HKBN Ltd.
香港寬頻有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1310)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 28 FEBRUARY 2025

(Unless otherwise stated, all monetary figures in this announcement are in Hong Kong dollars.)

The board (the "**Board**") of directors (the "**Directors**") of HKBN Ltd. (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 28 February 2025. These results were based on the unaudited consolidated interim financial statements for the six months ended 28 February 2025, which were prepared in accordance with the Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

ANNOUNCEMENT HIGHLIGHTS

- Revenue excluding sales of handsets increased by 4%. Primarily due to weaker-than-expected performance in sales of handsets and other products, total revenue decreased by 1% to $5,734 million.

- EBITDA increased by 5% to $1,206 million, due to strong operational performance and strategic initiatives targeted at driving growth.

- Adjusted free cash flow ("**AFF**") increased by 2% to $126 million, contributed by improving EBITDA and interest savings.

- Net profit increased from $1.5 million to $108 million, primarily driven by operational efficiencies that reduced operating expenses and lower finance costs.

- In consideration of the Company's dividend policy and anticipated capital expenditure needs to drive long-term shareholder value, the Board has resolved to declare an interim dividend of 15.5 cents per share (29 February 2024: 15 cents per share).

KEY FINANCIAL AND OPERATIONAL SUMMARY

Table 1: Financial highlights

	For the six months ended 28 February 2025	29 February 2024	Change YoY
Key financials ***($'000)***			
Revenue	**5,734,269**	5,809,091	–1%
— Enterprise Solutions	**2,549,534**	2,310,418	+10%
— Enterprise Solutions related products	**892,191**	951,692	–6%
— Residential Solutions	**1,165,568**	1,181,509	–1%
— Handsets and other products	**1,126,976**	1,365,472	–17%
Profit for the period	**107,560**	1,534	>100%
EBITDA [1,2]	**1,206,122**	1,151,172	+5%
Adjusted Free Cash Flow [1,3]	**126,186**	124,248	+2%
Reconciliation of EBITDA & Adjusted Free Cash Flow [1,2,3]			
Profit for the period	**107,560**	1,534	>100%
Amortisation of customer acquisition and retention costs	**142,259**	135,127	+5%
Amortisation of intangible assets	**177,859**	185,771	–4%
Depreciation	**411,210**	423,891	–3%
Finance costs	**366,024**	400,712	–9%
Income tax charge	**5,506**	6,254	–12%
Interest income	**(4,296)**	(5,832)	–26%
Loss on disposal of a subsidiary	**–**	3,715	–100%
EBITDA	**1,206,122**	1,151,172	+5%
Capital expenditure	**(238,513)**	(204,240)	+17%
Changes in working capital	**(100,391)**	(16,929)	>100%
Customer acquisition and retention costs	**(130,493)**	(139,556)	–6%
Income tax paid	**(162,603)**	(212,551)	–23%
Lease payment in relation to right-of-use assets	**(91,603)**	(91,504)	+0%
Net interest paid	**(356,333)**	(362,144)	–2%
Adjusted Free Cash Flow	**126,186**	124,248	+2%

KEY FINANCIAL AND OPERATIONAL SUMMARY (CONTINUED)

Table 2: Operational highlights

	For the six months ended			
	28 February 2025	31 August 2024	29 February 2024	**Change YoY**
Enterprise business				
Commercial building coverage	**8,183**	8,163	8,120	+1%
Subscriptions *('000)*				
— Broadband	**109**	110	110	-1%
— Voice	**347**	357	373	-7%
Enterprise customers [4] *('000)*	**97**	98	97	–
Residential business				
Residential homes passed *('000)*	**2,614**	2,596	2,579	+1%
Subscriptions *('000)*				
— Broadband	**900**	907	903	–0%
— Voice	**314**	343	367	–14%
Residential ARPU [5]	**$186**	$182	$181	+3%
Mobile business				
Subscriptions *('000)*	**197**	217	234	–16%
Residential customers *('000)*	**901**	932	956	–6%
Total full-time permanent staff	**3,741**	3,863	4,159	–10%

Notes:

(1) EBITDA and AFF are not measures of performance under Hong Kong Financial Reporting Standards ("**HKFRSs**"). These measures do not represent, and should not be used as substitutes for, net income or cash flows from operations as determined in accordance with HKFRSs. These measures are not necessarily an indication of whether cash flow will be sufficient to fund our cash requirements. In addition, our definitions of these measures may not be comparable to other similarly titled measures used by other companies.

(2) EBITDA means profit for the period plus finance costs, income tax charge, depreciation, amortisation of intangible assets (net of direct cost incurred in corresponding period), amortisation of customer acquisition and retention costs, loss on disposal of a subsidiary less interest income.

(3) AFF means EBITDA less capital expenditure, customer acquisition and retention costs, net interest paid, income tax paid, lease payments in relation to right-of-use assets and changes in working capital. Working capital includes other non-current assets, inventories, trade receivables, other receivables, deposits and prepayments, contract assets, amounts due from/to joint ventures, trade payables (including amount utilised for supply chain financing), contract liabilities, and deposits received.

