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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)

EFFECTIVE DATE OF THE SCHEME AND SCHEME RECORD DATE

Financial Adviser to the Offeror



INTRODUCTION

Reference is made to the (i) 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**”); (ii) the announcement jointly issued by the Company and the Offeror on 29 May 2019 in relation to revised expected timetable (“**Revised Timetable Announcement**”); (iii) the announcement jointly issued by the Company and the Offeror on 18 June 2019 in relation to the results of the Court Meeting and EGM; and (iv) the announcement jointly issued by the Company and the Offeror on 2 July 2019 in relation to the sanction of the Scheme by the Grand Court (the “**Sanction Announcement**”).

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

EFFECTIVE DATE OF THE SCHEME AND SCHEME RECORD DATE

As disclosed in the Sanction Announcement, the Scheme was sanctioned without modification by the Grand Court on Friday, 28 June 2019 (Cayman Islands time), and the reduction of the issued share capital of the Company involved in the Scheme was also confirmed by the Grand Court on the same day.

An official copy of the order of the Grand Court sanctioning the Scheme was delivered to the Registrar of Companies in the Cayman Islands for registration on Wednesday, 3 July 2019 (Cayman Islands time) and the registration became effective on Wednesday, 3 July 2019 (Cayman Islands time).

After the registration of an official copy of the order of the Grand Court, all the Conditions as set out in the Scheme Document were fulfilled and the Scheme became effective on Wednesday, 3 July 2019 (Cayman Islands time).

Since the registration of the official copy of the order of the Grand Court sanctioning the Scheme became effective on Wednesday, 3 July 2019 (Cayman Islands time), instead of Tuesday, 2 July 2019 (Cayman Islands time) as announced in the Revised Timetable Announcement, the Scheme Record Date has been revised to Wednesday, 3 July 2019 (Hong Kong time), instead of Tuesday, 2 July 2019 (Hong Kong time).

WITHDRAWAL OF LISTING

The withdrawal of the listing of the Shares on the Stock Exchange is expected to become effective at 4:00 p.m. on Thursday, 4 July 2019 (Hong Kong time).

DESPATCH OF CHEQUES

Cheques for cash payment under the Scheme will be despatched as soon as possible but in any event on or before Thursday, 11 July 2019.

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, 4 July 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.