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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)

POSITIVE PROFIT ALERT

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 of the Company (the “**Board**”) 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 consolidated management accounts of the Group, it is expected that the Group will record a profit after taxes of approximately RMB65.0 to 85.0 million for the year ended 31 December 2016 (the “**Reporting Period**”), representing a substantial increase as compared to that of the corresponding financial year of 2015. The major reasons for such increase are that: (i) the Group did not record any impairment loss during the Reporting Period as compared to the aggregate of approximately RMB393.6 million impairment loss recorded in the financial year of 2015; (ii) the sales volume of iron ore concentrates during the Reporting Period was approximately 1,855.6 thousand tonnes as compared to 1,642.2 thousand tonnes in the financial year of 2015, representing an approximately increase of 13.0%; (iii) the cash cost per tonne of iron ore concentrates of the Group for the Reporting Period slightly decreased as compared to that of the financial year of 2015, and the above factors were partially offset by the slight decline in the yearly average selling price of iron ore concentrates.

The information contained in this announcement is only based on the preliminary review of the consolidated management accounts of the Group for the year ended 31 December 2016 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 year ended 31 December 2016 which is expected to be published by March 2017.

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, 17 February 2017

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. Huang Kai, Mr. Sun Jianhua, Mr. Li Jinsheng 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.