

Na Qinglin

Mandarin Assets Limited

O-Net Holdings (BVI) Limited

O-Net Share Award Plan Limited

Kaifa Technology (HK) Limited

LVC Technology Legend Limited

Shenzhen Zhengxinhe Consultancy Company Limited (深圳市正信禾咨询有限责任公司)

Optical Alpha Limited

Optical Beta Limited

CONSORTIUM AGREEMENT

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This **CONSORTIUM AGREEMENT** (this “**Agreement**”) dated 7 July 2020 is made between:

1. Mr. Na Qinglin, holder of Hong Kong passport bearing number K04219908 whose address is at Flat 16B, 1st Building, Block 4, Group II, Shijicun, Nanshan, Shenzhen, the People’s Republic of China (“**Mr. Na**”);
2. Mandarin Assets Limited, a business company incorporated under the laws of the British Virgin Islands, whose registered address is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (“**Mandarin Assets**”);
3. O-Net Holdings (BVI) Limited, a business company incorporated under the laws of the British Virgin Islands, whose registered address is at Commerce House, Wickhams Cay I, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG1110 (“**O-Net BVI**”);
4. O-Net Share Award Plan Limited, a business company incorporated under the laws of the British Virgin Islands, whose registered address is at Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands (“**O-Net SAPL**”, together with Mandarin Assets and O-Net BVI, the “**Mr. Na Related Shareholders**”);
5. Kaifa Technology (HK) Limited, a company incorporated under the laws of Hong Kong, whose registered address is at Room 2201, Hong Kong Worsted Mills Industrial Building, 31-39 Wo Tong Tsui Street, Kwai Chung, New Territories, Hong Kong (“**Kaifa**”, together with Mandarin Assets, O-Net BVI and O-Net SAPL, the “**Existing Shareholders**”);
6. LVC Technology Legend Limited, an exempted company incorporated under the laws of the Cayman Islands, whose registered address is at Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands (“**LVC**” or the “**Equity Investor**”); and
7. Shenzhen Zhengxinhe Consultancy Company Limited (深圳市正信禾咨询有限责任公司), a company established under the laws of the People’s Republic of China, whose registered address is at Level 18, Building No. C, Shenzhen International Innovation Center (Futian Science and Technology Plaza), Block C, No.1006 Shennan Avenue, Xintian Community, Huaifu Street, Futian District, Shenzhen City (the “**Subscription Investor**”);
8. Optical Alpha Limited, a business company incorporated under the laws of the British Virgin Islands, whose registered address is at Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands (“**Holdco**”); and
9. Optical Beta Limited, a business company incorporated under the laws of the British Virgin Islands, whose registered address is at Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands (“**Offeror**”).

WHEREAS:

- (A) The Key Sponsors intend to submit, through the Offeror, to the Board of O-Net Technologies (Group) Limited, a company incorporated under the laws of the Cayman Islands (the “**Company**”), whose Shares are listed on the Stock Exchange (Stock Code: 877), the Proposal in connection with the privatisation of the Company by way of the Scheme and the withdrawal of listing of the Company from the Stock Exchange as a result of the privatisation (together, the “**Transaction**”).
- (B) Holdco and Offeror were formed in connection with the Transaction. The Mr. Na Related Shareholders, the Equity Investor and Holdco entered into the Holdco Offshore Subscription Agreement on 6 July 2020 for the subscription of new Holdco Shares, such that upon completion

of the Holdco Offshore Subscription Agreement and as at the date of this Agreement, the shareholding structure of Holdco is as set out in Schedule 3B(i). The Subscription Investor, the Mr. Na Related Shareholders, the Equity Investor and Holdco entered into the Holdco Onshore Subscription Agreement on 6 July 2020 for the subscription of new Holdco Shares by the Subscription Investor, such that upon completion of the Holdco Onshore Subscription Agreement, the shareholding structure of Holdco will be that as set out in Schedule 3B(ii). Holdco, Kaifa and Offeror intend to enter into the Offeror Subscription Agreement on or around the date of this Agreement for the subscription of new Offeror Shares, such that upon completion of the Offeror Subscription Agreement, the shareholding structure of Offeror will be that as set out in Schedule 3C.

- (C) Holdco intends to execute a facility agreement with China Merchants Bank Co., Ltd., Hong Kong Branch (the “**Lender**”) on or around the date of this Agreement in respect of debt facilities of HK\$730 million (the “**Holdco Acquisition Financing**”), pursuant to which the Holdco Acquisition Financing will be drawn down by Holdco immediately after the Scheme becomes effective, which in turn will be made available by Holdco to Offeror (by way of settlement of the subscription price of Holdco’s subscription of 513,676,233 Offeror Shares under the Offeror Subscription Agreement) for the purpose of settling the payment of part of the Cash Cancellation Consideration.
- (D) Offeror also intends to execute a facility agreement with the Lender on or around the date of this Agreement in respect of debt facilities of HK\$1.44 billion (the “**Offeror Acquisition Financing**”), pursuant to which the Offeror Acquisition Financing will be drawn down by Offeror immediately after the Scheme becomes effective for the purpose of settling part of the payment of the Cash Cancellation Consideration.
- (E) The Equity Investor has entered into a shareholder’s loan agreement (the “**Holdco Shareholder’s Loan Agreement**”) with Holdco on 6 July 2020, pursuant to which the Equity Investor shall provide a shareholder’s loan in the aggregate amount of HK\$30 million (the “**Holdco Shareholder’s Loan**”) to Holdco for the purpose of payment of fees and expenses as may be incurred in connection with the Acquisition Financing.
- (F) Holdco intends to enter into a shareholder’s loan agreement (the “**Offeror Shareholder’s Loan Agreement**”) with the Offeror on or around the date of this Agreement, pursuant to which Holdco shall provide a shareholder’s loan in the aggregate amount of HK\$20 million to the Offeror for the purpose of payment of fees and expenses as may be incurred by the Offeror in relation to the Acquisition Financing; and subject to the Scheme becoming effective, the shareholder’s loan made pursuant to the Offeror Shareholder’s Loan Agreement shall be set off by HK\$20 million out of the total subscription price payable by Holdco for Offeror Shares under the Offeror Subscription Agreement.

NOW THEREFORE, in consideration of the foregoing recitals and of the mutual agreements and covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 In this Agreement, unless the context requires otherwise:

“**Acquisition Financing**” means the Holdco Acquisition Financing and the Offeror Acquisition Financing;

“**Advisors**” has the meaning ascribed to it in Section 6.1;

“**Announcement**” means the joint announcement to be published by Offeror and the Company pursuant to Rule 3.5 of the Code in respect of the Proposal, substantially in the form contained in Exhibit 1 (subject to such changes as may be requested by the Executive and/or the Stock Exchange);

“**Applicable Laws**” means with respect to any person, any laws, rules, regulations, guidelines, directives, treaties, judgments, decrees, orders or notices of any Authority that is applicable to such persons;

“**Approvals**” means licenses, approvals, permits, consents, permissions, clearances and registrations;

“**Authority**” means any relevant government, administrative or regulatory body, or court, tribunal, arbitrator or governmental agency or authority or department (including any relevant securities exchange) and whether supranational, national, regional or local;

“**Board**” means the board of directors of the Company;

“**Business Day**” means a day on which the Stock Exchange is open for the transaction of business;

“**Cash Cancellation Consideration**” means the consideration in cash payable by the Offeror to the Disinterested Shareholders, being the Cancellation Price for every Scheme Share held by the Disinterested Shareholders cancelled and extinguished pursuant to the Scheme;

“**Cancellation Price**” means the cancellation price of HK\$6.50 for every Scheme Share cancelled and extinguished pursuant to the Scheme payable by the Offeror to the Scheme Shareholders in the form of (i) the Cash Cancellation Consideration in respect of the Disinterested Shareholders; or (ii) the Kaifa Cancellation Consideration in respect of Kaifa; or (iii) the Mr. Na Related Shareholders Cancellation Consideration in respect of the Mr. Na Related Shareholders;

“**Code**” means, at any relevant time, the Hong Kong Code on Takeovers and Mergers in force at that time;

“**Companies Law**” means the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;

“**Court Meeting**” means a meeting of the holders of Scheme Shares convened at the direction of the Grand Court of the Cayman Islands at which the Scheme (with or without modification) will be voted upon;

“**Despatch Date**” means the date of despatch of the Scheme Document;

“**Disinterested Shareholders**” means the Shareholders other than Mr. Na Related Shareholders and Kaifa;

“**Effective Date**” means the date on which the Scheme becomes effective in accordance with the Companies Law;

“**Executive**” means the executive director of the Corporate Finance Division of the SFC, or any delegate of the executive director;

“**Fees**” means any fees, costs and expenses (and Taxes on them), disbursements, stamp, registration and other Taxes;

“**Financial Advisor**” or “**CICC**” means China International Capital Corporation Hong Kong Securities Limited acting as financial advisor to Offeror;

“**General Meeting**” means the extraordinary general meeting of the Company to be held after the Court Meeting for the purpose of approving, among other things, the Reduction and implementation of the Scheme;

“**Group**” means the Company and its subsidiaries;

“**HKIAC**” means the Hong Kong International Arbitration Center;

“**HK\$**” means Hong Kong dollars, the lawful currency of Hong Kong;

“**Holdco Acquisition Financing**” has the meaning given to it in Recital (C);

“**Holdco Share(s)**” means the ordinary share(s) of US\$0.001 par value each in Holdco;

“**Holdco Offshore Subscription Agreement**” means the subscription agreement entered into among Mr. Na Related Shareholders, the Equity Investor and Holdco on 6 July 2020 in relation to the subscription of new Holdco Shares by Mr. Na Related Shareholders and the Equity Investor, the shareholding structure of Holdco upon completion of the Holdco Offshore Subscription Agreement and as at the date of this Agreement is as set out in Schedule 3B(i);

“**Holdco Onshore Subscription Agreement**” means the subscription agreement entered into among the Subscription Investor, the Mr. Na Related Shareholders, the Equity Investor and Holdco on 6 July 2020 in relation to the subscription of new Holdco Shares by the Subscription Investor, such that upon completion of the Holdco Onshore Subscription Agreement, the shareholding structure of Holdco is expected to be that as set out in Schedule 3B(ii);

“**Holdco Shareholder’s Loan**” has the meaning given to it in Recital (E);

“**Holdco Shareholder’s Loan Agreement**” has the meaning given to it in Recital (E);

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**Investors**” means the Existing Shareholders, the Equity Investor and the Subscription Investor;

“**Kaifa Cancellation Consideration**” means the consideration to be received by Kaifa for the cancellation and extinguishment of its 171,121,237 Scheme Shares under the Scheme, which, pursuant to Section 3 and Section 3A of this Agreement, consists of (i) cash (at the Cancellation Price) in consideration for the cancellation and extinguishment of 60,000,000 Scheme Shares out of the 171,121,237 Scheme Shares held by Kaifa and (ii) the crediting of Kaifa’s then unpaid Offeror Shares (to be allotted and issued to Kaifa upon completion of the Offeror Subscription Agreement, as specified in Schedule 3C) as fully paid at the Cancellation Price per Offeror Share in consideration for the cancellation and extinguishment of 111,121,237 Scheme Shares out of the 171,121,237 Scheme Shares held by Kaifa pursuant to the Scheme;

“**Key Sponsors**” means the Mr. Na Related Shareholders;

“**Lender**” has the meaning given to it in Recital (C);

“**Listing Rules**” means the Rules Governing the Listing of Securities on the Stock Exchange;

“**Losses**” means, in respect of any matter, event or circumstance, all actual losses, damages, dues, penalties, fines, interest, cost, disbursements, amounts paid in settlement, liabilities, obligations, taxes, liens, diminutions in value, expenses (including taxes) and fees (including, without limitation, arbitral tribunal costs and attorneys’ fees and expenses);

“**Long Stop Date**” means 28 February 2021 (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Grand Court on application of the Company may allow and in all cases, as permitted by the Executive Director of the Corporate Finance Division of the SFC (the “**SFC Executive Director**”) or any delegate of the SFC Executive Director);

“**Mr. Na Related Shareholders Cancellation Consideration**” means the consideration to be received by the Mr. Na Related Shareholders for the cancellation and extinguishment of their 287,710,833 Scheme Shares under the Scheme, being the crediting of (i) Holdco’s unpaid 287,710,833 Offeror Shares (to be allotted and issued to Holdco upon completion of the Offeror Subscription Agreement, as specified in Schedule 3C) and, in turn (ii) the Mr. Na Related Shareholders’ unpaid Holdco Shares (allotted and issued to the Mr. Na Related Shareholders upon completion of the Holdco Offshore Subscription Agreement, as specified in Schedule 3B(i)) as fully paid pursuant to Section 3 and Section 3A of this Agreement;

“**Offeror Acquisition Financing**” has the meaning given to it in Recital (D);

“**Offeror Share(s)**” means the ordinary share(s) of US\$0.001 par value each in the Offeror;

“**Offeror Shareholder’s Loan Agreement**” has the meaning given to it in Recital (E);

“**Offeror Subscription Agreement**” means the subscription agreement intended to be entered into among Kaifa, Holdco and Offeror on or around the date of this Agreement in relation to the subscriptions of new Offeror Shares by Kaifa and Holdco, such that upon completion of the Offeror Subscription Agreement, the shareholding structure of Offeror is expected to be that as set out in Schedule 3C;

“**Parties**” means the named parties to this Agreement and “**Party**” means any one of them;

“**Proposal**” means the proposal for the privatisation of the Company by Offeror to be effected by way of the Scheme in a form agreed to by the Parties;

“**Reduction**” means the proposed cancellation and extinguishment of the issued share capital of the Company and subsequently increasing the share capital and paying up new shares in the Company credited as fully paid to Offeror in connection with the Scheme under the Companies Law;

“**Reimbursement Amounts**” has the meaning given to it in Section 6.3;

“**Representatives**” means in relation to any person, such person’s directors, officers, employees, advisers, financiers or agents;

“**RMB660 million Deposit**” has the meaning given to it in Section 4A.1(d);

“**Scheme**” means a scheme of arrangement between the Company and the Scheme Shareholders under section 86 of the Companies Law (subject to the Scheme Conditions) involving the cancellation and extinguishment of all the Scheme Shares and the restoration of the number of issued Shares in the share capital of the Company to the amount immediately before the cancellation and reduction of the Scheme Shares;

“**Scheme Conditions**” means the conditions to the Scheme becoming effective as described in the section headed “*4. Conditions to the Proposal*” of the Announcement;

“**Scheme Document**” means a composite scheme document, including each of the letters, explanatory memorandum, statements, notice of the Court Meeting and notice of the General Meeting in it, and the accompanying proxy forms to be despatched by the Offeror and the Company to all the Shareholders on the Despatch Date as required by the Code, as may be amended or supplemented from time to time;

“**Scheme Record Date**” means the appropriate record date to be announced for determining entitlements under the Scheme;

“**Scheme Shareholders**” means holder(s) of Scheme Shares as at the Scheme Record Date;

“**Scheme Shares**” means Shares in issue as at the Scheme Record Date, including any Shares which may be issued by the Company following the date of this Agreement;

“**SFC**” means the Securities and Futures Commission of Hong Kong;

“**SFO**” means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);

“**Shareholder**” means a person entered in the register of members of the Company as holder from time to time of the Shares;

“**Shares**” means the ordinary shares of HK\$0.01 each in the capital of the Company;

“**Shenzhen Kaifa**” means Shenzhen Kaifa Technology Co., Ltd (深圳长城开发科技股份有限公司), a company incorporated in the People’s Republic of China and listed on the Shenzhen Stock Exchange (stock code: 21). Kaifa is a wholly-owned subsidiary of Shenzhen Kaifa;

“**Stock Exchange**” means The Stock Exchange of Hong Kong Limited;

“**Tax**” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same);

“**Transaction**” has the meaning given to it in Recital (A); and

“**Transaction Expenses**” has the meaning given to it in Section 6.6.

- 1.2 References herein to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other provisions (whether before or after the date hereof) from time to time and shall include any provisions of which that are re-enactments (whether with or without modification).
- 1.3 References herein to Sections, Exhibits and Schedules are to sections in, exhibit to and schedules to this Agreement unless the context requires otherwise and the Exhibits and Schedules to this Agreement shall be deemed to form part of this Agreement.
- 1.4 References herein to the Parties are references to the parties to this Agreement and their respective legal personal representatives, successors and permitted assigns. For the avoidance of doubt, in the event of a merger of any of the Parties, the surviving entity of such Party shall be deemed to be the successor of such Party.
- 1.5 References to a “person” shall include any individual, firm, body corporate, unincorporated association, government, state or agency of state, association, joint venture or partnership, in each case whether or not having a separate legal personality. References to a company shall be

construed so as to include any company, corporation or other body corporate wherever and however incorporated or established.

- 1.6 The headings are inserted for convenience only and shall not affect the construction of this Agreement.

2. PROPOSAL AND OBLIGATIONS OF KEY SPONSORS

- 2.1 The Parties agree to participate in the Transaction on the terms set forth in this Agreement.
- 2.2 Subject to the fulfillment of the conditions as set out in Section 4A.1, the Key Sponsors shall procure the Offeror to submit the Proposal to the Board and request the Board to put forward the Proposal to the Shareholders.
- 2.3 All material actions and decisions relating to the Transaction will be jointly led and made by the Key Sponsors in their sole discretion, including without limitation, the timing for the announcement and the implementation of the Proposal, the Cancellation Price, the terms, conditions and structure of the Proposal, the conduct and implementation of the Proposal (including any decision to waive any condition precedent under the Scheme), implementation of Acquisition Financing, obtaining of Approvals, preparation of Scheme Document and other disclosures and obligations as may be required under the Code, the Listing Rules and Applicable Laws.
- 2.4 Without prejudice to the liability of the Key Sponsors to the other Scheme Shareholders under the Scheme, each of the Key Sponsors shall discharge its obligation of contribution as set out in this Agreement on a several but not joint basis and shall be solely responsible for all obligations and liabilities in relation to the arrangement in connection with its financial resources.

3. CANCELLATION CONSIDERATION

- 3.1 Each of the Mr. Na Related Shareholders hereby irrevocably and unconditionally undertakes and agrees to implement the cancellation and extinguishment of the Shares held by the Mr. Na Related Shareholders (as specified in Schedule 3A) on the Effective Date pursuant to the Scheme in consideration for (i) the crediting of Holdco's 287,710,833 unpaid Offeror Shares (to be allotted and issued to Holdco upon completion of the Offeror Subscription Agreement, as specified in Schedule 3C) as fully paid at the Cancellation Price per Offeror Share, and in turn (ii) the crediting of the Mr. Na Related Shareholders' unpaid Holdco Shares (allotted and issued to them upon completion of the Holdco Offshore Subscription Agreement as specified in Schedule 3B(i)) as fully paid.
- 3.2 Kaifa hereby irrevocably and unconditionally undertakes and agrees to implement the cancellation and extinguishment of (a) the 60,000,000 Shares out of the 171,121,237 Shares held by it (as specified in Schedule 3A) on the Effective Date pursuant to the Scheme in consideration for cash at the Cancellation Price per Share; and (b) the 111,121,237 Shares out of the 171,121,237 Shares held by it (as specified in Schedule 3A) on the Effective Date under the Scheme in consideration for the crediting of Kaifa's unpaid Offeror Shares (to be allotted and issued to Kaifa upon completion of the Offeror Subscription Agreement, as specified in Schedule 3C) as fully paid at the Cancellation Price per Offeror Share.

