

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult an exchange participant or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in China Fiber Optic Network System Group Ltd., you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, exchange participant or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Capitalised terms used in the lower portion of this cover page and the inside cover page of this circular shall have the same respective meanings as those defined in the section headed “Definitions” of this circular.

A notice convening the EGM to be held at The Hong Kong Bankers Club, 43rd Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong on Wednesday, January 27, 2016 at 4:30 p.m. or its adjournment (as the case may be) is set out on pages 6 and 7 of this circular. A form of proxy for use in connection with the EGM is enclosed herewith.

If you are not able to attend the EGM but wish to exercise your right as a Shareholder, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or its adjournment (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or its adjournment (as the case may be) should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

January 12, 2016

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This circular is prepared in both English and Chinese. In the event of any inconsistency, the English text of this circular will prevail.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Appointment”	the proposed appointment of HLB as the new Auditors
“Articles of Association”	the articles of association of the Company as amended from time to time
“Auditors”	the independent auditors of the Company
“Board”	the board of Directors
“Company”	China Fiber Optic Network System Group Ltd. 中國光纖網絡系統集團有限公司, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 3777)
“Director(s)”	the director(s) of the Company
“E&Y”	Ernst & Young, the existing Auditors
“EGM”	an extraordinary general meeting of the Company to be held at The Hong Kong Bankers Club, 43rd Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong on Wednesday, January 27, 2016 at 4:30 p.m. or its adjournment (as the case may be) to consider and, if thought fit, to approve the resolutions contained in the notice of EGM, which is set out on pages 6 and 7 of this circular
“Group”	the Company and its subsidiaries
“HLB”	HLB Hodgson Impey Cheng Limited, the proposed new Auditors
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	January 8, 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Option-holders”	the holders of the share options granted by the Company pursuant to the pre-IPO share option scheme of the Company and the share option scheme of the Company both adopted by ordinary resolutions of the Shareholders on June 3, 2011
“Removal”	the proposed removal of E&Y as the Auditors
“Share(s)”	ordinary share(s) of US\$0.001 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“US\$”	United States dollar(s), the lawful currency of the United States

References to times and dates in this circular are to Hong Kong times and dates.



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)

Executive Directors:

Mr. Zhao Bing (*Chairman*)
Mr. Meng Yuxiao
Mr. Deng Xuejun
Mr. Hung, Randy King Kuen
Mr. Xia Ni

Independent Non-Executive Directors:

Mr. Shi Cuiming
Dr. Ma Kwai Yuen
Dr. Lui Pan
Dr. Xu Wanqiang
Prof. Jiang Desheng

Registered Office:

Maples Corporate Services Limited
P.O. Box 309, Ugland House
Grand Cayman, Cayman Islands

*Principal Place of Business
in Hong Kong:*

Suite 2001, 20th Floor
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

January 12, 2016

*To the Shareholders and,
for information only, the Option-holders*

Dear Sir or Madam,

**PROPOSED CHANGE OF AUDITORS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Company's announcement dated January 6, 2016 in relation to the proposed change of Auditors. The purpose of this circular is to provide you with information regarding the Removal and the Appointment to enable you to make a decision on whether to vote for or against the resolutions in connection with such matters to be proposed at the forthcoming EGM.

LETTER FROM THE BOARD

PROPOSED CHANGE OF AUDITORS

The Company could not reach a consensus with 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 the EGM to be convened, remove E&Y as the auditors of the Company and propose to appoint 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.

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.

THE EGM AND PROXY ARRANGEMENT

The notice of the EGM is set out on pages 6 and 7 of this circular. A form of proxy for use in connection with the EGM is enclosed herewith. If you are not able to attend the EGM but wish to exercise your right as a Shareholder, you are required to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it, together with power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for holding the EGM or its adjournment (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or its adjournment (as the case may be) should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

CLOSE OF REGISTER OF MEMBERS

For the purpose of determining Members who are entitled to attend and vote at the Meeting, the register of members of the Company will be closed from Tuesday, January 26, 2016 to Wednesday, January 27, 2016 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the Meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Monday, January 25, 2016.

