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## **HKT Trust**

*(a trust constituted on November 7, 2011 under the laws of Hong Kong and managed by HKT Management Limited)*

**and**

## **HKT Limited**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6823)**

### **OVERSEAS REGULATORY ANNOUNCEMENT**

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Please refer to the attached announcement in relation to a recommended offer made by UKB Networks Limited, an indirect wholly-owned subsidiary of HKT Limited, for the entire issued and to be issued ordinary share capital of Keycom plc, which has been released via the Regulatory News Service in the United Kingdom on March 23, 2015.

By order of the boards of  
**HKT Management Limited**

and

**HKT Limited**  
**Philana WY Poon**

*Group General Counsel and Company Secretary*

Hong Kong, March 23, 2015

As at the date of this announcement, the directors of HKT Management Limited and HKT Limited are as follows:

*Executive Directors:*

Li Tzar Kai, Richard (*Executive Chairman*); Alexander Anthony Arena (*Group Managing Director*) and Hui Hon Hing, Susanna (*Group Chief Financial Officer*)

*Non-Executive Directors:*

Peter Anthony Allen; Chung Cho Yee, Mico; Lu Yimin; Li Fushen and Srinivas Bangalore Gangaiah (aka BG Srinivas)

*Independent Non-Executive Directors:*

Professor Chang Hsin Kang, FREng, GBS, JP; The Hon Raymond George Hardenbergh Seitz; Sunil Varma and Aman Mehta

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ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE  
RELEVANT LAWS OF SUCH JURISDICTION**

**23 MARCH 2015**

**RECOMMENDED OFFER**

**for**

**KEYCOM PLC**

**by**

**UKB NETWORKS LIMITED**

**an indirect wholly-owned subsidiary of**

**HKT Limited**

The board of directors of UKB Networks Limited ("**UKB Networks**") and the board of directors of Keycom plc ("**Keycom**" or the "**Company**") today announce that they have reached agreement on the terms of a unanimously recommended offer to be made by UKB Networks for the entire issued and to be issued ordinary share capital of Keycom, to be implemented by means of a takeover offer within the meaning of Part 28 of the Companies Act (the "**Offer**").

### **Summary**

Under the terms of the Offer, which will be subject to the Conditions and further terms set out in Appendix I to this announcement and to the full terms and conditions to be set out in the Offer Document and the Form of Acceptance, holders of Keycom Shares shall be entitled to receive:

**for each Keycom Share**

**58.78 pence in cash (the "Initial Consideration"); and**

**a further 7.44 pence, subject to adjustment and the Cap, in cash by way of deferred consideration pursuant to the Deferred Consideration Agreement (the "Deferred Consideration"),**

**(together the "Offer Price").**

- The Offer excluding the Deferred Consideration values the entire issued ordinary share capital of Keycom on a fully diluted basis at approximately £11.8 million (excluding the Warrants). The Offer including the expected amount of the Deferred Consideration values the entire issued ordinary share capital of Keycom on a fully diluted basis at approximately £13.3 million (excluding the Warrants).
- The amount of Deferred Consideration payable under the terms of the Offer will be subject to a maximum amount of 9.92 pence for each Keycom Share.
- **There is no certainty that any Deferred Consideration will become payable under the Offer.**
- The Keycom Directors, who have been so advised by Oakley Capital, consider the terms of the Offer to be fair and reasonable. In providing advice to the Keycom Directors in relation to

the Offer, Oakley Capital has taken into account the commercial assessments of the Keycom Directors.

- The Keycom Directors unanimously recommend the Keycom Shareholders to accept the Offer. The Keycom Directors who hold Keycom Shares have irrevocably agreed to accept (or procure the acceptance of) the Offer in respect of their own beneficial holdings of Keycom Shares (and those of their connected parties) which, in aggregate, amount to 792,244 Keycom Shares, representing approximately 4.2 per cent. of Keycom's existing issued ordinary share capital.
- Irrevocable undertakings to accept the Offer have also been received from holders of a further 16,769,158 Keycom Shares, in aggregate, representing approximately 88.7 per cent. of Keycom's existing issued ordinary share capital.
- The Offer, therefore, has the support of Keycom Shareholders interested, in aggregate, in 17,561,402 Keycom Shares, representing approximately 92.9 per cent. of Keycom's existing issued ordinary share capital.

**This summary should be read in conjunction with the following full announcement and the Appendices.**

Appendix I sets out the Conditions and certain further terms of the Offer. Appendix II sets out the bases of calculation and sources of information contained in this announcement. Appendix III sets out the irrevocable undertaking received by UKB Networks in connection with the Offer from the Keycom Directors and certain Keycom Shareholders. Certain terms used in this announcement are defined in Appendix IV.

The Offer will be subject to the Conditions and further terms set out in this announcement and to the full terms and conditions that will be set out in the Offer Document and the Form of Acceptance.

It is intended that the Offer Document and the Form of Acceptance containing further details in relation to the Offer will be despatched to Keycom Shareholders (other than to persons in a Restricted Jurisdiction) as soon as practicable and, in any event, not later than 28 days after the date of this announcement (unless agreed otherwise with the Panel).

**Enquiries:**

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**Keycom plc**

Jocelin Harris, Non-Executive Chairman

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**Oakley Capital Limited (Rule 3 financial adviser to Keycom)**

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James Chapman-Andrews, Director

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Anthem Corporate Finance is authorised and regulated in the United Kingdom by the Financial Conduct Authority. Anthem Corporate Finance is acting as financial adviser exclusively for UKB Networks and no-one else in connection with the matters set out in this announcement and will not

regard any other person as its client in relation to the matters referred to in this announcement and will not be responsible to anyone other than UKB Networks for providing the protections afforded to clients of Anthem Corporate Finance, nor for providing advice in relation to any matter referred to herein.

Oakley Capital is authorised and regulated in the United Kingdom by the Financial Conduct Authority. Oakley Capital is acting as financial adviser exclusively for Keycom and no-one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters referred to in this announcement and will not be responsible to anyone other than Keycom for providing the protections afforded to clients of Oakley Capital, nor for providing advice in relation to any matter referred to herein.

## **IMPORTANT NOTES**

*This announcement is for information purposes only. It is not intended to and does not constitute, or form part of, an offer or invitation or the solicitation of any offer to sell or purchase any securities or the solicitation of any offer to otherwise acquire, subscribe for, sell or otherwise dispose of any security pursuant to the Offer or otherwise. The Offer will be made solely by means of the Offer Document and the Form of Acceptance, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted. Any decision in respect of, or other response to, the Offer should be made only on the basis of the information contained in those documents.*

*This announcement does not constitute a prospectus or prospectus equivalent document.*

### **Overseas jurisdictions**

*The release, publication or distribution of this announcement in, and the availability of the Offer to persons who are residents, citizens or nationals of, jurisdictions other than the United Kingdom may be restricted by laws and/or regulations of those jurisdictions. Therefore any persons who are subject to the laws and regulations of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements in their jurisdiction. Any failure to comply with the applicable requirements may constitute a violation of the laws and/or regulations of any such jurisdiction.*

*In particular, copies of this announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send it in or into or from any Restricted Jurisdiction. Unless otherwise permitted by applicable law and regulation, the Offer may not be made, directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.*

*The receipt of cash pursuant to the Offer by Keycom Shareholders may be a taxable transaction under applicable national, state and local, as well as foreign and other tax laws. Each Keycom Shareholder is urged to consult their independent professional adviser regarding the tax consequences of accepting the Offer.*

*This announcement has been prepared for the purpose of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside of England and Wales.*

### **Notice to US investors**

*The Offer is made for securities in a UK company and Keycom Shareholders in the United States (if any) should be aware that this announcement, the Offer Document, the Form of Acceptance and any other documents relating to the Offer have been, or will be, prepared in accordance with the Code and UK disclosure requirements, format and style, all of which differ from those in the United States. Keycom's financial statements and all financial information that is included in this announcement or any other documents relating to the Offer, have been, or will be, prepared in accordance with International Financial Reporting Standards adopted by the European Union and therefore may not be comparable to financial statements of US companies or companies whose financial statements are prepared in accordance with US GAAP.*

*The Offer, if required to be made, will be made in the United States pursuant to applicable exemptions under the US tender offer rules and securities laws and otherwise in accordance with the requirements of the Code and the Panel. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under US domestic tender*

offer procedures and law. In the United States, the Offer will be made solely by UKB Networks and not by its financial adviser.

Both Keycom and UKB Networks are companies incorporated under the laws of England and Wales. All of the assets of Keycom and UKB Networks are located outside of the United States. As a result, it may not be possible for any Keycom Shareholders in the United States to effect service of process within the United States upon Keycom or UKB Networks or their respective officers or directors or to enforce against any of them judgments of the United States predicated upon the civil liability provisions of the federal securities laws of the United States. It may not be possible to sue Keycom or UKB Networks or their respective officers or directors in a non-US court for violations of the US securities laws. There is also a substantial doubt as to enforceability in the United Kingdom in original actions, or in actions for the enforcement of judgments of US courts, based on civil liability provisions of US federal securities laws.

### **Cautionary note regarding forward-looking statements**

This announcement, including the information included in this announcement, contains certain forward-looking statements. These statements are based on the current expectations of UKB Networks and/or Keycom (as the case may be) and are naturally subject to uncertainty and changes in circumstances. These forward-looking statements may include statements about the expected effects on UKB Networks and/or Keycom, the expected timing and scope of the Offer, strategic options and all other statements in this announcement other than historical or current facts. Forward-looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “budget”, “schedule”, “forecast”, “project”, “goal”, “believe”, “hope”, “aims”, “continue”, “will”, “may”, “should”, “would”, “could”, “subject to”, or other words of similar meaning. By their nature, forward-looking statements involve known and unknown risks and uncertainties, because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward-looking statements in this announcement could cause actual results, outcomes and developments to differ materially from those expressed in, or implied by, such forward-looking statements and such statements are therefore qualified in their entirety by the risks and uncertainties surrounding these future expectations. Many of these risks and uncertainties relate to factors that are beyond the entities’ ability to control or estimate precisely, such as, but not limited to, general business and market conditions both globally and locally, political, economic and regulatory forces, industry trends and competition, future exchange and interest rates, changes in government and regulation including in relation to health and safety, the environment, labour relations and tax rates and future business combinations or dispositions. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, neither UKB Networks and/or Keycom can give any assurance, representation or guarantee that such expectations will prove to have been correct and such forward-looking statements should be construed in light of such factors and you are therefore cautioned not to place reliance on these forward-looking statements which speak only as at the date of this announcement. Neither UKB Networks and/or Keycom assumes any obligation to update or correct the information contained in this announcement (whether as a result of new information, future events or otherwise), except as required by applicable law.