(4) Enterprise customers means total number of enterprise customers excluding IDD, product resell and mobile customers.

(5) ARPU means average revenue per user per month. Calculated by dividing the revenue generated in the relevant period from services subscribed by residential broadband subscribers, which include broadband services and any bundled voice, IP-TV and/or other entertainment services (excluding revenue from IDD and mobile services), by the number of average residential broadband subscriptions and further dividing by the number of months in the relevant period. Average residential broadband subscriptions are calculated by dividing the sum of such subscriptions at the beginning of the period and the end of the period by two. Our use and computation of residential ARPU may differ from the industry definition of ARPU due to our tracking of revenue generated from all services subscribed by residential broadband subscribers. We believe this gives us a better tool for observing the performance of our business as we track our residential ARPU on a bundled rather than standalone basis.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Amid sustained macroeconomic uncertainty and tempered customer spending, the Group's overall revenue for the six months ended 28 February 2025 experienced a modest 1% decline to $5,734 million. This resilience reflects broader market conditions rather than structural challenges. We have continued capitalising on our robust telecommunications infrastructure and executing our strategic roadmap with discipline. Importantly, we are witnessing a favourable shift in momentum — driven by steady demand for our high-margin solutions, improved operational efficiencies, and partnerships in next-gen technologies such as AI.

Against industry-wide headwinds, our Enterprise Solutions business thrived with revenue growth of 6% to $3,442 million. The total number of enterprise customers decreased slightly by 1% to 97,000, reflecting intense market competition and economic pressures which have led to some business closures. Nevertheless, the overall business continued to strengthen, recording a 10% increase in enterprise services revenue — excluding enterprise-related product revenue. This growth underscores the strength of our core services and system integration ("**SI**") capabilities.

Fuelled by robust demand for digital transformation, our SI business delivered strong revenue growth of 10%. Backed by one of the region's largest teams of IT experts, we continued to provide bespoke SI solutions, including the integration of AI and automation capabilities to address a broader range of complex, industry-specific challenges.

We have solidified our competitive position by strategically combining our high-performance GigaFast Fixed Telecommunications Network Services ("**FTNS**") with an expanded suite of advanced enterprise solutions. This powerful integration enabled us to deliver comprehensive digital transformation capabilities, encompassing robust cybersecurity protection, cloud computing services, as well as, world-class data backup and migration solutions.

HKBN Care+, our all-in-one IT-as-a-service solution, continued to gain traction by tackling key challenges for resource-constrained enterprises. It offers a predictable subscription pricing model that eliminates the uncertainty of variable IT expenses. Designed to empower SMEs and organisations without in-house IT teams, HKBN Care+ provides on-demand access to our deep technical expertise across the entire IT stack, from device troubleshooting and network optimisation to endpoint security.

During the interim period, we made significant progress in supporting our customers' cross-border operations. For mainland Chinese companies, especially from the Greater Bay Area ("**GBA**"), we provided the network and IT solutions necessary for their ventures into Hong Kong. At the same time, we helped global enterprises navigate the challenges of operating in mainland China. Notably, we observed accelerated growth in serving the GBA market, where our position as a technology enabler with deep regional expertise is driving strong adoption of our cross-border solutions.

Our Residential Solutions business demonstrated resilience with a slight revenue decline of 1% to $1,166 million. During the six months ended 28 February 2025, the total number of residential customers decreased by 3% to 901,000, driven by fierce market competition and our continued strategy to prioritise long-term profitability through elevating the customer base to a broader array of higher-end services, experiences, and offerings. For example, we strengthened partnerships to enhance our Infinite-play offerings, collaborating with INDICAID, Evercare, and AXA Hong Kong and Macau. While deepening our consumer engagement in healthcare and travel insurance, our breakthrough offerings maintained a strong focus on delivering disruptive value, innovation and convenience for customers.

Our service revenue exhibited resilience as we executed our Infinite-play strategy, expanding our value-added services to foster deeper, more engaging customer relationships. This strategy has proven especially effective in strengthening our entertainment ecosystem, with partnerships with premium content providers — including Netflix, Disney+, myTV SUPER, iQIYI, and newly added Max — driving higher engagement. This contributed to a 3% increase in residential ARPU, reaching $186.

Additionally, our Global SIM service experienced robust growth, fuelled by consumers' increasing appetite for high-value, high-quality roaming services. This surge in demand reflects renewed travel activity and customers' preference for seamless connectivity abroad.

Network costs and costs of sales decreased by 2% to $3,720 million in line with the decrease in revenue.

Other operating expenses decreased by 4% to $1,541 million, mainly attributed to a decline in staff costs of $63 million due to digitalisation and operational improvements, a decrease in depreciation of $12 million and other cost saving initiatives.

Finance costs decreased by 9% to $366 million. This reduction was primarily driven by a $32 million decrease in interest and finance charges on bank loans, attributed to the decline in HIBOR. Additionally, there was a $2 million increase in fair value gain on interest-rate swaps, further contributing to the overall decrease in finance costs.

