing approximately 0.009% of the issued voting shares, in Power Assets; and (iii) a nominal amount of US$1,000,000 in the 7.5% Notes due 2027 issued by Hutchison Whampoa Finance (CI) Limited, which are held by a company (as trustee of a charitable trust) of which Mrs Leung is interested in one-third of the issued share capital.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Certain Directors held qualifying shares in certain subsidiaries of the Company on trust for other subsidiaries.

Competing Interests of Directors

As at the Latest Practicable Date, the following Directors had interests in the following businesses (apart from the businesses of the Company or its subsidiaries) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the core businesses of the Company or its subsidiaries required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

Core Business Activities of the Company and its subsidiaries:

(1) Ports and related services

(2) Retail

(3) Infrastructure

(4) Telecommunications

Interests in Competing Business:

Directors	Name of Company/ Partnership/ Sole Proprietorship	Interest in the Competing Business	Nature of Competing Business
Li Tzar Kuoi, Victor	CK Asset Holdings Limited (“**CKA**”)	Chairman and Managing Director	(3)
	CKLS	Chairman	(2)
	HK Electric Investments Manager Limited (“**HKEIML**”) as trustee-manager of HKEI, and HKEIL	Deputy Chairman of HKEIL and Non-executive Director of both HKEIML and HKEIL	(3)
	Power Assets	Non-executive Director	(3)
Fok Kin Ning, Canning	HKEIML as trustee-manager of HKEI, and HKEIL	Chairman	(3)
	PT Indosat Tbk	Deputy President Commissioner	(4)
	TPG Telecom Limited (“**TPG**”)	Chairman	(4)
Frank John Sixt	HKEIML as trustee-manager of HKEI, and HKEIL	Alternate Director	(3)
	TOM	Non-executive Chairman	(4)
	TPG	Non-executive Director	(4)
Lai Kai Ming, Dominic	Hutchison Port Holdings Management Pte. Limited (“**HPHM**”) as trustee-manager of Hutchison Port Holdings Trust (“**HPH Trust**”)	Chairman	(1)
	TOM	Alternate Director	(4)
Ip Tak Chuen, Edmond	CKA	Deputy Chairman	(3)
	CKLS	Senior Vice President and Chief Investment Officer	(2)

Directors	Name of Company/ Partnership/ Sole Proprietorship	Interest in the Competing Business	Nature of Competing Business
Kam Hing Lam	CKA	Deputy Managing Director	(3)
	CKLS	President	(2)
Edith Shih	HPHM as trustee-manager of HPH Trust	Non-executive Director	(1)
Andrew John Hunter	Power Assets	Chairman	(3)

As at the Latest Practicable Date, save as disclosed above, none of the Directors or their respective close associates (as if each of them was treated as a controlling shareholder under Rule 8.10 of the Listing Rules) had any interest in any businesses (apart from the businesses of the Group) which compete or are likely to compete, either directly or indirectly, with the core businesses of the Group.

3 DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Group not terminable by the Group within one year without payment of compensation (other than statutory compensation).

4 INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2023 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group or the Vodafone UK Business, or are proposed to be acquired or disposed of by or leased to any member of the Group or the Vodafone UK Business.

As at the Latest Practicable Date, save as otherwise disclosed under the section "Continuing Connected Transactions" in the annual report of the Company for the financial year ended 31 December 2023, none of the Directors was materially interested in any subsisting contract or arrangement which was significant in relation to the business of the Group or the Vodafone UK Business.

5 MATERIAL CONTRACT

The following contract (not being a contract entered into in the ordinary course of the business) was entered into by members of the Group and the Vodafone UK Business within the two years immediately preceding the Latest Practicable Date, and is or may be material:

(i) the Contribution Agreement.

6 MATERIAL LITIGATION

The Group

As at the Latest Practicable Date, no members of the Group were engaged in any litigation of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

Vodafone UK Business

Save as disclosed in paragraphs (a) and (b) in the section headed "Contingent matters" in Note 31 of the Accountants' Report, the Directors are not aware of any litigation or claims of material importance that were pending or threatened against any member of the Vodafone UK Business as at the Latest Practicable Date.

