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CHINA HENGSHI FOUNDATION COMPANY LIMITED

中國恒石基業有限公司

(Incorporated under the laws of Cayman Islands with limited liability)

(Stock code: 1197)

**CHANGE OF INDEPENDENT NON-EXECUTIVE DIRECTORS
AND
CHANGE OF COMPOSITION OF BOARD COMMITTEES**

RETIREMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The board (the “**Board**”) of directors (the “**Directors**”) of China Hengshi Foundation Company Limited (the “**Company**”) announces that Mr. FANG Xianbai (“**Mr. FANG**”) has retired by rotation as an independent non-executive Director on 21 May 2017 in accordance with the letter of appointment signed with the Company. Following his retirement, Mr. FANG also ceased to be a member and the chairman of the audit committee (the “**Audit Committee**”), a member and the chairman of the remuneration committee (the “**Remuneration Committee**”) and a member of the nomination committee (the “**Nomination Committee**”) of the Company.

Mr. FANG has confirmed that he has no disagreement with the Board and there are no matters relating to his retirement that need to be brought to the attention of the shareholders of the Company (the “**Shareholders**”) or The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Board would like to express its sincere gratitude to Mr. FANG for his valuable contribution to the Company during his tenure of office.

**APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR,
CHAIRMAN AND MEMBER OF AUDIT COMMITTEE, CHAIRMAN AND
MEMBER OF REMUNERATION COMMITTEE AND MEMBER OF
NOMINATION COMMITTEE**

The Board is pleased to announce that at the annual general meeting of the Company held on 22 May 2017, the appointment of Mr. XIE Guoping (“**Mr. XIE**”) as an

independent non-executive Director with effect from 22 May 2017 was approved by the Shareholders. In replacement of Mr. FANG, Mr. XIE has been appointed as a member and chairman of the Audit Committee, a member and chairman of the Remuneration Committee and a member of the Nomination Committee with effect from 22 May 2017.

Mr. XIE, aged 35, is a senior financial media practitioner. Mr. XIE has been the assistant to the director of Economic Information & Agency in Hong Kong since January 2017. Mr. XIE has been engaged as a part time lecturer for postgraduate students in the College of Media and International Culture of Zhejiang University in Hangzhou, PRC since February 2016. Mr. XIE has been the director of Zhejiang Office of Hong Kong Commercial Daily since January 2012. Besides, Mr. XIE is a committee member of Zhejiang Youth Federation. Mr. XIE graduated on the major of secretary (foreign) from Zhejiang University of Media and Communication in Hangzhou, PRC in July 2006. For the time being, Mr. XIE is still studying in the Victoria University in Switzerland (瑞士維多利亞大學) for a doctoral degree in business administration.

Mr. XIE has entered into a letter of appointment with the Company and his term of appointment will commence on 22 May 2017. The appointment may be extended for such period as the Company and Mr. XIE may agree and may be terminated by either party by giving at least one month's written notice. Mr. XIE is subject to retirement by rotation and re-election at the annual general meetings in accordance with the articles of association of the Company. He is entitled to receive a Director's fee of RMB120,000 per annum as determined by the Board with reference to the prevailing market conditions and his responsibility in the Company.

As at the date of this announcement, Mr. XIE does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed above, Mr. XIE has not held any directorship in any public listed company in the past three years and does not have any relationship with any of the Company's directors, senior management, substantial or controlling shareholders (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**")) of the Company.

Save as disclosed in this announcement, there is no other information relating to the appointment of Mr. XIE that shall be disclosed pursuant to Rule 13.51 (2) (h) to (v) of Listing Rules, nor is there any matter which needs to be brought to the attention of Shareholders.

The Board would like to take this opportunity to welcome to Mr. XIE to the Board.

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

Zhejiang, PRC, 22 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. XIE Gupoing, Mr. PAN Fei, Mr. CHEN Zhijie*