3A. SUBSCRIPTIONS OF SHARES IN HOLDCO AND OFFEROR

- 3A.1 For the purpose of the Transaction:

- (a) Mr. Na Related Shareholders, the Equity Investor and Holdco entered into the Holdco Offshore Subscription Agreement on 6 July 2020, in relation to the subscriptions of 5,232,000 new Holdco Shares by Mandarin Assets, 228,373,383 new Holdco Shares by O-Net BVI, 54,105,450 new Holdco Shares by O-Net SAPL and 113,657,708 new Holdco Shares by the Equity Investor, the shareholding structure of Holdco upon completion of the Holdco Offshore Subscription Agreement and as at the date of this Agreement is as set out in Schedule 3B(i);
- (b) the Subscription Investor, the Mr. Na Related Shareholders, the Equity Investor and Holdco entered into the Holdco Onshore Subscription Agreement on 6 July 2020, in relation to the subscriptions of 112,307,692 new Holdco Shares by the Subscription Investor, such that upon completion of the Holdco Onshore Subscription Agreement, the shareholding structure of Holdco is expected to be that as set out in Schedule 3B(ii). Subject to the terms of the Holdco Onshore Subscription Agreement, completion of the subscriptions of new Holdco Shares pursuant thereto is expected to take place subsequent to the publication of the Announcement; and
- (c) the Holdco, Kaifa and Offeror intend to enter into the Offeror Subscription Agreement on or around the date of this Agreement, in relation to the subscriptions of 513,676,233 new Offeror Shares by Holdco and 111,121,237 new Offeror Shares by Kaifa, such that upon completion of the Offeror Subscription Agreement, the shareholding structure of Offeror is expected to be that as set out in Schedule 3C. Subject to the terms of the Offeror Subscription Agreement, completion of the subscriptions of new Offeror Shares pursuant thereto is expected to take place prior to the publication of the Announcement.

3A.2 In relation to Section 3A.1(a), the Parties hereby agree that:

- (a) all the 113,657,708 new Holdco Shares subscribed by the Equity Investor were issued as unpaid. The subscription price of HK\$738,775,102.00 (the “**Equity Investor Subscription Consideration**”) in respect of the 113,657,708 unpaid Holdco Shares issued to the Equity Investor (or its nominee(s)) at completion of the Holdco Offshore Subscription Agreement shall be settled by the Equity Investor in accordance with the Holdco Offshore Subscription Agreement no later than the Business Day immediately following the date on which the Scheme is sanctioned (with or without modifications) by the Grand Court of the Cayman Islands (or such other date as agreed between the Equity Investor and Holdco in writing), and upon such payment, these 113,657,708 unpaid Holdco Shares shall be credited as fully paid;
- (b) all the 5,232,000 new Holdco Shares subscribed by Mandarin Assets pursuant to the Holdco Offshore Subscription Agreement were issued as unpaid. The subscription price of HK\$34,008,000.00 in respect of these 5,232,000 unpaid Holdco Shares issued to Mandarin Assets at completion of the Holdco Offshore Subscription Agreement shall, upon the Scheme becoming effective, be satisfied by setting off the Cancellation Price payable by the Offeror to Mandarin Assets in consideration for the cancellation and extinguishment of the 5,232,000 Scheme Shares held by Mandarin Assets pursuant to the Scheme, and upon such set-off, 5,232,000 unpaid Offeror Shares held by Holdco (attributable to Mandarin Assets) shall be credited as fully paid, and in turn these 5,232,000 unpaid Holdco Shares held by Mandarin Assets shall be credited as fully paid;
- (c) all the 228,373,383 new Holdco Shares and 54,105,450 new Holdco Shares subscribed by O-Net BVI and O-Net SAPL, respectively, pursuant to the Holdco Offshore Subscription Agreement were issued as unpaid. The subscription prices of HK\$1,484,426,989.50 and HK\$351,685,425.00 in respect of the 228,373,383 unpaid Holdco Shares and 54,105,450 unpaid Holdco Shares issued to O-Net BVI and O-Net SAPL at completion of the Holdco Offshore Subscription Agreement, respectively, shall, upon the Scheme becoming effective,

be satisfied by setting off the Cancellation Price payable by the Offeror to O-Net BVI and O-Net SAPL in consideration for the cancellation and extinguishment of the 228,373,383 Scheme Shares and 54,105,450 Scheme Shares held by O-Net BVI and O-Net SAPL, respectively, pursuant to the Scheme, and upon such set-off, 228,373,383 unpaid Offeror Shares and 54,105,450 unpaid Offeror Shares held by Holdco (attributable to O-Net BVI and O-Net SAPL, respectively) shall be credited as fully paid, and in turn these 228,373,383 unpaid Holdco Shares and 54,105,450 unpaid Holdco Shares held by O-Net BVI and O-Net SAPL, respectively shall be credited as fully paid; and

- (d) Holdco agrees to irrevocably and unconditionally undertake to each of the Mr. Na Related Shareholders and the Equity Investor that it shall not exercise its right to call the unpaid Holdco Shares subscribed under the Holdco Offshore Subscription Agreement in accordance with its articles of association prior to the respective settlement dates of the relevant consideration for their respective subscriptions of Holdco Shares as agreed between Holdco and them respectively in accordance with the Holdco Offshore Subscription Agreement .

3A.3 In relation to Section 3A.1(b), the Parties hereby agree that all the 112,307,692 new Holdco Shares to be subscribed by the Subscription Investor pursuant to the Holdco Onshore Subscription Agreement shall be issued to the Subscription Investor (or its nominee(s)) as fully paid. The subscription price of HK\$729,999,998.00 in respect of the subscription of these 112,307,692 fully paid Holdco Shares by the Subscription Investor shall be settled upon completion of the Holdco Onshore Subscription Agreement.

3A.4 In relation to Section 3A.1(c), the Parties hereby agree that:

- (a) all the 513,676,233 new Offeror Shares to be subscribed by Holdco pursuant to the Offeror Subscription Agreement shall be issued as unpaid, among which:
- (i) the subscription price of HK\$1,870,120,414.50 in respect of the 287,710,833 unpaid Offeror Shares to be issued to Holdco at completion of the Offeror Subscription Agreement shall, upon the Scheme becoming effective, be satisfied by setting off the Cancellation Price payable by the Offeror to the Mr. Na Related Shareholders in consideration for the cancellation and extinguishment of the 287,710,833 Scheme Shares held by the Mr. Na Related Shareholders pursuant to the Scheme, and upon such set-off, these 287,710,833 unpaid Offeror Shares held by Holdco shall be credited as fully paid; and
 - (ii) the subscription price of HK\$1,468,775,100.00 in respect of the remaining 225,965,400 unpaid Offeror Shares to be issued to Holdco at completion of the Offeror Subscription Agreement shall be settled by Holdco in accordance with the Offeror Subscription Agreement on the drawdown date of the Holdco Acquisition Financing (or such other date as agreed between Holdco and Offeror in writing) and upon such payment, these 225,965,400 unpaid Offeror Shares held by Holdco shall be credited as fully paid;
- (b) all the 111,121,237 new Offeror Shares to be subscribed by Kaifa pursuant to the Offeror Subscription Agreement shall be issued as unpaid. The subscription price of HK\$722,288,040.50 in respect of the 111,121,237 unpaid Offeror Shares to be issued to Kaifa at completion of the Offeror Subscription Agreement shall, upon the Scheme becoming effective, be satisfied by setting off the Cancellation Price payable by the Offeror to Kaifa in consideration for the cancellation and extinguishment of the 111,121,237 Scheme Shares held by Kaifa pursuant to the Scheme, and upon such set-off, these 111,121,237 unpaid Offeror Shares held by Kaifa shall be credited as fully paid; and
- (c) Offeror agrees to irrevocably and unconditionally undertake to each of Holdco and Kaifa that

it shall not exercise its right to call the unpaid Offeror Shares subscribed under the Offeror Subscription Agreement in accordance with its articles of association prior to the respective settlement dates of the relevant consideration for their respective subscriptions of Offeror Shares as agreed between Offeror and them respectively in accordance with the Offeror Subscription Agreement.

- 3A.5 To compensate Mr. Na for the risks that he has undertaken in providing personal guarantee to secure the Holdco Acquisition Financing and the Offeror Acquisition Financing,
- (a) the Equity Investor hereby agrees and irrevocably undertakes to direct Holdco to allot and issue 7,437,813 unpaid Holdco Shares subscribed by the Equity Investor pursuant to the Holdco Offshore Subscription Agreement under Section 3A.2(a)(i) directly to Mandarin Assets as a nominee of the Equity Investor upon completion of the Holdco Offshore Subscription Agreement. These 7,437,813 unpaid Holdco Shares shall, upon payment of the subscription price by the Equity Investor in respect of the subscription thereof in accordance with the terms of the Holdco Offshore Subscription Agreement, be credited as fully paid; and
 - (b) the Subscription Investor hereby agrees and irrevocably undertakes to direct Holdco to allot and issue 7,349,467 Holdco Shares subscribed by the Subscription Investor pursuant to the Holdco Onshore Subscription Agreement under Section 3A.3 directly to Mandarin Assets as a nominee of the Subscription Investor upon completion of the Holdco Onshore Subscription Agreement.

4A. CONDITIONS

- 4A.1 The formal submission of the Proposal (setting out, among others, the Cancellation Price) by the Offeror to the Board is subject to the fulfillment of the following conditions:
- (a) the Holdco Shareholder's Loan Agreement having been signed and the Holdco Shareholder's Loan having been drawn down;
 - (b) all facility agreements in respect of the Acquisition Financing having been signed;
 - (c) the subscriptions of Holdco Shares by Mr. Na Related Shareholders and the Equity Investor pursuant to the Holdco Offshore Subscription Agreement having been completed;
 - (d) the Subscription Investor (or their respective nominees) having deposited the sum of RMB660 million into the bank account designated by Holdco (the "**RMB660 million Deposit**") pursuant to the terms of the Holdco Onshore Subscription Agreement and in fulfillment of the condition precedent substantially in the terms as set out in sub-clause (a) under the section headed "Onshore Monitoring Account" under Clause 21.30 of the Holdco Acquisition Financing; and such deposit not having been withdrawn from the bank account at the time of the submission of the Proposal by the Offeror to the Board; and
 - (e) the subscriptions of Offeror Shares by Holdco and Kaifa pursuant to the Offeror Subscription Agreement having been completed.
- 4A.2 If the conditions set out in Section 4A.1 are not fulfilled within 10 Business Days from the date of this Agreement (or such other date as the Parties may agree in writing), this Agreement shall terminate in accordance with Section 11.

4. ACQUISITION FINANCING

- 4.1 The Parties shall coordinate with the Lender to implement the terms of the Acquisition Financing. Each Key Sponsor shall (a) furnish the Lender with financial, know-your-client and other pertinent information as may be reasonably requested by the Lender, and (b) subject to compliance with the applicable provisions under the Code and the Listing Rules, take all corporate actions reasonably requested by the Lender and/or the other Key Sponsors to permit the consummation of the Acquisition Financing, including facilitating the pledging of collateral and, in connection therewith, executing and delivering any pledge and security documents, other definitive financing documents or certificates, and other documents as may be reasonably requested by the Lender.
- 4.2 The Subscription Investor hereby agree and irrevocably undertake that upon signing of the Holdco Acquisition Financing:
- (i) the Subscription Investor will be solely responsible for the repayment of all fees, costs and expenses (including but not limited to interests, default interests and break costs payable) incurred or assumed by Holdco in connection with the Holdco Acquisition Financing (if not otherwise settled out of the proceeds from the loan provided to Holdco pursuant to the Holdco Shareholder's Loan Agreement);
 - (ii) the Subscription Investor will indemnify Holdco, Offeror, the Company, the Mr. Na Related Shareholders, Mr. Na, the Equity Investor and/or Kaifa, and save and hold each of them harmless from and against, and pay on behalf of or reimburse any of them as and when incurred for, all Losses incurred or suffered (as the case may be) by them respectively as a result of or otherwise in connection with the default or breach of any provision of the Holdco Acquisition Financing or the termination of the Holdco Acquisition Financing by reason of (i) the withdrawal of all or any part of the RMB660 million Deposit from the designated account of Holdco by the Subscription Investor in breach of the terms of the Holdco Onshore Subscription Agreement or (ii) the failure to maintain the full amount of the RMB660 million Deposit in such designated account of Holdco at the fault of the Subscription Investor.
- 4.3 The Parties hereby agree that in the event that the Lender deducts or applies all or any part of the RMB660 million Deposit in accordance with the terms of the Acquisition Financing and/or any other agreements entered into in relation thereto (the "**Deduction of Deposit**") otherwise than as a result of (i) the withdrawal of all or any part of the RMB660 million Deposit from the designated account of Holdco by the Subscription Investor in breach of the terms of the Holdco Onshore Subscription Agreement or (ii) the failure to maintain the full amount of the RMB660 million Deposit in such designated account of Holdco at the fault of the Subscription Investor, the relevant Party(ies) whose action(s) or inaction(s) have resulted in such Deduction of Deposit shall indemnify the Subscription Investor and other Parties and save and hold each of them harmless from and against, and pay on behalf of or reimburse any of them as and when incurred for, all Losses incurred or suffered(as the case may be) by them respectively as a result of such Deduction of Deposit.

5. INFORMATION SHARING; APPROVALS

- 5.1 The Parties shall cooperate and proceed in good faith to consummate the Transaction (including without limitation, the implementation of the Acquisition Financing, the preparation of the Scheme Document and respond to any enquiries that the SFC and the Stock Exchange may have). Each of the Parties shall share with the other Parties final drafts of the Transaction documentations to which such Parties are a party and inform the other Parties of the status of implementation of the Scheme.
- 5.2 Each Party shall (a) comply with any information delivery or other obligations undertaken

by Holdco (and/or its subsidiary(ies)) in connection with the Transaction as the same shall be agreed by the Key Sponsors and shall not, and shall direct its Representatives not to, whether by their action or omission, breach such obligations; (b) provide each other Party and Offeror with all information reasonably required concerning such party or any other matter relating to such party in connection with the Transaction and any other information the Key Sponsors may require for inclusion in the Scheme Document; (c) provide reasonable assistance and timely response to enquiries from the SFC, the Stock Exchange and other regulators in connection with the Transaction; (d) provide such information or confirmation for inclusion in the Scheme Document or other disclosures as may be required under the Code, the SFO or the Listing Rules; (e) participate in meetings and negotiations with the Key Sponsors; (f) execute any confidentiality agreements and comply with the confidentiality obligations thereunder as reasonably required and agreed by the Key Sponsors; and (g) respond to and provide any information requested by the Lender. The Key Sponsors shall provide each of the Investors copies of (x) the drafts of all announcements, scheme documents, other documents, notices and other communications in connection with the Transaction at such time as will allow the Investors a reasonable opportunity to provide comments on such draft announcements, scheme documents, other documents, notices and other communications before they are finalized and despatched or released, and (y) any correspondences and communications (whether verbal or in writing) in connection with the Transaction with any regulator (including without limitation, the Stock Exchange, the SFC and the Executive).

- 5.3 Each Party shall use reasonable best efforts and provide all cooperation as may be reasonably requested by the Key Sponsors to obtain all applicable governmental, statutory, regulatory or other Approvals (including antitrust approvals, filings, and/or clearance, as applicable), waivers or exemptions required or, in the reasonable opinion of the Key Sponsors, desirable for the consummation of the Transaction.
- 5.4 For the avoidance of doubt, the Equity Investor is not required to make available to the other Parties any of its internal investment committee materials or analyses or any information which it considers to be commercially sensitive information or which is otherwise held subject to an obligation of confidentiality.
- 5.5 Kaifa shall use reasonable best efforts to ensure that a shareholders' meeting of Shenzhen Kaifa Technology Co., Ltd (深圳长城开发科技股份有限公司) is duly convened as soon as reasonably practicable to obtain the relevant shareholders' approval of this Agreement and the transactions contemplated hereunder in accordance with the Rules Governing the Listing of Securities on the Shenzhen Stock Exchange in satisfaction of the relevant condition to the Proposal.
- 5.6 The Holdco shall, upon the request of the Equity Investor, forthwith take all necessary actions and provide all necessary assistance to the Equity Investor in connection with the irrevocable standby letter of credit dated 6 July 2020 issued by Silicon Valley Bank ("SVB") made available to the Holdco as the beneficiary in the aggregate principal amount of US\$96.00 million (the "SBLC"), including, without limitations, duly executing and delivering the beneficiary's draft(s) drawn on SVB and the beneficiary's statement as required on the SBLC, in each case, in accordance with the requirements under the SBLC. The Holdco agrees and undertakes that it shall not deliver the beneficiary's draft(s) or the beneficiary's statement in connection with the SBLC save with the prior written consent of the Equity Investor, and that the monies drawn under the SBLC shall be exclusively and solely utilized for the purpose of satisfying the Equity Investor Subscription Consideration which shall in turn be exclusively and solely utilized for the purpose of satisfying the Offeror's payment obligation for the Cash Cancellation Consideration and the Transaction Expenses.

6. TRANSACTION COSTS

- 6.1 The working scope and engagement terms of any advisors appointed by Holdco or the Offeror in connection with the Transaction (including, among others, the Acquisition Financing) (the “Advisors”) shall be determined by Mr. Na (in consultation with all Investors).
- 6.2 Schedule 1 hereto sets out an initial list of Advisors engaged as at the date of this Agreement, and the Investors (subject to the prior written agreement of the other) shall have the discretion to engage additional Advisors in connection with the Transaction as and when necessary.
- 6.3 Except as otherwise provided in Section 6.1, if a Party requires separate representation in connection with specific issues arising out of the Transaction, such Party may retain other advisor to advise it/him, provided that such Party shall be solely responsible for the fees and expenses of such separate advisor.
- 6.4 Any Fees incurred or assumed by Holdco in connection with the Holdco Acquisition Financing shall be borne by the Subscription Investor (including by way of settlement out of the proceeds from the loan provided to Holdco pursuant to the Holdco Shareholder’s Loan Agreement).
- 6.5 Each of the Investors shall bear any Fees incurred or assumed by it exclusively for its own benefit and interests in connection with the Transaction (including, among others, the Acquisition Financing). In this connection:
- (a) the Equity Investor shall bear any Fees incurred or assumed by it exclusively for its or its direct or indirect shareholders’ own benefit and interests in connection with the Transaction (including, among others, the Acquisition Financing), including, but not limited to, those in connection with (1) the incorporation of the Equity Investor or any entities holding interests (whether direct or indirect) in the Equity Investor and the establishment of the shareholding structure of the Equity Investor for the purpose of the Transaction; (2) any due diligence investigations with respect to the Company and its subsidiaries; and (3) the application for or procurement of the letter of credit or other forms of credit facilities from SVB or any other financial institution(s) by the Equity Investor or any entities holding interests (whether direct or indirect) in the Equity Investor for the purpose of, among others, financing the subscription for Holdco Shares by the Equity Investor under the Holdco Offshore Subscription Agreement; and
 - (b) the Subscription Investor shall bear any Fees incurred or assumed by it exclusively for its or its direct or indirect shareholders’ own benefit and interests in connection with the Transaction (including, among others, the Acquisition Financing), including, but not limited to, those in connection with (1) the incorporation of the Subscription Investor or any entities holding interests (whether direct or indirect) in the Subscription Investor and the establishment of the shareholding structure of the Subscription Investor for the purpose of the Transaction; (2) any due diligence investigations with respect to the Company and its subsidiaries; and (3) the procurement of any form of credit facilities by the Subscription Investor or any entities holding interests (whether direct or indirect) in the Subscription Investor for the purpose of, among others, financing the subscription for Holdco Shares by the Subscription Investor under the Holdco Onshore Subscription Agreement.
- 6.6 For the purpose of Section 6.7 below, “Transaction Expenses” means any Fees incurred or assumed by the Parties or the Company in connection with the Transaction (including, among others, the Acquisition Financing), which shall:
- (a) exclude any Fees incurred or assumed by:
 - (i) the Parties under Section 6.3;
 - (ii) Holdco under Section 6.4; and

- (iii) the Investors under Section 6.5; and
 - (b) include, but not be limited to, any Fees (i) incurred or assumed by the Offeror in connection with the Transaction (including, among others, the Acquisition Financing), (ii) incurred in connection with the obtaining of any Approvals in connection with the Transaction pursuant to Section 5; or (iii) payable by the Investors to the Advisors (other than in connection with any matters referred to in sub-paragraph (a) above).
- 6.7 The Transaction Expenses (including any expenses incurred by the Company in connection with the Proposal under Rule 2.3 of the Takeovers Code) shall be borne and paid by the Investors in accordance with the proportion set out below:

Investor	Proportion of Transaction Expenses to be borne by the Investor under Section 6.7
Mandarin Assets	3.2041%
O-Net BVI	36.5516%
O-Net SAPL	8.6597%
Equity Investor	17.0007%
Subscription Investor	16.7988%
Kaifa	17.7852%

7. OWNERSHIP OF SHARES

- 7.1 Each of the Existing Shareholders hereby severally represents and undertakes that as at the date hereof and at all times until the consummation of the Transaction:
- (a) each of them is the beneficial owner of its Shares as at the date hereof as specified in Schedule 3A, free and clear of any lien, charge, mortgage, encumbrance or any third party rights whatsoever and all such Shares have been properly allotted and issued and are fully paid-up; and
 - (b) save as set out in Section 7.1(a), it is not interested in any other securities of the Company or has any right to subscribe, purchase or otherwise acquire any Shares or other securities in the Company.

