Hunan Nonferrous Metals Corporation Limited
湖南有色金屬股份有限公司*

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2626)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

The board of director ("the Board") of Hunan Nonferrous Metals Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") is pleased to announce the results for the year ended 31 December 2008.

CONSOLIDATED INCOME STATEMENT
YEAR ENDED 31 DECEMBER 2008

	Notes	**2008** ***RMB'000***	**2007** ***RMB'000***
REVENUE	*3*	15,588,436	21,493,689
Cost of sales		(14,003,659)	(19,412,091)
Gross profit		1,584,777	2,081,598
Other income and gains	*3*	379,289	358,132
Selling and distribution costs		(356,567)	(311,318)
Administrative expenses		(1,282,889)	(970,601)
Other expenses, net	*4*	(407,118)	(27,829)
Finance costs		(441,226)	(343,731)
Share of profits and losses of associates		46	(70,689)
PROFIT/(LOSS) BEFORE TAX		(523,688)	715,562
Income tax expense	*5*	(132,664)	(239,362)
PROFIT/(LOSS) FOR THE YEAR		(656,352)	476,200
Attributable to:			
Equity holders of the parent	*7*	(739,517)	314,896
Minority interests		83,165	161,304
		(656,352)	476,200
PROPOSED FINAL DIVIDEND – Nil(2007: RMB0.034) PER ORDINARY SHARE	*6*	-	124,714

	Notes	2008 RMB'000	2007 RMB'000
ARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic		(20.16 cents)	8.91 cents
Diluted		N/A	N/A

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2008

	Notes	2008 RMB'000	2007 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		6,679,366	5,308,740
Land lease prepayments		949,104	958,770
Intangible assets		818,501	855,541
Other assets		669,901	-
Goodwill		79,547	77,927
Interests in associates		125,546	164,972
Available-for-sale investments		207,996	1,188,841
Deferred tax assets		111,304	156,596
Total non-current assets		9,641,265	8,711,387
CURRENT ASSETS			
Inventories		3,559,925	4,198,518
Trade receivables	*8*	602,795	601,310
Bills receivable		301,568	725,423
Prepayments, deposits and other receivables		853,278	665,867
Tax recoverable		24,644	6,972
Pledged deposits		63,478	53,063
Cash and cash equivalents		3,233,187	3,635,708
Total current assets		8,638,875	9,886,861
CURRENT LIABILITIES			
Trade payables	*9*	686,180	847,519
Bills payable		236,786	209,780
Other payables and accruals		1,263,307	1,493,470
Interest-bearing bank and other borrowings		4,945,372	4,571,225
Tax payable		67,351	291,088
Dividend payable		64,304	63,161
Total current liabilities		7,263,300	7,476,243
NET CURRENT ASSETS		1,375,575	2,410,618
TOTAL ASSETS LESS CURRENT LIABILITIES		11,016,840	11,122,005

	Notes	2008 RMB'000	2007 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		11,016,840	11,122,005
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		3,632,370	1,856,935
Other liabilities		409,550	392,810
Payables for mining rights		-	304,277
Government grants		174,242	150,196
Deferred tax liabilities		199,700	379,371
Total non-current liabilities		4,415,862	3,083,589
NET ASSETS		6,600,978	8,038,416
EQUITY			
Equity attributable to equity holders of the parent			
Issued share capital		3,668,058	3,668,058
Reserves		850,432	1,971,514
Proposed final dividend		-	124,714
		4,518,490	5,764,286
Minority interests		2,082,488	2,274,130
TOTAL EQUITY		6,600,978	8,038,416

Notes:

1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board, and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance (the "Companies Ordinance"). They have been prepared under the historical cost convention, except for the measurement at fair value of available-for-sale investments and other financial assets. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2. SEGMENT INFORMATION

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2008 and 2007.

Year ended 31 December 2008	Nonferrous metal mine site *RMB'000*	Nonferrous metal smelting *RMB'000*	Cemented carbides, and tungsten, molybdenum, tantalum, niobium and their compounds *RMB'000*	Corporate and others *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
Segment revenue:						
Sales to external customers	2,020,347	8,148,533	5,566,520	-	-	15,735,400
Inter-segment sales	435,358	580	8,969	-	(444,907)	-
Less: Sales tax and surcharges	(34,125)	(56,976)	(55,863)	-	-	(146,964)
Total	2,421,580	8,092,137	5,519,626	-	(444,907)	15,588,436
Segment results	(355,941)	218,070	397,649	(434,711)	-	(174,933)
Dividend income and gains on disposal of available-for-sale investments						92,425
Finance costs						(441,226)
Share of profits and losses of associates	-	-	84	(38)	-	46
Loss before tax						(523,688)
Income tax expense						(132,664)
Loss for the year						(656,352)
Assets and liabilities:						
Segment assets	5,600,248	4,968,544	5,899,735	1,342,123	-	17,810,650
Interests in associates	-	-	-	125,546	-	125,546
Unallocated assets						343,944
Total assets						18,280,140
Segment liabilities	1,065,921	722,125	1,039,472	6,851	-	2,834,369
Unallocated liabilities						8,844,793
Total liabilities						11,679,162
Other segment information:						
Depreciation and amortization	150,524	135,186	272,032	944	-	558,686
Impairment of inventories	43,363	71,749	17,684	-	-	132,796
Write-back of provision for impairment on trade and other receivables, net	(245)	(11,791)	(1,158)	33,549	-	20,355
Provision for impairment on available-for-sale investment	-	-	-	86,842	-	86,842
Impairment of goodwill	212,152	-	-	-	-	212,152
Capital expenditure	1,402,212	591,247	652,970	1,555	-	2,647,984

