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Feishang Non-metal Materials Technology Limited
飛尚非金屬材料科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8331)

UPDATE ON LEGAL PROCEEDINGS

Reference is made to the announcement of the Company dated 19 December 2017 (the “**Announcement**”) in relation to an originated summons (the “**OS**”) filed by Mr. Zhang Qiang as the plaintiff (the “**Plaintiff**”) against (i) the Company; (ii) Mr. Deng Li, an executive director of the Company (the “**Director**”); (iii) Mr. Tsai Nam Lun, an executive Director; (iv) Mr. Zhang Yongmin, an executive Director; (v) Mr. Chan Chiu Hung Alex, a former independent non-executive Director; (vi) Ms. Chan Shuk Kwan Winnie, an independent non-executive Director; (vii) Ms. Cheuk Tat Yee, an independent non-executive Director; (viii) Ms. Yin Yi, an independent non-executive Director; and (ix) the grantees of the share options (the “**Grantees**”) granted by the Company on 6 December 2017 (other than Mr. Deng Li, Mr. Zhang Yongmin and Mr. Tsai Nam Lun), (collectively, the “**Defendants**”) under a legal proceeding no. HCMP 2715/2017 (the “**Legal Proceeding**”) in the Court of First Instance High Court of Hong Kong (the “**Court**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

The Company wishes to update that the Plaintiff has filed a summons (the “**Summons**”) to amend certain statements in the OS and made additional claims, which are summarised as follows:–

- (1) Included all the individual Grantees, namely Mr. Wang Ruilin, Mr. Chen Sigen, Ms. Ding Meiyi, Ms. Zhan Yu, Mr. Cheung Shun Fung, Mr. Zhang Taiqiang, Mr. Guo Xuepeng and the subscriber under the Subscription Agreement, Mr. Zhuang Shibin as Defendants.
- (2) The Plaintiff do have the leave to serve the amended OS to each of Mr. Wang Ruilin, Mr. Chen Sigen, Ms. Ding Meiyi, Ms. Zhan Yu, Mr. Zhang Taiqiang, Mr. Guo Xuepeng and Mr. Zhuang Shibin’s address in the PRC.

- (3) Paragraph 2 of the order granted by the Honourable Mr. Justice L. Chan on 18 December 2017 (“**18 Dec Order**”) be varied to read “Mr. Deng Li, Mr. Tsai Nam Lun, Mr. Zhang Yongmin, other Grantees, Mr. Wang Ruilin, Mr. Chen Sigen, Ms. Ding Meiyi, Ms. Zhan Yu, Mr. Cheung Shun Fung, Mr. Zhang Taiqiang and Mr. Guo Xuepeng be retrained, whether by themselves or their proxy or agent or servant or otherwise howsoever, from:–
- a. exercising or transferring or otherwise disposing of the Share Options; and/or
 - b. selling, transferring or otherwise disposing of those Shares which they have obtained through the exercise of the Share Options.”
- (4) The 18 Dec Order as amended be continued until trial or further order of the Court.
- (5) The Company shall forthwith and in any event within 3 days of the service of the order (or by such other time and date as may be agreed in writing between the Plaintiff and the Company) inform the Plaintiff’s solicitors in writing:–
- a. the number of Share Options (granted by the Company on 6 December 2017 to Mr. Deng Li, Mr. Tsai Nam Lun, Mr. Zhang Yongmin, other Grantees, Mr. Wang Ruilin, Mr. Chen Sigen, Ms. Ding Meiyi, Ms. Zhan Yu, Mr. Cheung Shun Fung, Mr. Zhang Taiqiang and Mr. Guo Xuepeng) exercised by each of them.
 - b. the number of Shares held by each of Mr. Deng Li, Mr. Tsai Nam Lun, Mr. Zhang Yongmin, other Grantees, Mr. Wang Ruilin, Mr. Chen Sigen, Ms. Ding Meiyi, Ms. Zhan Yu, Mr. Cheung Shun Fung, Mr. Zhang Taiqiang and Mr. Guo Xuepeng in the Company as of the date of the order to be made herein.
- and shall within 7 days of the service of the said order file and serve an affidavit/affirmation verifying the said information.
- (6) Mr. Deng Li, Mr. Tsai Nam Lun, Mr. Zhang Yongmin, other Grantees, Mr. Wang Ruilin, Mr. Chen Sigen, Ms. Ding Meiyi, Ms. Zhan Yu, Mr. Cheung Shun Fung, Mr. Zhang Taiqiang and Mr. Guo Xuepeng shall forthwith and in any event within 3 days of the service of the order to be made herein (or by such other time and date as may be agreed in writing between the Plaintiff and the said Defendants) inform the Plaintiffs solicitors in writing:
- a. the number of Shares each of the said Defendants have obtained through the exercise of the said Share Options granted to the said Defendants by the Company on 6 December 2017.

- b. the number of Option Shares each of the said Defendants still holds.
- c. insofar as the Option Shares were transferred by the said Defendants to third parties;–
 - i) the date of Option Shares were transferred;
 - ii) the number of Option Shares transferred; and
 - iii) the name and the contact details of those who received the Option Shares from the said Defendants.

and shall within 14 days of the service of the said order file and serve an affidavit/affirmation verifying the said information.

- (7) An order that, until the determination of these proceedings and/or further order, Mr. Deng Li, Mr. Tsai Nam Lun, Mr. Zhang Yongmin, other Grantees, Mr. Wang Ruilin, Mr. Chen Sigen, Ms. Ding Meiyi, Ms. Zhan Yu, Mr. Cheung Shun Fung, Mr. Zhang Taiqiang and Mr. Guo Xuepeng be restrained from exercising the voting rights in respect of those Option Shares retained by them at the Company's extraordinary general meeting scheduled to be held on 26 January 2018, any adjourned meeting and/or any other general meeting(s) of the Company.
- (8) Time for the service of the Summons be abridged.
- (9) Costs be reserved.

