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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**

### **PROPOSED PRIVATISATION OF CHINA HENGSHI FOUNDATION COMPANY LIMITED BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT (UNDER SECTION 86 OF THE COMPANIES LAW)**

#### **(1) RESULTS OF COURT MEETING AND EGM**

**AND**

#### **(2) CLOSURE OF REGISTER OF MEMBERS**

**Financial Adviser to the Offeror**



#### **RESULTS OF COURT MEETING AND EGM**

On Tuesday, 18 June 2019:

- (1) the resolution to approve the Scheme was approved by the Scheme Shareholders at the Court Meeting; and

- (2) the special resolution to approve the reduction of the issued share capital of the Company, the ordinary resolution to approve the restoration of the share capital of the Company were approved by the Shareholders at the EGM; and
- (3) the ordinary resolution to approve the Rollover Arrangement was approved by the Independent Shareholders at the EGM.

### **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining those Scheme Shareholders who are qualified for entitlements under the Scheme, the register of members of the Company will be closed from Friday, 28 June 2019 onwards. No transfer of Shares will be effected as from such date.

### **INTRODUCTION**

This announcement is made further to the scheme document jointly issued by the Company and the Offeror to the Shareholders on 27 May 2019 in relation to the proposed privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law (the “**Scheme Document**”).

Unless otherwise defined, terms used herein shall have the same meaning as those defined in the Scheme Document.

### **RESULTS OF THE COURT MEETING**

The Court Meeting was held at 9:30 a.m. on Tuesday, 18 June 2019 at Whampoa 03, 1/F, Harbour Grand Kowloon, 20 Tak Fung Street, Whampoa Garden, Hunghom, Kowloon, Hong Kong. Scheme Shareholders who were present either in person or by proxy were entitled to vote in respect of all of their Scheme Shares.

In compliance with both Section 86 of the Companies Law and Rule 2.10 of the Takeovers Code, the approval required to be obtained at the Court Meeting in respect of the Scheme would be regarded as obtained if:

- (1) the Scheme is approved (by way of poll) by a majority in number of the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;
- (2) the Scheme is approved (by way of poll) by Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and
- (3) the number of votes cast (by way of poll) by Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all the Independent Shareholders.

The poll results in respect of the resolution to approve the Scheme at the Court Meeting were as follows:

		Votes cast in person or by proxy		
		Total number	For the Scheme	Against the Scheme
1.	Number of Scheme Shares voted by the Scheme Shareholders in person or by proxy <i>(Approximate percentage represented)</i>	180,615,200	180,087,200 (99.71%)	528,000 (0.29%)
2.	Number of Scheme Shareholders who attended and voted in person or by proxy <i>(Note)</i>	14	14	1
3.	Number of Scheme Shares voted by the Independent Shareholders in person or by proxy <i>(Approximate percentage represented)</i>	180,615,200	180,087,200 (99.71%)	528,000 (0.29%)
4.	Approximate percentage of: (i) 528,000 Shares over (ii) 205,480,000 Shares, where (i) is the number of votes cast against the Scheme, and (ii) is the number of votes attaching to all Scheme Shares held by all the Independent Shareholders			0.26%

*Note:*

In accordance with the direction from the Grand Court, HKSCC Nominees Limited was permitted to vote both for and against the Scheme in accordance with instructions received by it from the Investor Participants and other CCASS Participants. For the purpose of calculating the “majority in number”, HKSCC Nominees Limited was counted as a multi-headed Shareholder voting once “for” and once “against” the Scheme.

Accordingly, both Section 86 of the Companies Law and Rule 2.10 of the Takeovers Code have been complied with since:

- (1) the resolution proposed at the Court Meeting to approve the Scheme was duly passed (by way of poll) by a majority in number of the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders who were present and voting either in person or by proxy at the Court Meeting;
- (2) the resolution to approve the Scheme at the Court Meeting was also duly passed (by way of poll) by Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and
- (3) the number of votes cast by (by way of poll) by Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting was not more than 10% of the votes attaching to all Scheme Shares held by all the Independent Shareholders.

As at the date of the Court Meeting, the total number of Shares in issue was 1,000,000,000 and the total number of Scheme Shares entitling the holders to attend and vote for or against the Scheme at the Court Meeting was 205,480,000 Scheme Shares. For the purposes of satisfying Rule 2.10 of the Takeovers Code, none of the Scheme Shareholders was required to abstain from voting at the Court Meeting in accordance with the Takeovers Code.

The number of votes cast in favour of the Scheme and the number of CCASS Participants on whose instructions they were cast, and the number of votes cast against the Scheme and the number of CCASS Participants on whose instructions they were cast will be disclosed to the Grand Court and may be taken into account in deciding whether or not the Grand Court should exercise its discretion to sanction the Scheme. A total number of 9 CCASS Participants representing 180,061,200 Scheme Shares voted in favour of the resolution to approve the Scheme and 3 CCASS Participants representing 528,000 Scheme Shares voted against the resolution to approve the Scheme at the Court Meeting.

Tricor Investor Services Limited acted as scrutineer for the vote-taking at the Court Meeting.