8. DEALINGS; VOTING RIGHTS AND PREJUDICIAL ACTIONS

Each of the Existing Shareholders irrevocably undertakes that it shall not, during the term of this Agreement, and other than in connection with the Scheme:

- (a) sell, transfer, charge, encumber, create or grant any option or lien over or otherwise dispose of (or permit any such action to occur in respect of) all or any of its Shares or any interest therein;
- (b) accept, or give any undertaking (whether conditional or unconditional) to accept, exercise voting rights attached to the Shares to approve or otherwise agree to any offer, scheme of arrangement, merger or other business combination made or proposed to be made in respect of the Shares or disposal of material assets of the Group by any person other than pursuant to the Scheme;
- (c) purchase or acquire any Shares other than with the consent of all other Investors; or

- (d) except to the extent required under the Code, the Listing Rules or any Applicable Laws, take any action or make any statement which may have the effect of delaying, disrupting or otherwise causing the Scheme not to become effective at the earliest practicable time or at all, or which is or may be prejudicial to the success of the Scheme.

9. REPRESENTATIONS AND WARRANTIES

Each Party represents and warrants to each of the other Parties that:

- (a) it/he has full power, authority and capacity, and has taken all actions and has obtained all consents, Approvals and authorizations from any governmental or regulatory bodies or other third parties required, to enter into, and perform its/his obligations under, this Agreement;
- (b) it/he has taken all necessary steps to perform its/his obligations under this Agreement and to give effect to this Agreement and the transactions contemplated in this Agreement, and this Agreement, when executed, will constitute legal, valid and binding obligations of it/him;
- (c) the execution, delivery and performance of this Agreement by it/him and the consummation of the Transaction will not (i) violate any provision of its constitutional documents or any organization or governance document of such Party (in case the Party is a corporation); (ii) contravenes or results in a contravention of the laws or regulations of any jurisdiction to which it/he is subject in respect of the Transaction; or (iii) conflict with or result in any breach or violation of any of the terms and conditions of, or constitute (or with notice or lapse of time or both constitute) a default under, any instrument, contract or other agreement to which such Party is a party or by which such Party is bound;
- (d) all information provided by its/him pursuant to Clause 5 above is true, accurate and complete and, having made all reasonable inquiries that to the best of its/his knowledge and belief, there is no other information the omission of which would make any information provided pursuant to Section 5 above misleading; and
- (e) it/he has not, and none of the parties acting in concert (as defined under the Code and other than (i) the Financial Adviser and persons controlling, controlled by or under the same control as the Financial Adviser; and (ii) the limited partners of the limited partnerships of LVC and any other funds managed or advised by, any entity controlling, controlled by or under the common control with the general partner or the investment adviser to LVC) with it/him has, purchased any Share in the six months prior to the date of the Announcement (or such other earlier announcement by Offeror in relation to the Scheme) at a price higher than the Cancellation Price.

10. EXCLUSIVITY

- 10.1 During the period beginning on the date hereof and ending on the earlier of (i) the date which is 18 months after the date of this Agreement, which may be extended as agreed by all Parties in writing; (ii) the termination of this Agreement pursuant to Section 11; (iii) the completion of the Transaction (i.e. the date on which the consideration payable by the Offeror to effect the Scheme having been settled in full in accordance with the Scheme Document); and (iv) 6 months after the date of this Agreement if the Announcement is not made within 6 months following the date of this Agreement (the “**Exclusivity Period**”), each Party agrees to the other Party that, unless otherwise with the prior consent of the other Key Sponsors, it/he shall (and shall cause

its/his associates (as defined under the Listing Rules) to):

- (a) work exclusively with the Key Sponsors to implement the Proposal, including to evaluate the Company and its business, prepare, finalise and execute the transaction documentation of the Transaction, including without limitation, implementation of the Acquisition Financing and the Scheme Document;
- (b) not, whether alone or jointly with one or more investors, directly or indirectly, (i) acquire or offer or agree to acquire any securities, assets, or rights to acquire any securities or assets of the Company; (ii) sell, transfer, charge, encumber, grant any option over or otherwise deal in any securities of the Company or engage in any hedging transactions relating to the securities of the Company; (iii) seek or propose to influence or control the management or policies of the Company, or make or participate in any solicitation of proxies to vote any securities of the Company; or (iv) encourage, solicit or entertain proposals from, or engage in negotiations or discussions with, the Company or any other person regarding any of the actions described in (i), (ii) or (iii) above;
- (c) immediately cease and terminate, and cause to be ceased and terminated, any discussions, negotiations, communications or other activities with any parties that may be ongoing with respect to any of the actions described in paragraph (b)(i), (ii) or (iii) above;
- (d) promptly notify the other Party if it/he or, to its/his best knowledge after due inquiry, any of its/his associates receives any approach or communication with respect to any of the actions described in paragraph (b)(i), (ii) or (iii) above, including the other persons involved and the nature and content of the approach or communication, and provide the other Party with copies of any written communication.

10.2 Notwithstanding the terms of Section 10.1, nothing set forth herein shall prohibit any Key Sponsor from taking any action with respect to Affiliates of such Key Sponsor. For purpose of this Section 10.2, an “**Affiliate**” of a person means any other person directly or indirectly controlling, controlled by or under common control with such person, any of such person’s officers, directors, employees, shareholders, partners, investors or other similar persons, or, in the case of a natural person, any other person that is controlled by such person, where “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise, and includes (a) ownership directly or indirectly of 50% or more of the shares in issue or other equity interests of such person; (b) possession directly or indirectly of 50% or more of the voting power of such person; or (c) the power directly or indirectly to appoint a majority of the members of the board of directors or similar governing body of such person, and the terms “controlling” and “controlled” have meanings correlative to the foregoing. “**Affiliate**” shall also include (i) any general partner, limited partner, investor, or similar person of any fund manager; (ii) any person that directly or indirectly controls, is controlled by, under common control with, or is managed or advised by any controlling shareholder or any fund manager; and (iii) any trust controlled by or held for the benefit of such persons referred to herein.

11. TERMINATION

11.1 Unless otherwise expressly provided hereunder and subject to Section 11.2, the rights and obligations of the Parties pursuant to this Agreement shall terminate upon the earlier of, (i) the conditions set out in Section 4A.1 not having been fulfilled within 10 Business Days from the date of this Agreement (or such other date as the Parties may agree in writing); (ii) the Scheme Conditions not having been fulfilled or waived (as the case may be) by the Long Stop Date; (iii) withdrawal or lapse of the Scheme in accordance with the Code; (iv) the Scheme becoming effective and the consideration payable by the Offeror to effect the Scheme having

been settled in full in accordance with the Scheme Document; (v) completion of the Exclusivity Period; or (vi) on a date as the Investors otherwise agree in writing (but without prejudice to any accrued liabilities arising prior to such termination).

- 11.2 Upon termination of this Agreement pursuant to Section 11.1, Section 4.3, Section 6 (Transaction Costs), Section 10 (Exclusivity), Section 11 (Termination), Section 12 (Announcement; Confidentiality; Consent), Section 13 (Inside Information), and Sections 15 to 25 (together, the “**Survival Provisions**”) shall continue to bind the relevant Parties.
- 11.3 Notwithstanding other provisions of this Section 11, upon any Party ceasing to be a party to this Agreement, such Party and any of its successor shall have no further rights under any provision of this Agreement but all obligations under the Survival Provisions in Section 11.2 shall be retained in respect of such Party.

12. ANNOUNCEMENT; CONFIDENTIALITY; CONSENT

- 12.1 No announcements (including the Announcement), press releases, public statements, or other communications regarding the subject matter of this Agreement, involvement in the consortium, or the Transaction shall be issued by any Party without the prior written consent of the Key Sponsors.
- 12.2 Each Party agrees to:
- (a) subject to the provisions in Section 12.1 above, the issue of the Announcement, the Scheme Document or any other announcements in relation to the Scheme with references to it/him and/or its/his associates, its/his interests in the Company and to material terms of this Agreement;
 - (b) comply with any disclosure obligations in relation to its/his dealings or interest in the securities of the Company in accordance with the Code and the SFO; and
 - (c) to the extent requested by the Executive, this Agreement being made available for inspection during the offer period for the Scheme.
- 12.3 Each Party shall give the Key Sponsors all information and assistance as the Key Sponsors may reasonably require:
- (a) for the purpose of preparing the Announcement and the Scheme Document; and
 - (b) in order to comply with the requirements of the Code, the Listing Rules, the Stock Exchange and SFC and other Applicable Laws in relation to the Scheme and the Transaction and any related matters, and shall immediately notify the Key Sponsors in writing of any material change in the accuracy of any such information and consent to the public disclosure, if required, of such information.
- 12.4 Each Party agrees to keep confidential and to use only for the purpose of evaluating, pursuing and implementing the Transaction all information that any Key Sponsor, Offeror, the Company, or their respective affiliates or Representatives (each, a “**Disclosing Party**”) furnishes or otherwise makes available to any other party hereto (the “**Receiving Party**”), including any technical, scientific, trade secret or other proprietary information of the Disclosing Party with which the Receiving Party or any of its affiliates or Representatives may come into contact in the course of its investigation, and whether oral, written or electronic (collectively, the “**Evaluation Material**”). “Evaluation Material” does not include information that (i) was available to the Receiving Party without a duty of confidentiality to the applicable Disclosing Party in breach of this section prior to the disclosure by such Disclosing Party; (ii) is or

becomes available to a Receiving Party or any of its affiliates or Representatives on a non-confidential basis from a source other than the applicable Disclosing Party; (iii) is or becomes generally available to the public (other than as a result of a breach by the Receiving Party or any of its affiliates or Representatives of this section); or (iv) is independently developed by the Receiving Party or any of its affiliates or Representatives without use of any Evaluation Material.

- 12.5 Each of the Key Sponsors agrees that neither it/he nor any of its/his affiliates or their respective Representatives will, without the prior written consent of the other Key Sponsors, directly or indirectly, disclose to any other person, (i) the fact that discussions or negotiations are taking place concerning the Transaction or any of the terms or other facts relating thereto, including the status thereof; (ii) that the Transaction is being contemplated; (iii) the existence or the terms of this Agreement or the Proposal; or (iv) that it/he or its/his affiliates or their respective Representatives have received or produced any Evaluation Material (items (i), (ii) (iii) and (iv) collectively, “**Transaction Information**”); provided, however, that each Party may disclose Transaction Information to the extent (x) required by law or in connection with a judicial or administrative proceeding or pursuant to the requirements of the SFC or the Stock Exchange or any other Authority, or (y) it/he has received the written opinion of its/his outside counsel that it/he is required to make such disclosure in order to avoid violating the applicable securities laws; provided that, to the extent legally permissible and reasonably practicable, the relevant Party will notify the Key Sponsors prior to making any such disclosure, and will seek to narrow the intended disclosure to the extent the Key Sponsors reasonably so request.
- 12.5 Without the prior written consent of LVC, no Party (other than LVC) or their respective affiliates or Representatives shall use, publish, reproduce, or refer to the name “LVC”, “Loyal Valley Capital”, “正心谷” or any similar name, trademark or logo in any documents or other materials.

13. INSIDE INFORMATION

Each Party acknowledges that until the Announcement is released, the fact that the Scheme is under consideration is inside information in respect of the Company and must be treated in strictest confidence, a breach of which, or any dealing in the securities of the Company in the possession of inside information not otherwise permitted under the SFO or Applicable Laws, could constitute a civil and/or criminal offence under the insider dealing and/or market abuse provision of the SFO and liable to sanction by the courts of Hong Kong.

14. FURTHER ASSISTANCE

Each Party agrees to perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by law or as any party may reasonably require to implement and/or give effect to this Agreement and the transactions contemplated hereunder.

15. INDEMNITY

Each Party (the “**Indemnify Party**”) shall, on demand, severally but not jointly, indemnify the other Parties, and each of their respective officers, directors, employees, agents, successors and assigns (each, an “**Indemnitee**”), and save and hold each of them harmless from and against, and pay on behalf of or reimburse any Indemnitee as and when incurred for, all Losses which an Indemnitee may suffer as a result of, (i) any breach of representation or warranties; or (ii) any non-fulfillment or breach of any covenant, undertaking or agreement hereunder by the Indemnifying Party.

16. GOVERNING LAW; DISPUTE RESOLUTION

- 16.1 This Agreement shall be governed by, and construed in accordance with, the laws of Hong Kong.
- 16.2 Any dispute, controversy, claim, actions and proceedings arising out of, relating to or in connection with this Agreement or its subject matter (including a dispute regarding the existence, validity, formation, effect, interpretation, performance or termination of this Agreement) (a “**Dispute**”) shall be referred to and finally resolved by arbitration.
- 16.3 The arbitration shall be conducted as follows:
- (a) the place of arbitration shall be in Hong Kong at the HKIAC;
 - (b) the arbitration proceedings shall be conducted in English;
 - (c) the Hong Kong International Arbitration Centre Administered Arbitration Rules in force when the arbitration notice is submitted in accordance with such rules shall apply;
 - (d) there shall be three arbitrators for any such arbitration. The submitting Party/Parties shall nominate one arbitrator, and the responding Party/Parties shall nominate one arbitrator, in each case, within 30 days after the submission of the arbitration notice. Both arbitrators shall agree on the third arbitrator within 30 days thereafter. Should either Party fail to appoint an arbitrator within such 30-day period or should the two arbitrators fail, within such 30-day period, to reach agreement on the third arbitrator, such arbitrator(s) shall be appointed by the HKIAC;
 - (e) an award by the HKIAC shall be final and conclusive and binding upon the Parties and the Parties waive irrevocably any rights to any form of appeal, review or recourse;
 - (f) the Parties shall have the right to seek interim injunctive relief or other interim relief from a court of competent jurisdiction, both before and after the arbitral tribunal award has been appointed, at any time up until arbitral tribunal has made its final award; and
 - (g) judgment upon the award rendered may be entered in any court having jurisdiction and the Parties submit to the non-exclusive jurisdiction of the Hong Kong courts for this purpose.
- 16.4 Process by which any proceedings are begun may be served on each Party by being served to the addresses set forth in the third column to such Party’s name in Schedule 2 hereto.

17. SUCCESSORS AND ASSIGNS

This Agreement shall enure for the benefit of each Party’s successors but the benefit of any provision in this Agreement may not be assigned by any Party or its successors in title without the prior written consent of all other Investors; provided that LVC may assign its rights under this Agreement, in whole or in part, to any affiliated investment fund managed or advised by the general partner or the investment adviser to LVC or any investment vehicle of LVC or such investment fund (other than any portfolio companies of LVC or such fund); provided, however, that no such assignment shall release LVC of its obligations without the prior consent of each of the other Investors.

18. SEVERABILITY

In the event that any provision hereof would, under Applicable Laws, be invalid or unenforceable in any respect, such provision shall be construed by modifying or limiting it so

as to be valid and enforceable to the maximum extent compatible with, and possible under, Applicable Laws. The provisions hereof are severable, and in the event any provision hereof should be held invalid or unenforceable in any respect, it shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

19. NOTICES

- 19.1 A notice under this Agreement shall only be effective if it is in writing.
- 19.2 Notices under this Agreement shall be sent to a Party at its/his/her address or number and for the attention of the individual set forth in the second column to such Party's name in Schedule 2 hereto.
- 19.3 A Party may change its/his notice details by giving notice to the other Party of the change in accordance with this Section 19, provided that such notice shall only be effective on the day falling five clear Business Days after the notification has been received or such later date as may be specified in the notice.
- 19.4 Any notice given under this Agreement shall, in the absence of earlier receipt, be deemed to have been duly given as follows:
- (a) if delivered personally, on delivery;
 - (b) if sent by courier, two Business Days after posting it; and
 - (c) if sent by facsimile, when confirmation of its transmission has been recorded on the sender's fax machine.

20. TIME IS OF ESSENCE

Any date, time or period referred to in this Agreement shall be of the essence.

21. COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

22. REMEDIES

Except as otherwise provided herein, any and all remedies herein expressly conferred upon a Party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy. No failure or delay on the part of any Party in the exercise of any right hereunder will impair such right or be construed to be a waiver of, or acquiescence in, any breach of any representation, warranty or agreement herein, nor will any single or partial exercise of any such right preclude other or further exercise thereof or of any other right.

23. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement, and supersedes all prior agreements, understandings, negotiations and statements, both written and oral, among the Parties with

respect to the subject matter contained herein.

24. AMENDMENTS AND MODIFICATIONS

This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing signed on behalf of each Investor, provided, that no amendment hereto shall have a materially adverse and disproportionate effect on a Party without such Party's consent.

25. WAIVER

Any agreement by a Party on any waiver shall be valid only if set forth in a written instrument executed and delivered by such Party.

26. THIRD PARTY RIGHTS

The Parties to this Agreement do not intend that any term of this Agreement should be enforceable, by virtue of the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong), by any person who is not a party to this Agreement.

EXHIBIT 1
ANNOUNCEMENT

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint 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 joint announcement.

This joint announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Offeror or the Company nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of securities of the Company or of the Offeror in any jurisdiction in contravention of applicable law.

Not for release, publication or distribution, in whole or in part, in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdiction.

OPTICAL BETA LIMITED

*(incorporated in the British Virgin Islands with
limited liability)*

**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)*

JOINT ANNOUNCEMENT

- (1) PROPOSAL FOR THE PRIVATISATION OF
O-NET TECHNOLOGIES (GROUP) LIMITED BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 86 OF THE COMPANIES LAW**
- (2) PROPOSED WITHDRAWAL OF LISTING OF
O-NET TECHNOLOGIES (GROUP) LIMITED**
- (3) RESUMPTION OF TRADING IN THE SHARES OF
O-NET TECHNOLOGIES (GROUP) LIMITED**

Financial Adviser to the Offeror
[To insert CICC logo]

1. INTRODUCTION

On [7 July] 2020, the Offeror requested the Board to put forward to the Scheme Shareholders the Proposal for the privatisation of the Company by way of the Scheme, being a scheme of arrangement under Section 86 of the Companies Law.

