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香港寬頻
HONG KONG
BROADBAND NETWORK

HKBN Ltd.

香港寬頻有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1310)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 AUGUST 2024

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

The board of directors (the "**Board**") of HKBN Ltd. (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 August 2024 ("**FY24**").

ANNOUNCEMENT HIGHLIGHTS

- Revenue excluding sales of handsets declined year-on-year by 1%. Total revenue decreased year-on-year by 9% to $10,651 million, primarily attributed to weaker than expected performance in sales of handset and other products.

- EBITDA increased year-on-year by 3% to $2,365 million. FY24 second half year delivered a strong EBITDA performance of $1,214 million or 11% year-on-year growth.

- Profit for the year was $10 million. In comparison, the annual loss for the previous year was $67 million after excluding the one-time impairment on goodwill. This positive change was largely due to the Group's ongoing efforts to improve its core business performance and operational efficiency.

- Adjusted free cash flow ("**AFF**") decreased year-on-year by 19% to $620 million. The prevailing high-interest rate environment was the main factor, leading to a 41% increase in net interest paid over the year. In consideration of the Company's dividend policy and the anticipated capital expenditure requirements to drive long-term shareholder value, the Board has recommended the payment of a final dividend of 16.5 cents per share (FY23: 20 cents per share), resulting in a 21% year-on-year decrease in full year payment to 31.5 cents per share (FY23: 40 cents per share).

SHAREHOLDER LETTER

Dear Fellow Shareholders,

Simply Deliver!

In challenging times, HKBN stands strong and simply delivers.

Throughout my journey as a founding HKBN Co-Owner, I have faced two pivotal moments:

1. In 2015, I faced immense pressure to deliver a successful IPO. This was a critical inflection point, as success meant that more than 80 Co-Owners, each having invested an average of two years' salary, could receive a meaningful return on their trust in our senior management's vision.

2. I needed to clearly show our shareholders that FY24 was the year we start harvesting from synergies generated by our acquisitions of WTT and JOS, despite the prevailing macro and micro-economic hurdles.

With the commitment of our Talents, the support of our business partners and the trust of our shareholders, we weathered the storm and emerged stronger. Despite a landscape fraught with risks such as business closures and muted ARPU growth, our above-market performance speaks volumes about our adaptability, execution, and strategic vision.

Zooming into our FY24 operational performance, our team's focused efforts have yielded enhanced value offerings by bundling our core high-margin FTNS (fixed telecommunications network services) with our high-growth potential ICT portfolio for enterprise customers. In the residential market, our bundle-strategy continued the momentum of price increases as we introduced even more products and services aimed at household consumers.

Our disciplined execution on improving gross profit margins, scalability, and product bundling across enterprise and residential segments, drove a 6% year-on-year EBITDA growth (excluding handset business). This above-market result enables us to generate an improved cash position, reduce our balance sheet leverage and prime HKBN for stronger growth.

Zooming out to FY25 and beyond, our growth trajectory remains robust and sustainable with the following:

- We are the **first** to offer above 10Gbps to 25Gbps in our core high-margin FTNS with a money-back dual guarantee on speed and latency. Through this, we address the demand for faster broadband speeds as highlighted by data from the Office of the Communications Authority, and bolster our customer acquisition, retention, and up-selling efforts.

- We are the **first** to bundle the most diverse array of IT services, including hybrid & multi-cloud solutions, as well as our comprehensive HKBNCare+ IT-as-a-Service programme for Enterprise customers. In the Residential space, we're focused on ARPH (Average Revenue Per Household) by offering the broadest selection of OTT video content, home insurance, healthcare service plan, and more.

- We are the **first** to offer ultra-competitive roaming-sim services to 7.5 million people in Hong Kong. Unlike legacy mobile operators, we don't have to worry about cannibalisation.

- **Full-year positive impacts** stemming from operational streamlining and automation initiatives that we started in FY24.

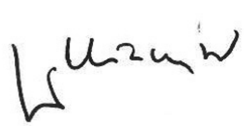
With these unique edges, we are well positioned to deliver results that are better than our FY24 performance.

While external challenges affect all industry players equally, it is our internal "capability to deliver" that makes the difference.

We delivered!

We will continue to deliver, with the right balance among investing for growth, deleveraging and creating value and return for our shareholders.

