



HENGSHI MINING INVESTMENTS LIMITED
恒實礦業投資有限公司
(incorporated in the Cayman Islands with limited liability)

Hengshi Mining Announces 2015 Interim Results
Record New High Production and Sales of Iron Ore Concentrates,
Increased by 70.6% and 169.8% YOY Respectively

(20 August 2015 – Hong Kong) Hengshi Mining Investments Limited (“Hengshi Mining” or the “Company”, Stock code: 1370.HK) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2015 (“2015 Interim Results”).

The revenue of the Company in the first half of 2015 was approximately RMB455.9 million, representing a decrease of approximately RMB58.7 million or 11.4% as compared to the corresponding period last year. The reduction is mainly due to the decrease in the average selling price in the global and domestic iron ore market, and the effect had been partly offset by the increase of the production volume and sales volume of the Group’s products. The Group’s gross profit was approximately RMB185.2 million in the first half of 2015; the Group’s gross profit margin in the first half of 2015 decreased by 18.4% to 40.6% as compared to the corresponding period last year, which was mainly due to the reduction of the average unit selling price of various kinds of sales products, and the effect had been partly offset by the cost reduction.

Sales of Iron Ore Concentrates Reached New Record High

Through mine infrastructure projects, enhanced production capacity brought by the advancement of dry processing technique, and commencement of operation of the new wet processing plant of Jiheng Mining, the Group’s iron ore concentrates production volume reached record high. For the six months ended 30 June 2015, the Group’s production volume of iron ore concentrates reached 891.2 thousand tonnes (corresponding period in 2014 was 522.4 thousand tonnes), a year-on-year growth of approximately 70.6%. The sales volume of iron ore concentrates reached approximately 956.5 thousand tonnes (corresponding period in 2014 was 354.5 thousand tonnes), a year-on-year growth of approximately 169.8%.

Continued to maintain the competitive strengths of low cost operation advantage

The Group's favourable ores quality and geological conditions, well-designed mining plan and well equipped processing facilities enabled the Group to continue to maintain market leading position in low cost operation. As at 30 June 2015, the cash operating costs of iron ore concentrates were approximately RMB240.7 per tonne, representing a decrease of approximately RMB178.6 or approximately 42.6% as compared with the corresponding period last year, mainly due to the commencement of operation of a new wet processing plant of Jiheng Mining at the end of June 2014, which resulted in an increase in the share of Jiheng Mining's low cost iron ore concentrates, as well as the fine management and stringent cost control by the Company.

Looking forward, Mr. LiZiwei, Vice Chairman, said, "We will focus on improving productivity by strict control of capital expenditure and improvement of the efficiency of operation and management to enhance the Group's profitability and cash flow, achieving sustainable development. In the meantime, to achieve development of incremental growth, we will also pay attention to merger and consolidation opportunities in the industry, and develop new products in response to the changes of market condition."