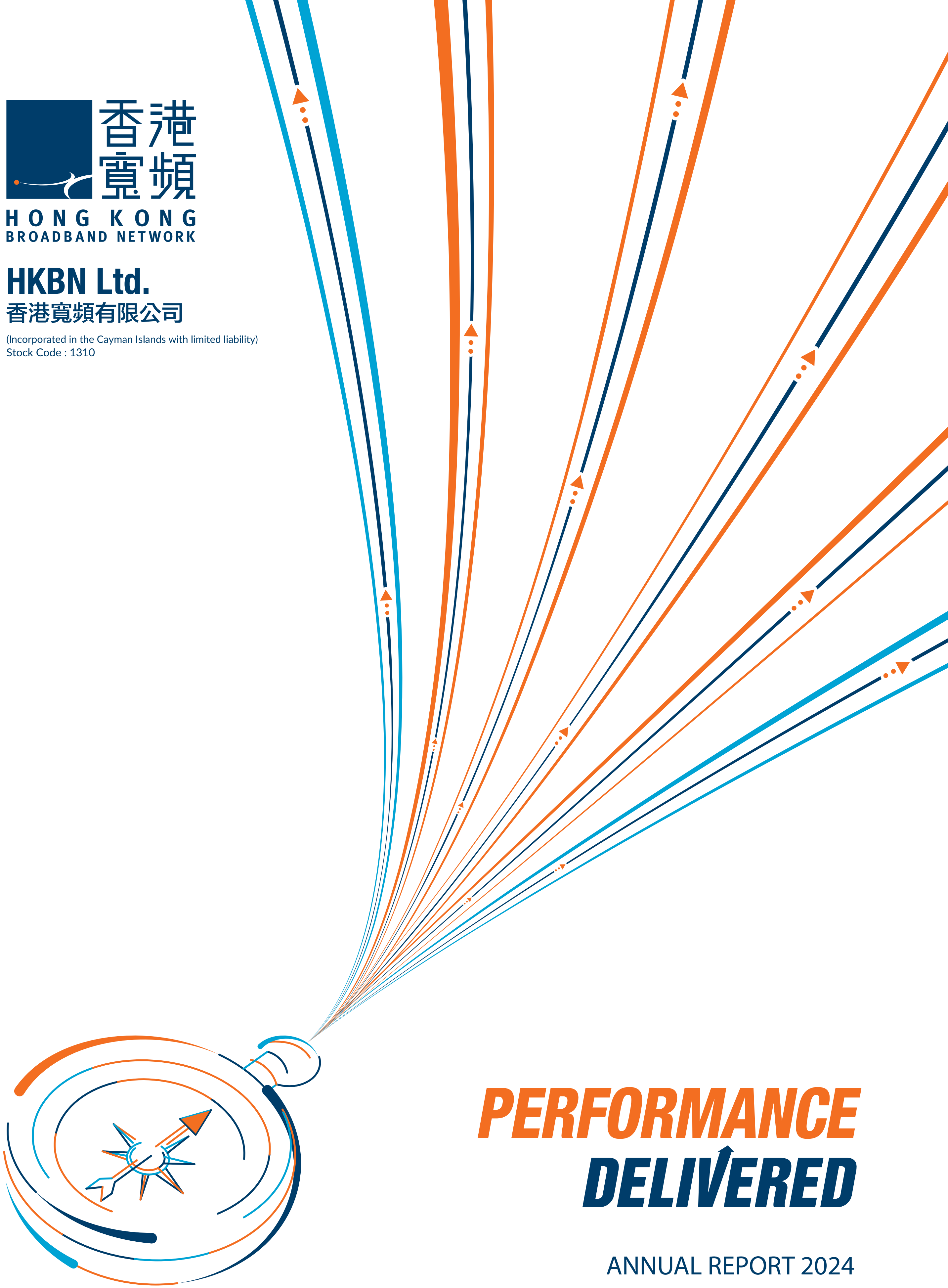
香港寬頻
HONG KONG
BROADBAND NETWORK

HKBN Ltd.
香港寬頻有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1310



PERFORMANCE DELIVERED

ANNUAL REPORT 2024

PERFORMANCE DELIVERED

In times of transcendence and uncertainty, HKBN's focus on core principles is paramount. Amidst this year's challenges, our obsessive fixation on operational efficiency has catalysed enhancements within our business that have not only culminated in improved profitability and EBITDA, but also set us on a trajectory towards better fundamental performance. Simultaneously, by launching Hong Kong's first 25Gbps service and a wide array of powerful ICT solutions for enterprises, HKBN is actively leading the way — ensuring our growth and sustainability well into the future.

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Unless otherwise stated, all monetary figures from this Report are in Hong Kong dollars. This Report is published in both English and Chinese. Where the English and the Chinese texts conflict, the English text shall prevail.

2024 at a Glance

Financial Performance

Revenue
$10.7B

EBITDA growth
3%

Customers

Network covers nearly

2.6
million homes

8,200
commercial buildings and facilities
(including 100% of Grade A & B or above premises)

932,000
residential customers

98,000
enterprise customers

Talent Interest Alignment

Achieved a target of reducing FY24 electricity usage by

14%

which is linked to salaries of our senior executives
(relative to FY22)

Data Privacy & Security

1.49%

average failure rate in internal phishing assessment
(far below global standard of 4.9%)*

Diversity & Inclusion

25.7%

of female representation in technical roles

Impactful Customer Experience

Received

5,703

complimentary notes

Digital Inclusion for Our Communities

Trained up around

10,000

SPOs staff via complimentary cybersecurity phishing email drills

Climate Action

Scope 1 & Scope 2 emissions reduced by

19.24%

(against FY22 baseline)

* KnowBe4 2024 Phishing By Industry Benchmarking Report: https://www.knowbe4.com/resources/whitepaper/phishing-by-industry-benchmarking-report

About HKBN Group

An ICT Powerhouse

Since our inception in 1999, HKBN has evolved from a humble startup to a disruptive telco, and now, a leading ICT powerhouse. Throughout this transformative journey, our goal has never changed: to enhance and redefine how customers live, learn, work, and play by delivering the most innovative and dependable services at exceptional value.

Today, HKBN is a fully integrated one-stop ICT powerhouse with operations spanning Hong Kong, Macao, and mainland China. We take great pride in our diverse team of Talents who bring together a broad spectrum of technological expertise. Besides connectivity, our array of services, solutions, and technologies enriches the lives of residential customers and empowers enterprise customers to operate better by achieving greater efficiency, scalability and agility.

Whether it's connecting nearly a million households and about 100,000 businesses with premier ICT solutions, or the initiatives undertaken to empower marginalised communities, we greet each day as an opportunity to realise our Core Purpose:

MAKE OUR HOME
A BETTER PLACE TO LIVE

Through this Core Purpose, we believe HKBN's business is at its best when we are PURPOSE + PROFIT driven. By no coincidence, our purpose functions to guarantee that we deliver the best outcomes and experiences for customers. Consequently, our offerings always uphold an exceptional level of desirability, leading to better uptake and better overall profitability.

Our Co-Ownership Edge

HKBN stands out as the only ICT powerhouse in Hong Kong led by hundreds of Co-Owners who have a vested financial interest to grow our business, outperform the competition, and deliver greater shareholder returns. Our leadership model revolves around unique Co-Ownership Plans that enable all supervisory and managerial Talents to voluntarily invest their personal savings into HKBN. This dual role as investors and Talents imbues our Co-Owners with a "skin-in-the-game" motivation to oversee HKBN's performance and competitiveness, always with the Group's best interests in mind.

WHAT WE DO

HKBN provides connectivity and productivity for individuals and businesses alike, contributing significantly to the advancement of society in our operational regions.

Infinite-play services for households

- High Speed Fibre Broadband
- Managed Wi-Fi with Home Network Security and Parental Control
- Home Telephone
- Mobile Services
- Roaming Solutions
- OTT Entertainment & Music Streaming
- Household & Personal Cybersecurity
- Home Insurance
- Healthcare Service
- e-Commerce Shopping

Diverse ICT solutions for enterprises

- Connectivity
- Cloud and Data Centre
- System Integration
- Digital Transformation
- Cybersecurity
- Voice, Collaboration and Mobile Services
- IT-as-a-Service
- Managed Services
- Hybrid Work & Business Continuity Solutions

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 plans, 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

Shareholder Letter

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

Board of Directors

(as at the date of this Report)

Chairman and Independent Non-executive Director

Mr. Bradley Jay HORWITZ, aged 69, is an Independent Non-executive Director, the chairman of the Board, the Nomination Committee and the Remuneration Committee, and a member of the Audit Committee of the Company. Mr. Horwitz has over 30 years of experience in the wireless and telecommunication industry. Mr. Horwitz is one of the Co-Founders of Trilogy International Partners, a company listed on the Toronto Stock Exchange, and currently serves as the Chief Executive Officer and a director of the company. Trilogy International Partners was established to acquire wireless international assets in Haiti and Bolivia and to develop additional international wireless assets, primarily in South America and the Caribbean. Prior to establishing Trilogy International Partners, Mr. Horwitz served as the President of Western Wireless Corporation. Previously, Mr. Horwitz was the founder and the Chief Operating Officer of SmarTone Mobile Communications Limited. Mr. Horwitz also worked in various management capacities for McCaw Cellular including serving as the Vice President of International Operations and the Director of Business Development. Mr. Horwitz presently serves as the Director of the Center for Global Development and the Mobile Giving Foundation. Mr. Horwitz graduated from San Diego State University, U.S. with a Bachelor of Science Degree in 1978.

Executive Director

Mr. Chu Kwong YEUNG (also known as William YEUNG), aged 63, is the Executive Director, a member of the ESG Committee, the Executive Vice-chairman, and Group Chief Executive Officer of the Company. He is also a director and supervisor of certain subsidiaries of the Group. Mr. Yeung joined the Group in 2005 as the Chief Operating Officer and was appointed as the Chief Executive Officer in 2008 and the Executive Vice-chairman in 2018 to focus on engaging key strategic partners and exploring new business opportunities for the Group. Prior to joining the Group, Mr. Yeung was the Director of customers division at SmarTone Mobile Communications Limited. Mr. Yeung is also an independent non-executive director, the chairman of the nomination committee, a member of the audit committee and the remuneration committee of Hung Fook Tong Group Holdings Limited (stock code: 1446). He obtained a Bachelor of Arts Degree from Hong Kong Baptist University in December 1992, a Master of Business Administration Degree from the University of Strathclyde, U.K. in November 1995 and a Master of Science Degree in Electronic Commerce and Internet Computing from the University of Hong Kong in November 2001. In 2010, Mr. Yeung was recognised as Champion of Human Resources by The Hong Kong HRM Awards. Mr. Yeung is a proud Co-Owner of the Company.

Non-executive Directors

Ms. Shengping YU, aged 39, is a Non-executive Director and a member of the Nomination Committee of the Company. Ms. Yu is a director at MBK Partners. She joined MBK Partners in 2011 and has been involved in MBK Partners' investments in the telecommunications and media industries, including WTT Holding Corp and China Network Systems Co., Ltd. Prior to joining MBK Partners, Ms. Yu was an associate in the investment banking division of Morgan Stanley in Hong Kong providing corporate advisory services, and she was also a consultant at Oliver Wyman in New York where she engaged in various projects, including due diligence, strategic planning, product launch, and operational improvement. Ms. Yu currently serves on the board of directors of Shanghai Siyanli Industrial Co., Ltd. and has experience serving on the board of directors of CAR Inc. Ms. Yu received a Bachelor of Arts degree in economics from Harvard College and an MBA from the Wharton School of University of Pennsylvania. Ms. Yu is a Chartered Financial Analyst.

Mr. Liyang ZHANG, aged 38, is a Non-executive Director and a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Zhang is a Managing Director with TPG Capital Asia ("TPG") since 2021. Mr. Zhang is leading TPG's TMT and consumer investments in Greater China. Prior to TPG, Mr. Zhang was with CITIC Capital for more than a decade. Before CITIC Capital, he worked at McKinsey in Shanghai. Mr. Zhang was the non-executive director of Asiainfo Technologies Limited (stock code: 1675), a leading Chinese telecom software company, from 2018 to 2021. Mr. Zhang holds an MBA from Institut Européen d'Administration des Affaires (INSEAD) and a Bachelor of Engineering degree from Chukochen Honors College, Zhejiang University.

Board of Directors

(as at the date of this Report)

Independent Non-executive Directors

Ms. Ming Ming Anna CHEUNG, aged 56, is an Independent Non-executive Director, the chairman of the ESG Committee, and a member of the Remuneration Committee of the Company. Ms. Cheung is an independent non-executive director of Hong Kong Exchanges and Clearing Limited (stock code: 0388), a director of HKEX Foundation Limited and serves on the board of LGT Capital Partners Group Holding Ltd. She has over 20 years of experience in private equity and financial industries. Ms. Cheung has also built up extensive business strategic and operational experiences through her former role as the Chief Executive of Jardine Pacific Limited from 2015 to 2020, with the responsibility of overseeing the company's operations across a broad range of sectors in Hong Kong, mainland China, and South East Asia. Prior to her appointment at Jardine Pacific Limited, Ms. Cheung served as a senior advisor to private equity firms, FountainVest Partners and LionRock Capital. Ms. Cheung joined 3i Group Plc ("3i Group") in 2001 and became a Partner of the company in 2008. As one of the founding partners of 3i Group's China business, Ms. Cheung led consumer and technology related investment projects and served on the board of several investment portfolio companies. Prior to that, she worked at private equity and investment banking firms, including Intel Capital, J.H. Whitney, Bankers Trust Company, and Salomon Brothers in the areas of investments, corporate finance, capital markets, and mergers and acquisitions. Ms. Cheung holds a Bachelor of Arts (Computer Science) at the University of California, Berkeley, US and a Master in Business Administration (Finance) at the Wharton School, University of Pennsylvania, US.

Ms. Cordelia CHUNG, aged 65, is an Independent Non-executive Director and a member of the Nomination Committee and the Remuneration Committee of the Company. Ms. Chung is an independent non-executive director, chairperson of the remuneration committee and member of the nomination committee of Hang Seng Bank Limited (stock code: 0011); an independent non-executive director, member of the nomination committee and the remuneration committee of Hysan Development Company Limited (stock code: 0014); and an independent non-executive director of Arup Group Limited ("Arup"), a company headquartered in the UK with operations in 141 countries. Ms. Chung is a member of the risk committee, assurance committee and leadership appointments committee of Arup. Ms. Chung also serves on the Human Resources Planning Commission of HKSAR Government, the Court of City University Hong Kong, and is the chairperson of Maryknoll Convent School Foundation Limited, the school sponsoring body of her alma mater.

Ms. Chung is a corporate leader with extensive multinational and industry experience, specialised in information technology, with knowledge in building industry, and trained and practised as a lawyer. Ms. Chung spent over 20 years with IBM, a leader in information technology, and was the first Asian female executive to sit on IBM Chairman & CEO's Strategy Team, setting strategic directions for IBM globally spanning 175 countries. She held senior leadership positions in IBM including Regional General Manager in charge of all Southeast Asian countries (IBM ASEAN), General Manager for IBM China/Hong Kong Limited, as well as Vice President and General Counsel for Asia Pacific. During her IBM career, she was posted to Tokyo, Beijing, Shanghai and Singapore.

Ms. Chung was awarded the Medal of Honour in 2024 by the Hong Kong Government for her contributions in information and technology and human resources planning in Hong Kong over the years, as well as her active participation in public service. She was also awarded the Directors of the Year Award by the Hong Kong Institute of Directors in 2022 for statutory and non-profit organisations category for her distinguished service as an independent non-executive director in Hong Kong Science and Technology Parks Corporation. She holds a bachelor's honours degree in law and a postgraduate certificate in laws, both from the University of Hong Kong, and a diploma in Chinese law from China University of Political Science and Law. Ms. Chung practised with the international law firm Baker & McKenzie in her early career. She is a member of The Law Society of Hong Kong and was admitted as a solicitor in Hong Kong, England and Wales, Singapore and Australia.

Ms. Kit Yi Kitty CHUNG, aged 61, is an Independent Non-executive Director, the chairman of the Audit Committee, and a member of the Nomination Committee and the ESG Committee of the Company. Ms. Chung is an independent non-executive director of Goodman Logistics (HK) Limited, one of the triple stapled entities forming the Goodman Group (GMG) and the stapled securities are traded on the Australian Securities Exchange (ASX). She retired as a partner at PricewaterhouseCoopers on 1 July 2023. During her time with PricewaterhouseCoopers, she provided professional services in relation to auditing, accounting, risk assurance etc. Ms. Chung holds a bachelor in economics degree from Monash University in Australia. She is a member of the Hong Kong Institute of Certified Public Accountants and the Chartered Accountants Australia and New Zealand.

Senior Management

(as at the date of this Report)

1. Catherine CHENG
Chief Talent Officer

2. Danny LI
Co-Owner & Chief Technology Officer

3. Samuel HUI
Co-Owner & Chief Operating Officer – Enterprise Solutions

4. Elinor SHIU
Co-Owner & Chief Executive Officer – Residential Solutions

5. Dr. Denis YIP
President & Group Chief Operating Officer

Senior Management

(as at the date of this Report)

6. **William YEUNG**
   Co-Owner, Executive Vice-chairman & Group CEO

7. **Derek YUE**
   Co-Owner & Chief Financial Officer

8. **Dr. Gabriel LEUNG**
   Chief Executive Officer – Enterprise Solutions

9. **Kenneth SHE**
   Chief Transformation Officer

10. **Sophia YAP**
    Co-Owner & Chief Legal Officer

Senior Management

Senior Management

Ms. Wai Sze CHENG (also known as Catherine CHENG), aged 58, the Chief Talent Officer of the Group. Catherine joined HKBN as Chief Talent Officer in 2023. She leads the company's Talent strategy, particularly as Hong Kong Broadband Network continues its transcendence from a legacy telecommunications provider to a comprehensive one-stop ICT powerhouse.

With specialised expertise in both the HR and IT industries, Catherine brings over 25 years of experience in leadership positions. She has previously served as APAC HR Director at Atos Group, Vice President of HR & Administration at Automated Systems Hong Kong, and Human Resources Director at Computer Science Corporation. Describing herself as a change-maker, Catherine is a seasoned expert in delivering business results and driving transformation for the companies she has worked with.

Catherine holds a bachelor's degree in business administration from Pacific Western University. Her extensive knowledge and experience in HR and IT make her well-suited to drive the talent strategy and support HKBN's evolution into an ICT powerhouse.

Mr. Zin Yiu HUI (also known as Samuel HUI), aged 35, the Chief Operating Officer — Enterprise Solutions and a director of certain subsidiaries of the Group. Samuel joined the Group in 2016. Ever since, Samuel has taken on many trailblazing roles to propel the Group towards its vision of becoming an ICT powerhouse.

In 2016, Samuel spearheaded the launch of HKBN's mobile services, marking the Group's first significant venture beyond broadband. Within two years, HKBN's mobile business became the fastest-growing mobile operator in Hong Kong, gaining over 2% penetration into the competitive post-paid mobile market. In 2018, he was appointed Head of Digital, where he transformed HKBN's customer-facing digital platforms, including customer relationship management (CRM) technologies, to provide a seamless omni-channel B2C experience. These digital achievements earned Samuel the title of IDC's 2020 DX Leader of Hong Kong.

In 2020, Samuel ascended to the role of Chief Transformation Officer, leading HKBN's digital transformation strategy across the Group. The following year, Samuel led the integration of Jardine One Solutions (JOS) into HKBN's offerings, combining the strengths of both companies to deliver comprehensive ICT solutions to enterprise customers.

By 2023, Samuel was named as Chief Strategy Officer — Enterprise Solutions, driving the productisation and commercialisation of HKBN's technology capabilities to offer IT-as-a-Service and one-stop connectivity solutions to SMEs across the region.

In 2024, Samuel was appointed Chief Operating Officer, where he leads HKBNES in shaping and executing its ICT transcendence strategy. As a digital and data-driven leader, Samuel is dedicated to driving transformative productivity gains through new ways of working and to fostering a culture of innovation within the organisation. His focus ensures sustainable and disciplined growth of our telecom and technology services business. He firmly believes that operations should lead the business from the frontline, and not be relegated to the backend.

Prior to HKBN, Samuel spent four years at Oliver Wyman, a top-tier management consultancy in New York, advising Fortune 500 financial services clients on business growth and transformation strategies. Samuel is an alumnus of Dartmouth College, USA, holding two bachelor's degrees in Mechanical Engineering and Liberal Arts. Samuel is a proud Co-Owner of HKBN.

Senior Management

Dr. Shing Koon LEUNG (also known as Gabriel LEUNG), aged 65, the Chief Executive Officer — Enterprise Solutions of the Group. Gabriel is responsible for leading the strategic development and operations of HKBN's enterprise business. Gabriel's focus is on driving growth through innovative ICT solutions tailored to meet customer needs.

With over 30 years of deep experience in the ICT sector, Gabriel has a distinguished track record of building and leading organisations towards profitable growth through business transformation and operational excellence. Known as a strategic and innovative thinker, he excels at navigating challenges during times of economic uncertainty and mergers.

Gabriel has held major leadership positions at world-class technology companies. Notably, he served as Managing Director for Hong Kong and Macao at Hewlett Packard Enterprise (HPE) from 2017 to 2023. Under his stewardship, HPE achieved record-breaking performance with consistent revenue growth, and was recognised with HPE Asia Pacific Best Country Award in 2022.

Prior to that, Gabriel served as Executive Director at HKC International Holdings Limited, and led a major transformation from telecommunications to innovative ICT solutions, resulting in a double digit growth in 2016 and critical partnership with tech giants like Microsoft and Huawei. During his tenure as General Manager for Hong Kong and Macao at EMC Corporation from 1999 to 2015, Gabriel played a key role in growing the company into the market leader, he helped the company to grow the revenue 10 times during his tenure.

He holds a Bachelor of Science degree in Electronic and Electrical Engineering from the University of Birmingham, UK, and a Doctor of Business Administration degree from The Hong Kong Polytechnic University.

Gabriel is also actively engaged in community service. He holds key leadership positions in various ICT associations, such as Vice President of the Hong Kong Computer Society, Vice Chairman of the Communications Association Hong Kong. Gabriel's passion for cultivating talent and driving innovation is prominently reflected through his involvement in advisory committees and educational initiatives, which includes serving as a member of the Innovation and Technology Fund, Research Project Assessment Panel for the Hong Kong SAR Government.

Senior Management

Mr. Yau Chung LI (also known as Danny LI), aged 54, the Chief Technology Officer of the Group. Danny joined HKBN in 2017 and was appointed as Chief Technology Officer in 2020. With over 29 years of experience in telecom infrastructure engineering, and operations, sales, and marketing, Danny now spearheads HKBN's network planning, development and implementation. His leadership ensures that the network strategy aligns the Group's future growth. He is ushering in a new era of high-speed connectivity into Hong Kong by introducing the latest 25G PON (passive optical network) technology. Danny also prioritises a robust information security strategy, integrating the latest security best practices into HKBN's IT system and network infrastructure. Additionally, Danny also transformed HKBN's in-house Network Operations Centre (NOC) into a NOC-as-a-Service, benefiting the Hong Kong digital community and business.

Before joining HKBN, Danny spent 11 years at a regional system integration company under Japan's KDDI Group. During his tenure, he safeguarded regional customers, including those involved in the 2008 Summer Olympic Games, from cyber threats. Additionally, he played a pivotal role in building the first MPLS IP VPN in the Asia Pacific back in 2001, connecting the region to the rest of the world.

Danny has a bachelor's degree in Computer Engineering and a master's degree in Electrical Engineering (majoring in telecommunications) from the University of Alberta, Canada. Started in 2022, he serves as the President of Fixed Network & VAS Group of Communications Association of Hong Kong. Danny is a proud Co-Owner of HKBN.

Mr. Chun Chi SHE (also known as Kenneth SHE), aged 37, the Chief Transformation Officer of the Group. Kenneth joined HKBN in 2023 and responsible for driving synergy and transformative growth across the residential and enterprise business segments. A young and dynamic C-suite executive, Kenneth brings an incredible combination of experiences as both entrepreneur and corporate leader from industries like technology, education, healthcare, mobility and finance.

Prior to joining HKBN, he was the Chief Operating Officer at Preface, a Series A EdTech venture that evolved into a market leader in coding/AI education training. Before that, Kenneth served as CEO of Humansa, a flagship elderly care and wellness platform under New World Group. He was also Uber Hong Kong's first employee and General Manager to grow the ride-sharing platform into a ubiquitous service in Hong Kong with millions of users and drivers.

Kenneth holds a master's degree in engineering, economics, and management from the University of Oxford, with full scholarship as both the Hang Seng Overseas Scholar and Lee Shau Kee Scholar. In 2019, he was included in Tatler's list of Generation T Asia honourees. Kenneth is currently the Chairman of Selections and Board Member of the United World Colleges Hong Kong Committee.

Senior Management

Ms. Yung Yin SHIU (also known as Elinor SHIU), aged 53, the Chief Executive Officer — Residential Solutions and a director of a subsidiary of the Group. A home-grown Talent in every sense of the word, Elinor joined the Group in 1994 as a Marketing Trainee and was appointed as Chief Marketing Officer — Residential Solutions in March 2019 and became Chief Executive Officer — Residential Solutions in September 2020 to lead the strategic development and operations of HKBN's residential market business. Working her way up, she is one of the key individuals credited for growing HKBN from a startup of less than 100 Talents to a powerhouse in the ICT industry. In 2002, Elinor left the Group for a brief two-year intermission with HGC, where she focused on corporate marketing. She rejoined HKBN in 2004.

Throughout her years with HKBN, Elinor earned wide-ranging exposure across various business areas and functional teams. Her array of experiences extended from marketing for residential and corporate sectors, all the way to overall business management for HKBN's residential business. In 2008, she was appointed as a Mini-CEO and was granted the mantle to oversee the Group's business in Kowloon East district, managing 25% of the Group's residential business revenue in Hong Kong. After five successful years of leadership under her belt, Elinor transformed from a seasoned marketer into an experienced management executive driven to become HKBN's CXO of the future. In 2018, she was appointed as Head of Residential Marketing, steering digitalisation and omni-channel customer experience, as well as the Group's highly successful transformation from a broadband provider into the quad-play provider of choice for Hong Kongers. With her appointment as CEO — Residential Solutions, Elinor is relentlessly driving HKBN's growth as a showcase of best practices for the ICT industry.

She holds an executive master of business administration degree from The Chinese University of Hong Kong. Elinor is a proud Co-Owner of HKBN.

Ms. Pei Kwun YAP (also known as Sophia YAP), aged 54, the Chief Legal Officer of the Group. With over 25 years as leader and strategic advisor in corporate legal, compliance, risk management, government relations and regulatory affairs to Fortune 500 companies, Sophia has multi-sector proficiencies in M&As, risk and crisis management, corporate change management, technology licensing and intellectual property.

With a background in computer science and Green Belt and Lean Six Sigma certified, Sophia helped Fortune 500 companies develop award winning Regtech solutions. She holds double degree with Bachelor of Laws and Bachelor of Commerce (majoring in accounting, information systems and data analytics) from Australia, and is admitted as a Barrister and Solicitor in Australia. Sophia started her career as a banker in Australia, and was recruited to Hong Kong by Baker & McKenzie. She served a variety of regional roles for Fortune 500 companies such as General Electric and CBRE, including as Asia Pacific Technology Counsel, Asia Pacific Senior Counsel — Litigation and Compliance, Asia Pacific General Counsel and Deputy Global Chief Ethics and Compliance Officer, overseeing matters covering over 60 countries. Sophia has also served business and legal roles in the private equity and venture capital markets.

Sophia is a Fellow of the Hong Kong Institute of Arbitrators and served as Founding Member and Director of Knowledge Transfer & Technology Licensing of the Hong Kong O2O E-Commerce Federation, and as Founding Board Member, Executive Director of the Hong Kong Medical & Healthcare Device Industries Association and as Social Innovation and Strategic Advisor for Sheng Kung Hui Welfare Council. She currently serves as an Appeal Panel (Housing) member, and member of the Hong Kong Polytechnic University's Knowledge Transfer Committee and Entrepreneurship Investment Fund, and in the Elderly Services Management Committee of the Hong Kong Chinese Women's Club. She is professionally recognised in Legal 500's GC Powerlist with accolades from Lexology's Global Counsel Awards, Asia Pacific's Leading Women Lawyer from Asia Legal Business, Asia Pacific Innovative Lawyers Award from the Financial Times, Asia Pacific Compliance Innovator of the Year Award from the International Law Office, and others. Sophia is a proud Co-Owner of HKBN.

Senior Management

Mr. William YEUNG, his biographical details are set out on page 8.

Dr. Shing Fai YIP (also known as Denis YIP), aged 55, the President & Group Chief Operating Officer. Denis joined the Group in 2024. He is responsible for spearheading the Group's operations and steering innovation to elevate customer and shareholder experiences.

With over 30 years of worldwide leadership in private and public sectors, Denis has extensive business management experience and international exposure. He has worked in Hong Kong, Beijing, Guangzhou, San Francisco, Shanghai and Tokyo, and served in senior positions in a number of large enterprises.

Denis started his career in IBM in 1991 and held a variety of senior management positions in the company, including Global Vice President, General Manager of the Asia Pacific Storage Division, President of the AS/400 Business in Asia Pacific Region, etc. He was in charge of various businesses at IBM based in Guangzhou, Beijing, Tokyo and Shanghai, and was at the time the youngest Global Vice President of IBM in 2003.

He was the Global Senior VP and President, Greater China of EMC Corporation ("EMC") from 2006 to 2017, and participated in formulating and setting strategic promotion plans whilst leading the team in developing the Greater China market. Upon the merger of Dell Inc. ("DELL") and EMC, Denis continued to be appointed as the Global Senior VP of DELL and the President of Greater China of EMC.

From 2017 to early 2019, he served as President and Director of the Digital China Holdings Limited and the Fujian Start Group respectively. He steered the development of the enterprises and established their business footholds.

Denis served as the Commissioner for Belt and Road of the Commerce and Economic Development Bureau of the Hong Kong SAR Government from 2019 to 2021 and as the Chief Executive Officer of the Hong Kong Applied Science and Technology Research Institute (ASTRI) from 2021 to 2024. He is a veteran with extensive leadership experience covering technology, commerce and management.

Denis holds a bachelor's and a master's degree in Electrical Engineering and Computer Sciences from the University of California, Berkeley, alongside an MBA from Golden Gate University and a Doctor of Business Administration from the University of Management and Technology.

Denis is a member of the Hong Kong Trade Development Council Innovation & Technology Advisory Committee and its Information & Communications Technology (ICT) Services Advisory Committee. In addition, he is a member of the Civil Service Training Advisory Board, Digital Policing Advisory Panel of the Hong Kong Police Force, Council Member of the Hong Kong Computer Society, Executive Committee Member of the China Real Estate Chamber of Commerce (CRECCHKI). He also serves as the Honorary Founding Technology Advisor of the Greater Bay Area Carbon Neutrality Association, Honorary Chairman of the Hong Kong Electronics & Technologies Association.

Mr. Chung Ting YUE (also known as Derek YUE), aged 56, the Chief Financial Officer of the Group. He is also a director and supervisor of certain subsidiaries of the Group. With over 30 years of experience in the technology, FMCG, healthcare, and logistics industries, Derek has been a go-to finance guru for MNCs and global companies like Deloitte, The Singer Company, Royal & Sun-Alliance Insurance, Dell, Walmart, China Resources Verlinvest Health Investment, and Morrison Express. A globetrotting, culture-bridging leader, Derek sees himself as a talent cultivator who's all about nurturing growth and fuelling passions.

In 2023, Derek joined HKBN as Chief Financial Officer. Embracing his role in HKBN, Derek's "aim higher" attitude has truly inspired the team with an objective to make a lasting impact on both the business world and their personal lives. On top of his mission to change the world of finance, Derek is also set on building meaningful engagement with HKBN's external stakeholders.

Derek is a Chartered Professional Accountant (CPA) and MBA holder, his professional journey has taken him around the globe to places like USA, Canada, Malaysia, mainland China, Hong Kong, and Taiwan — making him a true cultural chameleon. Derek is a Proud Co-Owner of HKBN.

Our Strategy

ESG Strategy

Guided by our Core Purpose of "Make our Home a Better Place to Live", HKBN operates on the principle of generating purposeful profits. We believe that our business is at its best when we are actively fostering positive impacts for all our stakeholders.

Our Environmental, Social and Governance ("ESG") approach is intentionally aligned with our Group's overall strategy. This alignment ensures that every facet of our operations is carried out with a deep-seated commitment to societal well-being, environmental stewardship, and robust governance that extends beyond mere adherence to legal and regulatory requirements.

As staunch advocates of ESG values, we actively champion environmental preservation and action against the global climate crisis. This year, we conducted scenario analysis to evaluate the potential climate impacts on our assets and businesses. By aligning with the Science-Based Target initiative (SBTi), our scientifically-grounded goals underscore HKBN's commitment to climate action.

In line with our steadfast pursuit of sustainability, we have tied executive compensation to ESG performance — pledging to slash electricity consumption by FY24 compared to FY22. This approach drives our leaders to spearhead transformative changes and be answerable for achieving bold ESG targets.

The 3Ts of HKBN & Mapping to the SDGs*	Our 10 Priorities	Goals for FY25	FY24 Progress
Talent Co-Ownership	Talent interest alignment	Achieve at least 88% cumulative successful rate in ESG-related special incentive programmes	Our senior executives linked their salaries to achieving a 14% reduction in electricity usage in FY24 compared to FY22. This target was successfully met.
	Talent-obsessed engagement & development	Reach an overall engagement score of 70% favourability in our Talent Engagement Survey	Achieved an overall engagement score of 66% "favourable" in our Talent Engagement Survey
	Diversity & inclusion	Enhance female representation in technical roles to 27% or above	Reached 25.7% of female representation in technical roles
Technology for Good	Market-ready ESG solutions	Launch new ESG-themed solutions every year	Launched Aegis Intelligence, an upgrade to our AegisInsight network performance monitoring platform, to bolster cybersecurity, enhancing governance and risk mitigation
	Digital inclusion for our communities	Conduct social impact assessments for all digital inclusion community initiatives	Conducted social impact assessment on our digital inclusion community initiatives and generated first batch of results
Transforming Business	Climate action	Set science-based emissions reduction targets	Near-term science-based emissions reduction targets have been approved by SBTi
	Impactful customer experiences	Futureproof HKBN's customer services by launching new customer experience initiatives every year	*Residential Solutions:* Launched "Smart Broadband Move", a My HKBN App self-service tool for customers to schedule relocation of their broadband service *Enterprise Solutions:* Deployed e-forms for Sales to handle daily customer contracting process, average of 70% of general service contracts are handled via e-form in FY24
	Data privacy & security	Achieve less than 2% phishing assessment average failure rate among Talents	Recorded a phishing assessment average failure rate of 1.49%[1]

[1] The phishing assessment average failure rate was 1.89% in FY22 and 1.50% in FY23. This adjustment reflects an updated scope and ensures consistency with our HKBN Phishing Assessment Methodology. The phishing assessment average failure rate is calculated by dividing the number of failed attempts by the number of phishing emails sent for each assessment, and then averaging the failure rates across all phishing assessments conducted during the fiscal year. A failed attempt is defined as an instance where a recipient clicks the phishing link and/or submitted data.

Our Strategy

The 3Ts of HKBN & Mapping to the SDGs*	Our 10 Priorities	Goals for FY25	FY24 Progress
Transforming Business	Reliable & responsible service	Reduce affected customer hours from residential network service disruptions by 14%, relative to FY22 baseline	Affected customer hours from residential network service disruptions were reduced by 11.3%#, relative to FY22 baseline, through improved maintenance processes, regular outage reviews, and preventive maintenance
	Win-win-win partnership & value chain	Improve at least 20 SME suppliers' ESG assessment scores	Established an ESG questionnaire in FY23, and distributed it to our selected suppliers to evaluate their ESG performance in FY24
Corporate Governance		Achieved over 50% female representation among the Board of Directors	

In the coming years, updates will be continuously provided on the progress of meeting the above stated targets.

* SDGs refer to the sustainable development goals of the United Nations.

In FY23, there was a discrepancy in reporting the performance, which was initially stated as 4% relative to the FY22 baseline. The actual FY23 figure stands at 15.2% relative to the FY22 baseline.

LEADING THE INDUSTRY IN ESG

During FY24, our ESG efforts garnered significant recognitions. By maintaining our AAA rating in the MSCI ESG Ratings since December 2022, HKBN has consistently ranked among the top 14%[1] of global telecom companies. Additionally, we sustained our AA+ rating in the Hang Seng Corporate Sustainability Index.

This AA+ rating in the Hang Seng Corporate Sustainability Index continues to reinforce our standing as a premier ESG leader in Hong Kong. Both evaluations confirm our impact and status as a leader in sustainability within our sector.

MSCI ESG RATINGS AAA[2]

CCC | B | BB | BBB | A | AA | AAA

Hang Seng Corporate Sustainability Index Series Member 2024-2025

AA+

[1] As at the time of receiving the AAA rating this year.
[2] https://reg.hkbn.net/WwwCMS/upload/pdf/en/2022_disclaimer.pdf

About This Report

Reporting Boundaries

This Report covers HKBN Group's performance for the financial year from 1 September 2023 to 31 August 2024. Unless specifically stated otherwise, the scope of this Report covers all aspects of HKBN Group operations in all regions, with the exclusion of business units which do not have a material impact on our Group-level performance and for business units where our shareholding interest is less than 50%.

Reporting Guidelines and Reporting Criteria

In preparing this Report, we have adhered to the reporting principles and provisions set forth by the "Environmental, Social and Governance Reporting Guide" (the "ESG Guide") in Appendix C2 of the Listing Rules and the ESG Guide's "comply or explain" provisions. We also referenced the Sustainability Accounting Standards Board's ("SASB") Telecommunication Services Standard and the recommendations from the Task Force on Climate-related Financial Disclosure ("TCFD"). Indices mapping our disclosures to the requirements of the ESG Guide and SASB Telecommunication Services Standard, and details of reporting criteria which are described in the footnotes of each KPI's disclosure, can be found on pages 242 and 246 of this Report.

We support the United Nations' 2030 Sustainable Development Goals ("SDGs"), which are a global call to action for improving health and education, reducing inequality, and for spurring economic growth — all while tackling climate change. In this Report, we have matched the SDGs with our efforts to illustrate how we've contributed to the long-term prosperity of peoples and the planet.

Reporting Principles

In preparing this Report, we aimed to provide a rigorous, fair and transparent account of our business, and have adhered to the following reporting principles:

Materiality	On a regular basis, we conduct materiality assessments and stakeholder questionnaires to identify material issues related to ESG and our business. These activities help ensure that our entire operation is always responsive in addressing issues related to sustainability, as well as enable us to achieve our Purpose.
Quantitative	To ensure that our performance data is transparent and comprehensive, we provide notes (where appropriate) about the standards and methodologies used to calculate that data.
Balance	Presenting a full and fair picture is important to us. This Report discusses both the positive and negative sides of our performance to provide readers with an objective and balanced understanding.
Consistency	To allow meaningful comparison of our performance over time, we use consistent reporting guidelines and methodologies for calculating and presenting our data. Any changes in the methodologies will be explained.

Our Strategy

Our Approach to ESG Governance & Management

Our commitment to sustainability is exemplified by the integration of ESG governance and management at every level of our organisation, from the Board and the ESG Committee to our ESG Task Force. As the apex governing body of our Group, the Board bears the responsibility of supervising and ensuring accountability for our Group's ESG strategy, evolution, and performance, bolstered by the assistance of a Board-level ESG Committee. The Board assumes a critical role in assessing and identifying our Group's ESG material issues and associated risks. ESG risks are thoroughly reviewed and incorporated into our company's risk register, which we use to plan and implement the appropriate measures for risk mitigation. The Board, in conjunction with the ESG Committee, regularly evaluates and tracks progress made on our Group's ESG objectives.

The ESG Committee, comprising elected members from the Board, is responsible for reviewing and monitoring ESG strategies, risk management, policies and practices, and assessing and providing recommendations to our Group's ESG-related structures and business models. The ESG Committee also advises the Board on communications and disclosures concerning our Group's ESG performance, including communication channels and methods with our stakeholders and via our ESG reports. The ESG Committee delegates to the ESG Task Force, which assists in driving our Group's ESG development.

Underscoring our commitment to enhance ESG performance, several of our senior executives have tied their compensation to a crucial target: reducing electricity consumption by 14% in FY24 relative to FY22. We are delighted to announce that this ambitious target has been successfully met (for more details, please see page 98 of this Report), showcasing our Company's proactive approach towards sustainability and accountability.

In an effort to enhance the Board's competencies in ESG, members of the Board received training to gain valuable insights into the latest scenario analysis of climate-related disclosures, regulatory requirements, and industry best practices. With this knowledge, Board members are empowered to make informed decisions when assessing and enhancing our decarbonisation efforts and incorporating climate-related considerations into our Group's strategic planning and risk management frameworks, thereby nurturing a sustainable future.

Oversight

Board of Directors

The Board oversees and is accountable for HKBN's ESG strategy, development and performance.

ESG Committee

The ESG committee advises the Board on communications and disclosures and monitors our ESG Task Force.

ESG Task Force

Our ESG Task Force coordinates ESG planning and implementation, including working with business units to implement, monitor and review progress on our ESG goals and objectives.

Business Units

Business units are responsible for executing our ESG strategy. Department representatives drive and review ESG progress within their departments and coordinate with each other on various interdisciplinary areas.

Report

Communication and Engagement with Stakeholders

Maintaining open and transparent communication with our stakeholders is crucial for understanding their concerns and viewpoints. Their insights play a vital role in refining our strategies and driving the growth and development of our business.

Our stakeholders, both internal and external, have the potential to impact HKBN and are in turn influenced by our actions. Having considered their level of dependency and influence on our business, we have identified the following key stakeholders, with whom we engage regularly through various communication channels.

Engaging Core Stakeholders

HKBN Stakeholders	Engagement Channels	
Customers	• Customer satisfaction surveys • Customer service hotlines • My HKBN App • Corporate website	• Mail/E-mail • Newsletters • Social media • Marketing events
Talents	• Talent engagement surveys • Townhall meetings • Management meetings	• Orientation and training sessions • Talent engagement digital platform
Shareholders & Investors	• Annual reports, interim reports and announcements • Shareholder meetings	• Investor meetings • HKEX's website and HKBN's website
Suppliers & Value Chain Partners	• Meetings • Surveys • Supplier performance assessments	• Newsletters • Corporate website • Social media
Community	• Partnership and community programmes • Community events • Volunteering works • Newsletters	• Corporate website • Social media • Check-in meetings and surveys
Environment (including environmental-related groups and partners)	• Partnership programmes • Conferences and seminars • Newsletters • Corporate website	• Social media • Green association membership
Government & Regulators	• Meetings, conferences and seminars • Focus group discussions	• Feedback programmes • Invited in-house trainings

Our Strategy

Responding to Stakeholder Concerns

By actively engaging in dialogue with different stakeholders, we gain valuable insights into their expectations and promptly address their key concerns. Through the use of various communication channels, we have gathered feedback from our stakeholders and turned them into tangible actions.

