For immediate release

Despite COVID-19, HKBN Delivers Solid Growth for the 6 months ended 28 Feb 2021

Business Integrations and Infinite-play Strategy Buttress Resilience & Growth

(Hong Kong - 21 April 2021) Despite the prolonged COVID-19 pandemic, HKBN Ltd. (“HKBN” or the “Company”; SEHK stock code: 1310) today announced solid operational and financial growth results for the six months ended 28 February 2021 (“1H2021”). Through a series of mergers and acquisitions in 2019 and integrations afterward, HKBN has evolved from a traditional telecom company in Hong Kong into a leading information and communications technology (ICT) provider across Asia. By offering innovative solutions to the market, the Company sees these difficult times as an opportunity to assist the business transformation of enterprise customers, beyond merely selling connectivity services.

Since the start of COVID-19, the Company has received government subsidies from the regions it operates in and has substantially passed all of these to its Talents. This set of interim results are inclusive of those pass throughs:

- Revenue and EBITDA continued to grow year-on-year (“yoy”) at 40% and 2%, respectively, to HK$6,230 million and HK$1,312 million, while Adjusted Free Cash Flow (“AFF”) dropped by 11% yoy to HK$391 million mainly due to the one time premium paid on senior notes redemption. Core AFF after excluding premium paid on senior notes redemption increased by 7% yoy to HK$505 million.

- Revenue increased by 40% yoy to HK$6,230 million, which was mainly contributed by six months of operating results of HKBN JOS*.

- Reported EBITDA increased by 2% to HK$1,312 million, mainly contributed by the smooth integrations with WTT# and HKBN JOS which brought operational efficiencies to the Company.

- The Board has recommended the payment of an interim dividend of 39 HK cents per share (1H2020: 37 HK cents per share), resulting in a 5% yoy increase.

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

# WTT represents HKBN Enterprise Solutions Development Ltd and its subsidiaries.

Enterprise Solutions: integration synergies drove stable customer base and ARPU growth

The integrations with WTT and HKBN JOS have greatly enhanced the combined group’s capabilities, in terms of extended customer reach and far wider service offerings, thereby empowering the Company to differentiate its offerings in the enterprise space. Due to HKBN’s new competitiveness, despite the prolonged COVID-19 pandemic, the Company’s enterprise business delivered growth in this difficult time with a stable number of enterprise customers at 105,000 by raising its enterprise ARPU from HK$2,775/month in 1H2020 to HK$3,028/month in 1H2021. To weather the storm with its enterprise customers and minimise the financial impact on the Company, HKBN offered innovative solutions such as FixIT outsourcing IT service, remote cloud-based HR applications and e-Security to the market. Looking forward, the Company will transform its enterprise business from pure sales of products & services to relationship management, thinking and acting from its customers’ perspective to solve their business problems.
Residential Solutions: multi-play price strategy brought upsell opportunities

During 1H2021, HKBN Residential Solutions revenue slightly dropped by 2% yoy to HK$1,224 million, mainly contributed by the residual impact of the monthly fee waiver for COVID-19 relief in March 2020 and a drop in mobile services revenue. Meanwhile, the Company sees lower customer switching activity and higher upsell opportunities on its OTT and other services. Overall, Residential Solutions continued to show resilience during economic uncertainties. As always, HKBN will continue to extend its integrated multi-play price strategy to deliver unprecedented household savings and service convenience to disrupt the legacy broadband, fixed-voice, content and mobile standalone segments.

Win-Win partnerships to further penetrate the enterprise and residential markets

“By forming multi-win partnerships through Barter & Bundle and new shared economy platform HOME+ with like-minded partners, we are bringing different partners together into one bill for each customer. While customers enjoy better value offers riding on our partnerships, we are also in the best position to further penetrate the enterprise and residential markets, in turn, sharing a larger wallet of spending. We believe that HOME+ will be the key component of our infinite-play services to drive ARPU growth,” said HKBN Co-Owner and Executive Vice-chairman William Yeung, and Co-Owner and Group CEO NiQ Lai.

For more details of HKBN’s results in 1H2021, please refer to the announcement: https://reg.hkbn.net/WwwCMS/upload/pdf/en/e_InterimResultsAnnouncement_FY21.pdf

Appendix: Shareholder Letter

Photo caption: At the interim results presentation, William Yeung, HKBN Co-Owner and Executive Vice-chairman (right), and NiQ Lai, HKBN Co-Owner and Group CEO (left), shared how HKBN is transforming itself to seize growth opportunities.
Appendix:

Shareholder Letter

Dear Fellow HKBN Shareholders,

Looking back at the COVID-19 situation so far, we are most proud of how we have treated our Talents. Since the start of COVID-19, we have received HK$210 million in government subsidies from the regions we operate in and have substantially passed all of this to our Talents. Even inclusive of this government subsidy pass-through, we still managed to deliver industry leading growth in revenue, EBITDA and DPS of 40%, 2% and 5% respectively. In being Talent-obsessed, i.e. looking after our Talents in tough times, we believe they will go out of their way to position our HKBN for the post COVID-19 rebound. Had we taken the regional government subsidies and passed all of it on to our shareholders instead, this would have represented DPS of 14 HK cents.

In the enterprise market, via our series of acquisitions, including the two most transformative of integrations of WTT, for extended telecom reach, and of JOS, for add-on system integration capabilities, our most impactful change is the transition from specialist sales to single-point-of-contact relationship management. Our unique relationship management approach to the Information and Communications Technology (ICT) industry is designed from a customer-IN perspective, to help our customers, i.e. typically CIOs and CEOs, solve their business problems, rather than just sell them a specific service. Relationship management elevates our position from sales to problem solver, hence it opens the C-suite doors to us, versus merely dealing with the procurement office in the past. HKBN’s Legal Unfair Competitive Advantage (LUCA) today, is that we now have a full tool box rather just a single tool; in the past we were just a telecom carrier, so suffered the “to a hammer, everything looks like a nail” syndrome.

In the residential market, by launching our e-commerce platform HOME+ together with like-minded partners, we are transforming from quad-play per household to infinite-play per person, tripling our reach from 1 million households to 3 million people. The value that we bring to the residential market is our reach and ability to bring different partners together into one bill for each customer.

We are in the process of transforming into a true ICT partner to our customers, making competition with the fragmented standalone telecom carriers, system integrators, etc. irrelevant. HKBN’s business profile today is unrecognisable from 5 years ago, and in another 5 years’ time, we would have changed so much to be unrecognisable again from today.

Sincerely yours,

William Yeung
Co-Owner and Executive Vice-chairman

NiQ Lai
Co-Owner and Group Chief Executive Officer