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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)

**CHANGE OF INDEPENDENT NON-EXECUTIVE DIRECTORS
AND
CHANGE OF COMPOSITION OF BOARD COMMITTEES**

RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Reference is made to the Announcement.

The Board announces that Mr. PAN has officially resigned from his offices as an independent non-executive Director, a member of Audit Committee and a member of Remuneration Committee with effect from 6 March 2018.

The Board also announces that Mr. CHEN has resigned from his offices as an independent non-executive Director and a member of Nomination Committee with effect from 6 March 2018.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board is pleased to announce that Mr. LOU has been appointed as an independent non-executive Director, a member of Audit Committee and a member of Remuneration Committee with effect from 6 March 2018.

The Board is also pleased to announce that Mr. ZHAO has been appointed as an independent non-executive Director and a member of Nomination Committee with effect from 6 March 2018.

RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Reference is made to the announcement of China Hengshi Foundation Company Limited (the “**Company**”) dated 17 July 2017 regarding the resignation of Mr. PAN as an independent non-executive Director (the “**Announcement**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board announces that Mr. PAN has officially resigned from his offices as an independent non-executive Director and a member of Audit Committee, a member of Remuneration Committee with effect from 6 March 2018.

The Board also announces that Mr. CHEN Zhijie (“**Mr. CHEN**”) has resigned from his offices as an independent non-executive Director and a member of the nomination committee of the Company (the “**Nomination Committee**”) to pursue other business commitments with effect from 6 March 2018.

Each of Mr. PAN and Mr. CHEN has confirmed that he has no disagreement with the Board and there are no matters relating to his resignation that need to be brought to the attention of the shareholders of the Company (the “**Shareholders**”) or the Stock Exchange.

The Board would like to express its appreciation to Mr. PAN and Mr. CHEN for their contributions to the Board during their tenures of services with the Company.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board is pleased to announce that Mr. LOU Hetong (“**Mr. LOU**”) has been appointed as an independent non-executive Director, a member of Audit Committee and a member of Remuneration Committee with effect from 6 March 2018.

Mr. LOU, born in 1962, is an associate professor at Fudan University and a non-practicing member of the Chinese Institute of Certified Public Accountants. Since 1984, Mr. LOU has been teaching in Accounting Department of Fudan University and now serves as executive director of Master of Professional Accounting Program of Fudan University. Mr. LOU has been an external director of Shanghai Lilong New Media Co., Ltd. since 2013, an independent director of Shanghai Longyun Advertising Communication Co., Ltd. (stock code: 603729), a company listed on the Shanghai Stock Exchange since November 2014, an independent director of Suzhou Neway Valve Co., Ltd. (stock code: 603699), a company listed on the Shanghai Stock Exchange since January 2016, an independent director of WuXi AppTec Co. Ltd. since 2017 and an independent director of Dalian Chenxin Network Technology Co., Ltd. (previously known as Dalian Yi Qiao Sea Cucumber Co., Ltd., stock code: 002447), a company listed on the Shenzhen Stock Exchange from October 2016 to November 2017. Mr. LOU obtained a bachelor's degree in accounting from Shanghai University of Finance and Economics in Shanghai, China in July 1984 and a doctoral degree in accounting from Fudan University in Shanghai, China in May 2007.

Mr. LOU entered into a letter of appointment with the Company and his term of appointment commences on 6 March 2018 until the following annual general meeting of the Company (“**AGM**”) and shall then be eligible for re-election. If his appointment will be approved by the Shareholders at the AGM, his term may be extended for such period as the Company and Mr. LOU may agree and may be terminated by either party by giving at least one month's written notice.

Mr. LOU is subject to retirement by rotation and re-election at the annual general meetings in accordance with articles of association of the Company (the “**Articles of Association**”). The emoluments of Mr. LOU will be determined by the Board with reference to various factors such as duties and level of responsibilities of Mr. LOU, the available information in respect of companies of comparable business or scale, and the prevailing market conditions.

The Board is also pleased to announce that Mr. ZHAO Jun (“**Mr. ZHAO**”) has been appointed as an independent non-executive Director and a member of Nomination Committee with effect from 6 March 2018.

Mr. ZHAO, born in 1954, is an engineer. Mr. ZHAO has been the senior general manager of the development strategy department in Jushi Group Co., Ltd. since 2001 and the supervisor of China Jushi Co., Ltd. (stock code: 600176), a company listed on the Shanghai Stock Exchange, since November 2014. Mr. ZHAO joined the Beijing Fiber Reinforced Plastics Design and Research Institute in 1970 and acted as Director of Housing and Construction Materials Department in the State Building and Construction Bureau Information Institute in 1983. Mr. ZHAO joined China Building Waterproofing Materials Company in 1995 and has successively served as Deputy Secretary General of China Building Waterproofing Materials Association, the member of Expert Committee of China Building Waterproofing Materials Association and the member of National Chemical Building Materials Expert Committee. The research of modified asphalt waterproof material conducted by Mr. ZHAO won the third prize of scientific and technological progress of State Building Materials Bureau. Mr. Zhao graduated from Xi'an Foreign Studies University in Xi'an, China, in 1979.

Mr. ZHAO entered into a letter of appointment with the Company and his term of appointment commences on 6 March 2018 until the date of AGM and shall then be eligible for re-election. If his appointment is approved by the Shareholders at the AGM, his term may be extended for such period as the Company and Mr. ZHAO may agree and may be terminated by either party by giving at least one month's written notice. Mr. ZHAO is subject to retirement by rotation and re-election at the annual general meetings in accordance with the Articles of Association. The emoluments of Mr. ZHAO will be determined by the Board with reference to various factors such as duties and level of responsibilities of Mr. ZHAO, the available information in respect of companies of comparable business or scale, and the prevailing market conditions.

As at the date of this announcement, Mr. LOU and Mr. ZHAO both do not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong). Save as disclosed above, Mr. LOU and Mr. ZHAO both have not held any directorship in any public listed company in the past three years and does not has any relationship with any of the Directors, the Company's senior management, substantial or controlling shareholders (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) of the Company.

Save as disclosed in this announcement, there is no other information relating to the appointment of Mr. LOU and Mr. ZHAO that shall be disclosed pursuant to Rule 13.51 (2) (h) to (v) of the Listing Rules, nor is there any matter which needs to be brought to the attention of Shareholders.

The Board would like to take this opportunity to welcome Mr. LOU and Mr. ZHAO to the Board.

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

Hong Kong, 6 March 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