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HKBN Ltd.

香港寬頻有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1310)

**CONNECTED TRANSACTIONS IN RELATION TO
THE PURCHASE OF SHARES BY THE PLAN
TRUSTEE OF THE CO-OWNERSHIP PLAN III PLUS**

AND

PARTIAL RELEASE OF LOCK-UP

Reference is made to (i) the circular of HKBN Ltd. (the “**Company**”) dated 29 July 2019 in relation to the co-ownership share plan adopted by the Company on 4 September 2019 (the “**Co-Ownership Plan III Plus**”); (ii) the circular of the Company dated 26 October 2018 in respect of the very substantial acquisition in relation to the acquisition of the entire issued share capital in WTT Holding Corp by the Company (the “**WTT Merger**”); and (iii) the announcement of the Company dated 30 April 2019 in relation to the completion of the WTT Merger and the issue of 152,966,345 ordinary shares of the Company and certain vendor loan notes convertible to ordinary shares to each of TPG Wireman, L.P. (“**TPG Wireman**”) and Twin Holding Ltd (“**Twin Holding**”).

The Share Purchases

The Company was in discussions with TPG Wireman and Twin Holding respectively regarding the purchase by the professional trustee appointed by the Company for the time being of the Co-Ownership Plan III Plus (the “**Plan Trustee**”) of ordinary shares of the Company (the “**Shares**”) for and on behalf of the Co-Ownership Plan III Plus from each of TPG Wireman and Twin Holding.

On 20 February 2020, the Plan Trustee, entered into a share purchase agreement with TPG Wireman and a share purchase agreement with Twin Holding (the “**Share Purchase Agreements**”), pursuant to which (i) TPG Wireman has conditionally agreed to sell 8,000,000 Shares to the Plan Trustee and the Plan Trustee has agreed to purchase such Shares on behalf of the Co-Ownership Plan III Plus; and (ii) Twin Holding has conditionally agreed to sell 8,000,000 Shares to the Plan Trustee, and the Plan Trustee has agreed to purchase such Shares on behalf of the Co-Ownership Plan III Plus (in aggregate, 16,000,000 Shares, representing approximately 1.22% of the total issued share capital of the Company as at the date of this announcement) (together, the “**Sale Shares**”) (the “**Share Purchases**”).

The price per Sale Share payable by the Plan Trustee to each of TPG Wireman and Twin Holding is HK\$14.26, representing a total consideration of HK\$114,080,000 for the Share Purchase with TPG Wireman and a total consideration of HK\$114,080,000 for the Share Purchase with Twin Holding, which will be payable in cash. The consideration was determined at arm's length with reference to recent trading prices of the shares of the Company and the reasons for and benefits of the Share Purchases set out under the section headed "Reasons for and Benefits of the Share Purchases" in this announcement.

It is expected that completion of the Share Purchase between TPG Wireman and the Plan Trustee will occur on 25 February 2020, and the completion of the Share Purchase between Twin Holding and the Plan Trustee will occur on 25 February 2020.

Partial Release of Lock-Up

Pursuant to the sale and purchase agreement dated 7 August 2018 and entered into between, among others, the Company, TPG Wireman and Twin Holding in respect of the WTT Merger, each of TPG Wireman and Twin Holding agreed that (i) during the first 12 months of the period of 18 months immediately following 30 April 2019 (the "**Lock-Up Period**"), it shall not transfer any of the Shares and/or the vendor loan notes without the prior written consent of the Company to any third person; and (ii) during the last 6 months of the Lock-Up Period, it shall not transfer an aggregate number of the Shares and/or the vendor loan notes representing more than 50% of the aggregate number of the Shares (as if the vendor loan notes had been converted in full at the relevant time) it received at completion of the WTT Merger, without the prior written consent of the Company (the "**Lock-Up Restrictions**").

As the Share Purchases fall within the first 12 months of the Lock-Up Period, the sale of the Sale Shares to the Plan Trustee by TPG Wireman and Twin Holding respectively would require the prior written consent of the Company. Accordingly, on 20 February 2020, each of TPG Wireman and Twin Holding requested the Company to provide its written consent, and the Company has on such date provided such written consents, to facilitate the sale by each of TPG Wireman and Twin Holding of the Sale Shares to the Plan Trustee for the benefit of the Co-Ownership Plan III Plus (the "**Partial Release of Lock-Up**").

