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MR. ZHANG QIANG (張強)



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)

JOINT ANNOUNCEMENT

**(1) ACQUISITION OF SALE SHARES IN
FEISHANG NON-METAL MATERIALS TECHNOLOGY LIMITED
BY ZHANG QIANG (張強);
(2) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY**



KINGSTON SECURITIES

**FOR AND ON BEHALF OF
ZHANG QIANG (張強)
TO ACQUIRE ALL THE ISSUED SHARES IN
FEISHANG NON-METAL MATERIALS TECHNOLOGY LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
ZHANG QIANG (張強) AND PARTIES ACTING IN
CONCERT WITH HIM);
AND
(3) RESUMPTION OF TRADING**

Financial adviser to Zhang Qiang (張強)



KINGSTON CORPORATE FINANCE

THE S&P AGREEMENT

The Company was informed by the Vendor that on 11 April 2017 (after trading hours of the Stock Exchange), the Purchaser, the Vendor and the Guarantor entered into the S&P Agreement pursuant to which the Vendor has unconditionally agreed to sell and the Purchaser has unconditionally agreed to acquire a total of 275,000,000 Sale Shares at a total cash consideration of HK\$192,500,000 (equivalent to HK\$0.70 per Sale Share). The Guarantor has agreed to act as the guarantor for the Vendor to guarantee the due and punctual performance of the Vendor of its obligations under the S&P Agreement.

The Sale Shares, being an aggregate of 275,000,000 Shares, represent 55% of the entire issued share capital of the Company as at the date of this joint announcement.

The S&P Agreement is unconditional and S&P Completion shall take place on 20 April 2017, being the first Trading Day on which the trading in the issued Shares on the Stock Exchange is resumed after the date of the S&P Agreement.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement and immediately before the S&P Completion, the Purchaser and the parties acting in concert with him did not hold, own, control or have direction over any Shares, options, derivatives, warrants, convertible securities or voting rights of the Company or any other relevant securities. Immediately upon the S&P Completion, the Purchaser and the parties acting in concert with him will be interested in 275,000,000 Shares, representing 55% of the total issued share capital of the Company as at the date of this joint announcement.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror (the Purchaser) will therefore possibly be required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned by the Offeror and the parties acting in concert with him).

As at the date of this joint announcement, the Company has 500,000,000 Shares in issue. The Company does not have other classes of securities, derivatives, warrants or other securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares, as at the date of this joint announcement.

The Offer

Upon the S&P Completion, KSL will make the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

For each Offer Share.....HK\$0.70 in cash

The Offer Price of HK\$0.70 per Offer Share is the same as the price per Sale Share payable by the Purchaser under the S&P Agreement.

The Offer will be unconditional in all respects. The principal terms of the Offer are set out in the section headed “Principal terms of the Offer” in this joint announcement.

WARNING

The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the composite offer document, including the recommendations of the Independent Board Committee in respect of the Offer and a letter of advice from the Independent Financial Adviser.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

ADVICE FOR THE INDEPENDENT SHAREHOLDERS

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the Offer is fair and reasonable and as to its acceptance. The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer. Further announcement(s) will be made upon the appointment of the Independent Financial Adviser.

DESPATCH OF THE COMPOSITE OFFER DOCUMENT

It is the intention of the Offeror and the Company to combine the offer document with the offeree board circular from the Company in a composite offer document. In accordance with Rule 8.2 of the Takeovers Code, the composite offer document containing, amongst other things: (i) details of the Offer (including the expected timetable); (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Offer, together with the relevant forms of acceptance and transfer, is required to be despatched to the Shareholders within 21 days of the date of this joint announcement or such later date as the Executive may approve.

TRADING HALT AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 12 April 2017 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 20 April 2017.

THE S&P AGREEMENT

The Company was informed by the Vendor that on 11 April 2017 (after trading hours of the Stock Exchange), the Purchaser, the Vendor and the Guarantor entered into the S&P Agreement in relation to the sale and purchase of the Sale Shares. The principal terms of the S&P Agreement are summarised below:

Date

11 April 2017

Parties

Purchaser : Mr. Zhang Qiang (張強)

Vendor : Feishang Group Limited

Guarantor : Mr. Li Feilie

The Guarantor has agreed to act as the guarantor for the Vendor to guarantee the due and punctual performance of the Vendor of its obligations under the S&P Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is a third party independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

Subject of the S&P Agreement

Pursuant to the S&P Agreement, the Vendor has agreed to unconditionally sell and the Purchaser has unconditionally agreed to acquire a total of 275,000,000 Sale Shares, representing 55% of the entire issued share capital of the Company as at the date of this joint announcement.