### **No profit forecasts or estimates**

Nothing in this announcement is intended or shall be deemed to be a forecast, projection or estimate of the future financial performance of Keycom or UKB Networks and no statement in this announcement should be interpreted to mean that earnings or earnings per share of those persons (where relevant) for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share of those persons (where relevant).

### **Dealing and Opening Position Disclosure Requirements**

The Panel has granted a dispensation from the requirements in Note 3 on Rule 8 of the Code that disclosures made under Rule 8 of the Code must be made via a Regulatory Information Service. Accordingly, Opening Position Disclosures and Dealing Disclosures required under Rule 8 of the Code may be made to the Company and UKB Networks by email to paula.benoit@keycom.co.uk and gmegaw@hanovercomms.com, respectively, and will be published on the Company’s website at www.keycom.co.uk and UKB Networks’ website at www.ukbnetworks.com. A copy must also be sent

to the Panel's Market Surveillance Unit by fax on +44(0)20 7236 7013 or by email to [monitoring@disclosure.org.uk](mailto:monitoring@disclosure.org.uk).

*Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified.*

*An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of any securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Code).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0) 20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

### **Purchases outside the Offer**

*UKB Networks or its nominees or brokers (acting as agents) may purchase Keycom Shares otherwise than under the Offer, such as through privately negotiated purchases. Such purchases shall comply with the Code.*

### **Publication on websites**

*A copy of this announcement and other documents in connection with the Offer will, subject to certain restrictions relating to persons resident in a Restricted Jurisdiction, be available free of charge for inspection on UKB Networks' website at [www.ukbnetworks.com](http://www.ukbnetworks.com) and on Keycom's website at [www.keycom.co.uk](http://www.keycom.co.uk). The contents of those websites are not incorporated into, and do not form part of, this announcement.*

***Information relating to Keycom Shareholders***

*Please be aware that addresses, electronic addresses and certain information provided by Keycom Shareholders, persons with information rights and other relevant persons for the receipt of communications from Keycom may be provided to UKB Networks during the Offer Period as requested under Section 4 of Appendix 4 of the Code to comply with Rule 2.12(c).*

***Rule 2.10 requirement***

*In accordance with Rule 2.10 of the Code, Keycom confirms that it has 18,900,537 Keycom Shares and 76,157 Deferred Shares in issue.*

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**23 March 2015**

**RECOMMENDED OFFER**

**for**

**KEYCOM PLC**

**by**

**UKB NETWORKS LIMITED**

**an indirect wholly-owned subsidiary of**

**HKT Limited**

**1. Introduction**

The board of directors of UKB Networks Limited ("**UKB Networks**") and the board of directors of Keycom plc ("**Keycom**" or the "**Company**") today announce that they have reached agreement on the terms of a unanimously recommended offer to be made by UKB Networks for the entire issued and to be issued ordinary share capital of Keycom, to be implemented by means of a takeover offer within the meaning of Part 28 of the Companies Act (the "**Offer**").

**2. The Offer**

Under the terms of the Offer, which will be subject to the Conditions and further terms set out in Appendix I to this announcement and to the full terms and conditions to be set out in the Offer Document and the Form of Acceptance, holders of Keycom Shares shall be entitled to receive:

**for each Keycom Share**

**58.78 pence in cash (the "Initial Consideration"); and**

**a further 7.44 pence, subject to adjustment and the Cap, in cash by way of deferred consideration pursuant to the Deferred Consideration Agreement (the "Deferred Consideration"),**

**(together the "Offer Price").**

The Offer excluding the Deferred Consideration values the entire issued ordinary share capital of Keycom on a fully diluted basis at approximately £11.8 million (excluding the Warrants). The Offer including the expected amount of the Deferred Consideration values the entire issued ordinary share capital of Keycom on a fully diluted basis at approximately £13.3 million (excluding the Warrants).

**There is no certainty that any Deferred Consideration will become payable under the Offer.**

The Keycom Shares will be acquired pursuant to the Offer fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other rights and interests of any nature whatsoever and together with all rights now and hereafter attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of this announcement.

The Deferred Consideration represents a non-transferable, unsecured, interest free, basic contractual right for Keycom Shareholders to receive further consideration under the terms of the Offer pursuant to and in accordance with the Deferred Consideration Agreement, calculated on the basis of the Completion Balance Sheet and set out in the Deferred Consideration Statement.

**Pursuant to the terms of the Deferred Consideration Agreement the amount of Deferred Consideration payable under the terms of the Offer will be subject to a maximum amount of 9.92 pence for each Keycom Share (the “Cap”).**

The board of directors of UKB Networks and the Board of Keycom reached agreement on the amount of the Deferred Consideration of 7.44 pence per Keycom Share in cash on the basis of the Estimated Balance Sheet which shows, among other things, Keycom's and UKB Networks' estimate of working capital, cash and certain other liabilities of Keycom and the other members of the Keycom Group as at the Completion Balance Sheet Date. Following the Completion Date, and in accordance with the Deferred Consideration Agreement and the policies set out therein, certain adjustments may be made to the draft Completion Balance Sheet to reflect the actual working capital, cash and certain other liabilities of Keycom and the other members of the Keycom Group as at the Completion Balance Sheet Date. These adjustments (if any) will have the effect of either increasing (subject to the Cap) or decreasing the Deferred Consideration payable by UKB Networks to Keycom Shareholders under the terms of the Offer.

**Depending on adjustments to the draft Completion Balance Sheet, it is possible that no Deferred Consideration may be payable. In these circumstances, a Keycom Shareholder who accepts the Offer would only receive the Initial Consideration of 58.78 pence in cash for each Keycom Share.**

The Board of Keycom (on behalf of the Keycom Shareholders) has appointed Jocelin Harris (the Non-Executive Chairman of Keycom) (the “**Keycom Shareholders’ Representative**”) to oversee, on behalf of the Keycom Shareholders, the determination of any Deferred Consideration payable under the Offer pursuant to the Deferred Consideration Agreement.

Pursuant to the Deferred Consideration Agreement, UKB Networks shall prepare a draft Completion Balance Sheet and Deferred Consideration Statement (including the Total Deferred Consideration Adjustment derived therefrom), and shall deliver it to the Keycom Shareholders' Representative within the period ending 2 months following the Completion Date. The Completion Balance Sheet and the Deferred Consideration Statement will be prepared in accordance with and (in the case of the Completion Balance Sheet) comply with the principles set out in the Deferred Consideration Agreement.

Following the receipt of the draft Completion Balance Sheet and Deferred Consideration Statement from UKB Networks, the Keycom Shareholders' Representative shall have 30 days from the date on which he receives the draft Completion Balance Sheet and Deferred Consideration Statement in which to respond in writing to UKB Networks, stating either:

- (i) that the Keycom Shareholders' Representative (on behalf of the Keycom Shareholders) accepts the draft Completion Balance Sheet and Deferred Consideration Statement in the form provided to him by UKB Networks; or
- (ii) that the Keycom Shareholders' Representative (on behalf of the Keycom Shareholders) does not consider that the Completion Balance Sheet and/or Deferred Consideration Statement (including the Total Deferred Consideration Adjustment derived therefrom) complies in all respects with the Deferred Consideration Agreement, in which case the Keycom Shareholders' Representative (on behalf of the Keycom Shareholders) shall provide in his response to UKB Networks a written notice (an “**Objection Notice**”) containing any adjustments which he considers are required for compliance with the Deferred Consideration Agreement.

The Keycom Shareholders' Representative (on behalf of the Keycom Shareholders) and any advisers instructed by him shall be afforded access to the working papers of UKB Networks in relation to the production of the draft Completion Balance Sheet and Deferred Consideration Statement (including

the Total Deferred Consideration Adjustment derived therefrom) for the purposes of verifying compliance with the Deferred Consideration Agreement and preparing any Objection Notice.

If an Objection Notice signed by the Keycom Shareholders' Representative (on behalf of the Keycom Shareholders) is not received by UKB Networks within the 30-day period identified above, or to the extent that no adjustments are so proposed to the draft Completion Balance Sheet and/or Deferred Consideration Statement (including the Total Deferred Consideration Adjustment derived therefrom) in any Objection Notice, the Completion Balance Sheet and/or Deferred Consideration Statement (including the Total Deferred Consideration Adjustment derived therefrom) (as the case may be) shall be deemed to have been agreed. Any adjustments proposed in the Objection Notice shall be quantified. Any advisers instructed by UKB Networks to review an Objection Notice shall be afforded access to the working papers of the Keycom Shareholders' Representative, and any accountants instructed by him, for the purpose of considering any such adjustments.

If UKB Networks does not agree to the adjustments proposed in the Objection Notice, UKB Networks and the Keycom Shareholders' Representative (on behalf of the Keycom Shareholders) shall, within 10 Business Days, attempt in good faith to resolve the points of disagreement or, to the extent that they cannot be resolved, prepare a joint statement of the adjustments in the Objection Notice which are not agreed and the reasons for the disagreements.

