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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 “**19 December Announcement**”) and the announcement of the Company dated 3 January 2018 (“**3 January Announcement**”) (collectively, the “**Announcements**”).

Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements unless the context requires otherwise. For the avoidance of doubts, the Defendants referred hereinafter in this announcement includes (i) the Company (“**1st Defendant**”); (ii) Mr. Deng Li (“**2nd Defendant**”), an executive Director; (iii) Mr. Tsai Nam Lun (“**3rd Defendant**”), an executive Director; (iv) Mr. Zhang Yongmin (“**4th Defendant**”), an executive Director; (v) Mr. Chan Chiu Hung Alex (“**5th Defendant**”), a former independent non-executive Director; (vi) Ms. Chan Shuk Kwan Winnie (“**6th Defendant**”), a former independent non-executive Director; (vii) Ms. Cheuk Tat Yee (“**7th Defendant**”), an independent non-executive Director; (viii) Ms. Yin Yi (“**8th Defendant**”), a former independent non-executive Director; (ix) the Grantees (“**9th Defendant**”); (x) Mr. Wang Ruilin (“**10th Defendant**”); (xi) Mr. Chen Sigen (“**11th Defendant**”); (xii) Ms. Ding Meiyi (“**12th Defendant**”); (xiii) Ms. Zhan Yu (“**13th Defendant**”); (xiv) Mr. Cheung Shun Fung (“**14th Defendant**”); (xv) Mr. Zhang Taiqiang (“**15th Defendant**”); (xvi) Mr. Guo Xuepeng (“**16th Defendant**”); and (xvii) Mr. Zhuang Shibin (“**17th Defendant**”) (collectively, the “**Defendants**”).

The Company wishes to update that after trading hours on 15 January 2018, the Company and (1) the 2nd Defendant; (2) the 3th Defendant; (3) the 4th Defendant, (4) the 6th Defendant and (5) the 7th Defendant, have reached a settlement agreement (“**Settlement Agreement**”) in relation to the Legal Proceeding with the Plaintiff. The terms of the Settlement Agreement are annexed to the Schedule hereto.

Upon a joint application by way of consent summons (“**Consent Summons**”) dated 15 January 2018 by the Plaintiff and the 1st, 2nd, 3rd, 4th, 6th and 7th Defendants, an order has been granted, after trading hours on 15 January 2018, by the Honourable Mr. Justice Godfrey Lam Wan-ho in relation to the Legal Proceeding, the key terms of which are summarised as follows:–

- (1) All further proceedings in the Legal Proceeding between the Plaintiff and the Defendants (collectively, “**Parties**”) be permanently stayed upon the terms set out in the Schedule annexed hereto except for the purpose of enforcing those terms.
- (2) Leave to the Plaintiff to withdraw the Summons.
- (3) The injunction order granted by the Honourable Mr. Justice Louis Chan pursuant to the 18 December Order and continued as amended by paragraph 7 of the 29 December Order be discharged.
- (4) There be no order as to costs as between the Parties.

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

Hong Kong, 15 January 2018

As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. DENG Li, Mr. TSAI Nam Lun, Mr. ZHANG Yongmin and Mr. SU Chun Xiang; and (ii) four independent nonexecutive Directors, namely Mr. KO Yat Fei, Mr. CHOW Chi Hang Tony, Ms. CHEUK Tat Yee and Ms. SHAO Yu.

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market issued by The Stock Exchange of Hong Kong Limited (“**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.

ANNEXURE

SCHEDULE

1. The Plaintiff be at liberty to nominate himself or any other person to be appointed as an executive Director and the Chairman of the board of Directors of the 1st Defendant at such time as the Plaintiff sees fit and the 1st, 2nd, 3rd, 4th and 7th Defendants shall make all necessary arrangements to that effect;
2. Subject to compliance of the Rules Governing the Listing of the Securities on the GEM Listing Rules, the Articles of the Association of the 1st Defendant and the shareholders' approval from the 1st Defendant, the 1st Defendant shall adjourn the extraordinary general meeting scheduled on 26 January 2018 sine die and the Plaintiff and the 1st, 2nd, 3rd, 4th and 7th Defendants shall take all steps necessary to adjourn the extraordinary general meeting scheduled on 26 January 2018 sine die, including but not limited to vote in favour of a motion to adjourn the Plaintiff's motion dated 27 November 2017 sine die if necessary;
3. The Plaintiff be at liberty to appoint any person(s) to replace:–
 - a. The company secretary of the 1st Defendant;
 - b. One of the authorised representatives of the 1st Defendant under Rule 5.24 of the GEM Listing Rules;
 - c. One of the authorised representatives of the 1st Defendant for accepting service of process and notices on behalf of the 1st Defendant in Hong Kong as required under the Hong Kong Companies Ordinance (Cap. 622);at such time as the Plaintiff sees fit and the 1st, 2nd, 3rd, 4th and 7th Defendants shall make all necessary arrangements to that effect;
4. The Plaintiff shall discontinue all its claims in these proceedings against the 9th, 10th, 11th, 12th, 13th, 14th, 15th, 16th and 17th Defendants;
5. The Plaintiff shall discontinue his action under the legal proceeding no. HCMP 43/2018.