The Sale Shares will be sold free from all encumbrances together with all rights attaching thereto as at the date of S&P Completion including but not limited to all dividends paid, declared or made on or after the date of S&P Completion.

The Sale Shares represent the entire holding of Shares by the Vendor immediately prior to the entering into of the S&P Agreement.

Consideration

The total consideration for the Sale Shares is HK\$192,500,000 (equivalent to HK\$0.70 per Sale Share) which has been agreed between the Purchaser and the Vendor after arm's length negotiations. The consideration will be paid by the Purchaser in cash upon the S&P Completion.

As informed by the Offeror, he offered HK\$0.70 per Share to the Vendor for acquisition of the Sale Shares after having considered, amongst other things:

- (i) the disposal of 50,000,000 Shares (representing 10% of the then entire issued share capital of the Company) by the Vendor at the price of \$0.70 per Share on 15 December 2016 as shown in the Disclosure of Interests section of HKEx News website;
- (ii) the disposal of 50,000,000 Shares (representing 10% of the then entire issued share capital of the Company) by the Vendor at the price of \$0.70 per Share on 12 January 2017 as shown in the Disclosure of Interests section of HKEx News website; and
- (iii) the thin average trading volume of the Shares.

Save as the consideration to be paid by the Offeror to the Vendor under the S&P Agreement, there is no other consideration, compensation or benefits in whatever form provided by the Offeror or parties acting in concert with him to Vendor or parties acting in concert with it.

S&P Completion

S&P Completion is unconditional. S&P Completion shall take place on 20 April 2017, being the first Trading Day on which the trading in the issued Shares on the Stock Exchange is resumed after the date of the S&P Agreement. Immediately following the S&P Completion, the Vendor will cease to be interested in any Shares.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structures of the Company immediately before and after the S&P Completion are as follows:

	Immediately before the S&P Completion and as at the date of this joint announcement		Immediately after the S&P Completion	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
The Vendor and parties acting in concert with it (<i>Note 1</i>)	275,000,000	55.00	–	–
The Offeror and parties acting in concert with him	–	–	275,000,000	55.00
Deng Li and parties acting in concert with him (<i>Note 2</i>)	3,120,000	0.62	3,120,000	0.62
Public Shareholders	<u>221,880,000</u>	<u>44.38</u>	<u>221,880,000</u>	<u>44.38</u>
Total	<u>500,000,000</u>	<u>100.00</u>	<u>500,000,000</u>	<u>100.00</u>

Notes:

1. The 275,000,000 ordinary shares were held by the Vendor, which is wholly owned by Laitan Investments Limited, which is in turn wholly owned by Mr. Li Feilie. According to the SFO, both Mr. Li Feilie and Laitan Investments Limited are deemed to have interests in the 275,000,000 ordinary shares held by the Vendor.
2. Mr. Deng Li is an executive Director.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement and immediately before the S&P Completion, the Purchaser and the parties acting in concert with him did not hold, own, control or have direction over any Shares, options, derivatives, warrants, convertible securities or voting rights of the Company or any other relevant securities. Immediately upon the S&P Completion, the Purchaser and the parties acting in concert with him will be interested in 275,000,000 Shares, representing 55% of the total issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror (the Purchaser) will therefore possibly be required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned by the Offeror and the parties acting in concert with him).

Securities of the Company

As at the date of this joint announcement, the Company has 500,000,000 Shares in issue. The Company does not have other classes of securities, derivatives, warrants or other securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares, as at the date of this joint announcement.

PRINCIPAL TERMS OF THE OFFER

THE OFFER

Upon the S&P Completion, KSL will make the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For each Offer Share.HK\$0.70 in cash

The Offer Price of HK\$0.70 per Offer Share is the same as the price per Sale Share payable by the Purchaser under the S&P Agreement.

Upon the S&P Completion, the Offeror will be holding 275,000,000 Shares, representing 55% of the entire issued share capital of the Company. Save for the aforesaid, the Offeror and the parties acting in concert with him do not have any other interests in the share capital or voting rights of the Company.