7 EXPERTS AND CONSENTS

The following is the qualification of the experts who have given opinion or advice which is contained in this circular:

Name	Qualification
PricewaterhouseCoopers, Hong Kong ("**PwC HK**")	Certified Public Accountants under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
PricewaterhouseCoopers LLP, United Kingdom ("**PwC UK**")	Member firm of the Institute of Chartered Accountants in England and Wales

Each of PwC HK and PwC UK has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter/report and references to its name in the form and context in which they appear respectively.

As at the Latest Practicable Date, each of the experts mentioned above did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, each of the experts mentioned above did not have, nor had, any direct or indirect interest in any assets which had been since 31 December 2023, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

8 MISCELLANEOUS

(i) The registered office of the Company is situated at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business of the Company in Hong Kong is situated at 48th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

(ii) The Hong Kong share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(iii) The principal share registrar and transfer office of the Company is Maples Fund Services (Cayman) Limited, PO Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

(iv) The company secretary of the Company is Ms Edith Shih. Ms Shih is a solicitor qualified in England and Wales, Hong Kong and Victoria, Australia. She is also a Fellow of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

9 DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Company website at www.ckh.com.hk and the HKEXnews Website at www.hkexnews.hk during the period of 14 days from the date of this circular up to and including the 14th day thereafter:

(i) the Redacted Contribution Agreement;

(ii) the Accountants' Report;

(iii) the report on the unaudited pro forma financial information of the Group issued by PwC HK, the text of which is set out in Appendix III to this circular;

(iv) the written statement signed by PwC UK setting out the adjustments made in arriving at the figures shown in the Accountants' Report; and

(v) the letters of consent from the experts referred to in the section headed "7 Experts and consents" in this appendix.

長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of CK Hutchison Holdings Limited (the "**Company**") will be held as a hybrid meeting at 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong (the "**Principal Meeting Place**") with online access through an online platform on Thursday, 17 October 2024 at 3:00 pm (or, in the event that a black rainstorm warning signal, a tropical cyclone warning signal no. 8 or above, or "extreme conditions" announced by the Hong Kong Government is/are in force in Hong Kong at 12:00 noon on that day, at the same time and place and through the same online platform on Friday, 18 October 2024) for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as an ordinary resolution of the Company. Unless otherwise defined, capitalised terms used in this notice (including the resolution) shall have the same meanings as those defined in the circular of the Company dated 24 September 2024 (the "**Circular**").

ORDINARY RESOLUTION

"**THAT**

(a) the transactions and steps contemplated under the contribution agreement (the "**Contribution Agreement**") dated 14 June 2023 entered into between the Company, Brilliant Design (BVI) Limited (formerly known as Brilliant Design Limited), CK Hutchison Group Telecom Holdings Limited, Vodafone International Operations Limited, Vodafone Group Plc and Vodafone UK Trading Holdings Limited (a copy marked "A" and initialled by the Chairman of the Meeting for the purpose of identification is produced to the Meeting) and all actions taken or to be taken by the Company and/or its subsidiaries pursuant to or incidental to such transactions be and are hereby approved;

(b) the grant of the V Call Option by Brilliant Design (BVI) Limited to Vodafone International Operations Limited and all actions taken or to be taken by the Company and/or its subsidiaries pursuant to or incidental to such grant (including but not limited to the transaction contemplated pursuant to the exercise of the V Call Option) be and are hereby approved;

(c) subject to the respective exercise price for the H 1st Secondary Call Option and the H 2nd Secondary Call Option being not more than £9.257 billion and £18.15 billion, respectively, the exercise of the respective H 1st Secondary Call Option and/or the H 2nd Secondary Call Option (as the case may be) and all actions taken or to be taken by the Company and/or its subsidiaries pursuant to or incidental to the exercise of any of such options (as the case may be) be and are hereby approved;

(d) the exercise of the H Put Option and all actions taken or to be taken by the Company and/or its subsidiaries pursuant to or incidental to the exercise of such option be and are hereby approved; and

(e) any one director of the Company, acting collectively and individually, be and is hereby authorised to take all such steps, do all such acts and things and sign, execute, seal (where required) and deliver all such documents which he/she may in his/her absolute discretion consider necessary, appropriate, desirable or expedient in connection with or to implement or give effect to the transactions contemplated above (including but not limited to the implementation of and giving effect to the Contribution Agreement, the grant of the V Call Option, and the exercise of the H Options in accordance with their respective terms and conditions and the resolution contained herein)."