Sincerely yours,



William Yeung
Co-Owner, Executive Vice-chairman & Group CEO

KEY FINANCIAL AND OPERATIONAL SUMMARY

Table 1: Financial highlights

	For the year ended		
	31 August 2024	31 August 2023	**Change YoY**
Key financials *($'000)*			
Revenue	**10,650,922**	11,692,176	-9%
— Enterprise Solutions	**4,828,376**	4,825,008	0%
— Enterprise Solutions related products	**1,846,125**	1,934,378	-5%
— Residential Solutions	**2,344,060**	2,392,820	-2%
— Handset and other products	**1,632,361**	2,539,970	-36%
Profit/(loss) for the year	**10,277**	(1,267,408)	>100%
Adjusted Net Profit [1,2]	**190,975**	194,634	-2%
EBITDA [1,3]	**2,364,759**	2,289,914	+3%
Adjusted Free Cash Flow [1,4]	**620,145**	763,249	-19%
Reconciliation of Adjusted Net Profit [1,2]			
Profit/(loss) for the year	**10,277**	(1,267,408)	>100%
Amortisation of intangible assets	**366,258**	384,727	-5%
Deferred tax arising from amortisation of intangible assets	**(60,432)**	(63,234)	-4%
Deferred tax recognised on unused tax loss	**(125,128)**	(84,921)	+47%
Impairment on goodwill	**–**	1,200,000	-100%
Originating fee for banking facilities amendment	**–**	25,470	-100%
Adjusted Net Profit	**190,975**	194,634	-2%
Reconciliation of EBITDA & Adjusted Free Cash Flow [1,3,4]			
Profit/(loss) for the year	**10,277**	(1,267,408)	>100%
Amortisation of customer acquisition and retention costs	**274,222**	274,926	0%
Amortisation of intangible assets	**366,258**	384,727	-5%
Depreciation	**840,828**	900,820	-7%
Finance costs	**860,236**	702,303	+22%
Impairment on goodwill	**–**	1,200,000	-100%
Income tax expenses	**18,848**	36,077	-48%
Interest income	**(9,625)**	(8,853)	+9%
Loss/(gain) on disposal of a subsidiary/associates	**3,715**	(6,264)	>100%
Share of loss of discontinued operation	**–**	73,586	-100%
EBITDA	**2,364,759**	2,289,914	+3%
Capital expenditure	**(379,336)**	(512,002)	-26%
Changes in working capital	**67,902**	169,474	-60%
Customer acquisition and retention costs	**(274,643)**	(226,414)	+21%
Income tax paid	**(215,655)**	(238,660)	-10%
Lease payments in relation to right-of-use assets	**(176,007)**	(174,076)	+1%
Net interest paid*	**(766,875)**	(544,987)	+41%
Adjusted Free Cash Flow	**620,145**	763,249	-19%

* *$25 million payment of originating fee for banking facilities amendment was included in net interest paid.*

KEY FINANCIAL AND OPERATIONAL SUMMARY (CONTINUED)

Table 2: Operational highlights

	For the year ended		
	31 August 2024	31 August 2023	**Change YoY**
Enterprise business			
Commercial building coverage	**8,163**	8,090	+1%
Subscriptions *('000)*			
— Broadband	**110**	117	-6%
— Voice	**357**	388	-8%
Enterprise customers [5] *('000)*	**98**	101	-3%
Residential business			
Residential homes passed *('000)*	**2,596**	2,560	+1%
Subscriptions *('000)*			
— Broadband	**907**	920	-1%
— Voice	**343**	386	-11%
Residential ARPU [6]	**$182**	$179	+2%
Mobile business			
Subscriptions *('000)*	**217**	239	-9%
Residential customers *('000)*	**932**	972	-4%
Total full-time permanent Talents	**3,863**	4,428	-13%

Notes:

(1) EBITDA, AFF and Adjusted Net Profit 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) Adjusted Net Profit means profit for the year plus amortisation of intangible assets (net of deferred tax credit and direct cost incurred in corresponding year), deferred tax recognised on unused tax loss, originating fee for bank facilities amendment and impairment on goodwill.

(3) EBITDA means profit for the year plus finance costs, income tax expenses, depreciation, amortisation of intangible assets (net of direct cost incurred in corresponding year), amortisation of customer acquisition and retention costs, loss/(gain) on disposal of subsidiaries/associates, share of loss of discontinued operation, impairment on goodwill and less interest income.

(4) 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 joint ventures and associates, amounts due to joint ventures and associates, trade payables (including amount utilised for supply chain financing), contract liabilities, and deposits received.

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

(6) 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.

BUSINESS REVIEW

The overall economy remained very challenging, especially under the high interest rate environment. The trend of travelling northward for consumption has exacerbated the situation. Numerous small enterprises and businesses have ceased operations. The Office of the Communications Authority ("**OFCA**") recorded a downturn in the telecommunications sector. Compounding these challenges is a broader trend among consumers to postpone handset upgrades, leading to a significant decline in industry-wide sales. Consequently, our Group's overall revenue for FY24 decreased by 9% to $10,651 million.

Nonetheless, our resilient framework enabled us to adeptly overcome these challenges by leveraging our robust telecommunications infrastructure and strategic roadmap. In line with prevailing industry-wide headwinds, our Enterprise Solutions business experienced a marginal year-on-year revenue decline of 1% to $6,675 million. However, the business has made notable progress in strengthening our core business performance and recorded a 1% increase in enterprise services revenue — excluding international telecommunications services — underscoring our capabilities in system integration. Our new business booking remained solid generating a strong revenue backlog from contracts set to mature over the next 2 to 3 years. We anticipate a full adjustment of our contract base within this timeframe to reflect these changes.