VOTING BY POLL

As at the Latest Practicable Date, no Shareholder would be required to abstain from voting at the EGM under the Listing Rules. Pursuant to the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the chairman of the EGM will exercise his right under the Articles of Association to demand a poll on the relevant ordinary resolutions to be proposed at the EGM unless the abovementioned reason arises.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors consider that the Removal and the Appointment are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the EGM.

Yours faithfully,
By Order of the Board
China Fiber Optic Network System Group Ltd.
Zhao Bing
Chairman and Executive Director

NOTICE OF THE EGM



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)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**Meeting**”) of China Fiber Optic Network System Group Ltd. (the “**Company**”) will be held at The Hong Kong Bankers Club, 43rd Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong on Wednesday, January 27, 2016 at 4:30 p.m. for the purpose of considering and, if thought fit, passing with or without modification the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT** Ernst & Young be and is hereby removed as independent auditors of the Company with immediate effect.”
2. “**THAT** subject to the passing of ordinary resolution no. 1 as contained in the notice convening this meeting, HLB Hodgson Impey Cheng Limited be and is hereby appointed as the independent auditors of the Company in place of Ernst & Young following its removal, and HLB Hodgson Impey Cheng Limited shall hold office until the conclusion of the forthcoming annual general meeting of the Company and that the board of directors of the Company be and is hereby authorized to fix their remuneration.”

By Order of the Board

China Fiber Optic Network System Group Ltd.

Zhao Bing

Chairman and Executive Director

Hong Kong, January 12, 2016

Notes:

1. A resolution at the Meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the results of the poll will be published on the respective websites of The Stock Exchange of Hong Kong Limited and the Company in accordance with the Listing Rules.
2. A member of the Company (the “**Member**”) entitled to attend and vote at the Meeting may appoint another person as his proxy to attend and vote on his behalf. A member who is the holder of two or more shares of the Company (the “**Shares**”) may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a Member. If more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed.

NOTICE OF THE EGM

3. In order to be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event, not later than 48 hours before the time appointed for the holding of the Meeting or its adjournment (as the case may be). Completion and return of the form of proxy shall not preclude a Member from attending and voting in person at the Meeting and in such event, the form of proxy shall be deemed to be revoked.
4. For the purpose of determining Members who are entitled to attend and vote at the Meeting, the register of members of the Company will be closed from Tuesday, January 26, 2016 to Wednesday, January 27, 2016 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the Meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Monday, January 25, 2016.
5.
 - (a) Subject to paragraph (b) below, if a black rainstorm warning signal is expected to be in force at any time between 9:00 a.m. and 6:00 p.m. on the date of the Meeting, the Meeting will be postponed and Members will be informed of the date, time and venue of the postponed Meeting by a supplemental notice posted on the respective websites of the Company and The Stock Exchange of Hong Kong Limited.
 - (b) If a black rainstorm warning signal is lowered or cancelled 3 hours before the time appointed for holding the Meeting and where conditions permit, the Meeting will be held as scheduled.
 - (c) The Meeting will be held as scheduled when an amber or red rainstorm warning signal is in force. After considering their own situations, Members should decide on their own whether or not they would attend the Meeting under any bad weather condition and if they do so, they are advised to exercise care and caution.
6. The translation into Chinese language of this Notice is for reference only. In case of any inconsistency, the English version shall prevail.

Registered Office:

Maples Corporate Services Limited
P.O. Box 309, Ugland House
Grand Cayman, Cayman Islands

Principal Place of Business in Hong Kong:

Suite 2001, 20th Floor
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

As at the date of this Notice, the Board comprises the following Directors:

Executive Directors:

Mr. Zhao Bing (*Chairman*)
Mr. Meng Yuxiao
Mr. Deng Xuejun
Mr. Hung, Randy King Kuen
Mr. Xia Ni

Independent Non-Executive Directors:

Mr. Shi Cuiming
Dr. Ma Kwai Yuen
Dr. Lui Pan
Dr. Xu Wanqiang
Prof. Jiang Desheng