The remaining 144,966,345 Shares (excluding 83,661,106 Shares convertible under the vendor loan notes) and the vendor loan notes held by each of TPG Wireman and Twin Holding remain subject to the Lock-Up Restrictions.

Information on the parties

Plan Trustee

The Plan Trustee is a professional trustee services provider appointed by the Company for the time being of the Co-Ownership Plan III Plus. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Plan Trustee and its ultimate beneficial owners are parties independent of the Company and the Company's connected persons save that the Plan Trustee is a trustee of the Co-Ownership Plan III Plus.

TPG Wireman

TPG Wireman is a limited partnership registered under the laws of the Cayman Islands, and is an affiliate of TPG. TPG is a global alternative asset firm founded in 1992 with approximately US\$111.4 billion of assets under management and offices in Austin, Beijing, Boston, Dallas, Fort Worth, Hong Kong, Houston, London, Luxembourg, Melbourne, Moscow, Mumbai, New York, San Francisco, Seoul, and Singapore. TPG's investment platforms are across a wide range of asset classes, including private equity, growth venture, real estate, credit, public equity and infrastructure.

Twin Holding

Twin Holding is an exempted company with limited liability incorporated under the laws of the Cayman Islands and is principally engaged in investment holding. Twin Holding is beneficially owned by MBK Partners Fund III, L.P., which is an affiliate of MBK Partners. Founded in 2005, MBK Partners is one of the largest private equity funds in Asia with capital under management of over US\$21.5 billion. MBK Partners focuses on North Asia and has developed expertise in various industries, including consumer and retail, telecommunications and media, financial services, healthcare, logistics and industrials. MBK Partners has completed transactions of over US\$32 billion in aggregate value over the past 12 years.

Reasons for and benefits of the Share Purchases

The Co-Ownership Plan III Plus promotes alignment of interests between its participants and the Company by allowing eligible talents to purchase Shares of the Company and receive Shares as award in accordance with the terms of the Co-Ownership Plan III Plus. The Co-Ownership Plan III Plus motivates eligible talents to strive for the long term growth of the Company. In addition, the corporate social investment element of the Co-Ownership Plan III Plus furthers the Company's commitment to create positive social impact in Hong Kong and elsewhere and would immerse the eligible talents in a variety of corporate social investment projects.

The Share Purchases are investments by the participants of the Co-Ownership Plan III Plus, and the board of Directors of the Company (the "**Board**") considers that the Company will benefit from long-term value growth resulting from greater support to the development of the Company from the eligible talents.

The Directors (including the Independent Non-executive Directors) are of the view that terms of the Share Purchases and the Partial Release of Lock-Up are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

Each of Mr. Chu Kwong YEUNG and Mr. Ni Quiaque LAI, being an Executive Director of the Company, is a participating talent in the Co-Ownership Plan III Plus and has therefore abstained from approving the Partial Release of Lock-Up. Further, each of Mr. Zubin Jamshed IRANI and Mr. Teck Chien KONG, being a Non-executive Director nominated by TPG Wireman and Twin Holding, respectively, has also abstained from approving the Partial Release of Lock-Up.

Save as disclosed above, none of the other Directors has material interests in the transactions contemplated under the Share Purchases or the Partial Release of Lock-Up.

Listing Rules implications with respect to the Share Purchases

As at the date of this announcement, each of TPG Wireman and Twin Holding holds 236,627,451 shares in the Company (in which 83,661,106 Shares are held under vendor loan notes) and is a substantial shareholder and therefore a connected person of the Company. As the Company was in discussion with each of TPG Wireman and Twin Holding regarding the Share Purchases and provided its consent to the Partial Release of Lock-Up, the Company considers the Share Purchases constituted connected transactions of the Company.

As the highest applicable percentage ratio in respect of the Share Purchases with respect to TPG Wireman and Twin Holding respectively is more than 0.1% but all the percentage ratios are below 5%, the Share Purchases constituted connected transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

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

Hong Kong, 20 February 2020

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

Executive Directors

Mr. Chu Kwong YEUNG

Mr. Ni Quiaque LAI

Non-executive Directors

Ms. Deborah Keiko ORIDA

Mr. Zubin Jamshed IRANI

Mr. Teck Chien KONG

Independent Non-executive Directors

Mr. Bradley Jay HORWITZ (*Chairman*)

Mr. Stanley CHOW

Mr. Yee Kwan Quinn LAW, SBS, JP

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