The adjustments (if any) proposed in the Objection Notice which are not agreed at the end of the 10-Business Day period mentioned above may be referred by either UKB Networks or the Keycom Shareholders' Representative (on behalf of the Keycom Shareholders) to an independent chartered accountant to be agreed between UKB Networks and the Keycom Shareholders' Representative (on behalf of the Keycom Shareholders) or, in default of agreement, to be appointed by the President of the Institute of Chartered Accountants in England and Wales from time to time at the request of whichever of them shall first apply to him. The independent accountant shall act as expert and not as arbitrator and shall, within 20 Business Days of appointment, determine which, if any, of the adjustments proposed in the Objection Notice (or what lesser adjustments in respect of the matter giving rise to the adjustments proposed in the Objection Notice) should be made to the Completion Balance Sheet and/or Deferred Consideration Statement (including the Total Deferred Consideration Adjustment derived therefrom) (as the case may be) so that it complies with the Deferred Consideration Agreement. UKB Networks and the Keycom Shareholders' Representative (on behalf of the Keycom Shareholders) shall provide to the independent accountant such assistance and access to such personnel as the independent accountant shall reasonably require for the purpose of determining such requirements. Any determination made by the independent accountant shall be final and binding (in the absence of clear or manifest error) on UKB Networks and the Keycom Shareholders.

The adjustments agreed by the Keycom Shareholders' Representative (on behalf of the Keycom Shareholders) or determined by the independent accountant (as appropriate) shall be deemed to form part of the Completion Balance Sheet and (to the extent applicable) shall be incorporated in calculating the Total Deferred Consideration Adjustment to be set out in the Deferred Consideration Statement. Following agreement, deemed agreement, or determination of the Completion Balance Sheet and Deferred Consideration Statement in accordance with the Deferred Consideration Agreement, the Completion Balance Sheet and Deferred Consideration Statement shall be promptly signed by UKB Networks and the Keycom Shareholders' Representative (on behalf of the Keycom Shareholders).

The total agreed amount of Deferred Consideration (if any) payable to Keycom Shareholders by UKB Networks will be calculated pursuant to and in accordance with the Deferred Consideration Agreement (and will be as set out in the agreed Deferred Consideration Statement) and will be the lower of such total amount of Deferred Consideration and £2,000,000.

Further information relating to the determination of the Deferred Consideration (including illustrative examples) will be contained in the Offer Document.

### **3. Background to and reasons for the Offer**

HKT has been growing its business outside of Hong Kong principally through its wholly-owned subsidiary, PCCW Global Limited and its affiliates (together the “**PCCW Global Group**”). In addition HKT owns another wholly-owned subsidiary, UKB Networks, within the UK. The PCCW Global Group and UKB Networks are working together to expand and grow HKT’s interests in the UK market.

The PCCW Global Group provides international telecommunications services to multinational enterprises and telecommunications service providers, which include IP solutions, IP MPLS VPN services, fibre and satellite transmission solutions, voice, data and video services and managed network services and transmission solutions as well as CDNs for content delivery. These services can be made available to Keycom’s customers, thus enhancing the attractiveness and cost effectiveness of Keycom’s services. Additionally, international connectivity to business customers can further enhance Keycom’s product portfolio and range of target customers whilst at the same time helping the PCCW Global Group to expand its international market and UK market share.

UKB Networks sees an opportunity to meet growing demand for ubiquitous broadband connectivity through building resilient high availability wireless and wired networks. UKB Networks identifies in Keycom a strong, well-established business with a talented leadership team and employees, servicing a growing customer base across a number of interesting sectors. UKB Networks believes the Keycom business can form a base from which UKB Networks can develop further campus network solutions complementary to those already created by both Keycom and UKB Networks. These solutions range from next generation “digital inclusion” broadband via fixed wireless to “smart city” campus solutions.

UKB Networks has access to significant amounts of 4G LTE spectrum that can enable the delivery of high capacity, next generation, broadband by fixed wireless access. UKB Networks believes the use of next generation fixed wireless broadband, in addition to the fibre based solutions already deployed by Keycom, will increase the potential growth of the Keycom business. Additionally, UKB Networks has access to high capacity microwave backhaul spectrum which will enable Keycom to scale its offerings as demand grows in a cost efficient and competitive manner.

UKB Networks believes its capabilities in its existing business combined with the services of the PCCW Global Group and the skills and expertise in the Keycom business will enhance the business prospects of all three businesses.

### **4. Recommendation**

The Keycom Directors, who have been so advised by Oakley Capital, consider the terms of the Offer to be fair and reasonable. In providing advice to the Keycom Directors in relation to the Offer, Oakley Capital has taken into account the commercial assessments of the Keycom Directors.

Accordingly, the Keycom Directors unanimously recommend that Keycom Shareholders accept the Offer in respect of the Keycom Shares held by them, as the Keycom Directors have irrevocably undertaken to do (or procure to be done) in respect of their own beneficial holdings (and those of their connected parties) of 792,244 Keycom Shares, representing approximately 4.2 per cent. of Keycom’s existing issued ordinary share capital.

### **5. Background to and reasons for the recommendation**

In the second half of 2014 a number of parties approached the Board of Keycom expressing serious interest in acquiring the Company. It was therefore decided to select a firm of advisers to help the Board of Keycom in reaching a decision on whether to seek formal offers from interested parties or to continue to trade as an independent entity. After speaking to a number of firms Oakley Capital was appointed in view of its experience in the telecoms sector, and possible valuations for Keycom were explored. The Board of Keycom was aware that while the controlling shareholder, the Halpin Estate, was not actively looking to realise its holding in Keycom it would wish to do so within a reasonable timeframe and concluded that it would be in Keycom Shareholders’ interests to seek offers in order to establish whether it was possible to obtain a price that could be recommended to Keycom Shareholders.

In considering the merits of the Offer, the Directors of Keycom have taken into account:

- the decision by the controlling shareholder of the Company, the Halpin Estate (of which Jocelin Harris, the Non-Executive Chairman of Keycom, is an executor), that it wishes to accept the Offer;
- the lack of liquidity in Keycom Shares and the fact that the Offer provides Keycom Shareholders with an opportunity to realise their investment in Keycom;
- the level of support for the Offer and the likelihood of the Offer becoming unconditional as to acceptances; and
- the confirmations received from UKB Networks regarding the safeguarding of the existing employment rights of Keycom Group employees and its plans for the business of the Keycom Group.

## **6. Financing of the Offer**

The cash consideration payable under the Offer will be provided to UKB Networks from HKT Opco pursuant to the Loan Agreement.

Anthem Corporate Finance is satisfied that sufficient cash resources are available to UKB Networks to satisfy full acceptance of the Offer (including payment of the full amount of the Deferred Consideration per Keycom Share up to the Cap).

## **7. Irrevocable Undertakings**

UKB Networks has received irrevocable undertakings from all the Keycom Directors who are interested in Keycom Shares to accept, or procure acceptances of, the Offer in respect of: (i) their own beneficial holdings of Keycom Shares (or those of their connected parties), amounting, in aggregate, to 792,244 Keycom Shares, representing approximately 4.2 per cent. of Keycom's existing issued ordinary share capital; and (ii) where relevant, any Keycom Shares they may acquire pursuant to the exercise of options and awards held by them under the Keycom Share Schemes.

Irrevocable undertakings to accept the Offer have also been received from holders of a further 16,769,158 Keycom Shares, in aggregate, representing approximately 88.7 per cent. of Keycom's existing issued ordinary share capital.

The Offer, therefore, has the support of Keycom Shareholders interested, in aggregate, in 17,561,402 Keycom Shares, representing approximately 92.9 per cent. of the existing issued ordinary share capital of Keycom.

Further details of the irrevocable undertakings received, including the circumstances in which they will cease to be binding, are set out in Appendix III to this announcement.

## **8. Management, employees and locations**

Upon and following completion of the Offer, UKB Networks intends to safeguard fully the existing employment and pension rights of all Keycom Group management and employees in accordance with applicable law and to comply with Keycom's pension obligations for existing employees and that its current plans for Keycom do not involve: (i) (other than as described below in paragraph 9) any substantive or non-ordinary course changes to Keycom Group management or employees; (ii) any changes to the principal locations of Keycom Group's business other than in the ordinary course of business; or (iii) any redeployment of Keycom Group's fixed assets other than in the ordinary course of business.

## **9. Incentivisation arrangements and Bonus Payments**

UKB Networks has indicated that following the acquisition of Keycom it would propose to implement new incentivisation arrangements for the senior management team of Keycom although no details have been discussed or agreed at the date of this announcement. Meri Braziel and Paula Benoit will resign as Directors of Keycom following completion of the Offer and they will be replaced by the directors of UKB Networks, Alexander Anthony Arena and Nicholas James Williams.

Keycom is proposing to pay cash bonuses to Meri Braziel and Paula Benoit of £50,000 and £30,000, respectively, as performance bonuses payable on completion of the Offer, pursuant to arrangements entered into with the Company on 3 December 2014 (the “**Bonus Payments**”).

Oakley Capital, as Keycom’s adviser for the purposes of Rule 3 of the Code, has confirmed that, in its opinion, the Bonus Payments are fair and reasonable so far as the Independent Shareholders are concerned.

## **10. Shares to which the Offer relates and Keycom Share Scheme**

The Offer extends to any Keycom Shares which are unconditionally allotted or issued and fully paid (or credited as fully paid) on or before the date on which the Offer closes to acceptances (or such earlier date as UKB Networks may, subject to the Code, decide), including any such Keycom Shares allotted or issued pursuant to the exercise of existing options or awards granted under the Keycom Share Scheme or pursuant to the exercise of the Warrants. Keycom has 18,900,537 Keycom Shares in issue.

UKB Networks is not required to make an appropriate offer pursuant to Rule 15 of the Code in relation to the Warrants as the exercise price of the Warrants is significantly greater than the Offer Price. The Warrants are non-transferable and the holder of the Warrants, EOL Limited, is in liquidation. There are 76,157 Deferred Shares in issue. No voting and very limited economic rights attach to the Deferred Shares and as such they have no commercial value. The Panel therefore consented, in accordance with Note 3 to Rule 14.1 of the Code, that no offer was required to be made by UKB Networks for the Deferred Shares. Accordingly, the Deferred Shares will remain part of the share capital of Keycom following the Offer and do not form part of the Offer.

In due course, UKB Networks will make such appropriate proposals as it is required to make pursuant to Rule 15 of the Code in relation to outstanding options or awards granted under the Keycom Share Scheme.

