



HKBN Ltd.

香港寬頻有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1310)

Executive Director:

Mr. Chu Kwong YEUNG

Independent Non-Executive Directors:

Ms. Cordelia CHUNG (*Chairman*)

Ms. Ming Ming Anna CHEUNG

Ms. Kit Yi Kitty CHUNG

Registered Office:

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Ugland House

Grand Cayman KY1-1104

Cayman Islands

Principal Place of Business

in Hong Kong:

19th Floor, Tower 1, The Quayside

77 Hoi Bun Road, Kwun Tong

Hong Kong

9 August 2025

To the Disinterested Shareholders

Dear Sir or Madam,

**RESPONSE DOCUMENT IN RELATION TO
VOLUNTARY CONDITIONAL GENERAL CASH OFFER BY
CHINA INTERNATIONAL CAPITAL CORPORATION
HONG KONG SECURITIES LIMITED
ON BEHALF OF
CHINA MOBILE HONG KONG COMPANY LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES IN HKBN LTD.
(OTHER THAN THOSE ALREADY OWNED BY
CHINA MOBILE HONG KONG COMPANY LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to (i) the Offer Announcement, (ii) the Price Adjustment Announcement, (iii) the other announcements issued by the Offeror dated 23 December 2024, 23 January 2025, 21 February 2025, 21 March 2025, 10 April 2025, 9 May 2025, 9 June 2025, 20 June 2025, 27 June 2025, 25 July 2025 and 1 August 2025 in relation to the Share Offer, (iv) the Rule 3.8 Announcements, (v) the announcement dated 16 June 2025 issued by the

Company in relation to the establishment of the Independent Board Committee and the appointment of the Independent Financial Adviser, (vi) the Offer Document and (vii) the Offer Despatch Announcement.

On 2 December 2024, the Offeror issued the Offer Announcement announcing that, subject to the satisfaction or, if capable of being waived, waiver of the Pre-Conditions, CICC would, on behalf of the Offeror, make a voluntary conditional general cash offer to acquire all of the issued Shares (other than those already owned by the Offeror and parties acting in concert with it).

On 1 August 2025, the Offeror announced that all Pre-Conditions to the making of the Share Offer have been satisfied.

On 6 August 2025, the Offeror despatched the Offer Document, accompanied with the Share Offer Acceptance Form, setting out details of the Share Offer.

The purpose of this Response Document is to provide you with, among other things, (i) information from the Board in response to the Share Offer; (ii) information from the Executive Director in response to the Share Offer; (iii) the recommendation of the Independent Board Committee to the Disinterested Shareholders in respect of the Share Offer; (iv) the advice of the Independent Financial Adviser to the Independent Board Committee in respect of the Share Offer; and (v) certain information on the Group.

You are advised to read this Response Document, the recommendation of the Independent Board Committee and the letter from the Independent Financial Adviser, in conjunction with the Offer Document, carefully before taking any action in respect of the Share Offer.

The Share Offer is subject to the Conditions being satisfied or, if capable of being waived, waived on or before the Conditions Long Stop Date and therefore the Share Offer may or may not become unconditional and may or may not be completed. Shareholders and/or potential investors of the Company are advised to exercise caution in dealing in the securities of the Company. Persons who are in doubt as to the action they should take or their position should consult their stockbrokers, bank managers, solicitors or other professional advisers.

THE SHARE OFFER

The information relating to the Share Offer below is based on the Offer Document. You are recommended to refer to the Offer Document and the Share Offer Acceptance Form for further details on the terms and conditions of the Share Offer.

CICC, for and on behalf of the Offeror and in compliance with the Takeovers Code, has made the Share Offer to acquire all the Offer Shares on the following terms:

For each Offer Share..... HK\$5.075 in cash

Pursuant to the Offer Announcement and the Price Adjustment Announcement, the 2025 Interim Dividend was deducted from the original offer price of HK\$5.23 per Share as stated in the Offer Announcement, such that the resulting Offer Price is now reduced to HK\$5.075 per Share.

As disclosed in the Offer Document, save for the 2024 Final Dividend and the 2025 Interim Dividend, if, after the date of the Offer Document, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror shall reduce the Offer Price by the amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in the Offer Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced. Any such reduction will apply to those Shares in respect of which the Offeror will not be entitled to the relevant dividend, distribution and/or return of capital.