Fueled by strong demand for cloud technology, our cloud services business has been a key growth driver of our enterprise revenue. Following the success of last year's launch of IT•Simplified, we further enriched our capabilities and services portfolio. We introduced HKBNCare+, AegisConnect AI, and Aegis Intelligence to extend our scope and cater to a broader enterprise market segment. With Aegis Intelligence and AegisConnect AI, we are empowering enterprises with full visibility monitoring of their network via AI-powered diagnostics and security to detect and address cyber threats or problems of traffic congestion. A core component of our IT•Simplified bundle offering, HKBNCare+, transforms our tech expertise into an IT-as-a-Service solution which delivers comprehensive IT support for all kinds of enterprise customers. Additionally, we launched OFFICE-IN-A-BOX and SHOP-IN-A-BOX to provide bespoke IT package solutions that directly address industry-specific customer pain points, and Multi-Cloud Connect Service, Hong Kong's first end-to-end managed cloud delivery solution.

Not only has our success within the SME sector endured, but we have also successfully expanded our solution portfolio in mainland China, particularly within the Greater Bay Area ("**GBA**"), supporting ventures into Hong Kong. Simultaneously, we have offered crucial support to both local and multinational companies in establishing their presence in mainland China.

Our Residential Solutions business exhibited resilience in a highly competitive marketplace, experiencing a modest revenue decline of 2% to $2,344 million. This was a result of our strategic focus on direct subscriptions while deliberately decelerating our resell business. We strengthened our competitiveness through innovation and partnerships to enhance our portfolio offerings. One of the key initiatives was our collaboration with TP-Link to launch the Priority Plus Home Wi-Fi Solution — the first of its kind in Asia to combine our 2Gbps fibre broadband with the Aginet platform for real-time remote network management. This strategic move has stimulated a substantial uptake of our high-speed fibre services, particularly the 2Gbps package upgrade. Furthermore, we have collaborated with AXA and Bowtie to introduce Home Insurance and a 4-In-1 Healthcare Service Plan, extending our Infinite-play strategy to encompass high-value solutions in home insurance and healthcare — ultimately broadening our wallet share.

Our service revenue remained steady as we diligently executed our Infinite-play strategy, diversifying our portfolio of value-added services to deepen customer engagement. This strategy has been particularly fruitful, significantly enhancing customer engagement through our entertainment ecosystem, which features major platforms like Netflix, Disney+, myTV SUPER, and iQIYI. This, in turn, contributed to a notable rise in ARPU, with residential ARPU rising by 2% to $182.

As travel activity surged back to pre-pandemic levels, the sales of our pioneering Global SIM service experienced a significant uptick, driven by the resurgence in consumer demand for roaming data.

Network costs and costs of sales decreased year-on-year by 11% to $6,662 million mainly due to the decrease in cost of inventories.

Other operating expenses decreased year-on-year by 9% to $3,124 million, primarily come from a decrease in Talent costs by $151 million as a result of digitalisation and operational improvements, a decrease in depreciation of $59 million and other cost saving initiatives.

Finance costs increased year-on-year by 22% to $860 million. This was mainly caused by a $152 million increase in interest and finance charges on bank loans due to HIBOR increase and a $31 million decrease in fair value gain on interest-rate swaps. These increases were partially offset by a $25 million reduction in the originating fee for the bank facilities amendment, which occurred in FY23.

Income tax decreased year-on-year by 48% to $19 million which was due to the increase in recognition of deferred tax assets arising from unused tax losses of the Group's subsidiary.

As a result of the aforementioned factors, we moved from a loss of $1,267 million in FY23 to a profit of $10 million in FY24.

EBITDA increased year-on-year by 3% to $2,365 million, mainly due to reduced operating expenses from operational improvements. However, this growth was partially tempered by softer sales of handset and other products.

AFF decreased year-on-year by 19% to $620 million, mainly caused by an increase in net interest paid by $222 million, a decrease in working capital inflow of $102 million, an increase in customer acquisition and retention cost of $48 million and an increase in lease payment in relation to right-of use assets of $2 million, and which were partly offset by an increase in EBITDA of $75 million, a decrease in capital expenditure of $133 million and a decrease on income tax paid of $23 million.

OUTLOOK

Looking ahead to FY25, with interest rates forecasted to moderate, we are well positioned to progress in our strategic roadmap. Our key priorities remain centred on improving operational efficiency and staying agile in our execution to enhance profitability. In parallel, we will explore refinancing opportunities to optimise our capital structure. These strategic moves are crucial for ensuring our resilience and stability amidst economic uncertainty, to pave the way for future opportunities. To further strengthen our market position, we recently announced our collaboration with Nokia to pre-sell Hong Kong's first 25Gbps fibre broadband services. This development aims to upgrade our service propositions to both enterprise and residential customers, providing them with access to one of the most advanced offerings available in the market — and power all their connectivity requirements today and into the future. Building upon the solid foundation laid in the first half of the year, we are steadfast in our promise to deliver cutting-edge, world-class network services. Our ongoing commitment will leverage our deep technological expertise to not only meet but exceed the evolving needs of our customers in the digital era.