Income tax decreased by 12% to $6 million, primarily due to the benefit from recognising deferred tax assets arising from unused tax losses of the Group's subsidiary.

As a result of the aforementioned factors, profit attributable to equity shareholders increased from $1.5 million to $108 million.

EBITDA increased by 5% to $1,206 million, due to strong operational performance and strategic initiatives targeted at driving growth.

AFF increased by 2% to $126 million, mainly due to a higher EBITDA of $55 million, a decrease in net interest paid by $6 million, a decrease in customer acquisition and retention cost of $9 million and a decrease in income tax paid of $50 million. These gains were partly offset by higher capital expenditure of $34 million and an increase in working capital outflow of $84 million.

OUTLOOK

The past six months have presented a challenging environment, with cautious customer spending and shifting market conditions shaping our operational landscape. Intensified competition, global trade uncertainties, and constrained budgets among clients have pressured profitability and tested industry adaptability. In response, we've continued prioritising operational efficiency — yielding measurable gains which have strengthened our cost structure and enhanced our ability to adjust to market shifts.

Amid these challenges, the AI revolution is igniting a wave of adoption that will drive demand for advanced solutions across our customer base. To address this, we've formed partnerships with specialised leaders in AI cloud and data centre compute, bolstering our enterprise offerings to meet these emerging needs. Our GigaFast broadband solutions, ranging from 2Gbps to 25Gbps, remain a critical asset, providing the capacity required for AI applications and a broad spectrum of ICT solutions and services for our Residential and Enterprise Solutions customers.

Our broadband and FTNS services are high-margin cornerstones of HKBN's business, making customer retention a top priority in an era where connectivity underpins nearly every digital interaction. We believe that by strategically encouraging customers to adopt a broader ecosystem of our services and solutions — such as enterprise-grade cybersecurity, AI-powered network monitoring and data centre services, or value-added residential offerings like managed Wi-Fi, mobile services and OTT entertainment — we can deepen their reliance on our platform. This approach strengthens long-term customer loyalty by embedding HKBN more fully into each customer's daily life or business operations.

Looking ahead, several factors present potential upside. Expected interest rate reductions could lower our financing costs, an advantage reinforced by our recent refinancing of $6.75 billion* in debt with a consortium of banks. This facility includes provisions for reduced interest rates tied to achieving sustainability performance targets, aligning financial benefits with our environmental commitments. Additionally, Hong Kong is experiencing an influx of mainland Chinese companies, particularly in retail and F&B, establishing operations here. Many require support in connectivity, IT, SI, and digital transformation — areas where HKBNES is well-positioned to serve. For these firms, Hong Kong often serves as a gateway to international markets, expanding our addressable opportunities.

To capitalise on this and other opportunities, we established the HKBN InnoTech Ecosystem Alliance ("**HKBN iTEA**") in January 2025, a powerhouse coalition that unites our fragmented ICT and innovation sectors. This initiative supports businesses navigating technological complexity, assists mainland companies in setting up locally, and facilitates global firms' access to mainland China markets. It's a dual-purpose engine — that will help us drive growth locally and regionally, particularly across the GBA.

LIQUIDITY AND CAPITAL RESOURCES

As at 28 February 2025, the Group had total cash and cash equivalents of $1,078 million (31 August 2024: $1,217 million) and gross debt of $11,406 million (31 August 2024: $11,528 million), which led to a net debt position of $10,328 million (31 August 2024: $10,311 million). Lease liabilities of $426 million (31 August 2024: $494 million) was included as debt as at 28 February 2025 in accordance with the term of the Group's various loan facilities. The Group's gearing ratio, which was expressed as a ratio of the gross debt over total equity, was 4.7x as at 28 February 2025 (31 August 2024: 4.5x).

The Group's net debt to EBITDA ratio as computed in accordance with the term of the Group's various loan facilities was approximately 4.8x as at 28 February 2025 (31 August 2024: 4.9x). The average finance cost calculated as the interest and coupon charges over the average borrowing balance was 7.1% (31 August 2024: 7.2%). The average weighted maturity of the Group's borrowings was 0.9 years as at 28 February 2025 (31 August 2024: 1.4 years).

Cash and cash equivalents consisted of cash at bank and in hand. There was no pledged bank deposit as at 28 February 2025 and 31 August 2024. As at 28 February 2025, the Group had an undrawn revolving credit facility of $8,102 million (31 August 2024: $1,349 million) of which $5,250 million being the available facility and $1,500 million being the Incremental Facility, to refinancing the existing bank loans, which was completed on 18 March 2025 and 17 April 2025, respectively.

* $5.25 billion refinanced with $1.50 billion raised through greenshoe option executed in light of oversubscription.

Under the liquidity and capital resources condition as at 28 February 2025, the Group can fund its capital expenditures and working capital requirements for the year with internal resources and the available banking facilities.