Year ended 31 December 2007	Nonferrous metal mine site *RMB'000*	Nonferrous metal smelting *RMB'000*	Cemented carbides, and tungsten, molybdenum, tantalum, niobium and their compounds *RMB'000*	Corporate and others *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
Segment revenue:						
Sales to external customers	2,514,209	13,632,000	5,507,880	-	-	21,654,089
Inter-segment sales	673,662	1,137	6,031	-	(680,830)	-
Less: Sales tax and surcharges	(31,514)	(95,053)	(33,833)	-	-	(160,400)
Total	3,156,357	13,538,084	5,480,078	-	(680,830)	21,493,689
Segment results	146,074	608,064	353,615	(51,879)	-	1,055,874
Dividend income and gains on disposal of available-for-sale investments						74,108
Finance costs						(343,731)
Share of profits and losses of associates	-	122	(22,527)	(48,284)	-	(70,689)
Profit before tax						715,562
Income tax expense						(239,362)
Net profit for the year						476,200
Assets and liabilities:						
Segment assets	4,522,553	5,336,347	5,028,206	2,193,761	-	17,080,867
Interests in associates	-	11,528	74,983	78,461	-	164,972
Unallocated assets						1,352,409
Total assets						18,598,248
Segment liabilities	1,330,473	1,021,976	987,057	121,707	-	3,461,213
Unallocated liabilities						7,098,619
Total liabilities						10,559,832
Other segment information:						
Depreciation and amortization	142,607	140,795	219,002	526	-	502,930
Impairment of inventories	25,224	176,369	(1,344)	-	-	200,249
Provision for impairment on trade and other receivables, net	(4,721)	10,561	(4,404)	-	-	1,436
Capital expenditure	758,386	486,482	457,548	2,769	-	1,705,185

(b) Geographical segments

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 December 2008 and 2007.

Year ended 31 December 2008	**Mainland China** *RMB'000*	**Other Asian Countries** *RMB'000*	**Others** *RMB'000*	**Eliminations** *RMB'000*	**Consolidated** *RMB'000*
Segment revenue:					
Sales to external customers	13,491,627	1,152,795	1,090,978	-	15,735,400
Inter-segment sales	444,907	-	-	(444,907)	-
Less: Sales tax and surcharges	(146,964)	-	-	-	(146,964)
	13,789,570	1,152,795	1,090,978	(444,907)	15,588,436
As at 31 December 2008					
Other segment information:					
Segment assets	16,816,547	-	994,103	-	17,810,650
Interests in associates	125,546	-	-	-	125,546
Unallocated assets					343,944
					18,280,140
Capital expenditure	2,182,604	-	465,380	-	2,647,984

Year ended 31 December 2007	**Mainland China** *RMB'000*	**Other Asian Countries** *RMB'000*	**Others** *RMB'000*	**Eliminations** *RMB'000*	**Consolidated** *RMB'000*
Segment revenue:					
Sales to external customers	17,811,707	2,653,186	1,189,196	-	21,654,089
Inter-segment sales	680,830	-	-	(680,830)	-
Less: Sales tax and surcharges	(160,400)	-	-	-	(160,400)
	18,332,137	2,653,186	1,189,196	(680,830)	21,493,689
As at 31 December 2007					
Other segment information:					
Segment assets	16,258,332	-	822,535	-	17,080,867
Interests in associates	164,972	-	-	-	164,972
Unallocated assets					1,352,409
					18,598,248
Capital expenditure	1,296,914	-	408,271	-	1,705,185

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, net of discounts and returns.

An analysis of the Group's revenue, other income and gains is as follows:

	2008 *RMB'000*	**2007** *RMB'000*
Revenue:		
Sale of goods	15,735,400	21,654,089
Less: Sales tax and surcharges	(146,964)	(160,400)
	15,588,436	21,493,689
Other income and gains:		
Interest income	62,530	72,647
Dividend income	10,247	11,222
Profit from scrap sales	7,451	53,769
Gross rental income	3,361	2,945
Gains on disposal of available-for-sale investments	82,178	62,886
Gains on disposal of items of property, plant and equipment	-	12,022
Recognition of government grants	70,068	23,865
Rendering of service	6,639	8,345
Excess over the cost of a business combination	-	995
Gains on disposal of a subsidiary	-	2,197
Gains on disposal of an associate	9,421	-
Gains on acquisition of minority interests	-	8,951
Net realized and unrealized gains on derivative financial instruments	61,994	74,326
Compensation income	58,111	-
Others	7,289	23,962
	379,289	358,132

4. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/ (crediting):

