

For immediate release

HKBN Ltd. Announces Strong FY2016 Results Surging Forward with Enlarged Customer Base & Quad-play Strategy

(Hong Kong - 9 Nov 2016) HKBN Ltd. (“HKBN” or the “Company”; SEHK stock code: 1310) today reported strong financial and business performance for the year ended 31 August 2016 (“FY2016”). During the period, the Company accelerated strong subscription growth in both residential and enterprise businesses, setting a strong foundation for a promising future with our enhanced quad-play strategy. Key highlights of FY2016 results include:

- Revenue, EBITDA and Adjusted Free Cash Flow continued to grow year-on-year at 19%, 3% and 4% respectively to HK\$2,784 million, HK\$1,006 million and HK\$406 million.
- Net additions of residential broadband subscriptions accelerated to 103,000 (2015: 62,000), with our market share by broadband subscriptions increasing to 40.1% as of 31 August 2016, up from 36.6% as of 31 August 2015.
- This set of results included 5 months of consolidation from our New World Telecom acquisition which drove our enterprise revenue growth of 70% year-on-year to HK\$811 million.
- The Board of Directors has recommended the payment of a final dividend of 20 HK cents per share. (2015: 20 HK cents per share) resulting in a full year payment of 40 HK cents per share (2015: 20 HK cents per share).

Strong residential subscription growth driven by attractive content bundles

Residential revenue grew by 3% year-on-year to HK\$1,815 million as we accelerated gains in residential broadband subscriptions by working closely with two major OTT content partners, TVB and LeEco, to launch our best-value content-bundled services in the market. Our strategic focus to grow market share led us to achieve accelerated 103,000 net additions for a total of 857,000 residential broadband subscriptions, a significant increase of 14%, which sets a very strong base for us to harvest later.

Stimulating enterprise subscription and revenue growth contributed by integration with NWT

The Company’s enterprise revenue grew by 70% year-on-year to HK\$811 million, driven primarily by the 5 months of consolidation on New World Telecom (“NWT”) integration. Strengthening our presence in the enterprise market, the enlarged business has provided a broad range of complementary services to the existing business. As a result of integration, we achieved net additions of 11,000 enterprise customers while increasing our enterprise ARPU by 22% at HK\$1,234 during the financial year. Our market share by broadband subscriptions increased to 17.8% as of 31 August 2016, up from 14.3% as of 31 August 2015.

Surging forward to a promising future

“Our business is surging forward on a strong foundation,” said William Yeung, Chief Executive Officer and Co-Owner, and NiQ Lai, Chief Talent & Financial Officer and Co-Owner, of HKBN. “With strategic partnerships with mobile carriers and OTT content providers, we are well-equipped to seize the enlarged market opportunities with our best-value quad-play (broadband, mobile, content and home telephone) bundles, which give us a lot of room for revenue growth. We also see a lot of synergies in enterprise business after integration with NWT. We will continue to grow our business through higher network penetration, more people and more products to serve our customers.”

For details of HKBN’s results in FY2016, please refer to the announcement:

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



Photo caption: Delivering a solid results for FY2016, the HKBN senior management team have their sights set on new market opportunities via its disruptive quad-play strategy. (Pictured from left to right: Selina Chong, CMO and Co-Owner of HKBN; Gary McLaren, CTO and Co-Owner of HKBN; NiQ Lai CTFO and Co-Owner of HKBN; William Yeung, CEO and Co-Owner of HKBN; Billy Yeung COO – Enterprise Solutions and Co-Owner of HKBN; Eric Ho, CIO and Co-Owner of HKBN)

HKBN FY2016 Shareholder Letter

Dear Fellow Shareholders,

FY16 was a transformative year for our company.

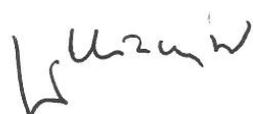
In residential, we evolved from offering just a double-play of broadband and fixed voice to full service quad-play by first partnering with OTT providers to offer content, and then later in the calendar year, partnering with two major mobile network operators to offer mobile services.

We roughly estimate the addressable market for double-play at HK\$250 per household per month or \$5 billion¹/year. This figure expands to HK\$400 per household per month or HK\$8 billion¹/year when we include content, and further expands to HK\$1,000 per household per month or HK\$24 billion¹/year when we include mobile service for a full quad-play offering. With 898,000 residential customers, we have a total billing market share of 44%², which suggests room for growth relative to our 7%³ revenue market share of the expanded quad-play market.

In enterprise solutions, we completed the acquisition of New World Telecom in March 2016, and so far, the integration has been very smooth. In particular, the voluntary election by 54 former NWT Talents to become Co-Owners of our company with investments of up to one year's worth of salary, showcases the aligned conviction we have to make this integration work.

As a company run by >340 Co-Owners, we have a clear long term alignment of interest with shareholders, as we are shareholders ourselves.

Sincerely yours,



William Yeung
Chief Executive Officer and Co-Owner



NiQ Lai
Chief Talent & Financial Officer and Co-Owner

Note 1: The addressable market size of double-play, triple-play and quad-play are calculated by multiplying the estimated number of addressable households (2 million) within HKBN's coverage by the service penetration rate and the estimated annualized ARPU for respective services.

Note 2: Billing market share is calculated by dividing the number of residential customers by the estimated number of addressable households (2 million) within HKBN's coverage.

Note 3: Revenue market share of the expanded quad-play market share is calculated by dividing the residential revenue generated in FY16 HK\$1.8 billion by the estimated quad-play market size HK\$24 billion.