## **11. Information about the Keycom Group**

The Keycom Group is engaged in the design, development and delivery of communications and multimedia services via ultra high-speed connectivity. The Keycom Group creates, delivers and supports systems, applications, platforms, channels, hardware, infrastructure and training for organisations that manage multi-tenant sites such as educational establishments, military bases, office complexes, hospitals, hotels and residential developments.

Keycom has a trading model for voice, internet and IPTV that allows the service to be tailored for the various markets served.

In Keycom’s audited financial statements for the year to 30 September 2014, Keycom reported a loss from continuing operations before income tax of £1.53 million on revenue of £6.86 million.

## **12. Current trading**

Keycom published its annual report for the year ended 30 September 2014 on 17 December 2014.

There has been no material change in Keycom’s financial or trading performance since 30 September 2014.

### **13. Information about UKB Networks and HKT**

UKB Networks is a private limited company incorporated and registered in England and Wales on 28 March 2014 under the Companies Act with registered number 08966182. It has its registered office at 20-22 Bedford Row, London WC1R 4JS.

The directors of UKB Networks are Alexander Anthony Arena and Nicholas James Williams.

UKB Networks is indirectly wholly-owned by HKT and is part of HKT's global business segment. HKT is one of Hong Kong's premier telecommunications service providers and it meets the needs of the Hong Kong public and local and international businesses with a wide range of services. HKT and its subsidiaries provide fixed core, mobile, local and international telecommunications services, internet access services and the sale and rental of telecommunications equipment primarily in Hong Kong, and also in mainland China and elsewhere in the Asia Pacific region. The overseas network of the HKT group of companies (under the name of "PCCW Global") currently provides connectivity in approximately 3,000 cities in 140 countries, serving enterprises and wholesale markets in Europe, the Americas, Africa, the Middle East and Asia.

The share stapled units of HKT and the HKT Trust, a trust constituted on 7 November 2011 under the laws of Hong Kong and managed by HKT Management Limited, are listed on The Stock Exchange of Hong Kong Limited.

### **14. Compulsory acquisition**

If the Offer becomes, or is declared, unconditional in all respects and UKB Networks receives acceptances of the Offer in respect of, and/or otherwise acquires, 90 per cent. or more of the Keycom Shares to which the Offer relates and 90 per cent. or more of the voting rights attaching to such shares, UKB Networks intends to exercise its rights pursuant to sections 974 to 991 of the Companies Act to acquire compulsorily, on the same terms as the Offer, the remaining Keycom Shares in respect of which the Offer has not at such time been accepted.

### **15. Further terms and conditions of the Offer**

The Offer is to be effected by means of a takeover offer within the meaning of Part 28 of the Companies Act.

The Offer will be subject to the Conditions and further terms set out in Appendix I to this announcement and to the full terms and conditions to be set out in the Offer Document and the Form of Acceptance.

Appendix II contains bases of calculation and sources of information contained in this announcement. Appendix III sets out the irrevocable undertaking received by UKB Networks in connection with the Offer from the Keycom Directors and certain Keycom Shareholders. Appendix IV contains the definitions of certain terms used in this announcement.

The Offer will be governed by English law. The Offer will be subject to the applicable requirements of the Code and the Panel.

### **16. Offer related arrangements**

#### **(A) *Deferred Consideration Agreement***

The Deferred Consideration Agreement is summarised in paragraph 2 above of this announcement. The Deferred Consideration Agreement is governed by English law.

*(B) Exclusivity Agreement*

UKB Networks and Keycom entered into the Exclusivity Agreement on 5 February 2015. Pursuant to the Exclusivity Agreement, Keycom undertakes, among other things, to UKB Networks as follows:

- (a) to the extent that any discussions have taken place, or are taking place, or are being scheduled to take place, or any other contact with third parties relating to any consideration of any proposed sale or other disposal of any interest in the Company or any part of the business and/or assets of the Company or any of the share capital in the Company, that Keycom and its affiliates and professional advisers will terminate all such discussions or other contact with such third parties and not enter into, facilitate or encourage any such discussions or negotiations with any such third party relating to any such sale or disposal; and
- (b) that it will not make available information of any nature whatsoever to third parties with whom the Company or its affiliates or professional advisers may have previously had discussions or other contact in relation to any such sale or disposal except to the extent such information is provided in the ordinary and usual course of the Company's business.

In the event of any breach by Keycom of certain of its obligations contained in the Exclusivity Agreement, Keycom will be obliged to pay to UKB Networks a sum equal to the lesser of (i) UKB Network's reasonable due diligence costs incurred up to the date of such breach (plus any VAT payable thereon) and (ii) the sum of £100,000 (including VAT payable thereon) by way of liquidated damages (and not as a penalty).

The Exclusivity Agreement was entered into for a period commencing on 5 February 2015 and expiring on the date falling 21 days thereafter. This period was extended by written agreement between UKB Networks and Keycom for a further period of 7 days until 6 March 2015 on 27 February 2015.

The Exclusivity Agreement is governed by English law.

**17. Overseas shareholders**

The availability of the Offer to Keycom Shareholders who are not resident in the UK may be affected by the laws and/or regulations of their relevant jurisdiction. Therefore, any persons who are subject to the laws and/or regulations of any jurisdiction other than the UK should inform themselves about and observe any applicable legal or regulatory requirements in their jurisdiction. If you are in any doubt, you should consult your professional adviser in the relevant jurisdiction without delay.

**18. Documents on display**

Copies of the following documents will be published on UKB Networks' website ([www.ukbnetworks.com](http://www.ukbnetworks.com)) and/or on Keycom's website ([www.keycom.co.uk](http://www.keycom.co.uk)) whilst the Offer remains open for acceptance:

- (a) this announcement;
- (b) the irrevocable undertakings referred to in Appendix III;
- (c) the Exclusivity Agreement;
- (d) the Deferred Consideration Agreement;
- (e) the Loan Agreement; and
- (f) written consents to the issue of this announcement with the inclusion of the references to its name in the form and context in which they appear provided by Anthem Corporate Finance and Oakley Capital.

## **19. Expected timetable**

It is intended that the Offer Document and Form of Acceptance containing further details of the Offer will be despatched to Keycom Shareholders (other than to persons in a Restricted Jurisdiction) as soon as practicable and, in any event, not later than 28 days after the date of this announcement (unless agreed otherwise with the Panel).

## **20. Opening Position Disclosure**

UKB Networks confirms that it will today make a public Opening Position Disclosure setting out details required to be disclosed by it under Rule 8.1(a) of the Code.

## **21. Disclosure of interests in Keycom Shares**

As at the close of business on the Business Day prior to the date of this announcement none of:

- (a) UKB Networks;
- (b) the directors of UKB Networks or their respective related parties;
- (c) any person acting in concert with UKB Networks; or
- (d) any person who is party to a Note 11 arrangement with UKB Networks, or any person acting in concert with UKB Networks,

had any interest in (as such term is defined in the Code), or right to subscribe for, any Keycom relevant securities, or any short position in respect of Keycom relevant securities or (save for any borrowed shares which have been on-lent or sold) had borrowed or lent any Keycom relevant securities (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code), nor has any such person dealt (as such term is defined in the Code) in any Keycom relevant securities during the disclosure period.

## **22. General**

Your attention is drawn to the further information contained in the Appendices, which form part of, and should be read in conjunction with, this announcement.

Please be aware that addresses, electronic addresses and certain other information provided by Keycom Shareholders, persons with information rights and other relevant persons in connection with the receipt of communications from Keycom may be provided to UKB Networks during the course of the Offer Period as required under Section 4 of Appendix 4 of the Code.

This announcement does not constitute an offer or invitation to purchase or sell any securities.

### **Enquiries:**

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Anthem Corporate Finance is authorised and regulated in the United Kingdom by the Financial Conduct Authority. Anthem Corporate Finance is acting as financial adviser exclusively for UKB Networks and no-one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters referred to in this announcement and will not be responsible to anyone other than UKB Networks for providing the protections afforded to clients of Anthem Corporate Finance, nor for providing advice in relation to any matter referred to herein.

Oakley Capital is authorised and regulated in the United Kingdom by the Financial Conduct Authority. Oakley Capital is acting as financial adviser exclusively for Keycom and no-one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters referred to in this announcement and will not be responsible to anyone other than Keycom for providing the protections afforded to clients of Oakley Capital, nor for providing advice in relation to any matter referred to herein.

## **IMPORTANT NOTES**

*This announcement is for information purposes only. It is not intended to and does not constitute, or form part of, an offer or invitation or the solicitation of any offer to sell or purchase any securities or the solicitation of any offer to otherwise acquire, subscribe for, sell or otherwise dispose of any security pursuant to the Offer or otherwise. The Offer will be made solely by means of the Offer Document and the Form of Acceptance, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted. Any decision in respect of, or other response to, the Offer should be made only on the basis of the information contained in those documents.*

*This announcement does not constitute a prospectus or prospectus equivalent document.*

### **Overseas jurisdictions**

*The release, publication or distribution of this announcement in, and the availability of the Offer to persons who are residents, citizens or nationals of, jurisdictions other than the United Kingdom may be restricted by laws and/or regulations of those jurisdictions. Therefore any persons who are subject to the laws and regulations of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements in their jurisdiction. Any failure to comply with the applicable requirements may constitute a violation of the laws and/or regulations of any such jurisdiction.*

*In particular, copies of this announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send it in or into or from any Restricted Jurisdiction. Unless otherwise permitted by applicable law and regulation, the Offer may not be made, directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.*

*The receipt of cash pursuant to the Offer by Keycom Shareholders may be a taxable transaction under applicable national, state and local, as well as foreign and other tax laws. Each Keycom Shareholder is urged to consult their independent professional adviser regarding the tax consequences of accepting the Offer.*

*This announcement has been prepared for the purpose of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside of England and Wales.*

### **Notice to US investors**

*The Offer is made for securities in a UK company and Keycom Shareholders in the United States (if any) should be aware that this announcement, the Offer Document, the Form of Acceptance and any other documents relating to the Offer have been, or will be, prepared in accordance with the Code and UK disclosure requirements, format and style, all of which differ from those in the United States. Keycom's financial statements and all financial information that is included in this announcement or any other documents relating to the Offer, have been, or will be, prepared in accordance with International Financial Reporting Standards adopted by the European Union and therefore may not be comparable to financial statements of US companies or companies whose financial statements are prepared in accordance with US GAAP.*

*The Offer, if required to be made, will be made in the United States pursuant to applicable exemptions under the US tender offer rules and securities laws and otherwise in accordance with the requirements of the Code and the Panel. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under US domestic tender*

offer procedures and law. In the United States, the Offer will be made solely by UKB Networks and not by its financial adviser.

