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**ZHENSHI GROUP (HK) HESHI
COMPOSITE MATERIALS
CO., LIMITED**

**振石集團(香港)和石
複合材料有限公司**

*(Incorporated under the laws of Hong Kong with
limited liability)*

**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)

JOINT ANNOUNCEMENT

PROPOSAL FOR PRIVATISATION OF CHINA HENGSHI FOUNDATION COMPANY LIMITED BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT (UNDER SECTION 86 OF THE COMPANIES LAW) AND PROPOSED WITHDRAWAL OF LISTING

EXTENSION OF TIME FOR DESPATCH OF SCHEME DOCUMENT

Financial Adviser to the Offeror



華泰金融控股(香港)有限公司
HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

The Company and the Offeror have applied to the Executive and the Executive is minded to grant consent to extend the latest time for the despatch of the Scheme Document to 14 June 2019.

A detailed timetable for the Proposal will be set out in the Scheme Document and in the announcement to be jointly made by the Company and the Offeror upon the despatch of the Scheme Document.

Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

INTRODUCTION

Reference is made to the announcement (the “**Joint Announcement**”) dated 4 April 2019 jointly issued by China Hengshi Foundation Company Limited (the “**Company**”), Zhenshi Group (HK) Heshi Composite Materials Co., Limited (the “**Offeror**”) in relation to the proposal for the privatisation of the Company by way of a scheme of arrangement under section 86 of the Companies Law of the Cayman Islands. Unless otherwise defined, terms used herein shall have the same meaning as those defined in the Joint Announcement.

EXTENSION OF THE TIME FOR DESPATCH OF THE SCHEME DOCUMENT

Under Rule 8.2 of the Takeovers Code, unless the Executive’s consent is obtained, the Scheme Document should normally be despatched to the Scheme Shareholders within 21 days of the date of the Joint Announcement, which in this case would be on or before 25 April 2019.

The Scheme Document is to be issued in connection with a scheme of arrangement under section 86 of the Companies Law, and may only be despatched to the Scheme Shareholders after the Grand Court has, at a convening hearing (the “**Convening Hearing**”) to be held on a date indicated by the Grand Court, determined that it is satisfied with the terms and conditions of the Scheme and the form and contents of the Scheme Document including the proposed court orders, the proposed date of the court meeting, the proposed notices of meeting and associated proxy forms.

As additional time is required to procure the convening of the Convening Hearing, currently expected to be on or around 31 May 2019, and finalise certain information to be included in the Scheme Document thereafter, the Company and the Offeror have applied to the Executive and the Executive is minded to grant consent to extend the latest time for the despatch of the Scheme Document to 14 June 2019.

A detailed timetable for the Proposal will be set out in the Scheme Document and in the announcement to be jointly made by the Company and the Offeror upon despatch of the Scheme Document.

WARNINGS:

Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

By Order of the Board of
**Zhenshi Group (HK) Heshi
Composite Materials Co., Limited**
Zhang Yuqiang
Director

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

Hong Kong, 25 April 2019

As at the Announcement Date, the directors of the Offeror are Mr. ZHANG Jiankan, Mr. ZHANG Yuqiang and Mr. YIN Hang.

As at the Announcement Date, the directors of the Zhenshi Holding are Mr. ZHANG Yuqiang, Mr. ZHANG Jiankan and Mr. WANG Yuan.

The directors of the Offeror and the directors of Zhenshi Holding jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group) and confirms, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the directors of the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the Announcement Date, the directors of the Company are:

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

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

Independent non-executive Directors: Mr. XIE Guoping, Mr. LOU Hetong and Mr. ZHAO Jun

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.