In FY25, we will continue to reinforce the competitiveness of our Residential and Enterprise ICT divisions. Our strategic emphasis will centre on elevating our capabilities as an all-encompassing ICT powerhouse, capitalising on upcoming growth opportunities not just within Hong Kong but also by enhancing our capabilities to cater to enterprise customers eyeing expansion into mainland China. Concurrently, we'll further facilitate the entry of mainland companies into Hong Kong through our specialised solutions and expertise.

In Enterprise Solutions:

- With Aegis Intelligence and Aegis Connect AI augmenting our Aegis Connect platform, we will further leverage disruptive innovation to add-value to our high-margin FTNS solutions.

- Showcasing our robust ICT capabilities to meet sector-specific requirements, our innovative OFFICE-IN-A-BOX and SHOP-IN-A-BOX packages not only serve to streamline the setup process but also significantly reduce costs for enterprise customers, offering a seamless and cost-effective approach that will attract a broader customer base.

- At a time when many companies must cope with an ongoing shortage of tech talent, HKBNCare+ will help us gain greater wallet share, especially with SMEs. In FY24, we sold about 40,000 1-hour service tokens to SME customers.

- For our SI business, the priority will be to further align and fortify our partnerships with world-class vendors. This concerted effort will enhance our reach across key market segments, enabling us to introduce innovative solutions and services to drive incremental business expansion.

- To take advantage of Hong Kong's burgeoning relationship with mainland China and the GBA, we are strengthening our relationships with world-class vendor partners to introduce new solutions and to capture new accounts. We are also deploying additional sales resources in the GBA to expand coverage and drive growth.

- Riding on our strong momentum and relationships with carriers and platform service providers, we will accelerate our internet data centre ("**IDC**"), OTT and hyperscaler business.

In Residential Solutions:

- As the first ISP in Hong Kong to introduce 10Gbps and 25Gbps broadband services to consumers, we will aggressively position HKBN as the premier provider for GigaFast Broadband. While our rivals persist with 100Mbps and 500Mbps services, we are elevating our offerings by providing a minimum of 1Gbps, alongside 2Gbps, 2.5Gbps, 10Gbps, and 25Gbps options to set a new standard in broadband speed and reliability.

- To deepen our engagement with more consumers, we will continue to position HKBN as the best place to enjoy world-class OTT entertainment; we are the only carrier in Hong Kong to offer customers competitive-value options to enjoy the four major platforms of Netflix, Disney+, myTV SUPER and iQIYI.

- We will continue to improve customer stickiness by expanding our residential ecosystem through a variety of compelling value-added services (e.g. Wi-Fi 7 routers, Priority Plus Home Wi-Fi and others).

- With travel resuming back to pre-pandemic levels, our innovative N mobile and Global SIM service will play a significant role, providing groundbreaking features and seamless ease of use, to serve the mobile and evolving roaming data needs of consumers.

- With the experience of offering Infinite-play options such Home Insurance and a 4-In-1 Healthcare Service Plan, we will continue to expand our engagement by focusing on the home and wellness needs of our household customers.

- By delivering incredible value and benefits to customers, the above Infinite-play offerings will enable us to further increase our residential ARPU; gaining greater wallet share from customers.

- As consumers continue to shift their shopping habits online, our Shoppy platform will play an even greater role in serving their needs for the latest electronics, smartphones, as well as lifestyle and wellness products.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 August 2024, the Group had total cash and cash equivalents of $1,217 million (31 August 2023: $1,017 million) and gross debt of $11,528 million (31 August 2023: $11,589 million), which led to a net debt position of $10,311 million (31 August 2023: $10,572 million). Lease liabilities of $494 million (31 August 2023: $536 million) was included as debt as at 31 August 2024 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 4.5x as at 31 August 2024 (31 August 2023: 3.8x).

The Group's net debt to EBITDA ratio as computed in accordance with the term of the Group's various loan facilities was approximately 4.9x as at 31 August 2024 (31 August 2023: 5.1x). The average finance cost calculated as the interest and coupon charges over the average borrowing balance was 7.2% (31 August 2023: 5.3%). The average weighted maturity of the Group's borrowings was 1.4 years as at 31 August 2024 (31 August 2023: 2.4 years).

Cash and cash equivalents consisted of cash at bank and in hand. There was no pledged bank deposit as at 31 August 2024 and 31 August 2023. As at 31 August 2024, the Group had an undrawn revolving credit facility of $1,349 million (31 August 2023: $1,763 million).

Under the liquidity and capital resources condition as at 31 August 2024, 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 31 August 2024, the Group pledged assets to secure the other borrowings of $37 million (31 August 2023: $49 million).

CONTINGENT LIABILITIES

As at 31 August 2024, the Group had total contingent liabilities of $297 million (31 August 2023: $267 million) in respect of bank guarantees provided to suppliers and customers and utility vendors in lieu of payment of utility deposits. The increase of $30 million was mainly due to an increase in performance guarantee issued to the Group's suppliers and customers.