Core Stakeholder Groups	Key Concerns	Our Responses
Customers (Residential)	• Service reliability	• Actively worked with our vendors to improve the stability and reliability of network equipment, and teamed up with reputable partners to deliver high-quality and dependable services for customers. • Introduced a diverse range of device options that offer robust connectivity solutions to meet our customers' needs
	• Customer service	• Implemented a robust monitoring system in tandem with a dedicated customer support team to quickly address customer concerns • Strengthened our internal communication channels and empowered our Talents with comprehensive knowledge to more effectively assist customers
Customers (Enterprise)	• Network stability	• Continuously monitored our network to swiftly identify and address any faults or issues; promptly investigate any issues and take necessary measures to rectify root causes
	• Hassle-free account management	• Integrated the billing systems of our Enterprise Solutions business for better workflow efficiency and to provide customers with a streamlined invoicing experience
	• Tailor-made and proactive end-to-end services	• Proactively reviewed the needs of our customers by business segments and worked closely with our world-class service providers and specialists to provide appropriate support and solutions
Talents	• Competitive remuneration	• Actively reviewed and benchmarked our remuneration packages against industry peers to enhance ability to attract and retain Talents
	• Dynamic wellness options	• Launched MixCare Health platform in Hong Kong offering flexible options that empower Talents to embrace healthier lifestyles
Shareholders & Investors	• Decarbonisation plan	• The SBTi approved our near-term science-based emissions reduction targets
	• Board's gender diversity	• As at the time of this Report's publication, female representation among the Board of Directors was over 50%

Core Stakeholder Groups	Key Concerns	Our Responses
Suppliers & Value Chain Partners	• Timely payments	• Continued to build trust and respect by honoring commitments, meeting payment timelines, and adhering to fair and ethical business practices • Treated suppliers and partners as valued stakeholders and promptly address concerns or issues
Community & Environmental Partners	• ICT awareness and literacy of the community	• Conducted regular ICT knowledge-sharing sessions and provided pro bono cybersecurity checks for social profit organisations
	• Social impact assessment	• Conducted social impact assessment on our digital inclusion community initiatives and generated first batch of results
	• Financial impacts of climate-related risks on business	• Identified climate-related risks and opportunities, and completed our first physical and transition risk climate scenario analysis. Please refer to page 95 for detailed results
Government & Regulators	• Codes of practice	• Worked with the Office of the Communications Authority ("OFCA") and our internal stakeholders to fulfil the new requirements
	• Personal data privacy	• Maintained our Privacy Management Programme
	• Anti-spam and anti-fraud	• Worked with OFCA and the Hong Kong Police Force to support their anti-spam and anti-fraud initiatives

Materiality Assessment

Stakeholder insights play a crucial role in informing our approach to ESG matters. This valuable input helps us pinpoint the key ESG areas to prioritise. With the help of an independent consultant, we reviewed and updated our list of material issues via the following process:

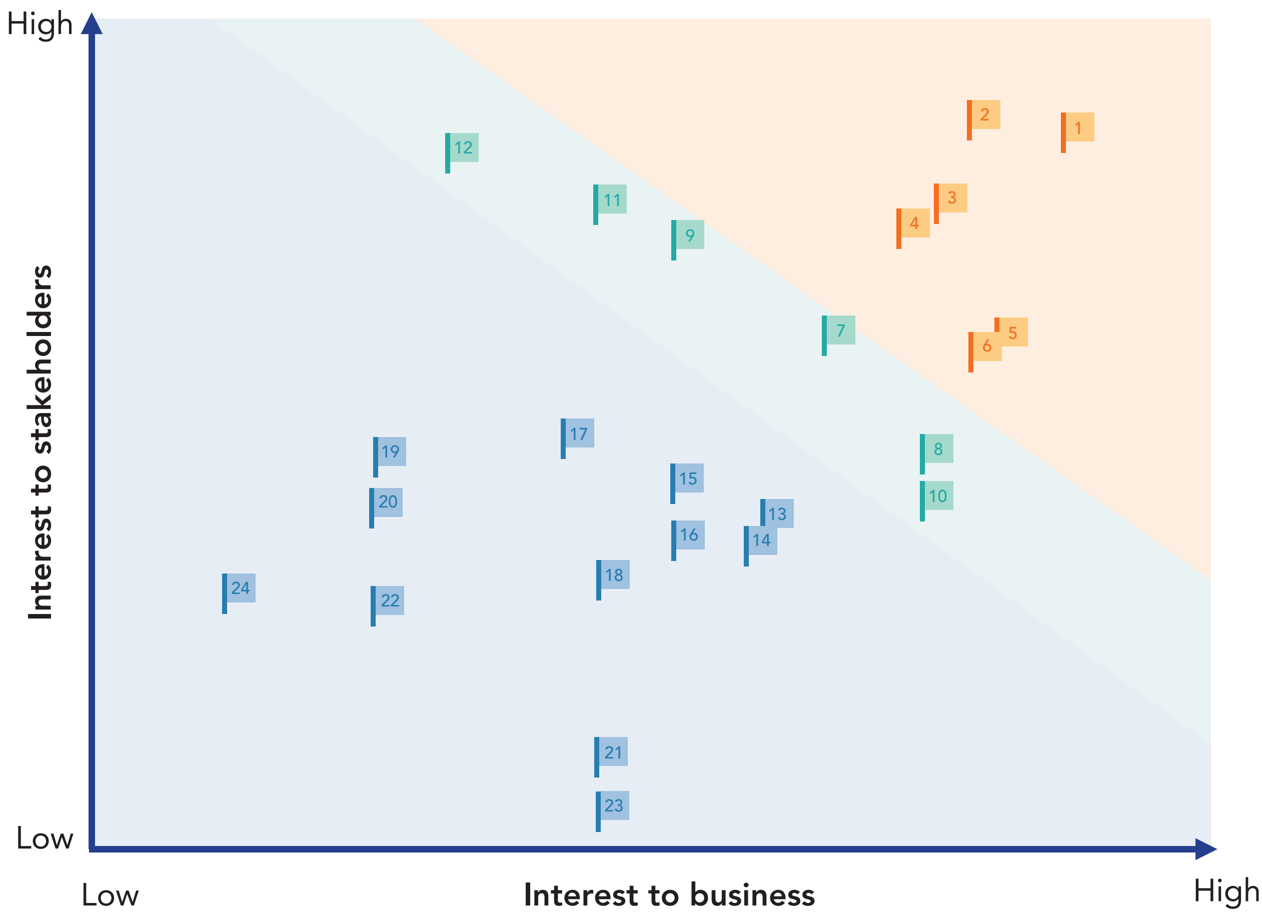
- *Identification* — A list of potentially material issues was identified by considering megatrends and sector-specific standards and guidelines related to sustainability (e.g. SASB Industry Standards for Telecommunication Services).

- *Evaluation and prioritisation* — Online surveys and interviews with key stakeholder groups (including our Talents, Board members, investors, customers, business partners, suppliers and NGO partners) were conducted to provide quantitative input for prioritising the potential list of material issues.

- *Validation* — The preliminary list of material issues was reviewed by management and adjusted where appropriate with regard to HKBN's current strategy of development.

Our Strategy

As a result of stakeholder engagements undertaken in FY24, we believe that the below materiality assessments are in alignment with our present circumstances, and hence, retain their relevance. The following are our material issues:



Tier 1 — Top Priority	Tier 2 — Second Priority	Tier 3 — Low Priority
1. Customer service satisfaction	**7.** Talent communication and feedback	**13.** Anti-corruption and business integrity
2. Customer data privacy	**8.** Climate action	**14.** Enable LIFE-work priority
3. Service reliability	**9.** Service coverage and affordability	**15.** Succession planning
4. Align Talent interests	**10.** Collaboration with business partners	**16.** Diversity and inclusion
5. Service innovation	**11.** Talent development	**17.** Technology for good
6. Cybersecurity	**12.** Fairly rewarded remuneration	**18.** Board effectiveness
		19. Encourage Talent volunteering
		20. Operational efficiency
		21. Supplier ESG management
		22. Procurement process
		23. Anti-competitive behaviour
		24. Waste management

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%

Key Financial and Operational Summary

	For the year ended		
	31 August 2024	31 August 2023	**Change YoY**
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.

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.

Management Discussion and Analysis

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.

Adjusted Free Cash Flow ("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.

Management Discussion and Analysis

In Enterprise Solutions:

- With Aegis Intelligence and AegisConnect 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).

Management Discussion and Analysis

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.

The Board is pleased to present their report for the year ended 31 August 2024.

Principal Activities

HKBN Ltd. (the "Company", together with its subsidiaries, the "Group") is an investment holding company. Headquartered in Hong Kong with operations spanning across Hong Kong, Macao and mainland China, the Group is a leading integrated telecom and technology solutions provider. Operating through three core brands, Hong Kong Broadband Network, HKBN Enterprise Solutions and HKBN JOS, the Group offers a comprehensive range of solutions that include broadband, data connectivity, cloud and data centre, managed Wi-Fi, business continuity services, system integration, cybersecurity, mobile services, roaming solutions, digital solutions, voice and collaboration, stationery and supplies that are cumulative to our one-stop-shop offering of Transformation as a Service (TaaS) and OTT entertainment.

Business Review

A fair review of the Group's business and a discussion and analysis of the Group's performance as required under Schedule 5 to the Companies Ordinance (Cap. 622) are set out in the chapter headed "Management Discussion and Analysis" on pages 32 to 36 of this Report.

All the following discussions form part of the Report of the Directors:

(1) Principal Risks and Uncertainties (pages 131 to 136)

(2) Future Development in the Group's Business (pages 33 to 34)

(3) Analysis Using Financial Key Performance Indicators (pages 29 to 36)

(4) Environmental Policies and Performance (pages 85 to 102)

(5) Relationship with Employees (pages 62 to 74)

(6) Relationship with Customers (pages 103 to 113)

(7) Relationship with Suppliers (pages 113 to 115)

(8) Important Events Affecting the Group

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

(9) Compliance with Applicable Laws and Regulations which have a Significant Impact on the Group

To ensure that the Group complies with relevant laws and regulations, the Group continuously reviews its practices to keep up to date with the latest developments in regard to all relevant laws and regulations. The Group and its activities are subject to requirements under various laws and regulations. These include, among others, Telecommunications Ordinance (Cap. 106), Trade Descriptions Ordinance (Cap. 362), Personal Data (Privacy) Ordinance (Cap. 486), Unsolicited Electronic Messages Ordinance (Cap. 593), Competition Ordinance (Cap. 619), Employment Ordinance (Cap. 57) and the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company seeks to ensure compliance with these requirements through various measures such as internal controls and approval procedures and appropriate in-house trainings provided to different units within the Group. We place a high value on ensuring adherence to applicable legal and regulatory standards.

Telecommunications Ordinance ("TO")

As licensees under the TO, the Group is required to operate in compliance with the TO and licence conditions including providing satisfactory level of service, ensure interconnection with other telecommunications networks and sharing of facilities owned by them. If licensees fail to comply with the TO or relevant licence conditions, fines may be imposed by the Communications Authority.

Trade Descriptions Ordinance ("TDO")

False trade descriptions of goods and services, misleading omissions, bait advertising, etc., are prohibited under the TDO. If any of the aforesaid offences are committed, it may result in criminal prosecution and fine and imprisonment may be imposed. To ensure compliance with the TDO, all sales and marketing materials are reviewed to ensure compliance and refresher training sessions are provided to sales and marketing units from time to time.

Personal Data Privacy Ordinance ("PDPO")

The Group's collection, retention, processing or use of personal data in its ordinary course of business must comply with relevant requirements of PDPO. In order to comply with PDPO, security measures were implemented, training sessions and meetings with relevant business and operation units were held, to ensure that the Group is securely equipped and compliant with the law.

Competition Ordinance ("CO")

Under the CO, agreements or concerted practices between undertakings that have the object or effect of preventing, restricting or distorting competition in Hong Kong are prohibited. Likewise, an undertaking that has a substantial degree of market power is also prohibited from abusing its power through engaging in conduct that has the object or effect of preventing, restricting or distorting competition in Hong Kong. Furthermore, our key subsidiaries, as telecommunications carrier licensees, are subject to the merger rule under the CO which prohibits mergers between businesses which substantially lessen competition in Hong Kong. Failure to comply with these competition rules could result in the Competition Tribunal imposing a fine and disqualification of Directors. A compliance guideline manual was prepared for Talents involved with sales, marketing, business tenders, pricing, contracts and strategy formation.

Consolidated Financial Statements

The financial performance of the Group for the year ended 31 August 2024 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 146 to 233 of this Report.

Recommended 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 annual general meeting of the Company (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.

Share Capital

Details of the movements in share capital of the Company during the year ended 31 August 2024 are set out in note 28 to the "Notes to the Financial Statements". No Company shares were issued during the year ended 31 August 2024.

Financial Summary

A summary of the results and of the assets, equity and liabilities of the Group for the last five financial years is set out on pages 234 and 235 of this Report.

Distributable Reserves

As at 31 August 2024, the Company's reserves available for distribution to shareholders were $4,802,950,000 (2023: $4,870,698,000).

Bank Loan

Particulars of bank loan of the Group as at 31 August 2024 are set out in note 20 to the "Notes to the Financial Statements".

Donations

During the year ended 31 August 2024, the Group did not make any charitable and other donations (2023: Nil).

Report of the Directors

Directors

The Directors of the Company during the year ended 31 August 2024 and up to the date of this Report are:

Position	Name	Date of Appointment	Date of Cessation
Chairman and Independent Non-executive Director	Mr. Bradley Jay HORWITZ	6 February 2015	–
Executive Directors	Mr. Chu Kwong YEUNG	15 December 2014	–
	Mr. Ni Quiaque LAI	15 December 2014	28 February 2024
Non-executive Directors	Ms. Shengping YU	14 December 2021	–
	Mr. Liyang ZHANG	15 June 2023	–
	Mr. Agus TANDIONO	14 December 2021	13 September 2023
Independent Non-executive Directors	Ms. Ming Ming Anna CHEUNG	13 September 2023	–
	Ms. Cordelia CHUNG	15 December 2023	–
	Ms. Kit Yi Kitty CHUNG	13 September 2023	–
	Mr. Stanley CHOW	6 February 2015	15 December 2023
	Mr. Yee Kwan Quinn LAW	6 February 2015	15 December 2023
	Ms. Edith Manling NGAN	1 September 2022	13 September 2023

A full list of names of the directors of the Group's subsidiaries can be found in the Company's website at www.hkbnltd.net under "Our Story/Corporate Governance".

Update on Directors' Information under Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, there was no change in information of the Directors since the publication of the Company's 2024 interim report.

Confirmation of Independence from Independent Non-executive Directors

The Company has received a written confirmation of independence from each Independent Non-executive Director pursuant to Rule 3.13 of the Listing Rules which has been reviewed by the Nomination Committee. Both the Nomination Committee and the Board consider all Independent Non-executive Directors to be independent during the year ended 31 August 2024 and that they remain so as at the date of this Report.

Directors' Service Contracts

None of the Directors proposed for re-election at the 2024 annual general meeting of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Interests in Competing Business

None of the Directors are considered to have an interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the year ended 31 August 2024.

Directors' and Chief Executives' Interests in Securities

As at 31 August 2024, the Directors and chief executives of the Company had the following interests and short positions in the shares, underlying shares (in respect of positions held pursuant to equity derivatives), and debentures of the Company and its associated corporations (within the meaning of Part XV of the "Securities and Futures Ordinance" (the "SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein; or (c) were otherwise required to be notified to the Company and the Stock Exchange pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") set out in Appendix C3 of the Listing Rules:

Long Position in Shares and Underlying Shares of the Company

Director	Note	Number of issued shares held	Interests in issued shares and underlying shares held	Approximate percentage of issued shares held to the total issued share capital of the Company	Approximate percentage of interests in issued shares and underlying shares held to the total issued share capital of the Company
Mr. Bradley Jay HORWITZ	(a)	2,800,000	2,800,000	0.21%	0.21%
Mr. Chu Kwong YEUNG	(b)	29,717,212	32,477,997	2.27%	2.48%

Notes:

(a) Mr. Bradley Jay HORWITZ held 2,800,000 shares in the Company.

(b) Mr. Chu Kwong YEUNG held a total of 32,477,997 interests in the Company, including (i) 29,717,212 shares in the Company (in which 2,760,785 shares were held by the plan trustee under the amended and restated Co-Ownership Plan IV) and (ii) 2,760,785 restricted share units which were granted to him under the amended and restated Co-Ownership Plan IV.

Other than the interests disclosed above, none of the Directors, the chief executives of the Company nor their associates had any interests or short positions in any shares, underlying shares (in respect of positions held pursuant to equity derivatives) or debentures of the Company or any of its associated corporations as at 31 August 2024.

Substantial Shareholders' Interests

As at 31 August 2024, to the best knowledge of the Directors and chief executives of the Company, the following persons (other than any Directors or chief executives of the Company) were substantial shareholders, representing 5% or more of the issued share capital of the Company, who had interests in shares and underlying shares of the Company (in respect of positions held pursuant to equity derivatives) which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept under Section 336 of Part XV of the SFO:

Long Position in Shares and Underlying Shares of the Company

Name of shareholder	Note	Number of issued shares held	Interests in issued shares and underlying shares held	Approximate percentage of issued shares held to the total issued share capital of the Company	Approximate percentage of interests in issued shares and underlying shares held to the total issued share capital of the Company
Canada Pension Plan Investment Board	(a)	182,405,000	182,405,000	13.91%	13.91%
GIC Private Limited	(b)	91,913,760	91,913,760	7.01%	7.01%
TPG GP A, LLC	(c)	144,966,345	228,627,451	11.05%	17.43%
Mr. Michael ByungJu KIM	(d)	144,966,345	228,627,451	11.05%	17.43%
Mr. Bryan Byungsuk MIN	(d)	144,966,345	228,627,451	11.05%	17.43%

Notes:

(a) Canada Pension Plan Investment Board held 182,405,000 shares in the Company.

(b) GIC Private Limited held 91,913,760 shares in the Company.

(c) TPG GP A, LLC (through corporations directly and indirectly controlled by it, namely TPG Group Holdings (SBS) Advisors, LLC, TPG Group Holdings (SBS), L.P., TPG Inc., TPG GPCo, LLC, TPG Holdings II-A, LLC, TPG Operating Group II, L.P., TPG Holdings I-A, LLC, TPG Operating Group I, L.P., TPG Asia GenPar VI Advisors, Inc., TPG Asia GenPar VI, L.P., TPG Asia VI SPV GP, LLC and TPG Wireman, L.P.) was interested in the 144,966,345 issued shares and 83,661,106 underlying shares (attributable to convertible instruments) directly held by TPG Wireman, L.P.

(d) Each of Mr. Michael ByungJu KIM (through corporations directly and indirectly controlled by him, namely MBK GP III, Inc., MBK Partners GP III, L.P., MBK Partners Fund III, L.P., MBK Partners JC, L.P., Twin Holding Ltd and Twin Telecommunication Ltd) and Mr. Bryan Byungsuk MIN (through corporations directly and indirectly controlled by him, namely MBK Partners JC GP, Inc., MBK Partners JC GP, L.P., MBK Partners JC, L.P., Twin Holding Ltd and Twin Telecommunication Ltd) was interested in the 144,966,345 issued shares and 83,661,106 underlying shares (attributable to convertible instruments) directly held by Twin Holding Ltd.

Other than the interests disclosed above, the Company was not notified of any other relevant interests or short positions in the shares or underlying shares (in respect of positions held pursuant to equity derivatives) of the Company as at 31 August 2024.

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). Co-Ownership is a powerful expression of the commitment and belief our Talents have in the Group.

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 restricted share unit ("RSU") schemes held by the Company.

Co-Ownership Plan II

The Co-Ownership Plan II was adopted by the Company in 2015 as an incentive arrangement to attract, retain and motivate skilled and experienced Talents for the development of the Group. The restricted share units RSUs are acquired by the independent trustee at the cost of the Company and are held by the trustee until the end of each vesting period. The shares will be transferred to the participants upon vesting.

Purpose

The purpose of the Co-Ownership Plan II is to attract skilled and experienced Talents, to incentivise them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company, while encouraging them to be long-term holders of the Company's shares.

Participant

The Board may, at its discretion, invite any Director, director of subsidiaries of the Group or Talents who the Board considers, have contributed or will contribute to the Group to participate in the Co-Ownership Plan II. An eligible Talent will receive an invitation from the Board during the relevant invitation period, and such person will become a participant upon the acceptance of an invitation to participate in the Co-Ownership Plan II (the "CO2 Participants").

Administration

The Co-Ownership Plan II is subject to the administration of the Board and the trustee in accordance with the scheme rules and the trust deed.

Remaining life

The Co-Ownership Plan II shall be valid and effective for the period commencing on 12 March 2015 (the "Listing Date"), and will expire on the tenth anniversary thereof or such earlier date as it is terminated in accordance with the terms of the Co-Ownership Plan II.

Total number of shares available for issue

(i) The total number of shares that may underlie the RSUs granted pursuant to the Co-Ownership Plan II shall be (i) 10% of the shares in issue on the Listing Date or (ii) 10% or less of the shares in issue as at the date following the date of approval of the renewed limit (as the case may be).

In order to enable the Co-Ownership Plan II trustee to release shares to the CO2 Participants upon vesting of each RSU, the Company allotted and issued, on the Listing Date, by way of capitalisation issue 5,666,666 shares to the Co-Ownership Plan II trustee. Such shares represented approximately 0.43% of the total issued share capital of the Company as at 31 August 2024. The Co-Ownership Plan II trustee will hold such shares on trust until their release to the CO2 Participants upon vesting of the RSUs and the termination of the scheme.

(ii) Since its commencement date of the Co-Ownership Plan II and up to the date of this Report, a total of 5,251,862 award shares have been granted under the Co-Ownership Plan II. The total number of shares available for future grant under Co-Ownership Plan II is 414,804 shares, representing approximately 0.03% of the total number of issued shares as at 31 August 2024.

(iii) As there is no CO2 Participant under the Co-Ownership Plan II, no shares would be granted under the scheme as at the date of this Report.

Maximum entitlement

The Co-Ownership Plan II has a matching ratio of 7:3 (i.e. 3 RSUs would be granted for every 7 purchased shares). The maximum investment amount is limited to one year of the annual compensation package of each CO2 Participant.

Time of exercising RSU

Not applicable.

Vesting period and condition

The CO2 Participants shall be entitled to receive the awarded shares vested in him/her in accordance with the vesting schedule and the vesting conditions specified by the Board. The vesting schedule would be 25%-25%-50% upon each anniversary over 3 years after the date of grant.

Consideration on acceptance of RSU

No consideration.

Basis of determining the purchase price of shares awarded

Not applicable.

Voting, dividend, transfer and other rights

The RSUs do not carry any right to vote at general meetings of the Company, or any dividend, transfer or other rights (the award shares underlying the RSUs granted including those arising on the winding-up of the Company) is attached to the RSUs. No grantee shall enjoy any of the rights of a shareholder by virtue of the grant of an RSU pursuant to the Co-Ownership Plan II, unless and until the legal and beneficial title of the award share underlying the RSU have been allotted and issued to the grantee.

Movement of RSU

No RSUs were granted, cancelled, vested and lapsed, and accordingly, no new shares were allotted and issued during the year ended 31 August 2024. The number of award shares available for grant under the scheme mandate limit of the Co-Ownership Plan II remained at 414,804 shares as at 31 August 2024.

Since its commencement date and up to the date of this Report, the number of shares that have been issued in respect of the awards granted under the Co-Ownership Plan II was 5,251,862 shares, representing 0.40% of the weighted average number of shares in issue as at 31 August 2024.

Co-Ownership Plan III Plus

The Co-Ownership Plan III Plus was a replacement of Co-Ownership Plan III which was adopted by the Company on 4 September 2019 by reasons of (i) the occurrence of the acquisition of the entire issued share capital of WTT Holding Corp by Metropolitan Light Company Limited, a direct wholly-owned subsidiary of the Company, on 30 April 2019 (the "WTT Merger") and that the aspirational target of the adjusted available cash per share for distribution is different for the enlarged group after the WTT Merger and (ii) no grant of restricted share unit had been made under the plan since its adoption.

As the cumulative adjusted available cash per share for distribution achieved by the Company was below the minimum level of $2.53 over the 2019, 2020 and 2021 financial years of the Company, therefore no RSUs were granted, forfeited, vested and accordingly, no new shares were allotted and issued before the expiration of the scheme in October 2023.

Purpose

The purposes of the Co-Ownership Plan III Plus were to (i) incentivise skilled and experienced Talents to remain with the Group and to motivate them to strive for the future development and expansion of the Group in order to create value to the shareholders, by providing them with a co-investment opportunity to acquire equity interests in the Company according to the purchase priority, while encouraging them to be long term holders of the shares; and (ii) make contributions to the charitable fund which had been set up for the purpose of supporting charitable projects or charitable or not-for-profit organisations for the better of Hong Kong (but not limited to Hong Kong), and was designed to immerse Talents in a variety of corporate social investment projects to create long-term value for Hong Kong and elsewhere and to support the Company's core purpose of "Make our Hong Kong a better place to live". It was intended that the charitable fund would grow together with the overall performance of the Group.

Participant

The eligible Talent who is entitled to participate in the Co-Ownership Plan III Plus include: (i) any Executive Director of the Company, or any Talent or consultant of the Company or any member of the Group that is of point 3 grade or above and whose probation period (if applicable) had expired and who had not given a notice of resignation to any member of the Group or who had not been given a notice of termination of employment by any member of the Group would be an eligible Talent receiving an invitation from the Board during the relevant invitation period, and such person would become a participant upon the acceptance of an invitation to participate in the Co-Ownership Plan III Plus in accordance with the terms of the Co-Ownership Plan III Plus.

Administration

Co-Ownership Plan III Plus was subject to the administration of the Board and the trustee in accordance with the scheme rules and the trust deed.

Remaining life
Co-Ownership Plan III Plus was valid and effective for a period of 4 years commencing on 18 October 2019 and expired in October 2023.

Total number of shares available for issue

(i) The total maximum number of shares that might underlie the RSUs to be granted pursuant to Co-Ownership Plan III Plus was 44,367,647 shares, being 3.0% of the shares in issue on the day of the general meeting of the Company approving Co-Ownership Plan III Plus.

(ii) Since the commencement of Co-Ownership Plan III Plus, no RSUs were granted under this plan.

(iii) As Co-Ownership Plan III Plus expired in October 2023, no shares (0% of the issued shares) would be available for issue under this plan as at the date of this Report.

Maximum entitlement
The maximum entitlement was 1.33 RSU (representing a conditional entitlement to 1.33 award shares) for every-one purchased share.

The maximum number of shares available for purchase by all participants (excluding the charitable fund) under Co-Ownership Plan III Plus shall not at any time exceed the limit calculated in accordance with the scheme rules of Co-Ownership Plan III Plus and after deducting 5,320,000 shares reserved for making award to the charitable fund.

Time of exercising RSU
Not applicable.

Vesting period and condition
Vesting of an RSU was conditional upon the following conditions being satisfied:

(i) the arithmetic average of the closing share price of the shares for each of the 60 trading days of the Stock Exchange which immediately precedes the vesting date should be greater than $9.27; and

(ii) the cumulative capital expenditure of the Group during the 2019, 2020 and 2021 financial years should be not less than $1,600,000,000 (provided that the annual capital expenditure of the Group during each of the 2019, 2020 and 2021 financial years should be not less than $400,000,000), provided that the capital expenditure for the 2019 financial year shall be the aggregate of the capital expenditures of HKBN Ltd. and WTT Holding Corp as separate companies prior to the consolidation of WTT Holding Corp into the Group on 30 April 2019.

Upon the vesting of one RSU, the Company shall promptly allot and issue one award share to the grantee (including the charitable fund or its custodian or nominee) under the Co-Ownership Plan III Plus. As the cumulative adjusted available cash per share for distribution achieved by the Company was below the minimum level of $2.53 over the 2019, 2020 and 2021 financial years of the Company, therefore no RSUs were granted, forfeited, vested.

Consideration on acceptance of RSU
No consideration.

Basis of determining the purchase price of shares awarded
Not applicable.

Voting, dividend, transfer and other rights
The RSUs did not carry any right to vote at general meetings of the Company, or any dividend, transfer or other rights (including those arising on the winding-up of the Company).

Movement of RSU
As the cumulative adjusted available cash per share for distribution achieved by the Company was below the minimum level of $2.53 over the 2019, 2020 and 2021 financial years of the Company, therefore no RSUs were granted, cancelled, vested and lapsed, and Co-Ownership Plan III Plus expired in October 2023.

The Amended and Restated Co-Ownership Plan IV

Co-Ownership Plan IV was originally adopted on 19 August 2021 (the "Adoption Date") to incentivise participating Talents to achieve a cumulative performance target over the 2022–2024 financial years of the Company. Due to macroeconomic downturn caused by the COVID-19 pandemic, and exacerbated by geopolitics and rising interest rates, the Company changed the company-wide performance targets from being based on adjusted free cash flow to focusing on earnings and revenue. Accordingly, the Company adopted the Amended and Restated Co-Ownership Plan IV in 2023. The commencement date of the Amended and Restated Co-Ownership Plan IV was on 11 May 2023. Details of the scheme are contained in the circular of the Company dated 6 April 2023.

Purpose
The purposes of the Amended and Restated Co-Ownership Plan IV are to (i) incentivise skilled and experienced Talents to remain with the Group and to motivate them to strive for the future development and expansion of the Group in the post COVID-19 time in order to create value for the shareholders, by providing them with a co-investment opportunity to acquire equity interests in the Company, while encouraging them to be long term holders of the Shares; and (ii) adjust the basis upon which award shares will be granted under the Amended and Restated Co-Ownership Plan IV by reference to the changing business environment and circumstances of the Company and the changing performance targets of the Company.

Participant
The eligible Talent who is entitled to participate in the Amended and Restated Co-Ownership Plan IV include: (i) Talents who were existing participants of Co-Ownership Plan IV, (ii) any Executive Director, (iii) any Talent of the Company or any member of the Group that is of point 3 grade (supervisory level or equivalent) or above and who has not given a notice of resignation to any member of the Group or who has not been given a notice of termination of employment by any member of the Group, and (iv) any individual who the Company reasonably contemplates would fall within class (iii) (provided that his/her participation is conditional upon him/her falling within class (iii) during the relevant invitation period). An eligible Talent will receive an invitation from the Board during the relevant invitation period, and such person will become a participant upon the acceptance of an invitation to participate in the Amended and Restated Co-Ownership Plan IV (the "Amended CO4 Participants").

Administration

The Amended and Restated Co-Ownership Plan IV is subject to the administration of the Board and the trustee in accordance with the scheme rules and the trust deed.

Remaining life

The Amended and Restated Co-Ownership Plan IV shall be valid and effective for the period commencing on the commencement date and expiring on the date falling 5 years from the Adoption Date or such earlier date as it is terminated in accordance with the terms of the Amended and Restated Co-Ownership Plan IV.

Total number of shares available for issue

(i) The total maximum number of shares that may underlie the RSUs to be granted pursuant to the Amended and Restated Co-Ownership Plan IV is 36,973,039 shares (being approximately 2.50% of the shares in Issue (on a fully diluted and as-converted basis) on the day of the general meeting of the Company approving the amendments and restatements of the Amended and Restated Co-Ownership Plan IV (as may be adjusted in the event of a subdivision or consolidation of the shares) (the "CO4 Scheme Mandate Limit").

(ii) Since the commencement date and up to the date of this Report, a total of 16,679,892 RSUs (entitling the grantees (the "Grantee") to receive 16,679,892 award shares) have been granted under the Amended and Restated Co-Ownership Plan IV.

(iii) During the year ended 31 August 2024, 4,283,254 RSUs had been forfeited and the number of award shares that may be issued in respect of the RSUs granted under the Amended and Restated Co-Ownership Plan IV would be 12,396,638 shares. The total number of shares available for underlying future grant of RSUs under the Amended and Restated Co-Ownership Plan IV is 24,576,401 shares, representing approximately 1.87% of the total number of issued shares as at the date of this Report.

Maximum entitlement

The maximum entitlement for the award shares is determined on a 1:1 basis. One share purchased for an Amended CO4 Participant will entitle him/her to one RSU and one RSU will potentially entitle a Grantee to receive one award share under the Amended and Restated Co-Ownership Plan IV (assuming that all of the vesting conditions are satisfied).

The total investment amount of an eligible Talent comprising of (i) the total investment value of his/her rollover shares (determined according to the average closing price per share based on the daily closing prices of the shares as quoted on the Stock Exchange for the five (5) trading days immediately preceding the commencement date) together with (ii) the new investment amount which such eligible Talent will pay for making purchases of additional shares under the Amended and Restated Co-Ownership Plan IV (in each case, if any), must in aggregate be: (A) equal to or exceed one-sixth (1/6th) of the annual remuneration package of such eligible Talent; and (B) not more than two times of the annual remuneration package of such eligible Talent.

Time of exercising RSU

Not applicable.

Vesting period and condition

On the basis that the shares purchased for and on behalf of the Grantees under the Amended and Restated Co-Ownership Plan IV are continued to be held by the plan trustee until a vesting date, vesting of RSUs granted to each Grantee should occur on each of the following vesting dates upon the satisfaction of the corresponding vesting conditions:

Vesting Date	Vesting Condition	Portion of an RSU Becoming Vested
The date which is 12 months from the date of grant after the first invitation period	(1) EBITDA for 2023 financial year is not less than hk$2,615,000,000; and (2) capital expenditure for 2023 financial year is not more than $550,000,000	0.15 (or 15%)
The date within 10 business days from the date of publication of the Company's annual results for 2024 financial year	(1) EBITDA for 2024 financial year is not less than $2,746,000,000; and (2) capital expenditure for 2023 financial year and 2024 financial year in aggregate is not more than $1,100,000,000	0.35 (or 35%)
The date within 10 business days from the date of publication of the Company's annual results for 2025 financial year	(1) EBITDA for 2025 financial year represents not less than $2,801,000,000 (being a compound annual growth rate of approximately 3.5% from the EBITDA target of $2,615,000,000 for 2023 financial year); and (2) capital expenditure for 2023 financial year, 2024 financial year and 2025 financial year in aggregate is not more than $1,650,000,000	A = 0.5 x (B–$2,801,000,000)/C A — the portion of an RSU becoming vested B — actual EBITDA for 2025 financial year and capped at $2,883,000,000 C — equals to $82,000,000, which is the difference of $2,883,000,000 and $2,801,000,000

Consideration on acceptance of RSU

No consideration.

Basis of determining the purchase price of shares awarded

Not applicable.

Voting, dividend, transfer and other rights

The RSUs do not carry any right to vote at general meetings of the Company, or any dividend, transfer or other rights (the award shares underlying the RSUs granted including those arising on the winding-up of the Company) is attached to the RSUs. No Grantee shall enjoy any of the rights of a shareholder by virtue of the grant of an RSU pursuant to the Amended and Restated Co-Ownership Plan IV, unless and until the legal and beneficial title of the award share underlying the RSU have been allotted and issued to the Grantee.

Movement of RSU

Details of the movements of the RSUs granted under the Amended and Restated Co-Ownership Plan IV during the year ended 31 August 2024 are as follows:

Participant	Date of grant	Overview of RSUs								
		Granted	Unvested as at 1 September 2023	Granted during the period	Cancelled/ forfeited during the period	Vested during the period	Lapsed during the period	Unvested as at 31 August 2024	Aggregate of number of RSUs as % to the issued share capital of the Company	Aggregate of number of RSUs as % to the CO4 Scheme Mandate Limit
Five highest paid individuals										
Chu Kwong YEUNG, Executive Director	30 August 2023	2,760,785	2,760,785	0	0	0	0	2,760,785	0.21%	7.47%
Ni Quiaque LAI, Executive Director*	30 August 2023	2,971,599	2,971,599	0	2,971,599	0	0	0	0.00%	0.00%
Three highest paid individuals	30 August 2023	789,942	789,942	0	295,275	0	0	494,667	0.04%	1.34%
Directors of the Company's subsidiaries	30 August 2023	1,184,009	1,184,009	0	0	0	0	1,184,009	0.09%	3.20%
Other Participants	30 August 2023	8,973,557	8,973,557	0	1,016,380	0	0	7,957,177	0.61%	21.52%
Total		16,679,892	16,679,892	0	4,283,254	0	0	12,396,638	0.95%	33.53%

* Mr. Ni Quiaque LAI resigned as an Executive Director of the Company on 28 February 2024.

The closing price of the shares of the Company immediately before the date on which the RSUs were granted on 30 August 2023 under the Amended and Restated Co-Ownership Plan IV was $4 per share.

The fair value of the RSUs granted on 30 August 2023 under the Amended and Restated Co-Ownership Plan IV was $0 at the date of grant. The fair value of the RSUs granted was measured based on a binomial lattice model, taking into account the terms and conditions upon which the RSUs were granted. Please refer to note 1 to the consolidated financial statements contained in this Report for the accounting policies adopted in relation to the Talents benefits which are also applicable to the Amended and Restated Co-Ownership Plan IV.

During the year ended 31 August 2024, a total of 4,283,254 RSUs were cancelled. No purchase price was applicable to the cancelled RSUs and no RSUs were granted or vested.

On 1 September 2023, the number of award shares available for grant under the scheme mandate limit of the Amended and Restated Co-Ownership Plan IV was 20,293,147 shares. On 31 August 2024, the number of award shares available for grant under the scheme mandate limit of the Amended and Restated Co-Ownership Plan IV was 24,576,401 shares.

Since the commencement date and up to 31 August 2024, the number of shares that may be issued in respect of the award shares granted under the Amended and Restated Co-Ownership Plan IV would be 12,396,638 shares, representing 0.95% of the weighted average number of shares in issue as at the date of this Report.

Directors' Rights to Acquire Shares or Debentures

Saved as disclosed in the "Restricted Share Unit Schemes" above, at no time during the year ended 31 August 2024 was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

Equity-linked Agreements

Save for the "Restricted Share Unit Schemes" as set out on pages 43 to 50 of this Report, no equity-linked agreements were entered into by the Company during the year ended 31 August 2024 or subsisted as at 31 August 2024.

Related Party Transactions

Related party transactions as disclosed in note 33 to the "Notes to the Financial Statements" did not constitute connected transaction or continuing connected transaction as defined under the Listing Rules.

Connected Transactions

During the year ended 31 August 2024, the Company did not undertake any connected transaction as defined under the Listing Rules.

Directors' Material Interests in Transactions, Arrangements or Contracts

No transaction, arrangement, or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted during the year ended 31 August 2024 or as at 31 August 2024.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 August 2024.

Major Customers and Suppliers

For the year ended 31 August 2024, the aggregate amount of revenue attributable to the Group's five largest customers were approximately 21% of the Group's total revenue and the revenue attributable to the Group's largest customer were approximately 14% of the Group's total revenue. For the year ended 31 August 2024, the aggregate amount of purchases and costs incurred attributable to the Group's five largest suppliers were approximately 35% of the Group's total purchases and costs incurred, and purchases and costs incurred from the largest supplier accounted for approximately 26% of the total purchases and costs incurred.

At no time during the year, did a Director, an associate of a Director or a shareholder of the Company, which to the knowledge of the Directors own more than 5% of the Company's issued share capital, have an interest in the share capital of any of the five largest customers or suppliers of the Group.

Report of the Directors

Subsidiaries and Joint Ventures

Details of the principal subsidiaries and joint ventures of the Group as at 31 August 2024 are set out in notes 12 and 13 to the "Notes to the Financial Statements", respectively.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 August 2024.

Pre-emptive Right

There are no provisions for pre-emptive rights under the articles of association of the Company (the "Articles"), or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Permitted Indemnity Provision

Pursuant to the Articles, Directors shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgement is given in his/her favour, or in which he/she is acquitted. The Directors and Officers Liability Insurance ("D&O Insurance") undertaken by the Company provides such indemnities to the Directors of the Company and its subsidiaries. The relevant provisions in the Articles and the D&O Insurance were in force during the year ended 31 August 2024 and as at the date of this Report.

Sufficiency of Public Float

On the basis of information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the year ended 31 August 2024 and up to the date of this Report.

Subsequent Event

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

Auditors

The financial statements have been audited by KPMG who shall retire and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

The Company has not changed its auditors since the Listing Date.

On behalf of the Board

Mr. Chu Kwong YEUNG
Executive Director
Hong Kong, 31 October 2024

Innovating for Customers

In a world shaped by change, innovation is not just a buzzword at HKBN — it is our strategic engine for winning and retaining customers. By championing customer-centricity, we deliver the latest innovations through technology, solutions, products, experiences and offerings that speak directly to our customers' needs.

Here are some examples of how we added more innovation to our offerings in FY24:

Hong Kong's First 25Gbps Broadband

In response to skyrocketing bandwidth needs, HKBN proudly partnered with Nokia to launch 25Gbps broadband services, marking a new era of connectivity and digital innovation. With the adoption of 25G PON technology, both our enterprise and residential customers now have access to ultra high-speed, low-latency broadband services that are 25–250 times faster than current standards, enabling seamless experiences with applications like Wi-Fi 8, 8K video, AI, AR, VR and beyond. For more about our 25Gbps broadband service, please go to page 58 of this Report.

Aegis Intelligence

In August 2024, we unveiled Aegis Intelligence, an advanced upgrade to our AegisInsight network performance monitoring platform. By integrating Generative Artificial Intelligence (Gen AI), Aegis Intelligence provides thorough diagnostics and actionable insights, augmenting our platform's real-time monitoring capabilities to not only analyse historical data trends but also offers proactive insights (via AI-generated weekly reports) for network improvements, expedited issue resolution, data-driven strategic planning, and more — empowering businesses to transition towards proactive network management.

"AegisInsight currently powers the needs of over a thousand companies and organisations, including notably one of Hong Kong's largest NGOs and a prestigious luxury hotel. With the introduction of our Gen AI-equipped Aegis Intelligence, we can more swiftly evaluate bandwidth allocations and performance issues, and make precise adjustments in real-time to optimise network traffic flows."

Jackal Chau
Co-Owner & Senior Vice President — Solutions and Service Delivery, Enterprise Solutions

Multi-Cloud Connect Service

Our groundbreaking Multi-Cloud Connect Service is the first end-to-end managed cloud delivery solution in Hong Kong. Designed to empower enterprises on their cloud journeys, this service integrates top-tier security, high-speed connectivity, and network visibility. In a world where 98% of global enterprises are moving towards multi-cloud strategies, our one-stop service addresses operational complexities, security risks, compliance issues, cost efficiency, and service level maintenance — from design to ongoing optimisation. Powered by HKBN's unique tri-carrier network, Multi-Cloud Connect provides direct, high-speed connectivity to all the major public clouds, guaranteeing outstanding performance and reliability for seamless cloud integration.

Innovating for Customers

Hong Kong’s First Certified Alibaba Cloud Landing Zone Partner

In March 2024, HKBNES proudly became Hong Kong's first certified Alibaba Cloud Landing Zone Partner, showcasing our growth in multi-cloud integration. This milestone reaffirms our commitment to pioneering ICT solutions like on-cloud management and IT Governance for our customers. In the fast-paced business landscape, a well-designed cloud landing zone is crucial for stability, efficiency, security, and cost optimisation during cloud transitions. As the inaugural Alibaba Cloud Landing Zone partner in Hong Kong, HKBNES leverages our expertise to empower enterprises with bespoke cloud solutions, supporting essential aspects of the Alibaba Cloud Landing Zone framework. Through our tailored services, we ensure efficient cloud navigation, enhanced collaboration, stringent security, and cost management for a seamless digital transformation journey.

“We are thrilled to certify HKBNES as our first Alibaba Cloud Landing Zone Partner in Hong Kong. With a highly successful track record of deploying multi-cloud SI for leading conglomerates, financial institutions, and the public service sectors, HKBNES is positioned at the forefront to unlock even greater possibilities from cloud architecture and multi-cloud system integration in Hong Kong and beyond.”

Leo Liu
Vice President of International Business and General Manager of North APAC Region, Alibaba Cloud

SHOP-IN-A-BOX

The perfect solution for retailers, SHOP-IN-A-BOX is an all-in-one IT solution designed to streamline connectivity, scale IT systems, enhance visibility, and provide fast technical support for retailers. In today's fast-moving retail landscape, our innovative solution simplifies equipment and operations management — even without extensive IT expertise — by delivering cutting-edge hardware, software, cloud flexibility, advanced applications, and IoT technology. By simplifying the shop management processes and ensuring operational efficiency across multiple locations, SHOP-IN-A-BOX also serves as an asset for retailers, both local and international, looking to establish or expand their presence in Hong Kong.

SHOP-IN-A-BOX provides a comprehensive suite of IT x retail management tools, including:

Smart management	**Security enhancement**
• Streamline complicated workflows with practical tools like inventory management, environmental detection IoT, and queuing signage.	• Protect valuable business assets both online and in physical stores with access control pack, CCTV, cybersecurity tools, and more.
Productivity essentials	**Efficient sales**
• Enhance collaboration among staff with reliable connectivity and communication essentials like managed Wi-Fi, personal device, collaboration and communication tool.	• Improve customer experiences with POS and payment solutions, such as self-serve kiosks and an ePayment system.

OFFICE-IN-A-BOX

OFFICE-IN-A-BOX is a comprehensive all-in-one solution designed to boost efficiency and productivity for businesses transitioning to hybrid work models. Our solution simplifies operations, fostering seamless collaboration across different work environments with advanced communication and productivity tools to empower teams to work together more effectively.

OFFICE-IN-A-BOX delivers a comprehensive infrastructure solution tailored to meet enterprise needs by focusing on four critical areas:

Meeting room and digital communications

- Enhance meeting spaces with solutions like one-touch video calling, integrated audio-visual technologies to streamline conferencing and collaboration, removing common technical barriers.

Secured data storage and backup

- Our data protection service offers enterprises with on-site backup with encrypted cloud storage for swift data recovery to reduce business downtime.

Physical security and surveillance

- Our advanced security measures include access control, alarm systems, and surveillance for round-the-clock workplace security protection.

Connectivity management and cybersecurity

- Our package delivers top-tier connectivity management and cybersecurity services, with secured remote access, network monitoring, anti-DDoS protection, and email security — all monitored by HKBNES's experts to safeguard each customer's digital environment.

HKBNCare+

In the ongoing journey of HKBNCare+, our IT-as-a-Service has once again proven instrumental in meeting the diverse needs of our enterprise clientele this year. Catering to companies lacking internal technical proficiency, HKBNCare+ offers a comprehensive range of services, spanning from office network equipment to computer support and software applications, all backed by the expertise of one of the largest professional teams in the region. This robust support empowers businesses to focus on growth while benefiting from the cost-effectiveness and flexibility of our token-based subscription model. Excitingly, in FY24, our success was underscored by the sale of nearly 40,000 tokens to small and medium enterprises (SMEs), equivalent to approximately 40,000 hours of IT services.

Fortinet Engage Partner Program

In January 2024, HKBNES made history by becoming Asia's first to achieve all seven specialisations in Fortinet's Engage Partner Program. This prestigious program enhances our capabilities to support customers in their digital transformation journey, covering crucial areas such as SD-WAN, LAN Edge & SD Branch, Data Centre, Cloud Security, Zero Trust Network Access, Operational Technology, and Security Operations. Through ongoing certification and skill development, we are now primed to deliver top-notch solutions that propel our customers towards success with greater expertise and confidence.

AegisConnect AI

In November 2023, we introduced AegisConnect AI, our enterprise connectivity solution aimed at reshaping the connectivity and security landscape for large enterprises in Hong Kong. By harnessing the power of Cortex XDR from Palo Alto Networks, a global leader in cybersecurity, AegisConnect AI proactively identifies and nullifies threats across multiple sources, delivering heightened network protection and swift threat responses.

Innovating for Customers

HKBNES Partner Night 2023

With technology a fundamental cornerstone of our ICT business, we take great pride in forging deep win-win relationships with the world's leading tech providers. In November 2023, we hosted our 2nd Annual HKBNES Partner Night, a one-of-a-kind platform created to showcase the iron-clad bond we maintain with our technology vendors, as well as recognise their support in our shared journey of growth.

Highlights of our Partner Night included:

- Unveiled HKBNES's future roadmap for delivering ICT powerhouse solutions across Hong Kong, mainland China and beyond
- We handed out awards to appreciate and recognise the excellence of our technology partners
- Connected and engaged with partners on a deeper level, enabling stronger collaborations in the future
- As innovation continues to be a key market priority, we showcased our relentless hunger for disruption and to grow alongside our partners

RUCKUS AI-Powered Managed Wi-Fi Service

This year, HKBNES partnered with RUCKUS Networks to launch our AI-powered Managed Wi-Fi service in Hong Kong, a gamechanger for the region. Delivering substantial benefits for businesses in Hong Kong, including up to a 70% reduction in Mean Time to Resolution and 60% decrease in IT Time for proactive fault prevention and seamless connectivity, our service taps into RUCKUS's expertise to transform Wi-Fi management in Hong Kong with state-of-the-art AI capabilities.

Our RUCKUS AI-powered Managed Wi-Fi service provides benefits which include:

Enhanced performance

- Our AI-driven platform dynamically adjusts to optimise for coverage, capacity, and client connections, ensuring top-notch network performance in busy settings for a consistent Wi-Fi experience.

Seamless user experiences

- Prioritising vital applications and devices through real-time traffic analysis, users enjoy stable browsing in high-traffic locations, tailoring Wi-Fi to their needs.

Simplified management

- Automation handles issue detection, diagnoses, and optimisations, streamlining network oversight. Proactive troubleshooting and self-healing for minimal downtime.