HEDGING

The Group's policy is to partially hedge the interest rate risk arising from the variable interest rates of the debt instruments and facilities by entering into interest-rate swaps. The Group Chief Executive Officer and Chief Financial Officer are primarily responsible for overseeing the hedging activities. Under their guidance, the Group's finance team is responsible for planning, executing and monitoring the hedging activities.

The Group would not enter into hedging arrangements for speculative purposes. The Group entered into an interest-rate swap arrangement in the principal amount of $5,250 million with an international financial institution for a term of 2.5 years from 1 June 2023 to 24 November 2025. Benefiting from the hedging arrangement, the Group fixed the HIBOR interest rate exposure at 3.95% per annum.

The interest-rate swap arrangement is recognised initially at fair value and remeasured at the end of each reporting period. Neither of the financial instruments qualify for hedge accounting under HKFRS 9, *Financial instruments*, and therefore, it is accounted for as held for trading and measured at fair value through profit or loss.

CHARGE ON GROUP ASSETS

As at 28 February 2025, the Group pledged assets to secure the other borrowings of $24 million (31 August 2024: $37 million).

CONTINGENT LIABILITIES

As at 28 February 2025, the Group had total contingent liabilities of $295 million (31 August 2024: $297 million) in respect of bank guarantees provided to suppliers and customers and utility vendors in lieu of payment of utility deposits. The decrease of $2 million was mainly due to a decrease in performance guarantee issued to the Group's suppliers and customers.

EXCHANGE RATES

All the Group's monetary assets and liabilities are primarily denominated in either Hong Kong dollars ("**HKD**") or United States dollars ("**USD**"). Given the exchange rate of HKD to the USD has remained close to the current pegged rate of HKD7.80 = USD1.00 since 1983, management does not expect significant foreign exchange gains or losses between the two currencies. The Group is also exposed to a certain amount of foreign exchange risk based on fluctuations between HKD and Renminbi arising from its operations. In order to limit this foreign currency risk exposure, the Group ensures that the net exposure is kept to an acceptable level of buying or selling foreign currencies at spot rates where necessary.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Group did not make any significant investments, acquisitions or disposals in relation to its subsidiaries and associated companies during the six months ended 28 February 2025.

STAFF REMUNERATION

As at 28 February 2025, the Group had 3,741 permanent full-time staff (31 August 2024: 3,863 staff). The Group provides remuneration package consisting of basic salary, bonus and other benefits. Bonus payments are discretionary and dependent on both the Group's and individual performances. The Group also provides comprehensive medical insurance coverage, competitive retirement benefits schemes, and staff training programmes.

RESTRICTED SHARE UNIT SCHEMES

To attract, retain and motivate skilled and experienced staff, the Company adopted four Co-Ownership plans since its listing, namely Co-Ownership Plan II (naturally expired in March 2025), Co-Ownership Plan III (was terminated and replaced by Co-Ownership Plan III Plus), Co-Ownership Plan III Plus (naturally expired in October 2023) and Co-Ownership Plan IV (was amended and replaced by the amended and restated Co-Ownership Plan IV (the "**Amended and Restated Co-Ownership Plan IV**") on 11 May 2023).

During the six months ended 28 February 2025, Co-Ownership Plan II and the Amended and Restated Co-Ownership Plan IV were the restricted share unit schemes held by the Company (the "**Existing RSU Schemes**"). Details of the Existing RSU Schemes will be disclosed in the interim report of the Company for the six months ended 28 February 2025.

INTERIM DIVIDEND

The Company seeks to provide stable and sustainable returns to the shareholders of the Company (the "**Shareholders**"). In determining the dividend amount, the Board will take into account the Group's financial performance, investment and funding requirements, early debt repayment, prevailing economic and market conditions, and other factors that the Board may consider relevant and appropriate. In general, the Company targets to pay dividends in an amount of not less than 75% of the adjusted free cash flow. The Board will review the dividend policy and payout ratio as appropriate from time to time.

Consistent with the Company's dividend policy stated above, the Board has resolved to declare an interim dividend of 15.5 cents per share for the six months ended 28 February 2025 (29 February 2024: 15 cents) to the Shareholders whose names appear on the register of members of the Company on Monday, 2 June 2025. The interim dividend will be payable in cash on or around Tuesday, 10 June 2025.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the proposed interim dividend, the register of members of the Company will be closed from Thursday, 29 May 2025 to Monday, 2 June 2025, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 28 May 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 28 February 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee of the Company has reviewed with the management and the external auditor the unaudited interim results of the Group for the six months ended 28 February 2025, the accounting principles and practices adopted by the Group, as well as discussion on auditing, internal control, risk management and financial reporting matters of the Group.

The unaudited interim financial report of the Group for the six months ended 28 February 2025 has been reviewed by the Company's external auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA and reviewed by the Audit Committee of the Company.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions contained in the "Corporate Governance Code" set out in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the six months ended 28 February 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") set out in Appendix C3 to the Listing Rules as its own code of conduct for dealings in securities of the Company by the Directors.