Comparison of value

The Offer Price of HK\$0.70 per Offer Share represents:

- (i) a discount of approximately 44.44% to the closing price of HK\$1.26 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 45.48% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of HK\$1.284 per Share; and
- (iii) a premium of approximately 396.45% over the audited consolidated net asset value of the Company of approximately RMB0.125 per Share (equivalent to approximately HK\$0.141 per Share) as at 31 December 2016.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the period commencing six months preceding the commencement of the offer period (as defined under the Takeovers Code) i.e. the date of this joint announcement were HK\$1.43 per Share (on 17 March 2017) and HK\$0.66 per Share (on 3 November 2016), respectively.

TOTAL CONSIDERATION OF THE OFFER

On the basis of the Offer Price of HK\$0.70 per Offer Share and 500,000,000 Shares in issue as at the date of this joint announcement, the entire issued share capital of the Company is valued at HK\$350,000,000.

On the basis of 500,000,000 Shares in issue, of which the Offeror will hold 275,000,000 Shares immediately after the S&P Completion, 225,000,000 Shares will be subject to the Offer and the Offer based on the Offer Price are valued at HK\$157,500,000.

Financial resources available for the Offer

The maximum cash consideration payable under the Offer, other than the Shares to be held by the Offeror and the parties acting in concert with him upon the S&P Completion, is HK\$157,500,000. The Offeror intends to finance the total consideration payable under the Offer through the Facility provided by KSL.

KCF, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the total consideration in respect of the S&P Agreement and the full acceptances of the Offer.

The Offeror has entered into the Facility Agreement under which the Offeror is required to and has entered into, amongst others, the Share Charge in favour of KSL.

Effect of accepting the Offer

By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all liens, claims, encumbrances and all third party rights and with all rights attached thereto as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive all dividends and declared, paid or made, if any, on or after the date on which the Offer is made.

Acceptance of the Offer by any Independent Shareholder will constitute a warranty by such person that all Offer Shares sold by such person under the Offer are free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions recommended, declared, made or paid, if any, on or after the date on which the Offer is made.

Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Stamp duty

Seller's ad valorem stamp duty payable by the Shareholders who accept the Offer and calculated at a rate of 0.1% of (i) the market value of the Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Offer.

Settlement

Settlement of the considerations for the Offer Shares will be made in cash as soon as possible but in any event within seven business days (as defined in the Takeovers Code) of the date on which the relevant documents of title are received by or on behalf of the Offeror (or its agent) to render each such acceptance complete and valid.

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, the Company and their respective directors, officers or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Shareholders

Overseas Shareholders who wish to accept the Offer should satisfy themselves as to the full observance of the applicable laws and regulations of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer of other taxes due by such accepting Overseas Shareholders in respect of such jurisdiction).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers in case of any doubt.

INFORMATION ON THE OFFEROR

The Offeror is a private investor with extensive experience in accounting, finance and investment fund management. The Offeror obtained a degree of master of management studies in accounting and a degree of bachelor of management studies in accounting from Central University of Finance and Economics in the PRC in 2003 and 2000 respectively. He is currently the General Manager of 山丘資產管理(北京)有限公司 (Shan Qiu Assets Management (Beijing) Company Limited*) (“Shan Qiu Assets Management”), a company established under the laws of the PRC in December 2014 which is principally engaged in management of securities investment funds in the PRC. As advised by the Offeror, Shan Qiu Assets Management was registered as 基金登記管理人 (Registered Manager of Funds*) by Asset Management Association of China (中國證券投資基金業協會) in April 2015. Since April 2015, Shan Qiu Assets Management issued and managed approximately 13 fund products, and their size of issue was approximately RMB240 million.

DEALING AND INTERESTS IN THE COMPANY’S SECURITIES

Save for the transactions under the S&P Agreement, none of the Offeror nor his concert parties has dealt in the Shares and any outstanding options, derivatives, warrants or other securities convertible into Shares during the period commencing six months preceding the commencement of the offer period (as defined under the Takeovers Code), i.e. the date of this joint announcement.

