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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 (as defined in the Listing Rules) 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 "**Listing Rules**").

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 management accounts and financial information of the Group, it is expected that the Group will record a net loss and loss attributable to the equity shareholders of the Company for the year ended 31 December 2015 as compared with a profit attributable to the equity shareholders of the Company of approximately RMB263.0 million for the year ended 31 December 2014.

Based on the currently available information, the expected consolidated net loss of the Group for the year ended 31 December 2015, as compared with the consolidated net profit for the corresponding period of last year is mainly due to the followings:

(i) for the year ended 31 December 2015, as influenced by the continuous decrease of the global and domestic market price of iron ore, the selling price of the Group's products had dropped significantly as compared with the corresponding period of 2014;

(ii) as the selling price of the Group's products dropped, an accounting loss was incurred in certain wholly-owned subsidiaries of the Company. In accordance with International Accounting Standards 36 Impairment of Assets, the Company has engaged an independent valuer to conduct a review on the carrying value of the long-term assets of the relevant subsidiaries so as to determine the recoverable amount of the assets.

The Board wishes to emphasize that the impairment is an accounting related adjustment and a non-cash item and therefore will not have any impact on the cash flow of the Group.

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 auditor or the audit committee of the Company. The Company is still finalizing the results of the Group for the year ended 31 December 2015. Shareholders and potential investors are advised to read carefully the results announcement of the Company for the year ended 31 December 2015 which is expected to be published in March 2016.

Shareholders and potential investors of the Company 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, 29 February 2016

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.