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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)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement (the “**Announcement**”) of Feishang Non-metal Materials Technology Limited (the “**Company**”) dated 15 January 2018 in relation to the Settlement Agreement reached between the Company and Mr. Zhang Qiang (the “**Plaintiff**”) on the Legal Proceeding. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context otherwise requires.

The Board wishes to clarify and supplement that:

- (i) as far as the Company is aware, the Plaintiff is a shareholder of the Company holding about 49.2% shareholding in the Company as at the date hereof, representing almost half of the total voting rights in general meeting of the Company;
- (ii) pursuant to the articles of association of the Company, the Company may by ordinary resolution elect any person to be a director of the Company or remove any director of the Company. Taking into account the number of voting rights exercisable by the Plaintiff and his requisition to change the board of directors of the Company, the Company is of the view that it is highly probable that the Plaintiff can exercise his voting rights in the forthcoming general meeting of the Company scheduled to be held on 26 January 2018 to change the composition of the board of directors of the Company (the “**Board**”) by appointing new directors and removal of any directors at his wishes;
- (iii) pursuant to the articles of association of the Company, the company secretary of the Company shall be appointed by the Board. As the Plaintiff is able to control the composition of the Board, the appointment of company secretary and the authorised representative of the Company (who shall either be a director or the company secretary of the Company) is also within the control of the Plaintiff;

- (iv) as such, it is the number of voting rights that the Plaintiff owns which entitle him to nominate or appoint any director(s) (including the chairman) thereby controlling the composition of the Board and also the right to appoint the company secretary and the authorised representative of the Company, and not any special right given by the Company in favour of him which is not available to other shareholders of the Company to do so; and
- (v) notwithstanding the Settlement Agreement to appoint any person(s) nominated by the Plaintiff to be an executive director of the Company, any appointment made by the Company shall be subject to compliance with all requirements of applicable rules and regulations including the Listing Rules and the Company's articles of association (such as recommendation by the Nomination Committee of the Company and subject to retirement and re-election at the coming general meeting of the Company).

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

Hong Kong, 30 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 non-executive 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 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.