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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)

COMPLETION OF PLACING OF EXISTING SHARES; AND WAIVER OF A CONDITION TO THE SUBSCRIPTION AGREEMENT

Placing Agents

Piper Jaffray

NOMURA

Reference is made to the announcement (the “**Announcement**”) of the Company dated 1 November 2010 in relation to the Placing and the Subscription. Unless otherwise mentioned herein, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

COMPLETION OF PLACING OF EXISTING SHARES

Completion of the Placing took place on 4 November 2010 in accordance with the terms and conditions of the Placing Agreement. The Placing Agents successfully placed a total of 115,293,000 Placing Shares, representing approximately 14.91% of the Company’s existing issued share capital as at the date of this announcement; and approximately 13.84% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, for and on behalf of the Vendors to not less than six Placees who are independent of and not connected with any of the Company and its subsidiaries, their respective directors, chief executives, substantial shareholders, and their respective associates (as defined in the Listing Rules), and are not parties acting in concert with the Vendors, at the Placing Price of HK\$5.50 per Placing Share.

WAIVER OF A CONDITION TO THE SUBSCRIPTION AGREEMENT

As disclosed in the Announcement, completion of the Subscription Agreement was conditional upon (i) the completion of the Placing; (ii) the Stock Exchange granting listing of and permission to deal in the Subscription Shares; and (iii) the Executive Director of the Corporate Finance Division of the SFC granting the First Vendor a waiver from the obligation to make a general offer under the Takeovers Code with respect to its acquisition of the Subscription Shares.

Subsequent to the issue of the Announcement, the Board was notified that the First Vendor and the Second Vendor are presumed to be parties acting in concert under the Takeovers Code. On this basis, with reference of the shareholding structure of the Company immediately before and after completion of the Placing and the Subscription (as shown in the shareholding table below), the Placing and the Subscription will not trigger any general offer obligations on the part of the

First Vendor under the Takeovers Code. Therefore, the original condition to completion of the Subscription relating to the Executive Director of the Corporate Finance Division of the SFC granting the First Vendor a waiver from the obligation to make a general offer under the Takeovers Code with respect to its acquisition of the Subscription Shares is no longer required, and is agreed to be waived by the Company and the First Vendor. As a result, the Subscription has become conditional upon (i) the completion of the Placing; and (ii) the Stock Exchange granting listing of and permission to deal in the Subscription Shares. As at the date of this announcement, condition (i) has been fulfilled.

SHAREHOLDING STRUCTURE OF THE COMPANY

The changes of the shareholding of the Company as a result of the completion of the Placing and the completion of the Subscription are as follows:

	Shareholding immediately before completion of the Placing		Shareholding after the Placing but before the Subscription		Shareholding after the Placing and Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
The First Vendor (Note 1)	280,003,463	36.22	190,003,463	24.58	250,003,463	30.01
The Second Vendor (Note 2)	<u>252,929,237</u>	<u>32.71</u>	<u>227,636,237</u>	<u>29.44</u>	<u>227,636,237</u>	<u>27.32</u>
Subtotal of the First Vendor and the Second Vendor	532,932,700	68.93	417,639,700	54.02	477,639,700	57.33
Mr. Tam Man Chi	9,337,480	1.21	9,337,480	1.21	9,337,480	1.12
The placees	0	0	115,293,000	14.91	115,293,000	13.84
Other public	<u>230,825,060</u>	<u>29.86</u>	<u>230,825,060</u>	<u>29.86</u>	<u>230,825,060</u>	<u>27.71</u>
Total	<u><u>773,095,240</u></u>	<u><u>100.00</u></u>	<u><u>773,095,240</u></u>	<u><u>100.00</u></u>	<u><u>833,095,240</u></u>	<u><u>100.00</u></u>

Notes:

1. The First Vendor is owned as to 49.18% by Mandarin IT Fund I (Note 3), 23.70% by Mariscal Limited (Note 4), 18.48% by O-Net Employee Plan Limited (Note 6), 6.95% by Mr. Na Qinglin and 1.69% by Mr. Xue Yahong as at the date of this announcement;
2. The Second Vendor is wholly-owned by Shenzhen Kaifa Technology Co., Ltd., approximately 49.64% of which is owned by Great Wall Technology Company Limited, a company incorporated in the PRC and is listed on the Stock Exchange (Stock code: 74);
3. Mandarin IT Fund I is owned as to 37.25% by HC Capital Limited, an indirect wholly-owned subsidiary of Hsin Chong International Holdings Limited with Mr. Yeh Meou Tsen Geoffrey as its controlling shareholder; therefore, each of Mandarin IT Fund I, HC Capital Limited, Hsin Chong International Holdings Limited and Mr. Yeh Meou Tsen Geoffrey is deemed to be interested in 280,003,463 Shares under the SFO;

4. Mariscal Limited is held as to 44.45% by Mandarin IT Fund I and as to 55.55% by Mandarin Assets Limited (Note 5);
5. Mandarin Assets Limited is 100% owned by Mr. Na Qinglin; and
6. O-Net Employee Plan Limited is held as to approximately 33.33% respectively by Mr. Na Qinglin, Mr. Tam Man Chi and Mr. Xue Yahong.

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

Hong Kong, 4 November 2010

As at the date of this announcement, the executive Directors are Mr. Na Qinglin and Mr. Xue Yahong, 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 Xiping, Mr. Bai Xiaoshu and Mr. Ong Chor Wei.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.