	2008 *RMB'000*	2007 *RMB'000*
Cost of inventories sold	14,003,659	19,412,091
Staff costs (including directors' and supervisors' remuneration):		
Wages, salaries and bonuses	1,002,456	905,436
Share appreciation rights	(14,427)	12,840
Contributions to defined contribution pension schemes	170,054	158,967
Cost of supplementary pension subsidies and early retirement benefits:		
— current service costs	2,804	2,881
— interest costs	17,826	17,343
	20,630	20,224
Welfare and other expenses	237,080	245,367
	1,415,793	1,342,834
Auditors' remuneration	12,540	11,801
Depreciation	494,453	428,573
Amortization of land lease prepayments	19,732	19,321
Amortization of intangible assets		
Mining rights	38,286	50,838
Technical know-how and others	6,215	4,198
	44,501	55,036
Minimum lease payments under operating leases in respect of land:		
Lease of land from HNG	15,070	14,930
Lease of land from other parties	1,335	4,726
	16,405	19,656
Impairment of inventories	132,796	200,249
Exchange losses/(gains), net	238,013	(30,533)
Research and development costs	96,565	91,943
Donations	15,515	7,565
Other expenses, net:		
Losses on disposal of items of property, plant and equipment	34,588	-
Provision for impairment on trade and other receivables, net	20,355	1,436
Provision for impairment on available-for-sale investments	86,842	-
Impairment of goodwill	212,152	-
Snowstorm/flood loss	24,788	7,131
Loss from sale of utilities	1,180	4,820
Rental of property, plant and equipment	12,765	12,592
Loss from disposal of a subsidiary	84	-
Others	14,364	1,850
	407,118	27,829

5. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which the Companies comprising the Group are domiciled and operate.

PRC corporate income tax ("CIT") has been provided at a rate of 25% (2007: 33%) on the taxable income as reported in the statutory accounts of the companies comprising the Group, which are prepared in accordance with the relevant PRC accounting standards (the "PRC GAAP"), as adjusted for income and expense items which are not assessable or deductible for income tax purposes, except for the following subsidiaries of the Company:

(i) Shenzhen Jinzhou Jinggong Scientific and Technological Company Limited is subject to a preferential CIT rate of 15% as it is qualified as a high technology enterprise.

(ii) Zigong Cemented Carbides Company Limited is located in the western region of Mainland China, which is subject to a preferential CIT rate of 15% according to the PRC tax regulations.

(iii) Zhuzhou Smelter Group Co., Ltd. ("Zhuye Listco") is subject to a preferential CIT rate of 15% as it is qualified as a high technology enterprise.

Major components of the Group's income tax expense are as follows:

	2008 *RMB'000*	2007 *RMB'000*
PRC corporate income tax		
Current	77,331	312,618
Deferred	55,333	(73,256)
Total tax charge for the year	132,664	239,362

6. DIVIDEND

	2008 *RMB'000*	2007 *RMB'000*
Proposed final dividend– Nil (2007: RMB0.034) per ordinary share	-	124,714

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on:

	2008 *RMB'000*	2007 *RMB'000*
Earnings/(loss)		
Profit/(loss) for the year attributable to ordinary equity holders of the parent	(739,517)	314,896

	Number of shares *'000*	 *'000*
Shares		
Weighted average number of ordinary shares in issue during the year	3,668,058	3,533,863

No diluted earnings per share has been disclosed as no diluting events existed during the year.

8. TRADE RECEIVABLES

The Group normally allows a credit period of one to three months to customers with an established trading history; otherwise, cash terms are normally required.

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	The Group **2008** *RMB'000*	 **2007** *RMB'000*
Within 1 year	587,207	600,122
Over 1 year but within 2 years	19,426	7,736
Over 2 years but within 3 years	6,397	6,022
Over 3 years	27,333	22,623
	640,363	636,503
Less: Provision for impairment	(37,568)	(35,193)
	602,795	601,310

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Trade receivables of the Group include trading balances due from associates of RMB64,015,000 (2007: RMB844,000), as at 31 December 2008. The balances due from associates are unsecured, interest-free and repayable in accordance with normal credit terms to those offered to the major customers of the Group.

9. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	The Group	
	2008	**2007**
	RMB'000	***RMB'000***
Within 1 year	670,197	826,997
Over 1 year but within 2 years	3,437	8,912
Over 2 years but within 3 years	3,436	6,034
Over 3 years	9,110	5,576
	686,180	847,519

The amounts due to HNG Group, totaling RMB48,392,000 (2007: RMB49,132,000), included in the Group's trade payables were unsecured, interest-free and repayable within trade credit periods.

10. ISSUED SHARE CAPITAL

	2008	**2007**
	RMB'000	***RMB'000***
Registered, issued and fully paid		
- Domestic shares of RMB1.00 each	2,035,330	2,035,330
- H shares of RMB1.00 each	1,632,728	1,632,728
	3,668,058	3,668,058

11. COMMITMENTS

The Group had the following capital commitments at the balance sheet date:

	The Group	
	2008	**2007**
	RMB'000	**RMB'000**
Contracted, but not provided for:		
Property, plant and equipment	434,254	697,881
Authorized, but not contracted for:		
Property, plant and equipment	1,160,060	2,618,218

MODIFIED OPINION FROM AUDITORS

Extracts of the modified opinion from the auditors' report are reproduced below:-

"In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Without qualifying our opinion, we draw attention to note 45 to the financial statements which indicates a significant uncertainty regarding the Group's investments in the three joint venture projects in Australia totaling RMB527 million as at 31 December 2008, and the ongoing developments and the normal operations of the projects, and no provision against the carrying amount of the Group's above investments has been made in the financial statements for the year ended 31 December 2008."

