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中國光纖網絡系統集團有限公司

CHINA FIBER OPTIC NETWORK SYSTEM GROUP LTD.

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3777)

PROPOSED CHANGE OF AUDITORS

The board (the “**Board**”) of directors (the “**Directors**”) of China Fiber Optic Network System Group Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) announces that the Company could not reach a consensus with Ernst & Young (“**E&Y**”) on the auditors’ remuneration, which in part includes additional fee arising from additional procedures as agreed upon by the Company in auditing the Company’s consolidated financial statements for the year ended December 31, 2015 in light of the two negative reports issued by Emerson Analytics on August 7 and October 29, 2015. As a result, the Company shall, subject to the approval of the shareholders of the Company at an extraordinary general meeting of the Company (the “**EGM**”) to be convened, remove E&Y as the auditors of the Company and propose to appoint HLB Hodgson Impey Cheng Limited (“**HLB**”) as the new auditors of the Company in place of E&Y following its removal, and HLB shall hold office until the conclusion of the forthcoming annual general meeting of the Company.

E&Y has provided a letter confirming to the Company that, save as disclosed above, there are no circumstances or matters connected with the change of the auditors that need to be brought to the attention of the shareholders of the Company.

The Board confirms that E&Y has not yet commenced its fieldwork on the annual audit of the Group for the year ended December 31, 2015.

The Board believes that the removal of E&Y as the auditors will not have any significant impact on the annual audit of the Group for the year ended December 31, 2015.

The Board further believes that the change of auditors after an appropriate period of time will help enhance the independence of the auditors and achieve the purpose of maintaining good corporate governance practice.

To the best of the Directors' knowledge, save as disclosed above, there are no other circumstances or matters in connection with the change of the auditors that need to be brought to the attention of the shareholders of the Company.

A circular containing the information on the removal of E&Y as the auditors and the proposed appointment of HLB as the new auditors together with a notice convening the EGM and the relevant form of proxy will be dispatched to the shareholders of the Company as soon as practicable.

The Board would like to take this opportunity to express its gratitude to E&Y for their professional services rendered to the Group in the past years.

By order of the Board
China Fiber Optic Network System Group Ltd.
Zhao Bing
Chairman and Executive Director

Hong Kong, January 6, 2016

As at the date of this announcement, the executive Directors are Mr. Zhao Bing (Chairman), Mr. Meng Yuxiao, Mr. Deng Xuejun, Mr. Hung, Randy King Kuen and Mr. Xia Ni; and the independent non-executive Directors are Mr. Shi Cuiming, Dr. Ma Kwai Yuen, Dr. Lui Pan, Dr. Xu Wanqiang and Prof. Jiang Desheng.