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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)

PROFIT WARNING

This announcement is made by China Fiber Optic Network System Group Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that, based on the preliminary review of the unaudited management accounts of the Group up until May 31, 2016, and the progress of operations in the month of June 2016, net profit of the Group for the six months ended June 30, 2016 (“**the Period**”) would be considerably lower than that of the corresponding period of 2015 mainly due to the following reasons:

1. Domestic and overseas sales of the Group decreased by a total of approximately 12% for the Period;
2. The new bank loans borrowed around the middle of 2015 resulted in a higher bank loan average balance for the Period as compared to the corresponding period last year, leading to an increase in relevant interest expense; and
3. The grant of share options on November 17, 2015 by the Company pursuant to the share option scheme to subscribe for 89,622,800 ordinary shares, led to an increase in relevant equity-settled share option expense.

The information contained in this announcement is only based on a preliminary assessment by the management of the Company with reference to the information currently available including the unaudited management accounts of the Group up until May 31, 2016, which have not been reviewed or audited by the Company's auditors and are subject to possible adjustments arising from further review.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
China Fiber Optic Network System Group Ltd.
Hung, Randy King Kuen
Executive Director

Hong Kong, July 22, 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.