Both Keycom and UKB Networks are companies incorporated under the laws of England and Wales. All of the assets of Keycom and UKB Networks are located outside of the United States. As a result, it may not be possible for any Keycom Shareholders in the United States to effect service of process within the United States upon Keycom or UKB Networks or their respective officers or directors or to enforce against any of them judgments of the United States predicated upon the civil liability provisions of the federal securities laws of the United States. It may not be possible to sue Keycom or UKB Networks or their respective officers or directors in a non-US court for violations of the US securities laws. There is also a substantial doubt as to enforceability in the United Kingdom in original actions, or in actions for the enforcement of judgments of US courts, based on civil liability provisions of US federal securities laws.

### **Cautionary note regarding forward-looking statements**

This announcement, including the information included in this announcement, contains certain forward-looking statements. These statements are based on the current expectations of UKB Networks and/or Keycom (as the case may be) and are naturally subject to uncertainty and changes in circumstances. These forward-looking statements may include statements about the expected effects on UKB Networks and/or Keycom, the expected timing and scope of the Offer, strategic options and all other statements in this announcement other than historical or current facts. Forward-looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “budget”, “schedule”, “forecast”, “project”, “goal”, “believe”, “hope”, “aims”, “continue”, “will”, “may”, “should”, “would”, “could”, “subject to”, or other words of similar meaning. By their nature, forward-looking statements involve known and unknown risks and uncertainties, because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward-looking statements in this announcement could cause actual results, outcomes and developments to differ materially from those expressed in, or implied by, such forward-looking statements and such statements are therefore qualified in their entirety by the risks and uncertainties surrounding these future expectations. Many of these risks and uncertainties relate to factors that are beyond the entities’ ability to control or estimate precisely, such as, but not limited to, general business and market conditions both globally and locally, political, economic and regulatory forces, industry trends and competition, future exchange and interest rates, changes in government and regulation including in relation to health and safety, the environment, labour relations and tax rates and future business combinations or dispositions. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, neither UKB Networks and/or Keycom can give any assurance, representation or guarantee that such expectations will prove to have been correct and such forward-looking statements should be construed in light of such factors and you are therefore cautioned not to place reliance on these forward-looking statements which speak only as at the date of this announcement. Neither UKB Networks and/or Keycom assumes any obligation to update or correct the information contained in this announcement (whether as a result of new information, future events or otherwise), except as required by applicable law.

### **No profit forecasts or estimates**

Nothing in this announcement is intended or shall be deemed to be a forecast, projection or estimate of the future financial performance of Keycom or UKB Networks and no statement in this announcement should be interpreted to mean that earnings or earnings per share of those persons (where relevant) for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share of those persons (where relevant).

### **Dealing and Opening Position Disclosure Requirements**

The Panel has granted a dispensation from the requirements in Note 3 on Rule 8 of the Code that disclosures made under Rule 8 of the Code must be made via a Regulatory Information Service. Accordingly, Opening Position Disclosures and Dealing Disclosures required under Rule 8 of the Code may be made to the Company and UKB Networks by email to paula.benoit@keycom.co.uk and gmegaw@hanovercomms.com, respectively, and will be published on the Company’s website at www.keycom.co.uk and UKB Networks’ website at www.ukbnetworks.com. A copy must also be sent

to the Panel's Market Surveillance Unit by fax on +44(0)20 7236 7013 or by email to [monitoring@disclosure.org.uk](mailto:monitoring@disclosure.org.uk).

*Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified.*

*An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of any securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Code).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0) 20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

### **Purchases outside the Offer**

*UKB Networks or its nominees or brokers (acting as agents) may purchase Keycom Shares otherwise than under the Offer, such as through privately negotiated purchases. Such purchases shall comply with the Code.*

### **Publication on websites**

*A copy of this announcement and other documents in connection with the Offer will, subject to certain restrictions relating to persons resident in a Restricted Jurisdiction, be available free of charge for inspection on UKB Networks' website at [www.ukbnetworks.com](http://www.ukbnetworks.com) and on Keycom's website at [www.keycom.co.uk](http://www.keycom.co.uk). The contents of those websites are not incorporated into, and do not form part of, this announcement.*

***Information relating to Keycom Shareholders***

*Please be aware that addresses, electronic addresses and certain information provided by Keycom Shareholders, persons with information rights and other relevant persons for the receipt of communications from Keycom may be provided to UKB Networks during the Offer Period as requested under Section 4 of Appendix 4 of the Code to comply with Rule 2.12(c).*

***Rule 2.10 requirement***

*In accordance with Rule 2.10 of the Code, Keycom confirms that it has 18,900,537 Keycom Shares and 76,157 Deferred Shares in issue.*

## APPENDIX I

### THE CONDITIONS AND CERTAIN FURTHER TERMS OF THE OFFER

#### PART A: CONDITIONS OF THE OFFER

##### 1. Acceptance Condition

The Offer is conditional upon valid acceptances being received (and not, where permitted, withdrawn) by not later than 1.00 p.m. on the First Closing Date of the Offer (or such later time(s) and/or date(s) as UKB Networks may, subject to the rules of the Code or with the consent of the Panel decide) in respect of such number of Keycom Shares which, together with the Keycom Shares acquired, or agreed to be acquired, by UKB Networks before or during the Offer Period (whether pursuant to the Offer or otherwise) will result in UKB Networks holding Keycom Shares carrying, in aggregate, not less than 90 per cent. of the voting rights then normally exercisable at general meetings of Keycom.

For the purposes of this Condition: (i) Keycom Shares which have been unconditionally allotted but not issued before the Offer becomes, or is declared, unconditional, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights they will carry on issue; and (ii) valid acceptances shall be treated as having been received in respect of any Keycom Shares that UKB Networks shall have acquired, or unconditionally contracted to acquire, pursuant to section 979(8) and, if applicable, section 979(9) of the Companies Act.

##### 2. The Offer is subject to the following conditions:

In addition, subject as stated in Part B of this Appendix I and to the requirements of the Panel, the Offer is conditional upon the satisfaction of the Acceptance Condition and the following Conditions being satisfied or, where relevant, waived:

##### Notifications, waiting periods and authorisations

- 2.1 all material notifications, filings or applications which are necessary or considered appropriate in connection with the Offer having been made and all necessary waiting periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with in each case in respect of the Offer and all authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions and approvals (together, the “**Authorisations**”) deemed necessary or appropriate by UKB Networks in any jurisdiction for, or in respect of, the Offer and, except pursuant to Chapter 3 of Part 28 of the Companies Act, the acquisition or the proposed acquisition of any shares or other securities in, or control or management of, Keycom having been obtained in terms and in a form reasonably satisfactory to UKB Networks from any appropriate central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body or authority, court, trade agency, professional association, institution, employee representative body or any other body or person whatsoever in any jurisdiction (a “**Third Party**”) or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Keycom Group has entered into contractual arrangements and all such Authorisations necessary or appropriate to carry on the business of any member of the Keycom Group in any jurisdiction having been obtained and all such Authorisations remaining in full force and effect at the time at which the Offer becomes otherwise unconditional in all respects and there being no notice or written intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;

##### General antitrust and regulatory

- 2.2 no Third Party having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, inquiry or reference (and in each case, not having withdrawn the same), or having required any action to be taken or otherwise having done anything, or having enacted, made or proposed any statute, regulation, decision, order or

change to published practice (and in each case, not having withdrawn the same) and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to (in any case which is material in the context of the Offer):

- 2.2.1 require, prevent or delay or affect the divestiture or prejudice the terms envisaged for such divestiture by any member of the Keycom Group or UKB Networks of all or any material part of their respective businesses, assets or property or of any Keycom Shares or other securities in Keycom or impose any limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof) to an extent which is material in the context of the Keycom Group, taken as a whole;
- 2.2.2 except pursuant to Chapter 3 of Part 28 of the Companies Act, require UKB Networks or any member of the Keycom Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Keycom Group or any asset owned by any Third Party (other than in connection with the implementation of the Offer);
- 2.2.3 impose any limitation on, or result in a delay in, the ability of UKB Networks, directly or indirectly, to acquire, hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in Keycom or on the ability of any member of the Keycom Group, directly or indirectly, to hold or exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Keycom Group, in each case, to an extent which is material in the context of the Keycom Group, taken as a whole;
- 2.2.4 otherwise materially adversely affect any or all of the business, assets, financial or trading position or profits of any member of the Keycom Group or UKB Networks to an extent which is material in the context of the Keycom Group, taken as a whole, or UKB Networks (as the case may be);
- 2.2.5 result in any member of the Keycom Group or UKB Networks ceasing to be able to carry on business to the extent conducted at the date of this announcement under any name under which it presently carries on business to an extent which is material in the context of the Keycom Group, taken as a whole, or UKB Networks (as the case may be);
- 2.2.6 make the Offer or its implementation, or the acquisition or proposed acquisition of any shares or other securities in, or control of, Keycom by UKB Networks, void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise, directly or indirectly, prevent or prohibit, restrict, restrain or delay the same or otherwise interfere with the Offer or its implementation, or impose additional conditions or obligations with respect to, or otherwise impede, interfere or require amendment of the Offer or the acquisition, or proposed acquisition, of any shares or other securities in, or control of, Keycom by UKB Networks to an extent which is material in the context of the Offer;
- 2.2.7 require, prevent or delay a divestiture by UKB Networks of any shares or other securities (or the equivalent) in any member of the Keycom Group to an extent which is material in the context of the Keycom Group, taken as a whole, or UKB Networks (as the case may be); or
- 2.2.8 impose any limitation on the ability of UKB Networks to conduct or integrate all or any part of its business with all or any part of the business of UKB Networks and/or the Keycom Group to an extent which is material in the context of the Keycom Group, taken as a whole, or UKB Networks (as the case may be), and all applicable waiting and other time periods (including any extensions thereof) during which any such Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Offer having expired, lapsed or been

terminated and all applicable waiting and other time periods (including extensions thereof) during which any Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any applicable jurisdiction in respect of the Offer or the acquisition or proposed acquisition of any Keycom Shares or otherwise intervene having expired, lapsed or been terminated;

