

For immediate release

## **HKBN Announces Interim Results for the 6 Months Ended 29 February 2020 Acquisition of WTT & JOS Driving Transformative Growth of Enterprise Business**

(Hong Kong - 22 April 2020) HKBN Ltd. (“HKBN” or the “Company”; SEHK stock code: 1310) today announced solid growth in its financial and business performance for the six months ended 29 February 2020 (“1H2020”). Through a sequence of five strategic mergers and acquisitions over the last few years, culminating most recently with the acquisition of JOS completed in December 2019, HKBN has further bolstered its capabilities as an integrated telecom and technology solutions provider. The most recent JOS acquisition has greatly extended HKBN’s customer reach, broadened the scope of its service offerings and enhanced its market competitiveness in the enterprise space.

Key highlights from the interim period include:

- Revenue, EBITDA and Adjusted Free Cash Flow (“AFF”) continued to grow year-on-year 101%, 77% and 47%, respectively, to HK\$4,457 million, HK\$1,283 million and HK\$440 million. The substantial year-on-year increase was mainly contributed by:
  - consolidating six months of results of HKBN Enterprise Solutions Development Ltd and its subsidiaries (collectively “WTT Group”) with revenue and EBITDA contribution of HK\$1,104 million and HK\$509 million;
  - consolidating two and a half months of results of HKBN JOS Holdings (C.I.) Limited and its subsidiaries, Adura Hong Kong Limited and Adura Cyber Services Pte. Ltd. (“collectively “JOS Group”) with revenue and EBITDA contribution of HK\$836 million and HK\$57 million; and
  - reducing operating lease expenses of HK\$106 million in the calculation of EBITDA, after adopting HKFRS 16.
- Enterprise revenue increased by 190% year-on-year to HK\$2,276 million after consolidating six months and two and a half months of operating results of WTT Group and JOS Group, respectively, in 1H2020. Total number of enterprise customers increased year-on-year to 104,000 while enterprise ARPU increased from HK\$1,508 to HK\$2,775.
- Residential revenue grew by 2% year-on-year to HK\$1,252 million from the successful execution of a quad-play strategy. This enabled the Company to increase its historical full base residential ARPU by 3% year-on-year, from HK\$184/month in 1H2019 to HK\$190/month in 1H2020, while the monthly churn rate remained low.
- The Board of Directors has recommended the payment of an interim dividend of 37 HK cents (1H2019: 34 HK cents per share), resulting in a 9% year-on-year growth.

### **935 Co-Owners = Unprecedented Management Alignment**

“In crisis there is opportunity. Our Co-Ownership culture is our most distinct and important LUCA (Legal Unfair Competitive Advantage). Our Talent force of 5,861, including those from JOS and WTT, is now led by 935 Co-Owners who have invested their family savings in HKBN. Most impressively, the Co-Ownership take-up for our top 73 executives is 100%, which demonstrates incredible alignment of interest amongst our leadership team,” said Co-Owner and Executive Vice-chairman William Yeung, and Co-Owner and Group CEO NiQ Lai.

### HKBN Co-Ownership Take-up Amongst Talents:

Seniority	Total Invited for Co-Ownership	Co-Ownership Take-up	Co-Ownership Take-up Rate
CXO Management Committee, Directors and Associate Directors	73	73	100%
Managers	405	300	74%
Supervisors	1,124	562	50%
<b>Total eligible for Co-Ownership</b>	<b>1,602</b>	<b>935</b>	<b>58%</b>

Note: As of 31 March 2020

For more details of HKBN's results in 1H2020, please refer to the announcement:

[https://reg.hkbn.net/WwwCMS/upload/pdf/en/e\\_InterimResultsAnnouncement\\_FY20.pdf](https://reg.hkbn.net/WwwCMS/upload/pdf/en/e_InterimResultsAnnouncement_FY20.pdf)

### Appendix: Shareholder Letter



**Photo caption:**

At the interim results presentation, William Yeung, HKBN Co-Owner and Executive Vice-chairman (left), Samuel Hui, Co-Owner and Chief Transformation Officer (middle) and NiQ Lai, Co-Owner and Group CEO (right), provided an in-depth look at HKBN's transformative growth performance and its focus to deliver accelerated transformations for customers.

## Appendix:

### Shareholder Letter

Dear Fellow HKBN Shareholders,

#### #ToughTimesTogether

We are committed to our pursuit of Purposeful profit even during toughest times. Whilst the global COVID-19 crisis is impacting all of us, HKBN is one of the fortunate companies that continues to grow through this crisis, so we are in an exceptional situation whereby we can **do good and do well**. In February 2020, we launched our #ToughTimesTogether initiatives to help alleviate economic impact of the crisis, starting with waiving of our February 2020 service fees for our residential fixed-services and corporate customers, followed by 10,000 free broadband services for families in financial difficulties, and offering three months of fixed contract work experience for 100 fresh graduates. In doing these, we hope to inspire other purpose-driven companies to act, and together make a far bigger impact.

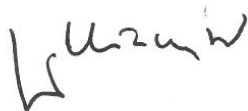
HKBN is a Talent-obsessed company; in fact, HKBN is nothing but a Talent company. All our business hardware and software can be replicated with enough money and time, but our cultural DNA is impossible to replicate. At HKBN, we believe we must first WOW our 5,861 Talents before we can together WOW other stakeholders such as customers, business partners, shareholders etc.

Just a year ago, we were three competitors, being HKBN, WTT and JOS. Today, we are one entity of 5,861 HKBNers led by 935 Co-Owners (refer to the QR code below) who now share one common “elite sports team” bank account for our family savings. Our culture is based on “pride” of common success leading to individual success, rather than the “envy” that is the disease of many legacy companies. When an HKBNer is doing well, be it on our Co-Ownership upside, pain/GAIN payout, earning higher commissions etc., we know that we are all aligned and contributing to each other’s success. “Pride” in each other’s success is why we do not set caps in sales commissions, as we are happy to see a top performing sales person earn more in total compensation via commissions, than managers above them. Conversely, when an HKBNer does poorly on any of the above, we all suffer together; hence this makes us work smarter together to avoid this pain.

Whilst the economy is currently facing unprecedented headwinds, times of crisis create opportunity for legacy market change. With our recent sequence of acquisitions and the completion of our Co-Ownership III Plus Scheme, we have completely transformed into an integrated telecom and technology solutions provider. At HKBN, we believe in “eat what we cook first, before we sell it”. Today we are undergoing a massive internal digital transformation which in turn we will sell externally as Transformation as a Service (“TaaS”) to help our customers.

We expect that COVID-19 will structurally slow down global business-as-usual economic activities but force massive demand for business transformations; it is the latter that we are focused on for growth. In short, we are optimistic of the mid-term future.

Sincerely yours,



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



**NiQ Lai**  
Co-Owner and Group Chief Executive Officer



Scan QR code for our full list of Co-Owners