OTHER ARRANGEMENT

As at the date of this joint announcement,

- (i) save for the 275,000,000 Shares to be held by the Offeror upon S&P Completion, none of the Offeror and parties acting in concert with him owns, has control, or direction over any voting rights or rights over Shares or convertible securities, warrants, options of the Company or derivatives of the Company;
- (ii) none of the Offeror and parties acting in concert with him has borrowed or lent any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (iii) there is no outstanding derivatives in respect of securities in the Company which has been entered into by the Offeror and parties acting in concert with him;
- (iv) save for the Facility Agreement and the Share Charge, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Offeror, parties acting in concert with him and the Company which might be material to the Offer;
- (v) there is no agreement or arrangement to which the Offeror or parties acting in concert with him is a party which relates to circumstances in which it may or may not invoke or seek to invoke a precondition or condition to the Offer;
- (vi) none of the Offeror and parties acting in concert with him has received any irrevocable commitment(s) to accept or reject the Offer;
- (vii) the Offeror and the Vendor confirm that there is no special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and parties acting in concert with him on one hand and the Vendor and parties acting in concert with it on the other hand; and
- (viii) the Vendor confirms that each of the Vendor and the Guarantor and their respective associates is a third party independent of, not connected with, and does not have any concert party relationship with KCF and KSL and their respective associates.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are currently listed on GEM (stock code: 8331). The Group is principally engaged in the development of Huanghu Bentonite Mine in Anhui Province, the PRC, and the production and sale of bentonite products in the PRC.

As disclosed in the annual report of the Company for the year ended 31 December 2016, for the year ended 31 December 2016, the Group recorded an audited consolidated profit before taxation of approximately RMB3.90 million and an audited consolidated profit and total comprehensive income attributable to owners of the Company of approximately RMB2.80 million. As disclosed in the annual report of the Company for the year ended 31 December 2015, for the year ended 31 December 2015, the Group recorded an audited consolidated loss before taxation of approximately RMB9.04 million and an audited consolidated loss and total comprehensive expense attributable to owners of the Company of approximately RMB10.87 million. The audited capital and reserves attributable to Shareholders of the Company as at 31 December 2016 was approximately RMB62.74 million.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

The intention of the Offeror is that the Company's existing principal activities will be maintained, and at the same time after completion of the Offer, the Offeror will assist the Company in reviewing its business and operations and seek for new investment opportunities.

The Offeror has no intention to introduce major changes to the business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. The Offeror may make some changes to the composition of the Board by nominating new Directors so as to facilitate the business operation and management of the Group. The Offeror has no plan to terminate the employment of any senior management personnel of the Group in the short term. Instead, the Offeror is inclined to work together with the senior management of the Company and to leverage on their expertise and experience to further promote the growth of the Group. The Offeror will, depending on the business operations and development of the Group in the future, constantly review the employee structure of the Group so as to meet the needs of the Group from time to time. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's businesses and operations to increase the value of the Group.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends the issued Shares to remain listed on GEM after the close of the Offer.

Pursuant to the GEM Listing Rules, if, at the closing of the Offer, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend trading in the Shares.

The Offeror will take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

ADVICE FOR THE SHAREHOLDERS

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the Offer is fair and reasonable and as to its acceptance. The Independent Financial Adviser will be appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in this regard. Further announcement(s) will be made upon the appointment of the Independent Financial Adviser.

DESPATCH OF THE COMPOSITE OFFER DOCUMENT

It is the intention of the Offeror and the Company to combine the offer document with the offeree board circular from the Company in a composite offer document. In accordance with Rule 8.2 of the Takeovers Code, the composite offer document containing, amongst other things: (i) details of the Offer (including the expected timetable); (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Offer, together with the relevant forms of acceptance and transfer, is required to be despatched to the Shareholders within 21 days of the date of this joint announcement or such later date as the Executive may approve.

Independent Shareholders are encouraged to read the composite offer document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer, before deciding whether or not to accept the Offer.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the associates of the Company and the Offeror (as defined under the Takeovers Code, including persons holding 5% or more of a class of relevant securities issued by the Company or the Offeror) are hereby reminded to disclose their dealings in any securities of the Offeror and the Company pursuant to Rule 22 of the Takeovers Code. In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stock brokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules.