Save for the 2024 Final Dividend and the 2025 Interim Dividend, there has not been any other dividend or distribution announced, declared or paid by the Company after the date of the Offer Announcement and up to the Latest Practicable Date. As at the Latest Practicable Date, save for any final dividend for the year ending 31 August 2025 that may be declared, the Company has no intention to make, declare or pay any future dividend or distribution prior to the close or lapse of the Share Offer.

The Shares to be acquired by the Offeror under the Share Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, the record date of which is on or after the Closing Date. Any dividends or other distributions the record date of which is before the Closing Date will be paid by the Company to the Shareholders who are qualified for such dividends or distributions.

The Offeror will not increase the Offer Price (except in wholly exceptional circumstances as may be permitted by the SFC Executive or in such circumstances as described further in the section headed “Irrevocable Undertakings”). Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price (except in the abovementioned circumstances).

Conditions of the Share Offer

As disclosed in the paragraph headed “4. Conditions to the Share Offer” in the “Letter from CICC” as set out in the Offer Document, the Share Offer is conditional upon the satisfaction or, if capable of being waived, waiver of the following Conditions on or prior to the Conditions Long Stop Date:

- (a) valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on or prior to the Closing Date (or such later time or date as the Offeror may, subject to the rules of the Takeovers Code, decide) in respect of

such number of Shares which, together with any Shares acquired or agreed to be acquired prior to or during the offer period for the Share Offer (whether pursuant to the Share Offer or otherwise), will result in the Offeror and persons acting in concert with it holding more than 50% of the voting rights in the Company;

- (b) the Shares remaining listed and traded on the Stock Exchange up to the Closing Date save for any temporary suspension(s) of trading of the Shares and no indication being received on or before the Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn;
- (c) no event having occurred which would make the Share Offer and/or (if the Offeror were to exercise any Compulsory Acquisition Right) the withdrawal of listing of the Shares void, unenforceable, illegal or impracticable or would prohibit implementation of the Share Offer or would impose any additional material conditions or obligations with respect to the Share Offer or any part thereof;
- (d) up to and including the time when the Condition set out in (a) above is satisfied, (i) no Authorities in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted or made or publicly proposed any of the foregoing, and (ii) there having been no outstanding statute, regulation, demand or order, in each case which would make the Share Offer and/or (if the Offeror were to exercise any Compulsory Acquisition Right) the withdrawal of listing of the Shares void, unenforceable or illegal or prohibit implementation of the Share Offer or which would impose any material conditions, limitations or obligations with respect to the Share Offer; and
- (e) from 31 August 2024 up to and including the time when the Condition set out in (a) above is satisfied, there having been no material adverse change in the business, assets, financial or trading positions or prospects or conditions (whether operational, legal or otherwise) of the Group to an extent which is material in the context of the Group taken as a whole.

The Offeror reserves the right to waive, in whole or in part, the Conditions set out in (b) and (e) and, to the extent it would not make the Share Offer and/or (if the Offeror were to exercise any Compulsory Acquisition Right) the withdrawal of listing of the Shares illegal, the Conditions set out in (c) and (d) above. The Condition set out in (a) above cannot be waived. If any of the Conditions is not satisfied or, if capable of being waived, waived on or before the Conditions Long Stop Date, the Share Offer will lapse.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Share Offer if the circumstances which give rise to the right to invoke such Condition(s) are of material significance to the Offeror in the context of the Share Offer.

The Offer Document stated that, as at the Offer Document LPD, none of the Conditions has been satisfied, or if capable of being waived, waived, and as at the date of the Offer Document, the Offeror is not aware of any circumstances which may result in any of the Conditions set out in (b), (c), (d) or (e) above not being satisfied.

Completion of the Share Offer is subject to the Conditions being satisfied or, if capable of being waived, waived on or before the Conditions Long Stop Date. Accordingly, the Disinterested Shareholders and prospective investors of the Company are reminded that the Share Offer may or may not become unconditional and may or may not be completed.

IRREVOCABLE UNDERTAKINGS

As stated in the Offer Document, on 2 December 2024, the Offeror and each of Canada Pension Plan Investment Board and TPG Wireman, L.P. entered into the Irrevocable Undertakings, pursuant to which each of Canada Pension Plan Investment Board and TPG Wireman, L.P. irrevocably agreed to accept the Share Offer on the terms of the Irrevocable Undertakings. Following completion of the transfer of Shares from TPG Wireman, L.P. to the Offeror on 7 May 2025, the Irrevocable Undertaking given by TPG Wireman, L.P. was terminated.

