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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)

**DISCLOSEABLE TRANSACTION:
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
LUCKY CAPITAL GROUP LIMITED**

THE DISPOSAL

On 29 June 2018 (after trading hours), the Company and the Purchaser entered into the Disposal Agreement, pursuant to which the Company agreed to sell and the Purchaser agreed to purchase the entire issued share capital of the Disposal Company at the Consideration of HK\$1,000,000. Completion of the Disposal took place immediately upon signing of the Disposal Agreement and members of the Disposal Group have now ceased to be subsidiaries of the Company.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Reference is made to the Results Announcement in which it was disclosed that members of the Disposal Group were de-consolidated from the Company due to loss of effective control and that the Company was in negotiations with independent third parties to dispose of the Disposal Group with an aim to resolving the matters arising from the non-effective control over the Disposal Group.

THE DISPOSAL AGREEMENT

On 29 June 2018 (after trading hours), the Company and the Purchaser entered into the Disposal Agreement. Salient terms of the Disposal Agreement are as follows:

Date: 29 June 2018

Parties: (1) The Company as the vendor; and
(2) Best Challenger Limited as the Purchaser

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Purchaser is an investment holding company incorporated in the British Virgin Islands with limited liability, and the Purchaser and its ultimate beneficial owner(s) are third parties who are independent of the Company and its connected persons.

Assets to be disposed of

Pursuant to the terms of the Disposal Agreement, the Company has agreed to sell and the Purchaser has agreed to acquire the entire issued share capital of the Disposal Company, being the holding company of the Disposal Group.

Consideration

The consideration for the Disposal is HK\$1,000,000 payable in cash, which was determined after arm's length negotiations between the parties to the Disposal Agreement taking into consideration that the Group has lost effective control over the Disposal Group and no books and records of the Disposal Group can be delivered to the Purchaser by the Company.

Completion

Completion of the Disposal took place immediately upon signing of the Disposal Agreement and the Consideration has been settled by the Purchaser in cash at Completion.

INFORMATION ON THE DISPOSAL GROUP

As disclosed in the Results Announcement, certain subsidiaries of the Company, i.e. the Disposal Group, were incorporated by the previous management of the Company during the last quarter of 2017 and the Board has been unable to access to the supporting documents of the books and records regarding the Disposal Group due to the reluctance of the previous management of the Company and the hindrance of the legal representatives, directors, management and personnel of the Disposal Group assigned by the previous management. The Disposal Group is not the principal subsidiaries of the Company. Accordingly, the results of the Disposal Group had been de-consolidated from the books and records of the Company with effect from 31 December 2017 due to loss of effective control over the Disposal Group.

Set out below is the financial information of the Disposal Group for the year ended 31 December 2017 as extracted from the Results Announcement:

**From the date of
incorporation of the
respective members
of the Disposal
Group for the year
ended 31 December
2017
RMB'000**

Loss before taxation	(399)
Loss after taxation	(436)
Net assets as at 31 December 2017	15,210

FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Company has ceased to hold any interest in the Disposal Company and members of the Disposal Group have ceased to be subsidiaries of the Company. As disclosed in the Results Announcement, the financial results of the Disposal Group have already been de-consolidated from the accounts of the Group with effect from 31 December 2017 due to loss of effective control over the Disposal Group. As the net asset value of the Disposal Group has been de-consolidated from the books of the Company, the Company is expected to recognise an unaudited gain (before tax) of approximately HK\$0.9 million from the Disposal, being the difference between the Consideration and the expenses incurred for the Disposal. The aforesaid estimation is for illustrative purpose only, and is subject to review and confirmation by the Company's auditors.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company and its subsidiaries are principally engaged in bentonite mining, production and sales of drilling mud and pelletising clay.

The Board considers that as the Disposal Group has already been de-consolidated from the financial results of the Company, the Disposal will have no adverse effect on the financial position of the Group. As disclosed in the Results Announcement, the Disposal can avoid further efforts to be spent on negotiation or other actions to be taken in connection with resuming effective control over the Disposal Group which after all were not principal subsidiaries of the Company. The net proceeds of the Disposal of approximately HK\$0.9 million will be applied as general working capital of the Group. The Directors consider that the terms and conditions of the Disposal are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

As one or more of the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Company”	Feishang Non-metal Materials Technology Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM of the Stock Exchange (stock code: 8331)
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“connected person(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Consideration”	the consideration of HK\$1,000,000 for the Disposal which was settled in cash at Completion
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire issued share capital of the Disposal Company to the Purchaser pursuant to the Disposal Agreement
“Disposal Company”	Lucky Capital Group Limited, a company incorporated in the British Virgin Islands by previous management of the Company
“Disposal Group”	the Disposal Company and its subsidiaries, whose results had been de-consolidated from the books of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Best Challenger Limited, a company incorporated in the British Virgin Islands with limited liability

“Results Announcement”	the announcement of the Company dated 31 May 2018 in relation to, among others, its annual results for the year ended 31 December 2017
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By Order of the Board
Feishang Non-metal Materials Technology Limited
SU Chun Xiang
Executive Director

Hong Kong, 29 June 2018

As at the date of this announcement, the Board comprises (i) one executive Director, namely Mr. SU Chun Xiang; and (ii) three independent non-executive Directors, namely Mr. KO Yat Fei, Mr. CHOW Chi Hang Tony 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.