

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



O-NET TECHNOLOGIES (GROUP) LIMITED

昂納科技（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 877)

CONNECTED TRANSACTION FORMATION OF THE JV COMPANY

FORMATION OF THE JV COMPANY

The Board is pleased to announce that on 2 August 2017 (after trading hours), O-Net Coating, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with Butterfly in relation to the formation of the JV Company. The JV Company shall be owned as to 50% by O-Net Coating and 50% by Butterfly.

GENERAL

As at the date of this announcement, Butterfly is wholly-owned by Butterfly Visual which is beneficially owned as to 80% by Mr. Na, the Chairman, Chief Executive Officer and an executive Director of the Company. Therefore, Butterfly is a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The formation of the JV Company contemplated under the Agreement constitute connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Agreement are more than 0.1% but less than 5%, the formation of the JV Company contemplated under the Agreement is subject to reporting and announcement requirements but is exempted from circular and the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 2 August 2017 (after trading hours), O-Net Coating, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with Butterfly in relation to the formation of the JV Company. The JV Company shall be owned as to 50% by O-Net Coating and 50% by Butterfly.

THE AGREEMENT

Date: 2 August 2017 (after trading hours)

Parties: (i) O-Net Coating; and

(ii) Butterfly

Scope of business

The JV Company will principally be engaged in the development of 3D sensing modules for smartphone applications. The JV Company will set up a research and development team to, with the support from Butterfly, design the whole module and algorithms, while the Group shall provide support on light source and filter components.

Capital contribution

The total registered capital of the JV Company is HK\$10,000,000 with each of O-Net Coating and Butterfly investing HK\$5,000,000.

Within 60 days following the issue of the business licence of the JV Company, each of O-Net Coating and Butterfly shall remit HK\$2,500,000 in cash to the JV Company. The remaining balance of HK\$2,500,000 capital contribution of each of O-Net Coating and Butterfly shall be made in cash in accordance with the capital requirement for the operation of the JV Company or, as the case maybe, no later than two years following the issue of the business licence of the JV Company

The capital contribution amount was determined after arm's length negotiation between O-Net Coating and Butterfly having considering the estimated total capital needed for the operation of the JV Company.

It is expected that the capital to be contributed by the Group will be funded by internal resources of the Group.

The JV Company shall not commence business unless it is equipped with other necessary governmental approval, including but not limited to the acceptance from the relevant government authorities on the environmental impact assessment.

Composition of the board of directors

The board of directors of the JV Company shall consist of four directors, two of whom shall be appointed by O-Net Coating and the other two shall be appointed by Butterfly.

Restrictions on the transfer of equity interests

The parties may not transfer or assign all or any part of its equity interest in the JV Company without the written consent from the other party.

INFORMATION ON THE PARTIES TO THE AGREEMENT

O-Net Coating is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company.

The Group is principally engaged in the design, manufacturing and sale of optical networking products for the highspeed telecommunications and data communications systems, machine vision systems and sensors for smart manufacturing market, coating services for consumer electronics products as well as optical components for LiDAR in ADAS application.

Butterfly is a company incorporated in Hong Kong with limited liability and is wholly-owned by Butterfly Visual which is beneficially owned as to 80% by Mr. Na as at the date of this announcement. Butterfly is principally engaged in investment holding while Butterfly Visual is a high-tech company engaged in design and development, and manufacture of micro optical engine and light source for projector, and interactive projection computer for consumer electronics market by its IPs and know-hows of optical and algorithms technologies.

REASONS FOR AND THE BENEFITS OF THE TRANSACTION

The Group successfully tapped into the consumer electronics market especially the smartphone market leveraging on its advanced optical coating and processing technology platform. The Board considers that the formation of the JV Company will further expand the business scope of the Group in the consumer electronics market.

In view of the above, the Directors (including independent non-executive Directors but excluding Mr. Na, who has material interests in the transaction contemplated under the Agreement) consider that the terms of the Agreement are fair and reasonable, on normal commercial terms and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and are in the interest of the Company and its Shareholders as a whole.

As Mr. Na is considered to have a material interest in the Agreement and the formation of the JV Company contemplated thereunder, he was required to abstain, and has abstained, from voting on the relevant Board resolution to approve the Agreement and formation of the JV Company contemplated thereunder. Save for the above, no other Director has a material interest in the transaction and was required to abstain from voting on the relevant Board resolution to approve the same.

LISTING RULES IMPLICATION

As at the date of this announcement, Butterfly is wholly-owned by Butterfly Visual which is beneficially owned as to 80% by Mr. Na, the Chairman, Chief Executive Officer and an executive Director of the Company. Therefore, Butterfly is a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The formation of the JV Company contemplated under the Agreement constitute connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Agreement are more than 0.1% but less than 5%, the formation of the JV Company contemplated under the Agreement is subject to reporting and announcement requirements but is exempted from circular the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Agreement”	the agreement dated 2 August 2017 entered into by O-Net Coating and Butterfly in relation to the formation of the JV Company
“Board”	the board of Directors
“Butterfly”	Butterfly Technologies (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by Butterfly Visual as at the date of this announcement
“Butterfly Visual”	Butterfly Visual Technology Limited, a company incorporated in the Cayman Islands with limited liability and is beneficially owned as to 80% by Mr. Na as at the date of this announcement
“Company”	O-Net Technologies (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)

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“JV Company”	昂红科技（深圳）有限公司（O-Net Butterfly Technologies (Shenzhen) Company Limited*), a company incorporated in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Na”	Mr. Na Qinglin, the Chairman, Chief Executive Officer and executive Director of the Company
“O-Net Coating”	O-Net Coating and Materials Technologies (HK) Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
“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
“%”	per cent.

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

Hong Kong, 2 August 2017

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.

** For identification purposes only*