As at the Offer Document LPD, Canada Pension Plan Investment Board held 182,405,000 Shares, representing 12.33% of the issued share capital of the Company. Pursuant to its Irrevocable Undertaking, Canada Pension Plan Investment Board has irrevocably undertaken to the Offeror to accept the Share Offer in respect of all of the Shares held by it. Canada Pension Plan Investment Board has also agreed that, during the term of its Irrevocable Undertaking, it shall not sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any Shares held by it.

The Irrevocable Undertaking given by Canada Pension Plan Investment Board shall terminate if: (a) the Executive consents to the Offeror not making the Share Offer; (b) an event occurs which means that the Offeror is no longer required by the Takeovers Code to proceed with the Share Offer; (c) the Pre-Conditions are not satisfied, or if capable of being waived, not waived on or prior to the Pre-Conditions Long Stop Date; (d) the Share Offer lapses or is withdrawn; (e) (i) any person (other than the Offeror) makes a bona fide offer at a higher price to acquire all of the Shares owned by Canada Pension Plan Investment Board, (ii) the Offeror fails to increase the Offer Price to above such competing offer price within a specified deadline after having been given notice of such competing offer by Canada Pension Plan Investment Board, and (iii) Canada Pension Plan Investment Board enters into a binding agreement with such other person to sell all of its Shares at the relevant higher price, provided that if such binding agreement terminates prior to its completion, the Irrevocable Undertaking will be reinstated with effect from such termination; or (f) any person (other than the Offeror) publishes an announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code to acquire all of the Shares at a higher price, and the Offeror fails to increase the Offer Price to above such competing offer price within a specified deadline. For the avoidance of doubt, the Offeror reserves the right to increase the Offer Price in the circumstances described in (e) and (f) above.

FURTHER DETAILS OF THE OFFER

Further details of the Share Offer including, among others, the expected timetable, the conditions, terms and procedures of acceptance of the Share Offer, are set out in the Offer Document, the Share Offer Acceptance Form and further announcements made or to be made by the Offeror (if any).

INFORMATION OF THE GROUP

The Company, a limited liability company incorporated in the Cayman Islands, is a leading provider of residential and enterprise fibre broadband and internet services in Hong Kong. Since its establishment in 1999, the Company has undergone a remarkable transformation, driven by the leadership of its management teams and the dedication of its talents.

From its humble beginnings as a local startup, HKBN has evolved into a disruptive force in the telecommunications sector and is now firmly established as a fully integrated ICT powerhouse. Throughout this transformative journey, the Company has remained steadfast in its mission: to redefine the way 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. HKBN's diverse team of professionals brings together deep technical expertise, enabling the Company to deliver not only connectivity solutions but also a wide range of services and technologies that enhance the lives of residential customers and empower enterprises to achieve higher levels of efficiency, scalability, and agility.

HKBN has consistently demonstrated a strong commitment to infrastructure development and technological advancement. Since inception, the Company has invested approximately HK\$11 billion in its network infrastructure and related assets, underscoring its long-term vision and commitment to delivering exceptional service quality.

The Company's strategic merger with WTT Holding Corp. in April 2019, followed by the acquisitions of Jardine OneSolution Holdings (C.I.) Limited, Adura Hong Kong Limited, and Adura Cyber Security Services Pte. Ltd. in December 2019, have significantly expanded HKBN's operational scale and customer reach. These transformative transactions marked a pivotal shift in the Group's strategic focus toward enterprise services, resulting in enterprise-related segments contributing 60% or more of the Group's total revenue since FY2020.

HKBN remains firmly committed to creating long-term value for its stakeholders by maintaining its position as a high-quality, high-value asset and delivering sustained growth through innovation, operational excellence, and customer-centricity.

The Company has a highly entrepreneurial culture with hundreds of talents who are also co-owners of the Company's business through investing their own savings and financial resources in the shares of the Company. The concepts of having talents' interests and

commitments incentivised by the Company's share and other incentive schemes are well entrenched in HKBN's business. It is HKBN's corporate culture, devotions and perseverance which underpinned the success of the Company's business to-date.

The Company expresses sincere gratitude to our executives, management team and dedicated talents in creating and building such a successful business which will continue to grow and prosper in the future to come.