Robust security

- Advanced encryption, authentication, and threat prevention fortify the network against unauthorised access and cyber threats.

Scalability and future-proofing

- Supporting various deployment from small to large enterprises and high-density areas, like stadiums, campuses and public places, this service aligns with emerging trends and innovations, ensuring compatibility and growth.

Powerful analytics and insights

- Comprehensive analytics and reporting tools provide detailed insights into network performance, user behavior, and application usage. These insights can be leveraged for capacity planning, troubleshooting, and optimising network resources, facilitating informed decision-making.

Four-In-One Healthcare Service Plan

In a key partnership with Bowtie Life Insurance Company Limited (Bowtie), a top virtual insurer in Hong Kong, we launched an exclusive Four-In-One Healthcare Service Plan. For just $99 monthly, HKBN customers can enjoy unlimited virtual consultations, door-to-door medicine delivery, an annual health check, flu shot, and dental cleaning twice a year. With over 3.5 million Hong Kong residents lacking employer healthcare benefits, our solution represents a truly groundbreaking healthcare solution, cutting wait times and costs, offering services worth over $3,500 at an affordable price for everyone. For more about this plan, please see page 61 of this Report.

Home Insurance

This year, we forged a strategic partnership with AXA Hong Kong and Macao to offer HKBN customers a seamless combo of home broadband and home insurance coverage. Our goal is simple: to provide households with a one-stop solution for total peace of mind. Through our offerings, customers can enjoy Infinite-play options that blend home broadband with asset protection — ensuring that homes are not only connected but also fully protected. For more about our home insurance offering, please refer to page 60 of this Report.

One-stop Priority Plus Home Wi-Fi Solution

In a leap forward for managed Wi-Fi, our ongoing partnership with TP-Link has given rise to our newest offering: Priority Plus Home Wi-Fi Solution. This service combines TP-Link's Aginet network management platform with our lightning-fast 2000M fibre broadband and Wi-Fi services, all supported by our expert team. At the heart of Priority Plus lie TP-Link's Aginet routers and the sophisticated Aginet Unified Cloud system (TAUC), revolutionising monitoring and remote issue resolution. Starting at just HK$248 per month, this comprehensive package includes premium 2000M broadband, a TP-Link Aginet router, and 24/7 technical support, ensuring a stress-free Wi-Fi experience. To learn more, please go to page 61 of this Report.

N mobile Launch

Launched in December 2023, N mobile was created as a response to the changing landscape of data consumption and travel habits among consumers. Our forward-thinking brand offers an array of services and rewards tailored to meet these evolving needs, ranging from local and cross-border mobile data to customisable pricing plans and user-centric rewards. A standout feature includes the groundbreaking "use now, pay later" roaming data service, setting a new standard for on-the-go convenience. For more details about N mobile, please see page 61 of this Report.

"Hongkongers are well-known for their love of travel and leisure activities. Whether it is exploring local attractions, heading north across the border for leisure, or traveling abroad, people require stable and seamless telecommunications. N mobile brings a distinctive new experience, catering to both local and overseas needs at a single price with an array of irresistible offers from our partners."

Kenneth She
Chief Transformation Officer

Creating Opportunity: The New Era of Connectivity

Think back to the year 2004, a time when 480P videos were considered cutting-edge, YouTube had not yet launched (company founded in 2005), the iPhone was only a visionary concept, Netflix was a DVD mail-rental service, and music streaming was still in its infancy. Internet speeds, primarily delivered via dial-up, DSL, and cable services, capped at a modest 2Mbps.

As the landscape continued to evolve, HKBN emerged as a pioneer in connectivity. Leading the way, we at HKBN introduced Hong Kong's first 100Mbps service, setting a new benchmark for speed and accessibility. Continuing this momentum, in 2005, we revolutionised the industry by making HKBN the first in the world to offer one-third of total households Fibre-to-the-Home 1Gbps residential broadband service, establishing a whole new paradigm in speed and performance.

Over the past two decades, the ubiquitous adoption of high-speed Internet, ranging from 100Mbps to 1Gbps, became instrumental in propelling the digital revolution forward — and has fundamentally changed the way we live, work, and interact with the world through smartphones, video and music streaming, OTT entertainment platforms, cloud computing, the blockchain, e-banking, e-commerce, and so much more.

Since 2004

Hong Kong's first 100Mbps residential broadband

World's first 1Gbps broadband service

World's first Money-Back Dual Guarantee

June 2024

Hong Kong's first **25Gbps** Broadband Service

Powering the Future with 25Gbps Broadband

Fast forward to present-day 2024, where the Internet has now become as essential as water or electricity. Today, every household member is interconnected, and workplaces rely heavily on digital tools, demanding fast and secure Internet for seamless operations. Looking ahead, the trajectory is clear: bandwidth demands will only soar, driven by the advent of technologies like AI, VR, next-gen 8K video (and beyond) streaming, and countless others on the horizon.

Amidst this dynamic tech landscape, the need to cater to these burgeoning demands presents a significant opportunity. Enter HKBN, and once again, we've led the charge to launch Hong Kong's first 25Gbps broadband service in 2024 (with mass coverage slated for 2025). Our groundbreaking service not only represents a monumental leap in Internet speed but also marks the dawn of a new era of connectivity.

> **"Imagine an electric car with twenty-five times more range or a smartphone with 25X processing power. That's the level of enhancement our 25Gbps service brings. At HKBN, we're delivering a transformative experience tailored to meet the evolving requirements of consumers and businesses now and in the future. As Hong Kong's first with 25Gbps, HKBN has a golden opportunity to add value to win new customers as well as satisfy our existing base of residential and enterprise customers."**
>
> **William Yeung**
>
> *Co-Owner, Executive Vice-chairman and Group CEO*

For residential customers, the impact of our 25Gbps service is nothing short of revolutionary. Picture streaming ultra-clear 8K videos without a hint of buffering, downloading large files in the blink of an eye, and online gaming experiences with zero lag. Smart homes will hum with unprecedented efficiency, enhancing convenience and automation like never before. Our high-speed service will serve as a gateway to whole new paradigms of entertainment, communication, and seamless daily living.

The transformative power of 25Gbps connectivity on businesses will be equally striking. From small startups to large corporates, the enhanced speed and reliability will redefine operations across diverse industries. Teams will effortlessly collaborate in real-time, breaking down geographical barriers to drive innovation. High-capacity processes like AI, machine learning, and big data analytics will thrive, driving creativity and business expansion in ways previously unimagined.

In tandem with our 25Gbps service rollout, our leadership in cutting-edge connectivity will take centre stage, as we aggressively position HKBN as the premier destination for ultra-high-speed Internet, offering plans which start at a bare minimum of 1Gbps, and consist of options for 2.5Gbps, 10Gbps and 25Gbps — in other words, solidify HKBN as the go-to hub for GigaFast Broadband.

GigaFast Broadband™

While our industry competitors will likely remain anchored at speeds such as 100Mbps or 500Mbps, our top-tier GigaFast Broadband speeds will thrust Hong Kong into a new era, unlocking endless possibilities for consumers and businesses alike.

Infinite-play: The Convergence of Disruptive Value and Choice

In 2016, HKBN shook up Hong Kong's telco landscape with a Quad-play model that combined fibre broadband, home telephone, mobile services, and OTT offerings. This strategic move empowered our Residential Solutions customers to access a diverse range of telecom and entertainment services conveniently consolidated into a single monthly bill, enabling our subscribers to tailor preferred services for maximum value.

Today, with our Residential business maintaining a recurring billing relationship with nearly 1 million customers, or 1-in-3 households in Hong Kong, our Infinite-play strategy stands out for a wide array of highly attractive offerings whose appeal targets more than just households, but also the needs of individual household members. Under the Infinite-play umbrella, we deliver a compelling suite of services and solutions, including world-class broadband with one-stop managed Wi-Fi, innovative mobile plans, home telephone, the four major OTT platforms of Netflix, Disney+, myTV SUPER, and iQIYI, personal cybersecurity, and — newly introduced this year — home insurance and healthcare service, all aimed at redefining consumer value and boosting our Average Revenue Per User (ARPU).

Broadening Wallet Share with Insurance and Healthcare Services

This year, we rolled out comprehensive home insurance and healthcare services, tapping into a fresh market segment to better address our customers' needs.

In the home insurance arena, our partnership with AXA offers a highly practical solution. Recognising the common need to arrange new services like broadband when relocating, we now offer an added layer of protection — home insurance. This collaboration provides a compelling opportunity for customers to safeguard their homes while simplifying the process of transitioning to a new residence.

By teaming up with AXA, we've fused two essentials, home insurance and home broadband, into the ultimate home package.

As for healthcare service, picture a single package covering unlimited telemedicine consultations, medicine deliveries, dental care, and vaccination benefits. Teaming up with Bowtie Insurance, Hong Kong's first virtual insurer, we launched an affordable Four-In-One Healthcare Service Plan priced at $99 per month. This innovative offering not only redefines the boundaries of accessible wellness coverage but also sets a new benchmark for making comprehensive healthcare protection affordable to the masses.

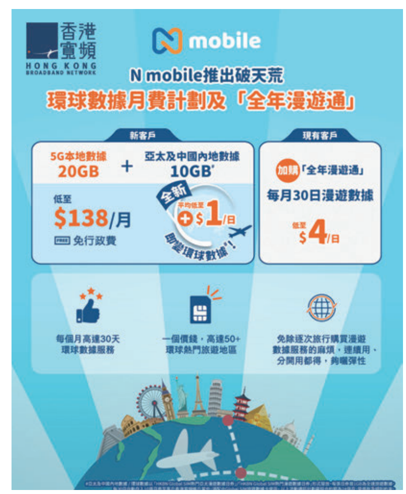
Redefining healthcare! Our Four-In-One Healthcare Service Plan delivers game-changing value with the HKBN and Bowtie dream team in action.

Pioneering Moves in Mobile

This year, HKBN introduced N mobile, a brand meticulously designed with customers at its core. Tailored to cater to travel-centric user behaviors, N mobile offers customisable 5G and 4G plans, exceptional value, and a dynamic range of user rewards — all provided at competitive prices. This innovative approach has positioned N mobile as a game-changer, reshaping the mobile services landscape.

And in response to the growing need for uninterrupted connectivity, N mobile has gone the extra mile. Through launching enhanced plans that seamlessly integrate local, mainland, and international data, we have ensured unmatched convenience for our customers, enabling them to stay connected wherever their travels take them.

What truly sets N mobile apart is the commitment to customisation. With personalised 5G and 4G plans that adapt to individual needs — whether it is tailored data packages for local usage, seamless data access in mainland China, or year-round connectivity when overseas — our service guarantees that users get exactly what they require. This level of flexibility and value is a game-changer in an industry often characterised by one-size-fits-all solutions.



Priority Plus Home Wi-Fi Solution

Wi-Fi signal interruptions, buffering delays, dropped connections, and connectivity glitches reflect the daily struggles faced by many. Enter our latest breakthrough: Priority Plus Home Wi-Fi Solution. This pioneering service not only addresses these common pain-points but also establishes a new gold standard in Wi-Fi reliability and performance. By integrating TP-Link's Aginet network management platform with our lightning-fast 2000M fibre broadband, customers now have access to a stress-free Wi-Fi experience that is not just superior but also effortlessly seamless.

At the heart of our Priority Plus service lie TP-Link's advanced Aginet routers and the cutting-edge Aginet Unified Cloud system (TAUC), which marks a paradigm shift in how Wi-Fi networks are managed. This highly intelligent system enables comprehensive monitoring and remote issue resolution, delivering exactly what every customer desires: uninterrupted connectivity and peace of mind. Moreover, our service includes round-the-clock technical support from HKBN's network experts.

TALENT CO-OWNERSHIP

At HKBN, our Talents are the driving force behind our success. Recognising them not just as staff but as integral contributors, we foster an environment and culture that nurtures the diverse backgrounds, perspectives, and skills of our teams and empowers them to achieve exceptional outcomes in an ever-evolving ICT industry landscape.

Talent Interest Alignment

Fostering a shared vision among our Talents is fundamental to HKBN's success and future. Through our Co-Ownership scheme and ESG-related special incentive programmes, we offer our Talents the option to participate in our success while fostering a deeper sense of ownership in HKBN. These "skin-in-the-game" alignment initiatives not only empower our Talents to contribute directly to our progress but also instill a shared commitment through personal financial involvement.

FY25 Goal

Achieve at least

88%

cumulative success rate in ESG-related special incentive programmes

FY24 Progress

Our senior executives linked their salaries to achieving a 14% reduction in electricity usage in FY24 compared to FY22. This target was successfully met.

Driving Continual Success through Amended Co-Ownership Plan IV

Eligible Talents have the opportunity to participate in Amended Co-Ownership Plan IV ("Amended CO4") by investing an equivalent of 2 to 24 months of their salary into HKBN shares at market price, or by rolling over their existing CO4 shares into the Amended CO4 scheme. Participants who purchase or rollover shares will be rewarded with complementary shares at a maximum 1:1 ratio after our Company achieves our yearly targets in FY23–FY25.

As at the end of 31 August 2024, the participation rate of managerial grade or above Talents was 58.4%.

Fair Remuneration to Recognise Excellence

At HKBN, we offer competitive and fair compensation packages that align with local market standards. Our Total Rewards approach includes both monetary and non-monetary benefits, as well as a broad range of non-statutory benefits, which serve to attract, motivate and retain the best Talents. All full-time Talents are entitled to discretionary performance bonuses. In addition to salary and bonus, Talents are also entitled to the Mandatory Provident Fund (retirement plan or equivalent) scheme, along with a variety of leave, insurance, health and wellness benefits.

Talent performance is appraised through a multilayered process that includes self-assessments, supervisory evaluations, review meetings, and company-wide performance calibrations. These assessments serve as a criterion from which salary reviews, bonus allocations, and promotion nominations are based upon.

Compensation packages are reviewed annually to ensure alignment with performance, contributions, and market trends.

Talent-Obsessed Engagement & Development

A happy and engaged workforce serves as a vital catalyst for enhanced productivity, loyalty, and ultimately, the success of our business. Within an ever-evolving landscape of challenges, our Talent Relations team is focussed on elevating the physical and mental well-being of our Talents, nurturing a workplace environment that champions happiness, respect and fulfilment through the following strategies:

- Creating a FUN culture for our Talents
- Providing comprehensive support for the mental well-being of our Talents
- Showing appreciation to Talents for their individual achievements and contributions

FY25 Goal

Reach an overall engagement score of

70%

favourability in our Talent Engagement Survey

FY24 Progress

Achieved an overall engagement score of

66%

"favourable" in our Talent Engagement Survey

LIFE-work Priority

While many companies are still figuring out the work-life balance puzzle, we've long flipped the script by focussing on LIFE-work Priority at HKBN. Central to our ethos is the well-being and personal lives of our Talents, as we work hard to build a supportive environment where they truly feel cherished. Here are some of the initiatives we implemented in FY24:

Starting our new chapter at The Quayside with cheers and celebrations galore!

Relocating to The Quayside

As we made the move from our KITEC office in Kowloon Bay to The Quayside in Kwun Tong, we celebrated with a housewarming party alongside WEDO Global, a social enterprise all about crafting vibrant cultural experiences that connect diverse communities. This collaboration highlights our support for social enterprises, giving them a spotlight to shine. The event was a blast, filled with lively folks, tasty treats (catering courtesy of a number of social enterprise partners), and excitement for HKBN's journey ahead.

Moreover, our housewarming also doubled as a stage for honoring our Talents with a special Tenniversary Awards ceremony, which recognised HKBNers who contributed 10, 20, 30, and even 40 incredible years of service to our Company.

Chief Happiness Officer ("CHO") programme

In our quest to amplify joy within HKBN, we've handpicked a group of Talents and groomed them into CHO ambassadors committed to fostering happiness in our workplace. This year, our 10+ CHOs organised a variety of cool activities such as yoga classes, football matches, and outdoor hikes.

Break Learn, Big Learn

A programme dedicated to delivering educational initiatives that seamlessly blend games with enriching knowledge.

VOOL Club

Our VOOL Club offers fitness activities and festive-related workshops to foster camaraderie and well-being among our Talents.

Family Day

In August 2024, over 40 families participated in our Family Day@HKBN, held simultaneously in Hong Kong and Guangzhou. Our Hong Kong event featured an office tour and a variety of engaging workshops featuring magic tricks, card-making, toy brick building, and sports activities, complemented by entertaining mini-games for children. In Guangzhou, a special drawing workshop was organised to strengthen bonds between parents and their children. Both events were a delightful blend of fun and interactive experiences, creating lasting memories for all participants.

10-second Wellness Clamp

We hosted an engaging "10-second Wellness Clamp" game for our Talents, with a variety of health products up for grabs. Additionally, we enhanced our Wellness Bazaar so that Talents can now spend their HealthCoins via our MixCare digital platform and make instant purchases on various wellness products.

Smart Working Parents Club

Our SMART Working Parents Club organised supportive activities for our working parents. Notably, our Club arranged a delightful visit to the Wong Tai Sin Fire Station, an excursion providing a supportive and engaging outing for working parents.

MixCare Wellness Bazaar

This lively and inclusive event was specially crafted to showcase the MixCare Platform and its diverse offerings. With a wide array of wellness products and services, our event provided Talents with the chance to delve into various health practices, spanning fitness, nutrition, mental health, and relaxation.

Talent Wellness

Throughout the year, our commitment remains steadfast in nurturing a workplace environment that prioritises the physical and mental well-being of our Talents.

Supporting Mental Well-being & Health Awareness

In FY24, we organised a diverse array of wellness activities tailored to bolster the physical health, mental well-being, and overall vitality of our Talents:

Mindfulness and Stress Management

- We hosted a "Take a Deep Breath" workshop, introducing the transformative benefits of deep breathing techniques to alleviate stress and cultivate a sense of peace and calm.

Health Awareness and Consultation

- Teaming up with Mannings, our "Level Up My Health" session linked our Talents with dietitians and pharmacists to receive specialised health guidance.
- Partnering with Bowtie, we introduced an "AI Hair and Scalp Check" for a quick evaluation of hair health.
- At our Centrepoint Office in Guangzhou, our "Retinal Screening — Office Health Check" provided a quick 5-minute evaluation of potential health risks.

Online Health Workshop

- We utilised annual physical reports to customise a series of webinars for our Talents in mainland China and Macao. These sessions delved into topics such as digestion, women's health, and musculoskeletal concerns, and featured expert physicians who shared invaluable knowledge and insights.

Promoting Healthier Lifestyles

As a Talent-first company, we're always looking to make HKBN a better place for HKBNers. Going beyond the traditional medical insurance route, our forward-thinking strategy equips HKBNers with the power of flexibility. Beyond mere coverage, our initiative gives Talents the freedom to pick and choose wellness perks through our new digital health platform, MixCare Health, with options ranging from fitness classes, yoga sessions, prescription eyewear and medications. Facilitated by a hyper-streamlined reimbursement system, our Talents now enjoy access to a dynamic wellness marketplace offering substantial discounts on dental care, health screenings, and more. But that's not all — our Talents also get the benefit of exclusive HKBN flash deals, access to the Wellness Bazaar and special discounts during International Women's Day.

In FY24, we stayed true to our mission of nurturing healthy and environmentally conscious lifestyles. HKBN dove headfirst into the Walk Up Jardine House challenge, a cool mash-up of physical and virtual elements. This culminated in a collective step count of 835,243, achieved through step machines placed across our offices over two weeks.

To keep the wellness vibes going, we organised a refreshing hiking escapade in collaboration with the Yama VOOL Club. Led our very own Chief Happiness Officer and hiking guru, Gary Leung, this outdoor adventure whisked our team to Lantau Island for a dose of nature's beauty and tranquility. It's all part of our ongoing drive to foster well-rounded and active lifestyles among our teams.

Rising to the Walk Up challenge, our team clinched the top spot among all corporate participants in the Virtual Race!

Talent Health and Safety

At HKBN, our commitment to the health and safety of all our Talents is paramount. In May 2024, we conducted a Safety Pulse Survey. These surveys provided us with vital feedback to improve our safety practices. Additionally, we also regularly provide safety training and other activities to our Talents and sub-contractors, ensuring we maintain a safe and supportive workplace.

We also require that a particular ratio in the tender documents is dedicated to safety during the vendor selection process to ensure the company's alignment with our safety standards is upheld.

Our occupational health and safety system is

ISO 45001

certified, which covers the Group's operations in Hong Kong

Number of fatalities: **0**

Work-related injury rate[1]: **0.57**

Lost days[2] due to work-related injury: **1,805**

1 The work-related injury rate represents the number of reported injuries per 100 full-time employees per year. It is calculated as "total number of work-related injuries multiplied by 200,000 and then divided by total hours worked." The factor 200,000 represents the annual hours worked by 100 full-time employees, based on 40 hours per week for 50 weeks a year.

2 "Lost days" is the sum total of calendar days (consecutive or otherwise) for the days on which the work-related injuries and work-related ill health occurred. For Hong Kong, a "Lost day" occurs when, in the opinion of a physician, an employee cannot work. "Lost day" is calculated based on the total of calendar days (consecutive or otherwise) starting from the lost day occurs. While for Mainland, it is calculated based on the total of calendar days (consecutive or otherwise) for the days on which the work-related injuries and work-related ill health occurred.

Open Communication with Talents

At HKBN, inclusivity is synonymous with transparent and open communication, ensuring that every Talent's voice is valued. To gauge how our Talents feel about HKBN, a Pulse Survey was conducted in September 2024, revealing some key insights. Notably, this year witnessed a rise in participation, with the response rate growing from 82% to 89% compared to FY23.

Although this year's 'favorable' engagement score experienced a slight 3% decline compared to FY23, dropping from 69% to 66%, a closer examination of our survey data reveals interesting insights. In our analysis of responses to the question "Motivated to do better," we found that the rating for this aspect remained consistent with the results from FY23. This consistency highlights the enduring drive our Talents exhibit towards success, showcasing their unwavering commitment to excellence. Looking ahead, we are determined to continue fostering HKBN's unique Talent-first culture, ensuring that HKBN continues to thrive as a supportive workplace environment.

The insights obtained from our Talent Engagement Survey have highlighted crucial areas for enhancement within our operations. In response to last year's survey, we launched a series of updates aimed at refining the customer billing experience for both our Residential and Enterprise clients. Additionally, we have expanded our offerings of Talent learning programmes on our 1-HKBN Academy platform, encompassing diverse topics like ESG, Enterprise Solutions and administration, customer service, and sales.

Life-long Talent Development

In an ever-evolving digital landscape that thrives on innovation, we champion a culture of change. Embracing the need for constant transcendence, we prioritise life-long learning and growth to equip our Talents with the skills and knowledge needed to navigate the stream of challenges amid emergent trends and advancements. Throughout FY24, we maintained the momentum by offering a diverse mix of training and development initiatives to our workforce, a selection of which is showcased below:

Type of Training/ Initiatives	Training Programmes/ Initiatives	Objective
Development programme	Be a Pioneer	Cultivate aspiring individuals for managerial roles through mission-driven design thinking by equipping them with the necessary skills and mindset to innovate effectively and seamlessly transition into leadership positions.
	Be a STAR Leader	Develop leadership skills that boost team performance for supervisory-level Talents and enhance effectiveness for individual contributors.
	Be a People's Leader	Equip our supervisory-level Talents with effective leadership skills to guide and lead teams.
	Be a Team Champion	Assist potential Talents to master team management skills, establish more efficient teamwork plans, and promote business development.
	Selfidence	Improve self-awareness and learning via various workplace soft skills like emotional management, assertiveness and communication skills.
Sales skills development	ES Sales Accelerator Training	A mandatory training initiative aimed at improving our ES Sales Talents and their skills in areas like sales pitching, learning from rejection, understanding customer psychology and much more.
	Online Learning Video for all Talents	Diversified online learning videos covers customer service, sales skills, consumer psychology, and more, providing multifaceted information that allows Talents to equip themselves with a wide array of skillsets and maintain their competitiveness.

ESG | Talent Co-Ownership

Type of Training/ Initiatives	Training Programmes/ Initiatives	Objective
ESG-related	ESG 101	Provide Talents across all regions with introductory knowledge about ESG concepts (including topics about environmental protection and diversity), our strategy, and sustainability value creation to HKBN and our stakeholders
	ESG Comics Series	Promote awareness and understanding of ESG concepts among our Talents in mainland China
Professional development	Knowledge Pop-Up Booth	Deliver online video learning with Q&A activities for Talents to practice and apply their knowledge about topics like sales skills and customer psychology.
Ethics and compliance	Annual refresher training	Refresh and enhance our Talents' knowledge on job-specific protocols for customer service, as well as for ethics covering areas like anti-bribery, anti-corruption and whistleblowing
Continuous learning sponsorship	Talent Development Sponsorship Scheme	Fully support all Talents in their learning journeys, including to pursue professional courses or certifications, or to expedite Talent development, fulfil job-specific requirements and enhance work quality

We have established mandatory onboarding training programs for all new Talents to initiate them into our Company culture and policies. These comprehensive sessions cover critical areas such as HKBN's distinctive culture and policies, fundamental IT concepts, information security, and our ESG commitments.

In FY24, we conducted a total of approximately 60,875 hours of training, with each Talent benefiting from an average of 15 hours of structured development.

Breakdown of FY24 training provided:

Gender

Male

97.69%

15.36 hours per Talent

Female

97.91%

15.48 hours per Talent

Employee grading

Managerial-or-above Talents

94.85%

7.44 hours per Talent

Supervisory Talents

99.76%

12.07 hours per Talent

All other Talents

97.87%

16.82 hours per Talent

Summer Intern Programme 2024: Fostering Tomorrow's Leaders

Illustrating our commitment to cultivating the next generation of leaders, we enthusiastically welcomed five Summer Interns to HKBN. Kicking off an exciting summer adventure, these interns not only soaked in valuable career know-how but also sharpened their professional skillsets and teamwork abilities by diving headfirst into a variety of challenging projects. It was a joy to witness their growth from fresh recruits to confident leaders.

Beyond their regular tasks, our interns got a special treat — a chance to mix it up with interns from one of our business partners. In this lively exchange held in our office at The Quayside, our leaders Danny Sze, Vice President-Solutions and Service Delivery, and Alvin Chun, Assistant Vice President of Sales Engineering, shared their personal insights on fostering innovation. The session dived deep into our purpose and culture, sparking a fire in the interns to think big and envision boundless possibilities in their future career journeys.

Meet our 2024 Summer Interns: (from left) Rex Shui, Ryan Chan, Chloe Ip, Jiaqi Sun and Kimmy Man.

Diversity & Inclusion

At HKBN, we foster a culture rooted in respect and inclusivity that cherishes Talents for their unique strengths and contributions. By putting diversity and inclusivity front and center, we tap into a rich pool of talent, building powerhouse teams that shake things up and leave a meaningful impact.

FY25 Goal

Enhance female representation in **technical** roles to

27% or above[1]

FY24 Progress

Reached

25.7%

of female representation in **technical** roles

Building a Diverse Workforce

Fostering diversity within our team is pivotal to our strategy of maintaining a competitive advantage in today's challenging market landscape. To this end, we have put significant emphasis on enhancing our Talent acquisition and retention efforts, with a focus on championing diversity and positioning HKBN as top employer of choice.

The Management Committee and senior executive team hold overarching responsibility for overseeing and maintaining accountability in the development of our workforce diversity efforts. These initiatives are put into action by our Talent Engagement team, which routinely reports on their advancement to the Management Committee and senior executive teams, keeping our leadership abreast of developments and enabling informed strategic direction. Our aim is to surpass conventional standards by introducing programmes that foster gender diversity, ultimately cultivating a resilient and varied Talent pool. In FY24, we proudly achieved a 25.7% rate of female representation among our technical roles.

HKBN Women's Network, launched in 2022, serves as a dynamic support system empowering our female Talents. Our platform offers a space for sharing experiences, fostering connections, and amplifying their voices and perspectives.

In our pursuit to attract Talents from diverse backgrounds, we actively participate in recruitment events and collaborate with universities, secondary schools, and NGOs to expand our talent pool.

[1] This target was revised from 18% to 27% due to a refinement of the definition of technical roles.

Total workforce by gender:

Male	Female
63.5%	36.5%
2,453	1,410

Total workforce by employment type:

Full Time	Part Time	Contract
97%	1%	2%
3,863	35	89

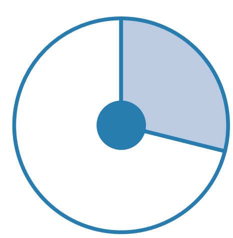
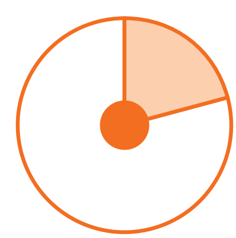
Total workforce by age group*:

≤30	31-50	>50
15%	71%	14%
586	2,722	555

Total workforce by geographical location*:

Hong Kong	Macao	Mainland China
56%	1%	43%
2,160	42	1,661

Employee turnover rate by gender*

Male	Female
	
29%	21%

Employee turnover rate by age group*

≤30	31-50	≥50
41%	23%	22%

Employee turnover rate by geographical location*:

Hong Kong	Macao	Mainland China
30%	13%	21%

* Calculation based solely on full-time Talents

ESG | Talent Co-Ownership

Respect for Human Rights and Labour Practices

As stated in our Talent Handbook, we are committed to upholding all internationally recognised human rights in line with the principles and guidance outlined in the United Nations Guiding Principles on Business and Human Rights, the International Bill of Human Rights, and the International Labour Organization's ("ILO") Declaration on Fundamental Principles and Rights at Work.

Workplace Diversity and Prevention of Harassment & Discrimination

HKBN is an equal opportunity employer that prohibits discrimination and harassment of any kind. By embracing diversity in the workplace, we uphold the principle of equal employment opportunities for all staff members and strive to offer a work environment that is devoid of discrimination and harassment. All employment decisions at HKBN are based on business needs, occupational requirements and individual qualifications, without regard to race, religion, colour, cultural background, politics, national origin, gender, sexual orientation, gender identity, gender expression, age, status as a protected veteran, status as an individual with a disability, or any other applicable legally protected characteristics. We strive to foster a professional and inclusive environment where all Talents are respected, valued and enabled to thrive. We treat all acts of discrimination seriously and will not tolerate any forms of discrimination.

Whenever Talents suspect they are being discriminated or suspect other Talents of violating the above policies, complaints can be made directly to a department head or head of Talent Engagement team. If the complaint is found valid after investigation, disciplinary actions will be taken, including summary dismissal without notice or payment in lieu of notice.

Prevention of Forced Labour and Protection of Children

Our Company strictly forbids forced labour and child labour, which also extends to our suppliers as specified in our Supplier Code of Conduct. We only employ young Talents in accordance with the Employment of Children Regulations and the Employment of Young Persons (Industry) Regulations. We treat all illegal employment seriously and will not tolerate such acts.

Freedom of Association and Collective Bargaining

We respect our Talent's freedom to negotiate with the Company in regards to their working conditions. We observe the right of association, and respect our Talents' freedom to form or join trade unions or labour unions in accordance with local laws. There is no labour union organised in Hong Kong and overseas offices, but employees do have direct access with HKBN management.

Talent Transition and Retirement Planning

We understand the importance of social responsibility during an organisational restructuring. For Talents approaching retirement age, we encourage open discussions with the department head and our Talent Management team to explore options and plans for retirement. When necessary, we also offer post-retirement arrangements, such helping our Talents transition from full-time to contract or part-time employment. In the case of major team restructurings or merger activities, our Talent Engagement team provides departing Talents with additional support, including outplacement and career transition services, employee assistance programmes, resume workshops, and assistance with medical insurance conversion, and more.

TECHNOLOGY
FOR GOOD

ESG | Technology for Good

As a transformative force, technology has the power to improve everything we do. Mindful of this, HKBN's goal is clear: responsibly leverage our technology capabilities to drive positive change for communities and the environment — and engender a more inclusive, interconnected world that benefits both present and future generations.

ESG Enabler

We fully recognise that one company alone cannot do it all. That's why we're passionate about being an ESG champion, not just for ourselves, but also outside of HKBN — whether they're our enterprise customers, social profit organisations, or even our suppliers and partners. With our expertise in ICT and massive scale, we're on a mission to spark innovation and provide tailored solutions that enable these stakeholders to drive forward their sustainability aspirations and initiatives.

FY25 Goal

Launch new ESG-themed solutions every year

FY24 Progress

Launched Aegis Intelligence, an upgrade to our AegisInsight network performance monitoring platform, to bolster cybersecurity, enhancing governance and risk mitigation

Market-ready ESG Solutions

In our ongoing commitment to align our business with ESG objectives, we are working diligently to introduce innovative solutions that can help enterprise customers achieve a balance between operational efficiency, business goals and sustainability. Our solutions not only serve to boost performance and productivity for their organisations but also foster positive impacts in areas like environmental sustainability and governance via bolstered cybersecurity.

Aegis Intelligence

Amid a landscape fraught with escalating cybersecurity threats touching every industry and sector, this year we introduced Aegis Intelligence — a groundbreaking upgrade to our AegisInsight network performance monitoring platform. Powered by Generative Artificial Intelligence (Gen AI), Aegis Intelligence offers in-depth analysis, vital diagnostics, and actionable insights aimed at refining infrastructure planning and proactive cybersecurity defenses.

Within a commitment framework of fortifying customer resilience and sustainability, Aegis Intelligence will play a role in enhancing risk mitigation and compliance. By championing enhanced governance, our solution serves as a shield, helping enterprise customers safeguard the interests of their company, as well as the data of customers, partners, investors and others. For more about Aegis Intelligence, please go to page 53 of this Report.

ESG Solutions Outlook

As we move forward into FY25, a primary focus will be to help customers achieve their ESG and sustainability objectives by leveraging our expertise in critical areas such as cybersecurity and networking infrastructure. We plan to implement the following strategies to make a meaningful impact:

Infrastructure Deployment

Collaborating with our vendor partners, we will integrate sustainability into our infrastructure solutions through virtualisation to minimise hardware usage. Our approach will emphasise hardware upgrades that align with the principles of refresh, reuse, and recycle, as advised by our HKBNES team, to help clients reduce electricity consumption and waste over the long term.

Cloud Migration

We will intensify efforts to facilitate the transition of enterprise clients' on-premises infrastructure to cloud-based platforms. By capitalising on reduced hardware and power consumption, this shift will yield substantial energy savings in the long run.

Cybersecurity

With our leadership in diversified cybersecurity solutions, we will deploy tailored security platforms to shield enterprise customers from emerging security threats. By addressing multi-vector denial of service attacks that jeopardise critical infrastructure, our solutions aim to elevate each customer's security standards, governance, and risk mitigation.

Digital Inclusion for our Communities

In today's fast-paced digital world, a stark disparity has surfaced between individuals possessing tech skills and access and those lacking these crucial resources. As leaders in ICT, we're on a mission to use our strengths to bridge this digital divide within our communities. Our multifaceted approach focuses on nurturing digital literacy, promoting awareness of cyber wellness, educating our communities, and eliminating the barriers to digital access.

Rather importantly, to enhance the efficacy of our Corporate Social Investment ("CSI") endeavors and maximise their impacts, we are actively exploring new metrics that will yield more precise insights into the effectiveness of our digital inclusion initiatives.

Fostering Sustainable and Inclusive Development

Being a purpose-driven organisation means we strive to provide accessible and reliable services while championing digital inclusion for everyone, with a special focus on groups like the elderly, youth, individuals with disabilities, and low-income households. Our commitment to this cause is materially demonstrated through the deployment of our corporate resources and the expertise of our diverse Talent-force.

With the implementation of our HKBN CSI Theory of Change ("TOC") established last year, we have started to systematically measure the impact of our CSI efforts starting from FY24. This strategic approach will allow us to identify key areas that are ripe for enhancement, and improves our capacity to better uplift and support our communities.

FY25 Goal	FY24 Progress
Conduct social impact assessments for all digital inclusion community initiatives	Conducted social impact assessment on our digital inclusion community initiatives and generated first batch of results

HKBN CSI THEORY OF CHANGE

Core Purpose

Make our Home a Better Place to Live

Goal

Improve digital inclusion for our communities

Impact

Access	Skills		Use
Reduce the obstacles that prevent marginalised groups and SPOs from accessing technology	Improve marginalised groups' quality of life and capability by helping them apply ICT skills	Improve SPOs' efficiency and work quality by helping them apply ICT skills	Help marginalised groups and SPOs use technology in safer and healthier ways

Outcomes

Access	Skills		Use
• Marginalised groups gain improved access to the Internet and ICT devices • SPOs enhance their access to the Internet, and address the shortage of IT expertise	Marginalised groups see improvements in social connectivity, leading to greater economic and education possibilities	SPOs improve their IT project management skills, leading to more efficient service delivery	• Marginalised groups develop a better understanding of how to use technology with cyber wellness and safety in mind • SPOs improve their cybersecurity governance, best practices and knowledge

Quantifying Impact of Digital Inclusion Initiatives

Building upon our Theory of Change framework, we have identified our priorities for FY24. These include promoting the safe and healthy use of technology among marginalised communities, fortifying cybersecurity for social profit organisations (SPOs), and enhancing accessibility to ICT devices for underserved groups. In tandem with ongoing programmes aimed at achieving the aforementioned outcomes, we have introduced fresh initiatives and activities to amplify our societal impact. Concurrently, we have integrated impact assessment tools into specific initiatives to better monitor and evaluate their impacts.

In collaboration with an independent consultant, we have deployed customised quantitative data collection tools tailored to our impact initiatives, enabling us to gather comprehensive data for robust monitoring. In FY24, we conducted five impact assessment exercises to evaluate our tailored solutions. Alongside quantitative data, we engaged participants in informal settings to collect qualitative insights, enriching our understanding of the potential impacts of our social initiatives and identify areas for improvement.

In FY24, HKBN CSI organised various initiatives in a range of formats targeting SPOs and marginalised groups in the community in light of increasing social awareness about cyber security. Overall, over 80% of participants agreed that HKBN CSI's initiatives increased their awareness of information safety among over 900 beneficiaries. Notably, over 80% of teenagers shared that they are more confident in identifying cyber security risks than before.

Our effort to strengthen SPOs' preparedness to identify and mitigate cyber risks through HKBN SPO IT Club has proven productive. Our Phishing E-mail Drills have resulted in 100% of SPOs agreeing that their staff's cybersecurity education has improved. In addition to immediately raising awareness of cybersecurity among SPOs, the findings serve as a valuable guide for HKBN to understand the potential gap in cyber awareness among SPOs.

100% **of SPOs**

agreed that their staff's cybersecurity education has improved after the phishing e-mail drills

Elevating SPO Cybersecurity Awareness

As part of our ongoing efforts to narrow the digital gap, we are making technology and expert knowledge more accessible to SPOs through our complimentary HKBN SPO IT Club. Open to all SPOs in Hong Kong, our Club organises a diverse array of year-round activities aimed at bolstering digital access, skills, and safety practices across the SPO sector.

Key achievements of FY24 include:

Phishing Email Drills

In February 2024, we joined forces with Green Radar, a cybersecurity and innovation firm, to conduct complimentary phishing email drills for around 10,000 personnel of ten SPOs in Hong Kong. Our primary aim was to enhance the readiness of SPOs by arming them with the skills to detect and counter risks posed by malicious actors. The outcomes of these drills unveiled a significant vulnerability among employees across all ten SPOs.

Alarmingly, about 10.7% of the 10,000 personnel failed to recognise phishing emails, nearly doubling the global average failure rate of 5.5%* for non-profit organisations. Furthermore, 43.6% of those employees succumbed to spam links, jeopardising sensitive personal information. These statistics underscore the critical need for heightened awareness within the Hong Kong SPO sector. These insights will play a pivotal role in enhancing the effectiveness of our forthcoming engagement and empowerment initiatives — particularly through our HKBN SPO IT Club.

This year, we enhanced cyber awareness for SPOs who serve our communities. (Pictured from left) Wilson Tang, our Co-Owner and Chief Information Security Officer; Dr. Wan Lap Man, Executive Director of Hong Kong Playground Association; and Li Tin Lun, Administrative Head of Hong Kong Christian Service.

The impact of our phishing email drills across 10 SPOs has been significant in highlighting the gap in cyber awareness. It will serve as a point of reference for future initiatives, allowing for comparison and impact assessments based on relevant outcomes. All participating SPOs felt more confident in identifying network risks after receiving support from HKBN. More than 80% of participating SPOs subsequently improved their staff training on network security.

* https://www.knowbe4.com/phishing-benchmarking-analysis-center

Pro-bono ICT Workshops

During FY24, our SPO IT Club arranged a range of pro-bono workshops for SPOs, covering topics such as anti-phishing, network connectivity, AI and workflow digitalisation. Additionally, we provided free IT consultations and exclusive discounts on HKBN's ICT solutions to cater to the individual needs of SPOs and enhance their resilience. 29 SPOs benefited from our initiatives in FY24.

All participating SPO management agreed that our workshops improved their knowledge and awareness regarding organisational digital transformation. Encouragingly, these workshops have increased our participants' confidence and reduced their vulnerability to online threats.

> **"Cybersecurity is critically important, but most SPOs are often constrained by budgets as they prioritise resources on operations and community care. We are grateful to HKBN for stepping up its support through this programme, which will go a long way to enhancing cybersecurity awareness and know-how in the social sector. Furthermore, we would also like to call on the industry to allocate more resources to safeguarding the personal data and interests of different stakeholders."**
>
> **Li Tin Lun**
> *Administrative Head of Hong Kong Christian Service*

Partnering with HKBN Talent CSI Fund on Promoting Safe and Healthy Use of Technology

Taking our responsibilities seriously, we strive to provide accessible and reliable services while promoting digital inclusion. In line with this objective, we continue to leverage our resources and expertise to support marginalised communities such as the elderly, youths, individuals with disabilities, and low-income households.

In FY24, HKBN continued to partner with our independently operated HKBN Talent CSI Fund ("Fund") to push for the safer use of technology. As part of this collaboration, we oversaw two flagship initiatives aimed at enhancing cyber skills among primary school students. As at the end of FY24, over 900 students, teachers, and parents participated and benefited from these programmes. Moreover, these initiatives have not only enriched educational experiences but have also led to employment opportunities for individuals from diverse backgrounds.

Cyber Wellness in the Dark

Since 2022, through a collaboration with the Dialogue In the Dark (HK) Foundation, we have been offering primary school students the "Cyber Wellness in the Dark" tour. This unique educational experience takes place in total darkness and focuses on enhancing the students' cyber skills. By imparting lessons and tips on password security, safeguarding personal information, and cultivating cyber empathy, we're equipping young minds with essential knowledge to safely navigate the online world.

ESG | Technology for Good

Dr. X's Mysterious Paint: The Internet Hunt

In 2024, our collaboration with Dyelicious introduced primary school students to the captivating "Dr. X's Mysterious Paint: The Internet Hunt" event. This interactive blend of detective games and dyeing workshops went beyond mere entertainment — it served as a creative platform to educate children about crucial cyber safety practices like protecting privacy, spotting fake news online, and more — to instil healthy online habits in young minds!

These two signature activities spanned the summer of 2024, and they significantly impacted young people in improving their awareness of cybersecurity. HKBN CSI implemented a variety of measurement tools, including post-activity quizzes and user evaluation questionnaires, to capture the impact made on the participating teenagers. 85% of participating teenagers achieved 85% or above in the quiz on cybersecurity indicating a strong increase in their level of awareness.

"Students got to understand the importance of cybersecurity while creating unique handkerchiefs. Both teachers and students have experienced a sense of joy in learning via the dyeing experience."

Miss Wong
Teacher of ELCHK Hung Hom Lutheran Primary School, a participating school of "Dr. X's Mysterious Paint: The Internet Hunt".

Narrowing Digital Divide with Technology Access

Since FY23, we expanded technology access in the remote regions of Guangdong, China by donating a cumulative total of 293 units of used computer equipment to support local primary and secondary school students. Our initiative aims to provide these students with improved access to essential tools necessary for their education.

Our impactful work is supporting both the environment and the next generation in mainland China.

Spreading our knowledge and inspiration with the young minds of Guangzhou.

Sharing Tech Skills

Since FY20, our TEENgineer (teenager + engineer) programme in Guangzhou has been doing enlightening work, arming over 120 kids with crucial IT skills alongside our IT VOOLunteers. Not only are we boosting their tech know-how, but we're also sparking their creativity and diving deep into computer science.

In FY24, **53** Talents volunteered for a total of **725** hours

TRANSFORMING BUSINESS

At HKBN, we believe that true progress is marked by our continuous transcendence towards becoming a better company — not just in a handful of areas, but across every facet of our business. From our environmental impact, data privacy or the way we solve customer complaints, to cybersecurity, customer experiences, and how we deliver fast and reliable services, improving our business and operations ensures that our impacts go further.

Climate Action

Taking action on climate change isn't just the moral thing to do — it's a must for our operations. That's why we're all in on building a greener, low-carbon future with Talents, customers, partners, and the wider communities.

FY25 Goal

Set science-based emissions reduction targets

FY24 Progress

Near-term science-based emissions reduction targets have been approved by SBTi

Our Approach to Environmental Management

Framework to reducing our environmental impact				
Guiding Principles	Global Standards SBTi, TCFD, ISO 14001		HKBN Policy & Management System	
Focus Area	Climate Action	Energy Management		Resources Management
Approach	Governance	Operational Excellence	Partnership	Awareness Building

As a Group, we maintain a thorough examination of our environmental impact and operate with an Environmental Management System ("EMS") that aligns with the ISO14001 standard. Operating procedures and guidelines within the EMS are clearly defined in our Talent handbook to address internal environmental management issues. To ensure operational efficiency and identify areas for enhancement, we conduct both internal and external environmental audits on an annual basis.

As our business continues to grow, we understand the importance of expanding our environmental efforts. For this reason, we have broadened the reach of our EMS to cover all facets of the Group's operations. This expansion includes not only our shops, central office, and data centre operations, but it also extends to the impacts that result from offering customers comprehensive solutions for their communication and network systems.

Our commitment to decarbonisation has taken a significant leap forward with intensified efforts to slash our science-based greenhouse gas emissions targets, aligning with the ambitious goals of the Paris Agreement. In FY24, our near-term science-based emission reduction targets received approval from the Science-Based Targets initiative (SBTi). To this end, we are committed to achieving a 50.65% reduction in absolute scope 1 and 2 GHG emissions by FY2030 from a FY2022 baseline. Additionally, we pledge to reduce absolute scope 3 GHG emissions stemming from purchased goods and services, as well as the use of sold products, by 25.00% within the same timeframe.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Meanwhile, we have not only met but exceeded our initial two-year goal of reducing electricity consumption by 14%, achieving an impressive 19.6% reduction in FY24 compared to FY22. This progress was methodically monitored through monthly reports submitted to our senior management.