However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING

The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the composite offer document, including the recommendations of the Independent Board Committee in respect of the Offer and a letter of advice from the Independent Financial Adviser.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

TRADING HALT AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 12 April 2017 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 20 April 2017.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Company”	Feishang Non-metal Materials Technology Limited (stock code: 8331), a company incorporated in the Cayman Islands with limited liability and its issued Shares are listed on GEM

“Director(s)”	the director(s) of the Company from time to time
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegate
“Facility”	a loan facility granted by KSL as lender to the Offeror as borrower in accordance with the terms of the Facility Agreement for financing the Offer
“Facility Agreement”	the loan facility agreement entered into between KSL as lender and the Offeror as borrower dated 11 April 2017 in relation to the Facility
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Li Feilie
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Chan Chiu Hung Alex, Mr. Zheng Shuilin and Mr. Duan Xuechen, established to give recommendation to the Independent Shareholders regarding the terms of the Offer and as to their acceptance
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the terms of the Offer and as to their acceptance
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with him
“KCF”	Kingston Corporate Finance Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Offer

“KSL”	Kingston Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities) regulated activity under the SFO, being the agent making the Offer on behalf of the Offeror
“Last Trading Day”	11 April 2017, being the last trading day of the Shares on the Stock Exchange before the publication of this joint announcement
“Offer”	the possible mandatory unconditional cash offer to be made by KSL on behalf of the Offeror for the Offer Shares in accordance with the Takeovers Code
“Offeror” or “Purchaser”	Mr. Zhang Qiang (張強)
“Offer Price”	the price of HK\$0.70 per Offer Share payable by the Offeror to the Independent Shareholders for each Offer Share accepted under the Offer
“Offer Share(s)”	Share(s) not already owned by the Offeror and parties acting in concert with him
“Overseas Shareholders”	Independent Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong
“PRC”	the People’s Republic of China, which for the purpose of this joint announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Sale Shares”	the 275,000,000 Shares to be acquired by the Offeror from the Vendor pursuant to the terms of the S&P Agreement
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Share Charge”	means the share charge entered into between KSL as chargee and the Offeror as chargor dated 11 April 2017 whereby the Offeror has charged to KSL the Shares owned and to be owned by the Offeror as security for the Facility
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S&P Agreement”	the sale and purchase agreement dated 11 April 2017 entered into between the Offeror (as purchaser), the Vendor and the Guarantor in relation to the sale and purchase of the Sale Shares
“S&P Completion”	completion of the S&P Agreement in accordance with its terms, which is expected to take place on 20 April 2017
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Trading Day”	a day on which the Stock Exchange is open for the business of dealing in securities
“Vendor”	Feishang Group Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Li Feilie
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

Zhang Qiang (張強)

By Order of the Board
**Feishang Non-metal Materials
Technology Limited**
Chen Gongbao
Director

Hong Kong, 19 April 2017

As at the date of this joint announcement, the executive Directors are Mr. XU Chengyin, Mr. ZHANG Pingwu, Mr. CHEN Gongbao, 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 joint 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 joint announcement (other than the information relating to the Offeror and parties acting in concert with him, the terms of the Offer and the future intention of the Offeror regarding the Group) 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 joint announcement misleading.

The Directors jointly and severally accept full responsibility for accuracy of the information contained in this joint announcement (other than the information relating to the Offeror and parties acting in concert with him, the terms of the Offer and the future intention of the Offeror regarding the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

The Offeror accepts full responsibility for the accuracy of information contained in this joint announcement (other than the information relating to the Group, the Vendor, the Guarantor and their respective associates and parties acting in concert with them) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Group, the Vendor, the Guarantor and their respective associates and parties acting in concert with them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the sole director of the Vendor is Mr. LI Feilie.

The sole director of the Vendor accepts full responsibility for accuracy of the information contained in this joint announcement (other than the information relating to the Offeror, the Group and their respective associates and parties acting in concert with them except where such information also relates to the Vendor, its ultimate beneficial owner and their respective parties acting in concert with them, the terms of the Offer and the future intention of the Offeror regarding the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror, the Group and their respective associates and parties acting in concert with them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

This joint 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 joint announcement will also be published on the Company’s website at www.fsnmmaterials.com.

The English text of this joint announcement shall prevail over its Chinese text.

In this joint announcement, amounts in RMB are translated into HK\$ on the basis of RMB1 = HK\$1.13. The conversion rate is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at such rate or at all.

** English transliteration of Chinese terms for identification purpose only*