FINANCIAL INFORMATION OF THE COMPANY

	Year ended 31 August 2022 (audited) HK\$'000	Year ended 31 August 2023 (audited) HK\$'000	Year ended 31 August 2024 (audited) HK\$'000	Six months ended 29 February 2024 (unaudited) HK\$'000	Six months ended 28 February 2025 (unaudited) HK\$'000
Revenue	11,626,164	11,692,176	10,650,922	5,809,091	5,734,269
EBITDA ⁽¹⁾	2,609,750	2,289,914	2,364,759	1,151,172	1,206,122
Profit (loss) before tax	712,216	(1,231,331)	29,125	7,788	113,066
Profit (loss) after tax	553,321	(1,267,408)	10,277	1,534	107,560
Adjusted free cash flow ⁽²⁾	1,133,253	763,249	620,145	124,248	126,186
Dividend per Share (HK cents)	60	40	31.5	15	15.5

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

(2) Adjusted free cash flow is EBITDA less capital expenditure, customer acquisition and retention costs, net interest paid, income tax paid, premium paid on senior notes redemption, lease payments in relation to right-of-use assets, changes in working capital and other non-cash items including amortisation of obligations under granting of rights, change in fair value of contingent consideration, Co-Ownership Plan II related non-cash items and loss on derecognition of contingent consideration.

The Company considers EBITDA to be one of the most important metrics in evaluating the underlying strength and performance of its business, and regards enterprise value/EBITDA ("EV/EBITDA") as an important metric in valuation, which is also widely adopted as a primary valuation methodology by the research analysts and the investor community. Since FY2023, the Company has driven consistent growth in EBITDA, underpinned by a strategic focus on delivering additional value-added offerings, upgrading customers to faster speed services, and enhancing operational efficiency. These initiatives have reinforced HKBN's market competitiveness and operating leverage, further solidifying its position as a high-quality and high-performing ICT enterprise.

While the Company's net profit and adjusted free cash flow (AFF) in FY2023 were impacted by the sharp rise in global interest rates following the United States of America Federal Reserve's tightening cycle, by FY2024 both net profit and adjusted free cash flow (AFF) had stabilized. The Company has also adopted a more systematic hedging practice for greater financial strength in future rate tightening cycles.

During the above financial years/periods, the Company has sustained the levels of dividend payout as shown in the above table notwithstanding fluctuations in the Company's profits. These dividend payments have been supported by the Company's high cash generation ability, which is characterised by steady recurrent incomes and stable customer contracts.

Your attention is drawn to Appendices I and II to this Response Document which contain further financial and general information of the Group.

RECENT DEVELOPMENTS IN THE FINANCIAL POSITION OF THE COMPANY

On 18 March 2025, the Group successfully refinanced bank loans with an aggregate principal amount of HK\$5.25 billion, originally maturing on 24 November 2025, through the incurrence of a new long-term term loan facility. Further strengthening its capital position, the Group secured an incremental facility of HK\$1.5 billion which was utilised on 17 April 2025 for the early prepayment of part of the bank loans due on 9 April 2026. Such newly refinanced bank loans have a more favourable maturity date of 18 March 2030, significantly extending the Group's debt maturity profile and enhancing overall financial flexibility.

The Company has recently been in negotiations with actual and/or potential lenders in relation to the extension, amendment and/or refinancing of its borrowings. The Company has made progress in this respect and interest costs may well be lower in FY2025 than the record levels in FY2024.

CHANGES IN THE SECURITIES OF THE COMPANY SINCE THE OFFER ANNOUNCEMENT

Vendor Loan Notes

On 14 March 2025, all of the vendor loan notes issued by the Company and held by Twin Holding Ltd were converted into 83,661,106 Shares, as disclosed in the Rule 3.8 Announcement published by the Company on the same date.

On 22 April 2025, all of the vendor loan notes issued by the Company and held by TPG Wireman, L.P. were converted into 83,661,106 Shares, as disclosed in the Rule 3.8 Announcement published by the Company on the same date.

Following the above conversions of the vendor loan notes issued by the Company, there are no longer any outstanding vendor loan notes that are convertible into Shares in issue.