2. TERMS OF THE PROPOSAL

If the Proposal is approved and implemented:

- (a) the Scheme Shares held by the Disinterested Shareholders will be cancelled and extinguished on the Effective Date in exchange for the payment of the Cancellation Price of HK\$[6.50] in cash for each Scheme Share;
- (b) the [287,710,833] Scheme Shares held by the Mr. Na Related Shareholders will be cancelled and extinguished on the Effective Date in exchange for the Mr. Na Related Shareholders Cancellation Consideration, which consists of the crediting of [287,710,833] unpaid Offeror Shares (representing [46.05]% of the Offeror Shares in issue) out of the [513,676,233] unpaid Offeror Shares (representing [82.21]% of the Offeror Shares in issue) held by Optical Alpha as fully paid at the Cancellation Price per Offeror Share and in turn, the crediting of the unpaid Optical Alpha Shares held by the Mr. Na Related Shareholders as fully paid at the Cancellation Price per Optical Alpha Share;
- (c) the [171,121,237] Scheme Shares held by Kaifa will be cancelled and extinguished on the Effective Date in exchange for the Kaifa Cancellation Consideration, pursuant to which (i) [60,000,000] Scheme Shares out of the [171,121,237] Scheme Shares held by Kaifa will be cancelled and extinguished in consideration for cash at the Cancellation Price and (ii) [111,121,237] Scheme Shares out of the [171,121,237] Scheme Shares held by Kaifa will be cancelled and extinguished in consideration for the crediting of the unpaid Offeror Shares held by Kaifa in the Offeror (representing [17.79]% of the Offeror Shares in issue) as fully paid at the Cancellation Price per Offeror Share;
- (d) pursuant to paragraphs (a) to (c) above, the issued share capital of the Company will be reduced by cancelling and extinguishing the Scheme Shares, and upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled and extinguished on the Effective Date. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror. The Company will accordingly become a wholly-owned subsidiary of the Offeror on the Effective Date; and
- (e) the listing of the Shares on the Stock Exchange will be withdrawn with effect immediately following the Effective Date.

Cancellation Price

Under the Scheme, the Cancellation Price will be in the amount of HK\$[6.50] per Scheme Share payable by the Offeror to the Scheme Shareholders in the form of (i) the Cash Cancellation Consideration in respect of the Disinterested Shareholders; or (ii) the Kaifa Cancellation Consideration in respect of Kaifa; or (iii) the Mr. Na Related Shareholders Cancellation Consideration in respect of the Mr. Na Related Shareholders.

The Cancellation Price will not be increased and the Offeror does not reserve the right to do so. Shareholders and potential investors of the Company should be aware that, following

the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

Comparison of value

The Cancellation Price of HK\$[6.50] in cash for every Scheme Share cancelled and extinguished under the Scheme represents:

- a [premium] of approximately [23.57]% [over] the closing price of HK\$[5.26] per Share as quoted on the Stock Exchange on the Last Trading Day;
- a [premium] of approximately [24.66]% [over] the average closing price of approximately HK\$[5.21] per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a [premium] of approximately [25.68]% [over] the average closing price of approximately HK\$[5.17] per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a [premium] of approximately [24.56]% [over] the average closing price of approximately HK\$[5.22] per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a [premium] of approximately [34.26]% [over] the average closing price of approximately HK\$[4.84] per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a [premium] of approximately [43.18]% [over] the average closing price of approximately HK\$[4.54] per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a [premium] of approximately [19.27]% [over] the 52-week closing high of HK\$[5.45] per Share as quoted on the Stock Exchange; and
- a [premium] of approximately [128.85]% [over] the audited net asset value per Share attributable to the Shareholders of approximately HK\$[2.84] as at 31 December 2019.

[The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the prices of the Shares traded on the Stock Exchange and with reference to the trading multiples of comparable companies.]

3. FINANCIAL RESOURCES

Taking into account that the Mr. Na Related Shareholders will not receive the Cancellation Price in cash for the [287,710,833] Scheme Shares held or controlled by the Mr. Na Related Shareholders, and Kaifa will not receive the Cancellation Price in cash for the [111,121,237] Scheme Shares out of [171,121,237] Scheme Shares held or controlled by Kaifa under the Scheme, the Scheme would involve making an offer to cancel and extinguish the remaining [60,000,000] Scheme Shares held by [Kaifa] and the [375,196,170] Scheme Shares held by the Disinterested Shareholders in exchange for the Cancellation Price in cash. Therefore, the maximum total amount of cash required to effect the Proposal is approximately HK\$[2,828.78] million.

CICC, the financial adviser to the Offeror, [is satisfied] that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal in accordance with its terms.

4. WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all the Scheme Shares will be cancelled and extinguished and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect immediately following the Effective Date.

The Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the Shares and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed expected timetable of the implementation of the Proposal will be set out in the Scheme Document, which will also contain, among other things, further details of the Scheme.

5. DESPATCH OF SCHEME DOCUMENT

The Scheme Document containing, among other things, details of the Proposal and the Scheme, the expected timetable, an explanatory statement as required under the Companies Law and the rules of the Grand Court, information regarding the Company, the recommendations of the Independent Board Committee with respect to the Proposal, the letter of advice from the Independent Financial Adviser, notices of the Court Meeting and the EGM as well as other particulars required by the Takeovers Code will be despatched to the Scheme Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Law, the rules of the Grand Court, the orders of the Grand Court and other applicable laws and regulations.

The Scheme Document will contain important information and the holders of Scheme Shares are urged to read the Scheme Document containing such disclosures carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting or the EGM. Any voting, acceptance or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

6. RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on [6 July] 2020 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for a resumption of trading in the Shares with effect from 9:00 a.m. on [8 July] 2020.

WARNINGS

Shareholders and potential investors of the Company should be aware that the implementation of the Proposal and the Scheme are subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, and the Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

This joint announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company or of the Offeror in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any acceptance, rejection or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Details in relation to overseas Shareholders will be contained in the Scheme Document.

1. INTRODUCTION

On [7 July] 2020, the Offeror requested the Board to put forward to the Scheme Shareholders the Proposal for the privatisation of the Company by way of the Scheme, being a scheme of arrangement under Section 86 of the Companies Law.

2. TERMS OF THE PROPOSAL

If the Proposal is approved and implemented:

- (a) the Scheme Shares held by the Disinterested Shareholders will be cancelled and extinguished on the Effective Date in exchange for the payment of the Cancellation Price of HK\$[6.50] in cash for each Scheme Share;
- (b) the [287,710,833] Scheme Shares held by the Mr. Na Related Shareholders will be cancelled and extinguished on the Effective Date in exchange for the Mr. Na Related Shareholders Cancellation Consideration, which consists of the crediting of [287,710,833] unpaid Offeror Shares (representing [46.05]% of the Offeror Shares in issue) out of the [513,676,233] unpaid Offeror Shares (representing [82.21]% of the Offeror Shares in issue) held by Optical Alpha as fully paid at the Cancellation Price per Offeror Share and in turn, the crediting of the unpaid Optical Alpha Shares held by the Mr. Na Related Shareholders as fully paid at the Cancellation Price per Optical Alpha Share;
- (c) the [171,121,237] Scheme Shares held by Kaifa will be cancelled and extinguished on the Effective Date in exchange for the Kaifa Cancellation Consideration, pursuant to which (i) [60,000,000] Scheme Shares out of the [171,121,237] Scheme Shares held by Kaifa will be cancelled and extinguished in consideration for cash at the Cancellation Price and (ii) [111,121,237] Scheme Shares out of the [171,121,237] Scheme Shares held by Kaifa will be cancelled and extinguished in consideration for the crediting of the unpaid Offeror Shares held by Kaifa in the Offeror (representing [17.79]% of the Offeror Shares in issue) as fully paid at the Cancellation Price per Offeror Share;
- (d) pursuant to paragraphs (a) to (c) above, the issued share capital of the Company will be reduced by cancelling and extinguishing the Scheme Shares, and upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled and extinguished on the Effective Date. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror. The Company will accordingly become a wholly-owned subsidiary of the Offeror on the Effective Date; and
- (e) the listing of the Shares on the Stock Exchange will be withdrawn with effect immediately following the Effective Date.

Cancellation Price

Under the Scheme, the Cancellation Price will be in the amount of HK\$[6.50] per Scheme Share payable by the Offeror to the Scheme Shareholders in the form of (i) the Cash Cancellation Consideration in respect of the Disinterested Shareholders; or (ii) the Kaifa Cancellation Consideration

in respect of Kaifa; or (iii) the Mr. Na Related Shareholders Cancellation Consideration in respect of the Mr. Na Related Shareholders.

The Cancellation Price will not be increased and the Offeror does not reserve the right to do so. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

Comparison of value

The Cancellation Price of HK\$[6.50] in cash for every Scheme Share cancelled and extinguished under the Scheme represents:

- a [premium] of approximately [23.57]% [over] the closing price of HK\$[5.26] per Share as quoted on the Stock Exchange on the Last Trading Day;
- a [premium] of approximately [24.66]% [over] the average closing price of approximately HK\$[5.21] per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a [premium] of approximately [25.68]% [over] the average closing price of approximately HK\$[5.17] per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a [premium] of approximately [24.56]% [over] the average closing price of approximately HK\$[5.22] per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a [premium] of approximately [34.26]% [over] the average closing price of approximately HK\$[4.84] per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a [premium] of approximately [43.18]% [over] the average closing price of approximately HK\$[4.54] per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a [premium] of approximately [19.27]% [over] the 52-week closing high of HK\$[5.45] per Share as quoted on the Stock Exchange; and
- a [premium] of approximately [128.85]% [over] the audited net asset value per Share attributable to the Shareholders of approximately HK\$[2.84] as at 31 December 2019.

[The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the prices of the Shares traded on the Stock Exchange and with reference to the trading multiples of comparable companies.]

3. CONDITIONS TO THE PROPOSAL

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and the Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Disinterested Shareholders representing not less than 75% in value of the Shares held by the Disinterested Shareholders, present and voting either in person or by proxy at the Court Meeting, provided that:

- (i) the Scheme is approved (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Shares held by the Disinterested Shareholders that are voted either in person or by proxy at the Court Meeting; and
 - (ii) the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Shares held by all the Disinterested Shareholders;
- (b) (i) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve and give effect to the reduction of the number of issued Shares in the share capital of the Company by cancelling and extinguishing the Scheme Shares; and (ii) the passing of an ordinary resolution by a simple majority of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to immediately thereafter increase the issued Shares to the amount prior to the cancellation and extinguishment of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme, credited as fully paid, for issuance to the Offeror;
- (c) the Grand Court's sanction of the Scheme (with or without modifications) and, to the extent necessary, its confirmation of the reduction of the number of issued Shares in the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (d) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Law in relation to the reduction of the number of issued Shares in the share capital of the Company;
- (e) approval of the Consortium Agreement and transactions contemplated thereunder by shareholders of Shenzhen Kaifa, the holding company of Kaifa, in accordance with the Rules Governing the Listing of Securities on the Shenzhen Stock Exchange having been obtained;
- (f) all necessary Authorisations which are material in the context of the Group taken as a whole and other registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal having been obtained from, given by or made with (as the case may be) the Relevant Authorities, in the Cayman Islands, Hong Kong and any other relevant jurisdictions;
- (g) all necessary Authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal under sub-paragraph (f) above remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with, and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto and which is material and adverse in the context of the Proposal or the Group taken as a whole, in each aforesaid case up to and at the time when the Scheme becomes effective; and
- (h) all necessary consents which may be required for the implementation of the Proposal and the Scheme under any existing contractual obligations of the Company being obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group.

With reference to the Condition (e), it is currently expected that a shareholders' meeting will be convened by Shenzhen Kaifa within one month from the Announcement Date, at which a resolution will be proposed for considering, and if thought fit, approving the Consortium Agreement and

transactions contemplated thereunder in accordance with the Rules Governing the Listing of Securities on the Shenzhen Stock Exchange. Shareholders will be notified by way of announcement upon the fulfilment of the Condition (e).

With reference to the Conditions (f), (g) and (h), as at the Announcement Date, the Offeror and the Company are not aware of any requirement for such Authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals other than those set out in the Conditions (a) to (e).

The Offeror reserves the right to waive Conditions (f), (g) and (h) either in whole or in part, either generally or in respect of any particular matter. Conditions (a), (b), (c), (d) and (e) cannot be waived in any event. The Company has no right to waive any of the Conditions. All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal.

Warnings: Shareholders and potential investors of the Company should be aware that the implementation of the Proposal and the Scheme are subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, and the Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

4. CONSORTIUM AGREEMENT

On [7 July] 2020, the Offeror, Optical Alpha, Mr. Na, the Mr. Na Related Shareholders, the Equity Investor, the Subscription Investor and Kaifa entered into the Consortium Agreement and formed the Offeror Consortium for the purpose of the Proposal. Pursuant to the Consortium Agreement, among other things:

- (a) they agreed that all material actions and decisions relating to the Proposal will be jointly led and made by the Mr. Na Related Shareholders;
- (b) each of the Mr. Na Related Shareholders has irrevocably undertaken and agreed to the cancellation and extinguishment of their respective Scheme Shares (which in aggregate consist of 287,710,833 Scheme Shares) under the Scheme in consideration for the Mr. Na Related Shareholders Cancellation Consideration;
- (c) Kaifa has irrevocably undertaken and agreed to the cancellation and extinguishment of its 171,121,237 Shares under the Scheme in consideration for the Kaifa Cancellation Consideration;
- (d) each of the Mr. Na Related Shareholders and Kaifa has irrevocably undertaken and agreed that:
 - (i) to the extent permitted under applicable laws, it will vote in favour of the resolutions to be proposed at the EGM to approve and give effect to the reduction of the number of issued Shares in the share capital of the Company and any resolutions proposed at the EGM to assist the implementation of the Scheme or are necessary for the Scheme to become effective, and to otherwise support the Scheme and provide such undertakings to the Grand Court as are appropriate and necessary for the Scheme to be approved; and
 - (ii) it shall not, during the term of the Consortium Agreement and other than in connection with the Proposal: (1) sell, transfer, charge, encumber, create or grant any option or lien over or otherwise dispose of (or permit any such action to occur in respect of) all or any

of its Shares or any interest therein; (2) accept or give any undertaking to accept any other offer, merger or other business combination in respect of the Shares; or (3) purchase or acquire any Shares other than with the consent of the Offeror; and

- (iii) it shall not, except to the extent required under the Takeovers Code, the Listing Rules or any applicable laws, take any action which may have the effect of delaying, disrupting or otherwise causing the Scheme not to become effective at the earliest practicable time or at all, or which is or may be prejudicial to the success of the Scheme

(paragraphs (b), (c) and (d) collectively, the "**Mr. Na Related Shareholders and Kaifa Irrevocable Undertakings**");

- (e) to compensate Mr. Na for the risks that he has undertaken in providing a personal guarantee to secure the Optical Alpha Acquisition Financing and the Offeror Acquisition Financing, (i) the Equity Investor agreed that [7,437,813] unpaid Optical Alpha Shares subscribed by the Equity Investor at the Cancellation Price under the Offshore Subscription Agreement (representing [1.85]% of the enlarged issued share capital of Optical Alpha upon completion of the Offshore Subscription Agreement and as at the Announcement Date, and [1.45]% of the enlarged issued share capital of Optical Alpha upon completion of the Onshore Subscription Agreement) shall be issued by Optical Alpha to Mandarin Assets, a company wholly-owned by Mr. Na, in its stead (the "**Mandarin Assets Arrangement Part I**") and (ii) the Subscription Investor agreed that [7,349,467] Optical Alpha Shares subscribed by the Subscription Investor at the Cancellation Price under the Onshore Subscription Agreement (representing [1.43]% of the enlarged issued share capital of Optical Alpha upon completion of the Onshore Subscription Agreement) shall be issued by Optical Alpha to Mandarin Assets in its stead (the "**Mandarin Assets Arrangement Part II**").

As at the Announcement Date, the Mandarin Assets Arrangement Part I has been completed and [7,437,813] unpaid Optical Alpha Shares subscribed by the Equity Investor at the Cancellation Price have been issued to Mandarin Assets. These [7,437,813] unpaid Optical Alpha Shares issued to Mandarin Assets are currently expected to be credited as fully paid upon payment of the subscription price by the Equity Investor in respect of such Optical Alpha Shares in accordance with the terms of the Offshore Subscription Agreement.

The Mandarin Assets Arrangement Part II is expected to be completed at the same time as the completion of the Onshore Subscription Agreement.

For the avoidance of doubt, none of the [7,437,813] Optical Alpha Shares issued to Mandarin Assets pursuant to the Mandarin Assets Arrangement Part I and the [7,349,467] Optical Alpha Shares to be issued to Mandarin Assets pursuant to the Mandarin Assets Arrangement Part II form part of the unpaid Optical Alpha Shares held by Mandarin Assets which are intended to be credited as fully paid pursuant to the Mr. Na Related Shareholders Cancellation Consideration.

The Consortium Agreement shall terminate in accordance with its terms upon the earlier of, among others:

- (a) the Conditions not having been fulfilled or waived (as the case may be) by the Long Stop Date;
- (b) withdrawal or lapse of the Scheme in accordance with the Takeovers Code;
- (c) the date on which the consideration payable by the Offeror in respect of the Scheme is settled in full in accordance with the Scheme Document; or
- (d) expiry of the exclusivity period of the Consortium Agreement or such other date as the relevant parties to the Consortium Agreement otherwise agree in writing. The exclusivity period of the Consortium Agreement has commenced on the date of the Consortium Agreement (i.e. [7 July]

2020) and will end on the earlier of (i) the date which is [18] months after the date of the Consortium Agreement, which may be extended as agreed by all parties to the Consortium Agreement in writing; (ii) the termination of the Consortium Agreement pursuant to the terms thereof; (iii) the completion of the Proposal (being the date on which the Cancellation Consideration having been settled in full in accordance with the Scheme Document); and (iv) six months after the date of the Consortium Agreement if the announcement to be published pursuant to Rule 3.5 of the Takeovers Code in respect of the Proposal is not made within six months following the date of the Consortium Agreement.

5. AGREEMENTS RELATING TO OPTICAL ALPHA AND THE OFFEROR

Optical Alpha and the Offeror are investment vehicles through which members of the Offeror Consortium intend to hold their respective investments in the Group after completion of the Proposal, and were formed for the purpose of implementing the Proposal.

As the Mr. Na Related Shareholders, Kaifa, the Equity Investor and the Subscription Investor intended to finance the Proposal through making equity investments (whether by way of cash or in-kind contributions) in Optical Alpha and the Offeror, (i) Optical Alpha, the Mr. Na Related Shareholders and the Equity Investor entered into the Offshore Subscription Agreement on [6 July] 2020 for the subscriptions of Optical Alpha Shares by the Mr. Na Related Shareholders and the Equity Investor; (ii) Optical Alpha, the Mr. Na Related Shareholders, the Equity Investor and the Subscription Investor entered into the Onshore Subscription Agreement on [6 July] 2020 for the subscription of Optical Alpha Shares by the Subscription Investor; and (iii) the Offeror, Optical Alpha and Kaifa entered into the Offeror Subscription Agreement on [7 July] 2020 for the subscriptions of Offeror Shares by Optical Alpha and Kaifa.