During the year ended 31 August 2023, a subsidiary of the Group received a claim from a vendor regarding early termination charges under several agreements. The Group considered the claim to be invalid and, therefore, continued to deny the liability. Based on the legal advice received, management believed that the probability of a successful claim was low. The potential exposure of the Group was estimated to be approximately $24 million. No provision was made in respect of this claim for the year ended 31 August 2023.

As at 31 August 2024, the above claim expired as a result of time lapse. The Group and the vendor agreed to negotiate the claim under arbitration proceedings. The claim amount is subject to negotiation between the Group and the vendor, and therefore, cannot be estimated reliably at the end of the reporting period. Based on the legal advice received, management believes that it is at early stage to assess the claim amount and the probability of successful claim. No provision has been made in respect of this claim for the year ended 31 August 2024.

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 the 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 the HKD and the 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 to address.

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 year ended 31 August 2024.

TALENT REMUNERATION

As at 31 August 2024, the Group had 3,863 permanent full-time Talents (31 August 2023: 4,428 Talents). 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 Talent training programmes.

RESTRICTED SHARE UNIT SCHEMES

To attract, retain and motivate skilled and experienced Talents, the Company adopted four Co-Ownership plans since its listing, namely Co-Ownership Plan II, 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 year ended 31 August 2024, Co-Ownership Plan II, Co-Ownership Plan III Plus and the Amended and Restated Co-Ownership Plan IV were the existing restricted share unit schemes held by the Company (the "**Existing RSU Schemes**"). Details of the Existing RSU Schemes will be disclosed in the annual report of the Company for the year ended 31 August 2024.

ANNUAL GENERAL MEETING

2024 annual general meeting of the Company (the "**2024 AGM**") will be held on Thursday, 12 December 2024 and the notice will be published and issued to shareholders of the Company (the "**Shareholders**") in due course.

FINAL DIVIDEND

The Company seeks to provide stable and sustainable returns to 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 Directors recommended the payment of a final dividend of 16.5 cents per share for the year ended 31 August 2024 (31 August 2023: 20 cents per share) to the Shareholders whose names appear on the register of members of the Company on Tuesday, 24 December 2024. Subject to the approval by the Shareholders at the 2024 AGM, the proposed final dividend is expected to be paid in cash on or around Friday, 3 January 2025.

Based on the terms and conditions of the vendor loan notes issued by the Company to TPG Wireman, L.P. and Twin Holding Ltd with a principal amount of $970,468,828 each (the "**Vendor Loan Notes**"), the holders of Vendor Loan Notes are entitled to receive a cash amount payable by the Company equal to $27,608,165 based on the 16.5 cents final dividend per ordinary share declared by the Company for the year ended 31 August 2024, as if the holders of the Vendor Loan Notes are holders of 167,322,212 ordinary shares in the Company as of the record date for such final dividend. Such cash amount will be paid by the Company to the holders of Vendor Loan Notes on or around Friday, 3 January 2025, being the date on which the 2024 final dividend will be paid by the Company.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Monday, 9 December 2024 to Thursday, 12 December 2024, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the 2024 AGM, 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, for registration no later than 4:30 p.m. on Friday, 6 December 2024.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 19 December 2024 to Tuesday, 24 December 2024, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final 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, for registration no later than 4:30 p.m. on Wednesday, 18 December 2024.

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

During the year ended 31 August 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

REVIEW OF ANNUAL RESULTS AND ANNUAL FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed with the management and the external auditor the annual results of the Group for the year ended 31 August 2024, 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 annual financial statements of the Group for the year ended 31 August 2024 have been reviewed by the Audit Committee of the Company and approved by the Board.

The financial figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 August 2024 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

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**") during the year ended 31 August 2024.

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 during the year ended 31 August 2024.

SUBSEQUENT EVENT

No significant events occurred after the end of the reporting period.

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

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hkbnltd.net). The annual report of the Company for the year ended 31 August 2024 will be despatched to the Shareholders and made available on the same websites in due course.

By order of the Board
HKBN Ltd.
Bradley Jay HORWITZ
Chairman

Hong Kong, 31 October 2024

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

Executive Director
Mr. Chu Kwong YEUNG

Non-executive Directors
Ms. Shengping YU
Mr. Liyang ZHANG

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

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

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2024

	Note	2024 $'000	2023 $'000
Revenue	3	**10,650,922**	11,692,176
Other net income	4(a)	**24,609**	20,180
Network costs and costs of sales		**(6,661,678)**	(7,525,019)
Other operating expenses	4(b)	**(3,124,364)**	(3,446,031)
Impairment on goodwill		**–**	(1,200,000)
Finance costs	4(d)	**(860,236)**	(702,303)
Share of losses of associates		**–**	(742)
Share of losses of joint ventures		**(128)**	(69,592)
Profit/(loss) before taxation	4	**29,125**	(1,231,331)
Income tax expense	5	**(18,848)**	(36,077)
Profit/(loss) for the year attributable to equity shareholders of the Company		**10,277**	(1,267,408)
Earnings/(loss) per share			
Basic	6	**0.8 cents**	(96.7) cents
Diluted	6	**0.7 cents**	(96.7) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2024