During the reporting period, our operations remained fully compliant with environmental laws and regulations, with no substantiated cases of non-compliance recorded.

Our Environmental Targets and Progress

Target:

↓14%

electricity consumption by FY24 (vs FY22)

Progress:

↓19.6%

Preparing for a Climate-resilient Future

In our ongoing efforts to be transparent about our actions on climate change, we have proactively implemented the recommendations outlined by the Task Force on Climate-related Financial Disclosures ("TCFD"). This year, we have taken a significant stride by conducting a thorough climate scenario analysis. This analysis delves into the potential impacts of climate-related risks and opportunities. The insights derived from this analysis will allow us to refine our climate strategies and associated initiatives, positioning us to mitigate any potential adverse impacts on our operations and foster positive outcomes.

Our disclosures related to climate matters can be found in the following sections: Climate Governance, Strategy, Climate Risk Management, and Metrics and Targets. Through these disclosures, we aim to offer stakeholders a comprehensive view of our commitment to climate action and adhering to responsible and sustainable business practices.

Climate Governance

Our commitment to ESG initiatives, particularly in tackling climate change, shines through our robust three-tier ESG governance framework. The following overview highlights how our ESG governance structure addresses climate-related risks and opportunities:

The Board

- Oversee the Company's climate-related strategy and goals
- Has ultimate responsibility for overseeing climate-related risks and opportunities impacting the Group

ESG Committee

- Comprised of two independent non-executive directors and one executive director
- Review and monitor the Group's ESG strategies, policies and practices in ESG, including climate change
- Review climate-related risks and opportunities, risk management and internal control systems

ESG Task Force

- Comprised of representatives from functional departments that have responsibilities for discrete businesses, operations, and corporate functions
- Assess and manage climate-related risks and opportunities within their purview

For more information about our ESG governance, please refer to the section headed "Our Approach to ESG Governance & Management".

Strategy

In the past year, we identified and prioritised climate-related risks and opportunities by evaluating the climate impacts outlined in the TCFD recommendations, comparing our standing with industry peers, and engaging our internal stakeholders. This method ensured that our risk assessment process aligned with best practices in the industry and empowered us to focus on potential risks and opportunities, taking into account factors like impact intensity and likelihood of occurrence.

To remain abreast of evolving climate policies and industry dynamics, HKBN regularly reviews our climate risks and opportunities. After examining recent industry trends, we pinpointed the development of new products and services as a key climate-related opportunity for us. We acknowledge the ICT sector's pivotal role in aiding companies across many industries to achieve decarbonisation through the development and offering of more sustainable-minded services and offerings.

In line with our ongoing commitment, HKBN will persist in evaluating climate-related factors that could impact our operations, which would enable us to gauge our preparedness and proactively address future climate-related impacts.

List of Climate-related Risks and Opportunities Considered

(Prioritised risks and opportunities are bolded below)

Physical	Transition
Acute • **Flooding/water damage** • **Typhoon/extreme wind** • **Heatwave/extreme heat** • Landslide Chronic • **Rising mean temperatures** • Rising sea levels	Policy & Legal • **Changing climate regulations and policies** Technology • **Transition to lower emissions technology** Market • **Changing customer behaviour** • Access to new markets Reputation • Increased stakeholder concerns or negative stakeholder feedback Opportunity • **Use of new technologies/lower-emission sources of energy** • **Development of new products and services** • Move to more efficient buildings

When evaluating climate-related risks and opportunities, we have established distinct time horizons to guide our approach. Our short-term horizon, reflecting our business cycle, focuses on events that could pose risks over the next three years. Looking ahead, our medium-term horizon aligns with our financial stability goals, projecting outcomes over a five-year period. Lastly, our long-term horizon corresponds to the investment timeframes for critical assets like our networks, assessing capital expenditure across the assets' lifespans, which typically span from 5 to 25 years.

Time Horizons	Definition
Short-term	Within 3 years
Medium-term	3-5 years
Long-term	Beyond 5 years

The table below provides a concise overview of the key climate-related risks and opportunities we have identified across short, medium, and long-term timeframes, along with our strategies for managing and mitigating them:

Prioritised Climate-related Risks and Opportunities

Category	Time Horizon	Implication to HKBN	Our Mitigation Strategy
Physical Risks			
Typhoon/extreme wind	Short-term	More frequent and intense typhoons accompanied by strong winds, heavy rainfall, and storm surges can cause extensive damage to infrastructure and buildings. This will lead to increased insurance costs and disrupt operations and supply chain.	• Disaster Recovery Plan is in place, including a split office arrangement for core function teams, enabling Talents to work from alternative locations. Cross-border teams are also arranged to provide mutual support if needed. • Measures are being undertaken to enhance continuity of our Network Operations Centre by automating operations, reducing the need for on-site Talents during adverse weather conditions. • We are exploring the need to conduct risk assessments to identify suppliers in flood-prone areas, enabling the implementation of proactive measures. Furthermore, the development of contingency planning, which includes effective communication platforms and alternative supplier options, is being considered to mitigate potential adverse weather challenges.

Category	Time Horizon	Implication to HKBN	Our Mitigation Strategy
Flooding/water damage	Short-term	Heavy precipitation poses the risk of flooding and water damage, which has the potential to damage low-lying buildings and infrastructure, leading to significant disruptions in network continuity, office, retail, and warehouse operations.	• Routine preventive maintenance is conducted on our drainage systems within office premises and data centres, ensuring they are functioning properly to minimise potential issues. • Various measures are in place for efficient fault reporting and emergency response. • We are exploring the need for network deployments/developments that adopt routes with lower vulnerability to flooding, including seeking waterproof manholes and conducting a review of all hubs and Telecommunications and Broadcasting Equipment ("TBE") rooms to identify potential flooding risks for possible relocation. • Dual sourcing is implemented in procurement to reduce reliance on a single supplier in flood-prone areas, ensuring continuity of supply.
Heatwave/extreme heat	Short-term	Heatwaves drive up the demand for cooling and air conditioning, resulting in a substantial rise in energy consumption and costs. Higher temperatures can also negatively affect the performance of assets, potentially causing power outages and equipment malfunction. Prolonged exposure to extreme heat poses health and safety risks, leading to heat-related stress among Talents, increased absenteeism, and reduced productivity.	• Upgrades have been made to the chiller and air conditioning systems at our data centres using IoT API for better real-time control of zone temperatures. • Promote sustainability and employee well-being through e-learning and implementing flexible work arrangements during extreme heat waves, such as work-from-home options and flexible hours. • A comprehensive heat stress management plan is being developed which includes implementing work/rest schedules and providing personal protective equipment designed to minimise heat stress.

Category	Time Horizon	Implication to HKBN	Our Mitigation Strategy
Rising mean temperature	Long-term	Higher ambient temperatures will result in increased demand for air conditioning and cooling systems raising energy costs.	• Equipment with higher temperature tolerance and ambient heat cooling technology is being introduced to enhance heat management. • Focus on energy efficiency by exploring energy-efficient cooling systems and implementing smart monitors to control cooling demand, reducing energy costs. • User racks have been consolidated at our data centres with improved efficiency; our equipment migration from Metro Ethernet (ME) to Gigabit Passive Optical Network (GPON) reduces heat dissipation in hub and switching rooms. • An assessment of office design is being conducted to explore implementation of measures such as the use of shading devices, improved insulation and ventilation, high-reflectivity roofing materials. Our strategy is to gradually phase out less efficient equipment and materials, ensuring a systematic and sustainable approach to energy efficiency.
Transition Risks			
Changing climate regulations and policies	Medium-term	Governments are introducing different policies and regulations to drive the transition to a low carbon economy, which may lead to extra compliance costs for companies.	• We are committed to reducing our energy consumption and have achieved our target of reducing 14% of energy consumption from FY22 levels by FY24. • In FY24, our near-term science-based emission reduction targets have been validated by the SBTi. This demonstrates our commitment to further mitigate our GHG emissions in the long-run.
Transition to lower emissions technology	Medium-term	Transitioning to lower emissions technology can require significant investment in research and development, which may not pay off in the short term.	• The implementation of Energy Performance Contracting in Hong Kong enables the adoption of energy efficiency initiatives, reducing carbon emissions without upfront costs. • Sustainability is key factor in our assessment of product specifications, ensuring environmentally friendly choices. • Regular reviews of idle equipment and capacity optimisation are in place, while legacy equipment in our networks are being phased out and replaced with more efficient alternatives.

ESG | Transforming Business

Category	Time Horizon	Implication to HKBN	Our Mitigation Strategy
Changing customer behaviour	Long-term	Changing customer behaviour can lead to reduced demand for the company's products or services, particularly if customers switch to competitors (e.g., offering low-carbon products and services that meet the changing preferences of customers) or reduce their purchases due to changing preference.	• Develop and source a wide range of low-carbon solutions to meet the increasing demand for carbon reduction from both enterprise and residential customers. These solutions include low-carbon hardware equipment, Software-as-a-Service, cloud-based and managed IoT solutions for enterprises, as well as all-in-one hardware equipment, a cloud-based platform for remote service support, IoT gadgets to optimise household energy consumption, and device take-back programmes for residential customers. • Product, Marketing, and Sales teams collaborate to understand customer requirements, while considering customer segmentation based on ESG-sensitive user groups as a strategy for deploying solutions to the market.
Opportunities			
Use of new technologies/ lower-emission sources of energy	Medium-term	In addition to cost savings, the use of new technologies/ lower-emission sources of energy can enhance sustainability performance as it demonstrates a commitment to reducing GHG emissions and mitigating climate change.	• Identify energy consumption hotspots and collaborate with vendors to explore the implementation of new technologies and lower-emission energy sources, while relevant business units actively engage their industry networks to explore energy-efficient initiatives.
Development of new products or services	Medium-term	Offering low emission goods and services can help customers reach their climate targets, potentially leading to increased revenues and market share for early adopters and keeping businesses competitive in the market.	• Introduce solutions and new product lines aimed at enabling customers to better manage climate-related impacts, such as deploying infrastructure solutions with sustainable vendor partners, implementing virtualization to reduce energy consumption, and promoting cloud initiatives to transition on-premises infrastructure to more energy-efficient could infrastructure.

Climate scenario analysis

This year, we conducted a comprehensive climate scenario analysis to pinpoint the physical and transitional risks and opportunities stemming from climate change, bringing to light their potential financial implications. The analysis encompassed both low-temperature and high-temperature scenarios, assessing risks and opportunities against plausible future states under various time horizons until 2050.

In alignment with the TCFD recommendations, we utilised scenarios developed by reputable institutions like the Intergovernmental Panel on Climate Change ("IPCC") and the Network for Greening the Financial System ("NGFS"). Our selection included a high-emission/business-as-usual pathway (4°C scenario) and a stringent/aggressive mitigation pathway (below 2°C scenario), serving as endpoints to gauge our Company's resilience to potential climate-related impacts across varying future scenarios.

Overview of climate scenarios

	Business-as-usual (4°C scenario)	Aggressive mitigation (below 2°C scenario)
Physical impact	**IPCC RCP 8.5:** This is the high-emissions scenario, consistent with a future with no policy changes to reduce emissions, and characterised by increasing GHG emissions that lead to high atmospheric GHG concentrations.	**IPCC RCP 2.6:** Global CO2 emissions are cut severely, but not as fast, reaching net-zero after 2050. Societies switch to more sustainable practices, with focus shifting from economic growth to overall well-being. Extreme weather is more common, but the world has dodged the worst impacts of climate change.
Transition impact	**NGFS Hot House World — Current Policies:** Only currently implemented policies are preserved, leading to high physical risks. Existing climate policies remain in place but there is no strengthening of ambition level of these policies.	**NGFS Disorderly — Delayed Transition:** Annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below 2°C. Countries stick to current policies until 2030 and experience a "fossil recovery", after which they transition such that the end-of-century temperature goal of 2°C warming is reached. This change of regime in 2030 is unanticipated and therefore disruptive. Countries with net-zero policy target commitments are assumed to follow-through on 80% of them. Negative emissions are limited.

In our evaluation of physical risks, we simulated climate impacts on assets using two contrasting Representative Concentration Pathway ("RCP") scenarios sourced from the IPCC. Employing a sophisticated physical risk assessment tool, we factored in various risk exposure metrics, such as the maximum potential cost of asset damage (as a proportion of total replacement costs) and revenue losses attributed to business interruptions caused by climate-related events. This analysis enabled us to gauge the probability of damage, projected financial implications, and revenue disruptions for our critical assets in Hong Kong — such as central offices, data centres, and IT servers — due to climate hazards like flooding, typhoons, and extreme heat up to 2050.

Concurrently, in our examination of transition risks and opportunities, we identified pivotal drivers with significant potential impacts on our business operations. These drivers, stemming from prioritised transition risks and opportunities, encompass the introduction of carbon pricing mechanisms in response to evolving climate regulations, rising electricity costs driven by technological advancements and the shift to cleaner energy sources, the likelihood of losing key clients if our transition strategies fall short, and the possible savings from adopting energy efficiency measures. In light of these factors, we selected crucial parameters — such as carbon pricing and electricity expenses — to model their financial ramifications. To quantify these effects, we employed NGFS scenarios, leveraging an integrated assessment model to forecast regional carbon prices and electricity costs. This methodology allowed us to assess the additional expenses resulting from higher carbon and electricity prices and the impact on revenue from key customers' changing behaviour, alongside the potential advantages of effectively implementing energy efficiency initiatives.

Scenario analysis insights

The development of new products or services has been identified as a material climate-related opportunity, holding the potential to positively impact the Group's revenue as demand for low-emission products and services grows. However, the market's uncertainty and complexity at present mean that there is a lack of reliable data to quantify the financial impacts of these changes, and as such, this opportunity has not been included in the scenario analysis. Nonetheless, the Group remains committed to continual review and assessment of this opportunity and will incorporate relevant impact evaluations as more data becomes available.

As a result of our comprehensive scenario analysis, we identified seven climate-related risks and one climate-related opportunity deemed to carry potential financial repercussions for our business. For each of these risks, we have identified the specific climate-related events that could lead to financial implications affecting our Group's revenue, cost of sales, and operational expenses. On the following page, we summarised the outcomes of the climate scenario analysis for each of the identified climate-related risks across both low-temperature and high-temperature scenarios.

			Potential impact across time horizon		
Risk/Opportunity Driver		**Scenario**	**2025**	**2030**	**2050**
Physical risk	Flooding/water damage	4°C	Low	Low	Low
		Well below 2°C	Low	Low	Low
	Typhoon/extreme wind	4°C	Low	Low	Low
		Well below 2°C	Low	Low	Low
	Heatwave/extreme heat	4°C	Low	Low	Low
		Well below 2°C	Low	Low	Low
Transition risk	Carbon taxes applied to the company	4°C	Low	Low	Low
		Well below 2°C	Low	Low	Low
	Carbon costs passed through from suppliers	4°C	Low	Low	Low
		Well below 2°C	Low	Low	High
	Higher electricity tariffs amidst energy transition	4°C	Low	Low	Low
		Well below 2°C	Low	Low	Low
	Key customers lost from changing market behaviour	4°C	Low	Low	Low
		Well below 2°C	Low	Low	High
Transition opportunity	Energy cost saving from use of lower-emission technologies	4°C	Low	Low	Low
		Well below 2°C	Low	Low	Low

INCREASING OPPORTUNITY ⟷ **INCREASING RISK**

The results of the scenario analysis indicated that the potential financial losses from physical climate impacts on our assets are expected to be minimal, primarily due to the strategic location of our assets outside flood-prone areas. While the potential impact is low, the analysis highlighted a growing risk of operational disruptions arising from equipment malfunctions caused by extreme heat events. In response to these risks, we are proactively developing a resilience-enhancing strategy. This approach involves considering structures equipped with advanced heating, ventilation, and air conditioning systems to bolster our resilience against extreme heat while enhancing energy efficiency. Additionally, we are exploring the migration of more computer systems to cloud-based solutions. This shift will not only reduce our dependence on physical assets, but also facilitates resource distribution across multiple locations, thereby bolstering our overall operational resilience.

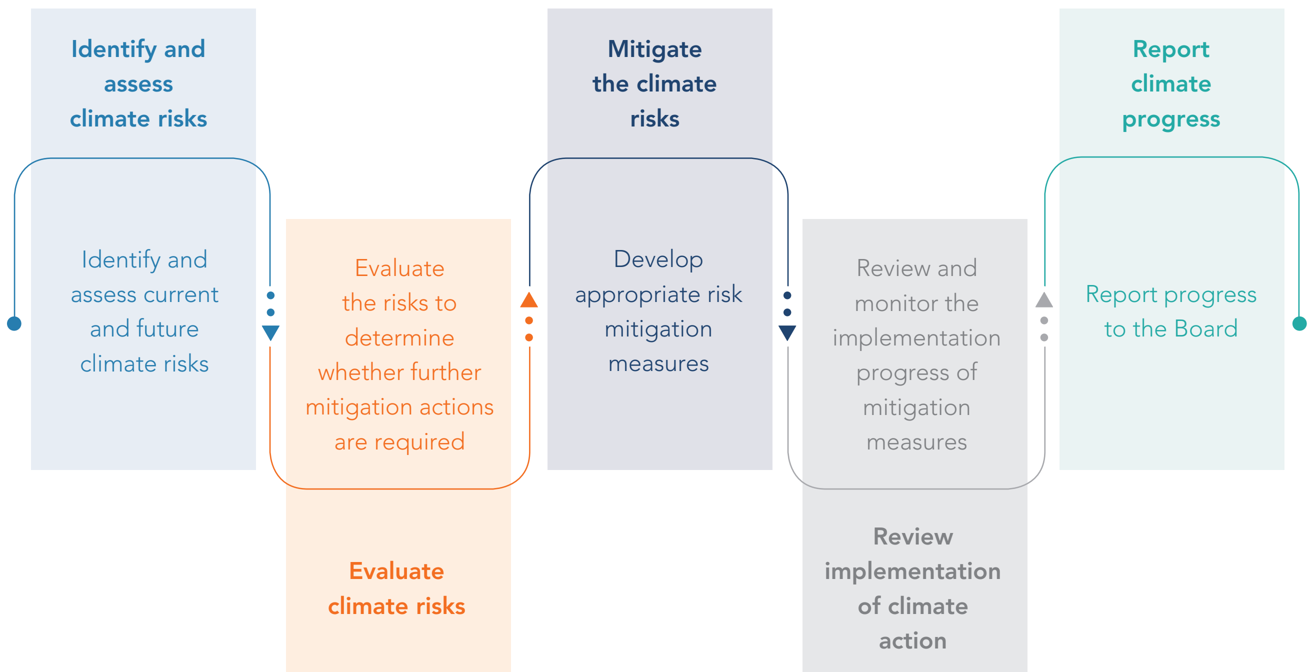
Moreover, the scenario analysis revealed that the most substantial financial impacts are associated with transition risks, which are becoming increasingly prominent in the long term due to the immediate push towards transitioning to net zero. These risks encompass potential carbon-related expenses passed down from suppliers and the risk of losing key clients if the transition process is not effectively managed. To mitigate these risks, we have devised a dual-track strategy. In the short term, we intend to identify and engage with high-emissions suppliers while concurrently strategising for alternative sourcing options. In the long term, we intend to gradually phase out high-emissions suppliers. Additionally, we are rolling out a decarbonisation roadmap aimed at realising our science-based targets. Beyond managing our carbon footprint, we are developing new solutions and products lines to support our clients in reaching their climate targets, aligning with the growing demand for sustainability. Our objective is to meet our carbon objectives while safeguarding our competitive position and cultivating deeper customer loyalty in an increasingly sustainability-oriented market landscape.

Climate Risk Management

Recognising the environmental impact of our operations and the looming risks posed by climate change, we have implemented a robust risk management framework tailored to evaluate, mitigate, and vigilantly monitor climate-related risks. This framework empowers us to respond proactively, ensuring our ability to stay resilient in the face of evolving environmental challenges. Through the implementation of comprehensive internal controls dedicated to risk management, we aim to seamlessly embed climate risk considerations across all levels of our Group.

During the principal risk assessment process, we thoroughly examined and assessed the consequences of climate change. Given the universal risk that climate change poses to businesses across sectors, including our own, we have identified climate-related risks as a one of the principal risks impacting our Group. For a detailed overview of the key risks associated with our Group's businesses and the industries we operate in, please refer to the "Corporate Governance Report" section on pages 116 to 138 of this Report.

Our Climate Risk Management Process



HKBN has in place a robust climate risk management process, which is founded on our well-established risk management framework. Through comprehensive assessments, we evaluate both physical and transitional climate-related risks and opportunities, and seamlessly integrate these insights into our strategic decision-making processes.

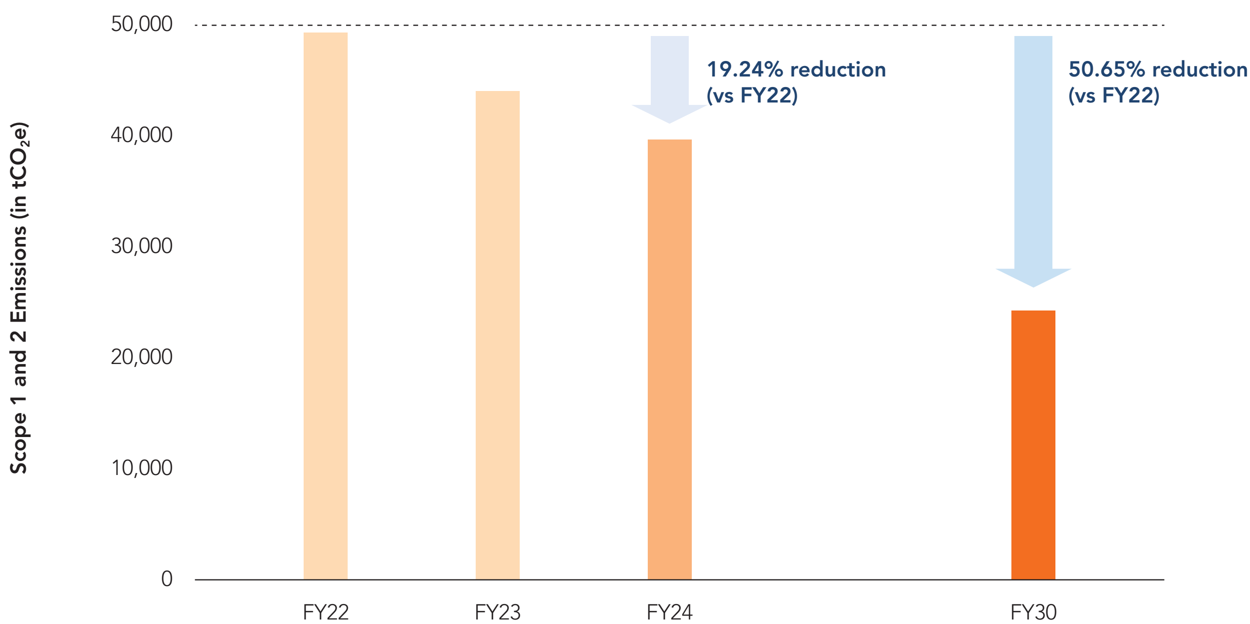
Risk assessments are conducted by our ESG Taskforce in conjunction with representatives from various departments, encompassing enterprise and residential solutions, network operations, administration, Talent engagement, procurement, and the ESG team. By weighing the potential impacts on our operations and assessing the likelihood of occurrence, we have identified and prioritised a set of climate-related risks and opportunities that have the potential to influence our business trajectory. For a detailed look at the identified key risks and opportunities, please refer to the preceding section.

This year — for the first time — we conducted a scenario analysis aimed at understanding the potential impacts of identified risks on our business and assets over various timeframes. The results derived from this analysis will not only enhance our comprehension of these risks but also pave the way for the formulation of climate risk management strategies. To view the results of this analysis, please refer to the previous section.

Following the establishment of these strategies, the pertinent departments will be entrusted with the task of overseeing and enacting corresponding risk mitigation measures, thereby embedding the climate risk response into all facets of our operations. Progress towards the realisation of these objectives will be monitored and periodically reported to the Board, underscoring the transparency and accountability in our approach to climate risk management.

Metrics & Targets

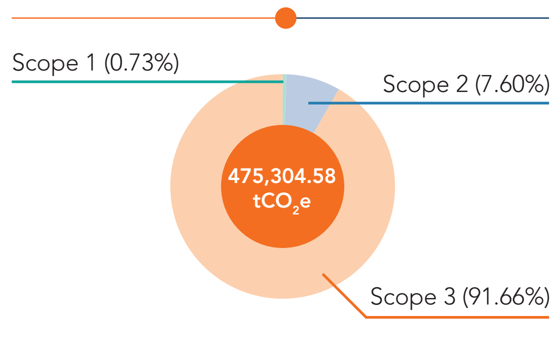
We are fully embracing our responsibility to address climate change and are actively integrating decarbonisation strategies into our business operations to mitigate our environmental impacts. This commitment is reflected in the progress made each year towards our decarbonisation objectives.



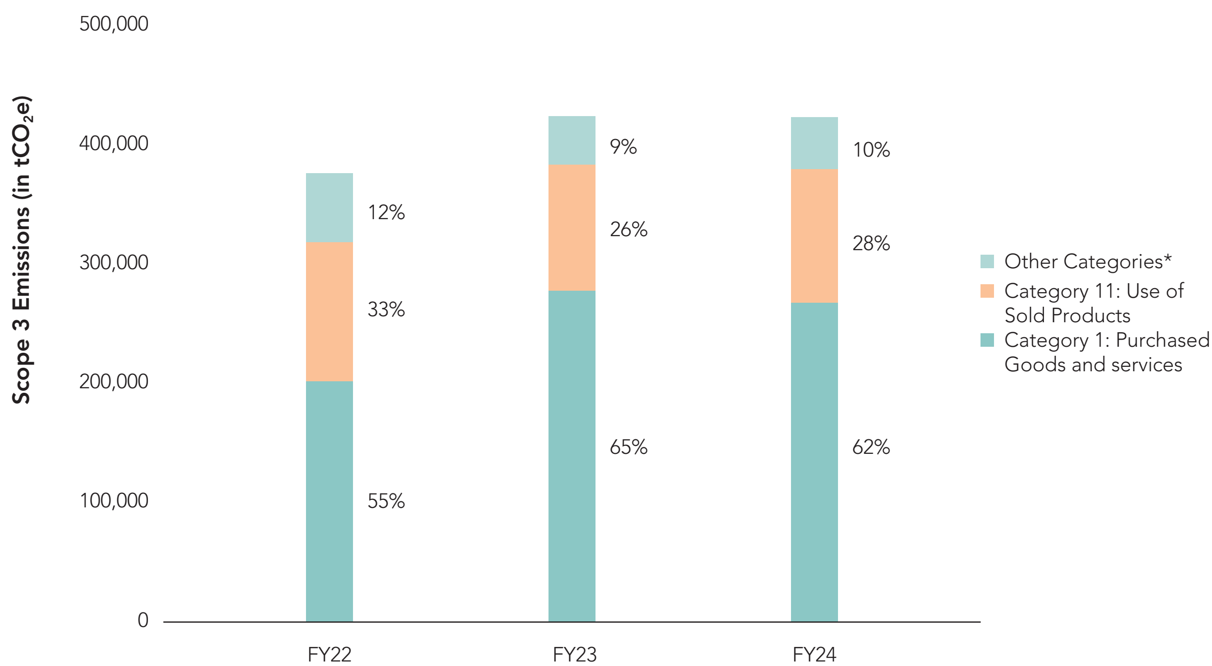
As a member of the Business Environment Council's Climate Change Business Forum Advisory Group, we recognise the role we play in supporting Hong Kong's transition towards a low-carbon economy. A key aspect of our strategy is the curbing of electricity consumption — which is a significant contributor to our operational emissions. Through network optimisations, the phasing out of less efficient equipment, and chiller and air conditioning systems upgrades at our data centres, we have successfully achieved our target of reducing electricity consumption by 14% in FY24, when compared to FY22. These actions culminated in a 19.6% decrease in electricity consumption, contributing to an overall 19.24% reduction in our operational emissions.

To ensure continued progress, we will rigorously track and monitor this progress through regular monthly reports submitted to our senior management. For more about the latest measures and practices we've adopted to reduce our electricity footprint, please refer to the "Improving Energy Efficiency" section in the subsequent section.

In addition to our direct operations, we recognise the substantial contribution of scope 3 emissions on our overall greenhouse gas footprint. Following a comprehensive assessment of our entire greenhouse gas emissions inventory, it was revealed that scope 3 emissions are indeed significant, constituting over 90% of our FY24 total greenhouse gas emissions.



Specifically, near 90% of our scope 3 emissions stem from purchased goods and services (Category 1) and the use of sold products (Category 11). An uptick in emissions from these categories has been observed, corresponding with our expansion of portfolio offerings for both residential and enterprise customers. Despite this challenge, our primary focus will be to curb emissions within these categories as outlined in our science-based target. While addressing these indirect emissions presents its challenges, we are actively collaborating with our suppliers to improve data collection and analysis.



* Other categories include other indirect GHG emissions that occur in the value chain of HKBN. These include the emissions from transportation and distribution (Category 4 and 9), waste generated in operations (Category 5), business travel (Category 6), employee commuting (Category 7), leased assets (Category 8 and 13), end-of-life treatment of sold products (Category 12) and investments (Category 15). Relevant emission factors were sourced from the environmentally-extended input output (EEIO) database EXIOBASE 3 for spend-based category data, UK Government GHG Conversion Factors for Company Reporting for waste treatment activities, China Products Carbon Footprint Factors Database for employee commuting emissions, energy utilisation index of the building for leased assets emissions, and product-specific carbon footprint data for product-specific emission.

Improving Energy Efficiency

To enhance our energy efficiency, we conduct an annual internal energy audit to identify areas for electricity savings. This helps us rectify inefficiencies and minimise energy use, ultimately reducing our energy-related GHG emissions.

A Greener Network

Across our network operations, HVAC (heating, ventilation and air conditioning) systems constitute a considerable chunk of our energy usage. To tackle this, we have taken steps to consolidate our data centre user racks and shutting off non-essential gear like computer room air conditioning ("CRAC") and uninterruptible power supply ("UPS") units, minimising electricity consumption.

Smarter Office

When we relocated our office to Kwun Tong, we faced a major challenge: moving a sprawling 100,000 sq.ft office with over 1,000 Talents. Turning this challenge into an opportunity, we completed our move by re-thinking the office dynamic with eco-conscious practices in mind.

- **Choosing the Perfect Office:** We teamed up with energy experts to evaluate the energy performance (e.g. air conditioning and lighting systems) of different candidate buildings. After the hunt, we settled on The Quayside for ticking all the boxes for energy efficiency, as well as boasting BEAM Plus and LEED Platinum/WELL Gold certification.

- **Integrated Smart IoT Solutions:** In our new office, we embraced smart IoT to run our cooling and lighting systems, sidestepping any unnecessary electricity drain. Importantly, all lighting in the office is equipped with a timer and sensor control system, automatically switching off outside of office hours, and activating for 15 minutes upon sensing human activity.

- **Efficient and Streamlined Office Space:** In our pursuit for a clutter-free and efficient workspace, we've phased out any surplus paper copiers and shredders, replacing desk telephones with a dedicated mobile app for Talents. Plus, we're all about using energy smartly — like switching off 30% of air conditioners in certain office areas during winter. In mainland China, we've also trimmed down excess office space, keeping things trim and tidy.

Improving Resource Management

Sustainable Waste Management in Office Relocation to The Quayside

In tandem with our office move to The Quayside, we followed a sustainable waste management approach, guided by the 4R principles — reducing, reusing, recycling and responsibly disposing materials to keep waste in check every step of the way.

Reduce — *Minimising Packing Waste*

- **Mission In-Box-able:** Encouraging mindful decluttering, we minimised waste by giving each Talent just a single box for packing.
- **Smart Packing:** We opted for durable, reusable plastic boxes to cut down on single-use alternatives and minimise the use of packing materials.

Reuse — *Extending the Life Cycle of Office Essentials*

- **Furniture Repurposing:** Embracing sustainability, we repurposed and reused our current office furniture in our new office, and gave desks, chairs, filing cabinets, and other furnishings a second life.
- **Donation Programme:** We implemented a donation programme to repurpose unused office items, and diverted over 1,500 kg of materials to community organisations via GOODS-CO, a platform which connects surplus resources with those in need.

Recycle & Responsible Disposal — *Encouraging Responsible Habits*

- **Organised Sorting:** Engaging all departments, we orchestrated a comprehensive sorting process to identify redundant items for recycling or disposal, ensured that our resources were managed responsibly and sustainably.
- **Green@HKBN Stations:** We implemented designated recycling stations with clear labelling to simplify sorting and encourage proper waste management among Talents. We installed dedicated recycling stations to streamline waste sorting and foster a culture of responsible waste management among our Talents.

This year, we achieved a waste diversion rate of 41.59%, with a target to reach a 55% diversion rate by FY25. This rate was impacted by the one-off construction and relocation waste generated by our move to The Quayside. Moving forward, we will continue to reinforce our waste management practices and minimise our environmental footprint.

Recycling Legacy Waste

Guided by our core sustainability values, we are all about maximising resourcefulness when handling everyday waste.

- **Repurposing Wooden Pallets:** Rather than send our warehouse's used wooden pallets to landfills, we went the extra mile and repurposed a total of 4,320 kg of pallets into cat litter since FY23. This crafty move not only offers a green solution for pet owners but also adds a touch of innovation to our waste reduction efforts.

- **Battery Recycling Partnership:** Since 2019, our partnership with Hong Kong Battery Recycling has enabled the ethical and responsible recycling of our Waste Lead Acid Batteries ("WLAB"). In FY24, we diverted 104,569 kg of WLAB from ending up in landfills.

Talents Taking the Lead

Our Talents are integral in our journey towards a more sustainable future. Since FY23, we've had a team of "Green Champions" — Talents from different departments tasked with evaluating their respective business units' environmental impact and figuring out eco-friendly, money-saving fixes. These Green Champions also play a crucial role in ensuring that their teams stay informed by providing regular updates on HKBN-pertinent environmental management matters.

Elevating Environmental Awareness

Talent participation is absolutely essential and we work hard to inspire our team via a blend of green initiatives and activities. From enlightening educational videos to themed fun days and enticing promotions, our approach is all about keeping eco-awareness strong. The success of our Free-2-Share Programme, for example, speaks volumes as it has given our Talents a platform to share unused items like equipment and office supplies. As of August 2024, we have shared over 800 items, ensuring each one finds a new purpose.

Impactful Customer Experiences

Every customer touchpoint is a chance to paint our brand in a positive light — and we're all about creating exceptional experiences. By prioritising the improvement of our digital and online user interfaces, we are empowering our customers with more control and expediency — whether it's getting the support they need or conveniently retrieving information.

FY25 Goal	FY24 Progress
Futureproof HKBN's customer services by launching new customer experience initiatives every year	Residential Solutions: Launched "Smart Broadband Move", a My HKBN App self-service tool for customers to schedule relocation of their broadband service. Enterprise Solutions: Deployed e-forms for Sales to handle daily customer contracting process, average of 70% of general service contracts are handled via e-form in FY24

Improving Customer Experience and Satisfaction

Throughout the year, our Residential Solutions and Enterprise Solutions teams have been hard at work enhancing the customer experience journey. By embracing the latest digital innovations, our aim is to streamline each customer's user experience and foster best-in-class engagement.

Residential Solutions

As a customer-centric business, we know that prompt and effective support is key when our customers need assistance. They can reach us through multiple channels like our hotline, online platforms, email, and social media. In FY24, we achieved a solid 88% combined answer rate across our hotline, online platforms, and email during normal business hours.

Besides fast Internet, speed is crucial in every aspect of our service support, from installation to maintenance. That's why we make sure our Customer Premises Engineering ("CPE") team is always equipped with the resources they need to complete service installations within three calendar days. In FY24, we exceeded our targets in just 1.1 days on average after receiving a customer request.

Acknowledging the important role that timeliness of our maintenance services plays, especially in shaping customer satisfaction, we prioritise speediness in addressing user needs. When it comes to on-site inspections, our Customer Service team moves quickly to schedule maintenance appointments for affected customers. In FY24, 99% of our maintenance appointments were arranged within a two calendar day window*.

* For repair locations situated in non-HKBN block-wiring buildings or where there are circumstances beyond our control, additional time will be required.

Enterprise Solutions

In a bid to make our service channels more flexible and user-friendly, we're enhancing the MyAccount portal with exciting new features like an e-ticket reporting tool and enquiry form. Set to debut in October 2024, these additions will streamline service requests and tech support queries. In addition, we're broadening our support options to include popular instant messaging platforms such as WhatsApp, enabling direct messaging and personalised information delivery.

Understanding that exceptional customer service is an ongoing journey, we engage in monthly feedback sessions to pinpoint areas for enhancement and roll out changes that elevate customer satisfaction.

Beyond Hong Kong, our HKBN JOS team has fine-tuned the mobility system for our projects and field engineering teams. These enhancements have resulted in faster turnaround times, empowering us to deliver prompt and efficient service to our customers, regardless of geographic location.

Listening to our Customers

On a daily basis, we've got our ears wide open for our customers and use their feedback to drive continuous improvement. The following highlights the many ways we gather constructive feedback for our Residential and Enterprise businesses.

Residential Solutions

In FY24, we achieved average satisfaction scores of

5.82 out of 6 for our customer service channels

4.64 out of 6 for new broadband

5.73 out of 6 for our installation and maintenance services

To continuously enhance the performance of our sales teams, we employ quality enhancement programmes such as mystery shopper evaluations and promoter booth assessments. In FY24, our mystery shopper and promoter booth assessment scores were respectively 76.7 and 88.0 out of 100.

In FY24, we received

5,703
complimentary notes
from customers

Enterprise Solutions

To gain insights into customer expectations, we conduct monthly surveys to gather feedback on our products and services. In FY24, we sent an average of 2,000 satisfaction surveys per month. The feedback we received was subsequently disseminated to help enhance our offerings.

In FY24, we achieved an average satisfaction score of

4.85 out of 6
for Enterprise Solutions in Hong Kong

Responding to our Customers

Putting our customer-centric approach into action, we maintain close communication with customers to better understand their needs as well as identify areas for improvement. This direct dialogue informs the strategies and measures we implement to resolve customer complaints and enhance overall experiences.

Residential Solutions

At the heart of HKBN's award-winning customer service, our Resolution Service team assumes a critical role in effectively addressing enquiries and complaints from customers. Through methodical in-depth investigations that engage all relevant parties, the team delves into each issue to guarantee a well-informed and empathetic response to each complainant. Our goal is to reach a resolution within six calendar days, and we consider a case closed only when the customer acknowledges and is satisfied with our efforts.

Our approach to resource allocation for complaint resolution is thoughtfully structured around a categorisation system that classifies cases into five distinct categories based on their severity and the volume of contacts made to our customer service team. Designed to archive and monitor all customer interactions and subsequent actions, our complaint management system ensures that no issue is overlooked. This systematic framework enables us to effectively address customer concerns and proactively tackle them head-on.

Enterprise Solutions

As part of our efforts to elevate service excellence, our Enterprise Solutions team routinely conducts reviews of consolidated complaint reports to identify recurring issues and areas for improvement. Working closely with departmental leaders, we methodically address issues based on feedback patterns and complaints to drive systematic improvements. To facilitate effective tracking of complaint cases, we disseminate monthly summaries to relevant department heads. Additionally, our Quality Management team provides regular refresher training sessions on quality to equip our account managers with the knowledge and skills needed to maintain high service quality standards.

In addressing customer concerns, we adhere to the ISO 10002 complaints handling standard across our Enterprise Solutions business. This standard ensures that we follow an effective and systemic approach to handling complaints. Additionally, we also integrated the ISO 9001 quality management standard in our after- sales operations, underscoring our commitment to delivering high-quality products and services.

Customers Complaints

During the reporting period, we received a total of 2,672 complaints pertaining to our Residential Solutions and Enterprise Solutions products and services. 89% of these complaints were successfully resolved within the stipulated response period. We view these complaints as opportunities for improvement, which we use to prevent similar issues from arising in the future.

Data Privacy & Security

Our customers trust us with their personal information. Maintaining and protecting their trust is a top priority for our business. Going beyond mere compliance, we are focused on continuously enhancing our security measures while handling customer data with the highest degree of care.

Our Approach to Information Data Security

Our Management Committee is responsible for leading and maintaining oversight of our data privacy and security efforts, with the goal of ensuring adherence to the following cybersecurity risk management strategy:

Identify

- Identify, assess and manage cybersecurity risks through effective cybersecurity risk management processes with proper governance and accountability
- Identify risks at an early stage and remediate them through proactive threat hunting

Protect

- Protect against cyber-attacks by adopting appropriate security measures with centrally deployed capabilities to enable protection at scale
- Cultivate a culture of vigilant cybersecurity by improving awareness and knowledge among all Talents, partners and customers

Detect

- Maintain comprehensive monitoring of systems, networks and services to enable threat detection before threats become actual incidents

Respond and Recover

- Swiftly contain and assess cybersecurity incidents to allow rapid response at scale, and ultimately minimise impact on customers

FY25 Goal

Achieve less than 2% average failure rate among Talents in phishing assessments

FY24 Progress

Recorded a phishing assessment average failure rate of 1.49%

Our Information Security Policy stands as a cornerstone, ensuring the safety, integrity, and confidentiality of our invaluable data. Supported by a framework of additional policies, we have clearly outlined responsibilities for all employees, contractors, and third-party users. To ensure relevance and effectiveness, these responsibilities and policies undergo annual reviews and updates (accessible to Talents via our Company Intranet).

In alignment with ever-changing security standards, our Audit and Risk department annually engages certified third-party experts to conduct comprehensive reviews of our security systems and internal audits of our information system. We prioritise the rights of our customers concerning their data, maintaining stringent practices and consent protocols for any third parties entrusted with handling such data. Furthermore, we do not collect personal data from third parties unless required by law.

To fortify our security posture, we have integrated vulnerability scanning throughout all sectors of our internal network. Performed annually, these assessments provide a comprehensive understanding of our network's security well-being and enable us to precisely address of any identified vulnerabilities or weaknesses. Additionally, we have participated in the Bug Hunting Campaign orchestrated by the Hong Kong Police's Cyber Security and Technology Crime Bureau ("CSTCB"). This initiative bolsters our commitment to good security practices by assessing our network's resilience through simulated real-world attack vectors, without actual exposure to risks.

Being extra careful in how we handle personal data handling means we follow a strict policy that requires us to delete sensitive data after a predefined period of time (never to exceed 7 years). This deletion process is triggered when we no longer have a justifiable reason to keep a customer's personal data.

Launched in FY23, our Privacy Management Programme serves to ensure compliance with data protection regulations. Moreover, we proactively identify and mitigate potential risks through threat hunting efforts, which in FY24, culminated in the successful remediation of risks in 440 instances.

HKBNES and HKBN JOS data centres and security operations centre are certified to

ISO 27001

standard

During the reporting period, there were no substantiated cases of non-compliance with respect to the customer privacy.

Strengthening our Information Security

Talents are an important line of defense against cybersecurity risks, making them crucial to our security. Strengthening our resilience against cyberattacks hinges on cultivating robust security awareness across all team members. During the reporting period, we conducted a total of 448 hours of training to bolster our team's knowledge of Personal Data (Privacy) Ordinance-related issues.

In FY24, we initiated the following initiatives to augment our information security:

- Conducted 10 impromptu phishing email assessments, and imposed disciplinary penalties for Talents who failed three times or more in these assessments

- Provided 12 year-round awareness training modules for all Talents, covering topics such as Smishing, Social Media Account Cloning, Vishing, Generative AI, Water Hole Attacks, Personal Cloud Storage Risk, Deep Fake Scams, MFA and information security best practices, totalling 4,575.5 training hours.

- Shared 28 sets of cybersecurity tips on work-related and personal security with all Talents

- Participated in the Hong Kong Police's Cyber Security and Technology Crime Bureau (CSTCB) services to promote our awareness as well as enhance collaboration and communication within HKBN

    (1) Cyber Security Drill Exercise: enhance and assess the HKBN's incident response capabilities via a simulated cyber security incident

    (2) E-Security Readiness Checklist: provide an overview of HKBN's information systems and assess corresponding security measures

    (3) Vulnerability Scanning: enhance the cyber resilience of HKBN's internet facing infrastructure by early identifying vulnerabilities

- Recognised with a "Cyber Security Premium Partner Award" from the Cyber Security Professional Awards 2023 (CSPA 2023), organised by the Hong Kong Police's Cyber Security and Technology Crime Bureau

Our commitment to robust data security also extends to providing comprehensive training on data security and privacy practices to our outsourced staff. This measure reinforces our efforts to uphold the highest standards of data protection across all facets of our operations.

Beyond fortifying our internal security protocols, we also work hard to educate our customers on cybersecurity best practices. A diverse range of educational resources, including instructional videos and engaging social media posts, have been shared to enhance customer awareness. These resources not only promote sound security practices but also empower consumers with actionable tips — covering topics such as password strength, the significance of data security, and strategies to combat phishing attacks — to effectively protect their digital activities.

Reliable and Responsible Service

At HKBN, being the best is a never-ending journey. By broadening our coverage and reinforcing our network infrastructure, we're not just winning over customers, we're keeping them hooked for the long term. Fueled by our passion for enhancing the user experience, we're tapping the latest digital innovations to deliver world-class flexibility, convenience, and value that customers desire.

FY25 Goal

Reduce affected customer hours from residential network service disruptions by 14%, relative to FY22 baseline

FY24 Progress

Affected customer hours from residential network service disruptions were reduced by 11.3%, relative to FY22 baseline, through improved maintenance processes, regular outage reviews, and preventive maintenance.

Delivering Better Network Experiences

Our reputation as a world-class provider of fibre connectivity hinges on our ability to consistently deliver excellence to customers. It's this dedication that drives us to expand our coverage and enhance our network's efficiency. This year, substantial investments have been channeled into our network and technologies to uphold our position as a leader in performance, reliability, and coverage.