As at the Announcement Date, the Offshore Subscription Agreement has been completed, pursuant to which unpaid Optical Alpha Shares have been issued to the Mr. Na Related Shareholders and the Equity Investor, which are intended to be credited as fully paid (i) (in respect of the Mr. Na Related Shareholders) pursuant to the Mr. Na Related Shareholders Cancellation Consideration upon the Scheme becoming effective and (ii) (in respect of the Equity Investor) upon settlement of the relevant subscription price in cash by the Equity Investor (which is intended to be funded by an irrevocable standby letter of credit issued by Silicon Valley Bank made available to Optical Alpha as the beneficiary, further details of which are set out in the section headed "7. Financial Resources" below) no later than the Business Day immediately following the date on which the Scheme is sanctioned (with or without modifications) by the Grand Court (or such other date as agreed between the Equity Investor and Optical Alpha). Upon completion of the Offshore Subscription Agreement and as at the Announcement Date, Optical Alpha is owned as to approximately [3.16]% by Mandarin Assets, [56.90]% by O-Net BVI, [13.48]% by O-Net SAPL and [26.46]% by the Equity Investor. To govern their relationship in respect of Optical Alpha, the Mr. Na Related Shareholders and the Equity Investor (being the existing shareholders of Optical Alpha) entered into the Optical Alpha Shareholders' Agreement with Optical Alpha on [6 July] 2020.

Upon completion of the Onshore Subscription Agreement, it is expected that Optical Alpha will be owned as to approximately [3.90]% by Mandarin Assets, [44.46]% by O-Net BVI, [10.53]% by O-Net SAPL, [20.68]% by the Equity Investor and [20.43]% by the Subscription Investor. Completion of the Onshore Subscription Agreement is subject to the fulfilment or waiver of its conditions precedent, which include, among others, obtaining of necessary approvals for the subscription of Optical Alpha Shares by the Subscription Investor, including but not limited to those in relation to overseas direct investment by the Subscription Investor (a company established in the PRC) in Optical Alpha (a business company incorporated in the British Virgin Islands). It is currently expected that the Onshore Subscription Agreement may or may not complete by the Effective Date, depending on the progress of obtaining of such necessary approvals by the Subscription Investor. In light of the uncertainty about the timing by which the Onshore Subscription Agreement could be completed, the Subscription Investor agreed to first provide the Subscription Investor's Deposit, being a deposit in the amount of RMB660 million to be placed in an account designated by Optical Alpha, for the purpose of satisfying one of the conditions precedent for the drawdowns

of the Offeror Acquisition Financing and the Optical Alpha Acquisition Financing. To ensure that the Subscription Investor's Deposit will be maintained at the designated account for the purpose of the drawdowns of the Offeror Acquisition Financing and the Optical Alpha Acquisition Financing to finance the payment of the Cancellation Consideration by the Offeror upon the Scheme becoming effective, the Subscription Investor's withdrawal of the Subscription Investor's Deposit from the designated account prior to the drawdown of the Offeror Acquisition Financing and the Optical Alpha Acquisition Financing is subject to, among others, the authorisation from CICC (as financial adviser to the Offeror) to the bank at which the designated account is maintained. In addition, the Subscription Investor has irrevocably and unconditionally undertaken to Optical Alpha not to withdraw the Subscription Investor's Deposit from the designated bank account during the agreed period under the Subscription Investor's Irrevocable Undertakings.

As at the Announcement Date, the Offeror Subscription Agreement has also been completed, pursuant to which unpaid Offeror Shares have been issued to Optical Alpha and Kaifa, which are intended to be credited as fully paid (i) (in respect of Optical Alpha) partly pursuant to the Mr. Na Related Shareholders Cancellation Consideration upon the Scheme becoming effective and partly upon settlement of the remaining subscription price in cash by Optical Alpha on the drawdown date of the Optical Alpha Acquisition Financing, currently anticipated to be within [2] Business Day after the Effective Date, (which is intended to be funded by (a) the subscription monies to be paid by the Equity Investor to Optical Alpha pursuant to the Offshore Subscription Agreement and (b) proceeds from the Optical Alpha Acquisition Financing); and (ii) (in respect of Kaifa) pursuant to the Kaifa Cancellation Consideration upon the Scheme becoming effective. Upon completion of the Offeror Subscription Agreement and as at the Announcement Date, the Offeror is owned as to approximately [82.21]% by Optical Alpha and [17.79]% by Kaifa.

For the shareholding structures of the Offeror and Optical Alpha upon (i) completion of the Proposal but before completion of the Onshore Subscription Agreement, and (ii) completion of both the Proposal and the Onshore Subscription Agreement, please refer to the relevant shareholding charts set out in the section headed "6. Shareholding Structure" below.

Furthermore, for the payment of the fees and expenses incurred in relation to the Acquisition Financing, the Equity Investor provided a shareholder's loan in the amount of HK\$[30] million to Optical Alpha under the Optical Alpha Shareholder's Loan Agreement dated [6 July] 2020, and Optical Alpha provided a shareholder's loan in the amount of HK\$[20] million to the Offeror under the Offeror Shareholder's Loan Agreement entered into on [7 July] 2020.

Details of the aforementioned agreements entered into among members of the Offeror Consortium are set out below.

Optical Alpha

(A) Subscription Agreements

1. Offshore Subscription Agreement

On [6 July] 2020, Optical Alpha, the Mr. Na Related Shareholders and the Equity Investor entered into the Offshore Subscription Agreement, pursuant to which, among others:

- (a) the Mr. Na Related Shareholders have agreed to subscribe for [287,710,833] unpaid Optical Alpha Shares at the Cancellation Price. The total subscription price of such subscription shall be settled pursuant to the Mr. Na Related Shareholders Cancellation Consideration; and
- (b) the Equity Investor has agreed to subscribe for [113,657,708] unpaid Optical Alpha Shares at the Cancellation Price (i.e. HK\$[738,775,102] in aggregate), among which [7,437,813] unpaid Optical Alpha Shares shall be issued to Mandarin Assets in its stead pursuant to the Mandarin Assets Arrangement Part I. These [7,437,813] unpaid Optical Alpha Shares shall be credited as fully paid upon the settlement of the subscription price by the Equity Investor no later than the Business Day immediately following the date on which the

Scheme is sanctioned (with or without modifications) by the Grand Court (or such other date as agreed between the Equity Investor and Optical Alpha).

As at the Announcement Date, the subscriptions by the Mr. Na Related Shareholders and the Equity Investor for Optical Alpha Shares under the Offshore Subscription Agreement have been completed and Optical Alpha is owned as to approximately [3.16]% by Mandarin Assets, [56.90]% by O-Net BVI, [13.48]% by O-Net SAPL and [26.46]% by the Equity Investor.

2. Onshore Subscription Agreement

On [6 July] 2020, Optical Alpha, the Mr. Na Related Shareholders, the Equity Investor and the Subscription Investor entered into the Onshore Subscription Agreement, pursuant to which, among others:

- (a) the Subscription Investor has agreed to subscribe for [112,307,692] Optical Alpha Shares at the Cancellation Price (i.e. the Hong Kong dollar equivalent amount of [RMB660 million] in aggregate), among which [7,349,467] unpaid Optical Alpha Shares shall be issued to Mandarin Assets in its stead pursuant to the Mandarin Assets Arrangement Part II; and
- (b) the Subscription Investor has irrevocably and unconditionally undertaken to Optical Alpha that a sum of [RMB660 million] (corresponding to the agreed subscription price in paragraphs (a) above) will be deposited into a designated bank account upon signing of the Onshore Subscription Agreement and that such deposit shall not be withdrawn from the designated bank account until the earlier of (i) [31 March 2021] (or such later date as may be agreed between the Subscription Investor and Optical Alpha in writing); (ii) the date on which the Scheme is withdrawn or lapses in accordance of its terms and the Takeovers Code; (iii) the date on which the Onshore Subscription Agreement is terminated in accordance with its terms; or (iv) the date on which the Optical Alpha Acquisition Financing is terminated in accordance with the terms and conditions of the relevant facility agreement (the "**Subscription Investor's Irrevocable Undertakings**").

As at the Announcement Date, a sum of RMB[660 million] (equivalent to approximately HK\$[730] million) has been deposited into the designated bank account pursuant to the Subscription Investor's Irrevocable Undertakings and the terms of the Onshore Subscription Agreement (the "**Subscription Investor's Deposit**").

Upon completion of the Onshore Subscription Agreement, it is expected that Optical Alpha will be owned as to approximately [3.90]% by Mandarin Assets, [44.46]% by O-Net BVI, [10.53]% by O-Net SAPL, [20.68]% by the Equity Investor and [20.43]% by the Subscription Investor. Completion of the Onshore Subscription Agreement is subject to its conditions precedent, including, among others, all necessary approvals from the relevant governmental, regulatory or other authorities, required for the subscription of Optical Alpha Shares by the Subscription Investor having been obtained. As at the Announcement Date, the Onshore Subscription Agreement has not been completed. Depending on the progress of the obtaining of the abovementioned necessary approvals for the subscription of Optical Alpha Shares by the Subscription Investor, it is currently expected that the Onshore Subscription Agreement may complete prior to or after the Effective Date.

(B) Optical Alpha Shareholders' Agreement

On [6 July] 2020, Optical Alpha, the Mr. Na Related Shareholders and the Equity Investor entered into the Optical Alpha Shareholders' Agreement in respect of the governance of Optical Alpha, which is intended to take full effect upon the Scheme becoming effective. The principal terms of the Optical Alpha Shareholders' Agreement are set out as follows:

- (a) **Board composition:** The board of Optical Alpha shall comprise three directors. Each of Mandarin Assets, O-Net BVI and the Equity Investor shall have the right to appoint one director.
- (b) **Reserved matters:** The board of Optical Alpha shall be responsible for the overall management of Optical Alpha, subject to certain reserved matters which require the prior written consents of shareholders of Optical Alpha holding an aggregate of not less than 80% of the issued shares of Optical Alpha.

- (c) **Right of first refusal and tag along:** The parties shall have the right to transfer their shares in Optical Alpha subject to first refusal and tag-along rights.
- (d) **Pre-emptive rights:** Any new issues of shares of Optical Alpha shall be subject to a right of pre-emption in favour of the shareholders to Optical Alpha (pro rata to their respective proportionate shareholding of the voting shares).
- (e) **Liquidation:** If the Company fails to withdraw listing from the Main Board of the Stock Exchange on or before 1 January 2022 (or such other date as the shareholders to Optical Alpha may agree in writing), the shareholders may approve to wind up Optical Alpha pursuant to the articles of association and the laws of the British Virgin Islands.

(C) Optical Alpha Shareholder's Loan Agreement

On [6 July] 2020, Optical Alpha and the Equity Investor entered into the Optical Alpha Shareholder's Loan Agreement pursuant to which the Equity Investor agreed to grant a shareholder's loan in the principal amount of HK\$[30] million to Optical Alpha for the purpose of payment of fees and expenses as may be incurred in connection with the Acquisition Financing. Mr. Na has entered into the Optical Alpha Personal Guarantee on the same date to guarantee the repayment of any amount payable by Optical Alpha under the Optical Alpha Shareholder's Loan Agreement.

Offeror

(A) Offeror Subscription Agreement

On [7 July] 2020, Optical Alpha, Kaifa and the Offeror entered into the Offeror Subscription Agreement, pursuant to which, among others:

- (a) Optical Alpha has agreed to subscribe for [513,676,233] unpaid Offeror Shares at the Cancellation Price, among which (i) [287,710,833] unpaid Offeror Shares shall be credited as fully paid pursuant to the Mr. Na Related Shareholders Cancellation Consideration, and (ii) the remaining [225,965,400] unpaid Offeror Shares shall be credited as fully paid upon the settlement of the remaining subscription price by Optical Alpha on the drawdown date of the Optical Alpha Acquisition Financing, currently anticipated to be within [2] Business Day after the Effective Date (or such other date as agreed between the Optical Alpha and the Offeror). Optical Alpha and the Offeror has further agreed that, subject to the Scheme becoming effective, [HK\$[20] million out of] the subscription price under (ii) above shall be set off by the shareholder's loan provided by Optical Alpha to the Offeror pursuant to the Offeror Shareholder's Loan Agreement; and
- (b) Kaifa has agreed to subscribe for [111,121,237] unpaid Offeror Shares at the Cancellation Price, which shall be credited as fully paid pursuant to the Kaifa Cancellation Consideration.

As at the Announcement Date, the subscriptions by Optical Alpha and Kaifa for Offeror Shares under the Offshore Subscription Agreement have been completed and the Offeror is owned as to approximately [82.21]% by Optical Alpha and [17.79]% by Kaifa.

(B) Offeror Shareholder's Loan Agreement

On [7 July] 2020, Offeror and Optical Alpha entered into the Offeror Shareholder's Loan Agreement pursuant to which Optical Alpha agreed to grant a shareholder's loan in the principal amount of HK\$[20] million to the Offeror for the purpose of payment of fees and expenses as may be incurred by the Offeror in relation to the Offeror Acquisition Financing. The Offeror and Optical Alpha have further agreed that, subject to the Scheme becoming effective, the shareholder's loan made pursuant to the Offeror Shareholder's Loan Agreement shall be partially set off by HK\$[20] million out of the total subscription price payable by Optical Alpha for approximately [3,076,923] Offeror Shares under the Offeror Subscription Agreement.

6. SHAREHOLDING STRUCTURE

As at the Announcement Date:

- (a) the issued share capital of the Company comprises [834,028,240] Shares, all of which will be subject to the Scheme and regarded as Scheme Shares;
- (b) the Share Option Scheme had been terminated upon the expiry of its term on 9 April 2020, and all Options granted thereunder but not exercised by 8 April 2020 had lapsed on 9 April 2020. Accordingly, no Options are in issue as at the Announcement Date. As the Company has no intention to adopt a new share option scheme from the Announcement Date up to the Effective Date, it is also expected that no Options will be in issue during the period from the Announcement Date and up to the Effective Date (both dates inclusive);
- (c) the Company has no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than its issued share capital comprising [834,028,240] Shares;
- (d) the Offeror does not legally or beneficially own, control or have direction over any Shares;
- (e) the Mr. Na Related Shareholders legally or beneficially own, control or have direction over [287,710,833] Shares, representing approximately [34.50]% of the issued Shares, of which:
 - (i) [5,232,000] Shares, or [0.63]% of the issued Shares, are held by Mandarin Assets (which is wholly owned by Mr. Na);
 - (ii) [228,373,383] Shares, or [27.38]% of the issued Shares, are held by O-Net BVI (which Mr. Na has control over more than 30% of its voting rights); and
 - (iii) [54,105,450] Shares, or [6.49]% of the issued Shares, are held by O-Net SAPL (which is wholly owned by O-Net BVI) as trustee on trust for the selected grantees under the Restricted Share Award Scheme. For details of the arrangement in relation to these Shares, please see Note 3 to the shareholding table below;
- (f) Kaifa legally or beneficially owns, controls or has direction over [171,121,237] Shares, representing approximately [20.52]% of the issued Shares;
- (g) [the Equity Investor does not legally or beneficially own, control or have direction over any Shares];
- (h) [the Subscription Investor does not legally or beneficially own, control or have direction over any Shares];
- (i) members of the Guosen Securities Group, being Offeror Concert Parties by virtue of Guosen Capital's investment in the Subscription Investor through Shenzhen Songhexin LP (as defined in the section headed "9. Information on the Offeror and Offeror Concert Parties – (f) Subscription Investor" in this joint announcement) and Shenzhen Songhe Zhengxingu LP (as defined in the section headed "9. Information on the Offeror and Offeror Concert Parties – (f) Subscription Investor" in this joint announcement, which is a fund established in relation to the Proposal), held [*] Shares, representing approximately [*]% of the issued Shares. [Based on Guosen Securities' confirmation, (i) all these [*] Shares held by the Guosen Securities Group [are not] its proprietary interests; (ii) the Guosen Securities Group [does not] have any control over these [*] Shares (including the voting rights attaching thereto); and (iii) to the extent these [*] Shares were acquired during the last six months prior to the Announcement Date, they [were acquired at the sole instruction of third party clients (who are not the Offeror or any of the Offeror Concert Parties) with

such clients' own funds]. [None of such client's ultimate beneficial owners are part of the Guosen Securities Group nor the Offeror nor any of the Offeror Concert Parties. As such, all the Shares held by the Guosen Securities Group are considered to be Shares held by Disinterested Shareholders];

- (j) the Disinterested Shareholders hold [375,196,170] Shares, representing approximately [44.99]% of the issued Shares;
- (k) save as disclosed above, the Offeror and the Offeror Concert Parties do not hold or have control or direction over any other Shares or any options, warrants, derivatives or securities convertible into Shares or other derivatives in respect of securities in the Company [and have not dealt in any Shares or any options, warrants, derivatives or securities convertible into Shares or other derivatives in respect of securities in the Company in the past 6 months prior to the Announcement Date];
- (l) [neither the Offeror nor the Offeror Concert Parties have entered into any outstanding derivative in respect of the securities in the Company]; and
- (m) neither the Offeror nor the Offeror Concert Parties have borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

On the assumption that there is no other change in the shareholding structure of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Announcement Date and immediately after completion of the Proposal:

Shareholders	As at the Announcement Date		Immediately upon completion of the Proposal	
	No. of Shares	Approximate % (Note 7)	No. of Shares (Note 8)	Approximate % (Note 7)
Offeror	-	-	[834,028,240]	100%
Offeror Concert Parties				
Mr. Na Related Shareholders				
Mandarin Assets (Note 1)	[5,232,000]	[0.63]	-	-
O-Net BVI (Note 2)	[228,373,383]	[27.38]	-	-
O-Net SAPL (Notes 3 and 4)	[54,105,450]	[6.49]	-	-
Sub-total:	[287,710,833]	[34.50]	-	-
Kaifa	[171,121,237]	[20.52]	-	-
Aggregate number of Shares held by the Offeror and Offeror Concert Parties	[458,832,070]	[55.01]	[834,028,240]	100%
[Shares held by members of the CICC group acting in the capacity of exempt principal traders (other than those held on behalf of non-discretionary clients) (Note 5)]	[*]	[*]	-	-

Shareholders	As at the Announcement Date		Immediately upon completion of the Proposal	
	No. of Shares	Approximate % (Note 7)	No. of Shares (Note 8)	Approximate % (Note 7)
[Shares held by members of the CICC group acting in the capacity of exempt principal traders on behalf of non-discretionary clients (Note 5)]	[*]	[*]	-	-
Guosen Securities Group (Note 6)	[*]	[*]	-	-
Other Disinterested Shareholders	[*]	[*]	-	-
Aggregate number of Shares held by Disinterested Shareholders	[*]	[*]	-	-
Total number of Shares	[834,028,240]	100%	[834,028,240]	100%
Total number of Scheme Shares	[834,028,240]	100%	-	-

Notes:

1. Mandarin Assets is a business company incorporated in the British Virgin Islands and is wholly owned by Mr. Na.
2. O-Net BVI is a business company incorporated in the British Virgin Islands, which Mr. Na has control over 30% of its voting rights as at the Announcement Date.
3. O-Net SAPL is a business company incorporated in the British Virgin Islands and is wholly owned by O-Net BVI. O-Net SAPL is the trustee of the Restricted Share Award Scheme. Pursuant to the rules of the Restricted Share Award Scheme, the Board may, from time to time, at their absolute discretion select the grantee(s) after taking into account various factors as they deem appropriate for participation in the Restricted Share Award Scheme and determine the number of Shares to be awarded to such grantee(s). The [54,105,450] Shares held by O-Net SAPL as at the Announcement Date comprised Shares subscribed for or purchased by O-Net SAPL and are held on trust by O-Net SAPL for the relevant selected grantees under the Restricted Share Award Scheme until such Share awards are vested with the relevant selected grantees in accordance with the rules of the Restricted Share Award Scheme, which provide, among other things, that the vesting of the Share awards with the relevant selected grantees is subject to O-Net SAPL's sole absolute discretion taking into account the interests of any selected grantee or the selected grantees as a whole. As at the Announcement Date, O-Net SAPL intended that none of the outstanding Share awards granted under the Restricted Shares Award Scheme shall vest on or prior to the Effective Date.

