

For immediate release

HKBN Ltd. Announces FY19 Interim Results for the 6 Months Ended 28 Feb 2019 *Strong Growth of Residential & Enterprise Businesses Continues*

(Hong Kong - 30 April 2019) HKBN Ltd. (“HKBN” or the “Company”; SEHK stock code: 1310) today announced its unaudited consolidated results for the six months ended 28 February 2019 (“1H2019”). During the period, the Company continued to deliver exciting growth across all business segments via gaining overall industry revenue market share, harvested from its successful transformation into a multi-service provider for residential customers, as well as add-on acquisitions made in the enterprise space. Key highlights from the interim period include:

- Revenue, EBITDA and Adjusted Free Cash Flow (“AFCF”) continued to grow year-on-year at 19%, 22% and 26%, respectively, to HK\$2,219 million, HK\$723 million and HK\$299 million. EBITDA rose by 22% year-on-year mainly due to the exclusion of the amortisation of customer acquisition and retention costs from calculation of EBITDA, after adopting HKFRS 15. EBITDA before the adoption of HKFRS 15 was HK\$626 million, representing a 5% year-on-year growth.
- Group revenue increased by 19% year-on-year, mainly contributed by the increase in residential revenue, enterprise revenue and product revenue by 11%, 16% and 140%, respectively.
- Residential revenue increased by 11% year-on-year to HK\$1,223 million, mainly driven by robust growth in mobile service revenue, as evidenced by 26% year-on-year growth in the number of activated subscribers to 280,000 in 1H2019. In addition, the Company’s historical full base residential ARPU (Average Revenue Per User) also increased by 6% year-on-year, from HK\$173/month in the six months ended 28 February 2018 (“1H2018”) to HK\$184/month in 1H2019, which provided direct contribution to AFCF.
- The Board has recommended 31% increase in payment of interim dividend of 34 HK cents per share versus 26 HK cents per share for same period last year.

Solid residential revenue and ARPU growth driven by a successful multi-play strategy

Driven by a successful extension of its value-for-money multi-play services to its customer base, the Company recorded 11% year-on-year growth to HK\$1,223 million in residential revenue. Residential ARPU grew from HK\$173/month in 1H2018 to HK\$184/month in 1H2019, while the Company’s total number of residential customers reached 1.015 million as at 28 February 2019.

Throughout 1H2019, Mobile Services was one of the key revenue growth drivers. Activated subscribers grew by 26% year-on-year to 280,000, and mobile ARPU (without broadband services) increased to HK\$144/month. During the interim period, Over-The-Top (“OTT”) services reached a new height, as the majority of the Company’s residential broadband customers have already ordered at least one OTT set-top box to meet their entertainment needs. This has fostered the Company’s growth in subscription revenue as it continued to offer new and exciting content for customers at competitive prices.

Strong enterprise growth fuelled by new wins and fully integrated operations

The Company's enterprise business continued strong growth as fuelled by new wins across different customer industry sectors while sustaining stable growth in its SME and enterprise customer base. During the interim period, the Company's enterprise revenue increased by 16% year-on-year to HK\$786 million. The Company achieved net additions of 2,000 year-on-year for a total of 58,000 enterprise customers while its enterprise ARPU remained fairly stable at HK\$1,508/month.

WTT merger and Co-Ownership to drive sustainable growth and synergy benefits

"The focus of our integration with WTT is clearly on GROWTH rather than cost savings. Separately in the fixed-line telecom segment, whilst HKBN is #2 in Residential and WTT is #2 in Enterprise, together we aspire to overtake the legacy incumbent to become #1 over time; in short, **#2 + #2 = #1**," said Co-Owner and Executive Vice-chairman William Yeung, and Co-Owner and CEO NiQ Lai.

"Time and again, HKBN's unique Co-Ownership structure has proved that Talents' interest alignment with shareholders is key to driving our ability to outperform the competition. We are in the process of devising a revamped Co-Ownership Plan III (subject to shareholder and regulatory approvals), with a view to giving a broader Talent base from HKBN and WTT the opportunity to become 'skin in the game' Co-Owners. By doing so, we'll unleash our passion and hunger to achieve extraordinary GROWTH for our company and fellow shareholders," continued William and NiQ.

For more details of HKBN's results in 1H2019, please refer to the announcement:

<http://www.hkbn.net/new/en/about-us--investor-engagement--financial-results.shtml>

Appendix: Shareholder Letter



Photo caption: HKBN Management Committee members, together with fellow HKBN Co-Owners, proudly celebrate the achievement of exciting growth across all business segments in 1H2019.

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Appendix

Shareholder Letter

Dear Fellow HKBN Shareholders,

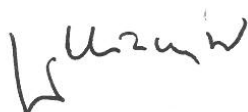
In the six months to 28 February 2019, we continued to grab industry market share to achieve above industry year-on-year growth of 19% in revenue and 22% in EBITDA, so as to deliver 31% growth in dividend per share.

In our Enterprise Solutions segment, we announced the completion of our acquisition of WTT Holding Corp and its subsidiaries (collectively, "WTT"), which follows our other add-on acquisitions of Y5Zone in 2013, New World Telecom ("NWT") in 2016 and I Consulting Group Limited ("ICG") in 2018. Accelerated organic growth, together with these add-on acquisitions, has completely transformed our company from a once mass-residential focused business to one that is 2/3 majority in the enterprise space. NWT was a company very similar to WTT, only smaller, so timing can't be better, as the lessons gained from our NWT integration positions us very well for the upcoming WTT integration.

In our Residential Solutions segment, we continued our transformation to become the leading multi-service provider to households on a single integrated bill, going beyond even traditional quad-play. With the recent launch of our 2Gbps Home Gateway unit, we are set to offer additional services such as home network security, parental control, remote service diagnostics and more. With the recent launch of myTV Gold, in collaboration with TVB, we see an opportunity for creative destruction of the HK\$4 billion legacy Pay-TV industry.

Overall, we estimate that our monthly billing reach now encompasses more than 1 in 3 residential households and 1 in 2 active companies in Hong Kong, yet, our Information and Communication Technology revenue market share is far below this reach. As such, on our merger with WTT, the focus of our integration is clearly on GROWTH rather than cost savings. Separately in the fixed-line telecom segment, whilst HKBN is #2 in Residential and WTT is #2 in Enterprise, together we aspire to overtake the legacy incumbent to become #1 over time; in short, **#2 + #2 = #1**.

Sincerely yours,



William Yeung
Co-Owner and Executive Vice-chairman



NiQ Lai
Co-Owner and Chief Executive Officer