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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)

**VOLUNTARY ANNOUNCEMENT
IN RESPECT OF THE ANTI DUMPING INVESTIGATION INITIATED
BY THE EU COMMISSION**

This is a voluntary announcement made by China Hengshi Foundation Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”).

The European Union (the “**EU**”) Commission (the “**EU Commission**”) published a notice on 21 Feb 2019 to initiate an anti-dumping investigation (the “**Investigation**”) against glass fiber fabrics originating in China and Egypt (the “**Involved Countries**”) (the “**Notice**”), which relates to fabrics of woven, and/or stitched continuous filament glass fiber rovings or yarns, excluding products which are impregnated or pre-impregnated (pre-preg), and excluding open mesh fabrics with cells with a size of more than 1.8 mm in both length and width and weighing more than 35 g/m²(the “**Product Under Investigation**”).

According to the Notice:

1. the allegation of dumping is based on a comparison of a constructed normal value on the basis of costs of production and sale reflecting undistorted prices or benchmarks in an appropriate representative country, with the export price (at ex-works level) of the Product Under Investigation and on that basis, the dumping margin calculated is significant for the Involved Countries.

2. the volume and the prices of the imported Product Under Investigation have had, among other consequences, a negative impact on the quantities sold by the Union industry, resulting in substantial adverse effects on the financial situation, the employment situation and the overall performance of the EU industry.
3. The Investigation will cover the period from 1 January 2018 to 31 December 2018 (the **“Investigation Period”**).

After careful consideration of the content of the Notice and based on the experience of the Company in handling anti-dumping investigation initiated by the EU Commission, the preliminary view of the Company is that:

1. The Company expects that Zhejiang Hengshi Fiberglass Fabrics Co., Ltd. (**“Hengshi Fabrics”**), an indirect wholly-owned subsidiary of the Company, and Hengshi Egypt Fiberglass Fabrics S.A.E. (**“Hengshi Egypt”**), an indirect subsidiary of the Company (Hengshi Fabrics and Hengshi Egypt together are called the **“Target Companies”**), will be considered as exporting producers under the Investigation and hence could be selected and included as samples under the Investigation.
2. Based on the preliminary statistics of the internal management accounts of the Group, all products sold by the Target Companies to the EU may be identified as the Product Under Investigation, and during the Investigation Period, the sales of the Product Under Investigation of the Target Companies to the EU are approximately RMB 324.6 million, accounting for 22.83% of the Group's total revenue in 2018, among which, sales turnover exported to the EU from China is about RMB 176.2 million, accounting for 12.39%; sales turnover exported to the EU from Egypt is about RMB 148.4 million, accounting for 10.44%. The above data has not been reviewed by the Company's Audit Committee and not been audited by an external auditor. The shareholders of the Company (**“Shareholders”**) and potential investors are advised to refer to the final sales data contained in the 2018 annual report for the financial year ended 31 December 2018 when such report is available.

As of the date of this announcement, the Investigation is in the preliminary stage. If the conclusion on the Investigation to be drawn by the European Commission is affirmative or provisional measures are imposed during the Investigation, the EU's import tariff on the Product Under Investigation will increase, which may have certain effect on the sales, market and profitability of the Group's corresponding products in the EU in the future.

As the world's leading supplier of fiberglass fabrics for wind energy, the Group is actively implementing an international layout strategy and building production bases in various countries and regions around the world to ensure the Group's global supply capabilities. The Company is taking appropriate and positive measures and seeking legal advice to respond to the Investigation. The Company will, according to the progress of the Investigation, keep providing updated information to Shareholders and potential investors in due course.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board of
CHINA HENGSHI FOUNDATION COMPANY LIMITED

Zhang Yuqiang

Chairman

Hong Kong, 25 February 2019

As at the date of this announcement, the directors of the Company 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. LOU Hetong, Mr. ZHAO Jun