

*For immediate release*

## **HKBN Announces Solid FY21 Annual Results *Emerging Stronger and Transformed for Post COVID-19 Growth***

(Hong Kong - 28 October 2021) HKBN Ltd. (“HKBN” or the “Company”; SEHK stock code: 1310) today announced solid operational and financial results for the year ended 31 August 2021 (“FY21”). Despite a challenging economic environment, HKBN’s performance remained strong in FY21 through synergies from integrations and strategic partnerships with business partners. Key highlights of FY21 results include:

- Revenue, EBITDA and Adjusted Free Cash Flow (“AFF”) recorded a growth of 21%, 3%, and 2% respectively to HK\$11,464 million, HK\$2,569 million and HK\$1,132 million.
- Revenue increased by 21% year-on-year to HK\$11,464 million, mainly driven by significant growth in smartphone sales and growth from Enterprise Solutions and related product revenue, as a result of the full year contribution of HKBN JOS\* (FY20: eight and a half months).
- EBITDA increased by 3% year-on-year to HK\$2,569 million mainly contributed by lower operating expenses as a result of the Group’s continuous effort to drive operational efficiencies.
- The Board has recommended the payment of a final dividend of 37.5 HK cents per share (FY20: 38 HK cents per share), resulting in a 2% year-on-year increase in full year payment to 76.5 HK cents per share (FY20: 75 HK cents per share).

*\*HKBN JOS represents HKBN JOS Holdings (C.I.) Limited and its subsidiaries, Adura Hong Kong Limited and ADURA CYBER SECURITY SERVICES PTE. LTD..*

### **Enterprise Solutions: Successful transformation into Asia’s leading ICT solutions provider drove customer and ARPU growth**

Despite slowing business activities due to the prolonged COVID-19 pandemic, HKBN’s enterprise business achieved growth in customer numbers and in ARPU, which is contributed by the Company’s efforts in transforming its enterprise business from pure sales of products & services to relationship management. The Company stepped up to help businesses overcome challenges during the pandemic with a series of innovative solutions offers enabling them to continue their businesses remotely and securely at affordable costs. The total number of HKBN’s enterprise customers increased from 105,000 to 107,000 and enterprise ARPU improved from HK\$2,948 to HK\$3,036.

### **Residential Solutions: Infinite-play strategy setting solid foundation for growth**

Despite intense price competition, Residential Solutions revenue increased by 1% year-on-year to HK\$2,465 million as a result of the Company’s Infinite-play strategy, which includes teaming up with Netflix to bring more entertainment choices to customers, expansion of

smart home solutions and ultra-fast 5G mobile services. Monthly churn rate remained low at 0.9%. In October 2021, the Company became the exclusive broadband service provider for Disney+ in Hong Kong, a game-changer that will improve its customers' stickiness and reward the Company with a higher ARPU and market share. HKBN will continue to expand its Infinite-play bundle services through a number of breakthrough services, delivering unprecedented household savings and service convenience to disrupt the legacy broadband, fixed-voice, content and mobile standalone segments.

### **Transformed into a stronger and purposeful business**

“As we continue to drive market share gains in our connectivity services, our synergies in ICT solutions and system integration capabilities for enterprise business, together with our extraordinary OTT choices and ever-expanding Infinite-play offerings for households, will enable us to grow far beyond basic connectivity services. With our new Co-Ownership Plan IV, we will have a deeper vested interest to ride on the post COVID-19 rebound and deliver more value to all our stakeholders,” said Co-Owner and Executive Vice-chairman William Yeung, and Co-Owner and Group CEO NiQ Lai.

For more details of HKBN's results in FY21, please refer to the announcement:

[https://reg.hkbn.net/WwwCMS/upload/pdf/en/e\\_FY21\\_AnnualResultsAnnouncement.pdf](https://reg.hkbn.net/WwwCMS/upload/pdf/en/e_FY21_AnnualResultsAnnouncement.pdf)

### **Appendix: Shareholder Letter**



**Photo caption:** HKBN announced resilient FY21 growth across all business fronts. (From left) Co-Owner and Executive Vice-chairman William Yeung, and Co-Owner and Group CEO NiQ Lai.

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## Appendix

### Shareholder Letter

Dear fellow HKBN shareholders,

#### Growth is the name of our game

Throughout our 20-year journey of growth, HKBN has demonstrated we are a company that dares to set aspirational growth targets, and we have attained most of them. In our view, if we achieve all our aspirational targets, it means such targets were set too low, rather than us being perfect in our execution. In FY18, before the social incidents in Hong Kong and the global COVID-19 pandemic, we set our Co-Ownership III+ targets for FY19-21. Now as we report our FY21 results, we have missed these aspirational targets. As Co-Owners, we have real skin-in-the-game as we bought our shares from the open market prior to COVID-19 and would get bonus shares only if we achieve the stretched targets. While we did not attain the aspirational Co-Ownership III+ targets, stretching for them has pushed us to set a far stronger foundation for higher long-term value creation.

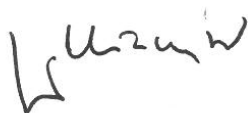
Our new Co-Ownership Plan IV, which was approved by shareholders in our EGM held on 15 October 2021, allows Co-Owners to top-up and roll over Co-Ownership III+ investments, with a 3-year FY22-24 cumulative target of AFF/Share HK\$2.70 to HK\$3.01, which compares with HK\$0.765 achieved in FY21. To achieve this growth, we will need to grow beyond our matured telecom industry boundaries.

In our Residential Solutions business, we are the exclusive broadband carrier launch partner for Disney+ in Hong Kong. Disney+, having achieved 100 million subscribers faster than any other OTT platform in history, is a global phenomenon and is set to create waves in Hong Kong. Our move to deliver more extraordinary OTT choices, together with our ever-expanding Infinite-play offerings, will allow us to grow our residential business far beyond basic connectivity.

In our Enterprise Solutions business, whilst we are the largest alternative carrier – having merged HKBN, New World Telecom and WTT – we estimate our total telecom market share to be less than 20% in an industry with approximately 80% gross margins. Low market share base and high gross margin means that we can offer very generous growth-related commissions to drive market share gains, further aided through bundling with our system integration capabilities of JOS, which we acquired in FY20.

In getting through COVID-19 so far, we have really come together as a company. With so many opportunities, our embracements of change and being agile ensures that we will be emerging stronger and transformed for post COVID-19 growth.

Sincerely yours,



**William Yeung**  
Co-Owner and Executive Vice-chairman



**NiQ Lai**  
Co-Owner and Group CEO