Extracts from note 45 to the financial statements are reproduced below:

"In 2007, the Group and Compass Resources Limited ("CMR", the shares of which are listed on the Australian Stock Exchange), formed three unincorporated joint ventures namely, the base metals oxide joint venture, base metals sulfide joint venture and regional exploration joint venture for the development of base metals oxide and sulfide resources of CMR's tenements located in Australia. Each of the Group and CMR has a share of 50% interest in the three joint ventures. The base metals oxide joint venture is under trial production and the operator of the joint venture is in process of rectifying production design issues identified to date in order to achieve required performance standards. The base metals sulfide joint venture has basically completed the exploration stage and feasibility study of the related production plant construction is now underway. The regional exploration joint venture is established for the purpose of identifying new areas within CMR's tenements for the exploration of mineral resources, and such new area exploration activities have been tentatively stopped since the end of 2008 due to the relevant market downturn.

As at 31 December 2008, the Group's assets invested in the above-mentioned joint ventures are as follows:

	Notes	**2008** ***RMB '000***	**2007** ***RMB '000***
Property, plant and equipment	*14*	350,980	407,554
Exploration and evaluation assets	*17*	127,317	-
Prepayments	*26*	49,079	-
		527,376	407,554

Since July 2008, CMR has failed to meet its commitment to fund its share of the operating expenditure of the joint ventures. Furthermore, the shares of CMR listed in Australia have been suspended from trading since January 2009 and CMR has entered into voluntary receivership since February 2009. The above events have caused significant doubts over the progress of the developments and operations of, and hence, the Group's investments in, the joint venture projects.

Given the above developments in CMR, the directors of the Company have been considering and taking various measures with an objective of ensuring resumption of normal operation of the joint venture projects. However, at the date of approval of these financial statements, the final outcome of the various measures under consideration is uncertain which has therefore resulted in significant uncertainty over the recoverable amounts of the Group's investments in the above joint venture projects totaling RMB527,376,000 as at 31 December 2008. In this connection, the directors of the Company cannot determine with reasonable certainty that the projects might be proceeded as originally planned. However, the directors of the Company are of the view that the carrying amount of the investments in the projects shall be recoverable if the various measures under consideration are accepted, adopted and implemented as planned. Accordingly, no provision against the carrying amount of the Group's investments in the three joint venture projects has been made in the financial statements of the Group for the year ended 31 December 2008."

RESULTS AND DIVIDEND

In 2008, the turnover of the Group was RMB 15,588 million, representing a decrease of 27.5% as compared to 2007. The loss attributable to the equity holders of the parent company was RMB 740 million, decrease by 334.9% as compared to 2007. The basic loss per share of the Group were RMB20.16 cents.

The Board of Directors do not recommend the payment of any dividend for the year ended 31 December 2008 (2007: RMB 0.034).

BUSINESS REVIEW

The domestic and international economic environment experienced complicated and rapid changes in 2008. During the extraordinary year, the Group strived to overcome the difficulties and challenges of the financial crisis, snowstorm and other natural disasters, insufficient electrical power supply, change of export rebate policy, appreciation of Renminbi and the slump of product prices. However, currently the Company still face considerable operating pressure.

- During the reporting period of 2008, the Group achieved cemented carbides production of 7,301 tons, representing a decrease of 5.73% as compared with the same period last year; zinc production of 432,918 tons, representing a decrease of 3.37% as compared with the same period last year; antimony production of 25,870 tons, representing a decrease of 8.28% as compared with the same period last year; lead production of 90,865 tons, representing a decrease of 3.73% as compared with the same period last year.

- During the reporting period of 2008, the mining project for oxidized mines in Compass, Australia commenced trial production in September 2008. The copper cathodes production line has started the production of the first batch of 99.95% copper cathodes products with aggregate production of more than 900 tons.

- During the reporting period of 2008, the Group made further investment in Hunan and established Hunan Nonferrous Metals Xitian Mining Company Limited （湖南有色錫田礦業有限公司）, a joint venture with an exploration company, to explore the mixed mining resources of tin and tungsten of approximately 55,000 tons in Xitian of Chaling. Drilling, trenching and outcrop exploration of has commenced in the year.

- During the reporting period of 2008, the Group enhanced the cooperation with the banks and strengthened its capital position. The Group entered into strategic cooperation agreements with various banks for all-direction cooperation and secured a significant amount of syndicated Renminbi credit facilities. We have also successfully secured reductions of interest rates for several bank loans, with the greatest cut of

10%, which led to a further decrease of finance costs per unit.

- Major breakthroughs in technology innovation were made which cradled a number of corporations with high technology. In 2008, the Group has made over 40 patent applications and developed over 10 new products. Some of our subsidiaries were listed as "the Second Group of Advanced Technology Enterprises of Hunan".

