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**O-NET COMMUNICATIONS (GROUP) LIMITED**

**昂納光通信（集團）有限公司**

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

**(Stock Code: 877)**

**DISCLOSEABLE TRANSACTION –  
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF  
AVENSYS INC. AND THE SALE LOAN**

**THE SALE AND PURCHASE AGREEMENT**

On 30 January 2015 (after trading hours), the Company and the Vendor entered into the Sale and Purchase Agreement pursuant to which the Company has agreed to acquire and the Vendor has agreed to sell the Sale Shares, representing the entire issued shares of the Target Company, and the Sale Loan, at the total Purchase Price of US\$5.0 million.

The Acquisition was simultaneously completed upon signing of the Sale and Purchase Agreement. The Target Company has become a wholly-owned subsidiary of the Company upon the Completion, the financial results of the Target Group will be consolidated into the consolidated financial statements of the Group.

The Target Group is principally engaged in design, manufacture, distribution, and marketing of high reliability optical components and modules as well as fiber bragg gratings (FBGs) for the telecom market and high power devices and sub-assemblies for the industrial market. Further information on the Target Group has been disclosed under the paragraph headed “INFORMATION OF THE TARGET GROUP” below.

**GENERAL**

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

On 30 January 2015 (after trading hours), the Company and the Vendor entered into the Sale and Purchase Agreement pursuant to which the Company has agreed to acquire and the Vendor has agreed to sell the Sale Shares, representing the entire issued shares of the Target Company, and the Sale Loan at the Purchase Price of US\$5.0 million in total.

## **THE SALE AND PURCHASE AGREEMENT**

Date: 30 January 2015

Parties: (1) Purchaser: the Company

(2) Vendor: Advance Photonics Investments Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is the Independent Third Party.

### **Assets to be acquired**

Pursuant to the Sale and Purchase Agreement, the Company has agreed to acquire and the Vendor has agreed to sell the Sale Shares and the Sale Loan free from all liens, claims, equities, charges, encumbrances or third-party rights of whatsoever nature and with all rights now or hereafter becoming attached thereto (including, the right to receive all dividends and distributions declared, made or paid on or after the date of the Sale and Purchase Agreement).

The Sale Shares represent the entire issued share capital of the Target Company. The Sale Loan represent the aggregate principal amount of the interest-bearing loans owing by the Target Group to the Vendor which amounted to approximately CAD\$8,696,419 as at the date of the Sale and Purchase Agreement.

### **The Purchase Price**

The Purchase Price for the Sale Shares is US\$1.8 million which shall be paid in cash within five business days after the Completion and the Purchase Price for the Sales Loan is US\$3.2 million which shall be repaid in cash within 12 months after the Completion. The Purchase Price was agreed between the Company and the Vendor after arm's length negotiations with reference to the established business network and scale of the Target Group. For the details of financial information of the Target Group, please refer to the paragraph headed "INFORMATION OF THE TARGET GROUP" below.

The Purchase Price will be funded by the internal resources of the Company.

### **Conditions**

The Sale and Purchase Agreement is unconditional.

### **Completion**

The Acquisition was simultaneously completed upon signing of the Sale and Purchase Agreement. The Target Company has become a wholly-owned subsidiary of the Company upon the Completion, the financial results of the Target Group will be consolidated into the consolidated financial statements of the Group.

## INFORMATION OF THE TARGET GROUP

The Target Company is a corporation governed by the *Business Corporations Act* (Québec) on 29 May 1995. The Target Company and its wholly-owned subsidiary, ITF Laboratories Inc., a corporation governed by the *Business Corporations Act* (Québec) on 6 May 2005, are principally engaged in design, manufacture, distribution, and marketing of high reliability optical components and modules as well as fiber bragg gratings (FBGs) for the telecom market and high power devices and sub-assemblies for the industrial market.