Having made specific enquiries with the Directors, they confirmed that they had complied with the Model Code throughout the six months ended 28 February 2025.

SUBSEQUENT EVENT

Reference is made to the announcements of the Company dated 14 March 2025 and 22 April 2025, relating to, among other things, the issuance and allotment of conversion shares (the "**Conversion Shares**") pursuant to the terms and conditions of the vendor loan notes issued by the Company on 30 April 2019 (the "**Vendor Loan Notes**").

Following receipt of a notice of conversion of Vendor Loan Notes from Twin Holding Ltd ("**Twin Holding**") and TPG Wireman, L.P. ("**TPG**") respectively, all of the Vendor Loan Notes held by Twin Holding and TPG with a total principal amount of $970,468,828 each had been converted into 83,661,106 shares (based on the conversion price of $11.60 per share) on each case pursuant to the terms and conditions of the Vendor Loan Notes and the issuance and allotment of the Conversion Shares by the Company to Twin Holding and TPG were completed on 14 March 2025 and 22 April 2025 respectively.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the websites of the Stock Exchange and the Company. The interim report of the Company for the six months ended 28 February 2025 will be despatched to the Shareholders and made available on the same websites in due course.

By order of the Board
HKBN Ltd.
Cordelia CHUNG
Chairman

Hong Kong, 25 April 2025

As at the date of this announcement, the Board comprises:

Executive Director
Mr. Chu Kwong YEUNG

Non-executive Directors
Mr. Zubin Jamshed IRANI
Ms. Shengping YU

Independent Non-executive Directors
Ms. Cordelia CHUNG *(Chairman)*
Ms. Ming Ming Anna CHEUNG
Ms. Kit Yi Kitty CHUNG

Where the English and the Chinese texts conflict, the English text prevails.

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2025

		Six months ended	
		28 February 2025	29 February 2024
	Note	***$'000***	*$'000*
Revenue	*3*	**5,734,269**	5,809,091
Other net income/(loss)	*4(a)*	**5,801**	(393)
Network costs and costs of sales		**(3,719,688)**	(3,794,321)
Other operating expenses	*4(b)*	**(1,541,292)**	(1,605,712)
Finance costs	*4(d)*	**(366,024)**	(400,712)
Share of losses of joint ventures		**–**	(165)
Profit before taxation	*4*	**113,066**	7,788
Income tax expense	*5*	**(5,506)**	(6,254)
Profit for the period attributable to equity shareholders of the Company		**107,560**	1,534
Earnings per share			
Basic	*6*	**8.2 cents**	0.1 cents
Diluted	*6*	**7.3 cents**	0.1 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2025

	Six months ended	
	28 February	29 February
	2025	2024
	$'000	*$'000*
Profit for the period	**107,560**	1,534
Other comprehensive income for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, with nil tax effect	**(11,716)**	4,739
Share of other comprehensive income of associates	**–**	106
Other comprehensive income for the period	**(11,716)**	4,845
Total comprehensive income for the period attributable to equity shareholders of the Company	**95,844**	6,379

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 28 FEBRUARY 2025

	Note	**At 28 February 2025** ***$'000***	At 31 August 2024 *$'000*
Non-current assets			
Goodwill		**7,816,507**	7,816,507
Intangible assets		**2,168,717**	2,367,621
Property, plant and equipment		**3,098,970**	3,132,945
Right-of-use assets		**560,009**	628,457
Customer acquisition and retention costs		**453,188**	464,954
Deferred tax assets		**153,392**	137,853
Other non-current assets		**58,928**	56,023
		14,309,711	14,604,360
Current assets			
Inventories		**110,029**	106,197
Trade receivables	*7*	**1,049,478**	969,297
Other receivables, deposits and prepayments		**532,246**	516,316
Contract assets		**291,794**	255,073
Amounts due from joint ventures		**209**	183
Cash and cash equivalents		**1,077,969**	1,217,406
		3,061,725	3,064,472
Current liabilities			
Trade payables	*8*	**1,113,887**	945,879
Other payables and accrued charges — current portion		**996,650**	950,361
Contract liabilities — current portion		**523,718**	606,612
Deposits received		**99,686**	99,178
Amounts due to joint ventures		**17,306**	14,877
Bank and other borrowings		**5,452,877**	272,601
Lease liabilities — current portion		**134,233**	145,580
Tax payable		**71,757**	159,662
Other current liabilities		**3,661**	10,588
Financial liabilities at fair value through profit or loss		**5,126**	29,990
		8,418,901	3,235,328
Net current liabilities		**(5,357,176)**	(170,856)
Total assets less current liabilities		**8,952,535**	14,433,504

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AT 28 FEBRUARY 2025

	Note	At 28 February 2025 $'000	At 31 August 2024 $'000
Non-current liabilities			
Contract liabilities — long-term portion		**169,900**	177,301
Deferred tax liabilities		**539,590**	593,204
Lease liabilities — long-term portion		**291,981**	348,542
Provision for reinstatement costs		**54,031**	55,191
Bank and other borrowings		**5,490,947**	10,705,002
		6,546,449	11,879,240
NET ASSETS		**2,406,086**	2,554,264
CAPITAL AND RESERVES			
Share capital		**132**	132
Reserves		**2,405,954**	2,554,132
TOTAL EQUITY		**2,406,086**	2,554,264