By Order of the Board

Edith Shih
Executive Director and Company Secretary

Hong Kong, 24 September 2024

Notes:

a. *The Meeting will be a hybrid meeting. Shareholders have the option of attending, participating and voting at the Meeting physically at the Principal Meeting Place or electronically through online access at https://web.lumiagm.com (the "**Online Platform**"). Shareholders attending and participating in the Meeting electronically will also be counted towards the quorum and they will be able to cast their votes and raise questions. Details of the Online Platform are set out in the Circular and the letter from the Company to registered Shareholders dated 24 September 2024 (the "**Shareholder Notification**").*

b. *At the Meeting, the Chairman of the Meeting will put the above resolution to be voted by way of a poll pursuant to Article 81 of the Articles.*

c. *Any Shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and on a poll, vote in his/her stead. A proxy need not be a Shareholder.*

d. *All Shareholders who wish to appoint a proxy to attend and vote at the Meeting are recommended to appoint the Chairman of the Meeting as their proxy by completing, signing and returning the proxy form in accordance with the instructions printed thereon.*

e. *To be valid, the completed and signed proxy form together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be returned (i) by email to EGM2024proxy@ckh.com.hk, or (ii) to the Hong Kong Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in either case, as soon as possible and in any event no later than 48 hours before the time for holding the Meeting or any adjournment or postponement thereof. Shareholders are recommended to return proxy forms by email where possible and, if they elect to return proxy forms by post, ample time should be allowed for postal delivery.*

f. *Completion and return of the proxy form will not preclude a Shareholder from attending and voting, physically at the Principal Meeting Place or electronically through the Online Platform, at the Meeting or at any adjournment or postponement thereof should the Shareholder subsequently so wish. In the event that a Shareholder subsequently attends and votes at the Meeting, the proxy appointment shall be deemed to be revoked.*

g. *The register of members of the Company will be closed from Monday, 14 October 2024 to Thursday, 17 October 2024 (or to Friday, 18 October 2024, in the event that the Meeting is to be held on Friday, 18 October 2024 because of a black rainstorm warning signal, a tropical cyclone warning signal no. 8 or above, or "extreme conditions" announced by the Hong Kong Government), both days inclusive, during which period no transfer of shares will be effected, to determine Shareholders' entitlement to attend and vote at the Meeting (or at any adjournment or postponement thereof). In order to qualify for attending at the Meeting, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with the Hong Kong Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 pm on Thursday, 10 October 2024.*

h. *An electronic voting system will be used by Shareholders (including their proxies and corporate representatives) who attend physically at the Principal Meeting Place, for enhancing efficiency and transparency in the vote counting process. Shareholders and other attendees are recommended to bring the Shareholder Notification bearing the unique login details as well as their own electronic device (for example, smart phone or tablet device with internet connection) for access to the electronic voting system.*

i. *Any Shareholder with disability who has particular access request for physical attendance at the Meeting may contact the Company Secretary by phone at (852) 2128 1188 or by email to cosec@ckh.com.hk on or before 5:00 pm on Thursday, 10 October 2024.*

j. *No refreshments or drinks will be served at the Principal Meeting Place.*

k. *BAD WEATHER ARRANGEMENTS:*

The Meeting will be held on Thursday, 17 October 2024 as scheduled regardless of whether or not an amber or red rainstorm warning signal is in force in Hong Kong at any time on that day.

However, if a black rainstorm warning signal, a tropical cyclone warning signal no. 8 or above, or "extreme conditions" announced by the Hong Kong Government is/are in force in Hong Kong at 12:00 noon on Thursday, 17 October 2024, the Meeting will not be held on that day but will be automatically postponed and, by virtue of this notice, be held at the same time and place and through the same Online Platform on Friday, 18 October 2024 instead. The Hong Kong Government may issue an announcement on "extreme conditions" in the event of, for example, serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons or other natural disaster of a substantial scale.

Shareholders may call the hotline at (852) 3169 3868 or visit the Company website at www.ckh.com.hk for details of the postponement and alternative meeting arrangements.

Shareholders should carefully consider the risk of physical attendance at the Meeting under bad weather conditions, having regard to their personal circumstances and if they should choose to do so, they are advised to exercise due care and caution.

l. *In the event of any inconsistency, the English version of this notice shall prevail over the Chinese version.*

m. *All references to time and date in this notice are to Hong Kong time and date.*