Below are the financial information of the Target Group for the two years ended 31 December 2013 and 31 December 2014

	<b>For the year ended 31 December</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>CAD\$</b>	<b>CAD\$</b>
Revenue for continuing operations	20,726,259	17,596,352
Net loss after taxation	583,448	911,476

As at 31 December 2014, the Target Group had unaudited net assets of approximately CAD\$224,064. The Target Group recorded Non-GAAP net profit for the year ended 31 December 2014 of CAD\$3,555,532.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company and the Group is principally engaged in design, manufacture and sale of optical networking subcomponents, components, modules and subsystem used in high-speed telecommunications and data communications, as well as optical and electronic products for industrial automation and consumer electronics markets.

The Target Group designs, manufactures, distributes, and markets high reliability optical components and modules as well as fiber bragg gratings (FBGs) for the telecom market and high power devices and sub-assemblies for the industrial market. The Target Group is also a pioneer in the development of packaged fiber-based sensors and instrumentation and possesses leading edge intellectual property.

The Target Group is managed by the Company pursuant to the management agreement dated 20 October 2014 and its amendment agreement dated 24 October 2014 (collectively, the “Management Agreement”) entered into by the Company as manager and, among others, the Vendor, whereby the Company was appointed as the manager to provide management services in respect of, among others, the Vendor and the Target Group at a remuneration of EUR1,500,000 per annum, and Mr. Na Qinglin was acting as director of the Vendor and the Target Group pursuant to the terms and conditions of the Management Agreement.

The Directors believe that the strong operation of the Target Group would create synergies effect with the Group in terms of customers and technologies and consider that the Acquisition represented an opportunity for the Group to further enhance its technology leadership in optical networking as well as industrial sensing and automation markets, and therefore are of the view that the terms of the Sale and Purchase Agreement (including the Purchase Price) are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used therein:

“Acquisition”	the acquisition of the Sale Shares and the Sale Loan by the Company from the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of the Directors
“CAD\$”	the lawful currency of Canada
“Company”	O-Net Communications (Group) Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the main board of the Stock Exchange (Stock code: 877)
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Loan in accordance with the terms and conditions of the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“EUR”	the official currency of the Eurozone
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected person(s) (as defined under the Listing Rules)
“Purchase Price”	US\$5.0 million, being the aggregate consideration for the Sale Shares and the Sale Loan payable by the Company to the Vendor pursuant to the Sale and Purchase Agreement

“Sale and Purchase Agreement”	the unconditional sale and purchase agreement dated 30 January 2015 and entered into between the Company as purchaser and the Vendor as vendor in relation to the Acquisition
“Sale Loan”	the aggregate principal amount of the interest-bearing loans owing by the Target Group to the Vendor which amounted to approximately CAD\$8,696,419 as at the date of the Sale and Purchase Agreement and subsequently purchased by the Company for US\$3.2 million
“Sale Shares”	15,746,369 shares in the share capital of the Target Company in the name of and beneficially owned by the Vendor, representing the entire issued shares of the Target Company and 1,000,000 shares in the share capital of the wholly-owned subsidiary of the Target Company in the name of and beneficially owned by the Target Company, representing the entire issued shares of the wholly-owned subsidiary of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Avensys Inc., a corporation governed by the <i>Business Corporations Act</i> (Québec), Canada
“Target Group”	the Target Company and its wholly-owned subsidiary, ITF Laboratories Inc. a corporation governed by the <i>Business Corporations Act</i> (Québec), Canada
“Vendor”	Advance Photonics Investments Limited, a company incorporated in Hong Kong with limited liability
“HK\$”	Hong Kong dollars(s), the lawful currency of Hong Kong
“US\$”	the lawful currency of United States of America

By Order of the Board  
**O-Net Communications (Group) Limited**  
**Na QingLin**  
*Co-Chairman and Chief Executive Officer*

Hong Kong, 30 January 2015

*As at the date of this announcement, the executive Director is Mr. Na Qinglin, the non-executive Directors are Mr. Tam Man Chi, Mr. Chen Zhujiang and Mr. Huang Bin, and the independent non-executive Directors are Mr. Deng Xinping, Mr. Ong Chor Wei and Mr. Zhao Wei.*