

For immediate release

HKBN Announces Proposed Merger with WTT to Synergise & Transform Enterprise Solution Business

- *All-stock transaction valuing WTT Holding Corp. (“WTT”) at HK\$10.5 billion*
- *Expands HKBN customer base and service offering and improved network coverage to better serve Enterprise clients*
- *Transaction is conditional on HKBN shareholder and regulatory approval*

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(Hong Kong - 7 August 2018) HKBN Ltd. (“HKBN” or the “Company”; SEHK stock code: 1310) today announced that it has entered into a Merger Agreement with MBK Partners and TPG (who jointly own 100% of WTT), pursuant to which HKBN through its wholly owned subsidiary has agreed to conditionally purchase all of WTT’s shares in exchange for issuing a combination of HKBN shares and Vendor Loan Notes to MBK Partners and TPG.

The merger with WTT, the only enterprise-focused fixed telecommunication services operator with extensive fixed line infrastructure in Hong Kong, will enhance service capabilities, diversify business portfolio, and improve the quality of service offerings to enterprise customers through increased footprint and capacity. WTT and HKBN’s enterprise solution business are highly complementary given WTT’s focus on larger corporate clients and HKBN’s focus on SME clients. The transaction also provides for significant value creation opportunities through synergies of combined cost efficiencies and cross-selling opportunities to the enlarged customer base.

WTT is a trusted partner for business customers providing a rich ICT service portfolio ranging from data connectivity, high-speed internet access, IP-based voice telephony, public cloud services to complex mission-critical system integration solutions. WTT network covers more than 5,400 buildings as of June 2018 and is currently serving over 56,000 enterprises in Hong Kong.

William Yeung, Co-Owner & Chief Executive Officer of HKBN, said, “We are excited to have announced this pro-competitive transaction and look forward to delivering benefits to customers from the enriched product offerings and the expanded networks of the merged entity.”

NiQ Lai, Co-Owner & Chief Operating Officer of HKBN, said, “Our integration track record of Y5Zone in 2013, New World Telecom in 2016 and I Consulting Group in 2018, shows that our Co-Ownership management alignment is very scalable. We look forward to welcoming our WTT colleagues to our elite sports team upon deal completion.”

Upon closing of the transaction, each of MBK Partners and TPG will own approximately 11.66% of HKBN. In addition, each of MBK Partners and TPG shall hold a Vendor Loan Note valued at HK\$970 million. The Vendor Loan Note is a non-voting, nil-coupon perpetual instrument, convertible into HKBN shares under certain conditions. As part of the transaction, HKBN will assume the existing debt and cash of WTT.

MBK Partners and TPG shall each nominate a Director for appointment to the Board of HKBN at closing, subject to approval of the HKBN shareholders.

The transaction, expected to close by 1Q 2019, is subject to the approval of HKBN shareholders, regulatory approval and satisfaction of other conditions precedent. Each of Canada Pension Plan Investment Board and GIC has provided an irrevocable undertaking to HKBN to vote in favor of the shareholder resolution to approve the transaction.

HKBN is advised by J.P. Morgan Securities (Asia Pacific) Limited as financial advisor and Latham & Watkins as legal counsel on the transaction.

For further details of the transaction, please refer to the links below:

Transaction Announcement:

https://reg.hkbn.net/WwwCMS/upload/pdf/en/e_20180807_HKBN_VSA_Announcement.pdf

Investor Presentation:

https://reg.hkbn.net/WwwCMS/upload/pdf/en/20180807_HKBN_VSA_IRPPT_vf.pdf

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