RSUs

With respect to the RSUs that were granted under the Amended and Restated Co-Ownership Plan IV, according to the rules of the Amended and Restated Co-Ownership Plan IV, the Board has discretion to determine whether or not to terminate such plan upon the making of a general offer by way of takeover to all the Shareholders (other than the offeror or any person acting in concert with the offeror). On this basis, the Board has, on 1 August 2025, resolved to terminate the Amended and Restated Co-Ownership Plan IV subject to, and effective immediately upon, the making of the Share Offer by the Offeror.

Accordingly, the Amended and Restated Co-Ownership Plan IV has been terminated immediately upon the Offeror's making of the Share Offer. Upon such termination, (i) all 11,494,101 unvested RSUs granted under the Amended and Restated Co-Ownership Plan IV have lapsed immediately and did not entitle the grantees to any award Share (or any portion thereof), and therefore no award Share will be issued by the Company, and (ii) all Shares held by the Trustee shall be returned to the relevant participants of the Amended and Restated Co-Ownership Plan IV, in each case, in accordance with the relevant rules of the Amended and Restated Co-Ownership Plan IV. Such Shares held by the Trustee will be transferred to a nominee account managed by Computershare Hong Kong Investor Services Limited (as plan manager) for and on behalf of the relevant participants of the Amended and Restated Co-Ownership Plan IV and are registered in the name of HKSCC Nominees Limited, and the relevant participants are able to deal with their relevant Shares at their own discretion. For further details, please refer to the Rule 3.8 Announcement published by the Company on 4 August 2025.

SHAREHOLDING INFORMATION OF THE COMPANY

As at the Latest Practicable Date, the Company has a total of 1,478,921,568 Shares in issue, of which a total of 228,627,451 Shares (representing 15.46% of the total issued share capital of the Company) were disclosed by the Offeror to be held by it and parties acting in concert with it in the Offer Document. Save as disclosed above, the Company has no outstanding securities, options, derivatives or warrants which are convertible or exchangeable into Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

INFORMATION ON THE OFFEROR AND CHINA MOBILE

Please refer to the Offer Document for the information on the Offeror and China Mobile.

INTENTION OF THE OFFEROR WITH REGARD TO THE GROUP

The information set out below is reproduced from the Offer Document:

“Upon completion of the Share Offer, if successful, the Company will become an indirect subsidiary of China Mobile, which is dual listed on the Hong Kong and Shanghai Stock Exchanges.

As at the Offer Document LPD, it is the intention of the Offeror for the Group to continue to carry on its existing business and the Company does not have any plan to make any material change to: (a) the business of the Group (including any redeployment of any fixed asset of the Group); or (b) the continued employment of the employees of the Group (other than in the ordinary course of business). As at the Offer Document LPD, the Offeror has no intention to downsize, cease or dispose of any existing business or operations of the Group.

Following completion of the Share Offer, the Offeror will continue to consider how best to support the Group's future development and expansion, as well as integration within the China Mobile Group to maximise synergies."

The Board has noted and is aware of the above intention of the Offeror in respect of the Group and its employees.

RIGHT OF COMPULSORY ACQUISITION AND LISTING STATUS OF THE COMPANY

As disclosed in the Offer Document, whilst the Offeror's objective in making the Share Offer is not to privatise the Company, the Offeror intends to avail itself of the right under section 88 of the Companies Act to compulsorily acquire those Shares not acquired by the Offeror under the Share Offer if, within four months after the date of the Offer Document, it has received valid acceptances in respect of not less than 90% of the Shares not already held by the Offeror and/or parties acting in concert with it. On completion of any such compulsory acquisition (if applicable), the Company would become a direct wholly-owned subsidiary of the Offeror and in this regard, an application would be made for the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If the level of acceptances of the Share Offer reaches the prescribed level under the Companies Act required for compulsory acquisition and if the requirements of Rule 2.11 of the Takeovers Code are satisfied, an application will be made to the Stock Exchange to suspend dealings in the Shares until the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

As disclosed in the Offer Document, the Stock Exchange has stated that, if, at the close of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares (excluding treasury shares), are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there is insufficient Shares in public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

The Offeror's ability to exercise the Compulsory Acquisition Right in respect of the Offer Shares is dependent on the level of acceptances of the Share Offer reaching the prescribed levels under the Companies Act and the requirements of Rule 2.11 of the Takeovers Code being satisfied. Upon the closing of the Share Offer, in the event that the Offeror is not able to effect the compulsory acquisition of the remaining Offer Shares, the Shares will remain listed on the Stock Exchange. The directors of the Offeror have jointly and severally undertaken to

the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company's Shares, where the Offeror is unable to exercise the Compulsory Acquisition Right under section 88 of the Companies Act.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