- The Group has perfected its internal control system and further enhanced its corporate management. During the reporting period of 2008, we have completed audit reviews of 14 applications of proceeds from fund raising activity. We monitor the use of funds and faster the institutionalization of corporate management and risk control within the Company.

- The safety and environment protection measures has been implemented and achieved remarkable results in energy saving and emission reduction. The Group tightened up its safety standards and inspection and accelerate the technology modernisation by phasing out old equipment. The results of energy saving and emission reduction was encouraging, laying a foundation for our energy saving and emission reduction targets of 2010.

- At the same time as rapid business development, the Group focused on training of our staff and the fulfilment of our social responsibilities. We introduced high calibre personnel to enhance the management of the Company.

MARKET REVIEW

Due to the continuing impact of the global financial crisis, the nonferrous metal market saw a drastic adverse change from the first half to the second half of 2008. Serious declines in the demand for and the prices of nonferrous metals in the domestic and international markets which directly weakened the overall profitability of the industry. Prices of the major products of the Group dropped towards the end of 2008 to the average level in 2005. It is expected that the prices will remain low in the first half of 2009.

(The following information was quoted from the website of Antaike: www.metalchina.com. The PRC prices are inclusive of value added tax.)

Tungsten Market

The tungsten market has been declining since 2005 after it reached its historical peak in 50 years. The price of tungsten in domestic and international markets saw a drastic fall in late September 2008 due to weakening demand and intensifying financial crisis. In 2008, the price of tungsten concrete in China peaked at RMB98,000 – 100,000 per ton in April. Since then, the price plummeted to its lowest at RMB 56,000-58,000 per ton in three years and nine months time. The average price of tungsten concrete was RMB 81,000- 83,000 per ton in China, representing a year-on-year drop of 16%.

In 2008, the APT market of Europe was weak. The average price of APT in international market was US$247.18-251.6 per ton, the highest and lowest prices were US$255-257 per ton and US$210-230 per ton respectively. The average price of APT in China was RMB 127,800 -130,300 per ton, its the highest of and lowest prices were RMB150,000- 155,000 per ton and RMB 86,000-88,000 per ton respectively.

In 2008, the supply and price of tungsten in China was affected by snowstorm and suspension of mining activity for safety improvement. According to the statistics from the General Administration of Customs of China, the output of the tungsten concrete in the PRC amounted to 84,470 tons in 2008, representing a growth of 5.01% over 2007. The export of tungsten from the PRC amounted to 23,789.6 tons, representing a year-on-year drop of 8.89%.

The import of tungsten to the PRC amounted to 5,917.6 tons, representing a year-on-year increase of 8.23%. The net export decreased by 13.42% to 17,872 tons over the previous year. The total export was US$827,460,000, a year-on-year decrease of 10.66%. Current price of tungsten is RMB 50,000-60,000 per tons due to a drop of tungsten export. It is expected that the price of tungsten will be lower than around RMB60,000 per tons in 2009.

Lead Market

2008 saw a sustainable general downturn of the nonferrous market and so was the refined lead market. The spot price of lead quoted on London Metal Exchange ("LME") and the market quotation of refined lead in China fell significantly by 61% and 47% respectively.

The lead price on LME remained low most of the time in 2008. After a strong rebound from January to March, the market saw a continual big fall. The average price of lead quoted on LME for the year ended March 2008 amounted to US$2,096 per ton, representing a decrease of 19% over the same period of the previous year. The average price of lead for the first and second half of the year were US$2,699 and US$1,582 per tons respectively. In 2008, the general trend of price of refined lead in China were in line with the price quoted on LME and was generally better than the foreign conditions. However, the price still fell in the second half of the year. The price tumbled below RMB 10,000 per ton in November 2008 and remained at RMB8,500-95,000 per ton in December 2008. The average price of the year dropped by 22.3% over 2007.

According to the data of International Lead and Zinc Study Group, global production of refined lead amounted to 8,540,000 tons in 2008, representing a year-on-year increase of 5.8%, which exceeded the demand by 19,000 tons. The annual output of refined lead of the PRC in 2008 was 3,206,000 tons, representing a year-on-year increase of 16.28%. It is expected that the supply of refined lead will continue in 2009.

Zinc Market

The price of zinc in domestic and overseas markets continued to fall in 2008. The adjustment of price was mainly due to the oversupply. The global financial turmoil resulted from the US subprime mortgage crisis was another factor that drove down the price of zinc. The weakened global consumption further deteriorated and the supply of zinc began to fall in the second half of the year though the supply still exceeded demand.

The international zinc prices were on a downward track throughout 2008. The annul average price of three-month zinc futures was US$1,909 per ton as quoted on LME, representing a decrease of 41% as compared to the corresponding period last year. The annual average spot price of zinc was US$1,890 per ton as quoted on LME, representing a decrease of 41.7% as compared to the corresponding period last year. In general, zinc had the weakest performance among the six base metals. In 2008, the domestic zinc prices continued to fall after reaching its cost in October and hit a record low of RMB9,000 per ton. The average annual domestic price of zinc in 2008 was RMB16,000 per ton, representing a decrease of 43% as compared to the corresponding period last year.