Network Performance

By upgrading our GPON network, we have ushered in a new era of connectivity, offering symmetrical broadband speeds vital for the applications and commercial services which drive today's digital economy. As a result, our residential customers will be able to access ultra-high-speed, low-latency Internet plans with downstream speeds reaching up to 25Gbps, enabling lightning-fast downloads, seamless 4K and 8K video streaming, and bandwidth-intense smart home solutions. For our enterprise customers, this upgrade goes above and beyond in meeting their connectivity needs by providing enhanced symmetrical capacity. It will empower them to seamlessly handle even the most demanding business operations, including cloud services, big data analytics, server migrations, and backup applications. With this increased bandwidth, critical workflows and real-time operations will enjoy supercharged resilience against network bottlenecks.

Residential Customers	Enterprise Customers
Availability of core network*	Availability of core network*#
100%	**99.99998%**
Availability of access network*	Availability of access network*
99.9945%	**99.99983%**

* Not including events or circumstances beyond HKBN's control ("force majeure events"). Force majeure events include acts of God, war, civil disobedience, explosions, fires, typhoons, floods, government action, restraints imposed by government or any other regulatory authorities, labour disputes, trade disputes or delays caused by third parties over which HKBN has no control.

\# Due to WCT3 Tandem Switch outage on 28 February 2024.

Network Coverage and Affordability

In line with our long-term strategy to enhance our services, we've continued to expand our network coverage for both residential and enterprise customers. Our strategic expansion efforts concentrate on integrating HKBN's fibre services into newly developed residential and commercial properties, including light public housing, railway property developments, redevelopment initiatives, and Urban Renewal Authority projects across Hong Kong. By proactively establishing our network infrastructure during the initial phases of these projects, we guarantee that new occupants can enjoy immediate access to high-speed broadband services upon moving in.

Mirroring the government's strategic vision for long-term housing and land supply development, HKBN has prioritised the expansion of our fibre network within the Northern Metropolis. This thriving area is set to accommodate over 500,000 new residential units and a variety of commercial organisations and institutions, including the Hong Kong-Shenzhen Innovation and Technology Park, San Tin Technopole, data centres, government complexes, educational institutions, and medical facilities. By positioning our services as a cornerstone of this growth trajectory, we aim to provide state-of-the-art network solutions, expand our network presence in the residential and commercial sectors, and play a pivotal role in supporting the region's burgeoning connectivity needs.

Hong Kong's First 25Gbps Enterprise and Residential Broadband Service

Amidst the skyrocketing demand for bandwidth among both consumer and enterprise users, HKBN has embarked on an exciting venture by forging a strategic partnership with Nokia. This collaboration is set to fast-track the deployment of next-generation broadband services. With this pioneering move, HKBN will spearhead the introduction of 25Gbps broadband services, revolutionising the landscape of technology and applications as it paves the way for Wi-Fi 8, 8K video, augmented reality (AR), artificial intelligence (AI), and much more.

"Since 2004, HKBN has been the market leader in introducing Hong Kong's first fibre-to-the-home broadband service. With our DNA rooted in innovation, we have joined forces with Nokia to achieve a groundbreaking upgrade, providing customers with a revolutionary 25Gbps broadband speed that meets their ever-increasing demands for network connectivity. Looking ahead, our Company will continue to invest resources to expand network coverage and upgrade our infrastructure."

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

2024 CAHK STAR Award – Best Fixed Network Operator (Silver Award)

In FY24, our fibre network reached about

2.6 million
homes in Hong Kong

8,200
commercial buildings and facilities in Hong Kong

Network Improvements and Upgrades

Over the years, we have channelled significant investments into the enhancement and expansion of our platforms, with a goal of augmenting operability, scalability, and performance across our world-class network. Central to all this is a mission to ensure that our infrastructure remains at the forefront of technological advancement. The following initiatives highlight some of the network enhancements we made in FY24:

- Upgraded our Cloud Voice/Cloud Voice S platforms
- Upgraded network platform hardware and software to ensure service sustainability, e.g., GPON Access, DWDM Transmission, Metro Ethernet, and IP Routing
- Adapted our network infrastructure to align with the emerging demands for new services and ad-hoc demand surges, e.g., 10Gbps Broadband Service and n x 100G Network Core
- Improved our power supply facilities at essential hub sites
- Upgraded the HKEX SDNet WAN platform, a mission-critical financial telecommunications network
- Implemented network upgrade plan for HKBN GPON network to 10G PON for up to 10GE broadband service
- Launched Nokia 25G PON for high-end broadband service
- Initiated a network plan for ETSI Fifth Generation Fixed Network Advanced (F5G-A) to expand network capabilities and improve existing and new services
- Continued deploying the latest technological advancements, e.g., 50G PON and above

Selling Responsibly

At HKBN, conducting business ethically is intrinsic to everything we do. We deeply value the trust that underpins customer loyalty, and as such, we are deeply committed to conducting our sales and marketing efforts with fairness and transparency.

Our Code of Practices on Marketing Calls outlines clear guidelines for executing marketing communications. Placing an emphasis on privacy and customer choice, we offer multiple channels for customers to opt out of promotional materials and marketing calls. These channels range from conventional methods such as customer service hotline, email, fax, or postal mail to the convenience of the My HKBN app or in-person visits to HKBN shops. Any modifications to their preferences are promptly implemented within seven working days. Furthermore, customers can access their contract details through the aforementioned channels.

Conversely, our telesales teams operate under strict adherence to pre-approved scripts, detailed procedural instructions, and oversight from team leaders and our dedicated Quality Management team. Routine assessments of our sales scripts and operational protocols are conducted to ensure that our communication practices align with customer expectations and industry standards. This ongoing review process ensures that our policies, operational methods, and overall quality are in line to meet and exceed customer expectations.

Through year-round trainings, our frontline Talents receive up-to-date sales and marketing information and guidance on how to treat customers fairly. Our training programme for sales-related Talents covers product knowledge, sales techniques, company policies, and ethical standards. New sales Talents are required to undergo training on regulations like the Personal Data (Privacy) Ordinance, the Trade Descriptions Ordinance and Codes of Practice on marketing calls. Regular refresher trainings on sales, marketing, and quality improvement are also provided to maintain a consistent level of standard. In FY24, 37,896 hours of training were provided to our Residential Solutions Talents, and 13,084 hours of training were provided to our Enterprise Solutions Talents.

During the reporting period, there were no substantiated cases of non-compliance with respect to the relevant advertising regulations.

Ensuring Customer Health and Product Safety

At all times, customer safety is a top priority for HKBN. We are fully committed to adhering to all relevant legal and regulatory requirements concerning consumer safety. From concept to final design, we work hand-in-hand when possible with our suppliers to make sure that our requirements for quality, health and safety, as well as sustainability, are woven into the development process.

During the reporting period, there were no substantiated non-compliance lawsuits or product recalls relating to product health and safety.

Win-win-win Partnership & Value Chain

Harnessing the power of synergy to lift us higher, we're all about fostering partnerships which deliver win-win-win outcomes for HKBN, our partners and suppliers, and our customers. Our unwavering focus lies in building robust, trust-driven relationships that not only unlock meaningful opportunities, but seed innovation, and harvest lasting value for all stakeholders.

FY25 Goal	FY24 Progress
Improve at least 20 SME suppliers' ESG assessment scores	Established an ESG questionnaire in FY23, and distributed it to our selected suppliers to evaluate their ESG performance in FY24

Comprehensive Supply Chain Management and Assessment

Recognising that environmental and social responsibility in our supply chain activities is important, we have rolled out criticality assessments to scrutinise key projects exceeding $300,000. Since December 2020, we have implemented digitised criticality assessment forms, enabling our business units to more seamlessly evaluate supplier criticality on a project-specific basis. This e-tool also assists our Procurement team to generate reports which provide a comprehensive understanding of the supply chain risks associated with each project. For projects that are flagged as "high risk," we mandate the implementation of a business continuity plan, and require more frequent supplier performance assessments to be conducted.

In FY24, HKBN sourced products and services from

2,857 suppliers, with **95.4%**

of suppliers sourced locally within our operating locations

In upholding our commitments outlined in pre-agreed service level agreements, we maintain a vigilant approach by regularly monitoring supplier performance, placing particular emphasis on areas that are crucial to our operations and stakeholders. The procurement process triggers our business units to conduct thorough supplier performance assessments of key suppliers at least once a year, encompassing tendering phases and contract renewals. In cases of subpar performance, our Procurement team will subsequently analyse the associated risks and make recommendations regarding mitigation strategies. These actions may involve the implementation of improvement initiatives, adjusting the scope of engagement, or, in more severe instances, the termination of supplier relationships.

Collaboration with our suppliers is integral to fostering sustainable procurement practices. Our Procurement team conducts annual evaluations of the supply chain management system to establish and achieve our supply chain ESG objectives. Progress on these initiatives is regularly communicated to senior management, including our Chief Financial Officer (CFO), who provides comprehensive reports to the Board, ensuring robust oversight of our supply chain management.

In our ongoing effort to improve sustainability across our supply chain, our Procurement team has introduced an ESG assessment questionnaire, which has been disseminated to a select group of SME suppliers in FY24. This initiative has provided valuable insights into the ESG vulnerabilities within our supplier network. The top three identified vulnerability areas are:

(1) Climate change, GHG, air emissions

(2) Environmental policy and management systems

(3) Human rights

In the above areas, our procurement team plans to disseminate training materials and guidelines to help our suppliers enhance their performance.

For more about sustainability in our supply chain, please visit www.hkbn.net/group/en/esg.

Over 90%

of our suppliers have either accepted our Supplier Code of Conduct (SCoC) terms or have their own CoC

Enhancing Communication with Suppliers

We believe in the power of open dialogue and the benefits that stem from meaningful supplier engagement. Our supplier satisfaction survey serves to promote transparency and encourage candid feedback that not only builds trust but also strengthens our relationships. Recognising there is tremendous value in anonymity, we place great importance on the viewpoints and opinions shared by suppliers, particularly regarding our ESG performance. By embracing their insights, we are committed to continuously refining our practices, striving to enhance our operations and contribute to the betterment of our communities.

Over 39%

of our suppliers have had 10+ year relationships with HKBN

8.5 score

Our suppliers said they like working with HKBN, giving a score of 8.5 out of 10

Following our most recent online supplier satisfaction survey conducted in March 2024, our suppliers highlighted "understanding our business requirements" as a key hurdle when engaging with HKBN, with 24% expressing this concern. Taking this feedback to heart, our Procurement team is gearing up to work more closely with our business units to enhance the methods through which we communicate our requirements to suppliers during both the ordering and tendering processes.

Corporate Governance Report

The Board is pleased to present the Corporate Governance Report for the year ended 31 August 2024.

Corporate Governance Practices

The Company is committed to the establishment of a good standard of corporate governance practices by emphasising transparency, accountability and responsibility to our stakeholders, which are considered essential to safeguard the integrity of the Group's operations and maintain stakeholder trust in the Company. The Board actively seeks opportunities for continuous improvement in the area of corporate governance and takes prompt action in responding to identified improvement opportunities.

Compliance with Corporate Governance Code

The Company has complied with all the code provisions contained in the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Listing Rules on the Stock Exchange during the year ended 31 August 2024.

Corporate Purpose, Values, Culture and Corporate Strategy

Since our inception in 1999, HKBN has transcended from a mere startup to a disruptive telco, ultimately emerging as a prominent Information Communications Technology Powerhouse. Amidst this transformative journey, our unwavering objective remains constant: to enrich and redefine how our customers live, learn, work, and play. We achieve this by providing the most advanced and reliable ICT services at exceptional value.

At the heart of HKBN lies a deep commitment to our Core Purpose: Make our Home a Better Place to Live. This ethos permeates our culture and everything we do, whether it's connecting nearly a million households and about 110,000 businesses with top-tier ICT solutions, or spearheading initiatives to empower marginalised communities, or inspiring our Talents to push the boundaries and create lasting impacts for all stakeholders.

HKBN thrives when our operations are rooted in the symbiotic relationship between PURPOSE and PROFIT. This intentional fusion of purpose ensures that we consistently provide superior outcomes and experiences for our customers, maintaining an unparalleled level of desirability in all our offerings.

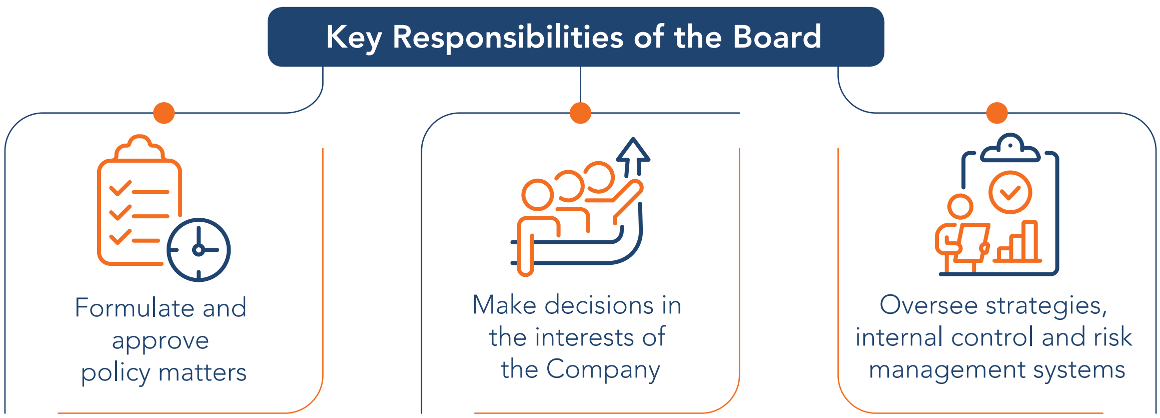
From the services we provide to the relationships we nurture, HKBN's corporate culture echoes the values that underpin our purpose. At all times, we embrace a culture focused on upholding LIFE-work priority, integrity, respect, diversity & inclusion, eco-responsibility and wellness, ensuring that HKBN will always be a place for our Talents to pioneer change.

Board of Directors

Roles and Responsibilities

The Board plays a critical role in ensuring that our corporate governance best serves the Company's interest in building a sustainable business. The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitoring the performance of the senior management. The Directors make decisions objectively in the interests of the Company. Directors may seek independent professional advice when performing their duties at the Company's expenses and Directors are also encouraged to independently consult the Company's senior management.

The day-to-day management, administration and operation of the Company are delegated to the Group Chief Executive Officer and the senior management of the Group. The delegated functions and work tasks are periodically reviewed.



Board Process

The Board and its committees meet regularly. The dates and time of meetings are planned usually in the year before to allow sufficient time for the Directors to schedule their activities.

Directors may participate in person or through electronic communication. Matters which are immaterial and may not cause potential conflicts of interest will be dealt with by way of written resolutions.

The formal notice and agenda of Board and its committees meetings are finalised by the chairmen of the Board and its committees and are usually sent to the Directors at least 14 days before each regular meeting. All Directors are given opportunities to comment on the agenda and bring up additional matters for consideration at the meetings.

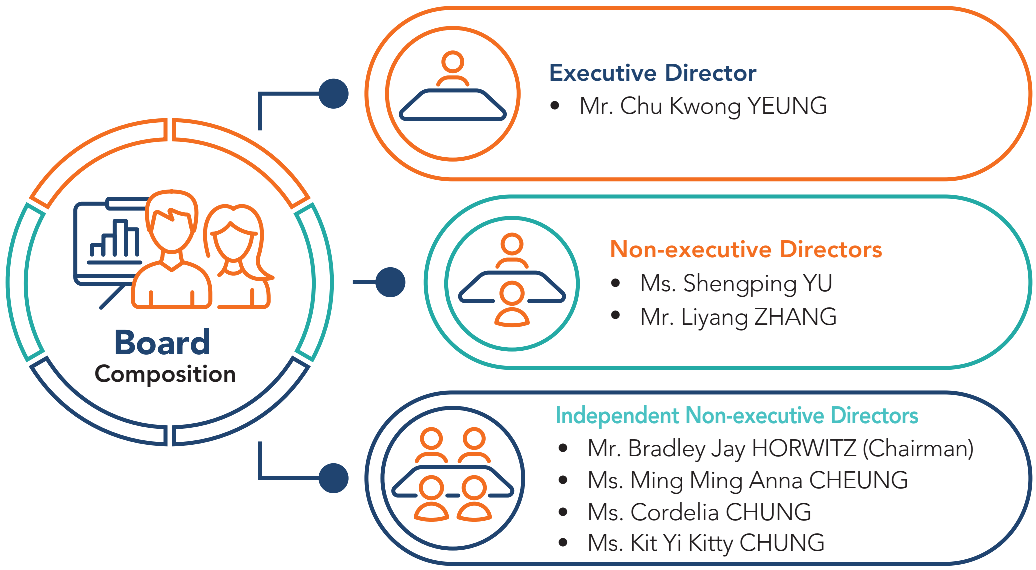
Meeting materials are usually sent to the Directors 3 days in advance of each meeting to ensure that the Directors have full and timely access to relevant information. With a view to becoming more environmental-friendly by reducing paper consumption, meeting materials are distributed in electronic form and Directors are encouraged to read the electronic version.

All Directors are kept informed on a timely basis of major changes that may affect the Group's businesses, including relevant rules and regulations. Directors can also seek independent professional advice in performing their duties at the Company's expense, if necessary.

Draft minutes recording substantive matters discussed and decisions resolved at the meetings are circulated to all Directors for their review and comments within a reasonable time of each meeting. The final version of the minutes is formally approved at the next meeting. The final executed version is placed on record and made available for inspection.

Board Composition

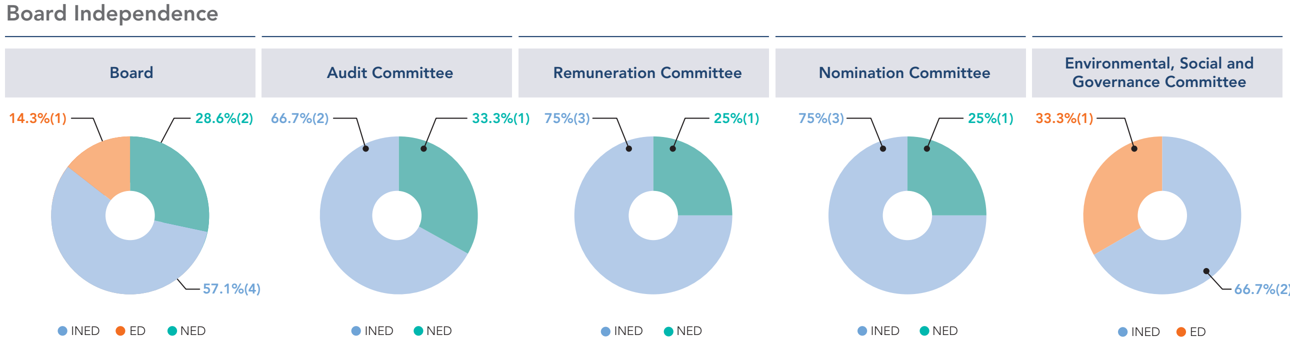
The Board currently comprises seven Directors, including one Executive Director, two Non-executive Directors and four Independent Non-executive Directors. The Directors' biographical details are set out in the "Board of Directors" on pages 8 to 11. None of the members of the Board are related to one another.



Independence

We have a strong element of independence on the Board, providing independent and objective oversight on strategic issues and performance matters. Each of the Board committees is chaired by an Independent Non-executive Director and comprises a majority of Independent Non-executive Directors.

Board Independence



During the year ended 31 August 2024, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise, and appointed Independent Non-executive Directors representing at least one-third of the Board.

The Board has established effective mechanisms to ensure that independent views and input are available to the Board. These mechanisms include (i) reviewing the structure, size, and composition of the Board annually; (ii) assessing the independence of the Independent Non-executive Directors annually; (iii) conducting board evaluations; (iv) allowing all Directors to seek advice from the Company Secretary of the Company and, when necessary, obtain independent advice from external professional advisers at the Company's expense; and (v) conducting private meetings for the chairman of the Board to meet with Independent Non-executive Directors at least twice a year. The implementation and effectiveness of these mechanisms are reviewed by the Board annually.

In addition, the Company has received from each of the Independent Non-executive Directors a confirmation of their independence for the year ended 31 August 2024 pursuant to Rule 3.13 of the Listing Rules, and considered all of them to be independent.

Board Diversity

The Company recognises the benefit and value of diversity across the organisation, and endorses the view that a diverse board, with a breadth of perspective, is one of the key drivers of an effective board.

An analysis of the Board's current composition based on the measurable objectives is set out below:

Gender

- Male: 3 Directors
- Female: 4 Directors

Age Group

- 31-40: 2 Directors
- 51-60: 1 Director
- 61-70: 4 Directors

Educational Background

- Science: 2 Directors
- Business Administration: 4 Directors
- Arts: 1 Director
- Economics: 1 Director
- Commerce: 2 Directors
- Engineering: 1 Director
- Law: 1 Director

Designation

- 1 Executive Director
- 2 Non-executive Directors
- 4 Independent Non-executive Directors

Nationality

- American: 2 Directors
- Chinese: 4 Directors
- British: 1 Director

The Company values gender diversity. As at the date of this Report, the Board has over 50% female Directors (four females out of seven Directors). The Board has achieved the gender diversity target of at least 30% female Directors, and the Board will continue to maintain gender diversity at Board level.

The Group is also committed to achieving gender diversity across the workforce. The details of gender ratio in the workforce for the year ended 31 August 2024 are shown on page 73 of this Report. As at the date of this Report, female representation in the Company's senior management was 30%, consisting of three women out of a total of ten members.

During the year ended 31 August 2024, the Nomination Committee and the Board considered that the composition of the Board was balanced and diversified.

Board Skills Matrix

The Board possesses experience and expertise as shown in the chart below:

Board Diversity Policy

In considering and reviewing board composition, both the Nomination Committee and the Board will consider the benefits of all aspects of diversity, including but not limited to age, gender, skills, knowledge, ethnicity, experience, cultural background, expertise, professional and educational background, length of service, and any other factors that the Board may consider relevant and applicable from time to time. While the ultimate decision on all board appointments would be based on meritocracy and the contributions that the director candidate is expected to bring, considerable weight would be given to ensuring a diverse board with balanced composition.

The policy will be reviewed periodically to ensure it remains relevant to the Company's needs and reflects both regulatory requirements and good corporate governance practices.

Appointment and Re-election of Directors

The Non-executive Directors and Independent Non-executive Directors are appointed for no specific term. Their appointment may be terminated by either the Company or the Director with reasonable written notice in accordance with the terms outlined in their respective appointment letters. The Directors shall retire by rotation at least once every three years and be eligible for re-election in accordance with the Articles.

The appointment of a new Director is made on the recommendation of the Nomination Committee and approved by the Board. Any Director who is appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office only until the next annual general meeting and their further appointment is subject to the approval by the shareholders at the general meeting of the Company.

Pursuant to article 16.18 of the Articles, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

According to the above provision, Mr. Bradley Jay HORWITZ, the Independent Non-executive Director, Ms. Shengping YU and Mr. Liyang ZHANG, the Non-executive Directors, shall retire from office at the 2024 AGM. Ms. Shengping YU and Mr. Liyang ZHANG will seek re-election after retirement by rotation. As Mr. Bradley Jay HORWITZ has served as the Independent Non-executive Director of the Company for more than nine years, he will not seek re-election and will retire at the conclusion of the 2024 AGM.

Pursuant to article 16.2 of the Articles, any Director so appointed shall hold office only until the next annual general meeting of the Company after his/her appointment and shall then be eligible for re-election at that meeting. Accordingly, Ms. Cordelia CHUNG, the Independent Non-executive Director of the Company, shall retire from office at the 2024 AGM and shall be eligible for re-election.

Nomination Policy

The policy sets out the criteria, procedures and process adopted by the Company when considering candidates to be appointed or re-appointed as directors. The main provision of the policy is set out below:

Nomination Criteria

When selecting a candidate to be nominated for directorship or re-appointment, considerations will be given to the following:

(a) age, gender, skills, knowledge, ethnicity, experience, cultural background, expertise, professional and educational background, length of service, and any other factors that the Board may consider relevant and applicable from time to time;

(b) effect on the Board's composition and diversity;

(c) ability and commitment of the candidate to devote sufficient time to effectively carry out his/her duties. In this regard, the number and nature of offices held by the candidate in public companies or organisations, and other executive appointments or significant commitments should be considered;

(d) potential/actual conflicts of interest that may arise if the candidate is selected;

(e) the contributions that the candidate is expected to bring;

(f) independence of the candidate; and

(g) other factors considered to be relevant on a case by case basis.

Nomination Procedures and Process

The following is a summary of the nomination procedures and process adopted by the Company based on the criteria mentioned previously.

Shareholders

- Vote on the Directors' election at the Company's annual general meeting

Board

- Deliberates and decides on the appointment based upon the recommendation of the Nomination Committee
- Newly appointed Directors may only hold office until the next annual general meeting of the Company under the Articles. If eligible, they would stand for election by the shareholders at the first annual general meeting following their appointment. A circular accompanying the notice of the annual general meeting containing all relevant information would be sent to shareholders by the Board

Nomination Committee

- Identifies or selects candidates, with or without assistance from external agencies or the Company, pursuant to the criteria set out above
- May use any process it deems appropriate to evaluate the candidates, which may include personal interviews, background checks, presentations, written submissions by the candidate or third-party reference
- Provides all relevant information and makes recommendation to the Board, including the terms and conditions of the appointment

Chairman and Chief Executive Officer

The roles of chairman of the Board and chief executive officer are held separately to ensure a balance of power and authority. As at 31 August 2024, the roles of the chairman of the Board and the chief executive officer of the Group (the "Group Chief Executive Officer") are served by Mr. Bradley Jay HORWITZ and Mr. Chu Kwong YEUNG respectively. The Directors do not have any relationship with the chairman of the Board and the Group Chief Executive Officer during the year ended 31 August 2024.

The chairman of the Board is responsible for leadership of the Board and for ensuring that the Board functions effectively and acts in the best interests of the Company. In performing the role of the chairman of the Board, responsibilities mainly include:

(a) providing leadership and ensuring effective performance by the Board of its responsibilities, including that it acts in the Company's best interests;

(b) ensuring that all key and appropriate issues are discussed by the Board in a timely manner;

(c) leading the Board in establishing good corporate governance practices and procedures for the Group;

(d) encouraging constructive and timely communication between the Board and the management;

(e) ensuring effective communication with shareholders and ensuring that their views are communicated to the Board; and

(f) promoting a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.

Subject to specific delegations by the Board from time to time, in performing the role of the Group Chief Executive Officer, responsibilities include:

(a) leading the management in the daily operations of the Group;

(b) recommending policies, business plans and strategic directions for Board's approval;

(c) ensuring the strategies and policies approved by the Board are effectively implemented; and

(d) keeping the Board informed of material developments in the Group's business.

Meetings

The Board meets regularly at least four times per year at approximately quarterly intervals and on an ad hoc basis, as required by business needs. The attendance of each Director at the Board meetings, Board committee meetings and general meeting during the year ended 31 August 2024 is set out in the following table:

	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	ESG Committee Meeting	General Meeting
	Number of Meetings Attended/Held [(1)]					
Chairman and Independent Non-executive Director						
Mr. Bradley Jay HORWITZ	6/6	3/3	5/5	1/1	N/A	0/1
Executive Directors						
Mr. Chu Kwong YEUNG	6/6	1/1[(2)]	1/1[(2)]	N/A	1/1	1/1
Mr. Ni Quiaque LAI [(3)]	3/3	1/1[(2)]	1/1[(2)]	1/1[(2)]	1/1	1/1
Non-executive Directors						
Ms. Shengping YU	6/6	N/A	5/5	N/A	N/A	1/1
Mr. Liyang ZHANG	6/6	3/3	1/1[(2)]	2/2	N/A	1/1
Mr. Agus TANDIONO [(4)]	N/A	N/A	N/A	N/A	N/A	N/A
Independent Non-executive Directors						
Ms. Ming Ming Anna CHEUNG [(5)]	6/6	N/A	N/A	1/1	2/2	1/1
Ms. Cordelia CHUNG [(6)]	5/5	N/A	4/4	1/1	N/A	N/A
Ms. Kit Yi Kitty CHUNG [(5)]	5/6	3/3	4/4	N/A	2/2	1/1
Mr. Stanley CHOW [(7)]	1/1	1/1	1/1	1/1	1/1	0/1
Mr. Yee Kwan Quinn LAW [(7)]	1/1	1/1	1/1	0/1	N/A	1/1
Ms. Edith Manling NGAN [(4)]	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) Directors may attend meetings in person, or by means of telephone or video conference in accordance with the Articles. The figures exclude resolutions in writing signed by all Directors.

(2) By invitation.

(3) Resigned on 28 February 2024.

(4) Resigned on 13 September 2023.

(5) Appointed on 13 September 2023.

(6) Appointed on 15 December 2023.

(7) Retired on 15 December 2023.

The Company held the annual general meeting on 15 December 2023 (the "2023 AGM"), Mr. Bradley Jay HORWITZ and Mr. Stanley CHOW, the Independent Non-executive Directors were unable to attend 2023 AGM due to other business engagements. Ms. Shengping YU, the Non-executive Director, was elected as the chairman of the 2023 AGM to ensure effective communication with shareholders of the Company at the meeting.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by Directors of the Company. Having made specific enquiries with the Directors, they confirmed that they had complied with the required standard as set out in the Model Code for the year ended 31 August 2024.

Directors' Liability Insurance

The Company maintains appropriate liability insurance to indemnify its Directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis. During the year ended 31 August 2024, no claim was made against the Directors.

Induction and Continuous Professional Development and Training

The Company provides induction training to the newly appointed Directors and director trainings to all Directors.

Upon appointment to the Board, Directors are provided with comprehensive induction training conducted by senior executives and external legal advisers to ensure that they have a thorough understanding of the roles and responsibilities as a director under the Listing Rules and other relevant regulatory requirements, as well as a proper understanding of the Group's operations and business.

Ms. Ming Ming Anna CHEUNG, Ms. Kit Yi Kitty CHUNG and Ms. Cordelia CHUNG had been appointed as Independent Non-executive Directors during the year ended 31 August 2024, and the Company engaged external legal counsel to provide director training to them. Ms. Ming Ming Anna CHEUNG and Ms. Kit Yi Kitty CHUNG attended the director training on 21 September 2023, and Ms. Cordelia CHUNG attended the director training on 8 January 2024. The newly appointed Directors have acknowledged their obligations as a director of a listed issuer.

The Company encourages Directors to participate in continuous professional development and training to develop and refresh their knowledge and skills at the expense of the Company. During the year ended 31 August 2024, the Company arranged training from external adviser and provided written training materials to the Directors, and the Directors have provided a record of training they received during the year ended 31 August 2024 to the Company.

The following training programmes were provided to the Directors:

Name	Directors' Training by Topic		
	ESG Practices	Regulatory Compliance	Director's Duties
Executive Directors			
Mr. Chu Kwong YEUNG	✔	✔	✔
Mr. Ni Quiaque LAI (1)	N/A	N/A	N/A
Non-executive Directors			
Mr. Liyang ZHANG	✔	✔	✔
Ms. Shengping YU	✔	✔	✔
Mr. Agus TANDIONO (2)	N/A	N/A	N/A
Independent Non-executive Directors			
Mr. Bradley Jay HORWITZ	✔	✔	✔
Ms. Ming Ming Anna CHEUNG	✔	✔	✔
Ms. Cordelia CHUNG	✔	✔	✔
Ms. Kit Yi Kitty CHUNG	✔	✔	✔
Mr. Stanley CHOW (3)	N/A	N/A	N/A
Mr. Yee Kwan Quinn LAW (3)	N/A	N/A	N/A
Ms. Edith Manling NGAN (2)	N/A	N/A	N/A

Notes:

(1) Resigned on 28 February 2024.

(2) Resigned on 13 September 2023.

(3) Retired on 15 December 2023.

Time Commitment of Directors

The Directors have demonstrated a strong commitment to the Board affairs, and they are well aware that they are expected to have a sufficient time commitment to the Board. The Directors have given certain confirmations and made disclosures about their other commitments.

Sufficient time and attention

The Directors confirmed that they had given sufficient time and attention to the affairs of the Group during the year ended 31 August 2024.

Other offices and commitments

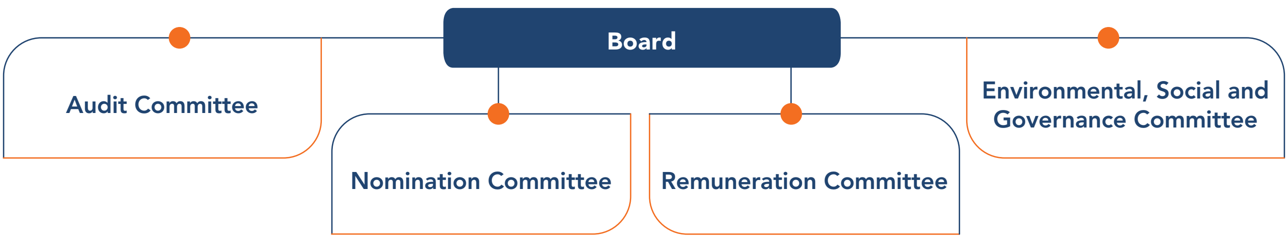
The Directors disclose to the Company annually the number, identity and nature of offices held in Hong Kong or overseas listed public companies and organisations and other significant commitments.

Board Evaluation

Performance evaluation on the Board had been conducted for the year ended 31 August 2024. The evaluation involved each Director completing a self-evaluation questionnaire to provide individual ratings and their contribution to the Board. The objectives of the evaluation are to assess whether the Board and the Directors have adequately and effectively performed its/their roles and responsibilities.

Board Committees

As an integral part of good corporate governance and to enhance the function of the Board, the Board has established four Board committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee, and the Environmental, Social and Governance Committee, to assume responsibilities for and to oversee particular aspects of the Group's affairs. The written terms of reference of all Board committees are disclosed in full on the websites of the Company and the Stock Exchange.



As at the date of this Report, the composition of the four Board committees of the Company is as follows:

Audit Committee	Nomination Committee	Remuneration Committee	Environmental, Social and Governance Committee
Chairman Ms. Kit Yi Kitty CHUNG *(Independent Non-executive Director)* **Members** Mr. Bradley Jay HORWITZ *(Independent Non-executive Director)* Mr. Liyang ZHANG *(Non-executive Director)*	**Chairman** Mr. Bradley Jay HORWITZ *(Independent Non-executive Director)* **Members** Ms. Cordelia CHUNG *(Independent Non-executive Director)* Ms. Kit Yi Kitty CHUNG *(Independent Non-executive Director)* Ms. Shengping YU *(Non-executive Director)*	**Chairman** Mr. Bradley Jay HORWITZ *(Independent Non-executive Director)* **Members** Ms. Ming Ming Anna CHEUNG *(Independent Non-executive Director)* Ms. Cordelia CHUNG *(Independent Non-executive Director)* Mr. Liyang ZHANG *(Non-executive Director)*	**Chairman** Ms. Ming Ming Anna CHEUNG *(Independent Non-executive Director)* **Members** Ms. Kit Yi Kitty CHUNG *(Independent Non-executive Director)* Mr. Chu Kwong YEUNG *(Executive Director)*

Audit Committee

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor and any questions of its resignation or dismissal, review of the Company's financial information and oversight of the Company's financial reporting system, risk management system and internal control system and procedures. It is also responsible for reviewing the interim and annual results of the Company.

The majority of the Audit Committee members are Independent Non-executive Directors. None of the members of the Audit Committee are a former partner of the Company's existing external auditor.

The Audit Committee meets, at least twice a year, with the external auditor to discuss their audit plan and any area of major audit and internal control concern during the audit or review. At least twice a year the Audit Committee meets with the external auditor without the presence of any Executive Director.

During the year ended 31 August 2024, the Audit Committee held three meetings with the following summary of work performed, including:

- reviewed the audited consolidated financial statements, the annual report and the annual results announcement for the year ended 31 August 2023 and made recommendation them for the Board's approval;
- reviewed and agreed with the re-appointment of KPMG as the Company's auditor, and made recommendation for the Board's approval;
- reviewed the adequacy and effectiveness of the risk management and internal control systems of the Group for the year ended 31 August 2023;
- reviewed the unaudited consolidated financial statements, the draft interim results announcement and the draft interim report of the Group for the six months ended 29 February 2024 and made recommendation for the Board's approval;
- reviewed and discussed the external audit plan and strategy with the external auditor;
- reviewed and approved the non-audit services provided by the external auditor and considered the auditor's independence;
- reviewed and approved the audit and non-audit fees; and
- reviewed the internal audit reports and audit plan.

The audited consolidated financial statements for the year ended 31 August 2024 have been reviewed by the Audit Committee.

Nomination Committee

The Nomination Committee is delegated with the authority by the Board with written terms of reference in compliance with the CG Code.

The principal duties of the Nomination Committee are to review the structure, size and composition of the Board and the Board committees, review the Nomination Policy and the Board Diversity Policy on a regular basis to ensure their continued effectiveness, make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identify individuals suitably qualified to become Directors and select or make recommendations to the Board on the selection of individuals nominated for directorships, assess the independence of Independent Non-executive Directors, and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

During the year ended 31 August 2024, the Nomination Committee held five meetings with the following summary of work performed, including:

- reviewed and assessed the independence of the Independent Non-executive Directors;
- considered the re-election of the retiring Directors at the forthcoming annual general meeting of the Company and made recommendation for the Board's approval;
- reviewed the Nomination Policy and Board Diversity Policy of the Company and made recommendation for the Board's approval;
- reviewed the structure, size and composition of the Board and its committees; and
- reviewed and considered the succession of the Board and the senior management of the Group and made recommendation for the Board's approval.

Remuneration Committee

The primary responsibilities of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration, make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management, make recommendations to the Board on the remuneration of Non-executive Director and Independent Non-executive Directors and the Company's Co-Ownership Plan(s), and review and approve the compensation arrangement for Directors and senior management in the event of loss or termination of office.

During the year ended 31 August 2024, the Remuneration Committee held two meetings with the following summary of work performed, including:

- reviewed the remuneration package and discretionary bonus of Directors, senior management and Talents and made recommendation for the Board's approval;
- reviewed the Remuneration Policy of the Group and made recommendation for the Board's approval;
- reviewed the proposed revamp of the performance management system of the Company;
- reviewed the Amended and Restated Co-Ownership Plan IV of the Company and recommended to the Board the suspension of the enrolment and participation of the plan at the second invitation period; and
- considered the long-term incentive plan of the Company.

Pursuant to Code Provision E.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 August 2024 is set out in note 6 to the "Notes to the Financial Statements".

Environmental, Social and Governance ("ESG") Committee

The primary responsibilities of the ESG Committee include but are not limited to reviewing and monitoring the Company's ESG strategies, policies and practices in order to ensure that they align with the Company's needs and comply with the applicable laws, regulations and regulatory requirements and international standards, reviewing the Company's ESG report and making recommendations to the Board for approval, and reviewing the Company's ESG performance against targets.

During the year ended 31 August 2024, the ESG Committee held two meetings with the following summary of work performed, including:

- reviewed the ESG performance in FY23;
- reviewed the ESG Report of the Company for the year ended 31 August 2023 and made recommendation for the Board's approval;
- reviewed ESG material risks and FY24 ESG planning;
- reviewed taskforce of climate-related financial disclosures;
- reviewed Science-based target roadmap and ESG solutions development; and
- reviewed ESG KPIs and materiality assessment.

Corporate Governance Report

Company Secretary

Ms. Chung Man CHENG ("Ms. CHENG") is the Company Secretary of the Company. She also acts as secretary to all the Board committees. To ensure information flow between the Board and its committees, Ms. CHENG is responsible for ensuring the effective conduct of meetings and that proper procedures are followed (including organising meetings, preparing agendas and written resolutions or minutes, collating and distributing meeting materials, and keeping records of substantive matters discussed and decisions resolved at the meetings). She also advises the Board on compliance and corporate governance matters, including updating the Board on any legal and regulatory changes, as well as facilitating the induction and professional development of the Directors. All Directors have access to the advice and services of the Company Secretary.

Ms. CHENG has complied with the requirement to undertake not less than 15 hours of professional training for the year ended 31 August 2024.

Auditor

Company continues to engage KPMG as the external auditor for the year ended 31 August 2024. KPMG has confirmed to the Company of its independence, and there are no relationships between KPMG and the Company that are likely to impair its independence.

The statement of the Directors' responsibility and auditor's statement of reporting responsibilities in respect of the financial statements of the Group for the year ended 31 August 2024 are set out on pages 143 to 145 of this Report.

Auditor's Remuneration

During the year ended 31 August 2024, the remuneration paid or payable to the Company's external auditor, KPMG, is set out as follows:

	$'000
Audit services	3,598
Other services (Note)	1,941
	5,539

Note: Other service fee includes the review of the Group's interim financial report amounting to $400,000, tax advisory service amounting to $540,000 and other services amounting to $1,001,000.

Governance Beyond Just Compliance

Our commitment to uphold a higher standard of governance and integrity is not something that we simply aspire for, but rather it is deeply ingrained in our everyday culture. Thanks to Co-Ownership Plans, the skin-in-the-game of our Talents means each Co-Owner and their immediate teams operate with self-motivation to ensure that every decision we make is positive, accountable and in the best interest of our Group. In a very unique way, the role our Talents play — together with the governance policies we have in place — help take our culture of integrity beyond mere compliance of laws and regulations.

Co-Ownership Plans and Entrepreneurial Mindset

As a Group led by Co-Owners, our Talents operate with the mindset of entrepreneurs and shareholders. Whilst most legacy companies have an agency problem, in that there can be a misalignment of interest between employees, management and stakeholders, our Co-Ownership Plans negate this as Talents from all facets of our business are part owners of HKBN. For every action we make, our interests are fully aligned with shareholders.

Calculated risk

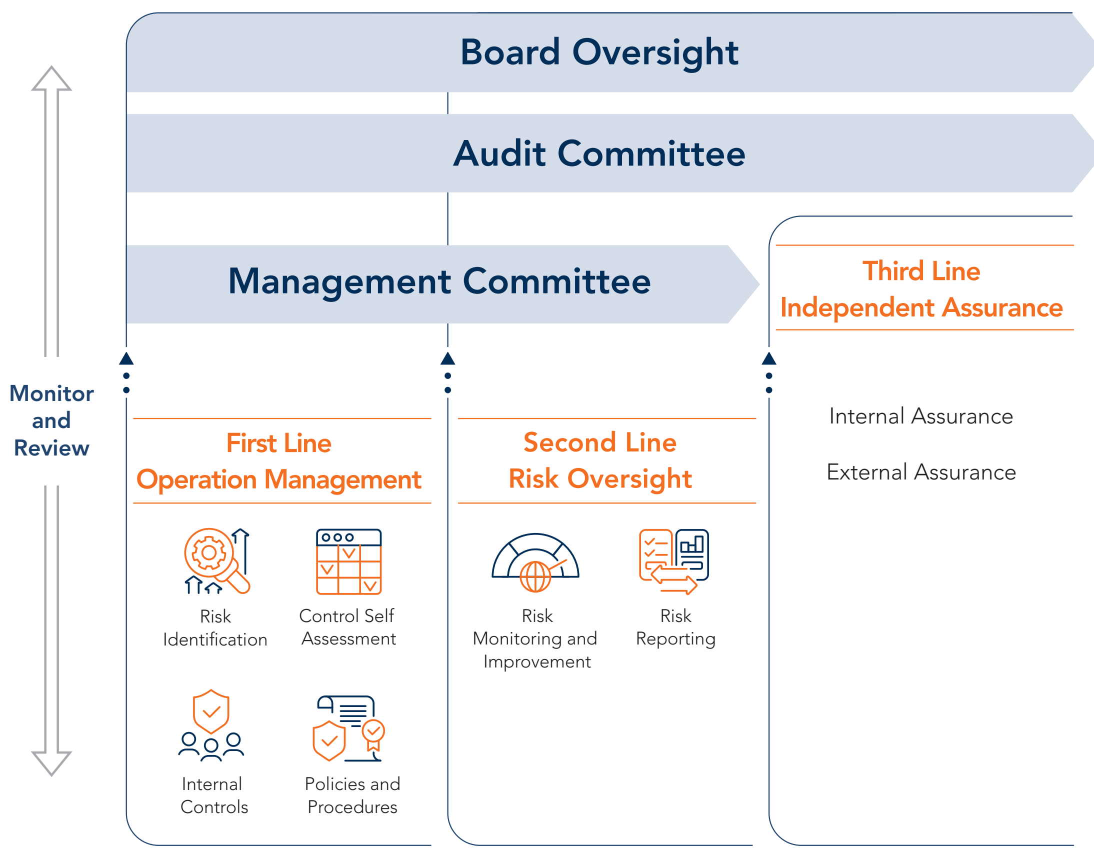
While we embrace risk in our operation for faster and more agile decision-making, we also examine the risk and weigh its impact based on the opportunity outcome before taking action. In addition, sound procurement policies and other controls are in place as a baseline to empower our decision making.

Trustworthy

Trust plays a vital role in ensuring that we can operate with agility. As such, we actively encourage our Talents to adopt a "Sunshine test" and "Newspaper test" when making decisions. Our rule is simple: we ask Talents "would you be proud of your action or decision if it was shared with the entire company?" or "would you be content if it was reported in a newspaper?" If the answer is yes to both, we ask our Talents to proceed. When in doubt, Internal Audit and Talent Management Talents are available to provide advice. However, under any circumstance, we adopt zero tolerance for dishonesty and unethical behaviour, with the Management Committee of the Company responsible for overseeing business ethics and corruption related issues.

The Three-Line of Defence and Enterprise Risk Management

Apart from our culture-related governance methodology, our risk management structure is also based on the "Three Lines of Defence" model. This framework and its process are designed to manage and mitigate risks rather than eliminate all risks. As such, it does not provide absolute protection against unpredictable risk or uncontrollable events such as natural catastrophes, fraud, and errors of judgment.



Risk Management Framework

First Line of Defence

Internal Control

The Group adopted an integrated framework of internal controls in consistence with the "Committee of Sponsoring Organisations of the Treadway Commission" framework (the "framework"). Under this framework, management is responsible for the design, implementation and maintenance of internal controls to ensure appropriate policies and control procedures have been designed and established to safeguard our assets against improper use or disposal, ensuring that relevant laws, rules and regulations are adhered to and complied with; and that reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements. Departmental Operating Procedures are established for major operations.

The Company is aware of its obligations under the SFO and the Listing Rules. The Group has in place an inside information escalation system and disclosure of inside information policy setting out controls with regard to the handling and disclosure of such inside information. The policy provides examples and illustrations to facilitate understanding and compliance.