As disclosed in the announcement dated 16 June 2025 issued by the Company, pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all the non-executive Directors who have no direct or indirect interest in the Share Offer, namely Ms. Ming Ming Anna CHEUNG and Ms. Kit Yi Kitty CHUNG, has been established to make a recommendation to the Disinterested Shareholders in respect of the Share Offer and to advise the Disinterested Shareholders as to whether or not the terms of the Share Offer are fair and reasonable and as to the acceptance of the Share Offer.

As Ms. Cordelia CHUNG (an independent non-executive Director), in her capacity as the Chairman of the Board and representing the Company, was involved in certain discussions with the Offeror in respect of the Share Offer either prior to or after the publication of the Offer Announcement, she is regarded as having a direct or indirect interest in the Share Offer for the purposes of Rule 2.8 of the Takeovers Code. Accordingly, Ms. Cordelia CHUNG is not a member of the Independent Board Committee.

For completeness, at the time of formation of the Independent Board Committee on 15 June 2025, Ms. Shengping YU (who was a non-executive Director at that time) was also regarded as having a direct or indirect interest in the Share Offer for the purposes of Rule 2.8 of the Takeovers Code in light of the fact that as Ms. Shengping YU, as a representative of Twin Holding Ltd (who was a substantial Shareholder at that time), was involved in certain discussions with the Offeror in relation to the Share Offer either prior to or after the publication of the Offer Announcement. Accordingly, Ms. Shengping YU was not a member of the Independent Board Committee. As disclosed in the announcement dated 8 August 2025 issued by the Company, Ms. Shengping YU has resigned as a non-executive Director with effect from 8 August 2025 with the consent of the SFC Executive pursuant to Rule 7 of the Takeovers Code.

Somerley has been appointed as the Independent Financial Adviser, with the approval of the Independent Board Committee, to advise the Independent Board Committee in respect of the Share Offer.

VIEWS AND RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 28 to 29 of this Response Document which contains its recommendation to the Disinterested Shareholders as to whether the terms of the Share Offer are or are not, fair and reasonable and as to their acceptance of the respective Share Offer; and (ii) the letter from the Independent Financial Adviser set out on pages 30 to 69 of this Response Document which contains its advice to the Independent Board Committee in connection with the Share Offer, as well as the principal factors and reasons considered by it in arriving at its advice. Disinterested Shareholders should read these letters in conjunction with the Offer Document carefully before taking any action in respect of the Share Offer.

The Independent Financial Adviser is of the view that the Share Offer is fair and reasonable so far as the Disinterested Shareholders are concerned and advises the Independent Board Committee to recommend the Disinterested Shareholders to accept the Share Offer. The Offeror has said its objective is not to privatise the Company but avails itself of the Compulsory Acquisition Right if the required acceptance threshold of 90% is met and proceeds with the delisting of the Company. This condition may or may not be fulfilled. Consequently, Shareholders who are attracted by recent progress made by the management of the Company or by the prospects of the Group following the Share Offer if a financially powerful offeror gains control, have a viable alternative to acceptance of the Share Offer. Such Shareholders may consider retaining some or all of their Shares.

Having considered the terms of the Share Offer and the advice from the Independent Financial Adviser, the Independent Board Committee is of the view that the Share Offer is fair and reasonable so far as the Disinterested Shareholders are concerned and recommends the Disinterested Shareholders to accept the Share Offer.

The views of the two members of the Board, who are not members of the IBC, in respect of the Share Offer are set out below.

The Chairman of the Board concurs with the views of the Independent Board Committee and the Independent Financial Adviser as stated above.

The Executive Director's view is that he does not accept the Offer Price as being fair and reasonable. Your attention is drawn to the letter from the Executive Director set out on pages 19 to 27 of this Response Document which contains details of the views of the Executive Director on the Share Offer and the reasoning for such view.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Response Document. You are also recommended to read carefully the Offer Document and the accompanying Share Offer Acceptance Form for further details in respect of the procedures for acceptance of the Share Offer.

By order of the Board
HKBN Ltd.

A handwritten signature in blue ink, consisting of a large loop followed by a horizontal line and a small flourish.

Cordelia CHUNG
Chairman