According to an International Lead and Zinc Research Team, the global production of refined zinc was 11.82 million tons in 2008, representing an increase of 3.6% as compared with the corresponding period last year. The global supply exceeded demand by 170,000 tons. China's annual production of zinc was 3,913,000 tons, representing an increase of 4.5% as compared to the corresponding period last year. According to the statistics of the General Administration of Customs of China, the import volume of refined zinc of China amounted to 183,000 tons in 2008, representing an increase of 22.7% as compared to the corresponding period last year. During the same period, the export volume of refined zinc of China amounted to 71,000 tons, representing a decrease of 74.1% as compared to the corresponding period last year. The net export volume of refined zinc of China was 112,000 tons. It is expected that the global supply of refined zinc will continue in 2009.

Antimony Market

Antimony market has been volatile during 2008. Despite the downturn of the global economy, average price of antimony managed to hit a new record of US$6,076 per ton. However, the economy downturn placed tremendous pressures on the market and caused the continuous decline in the price of antimony since the fourth quarter.

Global antimony prices remained high from January to October of 2008 as production of antimony in China was affected by the blizzard disaster in early 2008. The price of antimony began to fall significantly in late October due to the financial crisis, which fell to US$4,000 per ton from the highest price of US$6575 to 6700 per ton in 2008. The price of antimony in China was in line with the global price and declined to RMB23,000 to 25,000 per ton in the last quarter of 2008. According to the "Metal Bulletin", trading of antimony is low which attributes to the decreased demand from plastic product producers that use petrochemicals as raw materials. It is expected that the price of antimony will maintain at around RMB 30,000 per ton or lower in 2009.

According to the data of China Nonferrous Metals Industry Association, output of refined antimony of China in 2008 was 183,600 tons, representing an increase of 20.11% when compared with last year. According to the statistics of General Administration of Customs of China, export volume of antimony products was 63,000 tons in 2008, representing an increase of 0.22% over the same period of the previous year. The import volume of antimony products was 21,300 tons in 2008, representing a decrease of 9.84% over the same period of the previous year.

BUSINESS PROSPECTS AND OUTLOOK

In 2009, the development of global economic is quite difficult. The Group will proactively deal with the crisis with confidence and sustains its scientific development. The Group will focus on the construction of a unified and intensified production chain on the basis of resources control with capital operation as an axis. The Group will also focus on the achievement of targets on production volume and standards through internally strengthening focal technological modification projects of our constituent units. External investment in progress projects will progress cautiously and orderly, striving to commence production and yield return as soon as possible but, at the same time, to ensure the effective control of the risk of investments.

- The Company will strengthen capital position and enhance debt structure, reduce capital cost, properly arrange funding of long-term investment projects.

- The Company will emphasize control of mineral resources and leveraged focal projects and bring into the leading effect. In overseas, proactively manage the potential effect on the joint venture with Compass Resources NL in Australia after it went into voluntary administration, and focus on the reengineering of manufacturing procure of oxide mine and its out-put, standardisation and efficiency target. In China, the development of Xin Tian Ling mine tungsten resources and Chalin Xitian tin and tungsten mixed metal resources will be our major investment projects.

- The Company will further strengthen the management of projects, strengthen overseas' project supervision, further improve investment strategy and international operating skill. Ensure the commencement of production of existing projects as soon as possible to generate revenue and form new points of growth. Further enhance risk awareness to improve investment risk control and investment effectiveness.

- Subject to the laws of Australia, the Company will manage the risks of the oxide mine joint venture of the Company in relation to the insolvency of CMR.

- Prepare the consolidation of mining business sectors. On the basis of the existing structure of mining companies as the lead companies, consolidate mining companies and realize the synergy resulting from the sharing of mining resources, management skill and technologies.

- Upgrade business structure by technology innovation. Enhance value of the business by technology innovation, develop new business growth points, mitigate risks and weather the financial crisis.

- Further reinforce the operation and coordination of energy-saving, emission reduction and environmental protection. Facilitate a change of mode of development with emphasis on energy saving and emission reduction, proactive fulfillment of social responsibilities .

- Promote the development of information platform of the Company. Promote management innovation, scientific development of human resources and enhancement of construction of management team. Promote assessment of department and individual performance, enhance employees' quality, maximize staff's loyalty, establish harmonious and strong management and working teams. Nurture corporate culture for the harmonious development of the Company.

With the joint efforts of our directors, senior management and employees, I deeply believe that the Company will continue to provide our clients with much better products and services and together weather the financial crisis.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Loss before tax amounted to RMB524 million for the year ended 31 December 2008 from profit of RMB716 million for the year ended 31 December 2007, representing a decrease of RMB1, 240 million, or 173.2%. The loss attributable to the equity holders of the parent company was RMB740 million, representing a decrease of profit of RMB1,055 million, or 334.9% from RMB315 million for the year ended 31 December 2007.

The following is the comparison of the two years ended 31 December 2008 and 31 December 2007:

TURNOVER

Turnover decreased to RMB15,588 million for the year ended 31 December 2008, from RMB21,494 million for the year ended 31 December 2007, representing a decrease of RMB5,906 million, or 27.5%, primarily due to the respective decreases in turnover before sales tax and surcharge of RMB494 million or 19.6% for the nonferrous metals mine segment, decrease of RMB5,483 million or 40.2% for the nonferrous metals smelting segment , and increase of RMB59 million or 1.1% for the cemented carbides, tungsten, molybdenum, tantalum, niobium and their compounds segment.