**Certain matters arising as a result of any arrangement, agreement, etc.**

- 2.3 except as Disclosed, there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Keycom Group is a party or by or to which any such member or any of its assets is, or may be, bound, entitled or subject, or any event or circumstance which, as a consequence of the Offer or because of the change in the control of Keycom or any other member of the Keycom Group represented by the Offer, would, or might reasonably be expected to, result in (in any case to an extent which is, or would be, material in the context of the Keycom Group, taken as a whole):
- 2.3.1 any monies borrowed by, or any other indebtedness, whether actual or contingent, of, or any grant available to, any member of the Keycom Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
  - 2.3.2 the creation or enforcement of any mortgage, charge or other security interest over the whole, or any part, of the business, property or assets of any member of the Keycom Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen) becoming enforceable;
  - 2.3.3 any such arrangement, agreement, lease, licence, franchise, permit or other instrument being terminated or the rights, liabilities, obligations or interests of any member of the Keycom Group therein being adversely modified or adversely affected, or any obligation or liability arising or any adverse action being taken or arising thereunder;
  - 2.3.4 any liability of any member of the Keycom Group to make any severance, termination, bonus or other payment to any of its directors or other officers;
  - 2.3.5 the rights, liabilities, obligations, interests or business of any member of the Keycom Group under any such arrangement, agreement, lease, licence, franchise, permit or other instrument, or the interests or business of any member of the Keycom Group in or with any other person, body, firm or company (or any agreement or arrangement relating to any such interests or business) being, or becoming capable of being, terminated, or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;
  - 2.3.6 the financial or trading position of any member of the Keycom Group being materially adversely affected to an extent which is material in the context of the Keycom Group, taken as a whole;
  - 2.3.7 any member of the Keycom Group ceasing to be able to carry on business under any name under which it presently carries on business; or
  - 2.3.8 the creation or acceleration of any liability (actual or contingent) by any member of the Keycom Group other than trade creditors or other liabilities incurred in the ordinary course of business,

and no event having occurred which, under any provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Keycom Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, would be expected

to result in any of the events or circumstances as are referred to in Conditions 2.3.1 to 2.3.8 (in each case, to an extent which is material in the context of the Keycom Group, taken as a whole);

**Certain events occurring since 30 September 2014**

2.4 except as Disclosed, no member of the Keycom Group having since 30 September 2014:

- 2.4.1 issued or agreed to issue, or authorised or proposed or announced its intention to authorise or propose the issue of, additional shares of any class or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities or transferred or sold, or agreed to transfer or sell, or authorised or proposed the transfer or sale of Keycom Shares out of treasury (except, where relevant, as between Keycom and wholly owned subsidiaries of Keycom or between the wholly owned subsidiaries of Keycom or pursuant to the Keycom Share Scheme);
- 2.4.2 recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) or dividends (or other distributions whether payable in cash or otherwise) save where the same are lawfully paid or made by any wholly owned subsidiary of Keycom to Keycom or any of its wholly owned subsidiaries;
- 2.4.3 other than pursuant to the Offer (and except for transactions between Keycom and its wholly owned subsidiaries or between the wholly owned subsidiaries of Keycom and transactions in the ordinary course of business) implemented, effected, authorised or proposed or announced its intention to implement, effect, authorise or propose any merger, demerger, reconstruction, amalgamation, scheme, commitment, acquisition or disposal of material assets or shares or loan capital (or the equivalent thereof) in any undertaking or undertakings, in any such case, to an extent which is material in the context of the Keycom Group, taken as a whole;
- 2.4.4 (except for transactions between Keycom and its wholly owned subsidiaries or between the wholly owned subsidiaries of Keycom) disposed of, or transferred, mortgaged or created any security interest over any material asset or any right, title or interest in any asset or authorised, proposed or announced any intention to do so which, in any case, is material in the context of the Keycom Group, taken as a whole;
- 2.4.5 (except for transactions between Keycom and its wholly owned subsidiaries or between the wholly owned subsidiaries of Keycom) issued, authorised or proposed or announced an intention to authorise or propose the issue of, or made any change in or to the terms of, any debentures or, except in the ordinary course of business, become subject to any contingent liability or incurred or increased any indebtedness which, in any case, is material in the context of the Keycom Group, taken as a whole;
- 2.4.6 except in the ordinary course of business, entered into or varied or authorised, proposed or announced its intention to enter into or vary any material contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, unusual or onerous nature or magnitude or which involves an obligation of a nature or magnitude which is likely to be restrictive on the business of any member of the Keycom Group and which, in any case, is material in the context of the Keycom Group, taken as a whole;
- 2.4.7 entered into or varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary to a material extent the terms of, any contract, service agreement, commitment or arrangement with any director or senior executive of any member of the Keycom Group, save as agreed by UKB Networks;
- 2.4.8 proposed, agreed to provide or modified to a material extent the terms of any share option scheme, incentive scheme or other benefit relating to the employment, or

termination of employment, of any employee of the Keycom Group save as agreed by UKB Networks or which is required pursuant to the implementation of the Offer;

- 2.4.9 purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, except in respect of the matters mentioned in Condition 2.4.1, made any other change to any part of its share capital, save as agreed by UKB Networks or which is required pursuant to the implementation of the Offer;
- 2.4.10 waived, compromised or settled any claim (other than in the ordinary course of business or between Keycom and its wholly owned subsidiaries or between the wholly owned subsidiaries of Keycom) which is material in the context of the Keycom Group, taken as a whole;
- 2.4.11 terminated, or varied the terms of, any agreement or arrangement between any member of the Keycom Group and any other person in a manner which would have a material adverse effect on the financial position of the Keycom Group, taken as a whole;
- 2.4.12 other than pursuant to the Offer and as envisaged in accordance with the terms of the Offer, made any alteration to its memorandum or articles of association or other incorporation documents, in each case, which is material in the context of the Offer;
- 2.4.13 except in relation to changes made or agreed as a result of, or arising from, changes to legislation, made or agreed or consented to any material change to the terms of the trust deeds and rules constituting the pension scheme(s) established for its directors, employees or their dependants or any material change to the benefits which accrue, or to the pensions which are payable, thereunder, or to the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined or to the basis upon which the liabilities (including pensions) of such pension schemes are funded or made, or agreed or consented to, in each case, which is material in the context of the Keycom Group, taken as a whole;
- 2.4.14 been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased, or threatened to cease, carrying on all, or a substantial part of, its business, in each case, which is material in the context of the Keycom Group, taken as a whole;
- 2.4.15 (other than in respect of a member of the Keycom Group which is dormant and was solvent at the relevant time) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of a receiver, administrator, manager, administrative receiver, trustee or similar officer of all, or any material part of, its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed, in each case, which is material in the context of the Keycom Group, taken as a whole;
- 2.4.16 (except for transactions between Keycom and its wholly owned subsidiaries or between the wholly owned subsidiaries of Keycom) made, authorised, proposed or announced an intention to propose any change in its loan capital, in each case, which is material in the context of the Keycom Group, taken as a whole;
- 2.4.17 entered into, implemented or authorised the entry into, any joint venture, asset or profit sharing arrangement, partnership or merger of business or corporate entities, in each case, which is material in the context of the Keycom Group, taken as a whole;

- 2.4.18 entered into any licence or other disposal of intellectual property rights of any member of the Keycom Group which is material in the context of the Keycom Group, taken as a whole, and outside the normal and usual course of business; or
- 2.4.19 entered into any agreement, arrangement, commitment or contract or passed any resolution or made any offer (which remains open for acceptance) with respect to, or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition in each case, which is material in the context of the Keycom Group, taken as a whole;

**No adverse change, litigation, regulatory enquiry or similar**

2.5 except as Disclosed, since 30 September 2014 there having been:

- 2.5.1 no adverse change, and no circumstance having arisen which would or might be reasonably expected to result in any adverse change, in the business, assets, financial or trading position or profits or operational performance of any member of the Keycom Group which, in any case, is material in the context of the Keycom Group, taken as a whole;
- 2.5.2 no litigation, arbitration proceedings, prosecution or other legal proceedings (including, without limitation, with regard to intellectual property rights owned or used by the Keycom Group) having been threatened in writing, announced or instituted by or against or remaining outstanding against or in respect of, any member of the Keycom Group or to which any member of the Keycom Group is, or could reasonably be expected to become, a party (whether as claimant, defendant or otherwise), in each case, which might reasonably be expected to have a material adverse effect on the Keycom Group, taken as a whole, or is material in the context of the Offer;
- 2.5.3 no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Keycom Group having been threatened in writing, announced or instituted or remaining outstanding by, against or in respect of any member of the Keycom Group, in each case which might reasonably be expected to have a material adverse effect on the Keycom Group, taken as a whole, or is material in the context of the Offer;
- 2.5.4 no contingent or other liability having arisen or increased other than in the ordinary course of business which would, or might reasonably be expected to, adversely affect the business, assets, financial or trading position or profits of any member of the Keycom Group to an extent which is material in the context of the Keycom Group, taken as a whole, or is material in the context of the Offer; and
- 2.5.5 no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Keycom Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which might reasonably be expected to have a material adverse effect on the Keycom Group, taken as a whole, or is material in the context of the Offer; and

**No discovery of certain matters regarding information, liabilities and environmental issues**

2.6 except as Disclosed, UKB Networks not having discovered:

