



20 April 2017

**High Concentration of Shareholding  
in  
China Hengshi Foundation Company Limited (Stock Code: 1197)**

This announcement is made by the Securities and Futures Commission (“SFC”) in respect of the concentration of the shareholding of China Hengshi Foundation Company Limited (“the Company”) in the hands of a limited number of shareholders as at 6 April 2017.

**In view of the high concentration of shareholding in a small number of shareholders, shareholders and prospective investors should be aware that the price of the shares of the Company (“Shares”) could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.**

The SFC has recently completed an enquiry into the shareholding of the Company. Our findings suggested that as at 6 April 2017, a group of 16 shareholders held an aggregate of 197,815,200 Shares, representing 19.78% of the issued Shares. Such shareholding, together with 760,618,000 Shares (representing 76.06% of the issued Shares) held by four substantial shareholders, represented 95.84% of the issued Shares as at 6 April 2017. As such, only 41,566,800 Shares (representing 4.16% of the issued Shares) were held by other shareholders.

As at 6 April 2017, the shareholding structure of the Company was as follows:

	<b>Number of Shares held (shares)</b>	<b>% of total number of issued Shares (%)</b>
Huachen Investment Limited ( <i>Note 1</i> )	329,602,500	32.96
Trade Power Investments Limited ( <i>Note 2</i> )	225,000,000	22.50
Huakai Investments Limited ( <i>Note 3</i> )	131,015,500	13.10
Joyfar Limited ( <i>Note 4</i> )	75,000,000	7.50
A group of 16 shareholders	197,815,200	19.78
Other shareholders	41,566,800	4.16
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*Note 1: Huachen Investment Limited is beneficially owned as to 95.95% by Mr Zhang Yuqiang, who is a non-executive director and chairman of the Company.*



- Note 2: Trade Power Investments Limited is beneficially owned by Mr Tang Hsin Hua through Soar City Investments Limited. Mr Tang is a non-executive director of the Company.*
- Note 3: Huakai Investments Limited is beneficially owned by Mr Zhang Jiankan, who is a non-executive director of the Company and the son of Mr Zhang Yuqiang.*
- Note 4: Joyfar Limited is beneficially owned by Mr Fang Yan Zau Alexander through Top Way Alliance Limited.*

The closing price of the Shares hovered between \$2.03 and \$2.39 in the fourth quarter of 2016, with an average daily turnover of about 13,000 Shares. The Company's share price increased by 31% from \$2.13 on 30 December 2016 to \$2.80 on 6 April 2017, with an average daily turnover of about 506,000 Shares.

As of 19 April 2017, the Share price closed at \$2.73, which was 28.2% higher than the closing price of \$2.13 on 30 December 2016.

**In view of the high concentration of shareholding in a small number of shareholders, shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.**

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