Risk Register and Control Self-Assessment

Business units are at the forefront of our risk management. While there is change in our operations, leaders from different departments are responsible to identify business and operation risk and perform risk assessments, risk ranking, establishing and implementing mitigating actions and reporting to the Internal Risk Management ("IRM") team on a yearly basis through the Departmental Risk Register. By processing the "control self-assessment" ("CSA"), we allow each operation to evaluate the effectiveness of control related to identified risks.

Company Policies

All Talents are required to comply with multiple company policies which align with our core values. These policies regulate the behaviour of our Talents which permeate the Group's integrity and ethical values as fundamental principles. All Talents are required to follow our Code of Business Conduct which details our expectations for responsible business conduct.

Anti-bribery, Anti-corruption, Anti-fraud and Conflict of Interest Policy

This outlines our expected conduct to ensure we are always in compliance with anti-corruption laws, such as the Prevention of Bribery Ordinance (Cap. 201) (the "Ordinance"). This includes compliance with all laws, domestic and foreign, prohibiting improper payment, gifts or inducement s of any kind to and received from any person, including officials in the private or public sector, customers and suppliers. The policy is available on the Company's website and intranet.

Training

Training is carried out in the format of self-learning or attend in-person training provided by Independent Commission Against Corruption ("ICAC") or local specialist in Hong Kong, Macao and mainland China to strengthen our understanding of anti-corruption laws and enhance our alertness to corruption, conflict of interest and integrity issues.

Materials covered in the anti-bribery and anti-corruption trainings include location and country specific prevention of bribery ordinance, conflict of interest and company policies including Anti-Bribery, Anti-Corruption, Conflict of Interest Policy and No Business Gift Policy.

In 2024, training summary as follow:

	Number of talents	Format	Location
Directors	7	Self-reading materials and declaration	Hong Kong
New join Talents and refresher training	1,648	In-person training by ICAC and local specialist	Hong Kong, mainland China
New join Talents and refresher	29	Self-reading materials and declaration	Hong Kong and Macao

Whistleblowing Policy and Complaint handling

The Whistleblowing Policy facilitates Talents and other stakeholders (e.g. vendors, contractors and all that we have business relationships etc.) to report concerns to us about suspected unethical behaviour or malpractice in confidence and without fear of reprisal, victimisation, subsequent discrimination, disadvantage or dismissal.

Complaints or concerns filed via email or online portal reporting are received by HKBN Speakup, an independent speakup service managed by Deloitte on behalf of the HKBN Group. A Deloitte speakup analyst will review the information the Informer have given, summarise the information provided, suggest specific follow-up action and submit a report to a designated representative(s) of the Group for follow-up which includes any corrective action(s) as appropriate. The HKBN Speakup online portal provides an anonymity function should the Informer choose to remain anonymous. During FY24, no substantiated court cases or complaints relating to HKBN and corruption, bribery or conflict of interest occurred.

Intellectual Property Rights Policy

As a technology Group that develops our own products, solutions and applications, as well as partners with many different companies, we embrace our responsibility to respect and protect everyone's intellectual property ("IP") rights. In general, all Talents are required to install and use only our Company's authorised programs on our systems or platforms and there should not be any unauthorised copying or distribution of materials. The Intellectual Property Rights Policy requires our Talents to protect the Company's intellectual property rights ("IPRs") and to respect the IPRs of third parties to avoid potential legal liabilities from IPR infringement. In our agreements with suppliers, we seek their representations/warranties that their products do not infringe on third party IPRs and will indemnify us against any damages from any such infringements.

Cybersecurity Information Security Policy provides rules and best practices to maintain the confidentiality, integrity, and availability of the Company's information and outlined the responsibilities for Talents, contractors and third-party in relation to information security. During the year, we continued to subscribe to a threat intelligence service to identify phishing websites and impersonation of HKBN brands on cyberspace. We also subscribed to a cloud-based cyber range service to provide real-life simulation training on cyber security events across different departments.

Data Privacy Personal Data Protection Policy is established by our Company to set out how our Company protects personal data and ensures ongoing compliance with Personal Data (Privacy) Ordinance. We implement accountability by appointing a Data Protection Officer and have established reporting mechanisms in place on data privacy within our Company. We also perform annual assessments and revisions in order to stay effective and relevant.

Risk Governance

Second Line of Defence

The second line of defence is overseen by the IRM team whose composition comprises nominated department heads and executives. The team is responsible for (i) understanding risks that are affecting the Group, and (ii) ensuring major risks are addressed with appropriate actions. IRM team ensures appropriate actions are taken on risks affecting the Group's business, operations and ESG related issues. The IRM team meets twice a year and from time to time when needed to review risks affecting the Group's operation. The Group Risk Register is the result of a top down risk assessment from the corporate level and is complemented by a bottom up approach of separate risk registers reported by different departments.

Third Line of Defence — Independent Assurance

The Group's internal audit function is performed by the Audit and Risk Department ("ARD"). It is responsible for conducting independent reviews of the adequacy and effectiveness of the Group's internal control and risk management systems. It also assists management in assessing the risks inherent in particular business or functional areas, including fraud, corruption, ethics and conducts, and legal compliance through reviews or audits to provide reasonable, though not absolute, assurance that adequate governance and controls are in place to address such risks. The ARD has a reporting line to the Executive Vice-chairman and has direct access to the chairman of the Audit Committee.

Internal audit reports on control design and effectiveness are submitted to the Audit Committee in line with the agreed audit plan. The annual audit plan is prepared based on the major risks identified during the latest risk review on a three-year rotational basis covering a majority of operations that have the most impact to our Group, and includes controls related business ethics issues such as the prevention of corruption, fraud and other misconduct. This audit plan is subject to changes according to the outcome of continuous risk review processes, and any proposed changes to the audit plan will be communicated to and approved by the Audit Committee accordingly.

Apart from the Audit and Risk Department, an independent Quality Enhancement/Quality Management team performs comprehensive training programs and conducts certain quality enhancement activities to ensure compliance and deliver outstanding service quality. New frontline customer service and sales representatives must undergo training on product knowledge, service standards, and relevant regulations such as the Personal Data (Privacy) Ordinance, Trade Descriptions Ordinance, and Code of Practice on Person-to-Person Marketing Calls. These training sessions lay the foundation for talents to deliver high-quality service while remaining compliant with regulations.

In addition to training, the team conducts regular quality monitoring to evaluate performance and maintain quality standards. Regular call monitoring and promoter booth assessments are carried out to assess the performance of telemarketing and direct sales teams. Mystery customers are assigned to visit outdoor sales representatives, ensuring accurate information delivery. Any identified discrepancies are addressed through refresher training programs, allowing individual performance to align with quality standards.

Recognizing and responding to customer expectations and feedback is vital to the team's endeavors. We conduct customer satisfaction surveys for both new customers and post-service interactions. Customers are invited to share their feedback after utilizing our comprehensive omni-customer services. The insights gained from these surveys provide valuable information about customer expectations, requirements, and areas for improvement. The findings are reviewed by management and relevant departments, who take action to continuously improve frontline performance and enhance the service journey, aiming to exceed customer expectations.

External Assurance and Consultation
External auditor and consultants further supplement the third line of defence by providing independent assessment on the Group's processes, especially with respect to the significant risks and control issues identified over the financial reporting process.

Risk Management and Principal Risks

It is our commitment to launch service quickly and meet market demands at a fast pace to pursue long-term growth in our business. Because we embrace risk as an inherent component in our daily operation, HKBN takes an "enterprisewide approach" for the management of key business risks. This approach provides consistent processes to identify, assess, treat, monitor and communicate key risks.

Principal Risks and Uncertainties

The Group is exposed to a broad range of risks. The following table details the main areas of focus. Significant risks specific to the operations are included in their risk registers.

Area of Focus	Mitigation
Market competition	• Proactively monitor market conditions • Conduct responsive project management to allow flexible allocation of resources for strategy changes • Closely monitor price levels and act accordingly
Interest rate risk	• Continue to monitor interest rate trend and market conditions diligently and devise hedging strategy accordingly • Utilise interest-rate swaps to hedge against our interest rate risks as appropriate
Network availability	• The Group has implemented a multi-vendor approach • Continuously monitor of network status
People	• The Group has a succession planning strategy in place for key management positions
Cybersecurity and data protection	• Continuously review and update our customer data collection and retention policy • Provide network/IT security awareness training to all Talents • Continuously review and update our customer data collection and retention policy
Legal and regulation	• ARD will conduct compliance review on business activities and new initiatives where appropriate • Legal and Regulatory Department will review contracts before their execution • On-going trainings on legal and regulatory compliance will be provided to Talents to promote awareness and ensure compliance
Technology advancement	• Explore and roll out emerging network technologies as we see fit • New service is provided to customers by partnering with industry leaders
Climate Risk	• Please refer to environmental section of this annual report on pages 88 to 99

Board Confirmation

The Board has overall responsibility for risk management and internal control systems and for reviewing their effectiveness at least annually through the Audit Committee. The Board conducts an annual review on the effectiveness of the processes for financial reporting and Listing Rules compliance, and the adequacy of resources, qualifications and experience of staff of the Group's accounting, financial reporting and internal audit functions, and their training programs and budget, as well as those relating to ESG performance and reporting.

The Board has considered and endorsed the Audit Committee's assessment of the effectiveness of risk management and internal controls systems in the Group. During the year ended 31 August 2024, there was no area of concern identified which might materially affect the operational, financial reporting and compliance controls of the Group, and that the existing risk management and internal control systems remain effective and adequate.

Shareholders and Investors

Dividend Policy

The Company's dividend policy is set out in the "Recommended Dividend" section on page 39 of this Report.

The Board will review the dividend policy and payout ratio as appropriate from time to time.

Shareholder Communication Policy

The Company has adopted a Shareholder Communication Policy (which is available on the Company's website) to set out the Company's procedures in providing shareholders and the investment community with ready, equal and timely access to balanced and understandable information about the Company, in order to help shareholders exercise their rights in an informed manner, and to allow shareholders and the investment community to engage actively with the Company. The Company has considered the current Shareholder Communication Policy remains effective and adequate.

Shareholder Engagement

The general meetings of the Company provide a communication channel between the shareholders and the Board. An annual general meeting of the Company is held each year at a location as may be determined by the Board. Each general meeting, other than an annual general meeting, is called an extraordinary general meeting. The Board may, whenever it deems fit, convene an extraordinary general meeting. Any vote of the shareholders at a general meeting must be taken by poll except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted by a show of hands.

Shareholders' Rights

General meetings may be convened on the written requisition of any one member which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting on a one vote per share basis, at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene a physical meeting at only one location which will be the principal meeting place provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Investor Relations Enquiries and Communication

The enquiries must be in writing with the detailed contact information of the requisitionists and deposited with the Company at the Company's principal place of business in Hong Kong as below:

HKBN Ltd.
19/F, Tower 1, The Quayside
77 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

Procedures for Shareholders to Put Forward Proposals at Shareholders' Meetings

Shareholders who wish to put forward a new resolution may request the Company to convene a general meeting in accordance with the procedures set out on page 137 in the paragraph under "Shareholders' Rights". Detailed procedure for shareholders to propose a person for election as a Director is available under the Corporate Governance section of the Company's website.

Information Disclosure and Investor Relations

The Board and the Company maintain an on-going dialogue with the Company's shareholders and the investment community mainly through the Company's financial reports, annual general meeting and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company's website.

Constitutional Document

There was no change made to the Second Amended and Restated Memorandum and Articles of Association of the Company during the year ended 31 August 2024.

Independent auditor's report to the shareholders of HKBN Ltd.

(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of HKBN Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 146 to 233, which comprise the consolidated statement of financial position as at 31 August 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the shareholders of HKBN Ltd. (continued)

(Incorporated in the Cayman Islands with limited liability)

Key audit matters (continued)

Assessing of potential impairment of goodwill, intangible assets, property, plant and equipment ("PP&E") and right-of-use assets

Refer to notes 9, 10 and 11 and accounting policies in notes 1(f), 1(h) and 1(i) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The carrying values of the Group's goodwill, intangible assets, PP&E and right-of-use assets as at 31 August 2024, which amounted to HK$7,817 million, HK$2,368 million, HK$3,133 million and HK$628 million, respectively, were mainly contained in three cash-generating units ("CGUs"). Management performs an annual impairment assessment of its goodwill and the associated intangible assets, PP&E and right-of-use assets. Management compares the carrying value of each of the CGUs to which the goodwill, intangible assets, PP&E and right-of-use assets have been allocated against discounted cashflow forecast of each of the CGUs to determine the amount of impairment loss which should be recognised, if any. The preparation of discounted cashflow forecasts involves the exercise of significant management judgement, particularly in estimating the long term revenue growth rates and the discount rates applied. We identified assessing the potential impairment of goodwill, intangible assets, PP&E and right-of-use assets as a key audit matter because the impairment assessment prepared by management is complex and contains judgemental assumptions, particularly the long term revenue growth rate and discount rate applied, which could be subject to management bias in their selection.	Our audit procedures to assess potential impairment of goodwill, intangible assets, PP&E and right-of-use assets included the following: • evaluating the Group's identification of CGUs and the value of goodwill, intangible assets, PP&E and right-of-use assets allocated to each of the CGUs and assessing the methodology applied by management in the preparation of the discounted cashflow forecasts with reference to the requirements of the prevailing accounting standards; • evaluating the discounted cashflow forecasts prepared by management by comparing specific data and significant assumptions in the discounted cashflow forecasts with the financial budget which was approved by the Board of directors. Our evaluation has taken into account our understanding of the Group's future business plans and the observable market data of the industry; • comparing the revenue and operating costs included in prior year's discounted cashflow forecasts with the current year's performance in order to assess the reasonableness of prior year's forecast and making enquires of management as to the reasons for any significant variation identified; • comparing the long term revenue growth rate and discount rate adopted in the discounted cashflow forecasts with that of comparable companies and external market data; and • obtaining from management sensitivity analysis of long term revenue growth rate and the discount rate adopted in the discounted cashflow forecasts and assessing the impact of changes in these key assumptions to the conclusions reached in the impairment assessments and whether there were any indicators of management bias.

Independent auditor's report to the shareholders of HKBN Ltd. (continued)

(Incorporated in the Cayman Islands with limited liability)

Key audit matters (continued)

Accuracy of revenue due to complex billing systems

Refer to note 2 and accounting policies in note 1(u) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The Group's revenue from fixed telecommunications network services, international telecommunications services and other services totalled HK$5,997 million, which accounted for 56% of the total revenue for the year ended 31 August 2024. The accuracy of such revenue recorded in the consolidated financial statements is an inherent risk because the Group's billing systems are complex, and process large volumes of data including a variety of service packages with price changes in the year.	Our audit procedures to assess the recognition of revenue included the following: • with the assistance of our information technology specialists, evaluating the design, implementation and operating effectiveness of key internal controls with particular emphasis on: — the capturing and recording of data usage; — authorising rate changes; and — calculating amounts billed to customers. • assessing the design, implementation and operating effectiveness of key non-automated internal controls over the revenue recognition process; • reconciling revenue recognised in the telecom billing system to the general ledger and assessing whether the reconciling items were properly supported by underlying documentation, on a sample basis;

Independent auditor's report to the shareholders of HKBN Ltd. (continued)

(Incorporated in the Cayman Islands with limited liability)

Key audit matters (continued)

Accuracy of revenue due to complex billing systems (continued)

Refer to note 2 and accounting policies in note 1(u) to the consolidated financial statements. (continued)

The Key Audit Matter	How the matter was addressed in our audit
Significant management judgement can be required in determining the appropriate measurement and timing of recognition of different elements of revenue within bundled sales packages, which may include telecommunication services and telecommunication products, and complex settings are required in the Group's information technology ("IT") systems to achieve the appropriate allocation of prices for the different elements of revenue. We identified revenue recognition as a key audit matter because it involves management judgement and complex IT systems, both of which give rise to an inherent risk that revenue could be recorded in the incorrect period or could be subject to manipulation to meet targets or expectations.	• assessing, on a sample basis, the standalone selling prices determined by management for each distinct service and product offered in bundled sales packages, by comparison with the observable prices for such services or products when the Group sells such services or products separately in similar circumstances and to similar customers; • evaluating journal entries posted to revenue accounts, on a specific risk-based sample basis, and comparing the details of these journals entries with relevant underlying documentation, which included reports generated from the telecom billing system; and • comparing cash receipts from customers during the year and subsequent to the financial year end with invoices issued to customers during the year, on a sample basis.

Independent auditor's report to the shareholders of HKBN Ltd. (continued)

(Incorporated in the Cayman Islands with limited liability)

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent auditor's report to the shareholders of HKBN Ltd. (continued)

(Incorporated in the Cayman Islands with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

— Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report to the shareholders of HKBN Ltd. (continued)

(Incorporated in the Cayman Islands with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yip Ka Ming, Alice.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

31 October 2024

Consolidated Income Statement

For the year ended 31 August 2024 (Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Revenue	2	**10,650,922**	11,692,176
Other net income	3(a)	**24,609**	20,180
Network costs and costs of sales		**(6,661,678)**	(7,525,019)
Other operating expenses	3(b)	**(3,124,364)**	(3,446,031)
Impairment on goodwill	3(e)	**–**	(1,200,000)
Finance costs	3(d)	**(860,236)**	(702,303)
Share of losses of associates	13(c)	**–**	(742)
Share of losses of joint ventures	13(b)	**(128)**	(69,592)
Profit/(loss) before taxation	3	**29,125**	(1,231,331)
Income tax expense	4	**(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	7		
Basic		**0.8 cents**	(96.7) cents
Diluted		**0.7 cents**	(96.7) cents

The notes on pages 153 to 233 form part of these financial statements. Details of dividend payable to equity shareholders of the Company attributable to the profit for the year are set out in note 28(b).

Consolidated Statement of Comprehensive Income

For the year ended 31 August 2024 (Expressed in Hong Kong dollars)

	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)

The notes on pages 153 to 233 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 August 2024 (Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Non-current assets			
Goodwill	9	**7,816,507**	7,816,507
Intangible assets	10	**2,367,621**	2,775,801
Property, plant and equipment	11	**3,132,945**	3,418,992
Right-of-use assets	11(b)	**628,457**	689,568
Customer acquisition and retention costs	15(b)	**464,954**	464,533
Interest in associates	13(c)	**–**	4,332
Interests in joint ventures	13(b)	**–**	6,284
Deferred tax assets	26	**137,853**	66,674
Other non-current assets	14	**56,023**	72,289
		14,604,360	15,314,980
Current assets			
Inventories	15(a)	**106,197**	105,681
Trade receivables	17	**969,297**	909,394
Other receivables, deposits and prepayments	17	**516,316**	465,921
Contract assets	16(a)	**255,073**	315,420
Amounts due from joint ventures	22	**183**	5,663
Cash and cash equivalents	18	**1,217,406**	1,016,769
Financial assets at fair value through profit or loss	27	**–**	13,777
		3,064,472	2,832,625

Consolidated Statement of Financial Position

At 31 August 2024 (Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Current liabilities			
Trade payables	19	**945,879**	927,666
Other payables and accrued charges — current portion	19	**950,361**	869,699
Contract liabilities — current portion	16(b)	**606,612**	573,977
Deposits received		**99,178**	83,277
Amounts due to associates	22	**–**	4,332
Amounts due to joint ventures	22	**14,877**	10,000
Bank and other borrowings	20	**272,601**	284,861
Lease liabilities — current portion	21	**145,580**	150,910
Tax payable	25	**159,662**	193,843
Other current liabilities	23	**10,588**	13,575
Financial liabilities at fair value through profit or loss	27	**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	19	**–**	18,000
Contract liabilities — long-term portion	16(b)	**177,301**	160,162
Deferred tax liabilities	26	**593,204**	684,672
Lease liabilities — long-term portion	21	**348,542**	385,105
Provision for reinstatement costs		**55,191**	54,003
Bank and other borrowings	20	**10,705,002**	10,671,853
Other non-current liabilities	23	**–**	10,588
		11,879,240	11,984,383
NET ASSETS		**2,554,264**	3,051,082
CAPITAL AND RESERVES			
Share capital	28	**132**	132
Reserves		**2,554,132**	3,050,950
TOTAL EQUITY		**2,554,264**	3,051,082

Approved and authorised for issue by the board of directors on 31 October 2024.

Chu Kwong YEUNG) Directors

Kit Yi Kitty CHUNG)

The notes on pages 153 to 233 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 August 2024 (Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company							
	Note	Share capital $'000	Share premium $'000	Vendor Loan Notes $'000	Capital reserve $'000	Other reserve $'000	Retained profits $'000	Exchange reserve $'000	Total $'000
Balance at 1 September 2022		132	427,882	2,349,204	40,803	596,420	1,527,522	(17,880)	4,924,083
Changes in equity for the year ended 31 August 2023:									
Loss for the year		–	–	–	–	–	(1,267,408)	–	(1,267,408)
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, with nil tax effect		–	–	–	–	–	–	(14,750)	(14,750)
Share of other comprehensive income of associates		–	–	–	–	–	–	(326)	(326)
Exchange differences on translation of foreign operations transferred to consolidated income statement upon disposal		–	–	–	–	–	–	1,051	1,051
Total comprehensive income		–	–	–	–	–	(1,267,408)	(14,025)	(1,281,433)
Dividend approved in respect of the previous year	28(b)(ii)	–	(262,320)	–	–	–	–	–	(262,320)
Dividend declared to equity shareholders of the Company in respect of the current year	28(b)(i)	–	(98,634)	–	–	–	(163,686)	–	(262,320)
Distribution to holders of Vendor Loan Notes		–	(66,928)	–	–	–	–	–	(66,928)
Balance at 31 August 2023		132	–	2,349,204	40,803	596,420	96,428	(31,905)	3,051,082

The notes on pages 153 to 233 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 August 2024 (Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company							
	Note	Share capital $'000	Share premium $'000	Vendor Loan Notes $'000	Capital reserve $'000	Other reserve $'000	Retained profits/ (Accumulated losses) $'000	Exchange reserve $'000	Total $'000
Balance at 1 September 2023		132	–	2,349,204	40,803	596,420	96,428	(31,905)	3,051,082
Changes in equity for the year ended 31 August 2024:									
Profit for the year		–	–	–	–	–	10,277	–	10,277
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, with nil tax effect		–	–	–	–	–	–	10,422	10,422
Share of other comprehensive income of associates		–	–	–	–	–	–	106	106
Total comprehensive income		–	–	–	–	–	10,277	10,528	20,805
Dividend approved in respect of the previous year	28(b)(ii)	–	–	–	–	–	(262,320)	–	(262,320)
Dividend declared to equity shareholders of the Company in respect of the current year	28(b)(i)	–	–	–	–	–	(196,740)	–	(196,740)
Distribution to holders of Vendor Loan Notes		–	–	–	–	–	(58,563)	–	(58,563)
Balance at 31 August 2024		132	–	2,349,204	40,803	596,420	(410,918)	(21,377)	2,554,264

The notes on pages 153 to 233 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 August 2024 (Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Operating activities			
Cash generated from operations	18(b)	**2,274,122**	2,221,539
Tax paid:			
— Hong Kong Profits Tax paid		**(207,768)**	(227,640)
— Tax paid outside Hong Kong		**(8,328)**	(11,020)
— Tax refunded outside Hong Kong		**441**	–
Net cash generated from operating activities		**2,058,467**	1,982,879
Investing activities			
Payment for the purchase of property, plant and equipment		**(362,711)**	(489,391)
Payment for the purchase of intangible assets		**(157)**	–
Proceeds from sale of property, plant and equipment		**781**	1,181
Proceeds from sale of associates		**–**	68,961
Net cash outflow in respect of deemed disposal of a subsidiary		**(155)**	–
Shareholder loan to associates		**–**	6,039
Payment for investment in a joint venture		**–**	(58,761)
Interest received		**9,625**	7,647
Net cash used in investing activities		**(352,617)**	(464,324)
Financing activities			
Capital element of lease rentals paid	18(c)	**(153,146)**	(153,223)
Interest element of lease rentals paid	18(c)	**(22,861)**	(20,853)
Proceeds from bank loans	18(c)	**247,074**	253,809
Proceeds from other borrowings	18(c)	**17,925**	–
Repayment of bank loans	18(c)	**(253,809)**	(508,388)
Repayment of other borrowings	18(c)	**(30,080)**	(39,316)
Repayment of other liabilities	18(c)	**(14,043)**	(14,042)
Payment of originating fee for banking facilities amendment	18(c)	**(25,470)**	–
Interest paid on bank and other borrowings and interest-rate swap	18(c)	**(751,030)**	(552,634)
Dividend paid to the equity shareholders of the Company		**(459,060)**	(524,640)
Dividend paid to the holders of Vendor Loan Notes		**(58,563)**	(66,928)
Net cash used in financing activities		**(1,503,063)**	(1,626,215)
Net increase/(decrease) in cash and cash equivalents		**202,787**	(107,660)
Cash and cash equivalents at the beginning of the year	18(a)	**1,016,769**	1,129,226
Effect of foreign exchange rate changes		**(2,150)**	(4,797)
Cash and cash equivalents at the end of the year	18(a)	**1,217,406**	1,016,769

The notes on pages 153 to 233 form part of these financial statements.

1 Material accounting policies

(a) Statement of compliance

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. 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 1(c) 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.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 August 2024 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in joint ventures and associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities as explained in the accounting policies set out as below:

— financial assets at fair value through profit or loss and derivative financial instruments (see note 1(g)); and

— share-based payments (see note 1(r)(iv)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 35.

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.

1 Material accounting policies (continued)

(b) Basis of preparation of the financial statements (continued)

Going concern assumption (continued)

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 (see note 30(b)). 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.

(c) Change in accounting policies

(i) New and amended HKFRSs

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.

1 Material accounting policies (continued)

(c) Change in accounting policies (continued)

(i) New and amended HKFRSs (continued)

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.

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 in note 26 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 Pillar Two income taxes. The amendments are immediately effective upon issuance and require retrospective application.

1 Material accounting policies (continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in a joint venture or an associate (see note 1(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(k)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

1 Material accounting policies (continued)

(e) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 1(f) and (k)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

1 Material accounting policies (continued)

(f) Business combination and goodwill

The Group applies the acquisition method to account for business combination. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(k)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

1 Material accounting policies (continued)

(g) Derivative financial instruments and other investments in debt and equity securities

(i) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(ii) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 1(u)(vii)).

— fair value through other comprehensive income (FVOCI) — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— fair value at profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

1 Material accounting policies (continued)

(h) Property, plant and equipment

Property, plant and equipment, comprising cable, leasehold improvements, furniture, fixtures and fittings, telecommunications, computer and office equipment, motor vehicles and right-of-use assets arising from (i) leases over leasehold properties where the Group is not the registered owner of the property interest, (ii) interests in leasehold land where the Group is the registered owner of the property interest, and (iii) telecommunication facilities and computer equipment, are stated at cost less accumulated depreciation and accumulated impairment losses (see note 1(k)(iii)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

— The Group's interests in buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion
— Leasehold improvements are depreciated over the shorter of the unexpired term of the lease and their estimated useful lives
— Leasehold land is depreciated over the unexpired term of lease
— Cable 5–25 years
— Furniture, fixtures and fittings 4–5 years
— Telecommunications, computer and office equipment 4–25 years
— Motor vehicles 4–5 years
— Investment properties are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Major costs incurred in restoring property, plant and equipment to their normal working condition are charged to profit or loss. Major improvements are capitalised and depreciated over their expected useful lives to the Group.

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Material accounting policies (continued)

(i) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(k)(iii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis or diminishing balance method or unit of production method over the assets' estimated useful lives. The major intangible assets with finite useful lives are amortised from the date of acquisition and their estimated useful lives are as follows:

— Customer relationship — FTNS business	14–18 years
— Customer relationship — International telecommunications services ("IDD") business	14 years
— Customer relationship — Broadband wireless ("Wi-Fi") connectivity business	18 years
— Customers relationship — Cloud services	7 years
— Customers relationship — IT business	7–18 years
— Brand and trademark — "HKBN" & "WTT" for FTNS business	11–20 years
— Brand and trademark — "IDD0030", "IDD1666", "IDD007" & "IDD1507" for IDD business	11–14 years
— Brand and trademark — "Y5Zone" for Wi-Fi business	20 years
— Brand and trademark — "ICG" for Cloud services	11 years
— Brand and trademark — "WTT" for IT business	11 years
— Brand and trademark — "JOS" for IT business	11 years
— Backlog	1.5–6 years

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

1 Material accounting policies (continued)

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily photocopiers. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(h) and 1(k)(iii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

1 Material accounting policies (continued)

(j) Leased assets (continued)

(i) As a lessee (continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(u).

(iii) Sale and leaseback transactions

A sale and leaseback transaction involves the sale of an asset by the Group and the leasing of the same asset back to the Group. The lease payments and the sale price are usually interdependent as they are negotiated as a package. Sale and leaseback arrangements that result in substantially all of the risks and rewards of ownership of assets being transferred to the lessor are accounted for as operating leases. Any excess of sales proceeds over the carrying amount is recognised in profit or loss as gain on disposal, if the sales prices and lease back arrangements for these transactions are determined based on the prevailing market prices. Payments made under operating leases are charged to profit or loss on a straight-line basis over the lease periods.

1 Material accounting policies (continued)

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, deposits and prepayments), contract assets as defined in HKFRS 15 (see note 1(m)) and lease receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— trade receivables, other receivables, deposits and prepayments and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate;

— lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

1 Material accounting policies (continued)

(k) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

1 Material accounting policies (continued)

(k) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 1(u)(vi) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract such as a default or delinquency in interest or principal payments;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

1 Material accounting policies (continued)

(k) Credit losses and impairment of assets (continued)

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within "trade and other payables" at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in "trade and other payables" in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 1(k)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected (payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

1 Material accounting policies (continued)

(k) Credit losses and impairment of assets (continued)

(iii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment, including right-of-use assets;

— intangible assets;

— customer acquisition and retention costs;

— goodwill;

— investment in associates and joint ventures; and

— investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— *Calculation of recoverable amount*
The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*
An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

1 Material accounting policies (continued)

(k) Credit losses and impairment of assets (continued)

(iii) Impairment of other non-current assets (continued)

— *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iv) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(k)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(l) Inventories and other contract costs

(i) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first in, first out cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1 Material accounting policies (continued)

(l) Inventories and other contract costs (continued)

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 1(l)(i)), other property, plant and equipment (see note 1(h)) or intangible assets (see note 1(i)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, other property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 1(u).

(m) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 1(u)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in note 1(k)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 1(n)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 1(u)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(n)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(k)(i)).

1 Material accounting policies (continued)

(n) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 1(m)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(k)(i)).

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 1(x)).

(p) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 1(k)(ii), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amount.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 1(k)(i).

(r) Talent benefits

(i) Short term Talent benefits

Salaries, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by Talents. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Profit sharing and bonus plans

Provisions for profit sharing and bonus plans are recognised when the Group has a present legal or constructive obligation as a result of services rendered by Talents and a reliable estimate of the obligation can be made.

(iii) Retirement benefit costs

The Group contributes to defined contribution retirement schemes which are available to certain Talents. Contributions to the schemes by the Group are calculated as a percentage of Talents' basic salaries and charged to profit or loss. The Group's contributions are reduced by contributions forfeited by those Talents who leave the scheme prior to vesting fully in the contributions.

The assets of the scheme are held in an independently administered fund that is separated from the Group's assets.

1 Material accounting policies (continued)

(r) Talent benefits (continued)

(iv) Share-based payments

(a) Equity-settled share-based payments

The fair value of Restricted Share Units ("RSUs") granted to Talents of the Group in Hong Kong under the Co-Ownership Plan II is recognised as a Talent cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the RSUs were granted. Where the Talents have to meet vesting conditions before becoming unconditionally entitled to the RSUs, the total estimated fair value of the RSUs is spread over the vesting period, taking into account the probability that the RSUs will vest.

During the vesting period, the number of RSUs that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original Talent expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of RSUs that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the service condition. The equity amount is recognised in the capital reserve until the RSUs are vested (when it is included in the amount recognised in share premium for the shares vested).

(b) Cash-settled share-based payments

The fair value of the amount payable to Talents of the Group in the People's Republic of China (the "PRC") in respect of RSUs under the Co-Ownership Plan II, which are to be settled in cash and based on the price of the equity instruments of the Company, is recognised as a Talent cost with a corresponding increase in liabilities. Where the Talents have to meet vesting conditions before becoming unconditionally entitled to payment, the total estimated fair value of the RSUs is spread over the vesting period, taking into account the probability that the RSUs will vest. The liability is remeasured at the end of each reporting period and at settlement date. Any changes in the fair value of the liability are recognised as Talent costs in profit or loss.

(c) Share-based payments among group entities

In the Company's statement of financial position, the Company recognises the fair value of the RSUs granted by the Company to the subsidiaries as a capital contribution to the subsidiaries with an increase in its investments in the subsidiaries. The Company recognises the reimbursement by the subsidiaries of this capital contribution by recognising a recharge asset and a corresponding adjustment (credit) to the carrying amount of the investments in the subsidiaries.

1 Material accounting policies (continued)

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

1 Material accounting policies (continued)

(s) Income tax (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(t) Provisions, contingent liabilities and onerous contracts

(i) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 1(t)(ii).

(ii) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

1 Material accounting policies (continued)

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue for the provision of international telecommunications and fixed telecommunications network service

Revenue is recognised over time on the basis of units of traffic/data processed and/or contracted fees for telecommunications services that have been provided and based on the relative fair value of the services rendered. Tariff-free period granted to customers are recognised in profit or loss rateably over the term of the service subscription agreement. Amount received in advance for the provision of services is deferred and included under contract liabilities and subsequently recognised as revenue over the related service period.

Revenue from international telecommunications and fixed telecommunications services was recognised on a similar basis in the comparative period.

(ii) Revenue from contracts with customers for fibre construction

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled.

(iii) Product revenue

Revenue is recognised when the customer takes possession of and accepts the goods. If the goods are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

Revenue for sale of goods was recognised on a similar basis in the comparative period.

1 Material accounting policies (continued)

(u) Revenue and other income (continued)

(iv) Revenue from system integration services

Revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent that it is probable the contract costs incurred will be recoverable. Accumulated experience is used to estimate the variable consideration to the extent that it is highly probable that a significant reversal will not occur, using the expected value method, to be included in the transaction price.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with the policy set out in note 1(t)(ii).

(v) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(vi) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(vii) Interest income

Interest income is recognised as it accrues using the effective interest method.

1 Material accounting policies (continued)

(v) Research and development costs

Research and development costs of new services and enhancements to existing services are charged to profit or loss as incurred.

(w) Translation of foreign currencies

The Group's functional currency is Hong Kong dollars. Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill and fair value adjustments arising from acquisition, are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(y) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group.

1 Material accounting policies (continued)

(y) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(z) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position where there is a legally enforceable right to set off the recognised amount and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 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.

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

	2024 $'000	2023 $'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%).

2 Revenue and segment reporting (continued)

(a) Disaggregation of revenue (continued)

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 August 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is $5,263,589,000 (2023: $5,217,446,000). This amount represents revenue expected to be recognised in the future from contracts for products or services entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the service is performed or as the work is completed, which is expected to occur over the next 1 to 25 years (2023: 1 to 11 years).

(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 Macao.

2 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 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, 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 these financial statements.

2 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 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 $'000	2023 $'000	**2024 $'000**	2023 $'000	**2024 $'000**	2023 $'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

2 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

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

	2024 $'000	2023 $'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)

(v) 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 $'000	2023 $'000
Hong Kong (place of domicile)	**9,629,923**	10,659,852
Mainland China	**590,620**	656,716
Macao	**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.

3 Profit/(loss) before taxation

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

	2024 $'000	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 (note 30(a))	**56,765**	66,786
Talent costs (note 3(c))	**1,066,852**	1,217,586
Amortisation of intangible assets	**366,258**	384,727
Amortisation of customer acquisition and retention costs (note 15(b))	**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.

3 Profit/(loss) before taxation (continued)

		2024 $'000	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 (note 10)	**408,339**	426,808
	Depreciation		
	— Property, plant and equipment (note 11(a))	**676,389**	714,198
	— Right-of-use assets (note 11(b))	**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 (note 9)	**–**	1,200,000
	Research and development costs	**28,221**	32,201
	Cost of inventories (note 15)	**3,334,002**	4,255,791
	Write down of inventories (note 15)	**7,464**	1,068

Network costs and costs of sales includes $239,145,000, $595,000 and $42,081,000 for the year ended 31 August 2024 (2023: $259,986,000, $1,908,000 and $42,081,000), relating to Talent costs, and depreciation of right-of-use assets and amortisation of intangible assets respectively which amount is also included in the respective total amounts disclosed separately above or in notes 3(b) and 3(c) for each of these types of expenses.

4 Income tax in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

	2024 $'000	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 (note 26)	**(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.

(b) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

	2024 $'000	2023 $'000
Profit /(loss) before taxation	**29,125**	(1,231,331)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profits/(loss) in the tax jurisdictions concerned	**3,047**	(201,946)
Tax effect of non-deductible expenses	**145,178**	323,173
Tax effect of non-taxable income	**(2,789)**	(3,304)
Adjustment to deferred tax assets previously not recognised	**(125,128)**	(84,921)
Tax effect of unused tax losses not recognised	**(222)**	(186)
(Over)/under-provision in respect of prior years	**(1,926)**	2,226
Others	**688**	1,035
Actual tax expense	**18,848**	36,077

5 Directors' emoluments

The Executive Directors' emoluments were for their services in connection with the management of the affairs of the Group. The Independent Non-Executive Directors' emoluments were for their services as directors of the Company.

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2024				
	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Total $'000
Executive directors					
Mr. Chu Kwong YEUNG	–	8,290	–	821	9,111
Mr. Ni Quiaque LAI (resigned on 28 February 2024)	–	10,680	–	290	10,970
Non-executive directors					
Mr. Liyang ZHANG (appointed on 15 June 2023)	–	–	–	–	–
Mr. Zubin Jamshed IRANI (resigned on 15 June 2023)	–	–	–	–	–
Mr. Agus TANDIONO (resigned on 13 September 2023)	–	–	–	–	–
Ms. Shengping Yu	–	–	–	–	–
Independent non-executive directors					
Mr. Bradley Jay HORWITZ	653	–	–	–	653
Ms. Ming Ming Anna CHEUNG (appointed on 13 September 2023)	631	–	–	–	631
Ms. Cordelia CHUNG (appointed on 15 December 2023)	465	–	–	–	465
Ms. Kit Yi Kitty CHUNG (appointed on 13 September 2023)	631	–	–	–	631
Mr. Stanley CHOW (resigned on 15 December 2023)	190	–	–	–	190
Mr. Yee Kwan Quinn LAW (resigned on 15 December 2023)	190	–	–	–	190
Ms. Edith Manling NGAN (appointed on 1 September 2022 and resigned on 13 September 2023)	22	–	–	–	22
	2,782	18,970	–	1,111	22,863

5 Directors' emoluments (continued)

	2023				
	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Total $'000
Executive directors					
Mr. Chu Kwong YEUNG	–	10,440	439	1,082	11,961
Mr. Ni Quiaque LAI	–	7,207	292	730	8,229
Non-executive directors					
Mr. Liyang ZHANG (appointed on 15 June 2023)	–	–	–	–	–
Mr. Zubin Jamshed IRANI (resigned on 15 June 2023)	–	–	–	–	–
Mr. Agus TANDIONO (resigned on 13 September 2023)	–	–	–	–	–
Ms. Shengping Yu	–	–	–	–	–
Independent non-executive directors					
Mr. Bradley Jay HORWITZ	645	–	–	–	645
Mr. Stanley CHOW	645	–	–	–	645
Mr. Yee Kwan Quinn LAW	645	–	–	–	645
Ms. Edith Manling NGAN (appointed on 1 September 2022 and resigned on 13 September 2023)	645	–	–	–	645
	2,580	17,647	731	1,812	22,770

During the year ended 31 August 2024, salaries, allowance and benefits in kind included $7.3 million paid to a director as a compensation for loss of office (2023: Nil). There were no amounts paid or payable to the directors as an inducement to join or upon joining the Group (2023: Nil). There was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 31 August 2024 (2023: Nil).

6 Individuals with highest emoluments

Of the five individuals with the highest emoluments, two (2023: two) are directors whose emoluments are disclosed in note 5. Except for disclosed in note 5, there was no amount paid or payable to the remaining three individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 August 2024 (2023: nil). The aggregate of the emoluments in respect of the other three (2023: three) individuals are as follows:

	2024 **$'000**	2023 $'000
Salaries and other emoluments	**11,020**	11,262
Performance bonuses	**2,865**	823
Retirement scheme contributions	**1,038**	934
	14,923	13,019

The emoluments of the three (2023: three) individuals with the highest emoluments are within the following bands:

	2024 **Number of individuals**	2023 Number of individuals
$3,500,001–$4,000,000	**1**	–
$4,000,001–$4,500,000	**1**	2
$4,500,001–$5,000,000	**–**	1
$5,000,001–$5,500,000	**–**	–
$5,500,001–$6,500,000	**–**	–
$6,500,001–$7,500,000	**1**	–
	3	3

7 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:

	2024 **'000**	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

(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:

	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.

8 Retirement benefit costs

The Group contributes to an Occupational Retirement Scheme (the "ORSO Scheme"), a defined contribution retirement scheme, which is available to some of its Talents in Hong Kong. Under the ORSO Scheme, the Talents are required to contribute 5% of their monthly salaries, while the Group's contributions are calculated at 10% and 5% of the monthly salaries of senior Talents and other Talents respectively. The Talents are entitled to 100% of the employer's contributions after 10 years of completed service, or at a reduced scale after completion of 3 to 9 years' service. Contributions to the ORSO Scheme are reduced by contributions forfeited by those Talents who leave the ORSO Scheme prior to vesting fully in the Group's contributions.

A mandatory provident fund scheme (the "MPF Scheme") has been established under the Hong Kong Mandatory Provident Fund Scheme Ordinance in December 2000. The existing Talents of the Group in Hong Kong could elect to join the MPF Scheme, while all new Talents joining the Group in Hong Kong from then onwards are required to join the MPF Scheme. Both the Group and the Talents are required to contribute 5% of each individual's relevant income with a maximum amount of $1,250 per month before 1 June 2014, and commenced from 1 June 2014, the maximum amount has been increased to $1,500, as a mandatory contribution. Employer's mandatory contributions are 100% vested in the Talents as soon as they are paid to the MPF Scheme. Senior Talents may also elect to join a Mutual Voluntary Plan (the "Mutual Plan") in which both the Group and senior Talents, on top of the MPF Scheme mandatory contributions, make a voluntary contribution to the extent of contributions that would have been made under the ORSO Scheme. During the year, forfeited contributions totalling $122,000 (2023: $938,000) were used to reduce the current year's level of contributions and $Nil was available at 31 August 2024 (2023: $Nil) to reduce future year's contributions.

Pursuant to the relevant regulations in the PRC, the Group contributes to a defined contribution retirement scheme organised by the local social security bureau for each Talent of the subsidiary in the PRC at the rate of 20% of a standard salary base as determined by the local social security bureau, the rate has been decreased to 14% effective from 1 January 2015. The Group has no other obligation to make payments in respect of retirement benefits of these Talents.

Retirement benefits for employees in mainland China and other locations are based primarily on local mandatory requirements.

9 Goodwill

	$'000
Cost:	
At 1 September 2022, 31 August 2023, 1 September 2023 and 31 August 2024	9,016,507
Accumulated impairment losses:	
At 1 September 2022	–
Impairment for the year	1,200,000
At 31 August 2023, 1 September 2023 and 31 August 2024	1,200,000
Carrying amount:	
At 31 August 2024	7,816,507
At 31 August 2023	7,816,507

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to operating segments as follows:

	2024 $'000	2023 $'000
Telecom and technology solutions (Hong Kong)		
— fixed telecommunications network service (residential solutions and enterprise solutions)	**7,733,317**	7,733,317
— technology related services	**83,190**	83,190
	7,816,507	7,816,507

The recoverable amount of the CGUs is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of five years except for the enterprise solutions and technology related services CGU covering ten years because of the longer period to revamp the business, assumptions reflective of the prevailing market conditions, and are discounted appropriately.

The key assumptions used in the value-in-use calculation are (i) the average annual growth rate of revenue of the fixed telecommunications network services (including Wi-Fi connectivity services) and technology solutions and consultancy services, (ii) terminal growth rates and (iii) discount rates, which are determined based on the past performance and management's expectation for market development. The discount rate used is pre-tax and reflects specific risks relating to the relative segment. Any adverse change in the key assumptions could result in further impairment loss.

(Expressed in Hong Kong dollars unless otherwise indicated)

9 Goodwill (continued)

Key assumptions adopted in the cash flow projections for impairment reviews are as follows:

	2024	2023
Telecom and technology solutions (Hong Kong) — fixed telecommunications network service (residential solutions and enterprise solutions)		
Revenue growth rate	**2%**	3%
Long-term growth rate	**2–3%**	2–3%
Pre-tax discount rate	**12%**	12–13%

	2024	2023
Telecom and technology solutions (Hong Kong) — technology related services		
Revenue growth rate	**2%**	8%
Long-term growth rate	**3%**	2%
Pre-tax discount rate	**17%**	17%

Management of the Group performs impairment assessment of goodwill on annual basis. At 31 August 2023, management determined to recognise an impairment loss of approximately $1,200,000,000 in relation to goodwill allocated to one of the CGUs under telecommunication business with the assistance of the professional valuer with relevant expertise. The carrying amount of that cash generating unit has been written down to its recoverable amount of $9,139,000,000 based on the impairment assessment conducted by management of the Group.

At 31 August 2024, no impairment loss was recognised based on the impairment assessment. There were no material changes in the methodology and sources of market data applied in the valuation between 2024 and 2023.