	2024	2023
	$'000	*$'000*
Profit/(loss) for the year	**10,277**	(1,267,408)
Other comprehensive income for the year		
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	**10,422**	(14,750)
Share of other comprehensive income of associates	**106**	(326)
Exchange differences on translation of foreign operations transferred to consolidated income statement upon disposal	**–**	1,051
Other comprehensive income for the year	**10,528**	(14,025)
Total comprehensive income for the year attributable to equity shareholders of the Company	**20,805**	(1,281,433)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 AUGUST 2024

	Note	**2024** **$'000**	2023 $'000
Non-current assets			
Goodwill		**7,816,507**	7,816,507
Intangible assets		**2,367,621**	2,775,801
Property, plant and equipment		**3,132,945**	3,418,992
Right-of-use assets		**628,457**	689,568
Customer acquisition and retention costs		**464,954**	464,533
Interest in associates		**–**	4,332
Interests in joint ventures		**–**	6,284
Deferred tax assets		**137,853**	66,674
Other non-current assets		**56,023**	72,289
		14,604,360	15,314,980
Current assets			
Inventories		**106,197**	105,681
Trade receivables	*7*	**969,297**	909,394
Other receivables, deposits and prepayments		**516,316**	465,921
Contract assets		**255,073**	315,420
Amounts due from joint ventures		**183**	5,663
Cash and cash equivalents		**1,217,406**	1,016,769
Financial assets at fair value through profit or loss		**–**	13,777
		3,064,472	2,832,625

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 AUGUST 2024

	Note	2024 $'000	2023 $'000
Current liabilities			
Trade payables	8	**945,879**	927,666
Other payables and accrued charges – current portion		**950,361**	869,699
Contract liabilities – current portion		**606,612**	573,977
Deposits received		**99,178**	83,277
Amounts due to associates		**–**	4,332
Amounts due to joint ventures		**14,877**	10,000
Bank and other borrowings		**272,601**	284,861
Lease liabilities – current portion		**145,580**	150,910
Tax payable		**159,662**	193,843
Other current liabilities		**10,588**	13,575
Financial liabilities at fair value through profit or loss		**29,990**	–
		3,235,328	3,112,140
Net current liabilities		**(170,856)**	(279,515)
Total assets less current liabilities		**14,433,504**	15,035,465
Non-current liabilities			
Other payables and accrued charges – long-term portion		**–**	18,000
Contract liabilities – long-term portion		**177,301**	160,162
Deferred tax liabilities		**593,204**	684,672
Lease liabilities – long-term portion		**348,542**	385,105
Provision for reinstatement costs		**55,191**	54,003
Bank and other borrowings		**10,705,002**	10,671,853
Other non-current liabilities		**–**	10,588
		11,879,240	11,984,383
NET ASSETS		**2,554,264**	3,051,082
CAPITAL AND RESERVES			
Share capital		**132**	132
Reserves		**2,554,132**	3,050,950
TOTAL EQUITY		**2,554,264**	3,051,082

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BASIS OF PREPARATION

The financial information set out in this announcement does not constitute the Group's consolidated financial statements for the year ended 31 August 2024, but is derived from those financial statements.

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

Going concern assumption

As at 31 August 2024, the current liabilities of the Group exceeded their current assets by approximately $171 million. Included in the current liabilities were (i) current portion of contract liabilities of $607 million recognised under HKFRS 15 which will be gradually reduced through performance obligations being satisfied over the contract terms and (ii) current portion of lease liabilities of $146 million recognised under HKFRS 16 relating to leases with a lease term of more than 12 months and with a corresponding asset recorded in the non-current assets as right-of-use assets.

As of 31 August 2024, the Group had bank and other borrowings totalling $10,978 million, with a principal amount of $5,250 million due on 24 November 2025, which is more than 12 months after the date of the approval of the financial statements thus is disclosed as non-current liability on the statement of financial position. The Group is currently in the process of refinancing the bank borrowings due on 24 November 2025. Management of the Group anticipates that the net cash inflows from their operations, together with the ability to draw down from bank loan facilities, would be sufficient to enable the Group to meet their liabilities as and when they fall due. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

2 CHANGE IN ACCOUNTING POLICIES

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

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform — Pillar Two model rules*

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 amended HKFRSs which are relevant to the Group's financial statements are discussed below:

Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to HKAS 1, *Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

2 CHANGE IN ACCOUNTING POLICIES (Continued)

Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented. There was no material impact on the disclosure of components of deferred tax assets and liabilities as no significant temporary difference was arising from the right of use assets and liabilities.

Amendments to HKAS 12, *Income taxes: International tax reform — Pillar Two model rules*

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("**OECD**") (income tax arising from such tax laws is hereafter referred to as "Pillar Two income taxes"), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax including the estimated tax exposure to PillarTwo income taxes. The amendments are immediately effective upon issuance and require retrospective application.

