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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)

**Further Announcement
in relation to
Continuing Connected Transactions**

Reference is made to the announcement of China Hengshi Foundation Company Limited (the “**Company**”) dated 1 January 2018 in relation to the entering into of (i) the 2018 Yushi International Framework Agreement and (ii) the 2018 Shanghai Tianshi Framework Agreement (the “**Announcement**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board wishes to supplement that the estimated expenditures to be incurred for the transactions under the 2018 Yushi International Framework Agreement and the 2018 Shanghai Tianshi Framework Agreement (the “**Transactions**”) for the period from 1 January 2018 to 31 May 2018 are approximately RMB25,740,000 and approximately RMB17,160,000, respectively, and approximately RMB42,900,000 in aggregate.

As one or more of the applicable percentage ratios calculated based on the aggregate of the estimated expenditures to be incurred for the Transactions for the period from 1 January 2018 to 31 May 2018, is more than 0.1% but less than 5%, the Transactions are currently subject to reporting, announcement and annual review requirements, but are exempt from the circular (including the independent financial advice) and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Board will closely monitor the aggregated expenditures under the Transactions and despatch circular (including the independent financial advice) and obtain independent shareholders’ approval pursuant to Chapter 14A of the Listing Rules when and where necessary.

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

Hong Kong, 19 Jan. 2018

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 Guoping, Mr. PAN Fei, Mr. CHEN Zhijie