- 2.6.1 that any financial, business or other information concerning the Keycom Group publicly announced prior to 23 March 2015 or disclosed at any time to UKB Networks or to any of its advisers by or on behalf of any member of the Keycom Group prior to 23 March 2015 is misleading, contains a misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading, to an extent which, in any such case, is material in the context of the Keycom Group, taken as a whole;

- 2.6.2 that any member of the Keycom Group or any partnership, company or other entity in which any member of the Keycom Group has a significant economic interest and which is not a subsidiary undertaking of Keycom is, otherwise than in the ordinary course of business, subject to any liability, contingent or otherwise, and which is material in the context of the Keycom Group, taken as a whole, or in the context of the Offer;
- 2.6.3 that any past or present member of the Keycom Group has not complied in any material respect with all applicable legislation, regulations or other requirements of any jurisdiction or any Authorisations relating to the use, treatment, storage, carriage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous substance or any substance likely to impair the environment (including any property) or harm human or animal health or otherwise relating to environmental matters or the health and safety of humans, which non-compliance would be likely to give rise to any material liability including any penalty for non-compliance (whether actual or contingent) on the part of any member of the Keycom Group which, in any case, is material in the context of the Keycom Group, taken as a whole;
- 2.6.4 that there has been a material disposal, discharge, spillage, accumulation, release, leak, emission or the migration, production, supply, treatment, storage, transport or use of any waste or hazardous substance or any substance likely to impair the environment (including any property) or harm human or animal health which (whether or not giving rise to noncompliance with any law or regulation), would be likely to give rise to any material liability (whether actual or contingent) on the part of any member of the Keycom Group which in any case is material in the context of the Keycom Group, taken as a whole;
- 2.6.5 that there is, or is reasonably likely to be, any material obligation or liability (whether actual or contingent) or requirement to make good, remediate, repair, reinstate or clean up any property or asset currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Keycom Group (or on its behalf), or in which any such member may have, or previously have had or be deemed to have had, an interest, under any environmental legislation, common law, regulation, notice, circular, Authorisation or order of any Third Party in any jurisdiction or to contribute to the cost thereof or associated therewith or indemnify any person in relation thereto, which, in any case, is material in the context of the Keycom Group, taken as a whole;
- 2.6.6 that circumstances exist (whether as a result of the making of the Offer or otherwise) which would be reasonably likely to lead to any Third Party instituting (or whereby any member of the Keycom Group would be likely to be required to institute) an environmental audit or take any steps which would in any such case be reasonably likely to result in any actual or contingent liability to improve or install new plant or equipment or to make good, repair, reinstate or clean up any property of any description or any asset now or previously owned, occupied or made use of by any past or present member of the Keycom Group (or on its behalf) or by any person for which a member of the Keycom Group is or has been responsible, or in which any such member may have, or previously have had or be deemed to have had, an interest, which, in any case, is material in the context of the Keycom Group, taken as a whole; or
- 2.6.7 that circumstances exist whereby a person has, or class of persons have, or is reasonably likely to have, any legitimate claim or claims against any member of the Keycom Group in respect of any product or process, or materials used therein, now or previously manufactured, sold, supplied or carried out by any past or present member of the Keycom Group, which, in each case, is material in the context of the Keycom Group, taken as a whole;
- 2.7 except as Disclosed, UKB Networks not having discovered that any past or present member of the Keycom Group has:

- 2.7.1 paid or agreed to pay any bribe including any “inducement fee”, given or agreed to give any similar gift or benefit or paid or agreed to pay to a concealed bank account or fund to or for the account of, any customer, supplier, governmental official or employee, representative of a political party, or other person for the purpose of obtaining or retaining business or otherwise engaged in any activity, or done such things (or omitted to do such things) in contravention of the Bribery Act 2010 (as amended) or the US Foreign Corrupt Practices Act of 1977 (as amended); or
  - 2.7.2 engaged in any business with or made any investments in, or made any payments to, (i) any government, entity or individual with which US persons or UK persons are prohibited from engaging in activities or doing business by US laws or regulations or UK laws or regulations, including the economic sanctions administered by the US Office of Foreign Assets Control or similar regulator in the UK or (ii) any government, entity or individual targeted by any of the economic sanctions of the UK and administered by the Bank of England; and
- 2.8 except as Disclosed, since the date of this announcement:
- 2.8.1 no member of the Keycom Group has lost its title to any intellectual property and no intellectual property owned by the Keycom Group has been revoked, cancelled or declared invalid in any case to an extent which has a material adverse effect on the Keycom Group, taken as a whole;
  - 2.8.2 no agreement regarding the use of any intellectual property licensed to or by any member of the Keycom Group has been terminated or varied in any case to an extent which has a material adverse effect on the Keycom Group, taken as a whole; or
  - 2.8.3 no claim has been filed suggesting that any member of the Keycom Group has infringed the intellectual property rights of a third party and no member of the Keycom Group has been found to have infringed the intellectual property rights of a third party in any case to an extent which has a material adverse effect on the Keycom Group, taken as a whole.

## **PART B: CERTAIN FURTHER TERMS OF THE OFFER**

1. Subject to the requirements of the Panel, UKB Networks reserves the right to waive, in whole or in part, all or any of the above Conditions 2.1 to 2.8 (inclusive). Each of the Conditions 2.1 to 2.8 (inclusive) shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
2. UKB Networks shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of Conditions 2.1 to 2.8 (inclusive) by a date earlier than the latest date for the fulfilment of that Condition notwithstanding that the other Conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
3. If UKB Networks is required by the Panel to make an offer for Keycom Shares under the provisions of Rule 9 of the Code, UKB Networks may make such alterations to any of the above Conditions and terms of the Offer as are necessary to comply with the provisions of that Rule.
4. The Offer will lapse, and will not proceed, if there is a Phase 2 CMA reference or if Phase 2 European Commission proceedings are initiated or if, following a referral of the Offer by the European Commission under Article 9(1) of the European Council Merger Regulation to a competent authority in the United Kingdom, there is a Phase 2 CMA reference, in any such case before 1.00 p.m. on the First Closing Date or the time and date at which the Offer becomes, or is declared, unconditional as to acceptances (whichever is the later). The effect of the Offer lapsing is that the Offer will cease to be capable of further acceptance and that

UKB Networks and any Keycom Shareholders, who have accepted the Offer, will cease to be bound by prior acceptances of the Offer.

5. The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.
6. The Offer will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, internet or e-mail) of interstate or foreign commerce of, or of any facility of a national securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction.
7. Keycom Shares which will be acquired under the Offer will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of this announcement.
8. Under Rule 13.5 of the Code, UKB Networks may not invoke a condition to the Offer so as to cause the Offer not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the condition are of material significance to UKB Networks in the context of the Offer. The Acceptance Condition contained in paragraph 1 of Part A of this Appendix I and paragraph 4 of this Part B of this Appendix I are not subject to this provision of the Code.
9. The Offer will be governed by English law and will be subject to the jurisdiction of the English courts and to the Conditions and further terms set out in this Appendix I and to be set out in the Offer Document and the Form of Acceptance.
10. The Offer is subject to the applicable requirements of the Code and the Panel.

## APPENDIX II

### BASES OF CALCULATION AND SOURCES OF INFORMATION

In this announcement, unless otherwise stated or the context otherwise requires, the bases of calculation and sources of information are used as described below.

1. Unless otherwise stated, financial information relating to the Keycom Group has been extracted or derived (without any adjustment) from the audited annual report and accounts for Keycom for the year ended 30 September 2014.
2. The above documents are available, free of charge, in “read-only” format and can be printed from the following website: [www.keycom.co.uk](http://www.keycom.co.uk).
3. References to the existing issued ordinary share capital of Keycom are to the existing issued ordinary share capital of 18,900,537 Keycom Shares as at the Business Day prior to the date of this announcement.
4. The fully diluted share capital of Keycom is 20,156,037 Keycom Shares which comprise the following:

Existing Keycom Shares in issue	18,900,537
Options under Keycom Share Scheme exercisable below the Offer Price	1,250,000
Warrants*	5,500
<b>Total</b>	<b>20,156,037</b>

- \* *The exercise price in respect of the Warrants is significantly greater than the Offer Price and the holder of the Warrants, EOL Limited, is in liquidation. Accordingly, the Warrants are not expected to be exercised before they expire in accordance with their terms on 30 March 2017 but can, should the liquidator so wish, be exercised until such date.*

## APPENDIX III

### SCHEDULE OF IRREVOCABLE UNDERTAKINGS

#### 1. Irrevocable undertakings from Keycom Directors

Name of Director	Number of Keycom Shares	Percentage of entire existing issued ordinary share capital of Keycom
Jocelin Harris*	162,166	0.9
Meri Braziel**	44,050	0.2
Mike Read	40,000	0.2
Steven Charnock***	365,411	1.9
Paula Benoit****	37,200	0.2
Robin Cooke-Hurle*****	143,417	0.8
<b>Total</b>	<b>792,244</b>	<b>4.2</b>

#### 2. Irrevocable undertakings from certain Keycom Shareholders

Name of Keycom Shareholder	Number of Keycom Shares	Percentage of entire existing issued ordinary share capital of Keycom
The Halpin Estate*	15,850,302	83.9
Pershing Nominees Limited	343,006	1.8
Chase Nominees Limited	575,850	3.0
<b>Total</b>	<b>16,769,158</b>	<b>88.7</b>

\* Jocelin Harris, as an executor of the Halpin Estate, legally owns the 15,850,302 Keycom Shares beneficially owned by the Halpin Estate.

\*\* 37,200 Keycom Shares are held by Meri Braziel beneficially through Jim Nominees Limited and 5,000 Keycom Shares are held by Meri Braziel beneficially through MC Trustees Limited.

\*\*\* 281,994 Keycom Shares are held by Steven Charnock beneficially through Pershing Nominees Limited.

\*\*\*\* 37,200 Keycom Shares are held by Paula Benoit beneficially through Jim Nominees Limited.

