For immediate release

HKBN Ltd. Announces FY18 Annual Results
Strong J-Curve Upturn Continues

(Hong Kong - 1 November 2018) HKBN Ltd. ("HKBN" or the "Company"; SEHK stock code: 1310) today reported strong financial and business performance for the year ended 31 August 2018 ("FY18"). During the period, the Company recorded a continuation of planned J-curve upturn with accelerated growth in both residential and enterprise businesses, harvested from the successful execution of its quad-play price strategy and the fully integrated enterprise business. Key highlights of FY18 results include:

- Revenue, EBITDA and Adjusted Free Cash Flow ("AFCF") recorded strong year-on-year growth at 22%, 13% and 28%, to HK$3,949 million, HK$1,180 million and HK$578 million, respectively.
- Residential revenue increased by 16% year-on-year to HK$2,278 million, mainly driven by the robust growth in mobile business, as evidenced by the increase in both number of activated subscribers and monthly Average Revenue Per User ("ARPU"). In addition, our historical full base residential ARPU also increased by 5% year-on-year, from HK$168/month in FY17 to HK$176/month in FY18. This provided direct contribution to AFCF.
- Enterprise revenue increased by 14% year-on-year to HK$1,379 million, mainly driven by the continued increase in the number of enterprise customers by 6% year-on-year to 57,000, and the improvement in ARPU by 3% year-on-year to HK$1,510/month.
- The Board has recommended final dividend payment of 30 HK cents per share (FY17: 23 HK cents per share), resulting in a 24% year-on-year increase in full year payment to 56 HK cents per share (FY17: 45 HK cents per share).

Solid revenue and ARPU growth driven by successful quad-play strategy execution

Driven by the successful execution of its quad-play price strategy which delivered comprehensive, integrated and high value-for-money services to customers, the Company garnered 16% year-on-year growth to HK$2,278 million in residential revenue. Residential ARPU grew from HK$168 to HK$176, while the Company's total number of residential customers has surpassed the 1 million mark as at 31 August 2018.

Mobile services were one of the key revenue growth drivers in FY18, where the number of activated subscribers grew by 80% year-on-year to 265,000 and the mobile ARPU increased by 24% year-on-year to HK$147/month in FY18. This spectacular growth was made possible by the Company's progressive marketing efforts and the launch of high usage data plans to suit its customers' needs.

Over-The-Top ("OTT") services also flourished in FY18, whereby the number of set-top boxes ordered has increased by 59% year-on-year to 835,000 as at 31 August 2018. This represented that the majority of the Company's residential broadband customers have ordered at least one OTT set-top box to enjoy a great archive of content provided by its OTT partner delivered through the Company's hi-speed and stable network service.

Solid enterprise subscription and revenue growth contributed by successfully integrated operations

The fully integrated business increased both the Company's presence and capabilities in the enterprise market, which has enabled it to provide a broader range of products and services at competitive value to different customer segments. As a result, the enterprise business continued to prosper with a revenue increase of 14% year-on-year to HK$1,379 million in FY18. The Company also achieved net additions of 3,000 year-on-year for a total of 57,000 enterprise customers while its enterprise ARPU improved by 3% year-on-year, from HK$1,463/month to HK$1,510/month.

Co-Ownership as a Legal Unfair Competitive Advantage (LUCA) to drive sustainable growth and synergy benefits

"Our robust quad-play presence in the residential market and a far bigger presence in the enterprise market today were a function of our strategic actions 3-4 years ago. Key to this success was our sequential long-term incentive alignment via Co-Ownership Plan II, in which over 330 supervisor-and-above-level Talents invested their savings to buy HKBN stock with 3-year tenures," said Co-Owner and Executive Vice-chairman William Yeung, and Co-Owner and CEO NiQ Lai.

"We are now in the process of revamping our Co-Ownership Plan III which we aim to seek shareholder approval after the closing of the proposed WTT merger (subject to shareholder and regulatory approvals). Through embracing a dual role as both investor and Talent, our Co-Owners are HKBN's **LUCA** to maximize the potential synergy benefits and watch over all aspects of HKBN's competitiveness, while we continue to pursue our Core Purpose to '**Make our Hong Kong a better place to live**'," continued William and NiQ.

For details of HKBN's results in FY18, please refer to the announcement:
http://www.hkbn.net/new/en/about-us--investor-engagement--financial-results.shtml

Appendix: Shareholder Letter

Photo caption: HKBN Co-Owner and Executive Vice-chairman William Yeung (left) and HKBN Co-Owner and CEO NiQ Lai (right) announced HKBN's strong financial and business performance in FY18.

Appendix

Shareholder Letter

Dear fellow shareholders,

As a company passionate about pursuing our Core Purpose, we know there's no better way to substantiate our staunch commitment than by delivering exceptional results. FY18 marks a continuation of our planned J-curve upturn with industry-leading year-on-year growth of 22% for revenue, 13% for EBITDA and 28% for Adjusted Free Cash Flow excluding end-use property purchase, which clearly shows that we are assertively taking revenue market share in an overall flat matured market.

Our FY18 achievements were actually a function of our strategic actions 3-4 years ago, such as our expansion into Over-The-Top ("OTT") content in 2014, and mobile resale in 2016 to complete our residential quad-play, as well as our acquisition of New World Telecom in 2016 which doubled our enterprise presence. At the time of these developments, their success was uncertain and it was only with the benefit of hindsight some 3-4 years later that our results proved they were the right moves. This is why our sequential long-term incentive alignment via Co-Ownership Plan II with 3-year tenures was absolutely key to our success, i.e., this was our **Legal Unfair Competitive Advantage ("LUCA")**. With the expiry of our 3-year Co-Ownership Plan II from 2015, we are now in the process of revamping our Co-Ownership Plan III which we aim to finalise and seek shareholder approval after the outcome of our WTT combination described below.

In August 2018, we announced our company transforming combination with WTT, subject to shareholder and regulatory approvals, which will more than double our enterprise revenue. This combination will scale our ability to compete more effectively in the enterprise space, as to deliver far better solutions to Hong Kong corporates.

Since our IPO in 2015, we are far more "Antifragile" (Note 1) today as we now have a robust quad-play presence in residential and are building a far bigger presence in enterprise. At the IPO, we had no idea that such transformative opportunities would arise, but you can say that we were "lucky" in being ready to pounce on such opportunities as they flew by us. Today, we are far better positioned to deliver upon our Core Purpose to "**Make our Hong Kong a better place to live**".

At the end of the day, every management Key Performance Indicator is merely an input factor. The true measures of company value are the contributions we make to Hong Kong society, and our long-term stock price and actual dividend stream. We believe the best management alignment with stakeholders is for management to pay real money from their family savings to become Co-Owners, i.e., putting real skin-in-the-game, of which we proudly had over 330 in FY18, and to roll this over with successive plans.

Sincerely yours,

William Yeung
Co-Owner and Executive Vice-chairman

NiQ Lai
Co-Owner and Chief Executive Officer

Note 1: Antifragile. A term coined by Nassim Nicholas Taleb in his book *Antifragile*. Some things benefit from shocks; they thrive and grow when exposed to volatility, randomness, disorder, and stressors and love adventure, risk, and uncertainty.