The Court hearing was held on 29 December 2017 and the Court ordered (the “**29 Dec Order**”) that:–

- (1) The Plaintiff be at liberty to amend the OS in these proceedings (as per the draft annexed to the Summons) by adding the names of and joining Mr. Wang Ruilin, Mr. Chen Sigen, Ms. Ding Meiyi, Ms. Zhan Yu, Mr. Cheung Shun Fung, Mr. Zhang Taiqiang, Mr. Guo Xuepeng as Defendants to the Summons.
- (2) Paragraph 2 of the 18 Dec Order be varied to read “Mr. Deng Li, Mr. Tsai Nam Lun, Mr. Zhang Yongmin, other Grantees, Mr. Wang Ruilin, Mr. Chen Sigen, Ms. Ding Meiyi, Ms. Zhan Yu, Mr. Cheung Shun Fung, Mr. Zhang Taiqiang and Mr. Guo Xuepeng be retrained, whether by themselves or their proxy or agent or servant or otherwise howsoever, from:–
 - a. exercising or transferring or otherwise disposing of the Share Options; and/or
 - b. selling, transferring or otherwise disposing of those Shares which they have obtained through the exercise of the Share Options.”

- (3) The Company shall forthwith and in any event within 3 days of the service of the 29 Dec Order (or by such other time and date as may be agreed in writing between the Plaintiff and the Company) inform the Plaintiff's solicitors in writing:–
- a. the number of Share Options (granted by the Company on 6 December 2017 to Mr. Deng Li, Mr. Tsai Nam Lun, Mr. Zhang Yongmin, other Grantees, Mr. Wang Ruilin, Mr. Chen Sigen, Ms. Ding Meiyi, Ms. Zhan Yu, Mr. Cheung Shun Fung, Mr. Zhang Taiqiang and Mr. Guo Xuepeng) exercised by each of them.
 - b. the number of Shares held by each of Mr. Deng Li, Mr. Tsai Nam Lun, Mr. Zhang Yongmin, other Grantees, Mr. Wang Ruilin, Mr. Chen Sigen, Ms. Ding Meiyi, Ms. Zhan Yu, Mr. Cheung Shun Fung, Mr. Zhang Taiqiang and Mr. Guo Xuepeng in the Company as of the date of the order to be made herein.

and shall within 7 days of the service of the said 29 Dec Order file and serve an affidavit/affirmation verifying the said information.

- (4) Mr. Deng Li, Mr. Tsai Nam Lun, Mr. Zhang Yongmin, other Grantees, Mr. Wang Ruilin, Mr. Chen Sigen, Ms. Ding Meiyi, Ms. Zhan Yu, Mr. Cheung Shun Fung, Mr. Zhang Taiqiang and Mr. Guo Xuepeng shall forthwith and in any event within 3 days of the service of the 29 Dec Order to be made herein (or by such other time and date as may be agreed in writing between the Plaintiff and the said Defendants) inform the Plaintiffs solicitors in writing:
- a. the number of Shares each of the said Defendants have obtained through the exercise of the said Share Options granted to the said Defendants by the Company on 6 December 2017.
 - b. the number of Option Shares each of the said Defendants still holds.
 - c. insofar as the Option Shares were transferred by the said Defendants to third parties;–
 - i) the date of Option Shares were transferred;
 - ii) the number of Option Shares transferred; and

iii) the name and the contact details of those who received the Option Shares from the said Defendants.

and shall within 14 days of the service of the said 29 Dec Order file and serve an affidavit/affirmation verifying the said information.

- (5) Time for the service of the Summons be abridged.
- (6) Paragraphs 4 and 7 of the Summons be adjourned to a date to be fixed on or before 17 January 2018 (with 1 day reserved) subject to the directions of the Honourable Mr. Justice Harris.
- (7) The 18 Dec Order as amended be continued until the hearing and disposal of paragraphs 4 and 7 of the Summons.
- (8) The Defendants to file evidence in opposition on or before 12:00 noon on 5 January 2018.
- (9) The Plaintiff to file evidence in reply on or before 9 January 2018.
- (10) No further evidence to be filed without leave of the Court.
- (11) The Plaintiff do file his Skeleton Argument and List of Authorities on 11 January 2018.
- (12) The Defendants do file their Skeleton Argument and List of Authorities on 12 January 2018.
- (13) The Plaintiff do have leave to serve the Court Documents as defined in paragraph 6 of the 18 Dec Order on Mr. Wang Ruilin, Mr. Chen Sigen, Ms. Ding Meiyi, Ms. Zhan Yu, Mr. Zhang Taiqiang and Mr. Guo Xuepeng by (i) leaving at the office of the Company and by (ii) ordinary post on the said Defendants' address in the PRC.
- (14) The Plaintiff do have leave to serve the Court Documents on Mr. Zhuang Shibin out of jurisdiction at Mr. Zhuang Shibin's address in the PRC.
- (15) Liberty to apply.
- (16) Costs be reserved.

Further hearing of the Summons has been scheduled on 16 January 2018. The Company will make further announcement(s) to keep its shareholders and investors informed of any significant development of the Legal Proceeding as and when appropriate.

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

Hong Kong, 3 January 2018

As at the date of this announcement, the Executive Directors are Mr. DENG Li, Mr. TSAI Nam Lun and Mr. ZHANG Yongmin; and the Independent Non-executive Directors are Ms. CHAN Shuk Kwan Winnie, Ms. CHEUK Tat Yee and Ms. YIN Yi.

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.

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