10 Intangible assets

	Customer relationship					Brand and trademark								
	For FTNS business $'000	For IDD business $'000	For Wi-Fi business $'000	For Cloud business $'000	For IT business $'000	For FTNS business $'000	For IDD business $'000	For Wi-Fi business $'000	For Cloud business $'000	For IT business $'000	Backlog $'000	Computer software $'000	Other intangible assets $'000	Total $'000
Cost:														
At 1 September 2022	2,886,029	164,000	9,296	1,229	513,316	1,461,205	48,819	7,721	12,228	205,461	213,977	27,899	549,778	6,100,958
Exchange difference	–	–	–	–	–	–	–	–	–	–	–	(48)	–	(48)
At 31 August 2023	2,886,029	164,000	9,296	1,229	513,316	1,461,205	48,819	7,721	12,228	205,461	213,977	27,851	549,778	6,100,910
At 1 September 2023	2,886,029	164,000	9,296	1,229	513,316	1,461,205	48,819	7,721	12,228	205,461	213,977	27,851	549,778	6,100,910
Addition	–	–	–	–	–	–	–	–	–	–	–	159	–	159
Exchange difference	–	–	–	–	–	–	–	–	–	–	–	13	–	13
At 31 August 2024	2,886,029	164,000	9,296	1,229	513,316	1,461,205	48,819	7,721	12,228	205,461	213,977	28,023	549,778	6,101,082
Accumulated amortisation:														
At 1 September 2022	1,149,646	120,068	4,988	952	102,945	724,187	26,350	3,731	4,521	76,282	213,977	26,128	444,576	2,898,351
Charge for the year	181,786	11,714	516	176	31,588	130,436	4,978	386	1,112	20,485	–	1,550	42,081	426,808
Exchange difference	–	–	–	–	–	–	–	–	–	–	–	(50)	–	(50)
At 31 August 2023	1,331,432	131,782	5,504	1,128	134,533	854,623	31,328	4,117	5,633	96,767	213,977	27,628	486,657	3,325,109
At 1 September 2023	1,331,432	131,782	5,504	1,128	134,533	854,623	31,328	4,117	5,633	96,767	213,977	27,628	486,657	3,325,109
Charge for the year	181,786	11,718	517	101	31,588	115,697	4,368	386	1,112	18,906	–	79	42,081	408,339
Exchange difference	–	–	–	–	–	–	–	–	–	–	–	13	–	13
At 31 August 2024	1,513,218	143,500	6,021	1,229	166,121	970,320	35,696	4,503	6,745	115,673	213,977	27,720	528,738	3,733,461
Net book value:														
At 31 August 2024	1,372,811	20,500	3,275	–	347,195	490,885	13,123	3,218	5,483	89,788	–	303	21,040	2,367,621
At 31 August 2023	1,554,597	32,218	3,792	101	378,783	606,582	17,491	3,604	6,595	108,694	–	223	63,121	2,775,801

10 Intangible assets (continued)

The identifiable intangible assets recognised by the Group upon the business combinations completed on 30 May 2012, 4 January 2013, 31 March 2016, 30 May 2018, 30 April 2019 and 13 December 2019 include:

— Customer relationship of FTNS and IDD business
— Brand and trademark of FTNS and IDD business, including "HKBN", "WTT", "IDD1666", "IDD0030", "IDD007", "IDD1507"
— Customer relationship of Wi-Fi business
— Brand and trademark of Wi-Fi business
— Customer relationship of Cloud business
— Brand and trademark of Cloud business
— Customer relationship of IT business
— Brand and trademark of IT business
— Backlog of FTNS business

The fair value of the intangible assets at the dates of completion of the business combinations were appraised by independent valuers.

Other intangible assets include contractual right to receive future benefits and licences.

11 Property, plant and equipment

(a) Reconciliation of carrying amount

	Cable $'000	Leasehold land and buildings $'000	Leasehold improvements $'000	Furniture, fixtures and fittings $'000	Telecommunications, computer and office equipment $'000	Motor vehicles $'000	Total $'000
Cost:							
At 1 September 2022	52,449	111,195	106,778	12,228	8,142,442	5,209	8,430,301
Exchange adjustments	–	–	(895)	(230)	(2,011)	–	(3,136)
Additions	–	–	1,390	1,925	399,213	836	403,364
Disposals	–	–	(1,934)	(1,544)	(143,391)	(372)	(147,241)
At 31 August 2023	52,449	111,195	105,339	12,379	8,396,253	5,673	8,683,288
At 1 September 2023	52,449	111,195	105,339	12,379	8,396,253	5,673	8,683,288
Exchange adjustments	–	–	1,523	410	1,649	–	3,582
Additions	–	–	18,864	142	371,997	–	391,003
Disposals	–	–	(7,249)	(2,555)	(15,221)	(777)	(25,802)
Disposals of a subsidiary	–	–	(22)	(58)	(707)	–	(787)
At 31 August 2024	52,449	111,195	118,455	10,318	8,753,971	4,896	9,051,284
Accumulated depreciation:							
At 1 September 2022	47,245	16,212	77,315	7,852	4,546,283	3,958	4,698,865
Exchange adjustments	–	–	(676)	(149)	(1,328)	–	(2,153)
Charge for the year	281	4,008	10,330	1,757	697,129	693	714,198
Written back on disposals	–	–	(1,934)	(1,509)	(142,799)	(372)	(146,614)
At 31 August 2023	47,526	20,220	85,035	7,951	5,099,285	4,279	5,264,296
At 1 September 2023	47,526	20,220	85,035	7,951	5,099,285	4,279	5,264,296
Exchange adjustments	–	–	1,442	404	1,424	–	3,270
Charge for the year	286	4,137	8,650	1,739	660,988	589	676,389
Written back on disposals	–	–	(7,249)	(2,528)	(14,633)	(777)	(25,187)
Disposals of a subsidiary	–	–	(1)	(13)	(415)	–	(429)
At 31 August 2024	47,812	24,357	87,877	7,553	5,746,649	4,091	5,918,339
Net book value:							
At 31 August 2024	4,637	86,838	30,578	2,765	3,007,322	805	3,132,945
At 31 August 2023	4,923	90,975	20,304	4,428	3,296,968	1,394	3,418,992

At 31 August 2024 and 2023, the Group has certain agreements with third parties (the "Contract Parties") in which the Group would provide its network capacity to the Contract Parties in certain period, and in exchange, the Contract Parties would provide the Group the right to use the network capacity of the Contract Parties in the same period. The directors of the Group consider that since the arrangements involve exchange of a similar nature and value, the exchange is not recognised as a transaction which generates revenue, and accordingly, the network capacity of the Contract Parties under the agreements have not been recognised as an asset and no revenue or deferred revenue have been recognised in the financial statements of the Group.

11 Property, plant and equipment (continued)

(b) Right-of-use assets

The analysis of net book values of right-of-use assets by class of underlying asset of the Group is as follows:

	Note	2024 $'000	2023 $'000
Interests in leasehold land held for own use, carried at depreciated cost, with remaining lease term of:	(i)		
— 10 years or less		**3,242**	3,474
— between 10 and 50 years		**207,187**	216,097
— 50 years or more		**4,587**	4,975
		215,016	224,546
Other properties leased for own used, carried at depreciated cost	(ii)	**377,139**	363,223
Telecommunication facilities and computer equipment	(iii)	**36,302**	101,799
		628,457	689,568

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024 $'000	2023 $'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Interests in leasehold land held for own use	**9,357**	9,336
Other properties leased for own used	**143,191**	149,334
Telecommunication facilities and computer equipment	**11,891**	27,952
	164,439	186,622

During the year, additions to right-of-use assets were $113,705,000 (2023: $147,472,000). This amount primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 18(e) and 21 respectively.

11 Property, plant and equipment (continued)

(b) Right-of-use assets (continued)

(i) Interests in leasehold land held for own use

The Group holds several commercial buildings, industrial buildings, hub sites and car park space for its business and is the registered owner of these property interests. Lump sum payments were made upfront to acquire these property interests from their previous registered owners.

(ii) Properties leased for own use

The Group has obtained the right to use other properties as its office, data centre, server rooms, warehouse and retail stores through tenancy agreements. The leases typically run for an initial period of 2 to 10 years (2023: 2 to 10 years).

The Group leased a number of retail stores which contain variable lease payment terms that are based on 1%–5% of sales generated from the retail stores and minimum fixed lease payment terms. No variable lease payment occurred during the years ended 31 August 2024 and 2023.

(iii) Telecommunications facilities and computer equipment

The Company leases telecommunications facilities and computer equipment under leases expiring from 2 to 9 years (2023: 2 to 9 years). None of the leases includes variable lease payments.

(c) Sales and leaseback arrangement contracts

The Group entered into sale and leaseback arrangement contracts with third-party leasing companies, with contract terms of three years. The substance of the arrangement is that the lessors provide finance to the Group with the asset as security. The Group continues to account for the assets in its consolidated statement of financial position. The sales proceeds are recorded as other borrowings in the consolidated statement of financial position (note 20(b)(vi)).

(d) Security

At 31 August 2024, certain telecommunications, computer and office equipment with carrying amount of $56,806,000 (2023: $81,868,000) were pledged against the other loan (note 20(b)(vii)).

(Expressed in Hong Kong dollars unless otherwise indicated)

12 Investments in subsidiaries

The following is a list of principal subsidiaries of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation/ establishment	Particulars of issued and paid up share capital	Percentage of ownership interest held	Principal activities and place of operation
COL LIMITED	Hong Kong	40,000 shares	100	Provision of data processing services in Hong Kong
COSMO TRUE LIMITED	BVI	US$1	100	Property investment in Hong Kong
DYNAMIC FUTURE INVESTMENTS LIMITED	Hong Kong	1 share	100	Property holding in Hong Kong
EC TELECOM LIMITED	Hong Kong	2 shares	100	Provision of telecommunication services in Hong Kong
Guangzhou Cangxun Electron Technology Service Limited Company*	PRC#	$1,000,000	100	Provision of telecommunication services in the PRC
Guangzhou City Telecom Customer Services Co. Ltd.*	PRC#	$8,000,000	100	Provision of administrative support services in the PRC
HKBN Corporate Limited	Hong Kong	100 shares	100	Office administration, office support activities in Hong Kong
HKBN Enterprise Solutions Cayman Corp ("HKBNESCC")	Cayman Islands	US$1	100	Investment holding in Hong Kong
HKBN Enterprise Solutions Cloud Services Limited	Hong Kong	100 shares	100	Provision of consulting services in Hong Kong
HKBN Enterprise Solutions Development Limited ("HKBNESDL")	Cayman Islands	US$0.01	100	Investment holding in Hong Kong

(Expressed in Hong Kong dollars unless otherwise indicated)

12 Investments in subsidiaries (continued)

Name of company	Place of incorporation/ establishment	Particulars of issued and paid up share capital	Percentage of ownership interest held	Principal activities and place of operation
HKBN Enterprise Solutions HK Limited ("HKBNESHKL")	Hong Kong	1,752,079,583 shares	100	Investment holding and provision of telecommunication services in Hong Kong
HKBN Enterprise Solutions Limited	Hong Kong	10,000,000 shares	100	Provision of telecommunication services in Hong Kong
HKBN Enterprise Solutions Net Limited	Hong Kong	2 shares	100	Provision of telecommunication services in Hong Kong
HKBN Group Limited ("HKBNGL")	BVI	US$5,294	100	Investment holding in Hong Kong
HKBN JOS Limited	Hong Kong	33,000,000 shares	100	Enterprise systems technical services and distribution and logistics services in Hong Kong
HKBN JOS (MACAU) LIMITED	Macao	MOP$25,000	100	Enterprise systems in Macao
HKBN JOS (Shanghai) Company Limited*	PRC#	$30,000,000	100	Technical services and product sales in the PRC
HKBN JOS (Zhuhai) Company Limited*	PRC#	$2,500,000	100	Technical services and product sales in the PRC
Hong Kong Broadband Network Limited ("HKBN")	Hong Kong	383,049 shares	100	Provision of internet, telecommunications and security devices installation services in Hong Kong
Jiuxin (Guangzhou) Electron Technology Service Limited Company*	PRC#	$1,300,000	100	Provision of telecommunication services in the PRC
Metropolitan Light Company Limited ("MLCL")	Cayman Islands	US$1,000	100	Investment holding in Hong Kong

* The English names are translated for reference only. The official names of these entities are in Chinese.

\# Wholly owned foreign enterprise registered under the PRC law.

13 Interest in joint ventures and associates

(a) Details of the Group's interest in the joint ventures, which are accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture	Form of business structure	Place of incorporation/ establishment	Particulars of issued and paid up capital	Percentage of ownership interest held by a subsidiary	Principal activities and place of operation
BROADBANDgo Company Limited ("BROADBANDgo")	Limited liability company	Hong Kong	100 shares	60	Provision of broadband and Wi-Fi services in Hong Kong
TGgo Company Limited ("TGgo")	Limited liability company	Hong Kong	100 shares	40	Provision of cloud computing services in Hong Kong

BROADBANDgo and TGgo are unlisted corporate entities whose quoted market prices are not available. In the opinion of the directors, these are arrangements whereby the Group and other parties contractually agree to share control of the arrangements, and have rights to the net assets of the arrangements. Accordingly, these investments have been accounted for as joint ventures.

(b) Aggregate information of joint ventures that are not individually material:

	2024 $'000	2023 $'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**–**	6,284
Aggregate amounts of the Group's share of those joint ventures'		
— Loss and other comprehensive income for the year	**(128)**	(69,592)
— Total comprehensive income	**(128)**	(69,592)

On 30 August 2023, the Group disposed of the remaining 40% interest of JOS (MALAYSIA) SDN. BHD., JOS (SG) PTE. LTD. and JOS APPLICATIONS (S) PTE. LTD. to a third party at a consideration of $68,961,000.

13 Interest in joint ventures and associates (continued)

(c) Aggregate information of associates:

	2024 $'000	2023 $'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	–	4,332
Aggregate amounts of the Group's share of those associate		
— Loss for the year	–	(742)
— Other comprehensive income	–	(326)
— Total comprehensive income	–	(1,068)

14 Other non-current assets

Other non-current assets mainly comprise prepayments and deposits for purchase of property, plant and equipment. The amounts are neither past due nor impaired.

	2024 $'000	2023 $'000
Prepayments	48,652	62,670
Deposits	7,371	9,619
	56,023	72,289

15 Inventories and customer acquisition and retention costs

(a) Inventories

Inventories in the consolidated statement of financial position comprise finished goods.

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2024 $'000	2023 $'000
Carrying amount of inventories sold	3,334,002	4,255,791
Write down of inventories	7,464	1,068
	3,341,466	4,256,859

The write-down of inventories made due to the decrease in net realisable value of goods for resale.

15 Inventories and customer acquisition and retention costs (continued)

(b) Customer acquisition and retention costs

	$'000
Cost:	
At 1 September 2022	1,635,178
Additions	226,414
At 31 August 2023 and 1 September 2023	1,861,592
Additions	274,643
At 31 August 2024	2,136,235
Accumulated amortisation:	
At 1 September 2022	1,122,133
Charge for the year	274,926
At 31 August 2023 and 1 September 2023	1,397,059
Charge for the year	274,222
At 31 August 2024	1,671,281
Carrying amount:	
At 31 August 2024	464,954
At 31 August 2023	464,533

Customer acquisition and retention costs capitalised as at 31 August 2024 and 2023 relate to the (i) customer acquisition costs paid to Talents or agents whose selling activities resulted in customers entering into contracts for the provision of telecommunications services which the contract periods are over 12 months at the reporting date and (ii) customer retention costs incurred in fulfilling a contract with a customer which the contract periods are over 12 months at the reporting date to generate or enhance resources of the Group that will be used in satisfying performance obligations in the future.

Customer acquisition costs and customer retention costs are recognised as part of "other operating expenses" in the consolidated income statement in the period in which revenue from the related contracts is recognised.

There was no impairment in relation to the customer acquisition and retention costs capitalised during the year.

16 Contract assets and contract liabilities

(a) Contract assets

	2024 $'000	2023 $'000
Arising from international telecommunications services	**62,937**	120,909
Arising from product revenue bundled with telecommunication services	**144,228**	134,428
Arising from system integration services contracts with conditional payment terms	**47,908**	60,083
	255,073	315,420

Typical payment terms which impact on the amount of contract assets recognised are as follows:

— ***International telecommunications services***
The Group provides international telecommunications services to telecommunications operators. The Group and certain telecommunications operators enter into contracts with minimum commitments on either transaction amount or unit of traffic to be processed and contract term would usually last for over three months. Such contracts involve large amount of transactions and both parties are required to verify and reconcile the transactions details received from counter party against their own records. Once the verification and reconciliation work have been completed, the Group will issue an invoice to the telecommunications operator. The Group's right to the consideration is generally unconditional upon the completion of verification and reconciliation work from both parties as well as the issuance of invoice.

— ***Sales of equipment and mobile handsets bundled with services***
The Group offers packages to the customer which include the bundle sales of products and provision of services. In this situation, the customer pays to the Group in accordance with the predetermined payment schedule. If the performance obligations fulfilled by the Group exceed the total payments received to date, a contract asset is recognised. The contract assets are transferred to receivables when the Group's rights to the contract consideration become unconditional.

— ***System integration services with conditional payment terms***
System integration services is one of the services to enterprise customers. The Group's project based system integration services include payment schedules which require stage payments over the project period once milestones are reached. This gives rise to contract assets when the revenue recognised on the project exceeds the amount of the payment made by customer.

All of the current contract assets are expected to be recovered within one year.

16 Contract assets and contract liabilities (continued)

(b) Contract liabilities

	2024 $'000	2023 $'000
Indefeasible right of use ("IRU") arrangement		
— Billing in advance of performance	**46,176**	61,483
Telecom and technology solutions services		
— Billing in advance of performance	**737,737**	672,656
	783,913	734,139
Represented by:		
— Non-current portion	**177,301**	160,162
— Current portion	**606,612**	573,977
	783,913	734,139

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

IRU arrangements

The Group received 100% of the contract value when they sign the IRU arrangement contract with customer. This consideration is recognised as contract liabilities upon receipt.

Telecom and technology solutions services — Billing in advance of performance

The Group's telecom and technology solutions services normally include payment schedules which require advance payments from customers for the services. This gives rises to contract liabilities until revenue recognised on the services are provided.

During the year ended 31 August 2024, the amount of 734,139,000 (2023: 745,904,000) recognised in contract liabilities at beginning of the year has substantially been recognised as revenue during the year.

The amount of billings in advance of performance and upfront service fees received in advance expected to be recognised as income after more than one year is $177,301,000 (2023: $161,762,000).

17 Trade receivables, other receivables, deposits and prepayments

Trade receivables, other receivables, deposits and prepayments

	2024 $'000	2023 $'000
Trade debtors, net of loss allowances	**969,297**	909,394
Other receivables, deposits and prepayments	**516,316**	465,921
	1,485,613	1,375,315

All of the other receivables, deposits and prepayments are expected to be recovered or recognised as expense within one year.

Ageing analysis

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:

	2024 $'000	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. Further details on the Group's credit policy are set out in note 30(a).

18 Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	2024 $'000	2023 $'000
Cash and cash equivalents in the consolidated cash flow statement	**1,217,406**	1,016,769

(b) Reconciliation of profit/(loss) before taxation to cash generated from operations:

	Note	2024 $'000	2023 $'000
Profit/(loss) before taxation		**29,125**	(1,231,331)
Adjustments for:			
Amortisation of intangible assets	10	**408,339**	426,808
Depreciation	3(e)	**840,828**	900,820
Interest income	3(a)	**(9,625)**	(8,853)
Finance costs	3(d)	**860,236**	702,303
Gain on disposal of property, plant and equipment, net	3(a),(b)	**(22,381)**	(584)
Gain on disposal of right-of-use assets, net	3(b)	**–**	(888)
Foreign exchange loss/(gain)		**12,122**	(8,362)
Share of losses of joint ventures	13(b)	**128**	69,592
Share of losses of associates	13(c)	**–**	742
Loss on disposal of a subsidiary	3(a)	**3,715**	–
Gain on disposal of associates	3(a)	**–**	(6,264)
Impairment on goodwill	3(e)	**–**	1,200,000
Changes in working capital:			
Decrease in other non-current assets		**8,089**	7,113
(Increase)/decrease in inventories		**(738)**	6,462
(Increase)/decrease in trade receivables		**(58,020)**	64,521
Increase in other receivables, deposits and prepayments		**(39,278)**	(981)
(Increase)/decrease in customer acquisition and retention costs		**(421)**	48,512
Decrease/(increase) in contract assets		**60,347**	(78,231)
Decrease in amounts due from joint ventures		**16,513**	51,780
Decrease in amounts due from associates		**–**	25
Increase in trade payables		**15,485**	143,292
Increase/(decrease) in other payables and accrued charges		**77,419**	(46,077)
Increase/(decrease) in deposits received		**15,901**	(5,867)
Increase/(decrease) in contract liabilities		**56,338**	(12,993)
Cash generated from operations		**2,274,122**	2,221,539

18 Cash and cash equivalents (continued)

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as financing activities.

	Interest-rate swap $'000	Bank and other borrowings (Note 20) $'000	Other non-current and current liabilities (Note 23) $'000	Accrued borrowing costs (*) $'000	Lease liabilities (Note 21) $'000	Total $'000
At 1 September 2022	(76,387)	11,210,917	37,376	376	518,121	11,690,403
Changes from financing cash flows:						
Proceeds from bank and other borrowings, net of transaction costs	–	253,809	–	–	–	253,809
Repayment of bank loans	–	(508,388)	–	–	–	(508,388)
Repayment of other borrowings and other liabilities	–	(39,316)	(14,042)	–	–	(53,358)
Capital element of lease rentals paid	–	–	–	–	(153,223)	(153,223)
Interest element of lease rentals paid	–	–	–	–	(20,853)	(20,853)
Interest received/(paid)	92,838	(4,283)	–	(641,189)	–	(552,634)
Total changes from financing cash flows	92,838	(298,178)	(14,042)	(641,189)	(174,076)	(1,034,647)
Changes in fair value	(30,228)	–	–	–	–	(30,228)
Exchange adjustments	–	–	–	–	(605)	(605)
Other changes:						
Increase in lease liabilities from entering into new leases during the year	–	–	–	–	171,722	171,722
Interest and finance charges	–	43,975	829	641,404	20,853	707,061
Originating fee for banking facilities amendment	–	–	–	25,470	–	25,470
Total other charges	–	43,975	829	666,874	192,575	904,253
At 31 August 2023	(13,777)	10,956,714	24,163	26,061	536,015	11,529,176

18 Cash and cash equivalents (continued)

(c) Reconciliation of liabilities arising from financing activities: (continued)

	Interest-rate swap $'000	Bank and other borrowings (Note 20) $'000	Other non-current and current liabilities (Note 23) $'000	Accrued borrowing costs [*] $'000	Lease liabilities (Note 21) $'000	Total $'000
At 1 September 2023	(13,777)	10,956,714	24,163	26,061	536,015	11,529,176
Changes from financing cash flows:						
Proceeds from bank loans, net of transaction costs	–	247,074	–	–	–	247,074
Proceeds from other borrowings	–	17,925	–	–	–	17,925
Repayment of bank loans	–	(253,809)	–	–	–	(253,809)
Repayment of other borrowings and other liabilities	–	(30,080)	(14,043)	–	–	(44,123)
Payment of originating fee for banking facilities amendment	–	–	–	(25,470)	–	(25,470)
Capital element of lease rentals paid	–	–	–	–	(153,146)	(153,146)
Interest element of lease rentals paid	–	–	–	–	(22,861)	(22,861)
Interest received/(paid)	42,699	(2,709)	–	(791,020)	–	(751,030)
Total changes from financing cash flows	42,699	(21,599)	(14,043)	(816,490)	(176,007)	(985,440)
Changes in fair value	1,068	–	–	–	–	1,068
Exchange adjustments	–	–	–	–	205	205
Other changes:						
Increase in lease liabilities from entering into new leases during the year	–	–	–	–	114,001	114,001
Interest and finance charges	–	42,488	468	793,351	22,861	859,168
Disposal of a subsidiary	–	–	–	–	(2,953)	(2,953)
Total other charges	–	42,488	468	793,351	133,909	970,216
At 31 August 2024	29,990	10,977,603	10,588	2,922	494,122	11,515,225

[*] Accrued borrowing costs are included in "Other payables and accrued charges — current portion" in the consolidated statement of financial position.

18 Cash and cash equivalents (continued)

(d) Material non-cash transactions:

(i) During the year ended 31 August 2024, additions to certain property, plant and equipment of the Group financed by other borrowings and other liabilities were $17,925,000 (2023: $Nil).

(e) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2024 $'000	2023 $'000
Within operating cash flows	**16,317**	11,848
Within financing cash flows	**176,007**	174,076
	192,324	185,924

These amounts relate to the following:

	2024 $'000	2023 $'000
Lease rentals paid	**192,324**	185,924

19 Trade payables, other payables and accrued charges

	2024 $'000	2023 $'000
Trade payables	**945,879**	927,666
Other payables and accrued charges		
— Current portion	**950,361**	869,699
— Long-term portion	**–**	18,000
	1,896,240	1,815,365

All trade payables, other payables and accrued charges are expected to be settled within one year, except other payables and accrued charges of $Nil (2023: $18,000,000) are expected to be settled after more than one year and are classified as non-current liabilities.

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

	2024 $'000	2023 $'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

20 Bank and other borrowings

(a) The analysis of the carrying amount of bank and other borrowings is as follows:

	2024 $'000	2023 $'000
Bank borrowings		
— unsecured	**10,940,812**	10,907,770
Other borrowings		
— secured	**36,791**	48,944
	10,977,603	10,956,714
Amounts due within one year included in current liabilities	**(272,601)**	(284,861)
	10,705,002	10,671,853

(b) As at 31 August 2024, the bank and other borrowings were repayable as follows:

	2024 $'000	2023 $'000
Bank borrowings (unsecured)		
Within 1 year on demand	**247,074**	253,808
After 1 year but within 2 years	**10,693,738**	–
After 2 years but within 5 years	**–**	10,653,962
	10,940,812	10,907,770
Other borrowings (secured)		
Within 1 year on demand	**25,527**	31,052
After 1 year but within 2 years	**6,503**	17,892
After 2 years but within 5 years	**4,761**	–
	36,791	48,944
Bank and other borrowings	**10,977,603**	10,956,714
Amounts due within one year included in current liabilities	**(272,601)**	(284,861)
	10,705,002	10,671,853

(i) On 13 November 2020, the Group entered into term loan facility of $5,500,000,000 in aggregate with various international banks. The Group has drawn down a bank loan with a principal amount of $5,000,000,000 and $500,000,000 at HIBOR plus a margin of 1.50% per annum payable monthly on 23 November 2020 and 22 February 2021 respectively. The loan was unsecured and covered by a cross guarantee arrangement issued by the Company, MLCL, HKBNGL, HKBN, HKBNESDL, HKBNESCC, HKBNESHKL and COL Limited, and repayable in full upon maturity on 24 November 2025. The interest loan rate was renewed to HIBOR plus a margin of 2.75% per annum from 4 January 2024. The outstanding amount of this term loan facility principal was $5,250,000,000 at 31 August 2024.

20 Bank and other borrowings (continued)

(b) As at 31 August 2024, the bank and other borrowings were repayable as follows: (continued)

(ii) On 31 March 2021, the Group entered into a term loan facility of $5,500,000,000 in aggregate with various international banks. The Group has drawn down a bank loan with principal amount of $5,000,000,000 and $500,000,000 at HIBOR plus a margin 1.50% per annum payable monthly on 9 April 2021 and 24 May 2021 respectively. The loan was unsecured and covered by a cross guarantee arrangement issued by the Company, MLCL, HKBNGL, HKBN, HKBNESDL, HKBNESCC, HKBNESHKL and Col Limited, and repayable in full upon maturity on 9 April 2026. The interest loan rate was renewed to HIBOR plus a margin of 2.75% per annum from 4 January 2024. The outstanding principal amount of the term loan facility was $5,500,000,000 at 31 August 2024.

(iii) On 9 December 2021, HKBN entered into a master buyer agreement for supply chain financing from a bank in Hong Kong. An aggregate amount of $160,252,000 was utilised as of 31 August 2024. The bank charges a handling fee based on the amount of supplier's invoices applied. The facility was unsecured and covered by a guarantee arrangement issued by the Company. The extended credit term ranged from 60 to 180 days from the date of utilisation.

(iv) On 11 April 2022, HKBN entered into an import invoice financing agreement for supply chain financing from a bank in Hong Kong. An aggregate amount of $86,822,000 was utilised as of 31 August 2024. The bank charges at HIBOR plus a margin of 1.15% per annum on the amount of supplier's invoices applied. The facility was unsecured and covered by a guarantee arrangement issued by the Company. The agreement grants up to 120 days of payment term from the date of utilisation.

(v) The bank loans mentioned in note (i), (ii), (iii) and (iv) are recognised initially at fair value less attributable transactions costs. Subsequent to initial recognition, the bank loans are stated at amortised cost with any difference between the amount initially recognised and interest payable using the effective interest method.

The bank loans mentioned in note (i) and (ii) above are subject to the fulfilment of covenants relating to certain balance sheet ratios of the Group. As at 31 August 2024 and 2023, the Group complied with all of the covenants relating to bank loans.

To calculate the effective interest in each reporting period, the effective interest rate is applied to the amortised cost of the bank loan at the end of the previous reporting period.

The effective interest rate of the bank loans as of 31 August 2024 is 5.53% per annum (2023: 5.77%).

(vi) The Group entered into sale and leaseback arrangement contracts with third-party leasing companies, with contract terms of three years. The substance of the arrangement was that the lessors provide finance to the Group with the assets as security. The Group accounted for the assets in its consolidated statement of financial position. The sales proceeds are recorded as other borrowings in the consolidated statement of financial position. As at 31 August 2024, the aggregate book value of the assets was $5,289,000 (2023: $11,615,000) and the balance of other borrowings amounting to $586,000 (2023: $2,582,000) was recorded as a current liability and $491,000 (2023: $1,077,000) was recorded as a non-current liability on the Group's consolidated statement of financial position. The effective interest rate of the other loans is 0% to 4.70% (2023: 0% to 4.70%).

20 Bank and other borrowings (continued)

(b) As at 31 August 2024, the bank and other borrowings were repayable as follows: (continued)

(vii) The Group entered into financing arrangement contracts with third-party company, with contract terms of three years and four months. The Group has obtained a other loan with principal amount of $100,160,000 at effective interest rate of 6% per annum. The loan was secured by assets of the Group amounting to $56,806,000 (2023: $81,868,000). The Group shall repay the interest and principal of the loan in 40 monthly instalments. As at 31 August 2024, the balance of other borrowings amounting to $19,219,000 (2023: $28,470,000) was recorded as a current liability and $Nil (2023: $16,815,000) was recorded as a non- current liability on the Group's consolidated statement of financial position.

(viii) The Group entered into financing arrangement contracts with third-party company, with contract terms of three years to five years during the year ended 31 August 2024. The Group has obtained other loans with aggregate principal amount of $17,925,000 at effective interest rate 4.74% per annum. The loan was secured by assets of the Group amounting to $17,803,000. As at 31 August 2024, the balance of other borrowings amounting to $5,722,000 was recorded as a current liability and $10,773,000 was recorded as a non-current liability on the Group's consolidated statement of financial position.

21 Lease liabilities

As at 31 August 2024, the lease liabilities were repayable as follows:

	2024 Present value of the minimum lease payments $'000	2023 Present value of the minimum lease payments $'000
Within 1 year	**145,580**	150,910
After 1 year but within 2 years	**123,389**	129,043
After 2 years but within 5 years	**202,745**	236,240
After 5 years	**22,408**	19,822
	348,542	385,105
	494,122	536,015

22 Amounts due from/(to) joint ventures and associates

The amounts due from/(to) joint ventures and an associate are unsecured, interest free and recoverable/(repayable) on demand.

23 Other non-current and other current liabilities

As of 31 August 2024 and 2023, the balance represented the interest free payable to a specific supplier.

24 Share-based transactions

The Amended and Restated Co-Ownership Plan IV

The Co-Ownership Plan IV was originally adopted on 19 August 2021 (the "Adoption Date") to incentivise Participants to achieve a cumulative performance target over the 2022-2024 financial years of the Group. Due to macroeconomic downturn caused by the COVID-19 pandemic, and exacerbated by geopolitics and rising interest rates, the Company has changed the company-wide performance targets from being based on adjusted free cash flow to focusing on earnings and revenue. Accordingly, the Company considered it appropriate to extend the performance targets to cover the 2023-2025 financial years of the Company and better align the incentives of its Talents to the Company's overall performance targets. The Amended and Restated Co-Ownership Plan IV became effective on 11 May 2023 (the "Commencement Date").

The total maximum number of Shares that may underlie the RSUs to be granted pursuant to the Amended and Restated Co-Ownership Plan IV is 36,973,039 Shares (being approximately 2.50% of the Shares in Issue (on a fully diluted and as-converted basis) on the day of the general meeting of the Company approving the amendments and restatements of the Amended and Restated Co-Ownership Plan IV (as may be adjusted in the event of a subdivision or consolidation of the Shares). Since the Commencement Date and up to 31 August 2024, a total of 16,679,892 award shares have been granted under the Amended and Restated Co-Ownership Plan IV. During the year ended 31 August 2024, 4,283,254 RSUs have been forfeited and the number of award share that may be issued in respect of the RSUs granted under the Amended and Restated Co-Ownership Plan IV would be 12,396,638 shares. The total number of Shares available for future grant under the Amended and Restated Co-Ownership Plan IV is 24,576,401 Shares, representing approximately 1.87% of the total number of issued Shares as at the date of this Report.

The fair value of the RSUs granted on 30 August 2023 under the Amended and Restated Co-Ownership Plan IV was $0 at the date of grant. The fair value of the RSUs granted was measured based on a binomial lattice model, taking into account the terms and conditions upon which the RSUs were granted. Please refer to note 1 to the consolidated financial statements contained in this Report for the accounting policies adopted in relation to the Talents benefits which are also applicable to the Amended and Restated Co-Ownership Plan IV.

25 Current taxation in the consolidated statement of financial position

Current taxation in the consolidated statement of financial position represents:

	2024 **$'000**	2023 $'000
Provision for Hong Kong Profits Tax for the year	**172,612**	181,497
Balance of Profits Tax provision relating to prior years	**(19,396)**	7,589
	153,216	189,086
Provision for tax outside Hong Kong	**6,446**	4,757
	159,662	193,843

26 Deferred tax in the consolidated statement of financial position

(a) Deferred tax liabilities and assets recognised:

The components of deferred tax (liabilities)/assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation allowances in excess of the related depreciation $'000	Amortisation of intangible assets $'000	Contract costs $'000	Credit loss allowance $'000	Tax losses $'000	Others $'000	Total $'000
Deferred tax arising from:							
At 1 September 2022	(306,451)	(510,824)	(5,409)	23,161	24,076	1,509	(773,938)
Credited/(charged) to profit or loss	40,369	63,234	4,090	(3,741)	52,052	8	156,012
Exchange difference	–	–	–	–	–	(72)	(72)
At 31 August 2023 and 1 September 2023	(266,082)	(447,590)	(1,319)	19,420	76,128	1,445	(617,998)
Credited/(charged) to profit or loss	34,851	60,429	1,319	(5,189)	71,205	–	162,615
Exchange difference	–	–	–	–	–	32	32
At 31 August 2024	(231,231)	(387,161)	–	14,231	147,333	1,477	(455,351)

(i) Reconciliation to the consolidated statement of financial position

	2024 $'000	2023 $'000
Net deferred tax asset recognised in the consolidated statement of financial position	**137,853**	66,674
Net deferred tax liability recognised in the consolidated statement of financial position	**(593,204)**	(684,672)
	(455,351)	(617,998)

(b) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(s), the Group had not recognised deferred tax assets in respect of cumulative tax losses of $1,859,530,000 (2023: $2,040,507,000) as it was not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses did not expire under current tax legislation.

At 31 August 2024, temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to RMB209,701,000 (equivalent to $232,098,000) (2023: RMB190,162,000 (equivalent to $205,946,000)). Deferred tax liabilities amounted to 10% (or 5% if tax treaty is available) of the undistributed profits have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of the subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

27 Financial assets at fair value through profit or loss

	2024 $'000	2023 $'000
Current assets		
Interest-rate swap	–	13,777
Current liabilities		
Interest-rate swap	29,990	–

In 2021, the Group entered into an interest-rate swap ("the 2021 interest-rate swap"), to hedge the floating interest rate after the maturity of the current interest-rate swap. The 2021 interest-rate swap has a notional amount of $3,900,000,000 and with a maturity date on 31 May 2023. In June 2023, the Group entered into another interest-rate swap ("the 2023 interest-rate swap"), to hedge the floating interest rate. The 2023 interest-rate swap has a notional amount of $5,250,000,000 and with a maturity date on 24 November 2025.

Under these arrangements, the Group pays a fixed rate interest on the notional amount on a monthly basis, net of a floating rate interest at 1-month Hong Kong Inter-bank Offered Rate ("HIBOR") in the corresponding period.

These derivative financial instruments are recognised initially at fair value and remeasured at the end of each reporting period. These derivative financial instruments do not qualify for hedge accounting under HKFRS 9, Financial instruments, and therefore, it is accounted for as FVPL and measured at fair value.

As at 31 August 2024, the fair value of the interest-rate swap was $29,990,000 (liabilities). As at 31 August 2023, the fair value of the interest-rate swap was $13,777,000 (assets).

28 Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Note	Share capital $'000	Share premium $'000	Vendor Loan Notes $'000	Capital reserve $'000	Retained profits $'000	Total $'000
Balance at 1 September 2022		132	427,882	2,349,204	40,803	4,514,178	7,332,199
Changes in equity for the year ended 31 August 2023:							
Profit and total comprehensive income for the year		–	–	–	–	520,206	520,206
Dividend approved to equity shareholders of the Company in respect of the previous year	28(b)(ii)	–	(262,320)	–	–	–	(262,320)
Dividend declared to equity shareholders of the Company in respect of the current year	28(b)(i)	–	(98,634)	–	–	(163,686)	(262,320)
Distribution to holders of Vendor Loan Notes		–	(66,928)	–	–	–	(66,928)
Balance at 31 August 2023 and 1 September 2023		132	–	2,349,204	40,803	4,870,698	7,260,837
Changes in equity for the year ended 31 August 2024:							
Profit and total comprehensive income for the year		–	–	–	–	449,875	449,875
Dividend approved to equity shareholders of the Company in respect of the previous year	28(b)(ii)	–	–	–	–	(262,320)	(262,320)
Dividend declared to equity shareholders of the Company in respect of the current year	28(b)(i)	–	–	–	–	(196,740)	(196,740)
Distribution to holders of Vendor Loan Notes		–	–	–	–	(58,563)	(58,563)
Balance at 31 August 2024		132	–	2,349,204	40,803	4,802,950	7,193,089

28 Capital, reserves and dividends (continued)

(b) Dividends

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

	2024 $'000	2023 $'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

	2024 $'000	2023 $'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

(c) Share capital

	No. of shares	$'000
Authorised:		
At 1 September 2022, 31 August 2023, 1 September 2023 and 31 August 2024	3,800,000,000	380
Ordinary shares, issued and fully paid:		
At 31 August 2023 and 1 September 2023	1,311,599,000	132
At 31 August 2024	1,311,599,000	132

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by Section 34(2) of the Companies Law (2013 Revision) of the Cayman Islands. Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of the business.

28 Capital, reserves and dividends (continued)

(d) Nature and purpose of reserves (continued)

(ii) Capital reserve

The capital reserve represents the portion of the grant date fair value of RSUs granted to the directors and Talents of the Group in Hong Kong that has been recognised in accordance with the accounting policy adopted for share-based payments in note 1(r)(iv)(a).

(iii) Other reserve

The entire issued share capital of MLCL was transferred to the Company in consideration for an issue of the Company's share to Metropolitan Light Holdings Limited on 17 February 2015 (the "Share Transfer"). Upon completion of the Share Transfer, the Company became the holding company of the Group, and the combined share capital and share premium prior to the Share Transfer, amounting to $8,000 and $1,757,197,000 respectively, were eliminated against the investment in MLCL with a carrying amount of $1,160,785,000. The remaining balance of $596,420,000 was recorded in the other reserve.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a gearing ratio. For this purpose, gearing ratio is calculated as gross debt divided by total equity.

The gearing ratio at 31 August 2024 and 2023 was as follows:

	Note	**2024** **$'000**	2023 $'000
Bank borrowings (principal amount)	20	**10,997,074**	11,003,809
Other borrowings	20	**36,791**	48,944
Lease liabilities	21	**494,122**	536,015
Gross debt		**11,527,987**	11,588,768
Total equity		**2,554,264**	3,051,082
Gearing ratio		**451%**	380%

Neither the Company nor any of its subsidiaries were subject to externally imposed capital requirements during the years presented.

29 Vendor Loan Notes

On 30 April 2019, the Company issued the Vendor Loan Notes with a nominal amount of $1,940,937,656 as part of the consideration of the WTT Acquisition. The Vendor Loan Notes are zero coupon convertible notes which may be converted into new ordinary shares to be issued by the Company at the initial conversion price of $11.60 per share pursuant to the terms and conditions of the Vendor Loan Notes. The Vendor Loan Notes has no maturity date and the holders of the Vendor Loan Notes have the right to receive an amount equal to any dividends made by the Company on an as-converted basis. Therefore, the Vendor Loan Notes are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

30 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and contract assets. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with sound credit rating, for which the Group considers to have low credit risk.

Except for the financial guarantees given by the Group as set out in note 32, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 32.

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Concentrations of credit risk with trade receivables and contract assets are limited due to Group's customer being large and unrelated.

30 Financial risk management and fair values of financial instruments (continued)

(a) Credit risk (continued)

Trade receivables and contract assets (continued)

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30–90 days from the date of billing. Subscribers with receivables that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets as at 31 August 2024 and 31 August 2023:

	2024		
	Expected loss rate %	**Gross carrying amount $'000**	**Loss allowance $'000**
Current (not past due)	**1.0%**	**744,602**	**7,144**
Less than 30 days past due	**1.3%**	**217,725**	**2,887**
31 to 60 days past due	**3.0%**	**100,140**	**3,003**
Over 60 days past due	**28.9%**	**246,031**	**71,094**
		1,308,498	**84,128**

	2023		
	Expected loss rate %	Gross carrying amount $'000	Loss allowance $'000
Current (not past due)	1.6%	756,894	11,991
Less than 30 days past due	3.2%	175,705	5,606
31 to 60 days past due	8.8%	94,199	8,250
Over 60 days past due	29.3%	316,638	92,775
		1,343,436	118,622

Expected loss rates are based on actual loss experience over the past year. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

30 Financial risk management and fair values of financial instruments (continued)

(a) Credit risk (continued)

Trade receivables and contract assets (continued)

Movement in the loss allowance account in respect of trade receivables and contract assets during the year is as follows:

	2024 $'000	2023 $'000
Balance at the beginning of the year	118,622	153,791
Amounts written off during the year	(91,259)	(101,955)
Impairment losses recognised during the year (note 3(b))	56,765	66,786
Balance at the end of the year	84,128	118,622

(b) Liquidity risk

The Group has a cash management policy, which includes the short term investment of cash surpluses and the raising of loans and other borrowings to cover expected cash demands. The Group's policy is to regularly monitor its current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group is required to pay.

	2024					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 year but less than 5 years $'000	More than 5 year $'000	Total $'000	Carrying amount at 31 August $'000
Trade payables	945,879	–	–	–	945,879	945,879
Other payables and accrued charges	950,361	–	–	–	950,361	950,361
Deposits received	99,178	–	–	–	99,178	99,178
Amounts due to joint ventures	14,877	–	–	–	14,877	14,877
Bank and other borrowings	1,069,691	11,055,401	–	–	12,125,092	10,977,603
Lease liabilities	168,118	139,215	220,949	23,023	551,305	494,122
Other liabilities	10,607	–	–	–	10,607	10,588
	3,258,711	11,194,616	220,949	23,023	14,697,299	13,492,608

As shown in the above analysis, bank loans with principal amount of totalling $10.75 billion are due to be repaid more than 1 year but less than 2 years, of which a principal amount of $5.25 billion will be matured on 24 November 2025. The Group has engaged an external consultant to arrange for the refinancing of the bank loans with a detailed action plan targeting to complete by end of March 2025. The Group will continue to monitor its compliance with the financial covenants of its bank loans.

30 Financial risk management and fair values of financial instruments (continued)

(b) Liquidity risk (continued)

	2023					
		Contractual undiscounted cash outflow				
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 year but less than 5 years $'000	More than 5 year $'000	Total $'000	Carrying amount at 31 August $'000
Trade payables	927,666	–	–	–	927,666	927,666
Other payables and accrued charges	869,699	18,000	–	–	887,699	887,699
Deposits received	83,277	–	–	–	83,277	83,277
Amount due to associates	4,332	–	–	–	4,332	4,332
Amounts due to joint ventures	10,000	–	–	–	10,000	10,000
Bank and other borrowings	1,093,992	823,140	11,054,882	–	12,972,014	10,956,714
Lease liabilities	172,232	144,285	252,827	20,353	589,697	536,015
Other liabilities	14,043	10,697	–	–	24,740	24,163
	3,175,241	996,122	11,307,709	20,353	15,499,425	13,429,866

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowings and interest-rate swap. Financial instruments with variable interest rates expose the Group to cash flow interest rate risk. The Group's interest-bearing financial instruments are set out in (ii) below. The interest rates and terms of repayment of interest-bearing borrowings of the Group are disclosed in note 20 to the financial statements.

(i) Hedging

An interest-rate swap, denominated in Hong Kong dollars ("HKD"), has been entered into achieve an appropriate mix of fixed and floating rate exposure consistent with the Group's policy. At 31 August 2024, the Group had interest-rate swaps with a notional contract amount of $5,250,000,000 (2023: $5,250,000,000) which were not designated as cash flow hedging instrument. The net fair value of swaps entered into by the Group at 31 August 2024 was $29,990,000 (liabilities) (2023: $13,777,000 (assets)).

30 Financial risk management and fair values of financial instruments (continued)

(c) Interest rate risk (continued)

(ii) Interest-bearing financial instruments

The following table details the interest-bearing financial instruments of the Group at the end of the reporting period.

	2024 **$'000**	2023 $'000
Fixed rate instruments		
Lease liabilities	**494,122**	536,015
Other borrowings	**36,791**	48,944
Other financial liabilities	**10,588**	24,163
	541,501	609,122
Variable rate instruments		
Bank borrowings	**10,940,812**	10,907,770
Derivative financial instrument — interest-rate swap	**29,990**	(13,777)
	10,970,802	10,893,993
Total borrowings	**11,512,303**	11,503,115
Fixed rate borrowings as a percentage of total borrowings	**5%**	5%

(iii) Sensitivity analysis

At 31 August 2024, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and increased/decreased accumulated loss by approximately $28,454,000. At 31 August 2023, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after tax and decrease/increase retained profits by approximately $28,289,000. Other components of consolidated equity would not be affected by the changes in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax and retained profits is estimated as an annualised impact on interest expenses of such a change in interest rate.