\*\*\*\*\* Of the 143,417 Keycom Shares in which Robin Cooke-Hurle is interested, 15,000 are held by his spouse and 108,167 Keycom Shares are held jointly by Robin Cooke-Hurle and his spouse.

The irrevocable undertakings shall lapse: (i) if the Offer Document is not published within 28 days of the date of this announcement; or (ii) on the earlier of 31 May 2015 or if the Offer lapses or is withdrawn in accordance with its terms.

## APPENDIX IV

### DEFINITIONS

The following definitions apply throughout this announcement, unless otherwise stated or the context otherwise requires.

<b>“Acceptance Condition”</b>	the Condition set out at paragraph 1 of Part A of Appendix I to this announcement;
<b>“acting in concert”</b>	has the meaning given in the Code;
<b>“Anthem Corporate Finance”</b>	Anthem Corporate Finance Limited, financial advisers to UKB Networks;
<b>“Appendix” or “Appendices”</b>	an appendix or appendices (as applicable) to this announcement;
<b>“Bonus Payments”</b>	has the meaning given to that term in paragraph 9 of this announcement;
<b>“Business Day”</b>	a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London;
<b>“Cap”</b>	has the meaning given to that term in paragraph 2 of this announcement;
<b>“Code”</b>	the City Code on Takeovers and Mergers;
<b>“Companies Act”</b>	the Companies Act 2006, as amended from time to time;
<b>“Completion Balance Sheet”</b>	the consolidated balance sheet of Keycom and the other members of the Keycom Group for the period ended on the Completion Balance Sheet Date, to be prepared pursuant to and in accordance with the Deferred Consideration Agreement;
<b>“Completion Balance Sheet Date”</b>	31 March 2015;
<b>“Completion Date”</b>	the date the Offer is closed for acceptances;
<b>“Conditions”</b>	the conditions set out in Appendix I to this announcement;
<b>“Dealing Disclosure”</b>	has the meaning given to that term in the Code;
<b>“Deferred Consideration”</b>	has the meaning given to that term in paragraph 2 of this announcement;
<b>“Deferred Consideration Agreement”</b>	an agreement dated on or around the date of this announcement between UKB Networks and the Keycom Shareholders’ Representative relating to the determination of the Deferred Consideration;
<b>“Deferred Consideration Statement”</b>	a breakdown of the calculation of the total amount of the Deferred Consideration (if any) derived from the Completion Balance Sheet in the form set out in Annex C to the Deferred Consideration Agreement;
<b>“Deferred Shares”</b>	deferred shares of £99.00 each in the capital of Keycom;

<b>“Disclosed”</b>	(i) disclosed in the annual report and accounts for Keycom for the period ended 30 September 2014 or its interim report and accounts for the six months ended 31 March 2014; (ii) Publicly Announced; (iii) disclosed in the Offer Document; (iv) disclosed in this announcement; (v) fairly disclosed in sufficient detail to allow a diligent third party, acting reasonably, to identify the nature and scope of the matters disclosed in the electronic data room administered by RR Donnelly Venue containing information about the Keycom Group to UKB Networks by or on behalf of Keycom prior to 12.00 p.m. on 12 March 2015; or (v) otherwise disclosed in writing to the Offeror prior to the date of this announcement;
<b>“disclosure period”</b>	means the period commencing on 23 March 2014 (being the date 12 months prior to the commencement of the Offer Period) and ending on 20 March 2015 (being the last Business Day prior to the date of this announcement);
<b>“EMI Scheme”</b>	the Keycom Enterprise Management Incentive Scheme;
<b>“Estimated Balance Sheet”</b>	a consolidated balance sheet of Keycom and the other members of the Keycom Group as at the Completion Balance Sheet Date agreed between the board of directors of UKB Networks and the Board of Keycom prior to the date of this announcement which shows Keycom’s and UKB Networks’ estimate of working capital, cash and certain other liabilities of Keycom and the other members of the Keycom Group as at the Completion Balance Sheet Date as set out in Annex A to the Deferred Consideration Agreement;
<b>“Exclusivity Agreement”</b>	an exclusivity agreement dated 5 February 2015 between UKB Networks and Keycom (as amended on 27 February 2015);
<b>“FCA”</b>	the UK Financial Conduct Authority;
<b>“First Closing Date”</b>	the date which falls 21 days after the posting of the Offer Document;
<b>“Form of Acceptance”</b>	the form of acceptance relating to the Offer, which will accompany the Offer Document;
<b>“Halpin Estate”</b>	the estate of the late Leslie Halpin, the executors of the estate being Roderick Macdougald, Michael Timmins, Jocelin Harris and Claire Halpin;
<b>“HKT”</b>	HKT Limited, a limited company incorporated in the Cayman Islands and listed on The Stock Exchange of Hong Kong Limited (stock code: 6823);
<b>“HKT Opco”</b>	Hong Kong Telecommunications (HKT) Limited, a limited company incorporated in Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;
<b>“Independent Shareholders”</b>	the Keycom Shareholders other than those Keycom Directors and members of the senior management of Keycom who hold Keycom Shares;
<b>“Initial Consideration”</b>	has the meaning given to that term in paragraph 2 of this announcement;

<b>“Keycom Directors” or the “Board of Keycom”</b>	the board of directors of Keycom;
<b>“Keycom Group”</b>	Keycom and its subsidiary and associated undertakings (as each such term is defined in the Companies Act);
<b>“Keycom relevant securities”</b>	relevant securities (such term having the meaning given to it in the Code in relation to an offeree) of Keycom including Keycom Shares and any securities convertible into or carrying rights to subscribe for Keycom Shares;
<b>“Keycom Share Scheme”</b>	the EMI Scheme;
<b>“Keycom Shareholders”</b>	the holders of Keycom Shares unconditionally allotted and issued fully paid at 6.00 p.m. on the day prior to the Completion Date;
<b>“Keycom Shareholders’ Representative”</b>	has the meaning given to that term in paragraph 2 of this announcement;
<b>“Keycom Shares”</b>	ordinary shares of 2 pence each in the capital of Keycom;
<b>“Keycom” or the “Company”</b>	Keycom plc, a public limited company incorporated in England and Wales with registered number 03921568;
<b>“Loan Agreement”</b>	a £17,500,000 inter-company loan agreement dated 20 March 2015 between HKT Opco, as lender, and UKB Networks, as borrower;
<b>“Note 11 arrangement”</b>	any indemnity or option arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to Keycom relevant securities which may be an inducement to deal or refrain from dealing therein;
<b>“Oakley Capital”</b>	Oakley Capital Limited, financial advisers to Keycom;
<b>“Objection Notice”</b>	has the meaning given to that term in paragraph 2 of this announcement;
<b>“Offer”</b>	the cash offer to be made by UKB Networks at the Offer Price in accordance with Part 28 of the Companies Act to acquire the entire issued and to be issued ordinary share capital of Keycom on the terms and subject to the conditions set out in this announcement and to be set out in the Offer Document and the Form of Acceptance and, where the context admits, any subsequent revision, variation, extension or renewal of such offer;
<b>“Offer Document”</b>	the document to be sent to Keycom Shareholders which will contain, among other things, the terms and conditions of the Offer;
<b>“Offer Period”</b>	the period commencing on the date of this announcement and ending on the earlier of the date on which the Offer becomes or is declared unconditional as to acceptances and/or the date on which the Offer lapses or is withdrawn (or such other date as the Panel may decide);
<b>“Offer Price”</b>	has the meaning given to that term in paragraph 2 of this announcement;

<b>“Opening Position Disclosure”</b>	an announcement containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the offer if the person concerned has such a position;
<b>“Panel”</b>	the Panel on Takeovers and Mergers;
<b>“PCCW Global Group”</b>	has the meaning given to that term in paragraph 3 of this announcement;
<b>“Phase 2 CMA reference”</b>	a reference of the Offer to the Chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013;
<b>“Phase 2 European Commission proceedings”</b>	proceedings initiated by the European Commission under Article 6(1)(c) of Council Regulation 139/2004/EC in respect of the Offer;
<b>“pounds”, “£” or “pence”</b>	the lawful currency of the United Kingdom;
<b>“PRC”</b>	the People’s Republic of China;
<b>“Publicly Announced”</b>	fairly disclosed in any public announcement by Keycom to any Regulatory Information Service;
<b>“Regulatory Information Service”</b>	any of the services authorised from time to time by the Financial Conduct Authority for the purposes of disseminating regulatory announcements;
<b>“related parties”</b>	in relation to a director, means those persons whose interests in shares the director would be required to disclose pursuant to Part 22 of the Companies Act and related regulations;
<b>“Restricted Jurisdiction”</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to Keycom Shareholders in that jurisdiction;
<b>“short position”</b>	means any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery;
<b>“Third Party”</b>	any central bank, government, government department or governmental, quasi-governmental, supranational, statutory, regulatory, administrative, fiscal, or investigative body, authority (including any national anti-trust or merger control authority), court, trade agency, association, institution or professional or environmental body, employee representative body or any other person or body whatsoever in any relevant jurisdiction;
<b>“Total Deferred Consideration Adjustment”</b>	has the meaning given to that term in the Deferred Consideration Agreement;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“UKB Networks”</b>	UKB Networks Limited, a private limited company, incorporated in England and Wales with registered number 08966182;

<b>“US” or “United States”</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
<b>“US GAAP”</b>	United States generally accepted accounting principles and practices of the Financial Accounting Standards Board (and its predecessors) and the American Institute of Certified Public Accountants;
<b>“VAT”</b>	within the European Union, such tax as may be levied in accordance with the EU VAT Directive (Directive 2006/112/EC) and, outside the European Union, any tax levied by reference to added value, use or supplies; and
<b>“Warrants”</b>	the warrants granted by Keycom to EOL Limited (in liquidation) under a warrant instrument dated 30 March 2007.

In this announcement:

- (i) the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine and neutral gender; and
- (ii) references to legislation are to English legislation unless the contrary is indicated, and any reference to any provision of any legislation includes any amendment, modification, re-enactment or extension thereof.

**All time referred to in this announcement are to London time unless otherwise stated.**