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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)

STATUTORY DEMAND FROM BANK

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).

Reference is made to the Company’s announcement dated January 13, 2017, pursuant to which it was disclosed that, among others, 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 the three year term loan facility from June 2015 to June 2018 in an aggregate principal amount up to USD30.00 million (the “**Facility**”) together with the accrued interests, the overdue interests and the administrative fee as at January 3, 2017. As at October 10, 2016, the outstanding amount of the Facility was in the aggregate amount of approximately USD26.25 million (equivalent to approximately HKD203.43million). The Company had repaid USD21.57 million (equivalent to approximately HKD167.16 million) on October, 13 2016. After all dealings in the shares of the Company were suspended by the Securities and Futures Commission on October 13, 2016, the Facility was terminated by BOC Hong Kong on October 19, 2016.

The Board of Directors of the Company (the “**Board**”) wishes to inform shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that on March 2, 2017, the Company received a statutory demand from the legal advisers of BOC Hong Kong demanding the Company to repay the outstanding principal of the Facility of approximately USD4.68 million (equivalent to approximately HKD36.27million), together with the overdue interests, accrued interest and administrative fee of approximately USD280,000 (equivalent to approximately HKD2.17million), i.e. in the aggregate amount of approximately USD4.96 million (equivalent to approximately HKD38.44 million).

The said statutory demand was issued pursuant to section 178 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance Cap 32 Laws of Hong Kong. If the Company fails to repay the said sums within 21 days, the said creditor may petition to the High Court of Hong Kong for winding up of the Company.

The Company is seeking financial and legal advice for the matter. Further announcement will be made 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, March 3, 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 HKD at the rate of USD1: HKD7.75 throughout this announcement for indicative purpose only.