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION:

1 BASIS OF PREPARATION

The unaudited consolidated interim financial information set out in this announcement does not constitute the Group's interim financial report for the six months ended 28 February 2025 but is extracted from that interim financial report which has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It was authorised for issue on 25 April 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements of the Group for the year ended 31 August 2024, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 August 2024. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

Going concern assumption

As at 28 February 2025, the current liabilities of the Group exceeded their current assets by approximately $5,357 million. Included in the current liabilities were (i) current portion of bank loan of $5,235 million that was originally due on 24 November 2025 and the Group completed the refinancing of this bank loan on 18 March 2025; (ii) current portion of contract liabilities of $524 million recognised under Hong Kong Financial Reporting Standard ("**HKFRS**") 15 which will be gradually reduced through performance obligations being satisfied over the contract terms and (iii) current portion of lease liabilities of $134 million recognised under HKFRS 16 relating to leases with lease term of more than 12 months and with a corresponding asset recorded in the non-current assets as right-of-use assets. Management of the Group anticipates the net cash inflows from their operations, together with the ability to draw down from available bank loan facilities, would be sufficient to enable the Group to meet their liabilities as and when they fall due. Accordingly, this unaudited condensed consolidated interim financial information has been prepared on a going concern basis.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements — Classification of liabilities as current or non-current* ("**2020 amendments**") and amendments to HKAS 1, *Presentation of financial statements — Non-current liabilities with covenants* ("**2022 amendments**")

- Amendments to HKFRS 16, *Leases — Lease liability in a sale and leaseback*

- Amendments to HKAS 7, *Statement of cash flows and HKFRS 7, Financial instruments: Disclosures — Supplier finance arrangements*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amendments to HKFRSs are discussed below:

Amendments to HKAS 1, *Presentation of financial statements (the 2020 and 2022 amendments, collectively the "HKAS 1 amendments")*

The HKAS 1 amendments impact the classification of a liability as current or non-current, and have been applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments and that conversion option is accounted for separately from the liability as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions.

The amendments have no effect on the Group's financial statements.

Amendments to HKFRS 16, *Leases — Lease liability in a sale and leaseback*

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments have no impact on these financial statements as the Group applied the same accounting requirements for its sale and leaseback transactions.

2 CHANGES IN ACCOUNTING POLICIES (Continued)

Amendments to HKAS 7, *Statement of cash flows and HKFRS 7, Financial instruments: disclosures — Supplier finance arrangements*

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. Since those disclosures are not required for any interim period presented within the annual reporting period in which the amendments are initially applied, the Group has not made additional disclosures in this interim financial report.

3 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are (i) provision of fixed telecommunications network services, international telecommunications services and mobile services to residential and enterprise customers in Hong Kong, (ii) system integration services, (iii) product sales and (iv) marketing and distribution of computer hardware and software, telecommunication products, office automation products and the provision of related services.

(a) Disaggregation of revenue

Revenue represents revenue from (i) fixed telecommunications network services, international telecommunications services and mobile services to residential and enterprise customers in Hong Kong, (ii) system integration services, (iii) product sales and (iv) marketing and distribution of computer hardware and software, telecommunication products, office automation products and the provision of related services.

Disaggregation of revenue from contracts with customers by major categories is as follows:

	Six months ended	
	28 February 2025	29 February 2024
	$'000	*$'000*
Disaggregated by major products or service lines:		
Fixed telecommunications network services	**2,321,022**	2,296,180
International telecommunications services	**590,071**	427,437
Other services	**155,168**	179,252
Fees from provision of telecommunications services	**3,066,261**	2,902,869
Product revenue	**2,019,167**	2,317,164
Technology solution and consultancy services	**648,841**	589,058
Revenue from contracts with customers within the scope of HKFRS 15	**5,734,269**	5,809,091

3 REVENUE AND SEGMENT REPORTING (Continued)

(a) Disaggregation of revenue (Continued)

	Six months ended	
	28 February 2025	29 February 2024
	$'000	*$'000*
Disaggregated by major categories:		
Residential Solutions revenue	**1,165,568**	1,181,509
Enterprise Solutions revenue	**2,549,534**	2,310,418
Enterprise Solutions related products revenue	**892,191**	951,692
Handsets and other products revenue	**1,126,976**	1,365,472
	5,734,269	5,809,091

During the periods ended 28 February 2025 and 29 February 2024, product revenue is recognised at a point in time and revenue from the provision of telecommunications services is substantially recognised over time.

One customer of the Group contributed 19.0% of the Group's total revenue for the six months ended 28 February 2025 (six months ended 29 February 2024: 22.5%).