Our gross profit decreased by 23.9% from RMB2,082 million for the year ended 31 December 2007 to RMB1,585 million for the year ended 31 December 2008. The gross profit margins in the respective years ended 31 December 2007 and 31 December 2008 were both 10%.

NONFERROUS METALS MINE SEGMENT

The following data are the sales volume and average selling price of our nonferrous metals mine segment products:

	2007		**2008**	
	Sales volume	Average selling price	**Sales volume**	**Average selling price**
	(ton)	*(RMB/ton)*	***(ton)***	***(RMB/ton)***

Shizhuyuan				
Tungsten concentrates	2,305	84,195	**2,573**	**68,890**
Oxidized molybdenum	990	190,887	**1,064**	**162,412**
Huangshaping Branch				
Zinc concentrates	3,638	19,779	**2,073**	**8,056**
Lead concentrates	5,732	17,626	**3,952**	**14,489**
Hsikwangshan				
Antimony products	26,879	33,515	**25,602**	**31,437**
Zinc products	33,197	23,502	**25,850**	**13,592**

Turnover before sales tax and surcharge of the nonferrous metals mine segment decreased by RMB494 million, or 19.6%, from RMB2,514 million for the year ended 31 December 2007 to RMB2,020 million for the year ended 31 December 2008. The decrease of turnover is primarily due to the decrease of average selling prices of the nonferrous metals mine products and the decrease of the sales volume of zinc concentrates, lead concentrates, antimony products and zinc products compared to 2007.

Gross profit from our nonferrous metals mine segment decreased by 29.0% from RMB456 million for the year ended 31 December 2007 to RMB324 million for the year ended 31 December 2008. Gross profit margin for the year ended 31 December 2008 decreased to 16% from 18% for the year ended 31 December 2007. The decrease in gross profit margin of this segment was attributable to the decrease in gross profit margin of tungsten ore and oxide molybdenum as well as zine kind products.

NONFERROUS METALS SMELTING SEGMENT

The following data are the sales volume and average selling price of our nonferrous metals smelting segment products:

	2007		**2008**	
	Sales volume	Average selling price	**Sales volume**	**Average selling price**
	(ton)	*(RMB/ton)*	***(ton)***	***(RMB/ton)***
Zinc products	405,077	24,784	**409,913**	**13,634**
Lead products	104,801	18,764	**90,696**	**14,726**
Precious metal – indium	23	4,837,878	**31**	**2,919,398**
Precious metal – silver	281	3,090,528	**125**	**2,856,939**

Turnover before sales tax and surcharge of the nonferrous metals smelting segment decreased by RMB5,483 million, or 40.2%, from RMB13,632 million for the year ended 31 December 2007 to RMB8,149 million for the year ended 31 December 2008. The decrease in turnover is primarily due to the dramatic decline of average selling prices of the zinc products compared to 2007 and the decrease of average selling prices and sales volumes of lead products and silver products.

Gross profit from our nonferrous metals smelting segment, decreased by 49.6% from RMB888 million for the year ended 31 December 2007 to RMB448 million for the year ended 31 December 2008. Gross profit margin for the year ended 31 December 2008 decreased to 6% from 7% for the year ended 31 December 2007. The decrease is primarily due to the decreases in average selling prices of our zinc products and lead products.

CEMENTED CARBIDES, AND TUNGSTEN, MOLYBDENUM, TANTALUM, NIOBIUM AND THEIR COMPOUNDS

The following data are the sales volume and average selling price of our cemented carbides, tungsten, molybdenum, tantalum, niobium and their compounds:

	2007		**2008**	
	Sales volume	Average selling price	**Sales volume**	**Average selling price**
	(ton)	*(RMB/ton)*	***(ton)***	***(RMB/ton)***
Cemented carbides	11,166	306,927	**10,648**	**319,610**
Tungsten and compounds	4,989	213,975	**8,817**	**169,991**
Molybdenum and compounds	748	508,417	**621**	**505,386**
Tantalum, niobium and their compounds	544	397,243	**501**	**455,594**

Turnover before sales tax and surcharge of the cemented carbides, tungsten, molybdenum, tantalum, niobium and their compounds segment increased by RMB59 million, or 1.1%, from RMB5,508 million for the year ended 31 December 2007 to RMB5,567 million for the year ended 31 December 2008. The increase of turnover is primarily due to the increase of sales volume of the tungsten and compounds.

Gross profit from the cemented carbides, tungsten, molybdenum, tantalum, niobium and their compounds segment increased by 10.3% from RMB737 million for the year ended 31 December 2007 to RMB813 million for the year ended 31 December 2008. Gross profit margin for the year ended 31 December 2008 increased to 15% from 14% for the year ended 31 December 2007. The increase is primarily due to the substantial increase in average selling prices of the cemented carbides products.

OTHER INCOME AND GAINS

Other income and gains increased by RMB21 million, or 5.9% from RMB358 million for the year ended 31 December 2007 to RMB379 million for the year ended 31 December 2008. The increase was primarily due to the increase in revenue originating from governmental grant.