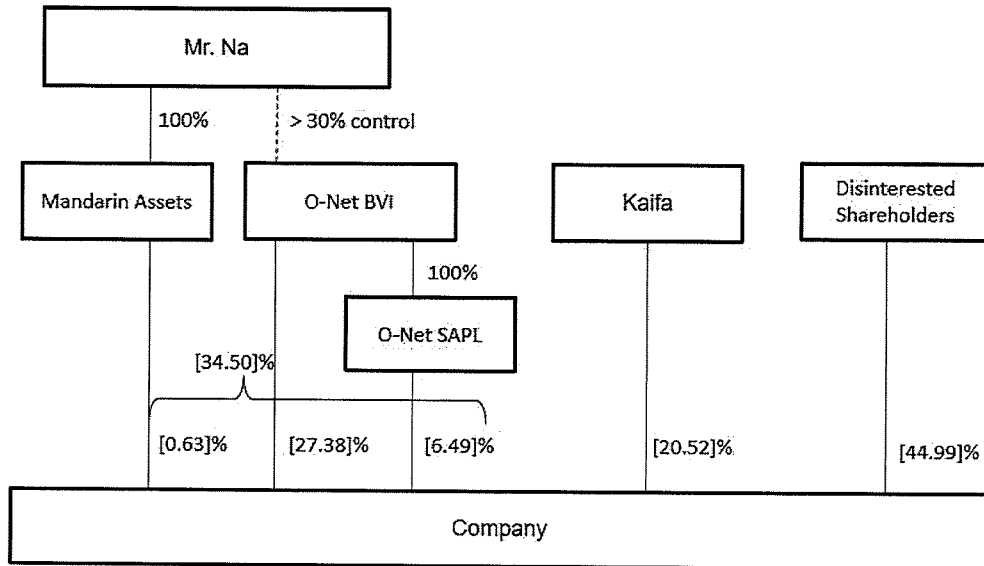
According to the rules of the Restricted Share Award Scheme, if there is a change in control of the Company by way of a scheme of arrangement, the Board shall have the discretion to decide whether

the share awards granted thereunder shall vest or lapse on the date when such change of control event becomes or is declared unconditional, subject to the final decision of O-Net SAPL as the trustee of the Restricted Share Award Scheme. For this purpose, the Board and O-Net SAPL have decided that all share awards granted under the Restricted Share Award Scheme shall lapse on the Effective Date.

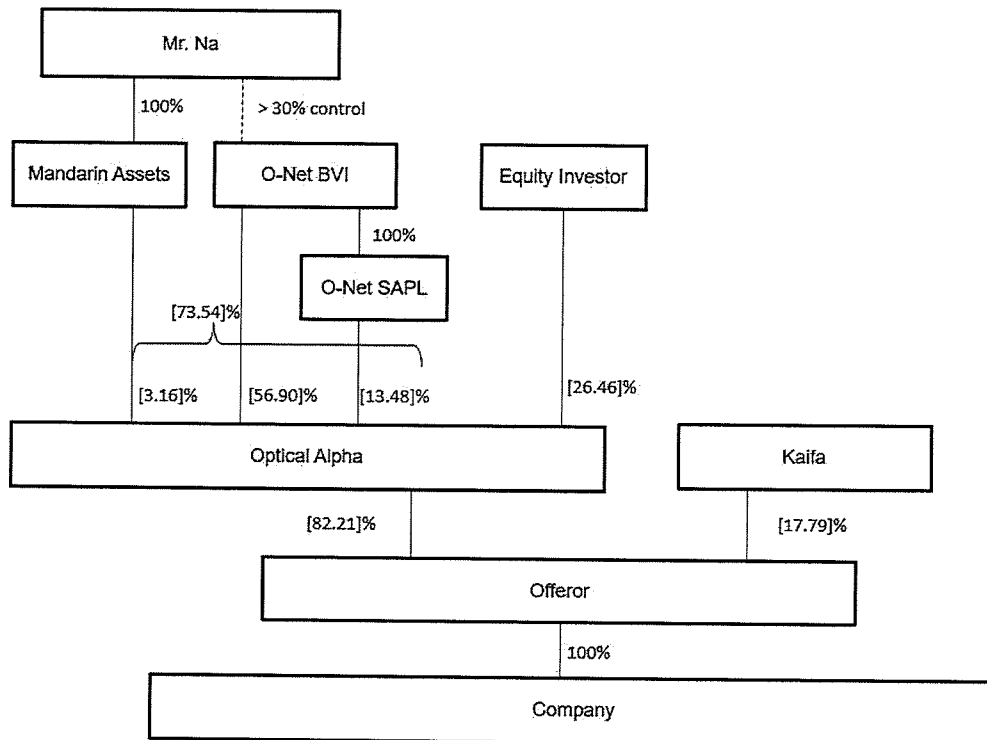
It is accordingly expected that all the Share awards granted under the Restricted Shares Award Scheme that are outstanding as at the Announcement Date will lapse on the Effective Date.

4. Among these [54,105,450] Shares held by O-Net SAPL, [1,000,000] Shares were granted to Mr. Na as awarded Shares under the Restricted Share Award Scheme, [which were yet to be vested as at the Announcement Date]. As stated in Note 3 above, such share award is expected to lapse on the Effective Date pursuant to the terms of the Restricted Share Award Scheme.
5. [Exempt principal traders which are connected for the sole reason that they are under the same control as CICC are not presumed to be acting in concert with the Offeror. However, Shares held by members of the CICC group acting in the capacity of exempt principal traders (other than those held on behalf of non-discretionary clients) will not be voted at the Court Meeting, and Shares held by members of the CICC group acting in the capacity of exempt principal traders on behalf of non-discretionary clients will not be voted at the Court Meeting unless otherwise confirmed with the Executive).]
6. Guosen Securities is the sole shareholder of Guosen Capital, which is a limited partner of Shenzhen Songhexin LP (as defined in the section headed "9. Information on the Offeror and Offeror Concert Parties – (f) Subscription Investor" in this joint announcement), which is in turn a limited partner of Shenzhen Songhe Zhengxingu LP (as defined in the section headed "9. Information on the Offeror and Offeror Concert Parties – (f) Subscription Investor" in this joint announcement), a fund established in relation to the Proposal. [Based on Guosen Securities' confirmation, (i) all these [*] Shares held by the Guosen Securities Group [are not] its proprietary interests; (ii) the Guosen Securities Group [does not] have any control over these [*] Shares (including the voting rights attaching thereto); and (iii) to the extent these [*] Shares were acquired during the last six months prior to the Announcement Date, they [were acquired at the sole instruction of third party clients (who are not the Offeror or any of Offeror Concert Parties) with such clients' own funds. None of such client's ultimate beneficial owners are part of the Guosen Securities Group nor the Offeror nor any of the Offeror Concert Parties. As such, all the Shares held by the Guosen Securities Group are considered to be Shares held by Disinterested Shareholders.]
7. The shareholding percentage in the table is subject to rounding adjustment.
8. Under the Scheme, the share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares, and forthwith upon such reduction, the share capital of the Company will be increased to its former amount by the issuance at par to the Offeror credited as fully paid of the same number of Shares as is equal to the number of Scheme Shares cancelled and extinguished. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme, credited as fully paid, for issuance to the Offeror.

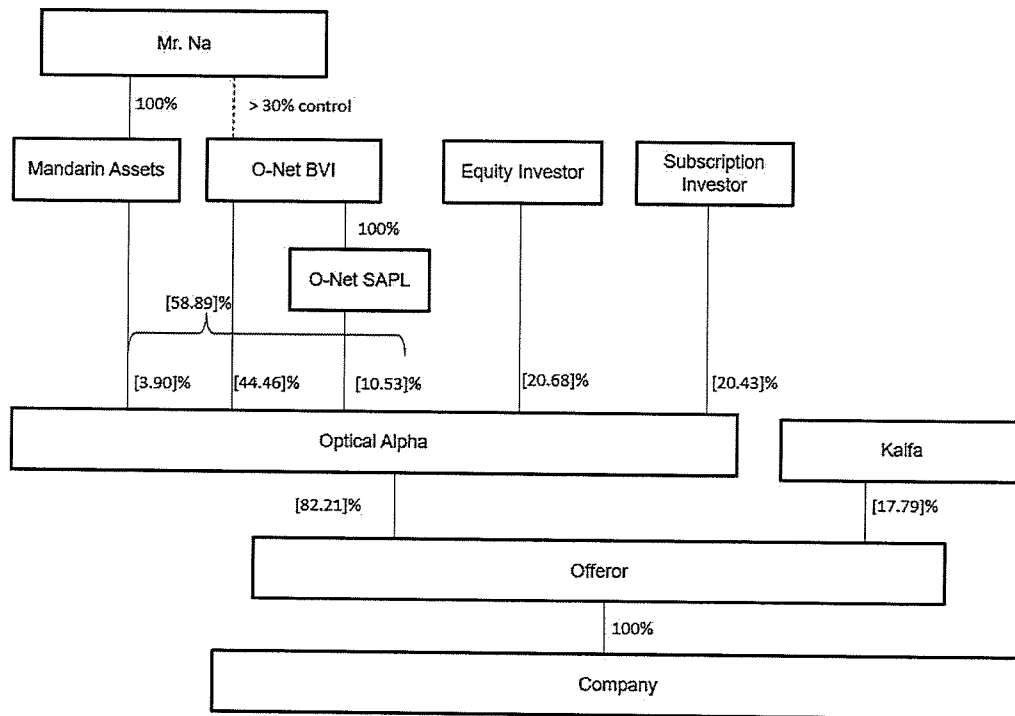
The chart below sets out the shareholding structure of the Company at the Announcement Date:



The chart below sets out the shareholding structure of the Company upon completion of the Proposal but before completion of the Onshore Subscription Agreement (on the assumption that there is no other change in the shareholding structure of the Company before completion of the Proposal):



The chart below sets out the shareholding structure of the Company upon completion of the Proposal and the Onshore Subscription Agreement (on the assumption that there is no other change in the shareholding structure of the Company before completion of the Proposal):



7. FINANCIAL RESOURCES

As at the Announcement Date, (i) there are a total of [834,028,240] Shares in issue; and (ii) the Mr. Na Related Shareholders and Kaifa in aggregate directly or indirectly hold [458,832,070] Shares (representing approximately [55.01]% of the total issued Shares). In accordance with the terms of the Consortium Agreement, the Mr. Na Related Shareholders and Kaifa have undertaken to the cancellation and extinguishment of their respective Shares under the Scheme in consideration for receiving the Mr. Na Related Shareholders Cancellation Consideration and the Kaifa Cancellation Consideration, respectively.

Taking into account that the Mr. Na Related Shareholders will not receive the Cancellation Price in cash for the [287,710,833] Scheme Shares held or controlled by the Mr. Na Related Shareholders, and Kaifa will not receive the Cancellation Price in cash for the [111,121,237] Scheme Shares out of [171,121,237] Scheme Shares held or controlled by Kaifa under the Scheme, the Scheme would involve making an offer to cancel and extinguish the remaining [60,000,000] Scheme Shares held by [Kaifa] and the [375,196,170] Scheme Shares held by the Disinterested Shareholders in exchange for the Cancellation Price in cash. Therefore, the maximum total amount of cash required to effect the Proposal is approximately HK\$[2,828.78] million.

The Offeror intends to finance the cash requirement for the Proposal through:

[(i) a drawdown of debt facilities with an aggregate amount of HK\$[1.44] billion provided by CMB (the "Offeror Acquisition Financing"), the Offeror's repayment obligation under which is guaranteed by Mr. Na and to be secured by, among others, [account charges, share charges and equity charges over relevant subsidiaries and assets of the Company after the completion of the Proposal]; and

(ii) [a shareholder contribution from Optical Alpha to the Offeror funded by

- (a) a drawdown of debt facilities with an aggregate amount of HK\$[730] million provided by CMB to Optical Alpha (the “**Optical Alpha Acquisition Financing**”), Optical Alpha’s repayment obligation under which is guaranteed by Mr. Na and secured by among others, [equitable mortgages over all Optical Alpha Shares and over Optical Alpha’s entire shareholding interest in the Offeror]; and
- (b) an aggregate cash investment of HK\$[738,775,102], being the subscription price payable by the Equity Investor under the Offshore Subscription Agreement, payable by the Equity Investor no later than the Business Day immediately following the date on which the Scheme is sanctioned (with or without modifications) by the Grand Court of the Cayman Islands (or such other date as agreed between the Equity Investor and the Offeror) funded by an irrevocable standby letter of credit issued by Silicon Valley Bank dated [6 July] made available to Optical Alpha as the beneficiary in the aggregate principal amount of US\$[96.00] million.

[As at the Announcement Date, a sum of RMB[660] million (approximately equivalent to HK\$[730] million) has been deposited into the designated bank account pursuant to the Subscription Investor’s Irrevocable Undertakings and the terms of the Onshore Subscription Agreement for the purpose of satisfying one of the conditions precedent for the drawdowns of the Offeror Acquisition Financing and the Optical Alpha Acquisition Financing and the entire share capital of the Subscription Investor has been pledged to the designated bank.]

CICC, the financial adviser to the Offeror, [is satisfied] that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal in accordance with its terms.

10. REASONS FOR AND BENEFITS OF THE PROPOSAL

Low liquidity of the Shares

The liquidity of the Shares has been at a relatively low level over a prolonged period of time, with an average daily trading volume of [1,491,740] Shares for the [24] months up to and including the Last Trading Day, representing less than [0.18]% of the total issued Shares as at the Last Trading Day. Low trading liquidity of the Shares renders it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. Further, the Directors (excluding members of the Independent Board Committee whose views will be given after taking into account the advice of the Independent Financial Adviser) believe that such low liquidity hinders the Company’s ability to raise funds from the public equity market, which no longer serves as a viable source of funding for developing the Group’s business.

Attractive opportunity to realise investments

The Proposal is intended to provide the Scheme Shareholders with an attractive opportunity to realise their investments and interests in the Company for cash at a premium. The Cancellation Price represents a premium of approximately (i) [23.57]% over the closing price of the Shares on the Last Trading Day; (ii) [25.68]% over the average closing price of the Shares for the 10 trading days up to and including the Last Trading Day; (iii) [24.56]% over the average closing price of the Shares for the 30 trading days up to and including the Last Trading Day; (iv) [34.26]% over the average closing price of the Shares for the 90 trading days up to and including the Last Trading Day; (v) [43.18]% over the average closing price of the Shares for the 180 trading days up to and including the Last Trading Day; (vi) [19.27]% over the average closing price of the Shares for the 52-week closing high; and (vii) [128.85]% over the audited consolidated net asset value per Share as at 31 December 2019.

11. INFORMATION ON THE OFFEROR AND OFFEROR CONCERT PARTIES

(a) Offeror

The Offeror is a business company incorporated in the British Virgin Islands with limited liability. As at the Announcement Date, it is held as to [82.21]% by Optical Alpha and [17.79]% by Kaifa.

(b) Optical Alpha

Optical Alpha is a business company incorporated in the British Virgin Islands with limited liability. As at the Announcement Date, it is held as to [73.54]% by the Mr. Na Related Shareholders (including [3.16]% by Mandarin Assets, [56.90]% by O-Net BVI, [13.48]% by O-Net SAPL) and [26.46]% by the Equity Investor. Upon completion of the Onshore Subscription Agreement, it is expected that Optical Alpha will be held as to [58.89]% by the Mr. Na Related Shareholders (including [3.90]% by Mandarin Assets, [44.46]% by O-Net BVI, [10.53]% by O-Net SAPL), [20.68]% by the Equity Investor and [20.43]% by the Subscription Investor.

(c) **Mr. Na Related Shareholders**

The Mr. Na Related Shareholders comprise Mandarin Assets, O-Net BVI and O-Net SAPL.

Mandarin Assets

Mandarin Assets is a business company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Na.

Mr. Na is the chairman of the Board, the chief executive officer of the Company and an executive Director. Mr. Na joined the Company as the chief executive officer in January 2002 and was subsequently appointed as the co-chairman of the Board and an executive Director on 12 November 2009. He was re-designated from co-chairman to chairman of the Board on 7 October 2016. He is the chairman of each of the Nomination Committee and the Corporate Governance Committee and a member of the Remuneration Committee of the Company. Mr. Na is also a director of all the subsidiaries of the Company. He is responsible for the Company's overall corporate strategy, management team development and daily operations.

Mr. Na is also the sole director of each of the Offeror and Optical Alpha.

O-Net BVI

O-Net BVI is a business company incorporated in the British Virgin Islands and is controlled as to (i) approximately 36.67% by Mr. Na and his controlled corporations; (ii) approximately 34.07% by Hsin Chong International Holdings Limited and its wholly owned subsidiaries; and (iii) approximately 29.26% by other shareholders (none of which controls 20% or more of the voting rights of O-Net BVI).

O-Net SAPL

O-Net SAPL is a business company incorporated in the British Virgin Islands and is wholly owned by O-Net BVI.

O-Net SAPL is the trustee of the Restricted Share Award Scheme. Pursuant to the rules of the Restricted Share Award Scheme, the Board may, from time to time, at their absolute discretion select the grantee(s) after taking into account various factors as they deem appropriate for participation in the Restricted Share Award Scheme and determine the number of Shares to be awarded to such grantee(s). The [54,105,450] Shares held by O-Net SAPL as at the Announcement Date comprised Shares subscribed for or purchased by O-Net SAPL and are held on trust by O-Net SAPL for the relevant selected grantees under the Restricted Share Award Scheme until such Share awards are vested with the relevant selected grantees in accordance with the rules of the Restricted Share Award Scheme, which provide, among other things, that the vesting of the Share awards with the relevant selected grantees is subject to O-Net SAPL's sole absolute discretion taking into account the interests of any selected grantee or the selected grantees as a whole. As at the Announcement Date, O-Net SAPL intended that none of the outstanding Share awards granted under the Restricted Shares Award Scheme shall vest on or prior to the Effective Date.

According to the rules of the Restricted Share Award Scheme, if there is a change in control of the Company by way of a scheme of arrangement, the Board shall have the discretion to decide whether the share awards granted thereunder shall vest or lapse on the date when such change of control event becomes or is declared unconditional. The decision of the Board shall be subject

to the final decision and determination of O-Net SAPL as the trustee of the Restricted Share Award Scheme. For this purpose, the Board and O-Net SAPL have decided that all share awards granted but not vested under the Restricted Share Award Scheme shall lapse on the Effective Date.

It is accordingly expected that all the Share awards granted but not vested under the Restricted Shares Award Scheme that are outstanding as at the Announcement Date (representing all the Shares currently held by O-Net SAPL as at the Announcement Date) will lapse on the Effective Date. No compensation has been or will be provided to the relevant grantee(s) in this respect.

(d) **Kaifa**

Kaifa is incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Shenzhen Kaifa, a listed company on the Shenzhen Stock Exchange.

Kaifa is an investment holding company. Shenzhen Kaifa is principally engaged in research and development, production control, procurement management, logistics support, and other electronic manufacturing services and supply chain management services.

(e) **Equity Investor**

The Equity Investor, LVC Technology Legend Limited, is a company incorporated in the Cayman Islands with limited liability and an investment vehicle wholly-owned by LVC Prime LP (“**LVC Prime Fund**”). LVC Prime Fund is a Cayman Islands exempted limited partnership. The general partner of LVC Prime Fund is Loyal Valley Capital Advantage Fund II Limited (“**LVC Fund II GP**”). LVC Fund II GP is a company incorporated in the Cayman Islands with limited liability whose principal business is investment holding and is wholly-owned by LVC Holdings Limited, which is in turn a company incorporated in the Cayman Islands with limited liability which is ultimately controlled by Mr. Lin Lijun.

