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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)

RECEIPT OF REDEMPTION NOTICE AND DEMAND LETTERS

This announcement is made by China Fiber Optic Network System Group Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) and 13.19 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

REDEMPTION NOTICE FROM BONDHOLDER AND DEMAND LETTERS FROM VARIOUS BANKS

Reference is made to the announcements (the “**Announcements**”) of the Company dated March 24, 2016, April 15, 2016 and April 29, 2016 in relation to the issue of the redeemable convertible bonds in the aggregate principal amount of HK\$166,905,800 (the “**Convertible Bonds**”) to China Guorong Assets Management Limited (the “**Subscriber**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that on January 11, 2017, the Company received a redemption notice in writing from the Subscriber to early redeem all the outstanding Convertible Bonds and the relevant interests on or before February 10, 2017 in cash and in the aggregate amount of HK\$174,807,532.

On January 4, 2017, the Company received a demand letter issued from the legal advisers of Bank of China (Hong Kong) Limited (“**BOC Hong Kong**”) claiming for the immediate repayment of the outstanding principal of a term loan facility of up to USD30,000,000 (equivalent to HK\$232,500,000) together with the accrued interests, the overdue interests and the administrative fee, which were stated to be in the sum of USD4,882,686.31 (equivalent to HK\$37,840,818.90) and HK\$1,000 as at January 3, 2017. Further interests will be accrued until actual payment is made in full. It was stated in the demand letter that if the said outstanding sums are not repaid within three days from the said letter, legal proceedings will be instituted against the Company.

On January 6, 2017, the Group received two demand letters from China CITIC Bank International Limited (“**CITIC**”) demanding for the settlement of the principal amount of USD13,415,000 (equivalent to HK\$103,966,250) together with the accrued interests and other charges thereon. It was stated in the said letters that if the said outstanding amounts are not settled, legal proceedings will be instituted against the Group.

On January 11, 2017, the Company received a demand letter from The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”) claiming for the immediate repayment of the outstanding loan together with interests accruing thereon until the date of actual payment. The total amount outstanding as at January 10, 2017 was USD9,497,900.37 (equivalent to HK\$73,608,727.87). The Company was also informed that the loan facility granted by HSBC was withdrawn. Further, it was stated in the demand letter that if the said outstanding sums are not repaid forthwith, HSBC reserve their right to take proceedings against the Company, including but not limited to the winding-up of the Company.

As at the date of this announcement, the Company had not received any winding-up petition against the Company. In light of the above, the Company will make its best endeavors to negotiate with each of the Subscriber, BOC Hong Kong, CITIC and HSBC with a view to obtaining a conditional grace period for repayment and to avoid immediate legal actions to be taken. The Company will also explore other viable solutions, including but not limited to a corporate restructuring of the Group.

The Company will keep its shareholders and investors informed of developments in relation to the abovementioned demand for repayment, redemption and other related matters by way of further announcement(s) as and when appropriate in accordance with the Listing Rules.

CONTINUED SUSPENSION OF TRADING

Reference is also made to the Company’s announcement dated October 13, 2016, pursuant to which it was disclosed that all dealings in the shares of the Company were suspended with effect from 9:00 a.m. on October 13, 2016. Trading in shares of the Company will remain suspended until further notice.

Shareholders of the Company 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.
Zhao Bing
Chairman

Hong Kong, January 13, 2017

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

The figures in USD are converted into HK\$ at the rate of USD1: HK\$7.75 throughout this announcement for indicative purpose only.