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:

	2024	2023
	$'000	*$'000*
Disaggregated by major products or service lines:		
Fixed telecommunications network services	**4,574,694**	4,670,790
International telecommunications services	**1,071,683**	1,117,214
Other services	**350,362**	368,288
Fees from provision of telecommunications services	**5,996,739**	6,156,292
Product revenue	**3,478,486**	4,474,348
Technology solution and consultancy services	**1,175,697**	1,061,536
Revenue from contracts with customers within the scope of HKFRS 15	**10,650,922**	11,692,176
Disaggregated by major categories:		
Residential Solutions revenue	**2,344,060**	2,392,820
Enterprise Solutions revenue	**4,828,376**	4,825,008
Enterprise Solutions related products revenue	**1,846,125**	1,934,378
Handset and other products revenue	**1,632,361**	2,539,970
	10,650,922	11,692,176

During the years ended 31 August 2024 and 2023, 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 14.5% of the Group's total revenue for the year ended 31 August 2024 (2023: 20.9%).

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(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 purposes 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 Macau.

(i) 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 reportable segment profit is earnings before finance costs, interest income, income tax, depreciation, amortisation of intangibles assets (net of direct cost incurred), impairment on goodwill 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.

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

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

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 these financial statements.

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 years ended 31 August 2024 and 2023 is set out below.

	Telecom and technology solutions (Hong Kong)		Telecom and technology solutions (non-Hong Kong)		Total	
	2024	2023	**2024**	2023	**2024**	2023
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Reportable segment revenue	**9,663,382**	10,698,859	**1,318,075**	1,328,866	**10,981,457**	12,027,725
Inter-segment revenue	**(33,459)**	(39,007)	**(297,076)**	(296,542)	**(330,535)**	(335,549)
Revenue from external customers	**9,629,923**	10,659,852	**1,020,999**	1,032,324	**10,650,922**	11,692,176
Disaggregated by timing of revenue recognition						
Point in time	**2,645,384**	3,604,800	**833,102**	869,548	**3,478,486**	4,474,348
Over time	**6,984,539**	7,055,052	**187,897**	162,776	**7,172,436**	7,217,828
Revenue from external customers	**9,629,923**	10,659,852	**1,020,999**	1,032,324	**10,650,922**	11,692,176
Reportable segment profit	**2,286,894**	2,146,875	**74,150**	75,717	**2,361,044**	2,222,592
Interest income	**8,057**	7,560	**1,568**	1,293	**9,625**	8,853
Finance costs	**858,661**	700,309	**1,575**	1,994	**860,236**	702,303
Impairment on goodwill	**–**	1,200,000	**–**	–	**–**	1,200,000
Depreciation and amortisation during the year	**1,500,071**	1,571,345	**23,318**	31,209	**1,523,389**	1,602,554
Addition to property, plant and equipment	**387,468**	400,218	**3,535**	3,146	**391,003**	403,364
Income tax expenses	**9,166**	24,586	**9,682**	11,491	**18,848**	36,077

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

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

	2024	2023
	$'000	*$'000*
Reportable segment profit derived from Group's external customers	**2,361,044**	2,222,592
Finance costs	**(860,236)**	(702,303)
Interest income	**9,625**	8,853
Depreciation	**(840,828)**	(900,820)
Amortisation of intangible assets	**(366,258)**	(384,727)
Amortisation of customer acquisition and retention costs	**(274,222)**	(274,926)
Impairment on goodwill	**–**	(1,200,000)
Consolidated profit/(loss) before taxation	**29,125**	(1,231,331)

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets, intangible assets, goodwill, customer acquisition and retention costs, contract assets, interests in joint ventures and associates and other non-current assets ("**specified non-current assets**"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of right-of-use assets, intangible assets, goodwill, customer acquisition and retention costs, contract assets and other non-current assets and the location of operations, in the case of interests in joint ventures and associates and loan to associates.

	Revenues from external customers	
	2024	2023
	$'000	*$'000*
Hong Kong (place of domicile)	**9,629,923**	10,659,852
Mainland China	**590,620**	656,716
Macau	**430,379**	375,608
	1,020,999	1,032,324
	10,650,922	11,692,176

The majority of the specified non-current assets were located in Hong Kong.

4 PROFIT/(LOSS) BEFORE TAXATION

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

	Year ended 31 August 2024 $'000	31 August 2023 $'000
(a) Other net income		
Interest income	**(9,625)**	(8,853)
Net foreign exchange loss	**7,117**	2,460
Gain on disposal of property, plant and equipment, net	**(22,381)**	(584)
Gain on disposal of right-of-use assets, net	**–**	(888)
Loss on disposal of a subsidiary	**3,715**	–
Gain on disposal of associates	**–**	(6,264)
Other income	**(3,435)**	(6,051)
	(24,609)	(20,180)
(b) Other operating expenses		
Advertising and marketing expenses	**26,870**	61,734
Depreciation		
– Property, plant and equipment	**676,389**	714,198
– Right-of-use assets	**163,843**	184,714
Recognition of loss allowance on trade receivables and contract assets	**56,765**	66,786
Talent costs *(note 4(c))*	**1,066,852**	1,217,586
Amortisation of intangible assets	**366,258**	384,727
Amortisation of customer acquisition and retention costs	**274,222**	274,926
Others	**493,165**	541,360
– Rental and utilities	**50,884**	63,481
– Site expenses	**75,061**	86,946
– Bank handling charges	**36,123**	37,174
– Maintenance	**85,269**	120,467
– Subscription and license fees	**106,527**	109,064
– Legal and professional fees	**36,378**	33,173
– Printing, telecommunication and logistics expenses	**34,032**	36,506
– Others	**68,891**	54,549
	3,124,364	3,446,031

