

**CHINA FIBER OPTIC NETWORK SYSTEM GROUP LTD:
THE CHAIRMAN, UNWITTINGLY, IS CAUGHT
WITH HIS GOOLIES IN A VICE**

Parts of the Global Offering Prospectus read like novel, a fictional account of certain incidents, but because this is a hand-on-the-heart declaration, one has to assume that all that is written in this 231-Page Prospectus (not including the 7 appendices), is the truth, the whole truth and nothing but the truth.

China Fiber Optic Network System Group Ltd () (Code: 3777, Main Board, The Stock Exchange of Hongkong Ltd) pitched its story on June 16, 2011, when it Offered 406 million, \$US0.001 Shares at an Offer Price Range Per Share between \$HK1.20 and \$HK1.60.

Of the total number of shares on Offer, 300 million are New Shares and 106 million Shares are designated as Sale Shares.

The Selling Shareholders are:

Cathay Telecom Equipment Ltd	70 million shares
Wakee Holdings Incorporated ¹	36 million shares

¹Wakee Holdings Incorporated is beneficially the property of Ms Ou Shu Jin, the wife of Mr Song Zhi Ping (), a Non-Executive Director of China Fiber Optic Network System Group Ltd.

The business of this Company is the manufacture and sales of fiber optic patch cords, defined as being:

‘A set of devices that consists of one or more soft optical cables with each of their ends connected to one of more connectors. The connectors make connections with optical cables or other equipment in the fiber optic communications network, while the soft optical cables transmit light signals.’

The Company was started in 1998 when Hebei Sapphire Communication Equipment Company Ltd () was incorporated in the People’s Republic of China (PRC) on April 9, 1998. It is, today, a wholly owned subsidiary of China Fiber Optic Network System Group Ltd.

From its founding, China Fiber Optic Network System Group Ltd engaged in raising money from various sources, the first major, cash-raising exercise, being with Wakee Holdings Incorporated, a corporate entity, domiciled in the Cayman Islands, and being wholly owned by Ms Ou Shu Jin, a citizen of the United States of America.

From Wakee Holdings Incorporated, China Fiber Optic Network System Group Ltd raised \$US7.76 million in exchange for a 19-percent stake in the Company.

About 5 months later, on September 3, 2007, China Fiber Optic Network System Group Ltd started a relationship with Kemy Holdings Ltd, a company, domiciled in the Cayman Islands.

Under a Sale and Purchase Agreement, Ms Wen Yan () transferred one million shares in the Issued and

Fully Paid-Up Share Capital in China Fiber Optic Network System Group Ltd to Kemy Holdings Ltd at the consideration of \$US10,000.

Then, along came Cathay Telecom Equipment Ltd, which agreed to invest \$US10 million in China Fiber Optic Network System Group Ltd.

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