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SUPPLEMENTARY ANNOUNCEMENT

PLACING OF NEW SHARES UNDER GENERAL MANDATE AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Reference is made to the announcement of the Company dated 31 October 2017 in relation to the placing of new shares under general mandate and subscription of new shares under general mandate (the “Announcement”). Capitalised terms used herein shall have the same meanings as those defined in the Announcement, unless the context requires otherwise.

The Board would like to further elaborate the Company intends to apply the net proceeds from the Placing and the Subscription as shows as below:

1. As to approximately HK\$20 million for the Company will development the resources processing and trading business in PRC. The Company will cooperate with a PRC company (“PRC Company I”). The Company will purchase the procurement of bentonite, metallurgical pellets, railroad gravel and civil concrete gravel from PRC Company I, and mainly provide to the PRC state-owned enterprises in relation to their construction use propose. According to our investment plan, the initial capital is approximately HK\$20 million. Upon the completion of the Placing and Subscription, the Company will execute the business next month, i.e. December 2017;
- 2(i) The Company and a PRC company (“PRC Company II”) are applying to incorporate a joint venture company in PRC (“JV Company I”). JV Company I will purchase the black marble from the holding company of PRC Company II, and the black marble will sell to Asia Pacific. The application of the incorporation of JV Company I is estimate to be completed in December 2017 and the Company will then invest approximately RMB10 million of the registered capital of JV Company I;

- 2(ii) The Company intends to cooperate with a Hong Kong private company (“HK Company I”), we are planning to set up a joint venture company (“JV Company II”) to develop the trading resource business. Base on the background of HK Company I, JV Company II can has the opportunities for the Company to explore more overseas resources business. Upon the completion of the Placing and Subscription, the Company will invest HK\$10 million to this project at the end of November 2017;
- 2(iii) The Company and a PRC company (“PRC Company III”) have the cooperate intention, and plan to form a joint venture company (“JV Company III”) with one of the subsidiaries of PRC Company III (“Subsidiary Company of PRC Company III”). The main business of JV Company III are (i) acquire some potential resource company or resources projects in PRC; (ii) invest in the potential non-metal materials resources projects which related in processing and trading business; and (iii) develop the end products by the non-metal materials resources. And the most priority matter is to invest in the graphite mine located in PRC. For more details, please refer to the (3) as shows below;
3. Approximately HK\$20 million as to acquire a graphite mine in PRC. After the Company and Subsidiary Company of PRC Company III researched of the graphite mine, the Company and Subsidiary Company of PRC Company III have the intention to acquire a portion of the graphite mine. The Company will invest RMB18 million in advance, which is mainly used for building factories, production lines purchase, installation equipment and environmental management. Upon the completion of the Placing and Subscription, the Company and Subsidiary Company of PRC Company III will execute the acquisition plan in December 2017; and
4. As to approximately HK\$11.04 million to acquire a bentonite mining company which incorporated in PRC (“PRC Company IV”). Upon the completion of the Placing and the Subscription, the Company intends to invest HK\$11.04 million immediately afterward. The Company believes the investment can contribute a considerable benefit to the Company and its shareholders.

According to the detail planning as shows above, the use of proceeds for the investment projects shows as the above, the cashflows and the investment timetable, it shows that the proceeds from the Placing and the Subscription will be mainly used in this and next month, i.e. November and December 2017.

By Order of the Board
Feishang Non-metal Materials Technology Limited
DENG Li
Executive Director

Hong Kong, 20 November 2017

As at the date of this announcement, the executive Directors are Mr. DENG Li and Mr. ZHANG Yongmin; and the independent non-executive Directors are Mr. CHAN Chiu Hung Alex, Mr. ZHENG Shuilin and Mr. DUAN Xuechen.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the day of its publication. This announcement will also be published on the Company’s website at www.fsnmmaterials.com.