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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)

ADOPTION OF RESTRICTED SHARE AWARD SCHEME

The Board is pleased to announce that it has adopted the Scheme as an incentive to recognise the contributions by employees and to give incentives in order to retain them for their continuing operation and development and to attract suitable personnel for further development of the Group.

Pursuant to the Scheme Rules, the Restricted Shares will be comprised of Shares subscribed for or purchased by the Trustee out of cash arranged to be paid by the Company out of the Company's funds to the Trustee and be held on trust for the relevant Selected Grantees until such Shares are vested with the relevant Selected Grantees in accordance with the Scheme Rules.

The Board will implement the Scheme in accordance with the Scheme Rules including providing necessary funds to the Trustee for purchase or subscribe for Shares up to 10% of the issued share capital of the Company from time to time.

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The Board will implement the Scheme in accordance with the terms of the Scheme Rules including providing necessary funds to the Trustee for purchase or subscribe for Shares up to 10% of the issued share capital of the Company from time to time.

The Company appointed O-Net Share Award Plan Limited as the Trustee. The Trustee is entitled to a service fee from the Company which shall not exceed HK\$1 million per annum for its services and to reimburse the actual expenses involved in the operation of the trust. The service fees to be paid to the Trustee are determined after considering the service fees to be charged by other independent trustee companies and on arm's length negotiations between the Company and the Trustee. The Directors (including the independent non-executive Directors) consider that the services to be provided by the Trustee are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The service fees payable to the Trustee is exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A.33(3) of the Listing Rules.

No Shareholders' approval is required for adoption or implementation of the Scheme.

LISTING RULES IMPLICATION

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. The Scheme will be in parallel with the Company's share option scheme adopted on 9 April 2010 or such other share option scheme to be adopted by the Company pursuant to Chapter 17 of the Listing Rules from time to time. All options granted under the Company's share option scheme will continue to be valid and exercisable subject to and in accordance with the terms of the share option scheme.

Pursuant to the Scheme, existing Shares will be purchased or new Shares will be subscribed for by the Trustee and be held on trust for the relevant Grantees. Accordingly, if the Board selects a Director or a connected person (as defined under the Listing Rules) as the Selected Grantee, the grant of the Restricted Shares to the Director or a connected person will only in the form of existing Shares to be purchased by the Trustee. However, given the grant of the Restricted Shares to a Director will form part of the remuneration of the relevant Director, such grant of the Restricted Shares are exempted from all the reporting, announcement and independent Shareholders' approval requirements under Rule 14A.31(6) of the Listing Rules. However, any grant of the Restricted Shares to any director or senior management of the Company must first be approved by the remuneration committee of the Company.

REASONS FOR THE ADOPTION OF THE SCHEME

The Directors strongly believe that the continued success of the Group is closely tied with the commitment and efforts of the employees of the Group. The Restricted Shares can serve as an incentive to motivate them to further contribute to the Group. The Restricted Shares to be awarded will be with reference to the performance, operating and financial targets and other criteria determined by the Board from time to time. The awards under the Scheme, if implemented, would have the incidental effect of allowing the Trustee to purchase the Shares at the most advantageous pricing within the allowed window.

A summary of the Scheme Rules is set out below:

SUMMARY OF THE SCHEME RULES

Purposes and Objectives

The purpose of the Scheme is to recognise the contributions by employees and to give incentives in order to retain them for their continuing operation and development and to attract suitable personnel for further development of the Group.

Administration

The Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules.

Maximum Limit

The Board shall not make any further award of the Restricted Shares which will result in the aggregate number of the Restricted Shares awarded by the Board throughout the duration of the Scheme to be in excess of 10% of the issued share capital of the Company from time to time.

Restrictions

No instructions and no payments to purchase Shares shall be given to the Trustee when any Directors is in possession of unpublished inside information in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

Operation

Pursuant to the Scheme Rules, the Board may, from time to time, at their absolute discretion select the Grantee(s) (excluding any Excluded Grantee) after taking into account various factors as they deem appropriate for participation in the Scheme as a Grantee and determines the number of Restricted Shares to be awarded. The Board shall cause to pay the Trustee the purchase price and the related expenses from the Company's resources for the Shares to be purchased by the Trustee.

The Trustee shall hold such Restricted Shares on trust for the Selected Grantees until they are vested. When the relevant Selected Grantee has satisfied all vesting conditions specified by the Board at the time of making the award and become entitled to the Restricted Shares, the Trustee shall transfer the relevant Restricted Shares to that Grantee. The relevant Selected Grantee however is not entitled to receive any income or distribution, such as dividend derived from the Restricted Shares allocated to him, prior to the vesting of the Restricted Shares. The said income

or distributions shall be used by the Trustee for purchase of further Shares for the Scheme (or may be used as payment of the Trustee's fees or expenses at the election of the Company when appropriate).