(f) **Subscription Investor**

The Subscription Investor, Shenzhen Zhengxinhe Consultancy Company Limited* (深圳市正信禾咨询有限责任公司), is a company established in the PRC with limited liability in relation to the Proposal, which is owned as to 93.33% by Shenzhen Songhe Zhengxingu Entrepreneurship Investment Limited Partnership* (深圳市松禾正心谷创业投资合伙企业(有限合伙)) (“**Shenzhen Songhe Zhengxingu LP**”) and 6.67% by Zhejiang Zhongrong Zhengyang Investment Management Company Limited* (浙江中融正阳投资管理有限公司) (“**Zhejiang Zhongrong**”).

Shenzhen Songhe Zhengxingu LP is a limited partnership fund established in the PRC in relation to the Proposal. The general partners of Shenzhen Songhe Zhengxingu LP is Shanghai Shengge Investment Management Limited* (上海盛歌投资管理有限公司) (“**Shanghai Shengge**”) and Shenzhen Songhe Growth Fund Management Limited* (深圳市松禾成长基金管理有限公司) (“**Shenzhen Songhe Growth Fund**”). Shenzhen Songhe Growth Fund is also the fund manager of Shenzhen Songhe Zhengxingu LP. The limited partners of Shenzhen Songhe Zhengxingu LP are Shenzhen Songhe Haichuang Entrepreneurship Investment Limited Partnership* (深圳市松禾海创创业投资合伙企业(有限合伙)) (“**Shenzhen Songhe Haichuang LP**”), Shenzhen Songhexin Entrepreneurship Investment Limited Partnership* (深圳市松和信创业投资合伙企业(有限合伙)) (“**Shenzhen Songhexin LP**”), Shanghai Tanying Investment Limited Partnership* (上海檀英投资合伙企业(有限合伙)) (“**Shanghai Tanying LP**”) and Shenzhen Zhongzhao Hefeng Entrepreneurship Investment Limited Partnership* (深圳市中钊和枫创业投资合伙企业(有限合伙)) (“**Shenzhen Zhongzhao Hefeng LP**”). Details of the general partners and limited partners of Shenzhen Songhe Zhengxingu LP are set out below:

- **Shanghai Shengge:** Shanghai Shengge is a company established in the PRC with limited liability and is wholly-owned by Mr. Lin Lijun. Shanghai Shengge is principally engaged in investment management;

- **Shenzhen Songhe Growth Fund:** Shenzhen Songhe Growth Fund is a company established in the PRC with limited liability and is owned as to 42.5% by Shenzhen Songhe Chanye Capital Management Limited Partnership* (深圳市松禾产业资本管理合伙企业(有限合伙)) (“**Shenzhen Songhe Chanye LP**”) and as to 57.5% by Shenzhen Songhe Entrepreneurship Investment Limited* (深圳市松禾创业投资有限公司) (“**Shenzhen Songhe Entrepreneurship Investment**”). Shenzhen Songhe Growth Fund is principally engaged in investment management.

Shenzhen Songhe Chanye LP is a limited liability partnership established in the PRC and is principally engaged in equity investment. Its general partner is Mr. Luo Fei.

Shenzhen Songhe Entrepreneurship Investment is a company established in the PRC with limited liability, which is owned as to 77.87% by Mr. Cui Jingtao, its single largest shareholder. Shenzhen Songhe Entrepreneurship Investment is principally engaged in entrepreneurship investment.

- **Shenzhen Songhexin LP:** Shenzhen Songhexin LP is a limited partnership established in the PRC. Its general partner is Shenzhen Songhe Growth Fund and its limited partners are Shenzhen Songhe Entrepreneurship Investment and Guosen Capital, which is a company established in the PRC with limited liability and is wholly owned by Guosen Securities, a company listed on the Shenzhen Stock Exchange (stock code: 2736) and is principally engaged in the provision of financial services.
- **Shenzhen Songhe Haichuang LP:** Shenzhen Songhe Haichuang LP is a limited partnership established in the PRC in relation to the Proposal. Its general partner is Shenzhen Songhe Growth Fund and its limited partners are Shenzhen Songhe Entrepreneurship Investment (which holds the largest attributable interest, being 71.4677% in Shenzhen Songhexin LP) and 16 natural persons.
- **Shanghai Tanying LP:** Shanghai Tanying LP is a limited partnership established in the PRC and is principally engaged in equity investment. Its general partner is Shanghai Shengge.
- **Shenzhen Zhongzhao Hefeng LP:** Shenzhen Zhongzhao Hefeng LP is a limited partnership established in the PRC and is principally engaged in entrepreneurship investment. Its general partner is Shenzhen Qianhai Zhongzhao Capital Management Limited* (深圳市前海中钊资本管理有限公司) (“**Shenzhen Qianhai Zhongzhao**”), which is a company established in the PRC with limited liability and owned as to 65% by Mr. Zheng Huanjian and 35% by Mr. Zhou Xiaohang. Shenzhen Qianhai Zhongzhao is principally engaged in entrepreneurship investment.

Zhejiang Zhongrong is a company established in the PRC with limited liability and owned as to 50% by Mr. Wei Guohua and 50% by Mr. Tang Zheng. Zhejiang Zhongrong is principally engaged in industrial investment management.

10. INFORMATION ON THE GROUP

The Group is principally engaged in the design, manufacturing and sale of optical networking products for the high-speed telecommunications and data communications systems as well as machine vision systems and sensors for smart manufacturing market.

11. WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all the Scheme Shares will be cancelled and extinguished and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect immediately following the Effective Date.

The Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the Shares and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed expected timetable of the implementation of the Proposal will be set out in the Scheme Document, which will also contain, among other things, further details of the Scheme.

12. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

13. SCHEME SHARES, COURT MEETING AND EGM

As at the Announcement Date:

- (a) the issued share capital of the Company comprises [834,028,240] Shares, all of which will be subject to the Scheme and regarded as Scheme Shares;
- (b) the Disinterested Shareholders are holders of an aggregate of [375,196,170] Shares, representing approximately [44.99]% of the total issued Shares. All of these [375,196,170] Shares will form part of the Scheme Shares and the Disinterested Shareholders are entitled to vote at the Court Meeting;
- (c) the Mr. Na Related Shareholders and Kaifa in aggregate directly or indirectly hold [458,832,070] Shares (representing approximately [55.01]% of the total issued Shares). While all of these [458,832,070] Shares will form part of the Scheme Shares, as the Mr. Na Related Shareholders and Kaifa are Offeror Concert Parties, these [458,832,070] Shares will not be voted at the Court Meeting; and
- (d) all Shareholders are entitled to attend the EGM and vote on the reduction and restoration of the share capital of the Company (as described in Condition in paragraph (b) of the section headed "3. *Conditions to the Proposal*" above).

Each of the Offeror, Optical Alpha, the Mr. Na Related Shareholders, Kaifa, the Equity Investor and the Subscription Investor will also undertake to the Grand Court to be bound by the Scheme.

14. INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Deng Xinping, Mr. Ong Chor Wei and Mr. Zhao Wei, has been established by the Board to advise the Disinterested Shareholders in connection with the Proposal and the Scheme, and in particular as to (i) whether the Proposal and the Scheme are fair and reasonable; and (ii) voting in respect of the Scheme at the Court Meeting.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all non-executive Directors who have no direct or indirect interest in the Proposal.

[Mr. Huang Bin, a non-executive Director, is a director of O-Net BVI and is interested in approximately 0.98% of the total number of issued shares of O-Net BVI (which is an Offeror Concert Party).] Mr. Chen Zhujiang, a non-executive Director, is a director of both Kaifa and Shenzhen Kaifa, and is interested in approximately [*]% of the issued shares of Shenzhen Kaifa. Mr. Mo Shangyun, a non-executive Director, is a senior management member of Shenzhen Kaifa and is interested in approximately [*]% of the issued shares of Shenzhen Kaifa. Both Kaifa and Shenzhen Kaifa are Offeror Concert Parties. The Board is of the view that Mr. Huang Bin, Mr. Chen Zhujiang and Mr. Mo Shangyun are regarded as being interested in the Proposal for the purposes of Rule 2.8 of the Takeovers Code and are accordingly excluded from being members of the Independent Board Committee.

15. APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE

A further announcement will be made after the appointment of the Independent Financial Adviser to advise the Independent Board Committee and the Disinterested Shareholders in connection with the Proposal and the Scheme, and such appointment will be approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

16. DESPATCH OF SCHEME DOCUMENT

The Scheme Document containing, among other things, details of the Proposal and the Scheme, the expected timetable, an explanatory statement as required under the Companies Law and the rules of the Grand Court, information regarding the Company, the recommendations of the Independent Board Committee with respect to the Proposal, the letter of advice from the Independent Financial Adviser, notices of the Court Meeting and the EGM as well as other particulars required by the Takeovers Code will be despatched to the Scheme Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Law, the rules of the Grand Court, the orders of the Grand Court and other applicable laws and regulations.

The Scheme Document will contain important information and the holders of Scheme Shares are urged to read the Scheme Document containing such disclosures carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting or the EGM. Any voting, acceptance or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

17. GENERAL

As at the Announcement Date:

- (1) save for the [834,028,240] issued Shares, the Company does not have any other securities in issue and does not have any outstanding options, warrants, derivatives or securities convertible into Shares;
- (2) save as disclosed in the section headed "6. Shareholding Structure" above, none of the Offeror and the Offeror Concert Parties owned, controlled or had direction over any voting rights and rights over Shares;
- (3) save for the Mr. Na Related Shareholders and Kaifa Irrevocable Undertakings, none of the Offeror and the Offeror Concert Parties had received an irrevocable commitment to vote for or against the Scheme;
- (4) none of the Offeror and the Offeror Concert Parties held any convertible securities, warrants or options in respect of voting rights and rights over Shares;

- (5) save for the Proposal, the Consortium Agreement, the Mr. Na Related Shareholders and Kaifa Irrevocable Undertakings, the Mandarin Assets Arrangement Part I, the Mandarin Assets Arrangement Part II, the Offshore Subscription Agreement, the Onshore Subscription Agreement, the Offeror Subscription Agreement, the Subscription Investor's Irrevocable Undertakings, there were no agreements or arrangements (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or the Shares which might be material to the Proposal;
- (6) there was no agreement or arrangement to which any of the Offeror or the Offeror Concert Parties is a party which relates to the circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a Condition to the Proposal;
- (7) save for the Cancellation Price, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror and the Offeror Concert Parties to the Scheme Shareholders or their concert parties in relation to the Scheme Shares;
- (8) save for the Consortium Agreement, the Mr. Na Related Shareholders and Kaifa Irrevocable Undertakings, the Mandarin Assets Arrangement Part I, the Mandarin Assets Arrangement Part II, the Offshore Subscription Agreement, the Onshore Subscription Agreement, the Offeror Subscription Agreement, the Subscription Investor's Irrevocable Undertakings and the Optical Alpha Shareholders' Loan Agreement, the Optical Alpha Personal Guarantee, the Optical Alpha Shareholders' Agreement and the Offeror Shareholder's Loan Agreement, there is no agreement, arrangement or understanding between (i) any Shareholder and (ii)(a) the Offeror and the Offeror Concert Parties or (b) the Company, its subsidiaries or associated companies; and
- (9) there is no special deal (as defined in Rule 25 of the Takeovers Code) between (i) any Shareholder and (ii)(a) the Offeror and the Offeror Concert Parties or (b) the Company, its subsidiaries or associated companies.

18. DISCLOSURE OF DEALINGS

Associates of the Offeror and the Company (as defined in the Takeovers Code, including shareholders holding 5% or more of any class of relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of any of the Offeror and the Company) are hereby reminded to disclose their dealings in the relevant securities of the Company under Rule 22 of the Takeovers Code during the offer period.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

"Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation."

19. PRECAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS

This joint announcement includes certain "forward-looking statements". These statements are based on the current expectations of the management of the Offeror and/or the Company (as the case may be) and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained in this joint announcement include statements about the expected effects on the Company of the Proposal, the expected timing and scope of the Proposal, and all other statements in this joint announcement other than historical facts.

Forward-looking statements include, without limitation, statements typically containing words such as "intends", "expects" and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the conditions to the Proposal, as well as additional factors, such as general, social, economic and political conditions in the countries in which the Offeror and/or the Group operate or other countries which have an impact on the Offeror and/or the Group's business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the Offeror and/or the Group operate, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the Offeror and/or Group operate and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the Offeror and/or Group operate and regional or general changes in asset valuations and disruptions or reductions in travel and operations due to natural or man-made disasters, pandemics, epidemics or outbreak of infections or contagious diseases such as novel coronavirus. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

All written and oral forward-looking statements attributable to the Offeror, the Company or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the Announcement Date. Any forward-looking statement contained in this joint announcement based on past or current trends and/or activities of the Company should not be taken as a representation that such trends or activities will continue in the future. No statement in this joint announcement is intended to be a profit forecast or to imply that the earnings of the Company for the current year or future years will necessarily match or exceed their respective historical or published earnings. Each forward-looking statement speaks only as at the date of the particular statement. Subject to the requirements of the Takeovers Code and other applicable laws and regulations, each of the Offeror and the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions of circumstances on which any such statement is based.

20. TAXATION AND INDEPENDENT ADVICE

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of the Proposal. It is emphasised that none of the Offeror, the Company or CICC, nor any of their respective directors, officers or associates or any other person involved in the Proposal, accepts responsibility (other than in respect of themselves, if applicable) for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

21. OVERSEAS SCHEME SHAREHOLDERS

The making of the Proposal to those Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions where such Scheme Shareholders are located. Such Scheme Shareholders should inform themselves about and observe any applicable legal and regulatory requirements of their own jurisdictions. It is the responsibility of any overseas Scheme Shareholders wishing to accept the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

In the event that the despatch of the Scheme Document to overseas Scheme Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Company regard as unduly onerous or burdensome (or otherwise not in the best interests of the Company or its Shareholders), the Scheme Document may, subject to the consent of the Executive, not be despatched to such overseas Scheme Shareholders. For that purpose, the Company may apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas Scheme Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such overseas Scheme Shareholders.

If any such waiver is granted by the Executive, the Offeror reserves the right to make arrangements in respect of Scheme Shareholders not resident in Hong Kong in relation to the terms of the Proposal. Such arrangements may include notifying any matter in connection with the Proposal to the Shareholders having a registered overseas address by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction within which such persons are resident. The notice will be deemed to have been sufficiently given, despite any failure by such Shareholders to receive or see that notice.

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal. It is emphasised that none of the Offeror, the Company and CICC or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

22. NOTICE TO US HOLDERS OF SHARES

The Proposal is being made to cancel the securities of a Cayman Islands company by means of a scheme of arrangement provided for under the Companies Law. Any financial information included in this joint announcement has been prepared in accordance with accounting standards applicable in Hong Kong and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Securities and Exchange Act of 1934, as amended.

Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement which differ from the disclosure requirements of the US tender offer rules. The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation and extinguishment of its Scheme Shares pursuant to the Scheme by a Scheme Shareholder may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares is urged to consult his independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him. It may be difficult for US holders of Scheme Shares to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. US holders of Scheme Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

23. RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on [6 July] 2020 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for a resumption of trading in the Shares with effect from 9:00 a.m. on [8 July] 2020.

WARNINGS

Shareholders and potential investors of the Company should be aware that the implementation of the Proposal and the Scheme are subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, and the Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

DEFINITIONS

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

“Acquisition Financing”	Offeror Acquisition Financing and Optical Alpha Acquisition Financing
“acting in concert”	has the same meaning ascribed to it under the Takeovers Code, and “parties acting in concert” shall be construed accordingly
“Announcement Date”	the date of this joint announcement
“associate(s)”	has the same meaning ascribed to it under the Takeovers Code
“Authorisations”	all necessary authorisations, registrations, filings, rulings, consents, permissions, waivers, exemptions and approvals required from the Relevant Authorities or other third parties which are necessary for any members of the Group to carry on its business
“Board”	the Company’s board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“Cash Cancellation Consideration”	the consideration in cash payable by the Offeror to the Disinterested Shareholders, being the Cancellation Price for every Scheme Share held by the Disinterested Shareholders cancelled and extinguished pursuant to the Scheme
“Cancellation Price”	the cancellation price of HK\$[6.50] for every Scheme Share cancelled and extinguished pursuant to the Scheme payable by the Offeror to the Scheme Shareholders in the form of (i) the Cash Cancellation Consideration in respect of the Disinterested Shareholders; or (ii) the Kaifa Cancellation Consideration in respect of Kaifa; or (iii) the Mr. Na Related Shareholders Cancellation Consideration in respect of the Mr. Na Related Shareholders
“CICC”	China International Capital Corporation Hong Kong Securities Limited, a registered institution under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror in relation to the Proposal

“CMB”	China Merchants Bank Co., Ltd., Hong Kong Branch
“Companies Law”	the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	O-Net Technologies (Group) Limited, an exempted company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Stock Exchange (stock code: 877)
“Condition(s)”	the conditions to the Scheme becoming effective as described in the section headed “3. <i>Conditions to the Proposal</i> ” of this joint announcement
“Consortium Agreement”	the consortium agreement dated [7 July] 2020 entered into amongst the Offeror, Mr. Na, the Mr. Na Related Shareholders, Optical Alpha, the Equity Investor, the Subscription Investor and Kaifa in connection with the Proposal
“Court Meeting”	a meeting of the Disinterested Shareholders to be convened at the direction of the Grand Court for the purpose of approving the Scheme
“Director(s)”	director(s) of the Company
“Disinterested Shareholders”	Shareholders on the Scheme Record Date, other than the Offeror and the Offeror Concert Parties (except for the holding of Shares by CICC group in the capacity of an exempt principal trader or exempt fund manager for the purposes of the Takeovers Code and excluding Shares held on behalf of non-discretionary investment clients of the CICC group and/or by Guosen Securities Group held for third-party clients which Guosen Securities Group do not have control of the voting rights attached to the relevant Shares)
“Effective Date”	the date on which the Scheme, if approved and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Law, being the date on which a copy of the order of the Grand Court sanctioning the Scheme and confirming the reduction of issued share capital resulting from the cancellation and extinguishment of the Scheme Shares is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to Section 86(3) of the Companies Law
“EGM”	an extraordinary general meeting of the Company to be held as soon as after the conclusion or adjournment of the Court Meeting for the Shareholders to consider and, if thought fit, approve, among others, (i) a special resolution in relation to the reduction of the number of issued Shares in the share capital of the Company by cancelling and extinguishing the Scheme Shares; and (ii) an ordinary resolution in relation to the restoration of the number of issued Shares in the share capital of the Company to its former amount by the issue of the same number of Shares as the number of the Scheme Shares cancelled and extinguished, credited as fully paid, to the Offeror
“Equity Investor”	LVC Technology Legend Limited, an Offeror Concert Party, the description and shareholding of which are set out in the section

	headed "[9. Information on the Offeror and Offeror Concert Parties]" of this joint announcement
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"Grand Court"	the Grand Court of the Cayman Islands
"Group"	the Company and its subsidiaries
"Guosen Capital"	Guosen Capital Limited* (国信资本有限责任公司), a wholly-owned subsidiary of Guosen Securities
"Guosen Securities"	Guosen Securities Co., Ltd. (国信证券股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 2736)
"Guosen Securities Group"	Guosen Securities, its subsidiaries and entities of which Guosen Securities owns or controls 20% or more of their voting rights
"HK\$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent committee of the Board formed to advise the Disinterested Shareholders in connection with the Proposal and the Scheme, and comprising all the independent non-executive Directors, namely Mr. Deng Xinping, Mr. Ong Chor Wei and Mr. Zhao Wei
"Independent Financial Adviser"	the independent financial adviser which will be appointed to advise the Independent Board Committee in relation to the Proposal and the Scheme
"Kaifa"	Kaifa Technology (H.K) Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Shenzhen Kaifa
"Kaifa Cancellation Consideration"	the consideration to be received by Kaifa for the cancellation and extinguishment of its 171,121,237 Scheme Shares under the Scheme, which, pursuant to the terms of the Consortium Agreement, consists of (i) cash (at the Cancellation Price) as consideration for the cancellation and extinguishment of 60,000,000 Scheme Shares out of the 171,121,237 Scheme Shares held by Kaifa, and (ii) the crediting of Kaifa's unpaid Offeror Shares as fully paid at the Cancellation Price per Offeror Share as consideration for the cancellation and extinguishment of 111,121,237 Scheme Shares out of the 171,121,237 Scheme Shares held by Kaifa pursuant to the Scheme
"Last Trading Day"	[3 July] 2020, being the last full trading day in the Shares on the Stock Exchange immediately before the halting of trading in the Shares pending publication of this joint announcement