## RESULTS OF THE EGM

The EGM was held at 10:30 a.m. on Tuesday, 18 June 2019 after the conclusion of the Court Meeting at the same venue as the venue of the Court Meeting for the purpose of considering, and if thought fit, passing the special and ordinary resolutions set out in the notice of the EGM dated 27 May 2019.

Resolutions		Number of votes (Approximate %)	
		For	Against
<b>Special Resolution</b>			
1.	To approve the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares, as more particularly set out in the notice of the EGM	854,837,200 (99.94%)	528,000 (0.06%)
<b>Ordinary Resolution</b>			
2.	To approve the restoration of the share capital of the Company as more particularly, as more particularly set out in the notice of the EGM	854,771,200 (99.94%)	528,000 (0.06%)
3.	To approve the Rollover Arrangement, as more particularly set out in the notice of the EGM	179,771,200 (99.71%)	528,000 (0.29%)

Accordingly, at the EGM:

- (i) the special resolution to approve the reduction of the issued share capital of the Company was duly passed by a majority of not less than 75% of the votes cast by the Shareholders present and voting (either in person or by proxy);

- (ii) the ordinary resolution to approve the restoration of the share capital of the Company was duly passed by a simple majority of the votes cast by the Shareholders present and voting (either in person or by proxy); and
- (iii) the ordinary resolution to approve the Rollover Arrangement was duly passed by a simple majority of the votes cast by the Independent Shareholders present and voting (either in person or by proxy).

The total number of Shares entitling the holders to attend and vote on either the special resolution described under paragraph (i) above, or the ordinary resolution described under paragraph (ii) above, was 1,000,000,000 Shares. No Shareholder was required to abstain from voting on either the special resolution described under paragraph (i) above, or the ordinary resolution described under paragraph (ii) above at the EGM nor did any person indicate in the Scheme Document that he/she/it intended to abstain from voting on or vote against the said resolutions at the EGM.

Shareholders who are not Independent Shareholders, holding 794,520,000 Shares in aggregate, were required to, and did, abstain from voting on the ordinary resolution described under paragraph (iii) above. The total number of Shares entitling the Independent Shareholders to attend and vote on the ordinary resolution described under paragraph (iii) above was 205,480,000 Shares. No Independent Shareholder was required to abstain from voting on the ordinary resolution described under paragraph (iii) above at the EGM nor did any person indicate in the Scheme Document that he/she/it intended to abstain from voting on or vote against the said resolution at the EGM.

Tricor Investor Services Limited acted as scrutineers for the vote-taking at the EGM.

**CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining those Scheme Shareholders who are qualified for entitlements under the Scheme, the register of members of the Company will be closed from Friday, 28 June 2019 onwards. No transfer of Shares will be effected as from such date.

**EXPECTED TIMETABLE**

**Hong Kong Time**

Latest time for trading of the Shares on the Stock Exchange . . . . . Close of trading hours on  
 Tuesday, 25 June 2019

Latest time for lodging transfers of Shares  
 in order to qualify for entitlements  
 under the Scheme . . . . . 4:30 p.m. on  
 Thursday, 27 June 2019

Register of members of the Company closed for  
 determining entitlements to qualify  
 under the Scheme (*Note 1*). . . . . from Friday, 28 June 2019 onwards

Grand Court hearing of the petition to  
sanction the Scheme and to confirm  
the capital reduction . . . . . Friday, 28 June 2019  
(Cayman Islands Time)

Announcement of the result of the court hearing  
to sanction the Scheme and to confirm  
the capital reduction . . . . . Tuesday, 2 July 2019

Scheme Record Date . . . . . Tuesday, 2 July 2019

Effective Date (*Note 2*) . . . . . Tuesday, 2 July 2019  
(Cayman Islands Time)

Announcement of the Effective Date and  
the withdrawal of the listing of  
the Shares on the Stock Exchange . . . . . Wednesday, 3 July 2019

Expected withdrawal of the listing of  
Shares on the Stock Exchange becomes effective . . . . . 4:00 p.m. on  
Thursday, 4 July 2019

Latest time to despatch cheques for  
cash payment under the Scheme . . . . . on or before Thursday, 11 July 2019

**Shareholders should note that the above expected timetable may be subject to change.  
Further announcements will be made in the event that there are any change.**

*Notes:*

- (1) The register of members of the Company will be closed during such period for the purpose of determining Scheme Shareholders who are qualified for entitlements under the Scheme.
- (2) The Scheme shall become effective upon all the Conditions set out in the paragraph headed “4. Conditions of the Proposal and the Scheme” in the Explanatory Memorandum in the Scheme Document having been fulfilled or (to the extent permitted) waived (as the case may be).

**GENERAL**

Immediately before the commencement of the Offer Period and as at the date of this joint announcement, the total number of Shares held, controlled or directed by the Offeror and Offeror Concert Parties was 794,520,000 Shares, representing 79.45% of the total number of Shares in issue at that time. None of the Offeror or the Offeror Concert Parties had acquired or agreed to acquire any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Offer Period. As at the date of this joint announcement, none of the Offeror or Offeror Concert Parties had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

**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, 18 June 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. YIN Hang 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.*