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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 (the “**Announcement**”) and the further announcement dated 19 January 2018 (the “**Further Announcement**”) both in relation to the entering into of (i) the 2018 Yushi International Framework Agreement and (ii) the 2018 Shanghai Tianshi Framework Agreement. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement and the Further Announcement.

The Board wishes to further supplement that the 2018 Yushi International Framework Agreement and the 2018 Shanghai Tianshi Framework Agreement are required to be aggregated pursuant to Rule 14A.82 of the Listing Rules.

The aggregate of the proposed annual caps of the Transactions from 1 January 2018 to 31 December 2018 is approximately RMB102.32 million. As one or more of the applicable percentage ratios calculated based on the aggregate of the proposed annual caps of the Transactions is more than 5%, the Transactions are subject to the annual review, reporting, announcement, circular (including independent financial advice) and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. The Board intends to seek such approval from the independent shareholders at the annual general meeting of the Company tentatively to be held in May 2018 (the “**AGM**”).

As set out in the Further Announcement, the Board will closely monitor the aggregated expenditures under the Transactions so that the actual aggregated expenditures under the Transactions on or before the date of the AGM shall not be more than 5%.

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

Hong Kong, 23 January 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*