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	[28 February 2021] (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Grand Court on application of the Company may allow and in all cases, as permitted by the Executive)
"Mandarin Assets"	Mandarin Assets Limited, a business company incorporated in the British Virgin Islands and wholly owned by Mr. Na
"Mandarin Assets Arrangement Part I"	as such term is defined in the section headed "4. Consortium Agreement" of this joint announcement
"Mandarin Assets Arrangement Part II"	as such term is defined in the section headed "4. Consortium Agreement" of this joint announcement
"Mr. Na"	Mr. Na Qing Lin, the chairman of the Company and an executive Director, and a director of each of the Offeror and Optical Alpha. Mr. Na is an Offeror Concert Party. Further information on Mr. Na is set out in the section headed "[9. Information on the Offeror and Offeror Concert Parties]" of this joint announcement
"Mr. Na Related Shareholders"	O-Net BVI, Mandarin Assets and O-Net SAPL
"Mr. Na Related Shareholders Cancellation Consideration"	the consideration to be received by the Mr. Na Related Shareholders for the cancellation and extinguishment of their [287,710,833] Scheme Shares under the Scheme, which, pursuant to the terms of the Consortium Agreement, consists of the crediting of [287,710,833] unpaid Offeror Shares out of the [513,676,233] unpaid Offeror Shares held by Optical Alpha as fully paid at the Cancellation Price per Offeror Share and in turn, the crediting of the Mr. Na Related Shareholders' unpaid Optical Alpha Shares as fully paid at the Cancellation Price per Optical Alpha Share
"Mr. Na Related Shareholders and Kaifa Irrevocable Undertakings"	as such term is defined in the section headed "4. Consortium Agreement" of this joint announcement
"Offeror"	Optical Beta Limited, a business company incorporated under the laws of the British Virgin Islands with limited liability, which is held as to [82.21]% by Optical Alpha and [17.79]% by Kaifa as at the Announcement Date
"Offeror Acquisition Financing"	as such term is defined in the section headed "7. Financial Resources" of this joint announcement
"Offeror Consortium"	parties to the Consortium Agreement, which include the Offeror, Optical Alpha, Mr. Na, the Mr. Na Related Shareholders, the Equity Investor, the Subscription Investor and Kaifa
"Offeror Concert Parties"	parties acting in concert or presumed to be acting in concert with the Offeror (including Mandarin Assets, O-Net BVI, O-Net SAPL, Kaifa, CICC (except in the capacity of an exempt principal trader or exempt fund manager for the purposes of the Takeovers Code and excluding Shares held by the CICC group on behalf of non-discretionary investment clients) and Guosen Securities (for the avoidance of doubt, all the Shares held by the Guosen Securities Group as at the Announcement Date are

	not owned by it but are held for and on behalf of its non-discretionary clients))
"Offeror Share(s)"	ordinary shares of US\$0.001 par value each in the Offeror
"Offeror Shareholder's Loan Agreement"	the shareholder's loan agreement dated [7 July] entered into between the Offeror and Optical Alpha, the principal terms of which are described in the section headed "5. <i>Agreements relating to Optical Alpha and the Offeror – Offeror – (B) Offeror Shareholder's Loan Agreement</i> "
"Offeror Subscription Agreement"	the subscription agreement dated [7 July] 2020 entered into among Optical Alpha, Kaifa and the Offeror, further details of which are set out in the section headed "5. <i>Agreements relating to Optical Alpha and the Offeror – Offeror – (A) Offeror Subscription Agreement</i> "
"Offshore Subscription Agreement"	the subscription agreement dated [6 July] 2020 entered into among Optical Alpha, the Mr. Na Related Shareholders and the Equity Investor, further details of which are set out in the section headed "5. <i>Agreements relating to Optical Alpha and the Offeror – Optical Alpha – (A) Subscription Agreements – 1. Offshore Subscription Agreement</i> "
"O-Net BVI"	O-Net Holdings (BVI) Limited, an Offeror Concert Party, the description and shareholding of which are set out in the section headed "[9. <i>Information on the Offeror and Offeror Concert Parties</i>]" of this joint announcement
"O-Net SAPL"	O-Net Share Award Plan Limited, an Offeror Concert Party, the description and shareholding of which are set out in the section headed "[9. <i>Information on the Offeror and Offeror Concert Parties</i>]" of this joint announcement
"Onshore Subscription Agreement"	the subscription agreement dated [6 July] 2020 entered into among Optical Alpha, the Mr. Na Related Shareholders, the Equity Investor and the Subscription Investor, further details of which are set out in the section headed "5. <i>Agreements relating to Optical Alpha and the Offeror – Optical Alpha – (A) Subscription Agreements – 2. Onshore Subscription Agreement</i> "
"Optical Alpha"	Optical Alpha Limited, a business company incorporated under the laws of the British Virgin Islands with limited liability, which is held as to [73.54]% by the Mr. Na Related Shareholders (including [3.16]% by Mandarin Assets, [56.90]% by O-Net BVI and [13.48]% by O-Net SAPL) and [26.46]% by the Equity Investor as at the Announcement Date
"Optical Alpha Acquisition Financing"	as such term is defined in the section headed "7. <i>Financial Resources</i> " of this joint announcement
"Optical Alpha Personal Guarantee"	the deed of personal guarantee dated [6 July] entered into between Mr. Na and the Equity Investor in respect of the personal guarantee provided by Mr. Na in favour of the Equity Investor in connection with the Optical Alpha Shareholder's Loan, the principal terms of which are described in the section headed "5. <i>Agreements relating to Optical Alpha and the</i>

	<i>Offeror – Optical Alpha – (C) Optical Alpha Shareholder’s Loan Agreement” of this joint announcement</i>
“Optical Alpha Shareholders’ Loan Agreement”	the shareholder’s loan agreement dated [6 July] entered into between the Equity Investor and Optical Alpha, the principal terms of which are described in the section headed “5. <i>Agreements relating to Optical Alpha and the Offeror – Optical Alpha – (C) Optical Alpha Shareholder’s Loan Agreement” of this joint announcement</i>
“Optical Alpha Shareholders’ Agreement”	the shareholders’ agreement dated [6 July] entered into among the Mr. Na Related Shareholders, the Equity Investor and Optical Alpha to govern their relationship in respect of Optical Alpha, the principal terms of which are described in the section headed “5. <i>Agreements relating to Optical Alpha and the Offeror – Optical Alpha – Optical Alpha Shareholders’ Agreement” of this joint announcement</i>
“Optical Alpha Shares”	ordinary shares of US\$0.001 par value each in Optical Alpha
“Option(s)”	the outstanding share option(s) granted under the Share Option Scheme, all of which, if not exercised by the expiry of the term of the Share Option Scheme on 8 April 2020, had lapsed on 9 April 2020
“Proposal”	the proposed privatisation of the Company by the Offeror by way of the Scheme on the terms and subject to the Conditions set out in this joint announcement
“Relevant Authorities”	applicable governments or governmental bodies, regulatory bodies, or courts including but not limited to the SFC and the Stock Exchange
“Restricted Share Award Scheme”	the restricted share award scheme adopted by the Company on 9 May 2014
“Scheme”	a scheme of arrangement between the Company and the Scheme Shareholders under Section 86 of the Companies Law (subject to the Conditions) involving the cancellation and reduction of all the Scheme Shares and the restoration of the number of issued Shares in the share capital of the Company to the amount immediately before the cancellation and reduction of the Scheme Shares
“Scheme Document”	the composite scheme document of the Offeror and the Company, containing, inter alia, details of the Proposal together with the additional information specified in the section headed “[16. <i>Despatch of Scheme Document” of this joint announcement</i>
“Scheme Record Date”	the appropriate record date to be announced for determining entitlements under the Scheme
“Scheme Share(s)”	Shares other than those held by the Offeror on the Scheme Record Date. As at the Announcement Date, the Offeror does not legally and beneficially own, control or have direction over any Shares. Accordingly, all of the [834,028,240] Shares as at the Announcement Date will be subject to the Scheme and regarded as Scheme Shares

"Scheme Shareholder(s)"	holders of Scheme Shares on the Scheme Record Date, comprising the Disinterested Shareholders, the Mr. Na Related Shareholders and Kaifa
"Shenzhen Kaifa"	Shenzhen Kaifa Technology Co., Ltd (深圳长城开发科技股份有限公司), a company incorporated in the People's Republic of China and listed on the Shenzhen Stock Exchange (stock code: 21)
"SFC"	the Securities and Futures Commission of Hong Kong
"Shareholder(s)"	registered holder(s) of the Shares
"Share(s)"	ordinary share(s) of HK\$0.01 par value each in the share capital of the Company
"Share Option Scheme"	the share option scheme adopted by the Company on 9 April 2010, which had been terminated upon the expiry of its term on 9 April 2020
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Investor"	Shenzhen Zhengxinhe Consultancy Company Limited* (深圳市正信禾咨询有限责任公司), an Offeror Concert Party, the description and shareholding of which are set out in the section headed "[9. Information on the Offeror and Offeror Concert Parties]" of this joint announcement
"Subscription Investor's Deposit"	as such term is defined in the section headed "5. Agreements relating to Optical Alpha and the Offeror – Optical Alpha – (A) Subscription Agreements – 2. Onshore Subscription Agreement" of this joint announcement
"Subscription Investor's Irrevocable Undertakings"	as such term is defined in the section headed "5. Subscription Agreements – Onshore Subscription Agreement" of this joint announcement
"Takeovers Code"	Hong Kong Code on Takeovers and Mergers (as revised from time to time)
"%"	per cent.

By the order of the sole director
Optical Beta Limited
Na Qinglin
Director

By the order of the Board
O-Net Technologies (Group) Limited
Na Qinglin
Chairman

Hong Kong, [* July] 2020

As at the Announcement Date, the executive Director is Mr. Na Qinglin, the non-executive Directors are Mr. Chen Zhujiang, Mr. Huang Bin and Mr. Mo Shangyun, and the independent non-executive Directors are Mr. Deng Xinping, Mr. Ong Chor Wei and Mr. Zhao Wei.

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

As at the Announcement Date, (i) the sole director of each of the Offeror, Optical Alpha, Mandarin Assets and O-Net SAPL is Mr. Na Qinglin, and (ii) the directors of O-Net BVI are Mr. Na Qinglin and Mr. Huang Bin.

The directors of the Offeror, Optical Alpha, Mandarin Assets, O-Net BVI and O-Net SAPL jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

**For identification purpose only*

SCHEDULE 1

LIST OF ADVISORS

Deacons	Hong Kong counsel to the Offeror in relation to the Proposal
China International Capital Corporation Hong Kong Securities Limited (“CICC”)	Financial advisor to the Offeror in relation to the Proposal
Freshfields Bruckhaus Deringer	Hong Kong counsel to CICC in relation to the Proposal
Kirkland & Ellis	Hong Kong counsel to the Equity Investor in relation to the Proposal
Maples and Calder (Hong Kong) LLP	BVI counsel to the Offeror

SCHEDULE 2

CONTACTS FOR NOTICE

Mr. Na

Address: Unit 1608, West Tower, Shun Tak Centre, 168-200 Connaught Road
Central, Hong Kong
Fax Number: +852 2307 4300
Email Address: austinna@o-netcom.com

Mandarin Assets

Address: Unit 1608, West Tower, Shun Tak Centre, 168-200 Connaught Road
Central, Hong Kong
Fax Number: +852 2307 4300
Email Address: austinna@o-netcom.com
Attention: Mr. Na Qinglin

O-Net Holdings (BVI) Limited

Address: Unit 1608, West Tower, Shun Tak Centre, 168-200 Connaught Road
Central, Hong Kong
Fax Number: +852 2307 4300
Email Address: austinna@o-netcom.com
Attention: Mr. Na Qinglin

O-Net Share Award Plan Limited

Address: Unit 1608, West Tower, Shun Tak Centre, 168-200 Connaught Road
Central, Hong Kong
Fax Number: +852 2307 4300
Email Address: austinna@o-netcom.com
Attention: Mr. Na Qinglin

Kaifa Technology (H.K) Limited

Address: Room 2201, Hong Kong Worsted Mills Industrial Building, 31-39 Wo
Tong Tsui Street, Kwai Chung, New Territories, Hong Kong]
Fax Number: +852 2480 4723
Email Address: StephenLi@kaifa.cn
Attention: Mr. Stephen Li

LVC Technology Legend Limited

Address: 1257 Mingyue Road, No. 11, Pudong District, Shanghai, China (上
海市浦东新区明月路 1257 号 11 号楼 1 层)
Fax Number: Not applicable
Email Address: Victor.Zheng@loyalvalleycapital.com
Attention: Mr. Victor Zheng

深圳市正信禾咨询有限责任公司

Address: Level 18, Building No. C, Shenzhen International Innovation Center
(Futian Science and Technology Plaza), Block C, No.1006 Shennan
Avenue, Xintian Community, Huafu Street, Futian District, Shenzhen
City;

Fax Number: 0755-83290622

Email Address: baitj@pinevc.com.cn

Attention: Bai Tianjun

SCHEDULE 3

SHAREHOLDINGS OF THE COMPANY, HOLDCO AND OFFEROR

SCHEDULE 3A

**SHAREHOLDING OF THE EXISTING SHAREHOLDERS IN THE COMPANY
AS AT THE DATE OF THIS AGREEMENT**

Shareholder	No. of ordinary shares in the Company	Percentage of the total issued share capital of the Company
Mandarin Assets Limited	5,232,000	0.63
O-Net Holdings (BVI) Limited	228,373,383	27.38
O-Net Share Award Plan Limited	54,105,450	6.49
Kaifa Technology (H.K) Limited	171,121,237	20.52

SCHEDULE 3B(i)

**SHAREHOLDING STRUCTURE OF HOLDCO
UPON
COMPLETION OF HOLDCO OFFSHORE SUBSCRIPTION AGREEMENT AND AS AT
THE DATE OF THIS AGREEMENT**

Shareholder	No. of ordinary shares in Holdco	Percentage of the total number of issued shares in Holdco	Paid-up or Unpaid
Mandarin Assets Limited	12,669,813	3.16	Unpaid
Mandarin Assets Limited	1	0.00	Fully paid-up
O-Net Holdings (BVI) Limited	228,373,383	56.90	Unpaid
O-Net Share Award Plan Limited	54,105,450	13.48	Unpaid
LVC Technology Legend Limited	106,219,895	26.46	Unpaid

SCHEDULE 3B(ii)

**EXPECTED SHAREHOLDING STRUCTURE OF HOLDCO
UPON
COMPLETION OF HOLDCO ONSHORE SUBSCRIPTION AGREEMENT**

Shareholder	No. of ordinary shares in Holdco	Percentage of the total number of issued shares in Holdco	Paid-up or Unpaid	
			If completion of Holdco Onshore Subscription Agreement takes place before the Scheme becomes effective	If completion of Holdco Onshore Subscription Agreement takes place after the Scheme becomes effective
Mandarin Assets Limited	20,019,280	3.90	Unpaid	Fully paid-up
Mandarin Assets Limited	1	0.00	Fully paid-up	Fully paid-up
O-Net Holdings (BVI) Limited	228,373,383	44.46	Unpaid	Fully paid-up
O-Net Share Award Plan Limited	54,105,450	10.53	Unpaid	Fully paid-up
LVC Technology Legend Limited	106,219,895	20.68	Unpaid	Fully paid-up
深圳市正信禾咨询有限责任公司	104,958,225	20.43	Fully paid-up	Fully paid-up

SCHEDULE 3C

**SHAREHOLDING STRUCTURE OF OFFEROR
UPON COMPLETION OF OFFEROR SUBSCRIPTION AGREEMENT**

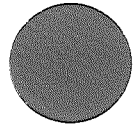
Shareholder	No. of ordinary shares in the Offeror	Percentage of the total number of issued shares in the Offeror	Paid-up or Unpaid
Kaifa Technology (H.K) Limited	111,121,237	17.79	Unpaid
Optical Alpha Limited	513,676,233	82.21	Unpaid
Optical Alpha Limited	1	0.0	Fully paid-up

SIGNED, SEALED AND DELIVERED
as a **DEED** by
Na Qinglin
in the presence of:-

Na Qinglin

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Na Qinglin



EXECUTED AND DELIVERED
as a **DEED** by
Na Qinglin, Director
for and on behalf of
Mandarin Assets Limited

in the presence of:-

Na Qinglin

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Na Qinglin



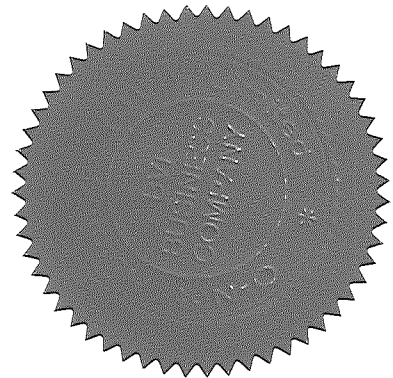
EXECUTED AND DELIVERED
as a **DEED** by
Na Qinglin, Director
for and on behalf of
O-Net Holdings (BVI) Limited

in the presence of:-

Na Qinglin

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Na Qinglin



EXECUTED AND DELIVERED
as a **DEED** by
Na Qinglin, Director
for and on behalf of
O-Net Share Award Plan Limited

in the presence of:-

Na Qinglin

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Na Qinglin



EXECUTED AND DELIVERED

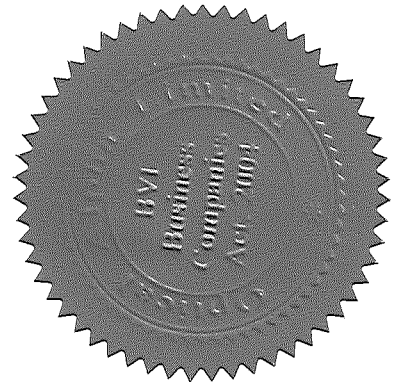
as a **DEED** by
Na Qinglin, Director
for and on behalf of
Optical Alpha Limited

in the presence of:-

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EXECUTED AND DELIVERED

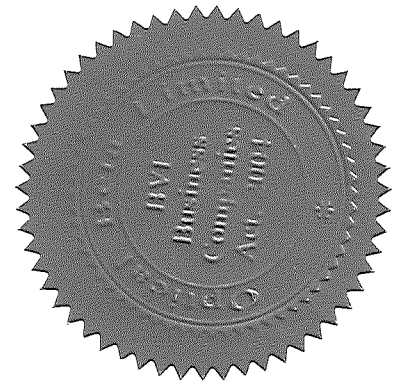
as a **DEED** by
Na Qinglin, Director
for and on behalf of
Optical Beta Limited

in the presence of:-

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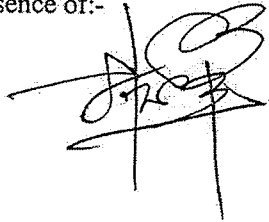


EXECUTED AND DELIVERED

as a DEED by 袁宏伟, Director

for and on behalf of
深圳市正信禾咨询有限责任公司

in the presence of:-



{林海卓}

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