Vesting and Lapse

Unless otherwise determined by the Board at its discretion, the Restricted Shares held by the Trustee upon the Trust and which are referable to a relevant Selected Grantee shall not vest in the relevant Selected Grantee in the event that the relevant Selected Grantee fails to satisfy the condition(s) as specified in offer letter issued pursuant to the Scheme.

Unless otherwise determined by the Board at its discretion, an award shall automatically lapse when (i) a Selected Grantee who is an Employee ceases to be an Employee; or (ii) the subsidiary by which a Selected Grantee is employed ceases to be a subsidiary of the Company (or of a member of the Group); (iii) a Selected Grantee who is a director of the Company or a subsidiary of the Company ceases to be a director of the same; or (iv) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company). Save for point (iv) above and unless otherwise determined by the Board at its discretion, the relevant Restricted Shares awarded shall not vest on the relevant vesting date but shall become Returned Shares and shall be held as Returned Shares for the purposes of the Scheme.

In the event (i) a Selected Grantee is found to be an Excluded Grantee or (ii) a Selected Grantee fails to return duly executed transfer documents within the stipulated period, the relevant part of an award made to such Selected Grantee shall automatically lapse forthwith and the relevant Shares awarded shall not vest on the relevant vesting date but shall become Returned Shares for the purposes of the Scheme.

The Trustee shall hold Returned Shares exclusively for the benefit of all or one or more of the Grantees (including future Grantees but excluding any Excluded Grantee) and may allocate such Returned Shares as Restricted Shares to any Grantees upon instructions by the Company.

Voting Rights

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust (including but not limited to the Restricted Shares, and further Shares acquired out of the income derived therefrom).

Duration and Termination

The Scheme shall be effective for a term of 10 years commencing on the Adoption Date subject

to any early termination as may be determined by the Board. Such early termination of the Scheme shall not affect any subsisting rights of any Selected Grantee hereunder.

Upon termination, all Restricted Shares shall become vested on the Selected Grantees so referable on such date of termination, subject to the receipt by the Trustee of the transfer documents duly executed by the Selected Grantees within the stipulated period. Net sale proceeds (after making appropriate deductions) of the Returned Shares and such non-cash income together with the residual cash and such other funds remaining in the Trust shall be remitted to the Company forthwith after the sale.

DEFINITIONS

“Adoption Date”	9 May 2014, being the date when the Scheme was adopted by the Board
“Board”	the board of Directors
“Company”	O-Net Communications (Group) Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange (stock code: 877)
“Eligible Person”	any Employee or director (including, without limitation, any executive directors, non-executive directors or independent non-executive directors) of any member of the Group
“Employee(s)”	any employee (whether full time or part time) of the Company or any Subsidiary
“Excluded Grantee(s)”	any Grantee who is resident in a place where the settlement of the cost of acquiring the Restricted Shares and the award of the Restricted Shares and/or the award of the Returned Shares and/or the vesting and transfer of Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or where in the view of the Board (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such Grantee
“Director(s)”	director(s) of the Company
“Grantee(s)”	any Eligible Person or such Eligible Person’s wholly-owned company or trust (the beneficiaries of which include such Eligible Person and/or his immediate family members)

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Returned Shares”	any Restricted Shares and the related income which are not vested and/or forfeited in accordance with the terms of the Scheme Rules
“Restricted Shares”	in respect of an Selected Grantee, such number of Shares determined by the Board and subscribed for or purchased by the Trustee out of cash arranged to be paid by the Company out of the Company’s funds to the Trustee, pursuant to the Scheme, together with in either case any scrip Shares or bonus Shares referable to those Shares
“Scheme”	the restricted share award scheme adopted by the Board on the Adoption Date
“Scheme Rules”	the rules relating to the Scheme adopted by the Board
“Selected Grantee(s)”	the Grantee selected by the Board to participate in the Scheme
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Shareholders”	the holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trustee”	O-Net Share Award Plan Limited, the trustee appointed by the Company for the administration of the Scheme which is wholly-owned by Mr. Na Qinglin, the Co-Chairman, Chief Executive Officer and an executive Director of the Company

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

Hong Kong, 9 May 2014

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 Xinpeng, Mr. Ong Chor Wei and Mr. Zhao Wei.