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

4 PROFIT/(LOSS) BEFORE TAXATION (CONTINUED)

	Year ended 31 August 2024 $'000	31 August 2023 $'000
(c) Talent costs		
Salaries, wages and other benefits	**1,391,834**	1,540,648
Contributions to defined contribution retirement plan	**97,484**	113,716
	1,489,318	1,654,364
Less: Talent costs capitalised as property, plant and equipment	**(48,414)**	(51,149)
Talent costs capitalised as customer acquisition and retention costs	**(134,907)**	(125,643)
Talent costs included in network costs and costs of sales	**(239,145)**	(259,986)
	1,066,852	1,217,586
(d) Finance costs		
Interest and finance charges on bank loans	**833,130**	681,096
Interest on other borrowings	**2,709**	4,283
Interest on lease liabilities	**22,861**	20,853
Interest on other liabilities	**468**	829
Originating fee for banking facilities amendment	**–**	25,470
Fair value loss/(gain) on interest-rate swaps	**1,068**	(30,228)
	860,236	702,303
(e) Other items		
Amortisation of intangible assets	**408,339**	426,808
Depreciation		
– Property, plant and equipment	**676,389**	714,198
– Right-of-use assets	**164,439**	186,622
Rental charges		
– Telecommunications facilities and computer equipment	**472,427**	514,060
Lease expenses relating to short-term leases, in respect of:		
– Land and buildings	**16,317**	11,848
Auditor's remuneration		
– Audit services	**3,598**	6,959
– Review services	**400**	785
– Tax services	**540**	719
– Other services	**1,001**	1,508
Recognition of loss allowance on trade receivables and contract assets	**56,765**	66,786
Impairment on goodwill	**–**	1,200,000
Research and development costs	**28,221**	32,201
Cost of inventories	**3,334,002**	4,255,791
Write down of inventories	**7,464**	1,068

5 INCOME TAX

(a) Taxation in the consolidated income statement represents:

	Year ended 31 August 2024 $'000	31 August 2023 $'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**172,612**	181,497
Over-provision in respect of prior years	**(763)**	(907)
Current tax – Outside Hong Kong		
Provision for the year	**10,777**	8,366
(Over)/under-provision in respect of prior years	**(1,163)**	3,133
Deferred tax		
Origination and reversal of temporary differences	**(162,615)**	(156,012)
Tax expenses	**18,848**	36,077

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is qualifying corporation under the two-tiered Profits 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 2023.

Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

6 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of $10,277,000 (2023: loss of $1,267,408,000) and the weighted average number of ordinary shares in issue calculated as follows:

	Year ended 31 August 2024 *'000*	31 August 2023 *'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

6 EARNINGS/(LOSS) PER SHARE (CONTINUED)

(b) Diluted earnings/(loss) per share

During the year ended 31 August 2024, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $10,277,000 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:

	Year ended 31 August 2024 ***'000***
Weighted average number of ordinary shares less shares held for the Co-Ownership Plan II	**1,310,839**
Add: effect of the Vendor Loan Notes	**167,322**
Weighted average number of ordinary shares (diluted)	**1,478,161**

During the year ended 31 August 2023, the diluted loss per share is same as the basic loss per share since the Vendor Loan Notes as at 31 August 2023 have an anti-dilutive effort to the loss per ordinary share and there are no other potential dilutive ordinary shares in existence.

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 31 August 2024 ***$'000***	At 31 August 2023 *$'000*
Within 30 days	**404,816**	408,287
31 to 60 days	**263,951**	175,967
61 to 90 days	**109,524**	96,351
Over 90 days	**191,006**	228,789
	969,297	909,394

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 31 August 2024	At 31 August 2023
	$'000	*$'000*
Within 30 days	**449,928**	305,627
31 to 60 days	**140,924**	217,892
61 to 90 days	**122,060**	111,128
Over 90 days	**232,967**	293,019
	945,879	927,666

9 DIVIDENDS

(i) Dividend payable to equity shareholders of the Company attributable to the year

	Year ended 31 August 2024	31 August 2023
	$'000	*$'000*
Interim dividend declared and paid of 15 cents per ordinary share (2023: 20 cents per ordinary share)	**196,740**	262,320
Final dividend proposed after the end of the reporting period of 16.5 cents per ordinary share (2023: 20 cents per ordinary share)	**216,414**	262,320
	413,154	524,640

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

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

	Year ended 31 August 2024	31 August 2023
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of 20 cents per ordinary share (2023: 20 cents per ordinary share)	**262,320**	262,320