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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)

SUPPLEMENTAL AGREEMENT TO THE SUBSCRIPTION AGREEMENT OF THE CONVERTIBLE BONDS

Reference is made to the announcement (the “**Announcement**”) of China Fiber Optic Network System Group Ltd. (the “**Company**”), pursuant to which it was disclosed that the conditional subscription agreement dated March 23, 2016 was entered into between the Company and China Guorong Assets Management Limited (the “**Subscriber**”) in respect of the subscription of the redeemable convertible bonds in the aggregate principal amount of HK\$166,905,800 to be issued by the Company to the Subscriber (as amended by a supplemental agreement dated March 23, 2016 and entered into by the same parties). Unless otherwise defined, capitalised terms used in this sentence shall have the same meanings as those defined in the Announcement.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that on April 15, 2016, a supplemental agreement (the “**Supplemental Agreement**”) to the Subscription Agreement was entered into by the same parties to amend its terms as follows (with amendments underlined):

Other rights of the Subscriber

...

(ii) Rights Issue and Open Offer

Before conducting a rights issue or an open offer, the Company has to notify the Subscriber in writing. If the two parties cannot agree on the terms of such proposed transaction within thirty (30) days from the notice, either the Subscriber and the Company has the right to request to redeem all the outstanding Convertible Bonds immediately. Nonetheless, in the event that the Subscriber holds less than 25% of the

principal amount of the outstanding Convertible Bond, the Company is not obliged to notify the Subscriber, and no agreement is needed to be reached between the parties on the terms of such proposed transaction.

(iii) Dividends and Maintenance of Equity

Without prior written approval from the Subscriber, the Company shall not:

- (1) Declare or pay dividends or other distributions;
- (2) Redeem or repurchase Shares;
- (3) Reduce its share capital or change the rights of shares issued as of the date of the Subscription Agreement.

Nevertheless the Company needs not obtain written approval from the Subscriber if the Subscriber holds less than 25% of the principal amount of the outstanding Convertible Bond to conduct the above transactions.

The Directors are of the view that the Supplemental Agreement imposes restrictions not uncommon in similar transactions, and hence make the terms of the Subscription Agreement more in line with market practice. The Board is of the view that the terms of the Supplemental Agreement are fair and reasonable and are in the interests of the shareholders of the Company. Further, in connection with the right of first refusal to subscribe for new securities to be issued by the Company whilst the Subscriber holds not less than 25% of the principal amount of the outstanding Convertible Bond, the Company will comply with the Listing Rules if appropriate, or as required pursuant to Chapter 14A of the Listing Rules if the Subscriber becomes a connected person of the Company.

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

Hong Kong, April 15, 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.