(b) Segment reporting

The Group's most senior executive management reviews the Group's internal reporting for the purposes of assessing the performance and allocates the resources of the Group by geographical location. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resources allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) Telecom and technology solutions (Hong Kong)

Include provision of fixed telecommunications network services, international telecommunications services, mobile services to residential and enterprise customers and technology-related services in Hong Kong.

(ii) Telecom and technology solutions (non-Hong Kong)

Include the provision of telecommunications and technology solutions and consultancy services in mainland China and Macao.

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(iii) Segment results, assets and liabilities

The Group's senior executive management monitors the performance attributable to each reportable segment on the following basis:

The segment revenue of the Group is based on geographical location of customers. Income and expenses are allocated to the reportable segments with reference to revenue generated by those segments and expenses incurred by those segments or which otherwise arisen from the depreciation or amortisation of assets attributable to those segments. The inter-segment transactions are conducted on normal commercial terms and are priced with reference to prevailing market prices and in the ordinary course of business.

The performance measure used for reporting segment profit is earnings before finance costs, interest income, income tax, depreciation, amortisation of intangible assets (net of direct cost incurred) and amortisation of customer acquisition and retention costs.

In addition to receiving segment information concerning the reportable segment profit, management is provided with segment information concerning inter-segment sales, interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation, capital expenditures and income tax.

Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Segment assets and liabilities of the Group are not reported to the Group's chief operating decision makers regularly. As a result, reportable assets and liabilities have not been presented in the financial statements.

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(iii) Segment results, assets and liabilities (Continued)

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

For the six months ended	**Telecom and technology solutions (Hong Kong)**		**Telecom and technology solutions (non-Hong Kong)**		**Total**	
	28 February 2025	29 February 2024	**28 February 2025**	29 February 2024	**28 February 2025**	29 February 2024
	\$'000	*\$'000*	***\$'000***	*\$'000*	***\$'000***	*\$'000*
Reportable segment revenue	**5,229,561**	5,295,394	**639,487**	690,044	**5,869,048**	5,985,438
Inter-segment revenue	**(15,937)**	(27,476)	**(118,842)**	(148,871)	**(134,779)**	(176,347)
Revenue from external customers	**5,213,624**	5,267,918	**520,645**	541,173	**5,734,269**	5,809,091
Disaggregated by timing of revenue recognition						
Point in time	**1,604,198**	1,870,080	**414,969**	447,084	**2,019,167**	2,317,164
Over time	**3,609,426**	3,397,838	**105,676**	94,089	**3,715,102**	3,491,927
Revenue from external customers	**5,213,624**	5,267,918	**520,645**	541,173	**5,734,269**	5,809,091
Reportable segment profit	**1,169,223**	1,118,208	**36,899**	29,249	**1,206,122**	1,147,457

(iv) Reconciliation between segment profit derived from Group's external customers and consolidated profit before taxation

	Six months ended	
	28 February 2025	29 February 2024
	\$'000	*\$'000*
Reportable segment profit derived from Group's external customers	**1,206,122**	1,147,457
Finance costs	**(366,024)**	(400,712)
Interest income	**4,296**	5,832
Depreciation	**(411,210)**	(423,891)
Amortisation of intangible assets	**(177,859)**	(185,771)
Amortisation of customer acquisition and retention costs	**(142,259)**	(135,127)
Consolidated profit before taxation	**113,066**	7,788

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (crediting)/charging:

	Six months ended	
	28 February 2025	29 February 2024
	$'000	*$'000*
(a) Other net (income)/loss		
Interest income	**(4,296)**	(5,832)
Net foreign exchange loss	**2,788**	4,269
Gain on disposal of property, plant and equipment, net	**(887)**	(113)
Gain on disposal of right-of-use assets, net	**(77)**	–
Loss on disposal of subsidiary	**–**	3,715
Other income	**(3,329)**	(1,646)
	(5,801)	393
(b) Other operating expenses		
Advertising and marketing expenses	**16,132**	12,812
Depreciation		
— Property, plant and equipment	**331,200**	339,958
— Right-of-use assets	**79,936**	83,590
Recognition of loss allowance on trade receivables and contract assets	**27,618**	41,830
Staff costs *(note 4(c))*	**491,095**	554,067
Amortisation of intangible assets	**177,859**	185,771
Amortisation of customer acquisition and retention costs	**142,259**	135,127
Others	**275,193**	252,557
— Office rental and utilities	**30,713**	24,996
— Site expenses	**43,655**	46,377
— Bank handling charges	**17,661**	18,945
— Maintenance	**32,319**	46,945
— Subscription and license fees	**51,157**	55,089
— Legal and professional fees	**41,058**	13,810
— Printing, telecommunication and logistics expenses	**18,092**	18,547
— Others	**40,538**	27,848
	1,541,292	1,605,712

Certain comparative figures have been reclassified to conform to the current year's presentation.

