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HENGSHI MINING INVESTMENTS LIMITED

恒實礦業投資有限公司

(incorporated 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 capitalized terms used in this announcement have the same meanings ascribed to them in the prospectus of the Company published on 18 November 2013.

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 revenue and profit attributable to the owners of the Company for the six months ended 30 June 2014 will decline by 20% to 30% as compared with that of the corresponding period in 2013. Such decline has arisen due to the following reasons.

1. The price of iron ore concentrates has declined as compared with that of the corresponding period in 2013.
2. The management of the Company has duly adjusted its sales strategy by taking into account the current market conditions, according to which as at the end of June 2014 the Company has kept relatively more iron ore inventories which has led to the decline in the revenues and profits of the Company as compared with that of the corresponding period in 2013.

The Board is of the view that the overall financial status of the Group is well and stable. Benefiting from the upgrading production capacity brought by the launch of new wet processing plants and technology innovation, the production volume of iron ore concentrates of the first half year of 2014 has reached the Group’s historical high. The following table sets out the production and sales volume of the Group’s products.

The Group	Production Volume (Kt)			Sales Volume (Kt)		
	The first half year of 2014	The first half year of 2013	% of change	The first half year of 2014	The first half year of 2013	% of change
Jiheng Mining						
Iron ore	1,152.7	1,591.6	-27.6%	1,109.8	1,527.5	-27.3%
Preliminary concentrates	463.8	600.7	-22.8%	152.6	403.1	-62.1%
Iron ore concentrates	96.7	48.2	100.6%	97.4	24.3	300.8%
Xinxin Mining						
Iron ore concentrates	123.1	117.3	4.9%	81.4	127.3	-36.1%
Jingyuancheng Mining						
Iron ore concentrates	302.5	179.9	68.1%	175.6	209.0	-16.0%

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 2014 which is expected to be published in August 2014.

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, 25 July 2014

As at the date of this announcement, the executive directors of the Company are Mr. Li Yanjun, Mr. Leung Hongying 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.