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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)**

### **CONTINUING CONNECTED TRANSACTION**

The Board announces that on 31 January 2013, O-Net Shenzhen entered into the Tenancy Agreement with the Tenant for the leasing of the Premises.

The Tenant is owned as to 80% by Mr. Na, the co-chairman, the chief executive officer and an executive Director of the Company, and is therefore an associate of Mr. Na and a connected person of the Company, and the transaction contemplated under the Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (other than the profits ratio) in respect of the maximum aggregate amount of rentals and reimbursements payable by the Tenant under the Tenancy Agreement are, on an annual basis, less than 5% but the annual consideration is more than HK\$1,000,000, the transaction contemplated under the Tenancy Agreement is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual review requirements set out in Rules 14A.37 to 14A.40 and the requirements set out in Rules 14A.35(1) and 14A.35(2), and is exempt from independent Shareholders' approval requirements under Rule 14A.48 of the Listing Rules.

#### **TENANCY AGREEMENT**

- Date : 31 January 2013
- Parties : (1) O-Net Shenzhen, a wholly-owned subsidiary of the Company, as landlord; and
- (2) the Tenant, which is owned as to 80% by Mr. Na, the co-chairman, the chief executive officer and an executive Director of the Company, and is therefore an associate of Mr. Na and a connected person of the Company under Chapter 14A of the Listing Rules.
- Term : Three (3) years commencing on 1 February 2013 and ending on 31 January 2016 (both days inclusive)

- Premises : East Portion, 6/F., O-Net Park Complex, No. 35 Cuijing Road, Pingshan New District, Shenzhen, the PRC and up to 20 units of the vacant staff quarters of the adjacent dormitory building
- Rentals : RMB52,500, being the monthly rental for the Factory, and RMB8,000, being the maximum monthly rental for the Dormitory (both amounts inclusive of management fee, security charges and sanitation service fees), together with reimbursement of utilities charges, being electricity and water fees, payable by O-Net Shenzhen up to RMB200,000 per month

The cap for the rentals of the Premises and the utilities charges receivable from the Tenant under the Tenancy Agreement for three years ending 31 December 2015 is approximately RMB2,865,500 and RMB3,126,000 and RMB3,126,000 respectively, and for the period from 1 January 2016 to 31 January 2016 is approximately RMB260,500.

### **REASON FOR ENTERING INTO TENANCY AGREEMENT**

The entering into of the Tenancy Agreement enables the Group to have a steady rental income from its holding of trading properties. The Tenancy Agreement has been entered into on normal commercial terms. The terms of the Tenancy Agreement were negotiated between the parties with reference to the fair market rentals of the Premises.

The Board (including the independent non-executive Directors) considered that the Tenancy Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Group, the terms of which are fair and reasonable and in the interest of the Shareholders as a whole. The Board (including the independent non-executive Directors) is also of the view that the caps are fair and reasonable.

The Tenant is owned as to 80% by Mr. Na, the co-chairman, the chief executive officer and an executive Director of the Company, and is therefore an associate of Mr. Na and a connected person of the Company under Chapter 14A of the Listing Rules. In view of the fact that Mr. Na has a material interest in the Tenancy Agreement, he has abstained from voting in respect of the Board resolution for approving the Tenancy Agreement.

### **LISTING RULES REQUIREMENTS**

As the Tenant is owned as to 80% by Mr. Na, the co-chairman, the chief executive officer and an executive Director of the Company, the Tenant is an associate of Mr. Na and a connected person of the Company, and the transaction contemplated under the Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (other than the profits ratio) in respect of the maximum aggregate amount of rentals and reimbursements payable by the Tenant under the Tenancy Agreement are, on an annual basis, less than 5% but the annual consideration is more than HK\$1,000,000, the transaction contemplated under the Tenancy Agreement is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual review requirements set out in Rules 14A.37 to 14A.40 and the requirements set out in Rules 14A.35(1) and 14A.35(2), and is exempt from independent Shareholders' approval requirements under Rule 14A.48 of the Listing Rules.

## GENERAL

The Company is an investment holding company and the Group is principally engaged in design, manufacturing and sale of optical networking subcomponents, components, modules and subsystem used in high-speed telecommunications and data communications.

The Tenant is principally engaged in design, manufacturing and sale of micro-projectors and interactive products in the PRC.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	O-Net Communications (Group) Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Dormitory”	up to 20 units of the vacant staff quarters of the dormitory building adjacent to the Factory
“Factory”	East Portion, 6/F., O-Net Park Complex, No. 35 Cuijing Road, Pingshan New District, Shenzhen, the PRC
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Na”	Mr. Na Qinglin, the co-chairman, the chief executive officer and an executive Director of the Company
“O-Net Shenzhen”	昂納信息技術（深圳）有限公司 (O-Net Communications (Shenzhen) Limited), a company incorporated in PRC with limited liability and is a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Premises”	the Factory and the Dormitory

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 31 January 2013 entered into between O-Net Shenzhen as landlord and the Tenant in respect of the leasing by the Tenant of the Premises for a term of three (3) years commencing from 1 February 2013 to 31 January 2016 (both days inclusive)
“Tenant”	紅蝶科技（深圳）有限公司 (Butterfly Technology (Shenzhen) Limited), a company incorporated in the PRC with limited liability which is owned as to 80% by Mr. Na
“%”	per cent.

On behalf of the Board  
**O-Net Communications (Group) Limited**  
**Na Qinglin**  
*Co-Chairman and Chief Executive Officer*

Hong Kong, 31 January 2013

*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.*