

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA HENGSHI FOUNDATION COMPANY LIMITED
中國恒石基業有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)
(Stock Code: 1197)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “**Annual General Meeting**”) of China Hengshi Foundation Company Limited (the “**Company**”) will be held at Inspirock Hotel, 199 Zhengxing East Road, Tongxiang, Zhejiang Province, the People’s Republic of China on 22 May 2017 at 3 p.m. for the following purposes:

1. To receive and adopt the audited consolidated financial statements and the reports of the directors and auditors of the Company for the year ended 31 December 2016.
2. To declare a final dividend for the year ended 31 December 2016.
3. (a) To re-elect the following retiring directors of the Company (the “**Directors**”) who are standing for re-election at the Annual General Meeting:
 - i. Mr. Pan Fei as an independent non-executive Director; and
 - ii. Mr. Chen Zhijie as an independent non-executive Director.
- (b) To appoint Mr. Xie Guoping as an independent non-executive Director.
- (c) To authorise the board of directors of the Company (the “**Board**”) to fix the remuneration of the Directors.
4. To re-appoint Deloitte Touche Tohmatsu as auditor of the Company for the year 2017 and to authorise the Board to fix their remuneration for the year ended 31 December 2017.

5. To consider and, if thought fit, pass (with or without modification) the following resolutions as ordinary resolutions:

(A) **“That:**

- (i) subject to paragraph (iii) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of the Company (the **“Shares”**), and to make or grant offers, agreements and options (including bonds, warrants and debentures exchangeable for or convertible into Shares) and rights of exchange or conversion, which would or might require the exercise of such powers subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) of this resolution shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures exchangeable or convertible into Shares) and rights of exchange or conversion which may require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate number of the Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) and issued by the Directors during the Relevant Period (as hereinafter defined) pursuant to paragraph (i) or (ii) of this resolution, otherwise than pursuant to:
 - (1) a Rights Issue (as hereinafter defined);
 - (2) the grant or exercise of any option under share option scheme of the Company (if applicable) or other option, scheme or similar arrangements for the time being adopted for the grant or issue to the Directors, officers and/or employees of the Company and/or any of its subsidiaries and/or other eligible participants specified thereunder of options to subscribe for Shares or rights to acquire Shares;
 - (3) any scrip dividend or similar arrangements providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company; or
 - (4) the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into Shares,

shall not exceed the aggregate of:

- (a) 20% of the number of the Shares in issue as at the date of passing this resolution 5(A); and
- (b) (if the Board is so authorised by resolution 5(C)) the number of the Shares repurchased by the Company subsequent to the passing of resolution 5(B) (up to a maximum equivalent to 10% of the number of the issued Shares as at the date of passing resolution 5(B)),

and the said approval shall be limited accordingly; and

(iv) for the purpose of this resolution:

- (a) “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:
 - (1) the conclusion of the next annual general meeting of the Company;
 - (2) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; or
 - (3) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and
- (b) “**Rights Issue**” means an offer of Shares open for a period fixed by the Directors to holders of Shares whose names appear on the register of members on a fixed record date in proportion to their holdings of Shares as at that date (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the requirements of, any jurisdiction or any recognised regulatory body or any stock exchange in any territory applicable to the Company).”

(B) **“That:**

- (i) subject to paragraph (ii) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares on The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**) or on any other stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange, subject to and in accordance with all applicable laws and/ or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby generally and unconditionally approved;
- (ii) the aggregate number of the Shares, which may be repurchased by the Company pursuant to the approval in paragraph (i) of this resolution above shall not exceed 10% of the aggregate number of the Shares in issue as at the date of passing of this resolution, and the said approval shall be limited accordingly;
- (iii) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; or
- (c) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meeting.”

- (C) **“That** conditional upon resolutions 5(A) and 5(B) above being passed, the general mandate granted to the Directors to allot, issue and deal with additional shares and to make or grant offers, agreements, and options which might require the exercise of such powers pursuant to resolution 5(A) above be and is hereby extended by the additional thereto of an amount representing the aggregate number of the Shares of the Company repurchased by the Company under the authority granted pursuant to resolution 5(B) above, provided that such number of the Shares shall not exceed 10% of the aggregate number of the Shares in issue as at the date of passing the resolution.”

By order of the Board
China Hengshi Foundation Company Limited
Zhang Yuqiang
Chairman

Hong Kong, 7 April 2017

<i>Registered office:</i> 190 Elgin Avenue George Town Grand Cayman KY1-9005 Cayman Islands	<i>Principal place of business and head office in the PRC:</i> No. 1 Guang Yun South Road Tongxiang Economic Development Zone Tongxiang, Zhejiang Province PRC	<i>Principal place of business in Hong Kong:</i> 36/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
---	---	---

Notes:

- (i) A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more person(s) as his/her proxy to attend and vote instead of him/her. A proxy need not be a shareholder of the Company.
- (ii) In the case of joint holders of any Share, any one of such persons may vote at the Annual General Meeting, either personally or by proxy, in respect of such Share as if he/she were solely entitled thereto. However, if more than one of such joint holders be present at the Annual General Meeting personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.
- (iii) In order to be valid, a form of proxy must be completed, signed and returned to the Hong Kong share registrar of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the meeting. The completion and return of the form of proxy shall not preclude the shareholders of the Company from attending and voting in person at the meeting, in which case, the proxy shall be deemed to be revoked.
- (iv) The register of members of the Company will be closed from Friday, 12 May 2017 to Monday, 22 May 2017, both days inclusive, to determine the entitlement of the shareholders of the Company to attend and vote at the Annual General Meeting, during which period no Share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 11 May 2017.
- (v) The register of members of the Company will be closed from Friday, 26 May 2017 to Wednesday, 31 May 2017, to determine the entitlement of the shareholders of the Company to receive final dividend, during which period no Share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 25 May 2017.

As at the date of this announcement, the Directors are:

Non-executive Directors: Mr. ZHANG Yuqiang (Chairman), Mr. ZHANG Jiankan, Mr. TANG Hsin-hua, Mr. WANG Yuan

Executive Directors: Mr. ZHOU Tingcai, Ms. HUANG Junjun

Independent non-executive Directors: Mr. FANG Xianbai, Mr. PAN Fei, Mr. CHEN Zhijie