4 PROFIT BEFORE TAXATION (Continued)

Profit before taxation is arrived at after (crediting)/charging: (Continued)

(c) Staff costs

	Six months ended	
	28 February 2025	29 February 2024
	$'000	*$'000*
Salaries, wages and other benefits	**670,893**	749,770
Contributions to defined contribution retirement plan	**56,845**	51,821
	727,738	801,591
Less: Staff costs capitalised as property, plant and equipment	**(40,896)**	(23,951)
Staff costs capitalised as customer acquisition and retention costs	**(89,797)**	(96,921)
Staff costs included in network costs and cost of sales	**(105,950)**	(126,652)
	491,095	554,067

Staff costs include all compensation and benefits paid to and accrued for all individuals employed by the Group, including directors.

(d) Finance costs

	Six months ended	
	28 February 2025	29 February 2024
	$'000	*$'000*
Interest and finance charges on bank loans	**382,501**	414,628
Interest on other borrowings	**515**	1,358
Fair value gain on interest-rate swap	**(29,347)**	(27,098)
Interest on lease liabilities	**12,260**	11,545
Interest on other liabilities	**95**	279
	366,024	400,712

4 PROFIT BEFORE TAXATION (Continued)

Profit before taxation is arrived at after (crediting)/charging: (Continued)

(e) Other items

	Six months ended	
	28 February 2025	29 February 2024
	$'000	*$'000*
Amortisation of intangible assets	**198,899**	206,811
Depreciation		
— Property, plant and equipment	**331,200**	339,958
— Right-of-use assets	**80,010**	83,933
Rental charges on telecommunications facilities and computer equipment	**249,526**	234,241
Expenses relating to short-term leases and leases of low-value assets	**3,965**	6,320
Recognition of loss allowance on trade receivables and contract assets	**27,618**	41,830
Cost of inventories	**1,938,433**	2,295,926
Inventory written down	**4,060**	–

5 INCOME TAX EXPENSE

	Six months ended	
	28 February 2025	29 February 2024
	$'000	*$'000*
Current tax — Hong Kong Profits Tax	**(69,500)**	(95,715)
Current tax — Outside Hong Kong	**(5,205)**	(5,029)
Deferred tax	**69,199**	94,490
	(5,506)	(6,254)

The provision for Hong Kong Profits Tax is calculated at 16.5% for the six months ended 28 February 2025 (six months ended 29 February 2024: 16.5%) of the estimated assessable profits for the period, except for one subsidiary of the Group which is qualifying corporation under the two-tiered profit tax rate regime.

For this subsidiary, the first $2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2024.

Taxation for subsidiaries outside Hong Kong is similarly calculated using the annual effective rates of taxation that are expected to be applicable in the relevant countries.

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $107,560,000 (six months ended 29 February 2024: $1,534,000) and the weighted average number of ordinary shares in issue calculated as follows:

	Year ended	
	28 February 2025	29 February 2024
	'000	*'000*
Issued ordinary shares at 1 September	**1,311,599**	1,311,599
Less: unvested shares held for the Co-Ownership Plan II RSUs	**(760)**	(760)
Weighted average number of ordinary shares in issue during the year	**1,310,839**	1,310,839

(b) Diluted earnings per share

During the period ended 28 February 2025, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $107,560,000 (six months ended 29 February 2024: $1,534,000) and the weighted average number of ordinary shares in issue less shares held for the Co-Ownership Plan II after adjusting for the dilutive effect of the Company's Co-Ownership Plan II and the Vendor Loan Notes, calculated as follows:

	Six months ended	
	28 February 2025	29 February 2024
	'000	*'000*
Weighted average number of ordinary shares less shares held for the Co-Ownership Plan II	**1,310,839**	1,310,839
Add: effect of the Vendor Loan Notes	**167,322**	167,322
Weighted average number of ordinary shares (diluted)	**1,478,161**	1,478,161

7 TRADE RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	At 28 February 2025	At 31 August 2024
	$'000	*$'000*
Within 30 days	**414,841**	404,816
31 to 60 days	**267,894**	263,951
61 to 90 days	**127,242**	109,524
Over 90 days	**239,501**	191,006
	1,049,478	969,297

The majority of the Group's trade receivables is due within 30–90 days from the date of billing.

8 TRADE PAYABLES

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	At 28 February 2025	At 31 August 2024
	$'000	*$'000*
Within 30 days	**812,025**	449,928
31 to 60 days	**117,559**	140,924
61 to 90 days	**65,161**	122,060
Over 90 days	**119,142**	232,967
	1,113,887	945,879

9 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the interim period

	Six months ended	
	28 February	29 February
	2025	2024
	$'000	*$'000*
Interim dividend declared after the interim period of 15.5 cents per ordinary share (six months ended 29 February 2024: 15 cents per ordinary share) *(Note)*	**229,233**	196,740

Note: The amount of 2025 proposed interim dividend is based on the 1,478,921,568 (2024: 1,311,599,356) ordinary shares in issue as at the date of this interim report.

The proposed interim dividend declared has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period

	Six months ended	
	28 February	29 February
	2025	2024
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of 16.5 cents per ordinary share (six months ended 29 February 2024: 20 cents per ordinary share)	**216,414**	262,320