恒實礦業
HENGSHI MINING

HENGSHI MINING INVESTMENTS LIMITED
恒實礦業投資有限公司

(Incorporated in the British Virgin Islands and continued in the Cayman Islands with limited liability)

(Stock Code: 1370)

PROFIT WARNING

This announcement is made by Hengshi Mining Investments Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the Company's preliminary review of the latest unaudited financial information of the Group, it is expected that the Group's profit after tax for the six months ended 30 June 2015 will decline by approximately 50% to 60% as compared with that of the corresponding period in 2014. Such decline has arisen due to the fact that the sales price of the Group's iron ore concentrates has declined significantly as compared with that of the corresponding period in 2014, mainly as a result of the change in the supply and demand in the global iron ore market, which resulted in a decrease of the iron ore price.

The Board is of the view that the overall financial condition of the Group remains sound and stable. Benefiting from the active response from each of the Group's operating subsidiaries, and through measures such as adjusting the short and mid term planning of the mining sites, and reasonably improving the production grade of iron ore. It further reduced the cash operating cost in order to maintain the Group's low cost competitiveness. At the same time, the Group has, amongst others, actively controlled the accounts receivable turnover days and reduced the single customer reliance mode, through enhancing product transportation management in order to arrange for operational risk management. The production volume of the Group's iron ore concentrates has again reached record high. The production and sales volumes of the Company's products in the first half of 2015 are shown as below:

The Group	Production Volume (Kt) for the six months ended 30 June 2015	2014	% of change	Sales Volume (Kt) for the six months ended 30 June 2015	2014	% of change
Jiheng Mining						
Iron ore	1,996.95	1,152.69	73.24%	9.52	1,109.75	–99.14%
Preliminary concentrates	1,091.01	463.88	135.19%	217.27	152.63	42.35%
Iron ore concentrates	517.28	96.74	434.71%	580.00	97.42	495.33%
Jingyuancheng Mining						
Iron ore	3724.6	3,996.49	–6.80%	Not applicable	Not applicable	Not applicable
Preliminary concentrates	1,287.76	1,373.55	–6.25%	Not applicable	Not applicable	Not applicable
Iron ore concentrates	283.11	302.54	–6.42%	254.72	175.65	45.01%
Xinxin Mining						
Iron ore	959.99	1,569.72	–38.84%	Not applicable	Not applicable	Not applicable
Preliminary concentrates	337.82	571.03	–40.84%	Not applicable	Not applicable	Not applicable
Iron ore concentrates	90.79	123.13	–26.26%	124.69	81.38	53.22%
Total						
Iron ore concentrates	891.18	522.41	70.59%	959.41	354.45	170.67%

The information contained in this announcement is only based on the preliminary review of the management accounts of the Group by the Company's management and is not based on any figures or information that has been audited or reviewed by the Company's auditors or the audit committee of the Company. Such information is subject to finalization and if the finalized information differs significantly from the estimation set forth in this announcement, the Company will provide updates on a timely basis. Shareholders and potential investors are advised to read carefully the results announcement of the Company for the six months ended 30 June 2015 which is expected to be published before the end of August 2015.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Hengshi Mining Investments Limited
Mr. Li Yanjun
Chairman

Beijing, 28 July 2015

As at the date of this announcement, the executive directors of the Company are Mr. Li Yanjun, Mr. Leung Hongying Li Ziwei (also known as Li Ziwei), Mr. Xia Guoan, Mr. Sun Jianhua, Mr. Huang Kai and Mr. Tu Quanping and the independent non-executive directors of the Company are Mr. Ge Xinjian, Mr. Meng Likun and Mr. Kong Chi Mo.