

TARGET

Intelligence Report

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HKBN LTD: THE COMPANY GOT BADLY PUNISHED IN THE 2023 FINANCIAL YEAR

HKBN Ltd (香港寬頻有限公司) (Code: 1310, Main Board, The Stock Exchange of Hongkong Ltd) sought and obtained a listing on the premier equity market of The Hongkong Special Administrative Region (HKSAR) of The People's Republic of China (PRC) on or about March 12, 2015.

Senior Management of the Company makes the claim of being an investment holding company, principally engaged in the provision of information and communications technology (ICT) services.

The Company maintains that it provides ICT services, both to enterprise and residential markets, including broadband, data connectivity, managed Wi-Fi, mobile, voice communications services.

The Company has its headquarters in the HKSAR with operations, spanning across the HKSAR, to The Macau Special Administrative Region (MSAR) of the PRC, and to the PRC, proper, being separate and distinct of the HKSAR.

On or about Wednesday, November 15, 2023, the Annual Report of the Company was published and disseminated in the HKSAR.

On Page 142 of the 2023 Annual Report, the '**CONSOLIDATED INCOME STATEMENT**' in respect of the Financial Year, ended August 31, 2023, was presented, from which this medium has hereby highlighted the following four statistics:

	For The Financial Year, Ended August 31		Percentage Increase/(Decrease)*
	2023	2022	
	All Figures Are Denominated In \$HK'000 (except where otherwise stipulated)		
Revenue	11,692,176	11,626,164	0.57
Profit/(Loss) Before Taxation	(1,231,331)	712,216	(272.89)
Profit/(Loss) For The Year, Attributable To Shareholders Of The Company	(1,267,408)	553,321	(329.05)

Earnings/(Loss) Per Share (basic and diluted)	(96.70) cents (basic) (96.70) cents (diluted)	42.20 cents (basic) 37.40 cents (diluted)	(329.15) (358.56)
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* These are **TARGET**'s calculations.

With special regard to the Company's Revenue, Note Two to the Notes to the Financial Statements, the following two tables need little extrapolation:

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

	2023	2022
	<u>\$'000</u>	<u>\$'000</u>
<i>Reportable segment profit derived from the Group's external customers</i>	2,222,592	2,594,152
<i>Finance costs</i>	(702,303)	(239,204)
<i>Interest Income</i>	8,853	2,857
<i>Depreciation</i>	(900,820)	(933,828)
<i>Amortisation of intangible assets</i>	(384,727)	(411,384)
<i>Amortisation of customer acquisition and retention costs</i>	(274,926)	(293,854)
<i>Impairment on investment in a joint venture</i>	-	(6,523)
<i>Impairment on goodwill</i>	(1,200,000)	-
<i>Consolidation (loss)/profit (Loss) before taxation:</i>	(1,231,331)	712,216

'Geographic Information

	<i>Revenues from external customers</i>	
	2023	2022
	<u>\$'000</u>	<u>\$'000</u>
<i>Hong Kong (place of domicile)</i>	10,659,852	10,360,218
<i>Mainland China</i>	656,716	781,784
<i>Singapore</i>	-	116,759
<i>Other territories</i>	375,608	367,403
	<u>1,032,324</u>	<u>1,265,946</u>
	11,692,176	11,626,164

At Page 145 of the 2023 Annual Report of the Company, under the heading, '**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**,' the Net Assets (Shareholders' Funds) were given as follows:

	2023	2022	Percentage
	<u>\$HK'000</u>	<u>\$HK'000</u>	<u>Increase/(Decrease)</u>
Net Assets:	3,051,082	4,924,083	(38.04)

At Page 240 of the 2023 Annual Report of the Company, a Five-Year Summary was introduced as follows:

	<i>'Years ended 31 August</i>				
	2023	2022	2021	2020	2019
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Results					

<i>Revenue</i>	11,692,176	11,626,164	11,463,745	9,452,957	5,107,637
<i>(Loss)/profit from operations</i>	(458,694)	1,000,750	837,802	619,305	568,909
<i>Finance costs</i>	(702,303)	(239,204)	(481,029)	(526,961)	(259,271)
<i>Share of profits of associates</i>	(742)	4,167	—	—	—
<i>Share of losses of joint ventures</i>	(69,592)	(53,497)	(31,508)	(242)	(276)
<i>(Loss)/profit before taxation</i>	(1,231,331)	712,216	325,265	92,102	309,362
<i>Income tax (expense)/credit</i>	(36,077)	(158,895)	(118,393)	4,509	(94,835)
<i>(Loss)/profit for the year</i>	(1,267,408)	553,321	206,872	96,611	214,527

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