30 Financial risk management and fair values of financial instruments (continued)

(d) Currency risk

All the Group's monetary assets and liabilities are primarily denominated in either HKD or 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 ("RMB") arising from its operations in the PRC. 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 short-term imbalances.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in HKD, translated using the spot rate at the year end date.

	2024		2023	
	USD $'000	**RMB $'000**	USD $'000	RMB $'000
Cash and cash equivalents	**262,756**	**14,177**	372,284	4,718
Trade receivables	**256,829**	**–**	122,418	116
Other receivables, deposit and prepayment	**–**	**1,401**	–	–
Trade payables	**(293,457)**	**(14,700)**	(342,399)	(477)
Other payables and accrued charges	**(5,561)**	**(2,286)**	(2,243)	(68)
Net exposure arising from recognised assets and liabilities	**220,567**	**(1,408)**	150,060	4,289

30 Financial risk management and fair values of financial instruments (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

The Group's foreign currency risk is mainly concentrated on the fluctuation of the RMB against the HKD. It is assumed that the pegged rate between the HKD and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies. The following table details the Group's sensitivity to a 10% increase or decrease in the HKD against other currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower, and adjusts their translation at the year end for a 10% change in foreign currency rates. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

	2024			2023		
	Increase/ (decrease) in foreign exchange rates	**(Decrease)/ increase in profit after tax $'000**	**(Increase)/ decrease in accumulated loss $'000**	Increase/ (decrease) in foreign exchange rates	(Decrease)/ increase in loss after tax $'000	Increase/ (decrease) in retained profits $'000
RMB	**10%**	**(116)**	**(116)**	10%	(436)	436
	(10)%	**116**	**116**	(10)%	436	(436)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit/(loss) after tax and equity measured in the respective functional currencies, translated into HKD at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of operations outside Hong Kong into the Group's presentation currency. The analysis is performed on the same basis for 2023.

30 Financial risk management and fair values of financial instruments (continued)

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair values measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair values measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: Fair values measured using significant unobservable inputs

	Fair value at 31 August 2024 $'000	**Fair value measurements as at 31 August 2024 categorised into**		
		Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**
Recurring fair value measurement				
Financial Liabilities:				
Derivative financial instrument:				
Interest-rate swap	**(29,990)**	**–**	**(29,990)**	**–**

	Fair value at 31 August 2023 $'000	Fair value measurements as at 31 August 2023 categorised into		
		Level 1 $'000	Level 2 $'000	Level 3 $'000
Recurring fair value measurement				
Financial Assets:				
Derivative financial instrument:				
Interest-rate swap	13,777	–	13,777	–

During the year ended 31 August 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (year ended 31 August 2023: $Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

30 Financial risk management and fair values of financial instruments (continued)

(e) Fair value measurement (continued)

(i) ***Financial assets and liabilities measured at fair value (continued)***

Valuation techniques and inputs used in Level 2 fair value measurement

The fair value of interest-rate swap is the estimated amount that the Group would receive or pay to terminate the swap at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the swap counterparty.

(ii) ***Financial assets and liabilities carried at other than fair value***

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 August 2024 and 2023.

(f) Offsetting financial assets and financial liabilities

The Group enters into netting arrangements with its carriers. The outstanding transactions with these counterparties are settled on a net basis and result in offsetting the assets and liabilities in the statement of financial position.

	2024		
	Gross amounts of recognised financial assets/ (liabilities) $'000	**Gross amounts of recognised financial assets/ (liabilities) offset in the consolidated statement of financial position $'000**	**Net amounts of financial assets/ (liabilities) presented in the consolidated statement of financial position $'000**
Trade receivables	**1,310,173**	**(340,876)**	**969,297**
Trade payables	**(1,286,755)**	**340,876**	**(945,879)**

	2023		
	Gross amounts of recognised financial assets/ (liabilities) $'000	Gross amounts of recognised financial assets/ (liabilities) offset in the consolidated statement of financial position $'000	Net amounts of financial assets/ (liabilities) presented in the consolidated statement of financial position $'000
Trade receivables	1,174,256	(264,862)	909,394
Trade payables	(1,192,528)	264,862	(927,666)

31 Commitments

(a) Capital commitments

At 31 August 2024, the Group had the following capital commitments:

	2024 $'000	2023 $'000
Contracted but not provided for		
— Purchase of property, plant and equipment	**207,179**	199,955

(b) Commitment under operating leases

At 31 August 2024, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2024 $'000	2023 $'000
Leases in respect of telecommunications facilities which are receivable:		
Within 1 year	**220,442**	151,913
After 1 year but within 5 years	**176,911**	158,957
After 5 years	**51,831**	54,399
	449,184	365,269

32 Contingent liabilities

	2024 $'000	2023 $'000
Bank guarantee in lieu of payment of utility deposits	**3,622**	3,622
Bank guarantee in lieu of performance guarantees	**293,847**	263,459
	297,469	267,081

The Group is subject to certain corporate guarantee obligations to guarantee the performance of its subsidiaries in the normal course of their businesses. The amount of liabilities arising from such obligations, if any, cannot be ascertained but the directors are of the opinion that any resulting liability will not materially affect the financial position of the Group.

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.

33 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the directors of the Company as disclosed in note 5 and certain of the highest paid employees as disclosed in note 6, as follows:

	2024 $'000	2023 $'000
Short-term employee benefits	**52,423**	37,910
Post-employment benefits	**3,228**	3,239
	55,651	41,149

Total remuneration is included in "Talent costs" (see note 3(c)).

(b) In connection with the acquisition of the telecommunication business by MLCL from HKTV, completed on 30 May 2012, the Group granted indefeasible rights of use in favour of HKTV allowing it to use certain capacity of the Group's network for a term of 20 years from 30 May 2012, on a free of charge basis. In addition, the Group agreed to provide certain telecommunication services to HKTV, at no additional cost, for a period of 10 years from 30 May 2012. The incremental costs associated with fulfilling the obligations under the granting of indefeasible rights of use to HKTV are expected to be insignificant to the Group. Accordingly, no provision was made by the Group in this connection.

34 Company-level statement of financial position

	Note	2024 $'000	2023 $'000
Non-current assets			
Investments in subsidiaries		**1,165,126**	1,165,125
		1,165,126	1,165,125
Current assets			
Other receivables, deposits and prepayments		**149**	161
Amounts due from subsidiaries		**6,716,465**	6,665,140
Cash and cash equivalents		**49**	42
		6,716,663	6,665,343
Current liabilities			
Other payables and accrued charges		**12,377**	6,195
Amounts due to subsidiaries		**676,323**	563,436
		688,700	569,631
Net current assets		**6,027,963**	6,095,712
NET ASSETS		**7,193,089**	7,260,837
CAPITAL AND RESERVES	28(a)		
Share capital		**132**	132
Reserves		**7,192,957**	7,260,705
TOTAL EQUITY		**7,193,089**	7,260,837

Approved and authorised for issue by the board of directors on 31 October 2024.

Chu Kwong YEUNG	)	
	)	Directors
Kit Yi Kitty CHUNG	)	

35 Accounting judgement and estimates

Sources of estimation uncertainty

Note 30 contains information about the assumptions and their risk factors relating to financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Loss allowance for credit losses

The Group maintains impairment loss for doubtful debts based upon evaluation of the recoverability of the trade and other receivables which takes into account the historical write-off experience and recovery rates. If the financial condition of the customers were to deteriorate, additional impairment may be required.

(b) Impairment of goodwill, intangible assets, property, plant and equipment and right-of-use assets

The Group tests annually whether goodwill and other assets in the cash generating units has suffered any impairment in accordance with the accounting policy set out in note 1(k)(iii).

The recoverable amount of an asset or a cash-generating unit has been determined based on its value-in-use. These calculations require the use of estimates. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget and the estimated terminal value. Key assumptions include the expected operating margin, growth rates and selection of discount rates, to reflect the risks-involved and the earnings multiple that can be realised for the estimated terminal value.

Management prepared the financial budgets reflecting actual performance and market development expectations. Judgement is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the result of the impairment reviews.

(Expressed in Hong Kong dollars unless otherwise indicated)

36 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 August 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 August 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*	1 January 2024
Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants*	1 January 2024
Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*	1 January 2024
Amendments to HKFRS 7, *Statement of cash flows* and HKFRS 7, *Financial Instruments: Disclosures: Supplier finance arrangements*	1 January 2024
Amendments to HKFRS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Five year summary

(Expressed in Hong Kong dollars)

The following table summaries the consolidated results, assets and liabilities of the Group for the five years ended 31 August 2024.

	Years ended 31 August				
	2024	2023	2022	2021	2020
	$'000	$'000	$'000	$'000	$'000
Results					
Revenue	**10,650,922**	11,692,176	11,626,164	11,463,745	9,452,957
Profit/(loss) from operations	**889,489**	(458,694)	1,000,750	837,802	619,305
Finance costs	**(860,236)**	(702,303)	(239,204)	(481,029)	(526,961)
Share of profits of associates	**(128)**	(742)	4,167	–	–
Share of losses of joint ventures	**–**	(69,592)	(53,497)	(31,508)	(242)
Profit/(loss) before taxation	**29,125**	(1,231,331)	712,216	325,265	92,102
Income tax (expense)/credit	**(18,848)**	(36,077)	(158,895)	(118,393)	4,509
Profit/(loss) for the year	**10,277**	(1,267,408)	553,321	206,872	96,611

Five year summary

(Expressed in Hong Kong dollars)

	As at 31 August				
	2024	2023	2022	2021	2020
	$'000	$'000	$'000	$'000	$'000
Assets and liabilities					
Goodwill	**7,816,507**	7,816,507	9,016,507	9,016,507	9,016,507
Intangible assets	**2,367,621**	2,775,801	3,202,607	3,606,163	4,200,644
Property, plant and equipment	**3,132,945**	3,418,992	3,731,436	3,901,090	4,112,260
Investment properties	**–**	–	–	198,828	206,800
Right-of-use assets	**628,457**	689,568	705,607	681,349	886,709
Customer acquisition and retention costs	**464,954**	464,533	513,045	564,849	595,149
Interest in an associate	**–**	4,332	56,920	4,816	4,438
Interest in joint ventures	**–**	6,284	17,110	17,879	9,387
Deferred tax assets	**137,853**	66,674	26,724	68,913	91,258
Finance lease liabilities	**–**	–	–	–	6,534
Loan to associates	**–**	–	15,359	–	–
Other non-current assets	**56,023**	72,289	98,531	91,958	81,012
Net current liabilities	**(170,856)**	(279,515)	(87,576)	(248,163)	(1,718,533)
Total assets less current liabilities	**14,433,504**	15,035,465	17,296,270	17,904,189	17,492,165
Other payables and accrued charges — long-term portion	**–**	(18,000)	(54,000)	(30,397)	(87,677)
Contract liability — long-term portion	**(177,301)**	(160,162)	(145,807)	(194,818)	(219,939)
Obligations under granting of rights — long-term portion	**–**	–	–	–	(6,771)
Deferred tax liabilities	**(593,204)**	(684,672)	(800,662)	(904,848)	(1,033,447)
Lease liabilities	**(348,542)**	(385,105)	(381,850)	(305,129)	(445,804)
Provision for reinstatement costs	**(55,191)**	(54,003)	(52,492)	(62,442)	(67,320)
Bank and other borrowings	**(10,705,002)**	(10,671,853)	(10,913,214)	(10,831,416)	(5,018,368)
Senior notes	**–**	–	–	–	(4,101,847)
Other non-current liabilities	**–**	(10,588)	(24,162)	(37,376)	(50,493)
NET ASSETS	**2,554,264**	3,051,082	4,924,083	5,537,763	6,460,499
Capital and reserves					
Share capital	**132**	132	132	132	132
Reserves	**2,554,132**	3,050,950	4,923,951	5,537,631	6,460,367
TOTAL EQUITY	**2,554,264**	3,051,082	4,924,083	5,537,763	6,460,499

Notes to the five year summary:

1 As a result of the adoption of HKFRS 16, *Leases*, with effect from 1 September 2019, the Group has changed its accounting policies in respect of the lessee accounting model. In accordance with the transitional provisions of the standard, the changes in accounting policies were adopted by way of opening balance adjustments to recognise right-of-use assets and lease liabilities as at 1 September 2019. After initial recognition of these assets and liabilities, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term.

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INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF HKBN LTD.

We have undertaken a limited assurance engagement in respect of the selected sustainability information of HKBN Ltd. (the "Company") listed below and identified with a ✓ in the Company's Annual Report for the year ended 31 August 2024 ("the 2024 Annual Report"), published in the Annual Report Website (https://www.hkbn.net/group/en/investor-engagement/financial-results[1]) (the "Identified Sustainability Information").

Identified Sustainability Information

The Identified Sustainability Information for the year ended 31 August 2024 is summarised below:

Indicators (KPIs)	Units	Amount
Environmental		
Sulphur oxides (SOx)	kg	0.71
Nitrogen oxides (NOx)	kg	393.86
Particulate matter (PM)	kg	36.35
Scope 1 Greenhouse Gases (GHG) emissions	Tonne CO_2e	3,493.36
Scope 2 Greenhouse Gases (GHG) emissions	Tonne CO_2e	36,130.72
Total Greenhouse gas emissions (Scope 1 and Scope 2 GHG emissions)	Tonne CO_2e	39,624.08
Greenhouse gas emissions intensity (Scope 1 and Scope 2 GHG emissions)	Tonne CO_2e/Revenue ($ million)	3.72
Direct energy consumption	kWh	584,090.64
Direct energy intensity	kWh/Revenue ($million)	54.84
Indirect energy consumption	kWh	84,659,396.22
Indirect energy intensity	kWh/Revenue ($million)	7,948.49
Water consumption	M^3	4,974.00
Water intensity	M^3/Revenue ($million)	0.47
Hazardous waste generated	Tonnes	104.57
Hazardous waste intensity	Tonnes/Revenue ($million)	0.01
Non-hazardous waste generated	Tonnes	361.97
Non-hazardous waste intensity	Tonnes/Revenue ($million)	0.03
Waste diverted	Tonnes	150.54
Waste diversion rate	%	41.59%

[1] The maintenance and integrity of the HKBN Ltd.'s website is the responsibility of the directors; the work carried out by the assurance provider does not involve consideration of these matters and, accordingly, the assurance provider accepts no responsibility for any differences between the selected sustainability information of HKBN Ltd. on which the assurance report was issued or the assurance report that was issued and the information presented on the website.

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Indicators (KPIs)	Units	Amount
Employment		
Total workforce	Number	3,987
Total workforce by gender	Number	Female: 1,410 Male: 2,453
Total workforce by employment type	Number	Full Time: 3,863 Part Time: 35 Contract: 89
Total workforce by age-group	Number	≤ 30: 586 31–50: 2,722 ≥ 50: 555
Total workforce by geographical region	Number	Hong Kong: 2,160 Macao: 42 Mainland China: 1,661
Employee turnover rate by gender	%	Female: 20.94% Male: 28.89%
Employee turnover rate by age group	%	≤ 30: 40.83% 31–50: 23.16% ≥ 50: 22.22%
Employee turnover rate by geographical region	%	Hong Kong: 29.98% Macao: 12.82% Mainland China: 21.16%
Health and Safety		
Fatalities — full-time employees only	Number	0
Fatalities rate — full-time employees only	Number per 200,000 manhour	0
Work-related injury rate — full-time employees only	Number per 200,000 manhour	0.57
Lost days due to work-related injury — full-time employees only	Number	1,805

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Indicators (KPIs)	Units	Amount
Development and Training		
The percentage of employees trained by gender	%	Female: 97.91% Male: 97.69%
The percentage of employees trained by employee category	%	Managerial-or-above-level Talents: 94.85% Supervisory-level Talents: 99.76% All other Talents: 97.87%
The average training hours completed per employee by gender	Number	Female: 15.48 Male: 15.36
The average training hours completed per employee by category	Number	Managerial-or-above-level Talents: 7.44 Supervisory-level Talents: 12.07 All other Talents: 16.82
Supply Chain Management		
Number of suppliers by geographical region	Number	Hong Kong: 1,725 Mainland China: 912 Macao: 88 Other: 132
Product Responsibility		
Number of products and service-related complaints received	Number	2,672
Anti-corruption		
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Number	Nil
Volunteering		
Total volunteering hours contributed by the Company	Number	725
Phishing assessment		
Phishing assessment average failure rate	%	1.49%

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Sustainability Accounting Standards Board (SASB) — Telecommunication Services KPIs	Units	Amount
Environmental		
(1) Total Energy Consumed	GJ	306,876.31
(2) Percentage grid electricity	%	99.31%
(3) Percentage renewable	%	0%
Data Privacy		
Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Reporting Currency	Nil
Data Security		
(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	Number, %	Nil
Competitive Behavior & Open Internet		
Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behaviour regulations	Reporting Currency	Nil
Activity Metrics		
(1) Number of wireless subscribers	Number (in thousands)	Residential business: 217 Enterprise business: 22
(2) Number of wireline subscribers	Number (in thousands)	Residential business: 343 Enterprise business: 357
(3) Number of broadband subscribers	Number (in thousands)	Residential business: 907 Enterprise business: 110
(4) Network traffic	Petabytes	5,425

Our assurance was with respect to the year ended 31 August 2024 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2024 Annual Report and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by the Company to prepare the Identified Sustainability Information is set out in 2024 Annual Report under the section titled "About this Report", "Environmental Performance Summary", "Social Performance Summary" and "ESG Content Indexes".

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The Company's Responsibility for the Identified Sustainability Information

The Company is responsible for the preparation of the Identified Sustainability Information in accordance with the Criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. In addition, GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement.

A limited assurance engagement involves assessing the suitability in the circumstances of the Company's use of the Criteria as the basis for the preparation of the Identified Sustainability Information, assessing the risks of material misstatement of the Identified Sustainability Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

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Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of the persons responsible for the Identified Sustainability Information;
- understood the process for collecting and reporting the Identified Sustainability Information;
- performed limited substantive testing on a selective basis of the Identified Sustainability Information to check that data had been appropriately measured, recorded, collated and reported; and
- considered the disclosure and presentation of the Identified Sustainability Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's Identified Sustainability Information has been prepared, in all material respects, in accordance with the Criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Company's Identified Sustainability Information for the year ended August 31, 2024 is not prepared, in all material respects, in accordance with the Criteria.

Our report has been prepared solely for the board of directors of the Company and is not to be used for any other purpose. We do not assume responsibility towards or accept liability to any other parties for the content of this report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 October 2024

Environmental Performance Summary

	Unit	FY22	FY23	FY24
The types of emissions and respective emissions data				
Sulphur oxides (SOx)[1]	kg	0.94	0.79	**0.71**
Nitrogen oxides (NOx)[1]	kg	479.02	444.92	**393.86**
Particulate matter (PM)[1]	kg	44.22	41.09	**36.35**
Greenhouse gas emissions				
Scope 1 emissions[2]	tCO_2e	4,073.64	3,733.87	**3,493.36**
Scope 2 emissions[3]	tCO_2e	44,989.42[4]	40,123.08	**36,130.72**
Total scope 1 and 2 emissions	tCO_2e	49,063.06[5]	43,856.95[6]	**39,624.08**
Scope 1 and 2 emissions intensity[7]	tCO_2e/Revenue ($million)	4.22[5]	3.75[6]	**3.72**
Scope 3 emissions by category[8]				
Category 1: Purchased goods and services	tCO_2e	203,013.58	269,404.73[10]	**268,820.82**
Category 2: Capital goods	tCO_2e	22,198.90	14,774.12[11]	**23,483.07**
Category 3: Fuel and energy-related activities	tCO_2e	19,741.61	17,614.17	**15,859.70**
Category 11: Use of sold products	tCO_2e	120,291.92	109,088.43	**123,864.22[12]**
Other categories[9]	tCO_2e	3,959.03	4,958.87	**3,652.69**
Direct energy consumption[13]	kWh	763,643.43	621,106.17	**584,090.64**
Direct energy intensity[7]	kWh/Revenue ($ million)	65.68	53.12	**54.84**
Indirect energy consumption[14]	kWh	105,303,888.68	94,120,130.20	**84,659,396.22**
Indirect energy intensity[7]	kWh/Revenue ($ million)	9,057.62	8,049.96	**7,948.49**
Water consumption	m^3	5,442.87	4,957.61	**4,974.00**
Water intensity[7]	m^3/Revenue ($ million)	0.47	0.42	**0.47**
Waste				
Hazardous waste generated[15]	tonnes	77.13	52.15	**104.57[16]**
Hazardous waste intensity[7]	tonnes/Revenue ($ million)	0.01	0.004[17]	**0.01**
Non-hazardous waste generated[18]	tonnes	256.58	264.37	**361.97[19]**
Non-hazardous waste intensity[7]	tonnes/Revenue ($ million)	0.02	0.02	**0.03**
Waste diverted[20]	tonnes	130.77	141.20	**150.54**
Waste diversion rate	%	50.97	53.41	**41.59[19]**

[1] This KPI is concerned with the air pollution produced by the issuer. Air pollution includes NOx, SOx, and respiratory suspended particles, also known as Particulate Matter ("PM") produced by HKBN's motor vehicles powered by fuel. The air emission factors are based on the Hong Kong Environmental Protection Department's (EPD) EMFAC-HK Vehicle Emission Calculation model and the United States Environmental Protection Agency's (USEPA's) Vehicle Emission Modeling Software — MOBILE6.1.

[2] Scope 1 emissions are direct Greenhouse gas (GHG) emissions from sources that are owned or controlled by HKBN such as emissions from fuel of company vehicles and genset, the refrigerant of air conditioning and chiller, and fire suppression equipment. The emission factors are based on the Intergovernmental Panel on Climate Change (IPCC) Synthesis Report (AR6) (2021) and EPD's Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong 2010 Edition. Scope 1 emissions for FY22 and FY23 have been restated due to the expansion of data coverage to include refrigerants from air conditioning and chiller systems, as well as fire extinguishers. This update aligns with the data reporting approach for FY24 and maintains the consistency across reporting periods. The originally disclosed figures were 196.73 tCO_2e for FY22 and 162.30 tCO_2e for FY23.

[3] Scope 2 emissions are indirect GHG emission resulting from the generation of electricity purchases by HKBN. For Hong Kong operation, emission factor adopted for purchased electricity are 0.66 $kgCO_2e/kWh$ and 0.39 $kgCO_2e/kWh$ as provided by HK Electric Investments Sustainability Report 2023 and CLP Sustainability Report 2023 respectively, subjecting to the location of operation. For Macao operation, emission factor adopted for purchased electricity is 0.608 $kgCO_2e/kWh$ as provided by CEM Sustainability Report 2023. For mainland China operation, the emission factor adopted for purchased electricity is 0.5703 tCO_2/MWh, which is referenced from the Ministry of Ecology and Environment of People's Republic of China (MEE).

[4] Scope 2 emissions of FY22 has been restated due to the adoption of an updated emission factor for mainland China operation. The originally disclosed figure was 45,460.70 tCO_2e, calculated using the emission factor referenced from the 《2019年度減排項目中國區域電網基準線排放因子》, published by the MEE in 2020. The restated figure is calculated using the updated emission factor referenced from the 《關於做好2023–2025年發電行業企業溫室氣體排放報告管理有關工作的通知》, published by the MEE in 2023. This update specifically applies to the emissions from our mainland China operation.

[5] Total scope 1 and 2 emissions and Scope 1 and 2 emissions intensity of FY22 have been restated as a result of the restated Scope 1 emissions and Scope 2 emissions of FY22.

[6] Total scope 1 and 2 emissions and Scope 1 and 2 emissions intensity of FY23 have been restated as a result of the restated Scope 1 emissions of FY23.

[7] The revenue as of 31 August 2022, 31 August 2023 and 31 August 2024 was $11,626m, $11,692m and $10,651m, rounded from the precise figures.

[8] Scope 3 emissions are other indirect GHG emissions that occur in the value chain of HKBN. These emissions are mainly associated with purchased goods and services (Category 1), capital goods (Category 2), fuel and energy-related activities not included in scope 1 or 2 (Category 3), and use of sold products (Category 11). The compilation of our scope 3 GHG emissions is based on the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Relevant emission factors were sourced from product-specific carbon footprint data, environmentally-extended input output (EEIO) database EXIOBASE 3 for spend-based category data, and well-to-tank factors from UK Government GHG Conversion Factors for Company Reporting for fuel and energy-related activities.

[9] Other categories, which include emissions from transportation and distribution (Category 4 and 9), waste generated in operations (Category 5), business travel (Category 6), employee commuting (Category 7), leased assets (Category 8 and 13), end-of-life treatment of sold products (Category 12) and investments (Category 15), each contribute less than 1% to the total scope 3 emissions.

[10] The increase in Scope 3 Category 1 emissions for FY2023 is attributed to an uptick in procurement spending.

[11] The decrease in Scope 3 Category 2 emissions for FY2023 is attributed to a reduction in construction-related activities.

[12] The increase in Scope 3 Category 11 emissions for FY2024 is attributed to expansion of portfolio offerings for both residential and enterprise customers.

[13] Vehicle, generator and mobile generator fuel consumption are included in the direct energy consumption.

[14] Electricity purchases are included in the indirect energy consumption.

[15] Hazardous waste generated comprised uninterruptible power system and lighting tube.

[16] The rise in hazardous waste during FY24 is primarily due to the disposal of lead-acid batteries. This increase aligns with our facility upgrades and the natural end of the batteries' lifecycle. The lead-acid batteries are sustainably disposed of at the Hong Kong Battery Recycling Centre.

[17] All figures are rounded to two decimal places except for values less than 0.01, which are rounded to three decimal places.

[18] Non-hazardous waste included construction waste and general waste in offices, shops and data centres.

[19] The reported increase in waste generation and the subsequent decrease in the waste diversion rate for FY24 can be primarily attributed to the additional waste generated from the relocation of our office to The Quayside. This is a one-off occurrence, and we anticipate that waste generation figures will normalise after the completion of this transition.

[20] Waste diverted from landfills included paper, plastic, metal, wooden, e-waste, food waste and glass.

Social Performance Summary

		Unit	FY22		FY23		FY24	
Workforce statistics								
Total		Talent	5,015		4,558		**3,987[2]**	
By gender[1]	Female	Talent (%)	1,695	34.85%	1,579	35.66%	**1,410**	**36.50%**
	Male	Talent (%)	3,169	65.15%	2,849	64.34%	**2,453**	**63.50%**
By employment type	Full Time	Talent (%)	4,864	96.99%	4,428	97.15%	**3,863**	**96.89%**
	Part Time	Talent (%)	56	1.12%	51	1.12%	**35**	**0.88%**
	Contract	Talent (%)	95	1.89%	79	1.73%	**89**	**2.23%**
By age-group[1]	≤ 30	Talent (%)	1,035	21.28%	820	18.52%	**586**	**15.17%**
	31–50	Talent (%)	3,281	67.45%	3,047	68.81%	**2,722**	**70.46%**
	≥ 50	Talent (%)	548	11.27%	561	12.67%	**555**	**14.37%**
By geographical region[1]	Hong Kong	Talent (%)	2,856	58.72%	2,489	56.21%	**2,160**	**55.92%**
	Macao	Talent (%)	36	0.74%	36	0.81%	**42**	**1.09%**
	Mainland China	Talent (%)	1,972	40.54%	1,903	42.98%	**1,661**	**43.00%**
Employee turnover rate[1]								
By gender	Female	%	33.22%		31.45%		**20.94%**	
	Male	%	33.92%		37.80%		**28.89%**	
By age-group	≤ 30	%	60.85%		64.44%		**40.83%**	
	31–50	%	28.48%		30.60%		**23.16%**	
	> 50	%	17.89%		20.43%		**22.22%**	
By geographical region	Hong Kong	%	32.43%		36.41%		**29.98%**	
	Macao	%	20.00%		13.89%		**12.82%**	
	Mainland China	%	35.90%		34.84%		**21.16%**	
Percentage of employees trained[1]								
By gender	Female	%	97.41%		98.19%		**97.91%**	
	Male	%	99.40%		98.07%		**97.69%**	
By employee category	Managerial-or-above-level Talents	%	95.41%		97.94%		**94.85%**	
	Supervisory-level Talents	%	98.99%		99.35%		**99.76%**	
	All other Talents	%	98.97%		97.97%		**97.87%**	

1 Only cover full-time Talents.
2 The decrease in total workforce is attributed to the company's restructuring efforts.

		Unit	FY22	FY23	FY24
Average training hours completed per employee[1]					
By gender	Female	hours per Talent	17.38	18.06	**15.48**
	Male	hours per Talent	16.87	16.31	**15.36**
By employee category	Managerial-or-above-level Talents	hours per Talent	6.95	9.05	**7.44**
	Supervisory-level Talents	hours per Talent	15.25	12.86	**12.07**
	All other Talents	hours per Talent	18.20	18.28	**16.82**
Work-related fatalities[1]					
Number of work-related fatalities		Number	0	1[4]	**0**
Work-related fatalities rate[3]		Number per 200,000 manhour	0	0.02	**0**
Work-related injuries[1]					
Lost days due to work-related injury[5]		Day	2,692	935[7]	**1,805[8]**
Work-related injury rate[6]		Number per 200,000 manhour	0.37	0.41[7]	**0.57**
Number of suppliers					
By geographical region	Hong Kong	Number	1,642	1,853	**1,725**
	Mainland China	Number	542	734	**912**
	Macao	Number	50	53	**88**
	Other	Number	443	146	**132**
Number of products and service-related complaints received					
Number of complaints received from residential and enterprise business		Number	2,302	1,754	**2,672[9]**
Community Investment					
Total volunteering hours contributed by the Company		hours	464.0	1,377.5	**725[10]**

3 The work-related fatality rate represents the number of reported fatalities per 100 full-time employees per year. It is calculated as "total number of work-related fatalities multiplied by 200,000 and then divided by total hours worked." The factor 200,000 represents the annual hours worked by 100 full-time employees, based on 40 hours per week for 50 weeks a year.

4 An employee experienced a fatal incident while riding an electric bicycle after work on 27 November 2020. The employee unfortunately passed away on 16 October 2022. It was considered as a fatal work incident according to the Regulation on Work-Related Injury Insurance of the Mainland China.

5 "Lost days" is the sum total of calendar days (consecutive or otherwise) for the days on which the work-related injuries and work-related ill health occurred. For Hong Kong, a "Lost day" occurs when, in the opinion of a physician, an employee cannot work. "Lost day" is calculated based on the total of calendar days (consecutive or otherwise) starting from the lost day occurs. While for mainland China, it is calculated based on the total of calendar days (consecutive or otherwise) for the days on which the work-related injuries and work-related ill health occurred.

6 The work-related injury rate represents the number of reported injuries per 100 full-time employees per year. It is calculated as "total number of work-related injuries multiplied by 200,000 and then divided by total hours worked." The factor 200,000 represents the annual hours worked by 100 full-time employees, based on 40 hours per week for 50 weeks a year.

7 Upon review, one work-related injury case reported in FY24 was identified as occurring in FY23. As a result, the "Work-related injury rate" and the "Lost days due to work-related injury" in FY23 have been revised.

8 The operational approach requires field engineers to conduct various on-site equipment installations in response to business demands. This change increases the likelihood of accidents while travelling and executing their responsibilities.

9 As the Company implemented stricter credit adjustment and waiver protocols, as well as re-classification of sales-related complaints, the number of customer complaints increased.

10 The Company's corporate social investment (CSI) strategy was revamped to prioritise digital inclusivity initiatives for social profit organisations and marginalised groups in addition to volunteering engagement.

ESG Content Indexes

SASB Content Index

Telecommunications Services

SASB Activity Metrics

SASB Code	Activity Metric	FY22	FY23	FY24	Assured by independent practitioner
TC-TL-000.A	Number of wireless subscribers (in thousands)	Residential business: 241 Enterprise business: 32	Residential business: 239 Enterprise business: 26	**Residential business: 217** **Enterprise business: 22**	✓
	Wireless subscribers are defined as those customers that contract with the entity for mobile services, which include cellular phone service and/or wireless data service.				
TC-TL-000.B	Number of wireline subscribers (in thousands)	Residential business: 432 Enterprise business: 454	Residential business: 386 Enterprise business: 388	**Residential business: 343** **Enterprise business: 357**	✓
	Wireline subscribers are defined as those customers that contract with the entity for fixed line phone services.				
TC-TL-000.C	Number of broadband subscribers (in thousands)	Residential business: 897 Enterprise business: 115	Residential business: 920 Enterprise business: 117	**Residential business: 907** **Enterprise business: 110**	✓
	Broadband subscribers are defined as those customers that contract with the entity for fixed line cable and internet services, which include WiFi connections.				
TC-TL-000.D	Network traffic	5,544 Pb[1]	5,349 Pb[1]	**5,425 Pb**	✓
	The system of rules applied in recording and reporting network traffic statistics complies with Office of the Communications Authority.				

[1] The network traffic of FY22 and FY23 have been restated with the most accurate information at the time of reporting.

SASB Accounting Metrics

SASB Code	Accounting Metric	FY22	FY23	FY24	Assured by independent practitioner
Environmental Footprint of Operations					
TC-TL-130a.1	(1) Total energy consumed, (2) Percentage grid electricity, (3) Percentage renewable	(1) 381,843.12 GJ (2) 99.29% (3) 0%	(1) 341,068.18 GJ (2) 99.34% (3) 0%	**(1) 306,876.31 GJ** **(2) 99.31%** **(3) 0%**	✓
	Please refer to the Climate Action section of this Report for further detail on our energy target and reduction initiatives.				
Data Privacy					
TC-TL-220a.1	Description of policies and practices relating to behavioural advertising and customer privacy				
	Please refer to the Data Privacy & Security section of this ESG report, Personal Data & Privacy Statement and Personal Information Collection Statement for details.				
TC-TL-220a.2	Number of customers whose information is used for secondary purposes	N/A	N/A	**N/A**	
	Personal information of our customers is used for purposes stated in our privacy policies only.				
TC-TL-220a.3	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Nil	Nil	**Nil**	✓
	There were no recorded monetary losses as a result of legal proceedings associated with customer privacy in FY23 and FY24.				
TC-TL-220a.4	(1) Number of law enforcement requests for customer information, (2) Number of customers whose information was requested, (3) Percentage resulting in disclosure	N/A	N/A	**N/A**	
	Currently we do not disclose these metrics. In handling such requests, we follow relevant laws and regulations of the jurisdictions we operate in.				

ESG Content Indexes

SASB Code	Accounting Metric	FY22	FY23	FY24	Assured by independent practitioner
Data Security					
TC-TL-230a.1[1]	(1) Number of data breaches, (2) Percentage involving personally identifiable information (PII), (3) Number of customers affected	Nil	Nil	**Nil**	✓
	There were no recorded data breaches in FY23 and FY24.				
TC-TL-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards				
	Please refer to the Data Privacy & Security section of this ESG report for details.				
Product End-of-life Management					
TC-TL-440a.1	(1) Materials recovered through take back programmes, (2) Percentage of recovered materials that were recycled	(1) 0.21 tonnes (2) 100%	Nil	**Nil**	
	There was sporadic device recovery during the year with limited data availability. Please refer to the Climate Action section of this ESG report for details on the take back programme.				

[1] Data breach, personally identifiable information and customer affected are limited to concluded cases with legal claims and penalties brought against the Group and its subsidiaries during the reporting period.

SASB Code	Accounting Metric	FY22	FY23	FY24	Assured by independent practitioner
Competitive Behaviour & Open Internet					
TC-TL-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behaviour regulations	Nil	Nil	**Nil**	✓
	There were no recorded monetary losses as a result of legal proceedings associated with anticompetitive behaviour regulations in FY23 and FY24.				
TC-TL-520a.2	Average actual sustained download speed of owned and commercially-associated content and non-associated content	We have not started reporting on this metric in FY22.	• 1000 Mbp Plan: 916.5 Mbps • 500 Mbp Plan: 545.8 Mbps • 100 Mbp Plan: 95.8 Mbps Please refer below for details.	**• 2000 Mbp Plan: 1816.1 Mbps • 1000 Mbp Plan: 928.2 Mbps • 500 Mbp Plan: 549.5 Mbps Please refer below for details.**	
	There is no difference in the download speed of associated and non-associated content, and we do not measure download speeds on the bases specified in the standard. We report the average download speed of our most common Broadband service plan tiers (which represent over 80% of our residential and enterprise installations (including new installations, relocation and maintenance) in Q4 of FY24) be: 2000 Mbp Plan: 1816.1 Mbps 1000 Mbp Plan: 928.2 Mbps 500 Mbp Plan: 549.5 Mbps Remarks: • The average download speeds were calculated from speed tests conducted during successful new installations, relocation and maintenance in Q4 of FY24. • Our technicians have ensured the speed test of each of such successful new installations, relocation and maintenance meets the guaranteed standard and the result is endorsed by the respective customer. • The actual bandwidth customers enjoyed may be affected by their hardware/software, router specification, site traffic loading, type of content being accessed and other environmental factors.				
TC-TL-520a.3	Description of risks and opportunities associated with net neutrality, paid peering, zero rating, and related practices				
	Regulations on net neutrality, paid peering, zero rating and related practices vary across different jurisdictions, and we comply with any applicable regulations in the jurisdictions we operate in.				

ESG Content Indexes

SASB Code	Accounting Metric	FY22	FY23	FY24	Assured by independent practitioner
Managing Systemic Risks from Technology Disruptions					
TC-TL-550a.1	(1) System average interruption frequency (disruptions per customer) (2) Customer average interruption duration (hours per customer)	We have not started reporting on this metric in FY22	(1) 0.211 (2) 0.378	**(1) 0.188** **(2) 0.411**	
	By considering that connectivity of the broadband services of enterprise solutions is governed by diverse service-level agreements, we are currently reporting on the performances of residential solutions with the below calculation methodologies: **(1) System Average Interruption Frequency = Total Number of Affected Customers/Total Customers** **(2) Customer Average Interruption Duration = Accumulated Affected Customers Hours/Total Customers**				
TC-TL-550a.2	Discussion of systems to provide unimpeded service during service interruptions				
	Please refer to the Reliable and Responsible Service section of this Report for details.				

ESG Content Indexes

HKEX ESG Guide Content Index

The Report is in compliance with the mandatory disclosure requirements and "comply or explain" provisions of the HKEX ESG Guide.

Mandatory Disclosure Requirements		Reporting Location	Reference and Remarks	Assured by independent practitioner
Governance Structure	A statement from the Board containing the following elements: (i) a disclosure of the Board's oversight of ESG issues; (ii) the Board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Our Approach to ESG Governance & Management	Corporate Governance https://www.hkbn.net/group/en/our-story/corporate-governance	
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: **Materiality:** The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. **Quantitative:** Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. **Consistency:** The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	About This Report — Reporting principles Communication and Engagement with Stakeholders Materiality Assessment		
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About This Report — Reporting boundaries		

ESG Content Indexes

Subject Areas, Aspects, General Disclosures and KPIs		Reporting Location	Reference and Remarks	Assured by independent practitioner
A. Environment				
Aspect A1: Emissions				
General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Climate Action	Environmental Policy https://www.hkbn.net/env_policy/en	
KPI A1.1	The types of emissions and respective emissions data.	Climate Action, Environmental Performance Summary		✓
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	Climate Action, Environmental Performance Summary		✓
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Climate Action, Environmental Performance Summary		✓
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Climate Action, Environmental Performance Summary		✓
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Climate Action		
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Climate Action		

Subject Areas, Aspects, General Disclosures and KPIs		Reporting Location	Reference and Remarks	Assured by independent practitioner
Aspect A2: Use of Resources				
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Climate Action	Environmental Policy https://www.hkbn.net/env_policy/en	
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Climate Action, Environmental Performance Summary		✓
KPI A2.2	Water consumption in total and intensity.	Climate Action, Environmental Performance Summary		✓
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Climate Action		
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Climate Action	There were no issues related to sourcing water that was fit for purpose. Water consumption is not a significant source of carbon emissions for HKBN, and as such is not considered material to our Group's ESG priorities. Despite this, we still strive to improve water consumption efficiency in our offices via various water saving initiatives.	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.		Packaging material is not applicable to the nature of our operations and business.	

ESG Content Indexes

Subject Areas, Aspects, General Disclosures and KPIs		Reporting Location	Reference and Remarks	Assured by independent practitioner
Aspect A3: The Environment and Natural Resources				
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Climate Action	Environmental Policy https://www.hkbn.net/env_policy/en	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the action taken to manage them.	Climate Action		
Aspect A4: Climate Change				
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Action	Environmental Policy https://www.hkbn.net/env_policy/en	
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Action		
B. Social				
Aspect B1: Employment				
General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti- discrimination, and other benefits and welfare.	Talent Interest Alignment, Talent Obsessed Engagement & Development, Diversity & Inclusion		
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Diversity & Inclusion, Social Performance Summary		✓
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Diversity & Inclusion, Social Performance Summary		✓

Subject Areas, Aspects, General Disclosures and KPIs		Reporting Location	Reference and Remarks	Assured by independent practitioner
Aspect B2: Health and Safety				
General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Talent Obsessed Engagement & Development		
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Talent Obsessed Engagement & Development, Social Performance Summary		✓
KPI B2.2	Lost days due to work injury.	Talent Obsessed Engagement & Development, Social Performance Summary		✓
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Talent Obsessed Engagement & Development		
Aspect B3: Development and Training				
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Obsessed Engagement & Development		
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Obsessed Engagement & Development, Social Performance Summary		✓
KPI B3.2	The average training hours completed per employee by gender and employee category.	Talent Obsessed Engagement & Development, Social Performance Summary		✓

ESG Content Indexes

Subject Areas, Aspects, General Disclosures and KPIs		Reporting Location	Reference and Remarks	Assured by independent practitioner
Aspect B4: Labour Standards				
General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Diversity & Inclusion		
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Diversity & Inclusion		
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Diversity & Inclusion		
Aspect B5: Supply Chain Management				
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Win-win Partnership & Value Chain	Supplier Code of Conduct https://www.hkbn.net/new/uploads/page/about-us/2016/corporate-governance/HKBN_Group_Supplier_Code_of_Conduct_en.pdf	
KPI B5.1	Number of suppliers by geographical region.	Win-win Partnership & Value Chain, Social Performance Summary		✓
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Win-win Partnership & Value Chain		
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Win-win Partnership & Value Chain		
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Win-win Partnership & Value Chain		

Subject Areas, Aspects, General Disclosures and KPIs		Reporting Location	Reference and Remarks	Assured by independent practitioner
Aspect B6: Product Responsibility				
General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Impactful Customer Experience, Reliable & Responsible Service, Data Privacy & Security, Corporate Governance Report	Code of Practices on Marketing Call https://www.hkbn.net/personal/support/en/code-of-practices-on-marketing-calls	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Reliable & Responsible Service		
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Impactful Customer Experience		✓
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Corporate Governance Report		
KPI B6.4	Description of quality assurance process and recall procedures.	Reliable & Responsible Service		
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Data Privacy & Security	Personal Data & Privacy Statement http://www.hkbn.net/pps/en Personal Information Collection Statement http://www.hkbn.net/pics/en	

ESG Content Indexes

Subject Areas, Aspects, General Disclosures and KPIs		Reporting Location	Reference and Remarks	Assured by independent practitioner
Aspect B7: Anti-corruption				
General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Corporate Governance Report	Anti-Bribery, Anti-Corruption, Anti-Fraud and Conflict of Interest Policy https://www.hkbn.net/anti-bribery Whistleblowing Policy https://www.hkbn.net/whistleblowing	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Corporate Governance Report		✓
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Corporate Governance Report		
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Corporate Governance Report		
Aspect B8: Community Investment				
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Digital Inclusion for our Communities	Corporate Social Investment Policy https://www.hkbn.net/csi_policy/en	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Digital Inclusion for our Communities		
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Digital Inclusion for our Communities, Social Performance Summary		✓

Chairman and Independent Non-executive Director

Mr. Bradley Jay HORWITZ

Executive Directors

Mr. Chu Kwong YEUNG
Mr. Ni Quiaque LAI [(1)]

Non-executive Directors

Ms. Shengping YU
Mr. Liyang ZHANG
Mr. Agus TANDIONO [(2)]

Independent Non-executive Directors

Ms. Ming Ming Anna CHEUNG [(3)]
Ms. Cordelia CHUNG [(4)]
Ms. Kit Yi Kitty CHUNG [(3)]
Mr. Stanley CHOW [(5)]
Mr. Yee Kwan Quinn LAW [(5)]
Ms. Edith Manling NGAN [(2)]

Company Secretary

Ms. Chung Man CHENG

Authorised Representatives

Ms. Chung Man CHENG
Mr. Chu Kwong YEUNG [(6)]
Mr. Ni Quiaque LAI [(1)]

Composition of Board Committees *(as at the date of this Report)*

Director	Audit Committee	Nomination Committee	Remuneration Committee	Environmental, Social and Governance Committee
Mr. Bradley Jay HORWITZ	Member	Chairman	Chairman	
Mr. Chu Kwong YEUNG				Member
Ms. Shengping YU		Member		
Mr. Liyang ZHANG	Member		Member	
Ms. Ming Ming Anna CHEUNG			Member	Chairman
Ms. Cordelia CHUNG		Member	Member	
Ms. Kit Yi Kitty CHUNG	Chairman	Member		Member

Notes:

(1) Resigned on 28 February 2024.

(2) Resigned on 13 September 2023.

(3) Appointed on 13 September 2023.

(4) Appointed on 15 December 2023.

(5) Retired on 15 December 2023.

(6) Appointed on 28 February 2024.

Corporate Information

Registered Office

P.O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

19/F, Tower 1, The Quayside
77 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

Auditor

KPMG
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

Cayman Principal Share Registrar and Transfer Office

MAPLES FUND SERVICES (CAYMAN) LIMITED
P.O. Box 1093
Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

COMPUTERSHARE HONG KONG INVESTOR SERVICES LIMITED
Rooms 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Principal Bankers

CITIBANK, N.A., HONG KONG BRANCH
50th Floor, Champion Tower
3 Garden Road, Central
Hong Kong

STANDARD CHARTERED BANK (HONG KONG) LIMITED
3rd Floor, Standard Chartered Bank Building
4–4A Des Voeux Road Central
Hong Kong

Company's Website

www.hkbnltd.net

Stock Code

1310

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