SELLING AND DISTRIBUTION COSTS

The selling and distribution costs increased by RMB46 million, or 14.8% from RMB311 million for the year ended 31 December 2007 to RMB357 million for the year ended 31 December 2008. The increase was primarily due to the increase of our labour costs and packing expenses.

ADMINISTRATIVE EXPENSES

The administrative expenses increased by RMB312 million, or 32.1% from RMB971 million for the year ended 31 December 2007 to RMB1,283 million for the year ended 31 December 2008. The increase was primarily due to the increase in exchange losses by RMB269 million.

OTHER EXPENSES, NET

Other net expenses increased by RMB379 million, or 1,353.6% from RMB28 million for the year ended 31 December 2007 to RMB407 million for the year ended 31 December 2008. The main reasons for the increase in expenses were: 1) the provision for impairment of goodwill arising from the acquisition of Abra Mining for the period amounting to RMB212 million; 2) the provision for impairment of available-for-sale financial assets for the period amounting to RMB87 million; 3) the loss arising from the disposal of fixed assets by the Group for the period amounting to RMB35 million; 4) impairment loss on convertible note of CMR amounted to RMB34 million.

FINANCE COSTS

The finance costs increased by RMB97 million, or 28.2% from RMB344 million for the year ended 31 December 2007 to RMB441 million for the year ended 31 December 2008. The increase was primarily due to the increase of bank loans.

INCOME TAX EXPENSES

The income tax expenses decreased by RMB106 million, or 44.4% from RMB239 million for the year ended 31 December 2007 to RMB133 million for the year ended 31 December 2008. The decrease was primarily due to the decrease of operating profit. Our effective tax rate decreased from 33.4% for the year ended 31 December 2007 to 25.3% for the year ended 31 December 2008, primarily due to the unrecognized tax losses and expenses not deductible for tax for the year ended 31 December 2008.

MINORITY INTERESTS

The minority interest decreased by RMB78 million, or 48.4% from RMB161 million for the year ended 31 December 2007 to RMB83 million for the year ended 31 December 2008, primarily due to the decrease in operating profit of the Group.

PROFIT/(LOSS) ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT

The profit attributable to the equity holders of the parent decreased by RMB1,055 million, or 334.9% from RMB315 million for the year ended 31 December 2007 to loss of RMB740 million for the year ended 31 December 2008, and the net profit margin decreased from 1.5% for the year ended 31 December 2007 to 4.7% for the year ended 31 December 2008. The decrease was primarily due to the decrease in operating profit of the Group.

LIQUIDITY AND SOURCE OF FUNDS

For the year ended 31 December 2008, the short-term and the long-term loans were the main sources of funds. The funds of the Group were applied mainly to the operating activities, the capital expenditure and the repayment of the bank loans. As of 31 December 2008, the cash and cash equivalents of the Group amounted to RMB3,233 million. The cash and cash equivalents were primarily denominated in Renminbi ("RMB") (The amounts denominated in RMB, Hong Kong dollar, Australian dollar, US dollar ("USD"), Euro and Japanese yen accounted for approximately 80.23%, 10.30%, 8.37%, 0.91%, 0.15% and 0.04% respectively).

For the year ended 31 December 2008, loans denominated in RMB, USD and Euro accounted for approximately 83.4%, 16.1% and 0.5% of the short-term and long-term bank loans and other borrowings.

ASSET MORTGAGE OF THE GROUP

For the year ended 31 December 2008, the assets of the Group amounting to a net book value of RMB2,075 million have been pledged for securing certain bank loans, of which the net book value of buildings and mining constructions and plant, machinery and equipment amounted to RMB1,757 million and the net book value of prepaid rent amounted to RMB318 million. As of 31 December 2007, the assets of the Group amounting to a net book value of RMB1,413 million have been pledged for securing certain bank loans, of which the net book value of buildings and mining constructions and plant, machinery and equipment amounted to RMB1,159 million and the net book value of prepaid rent amounted to RMB254 million.

DEBT TO TOTAL ASSETS RATIO

As of 31 December 2008, the debt to total assets ratio of the Group increased from 34.6% in 2007 to 46.9% in 2008. The debt to total assets ratio is equivalent to total liabilities divided by total assets and multiplied by 100%. The debt to total assets ratio increased as the growth rate of total interest-bearing bank loans and borrowings was higher than that of total assets.

FLUCTUATION RISK IN FOREIGN EXCHANGE RATE

The Group primarily operates in China, with export to various countries in small quantities. Apart from the export sales transacted mainly in the US dollar, the sales income of the Group is denominated in RMB at present. The risk in foreign exchange of the Group primarily arises from the sales of products and the purchase of raw materials denominated in foreign currency. Currently, the Group has neither adopted any formal hedging policy nor executed any foreign exchange contract or derivative to hedge against our currency risk.

RISK IN COMMODITY PRICES

As the trading prices of nonferrous metals of the Group are calculated at the global and local prices which are subject to substantial fluctuation, the Group has to bear the risk in the fluctuation of commodity prices. The prices of nonferrous metals (as commodities) depend primarily on the market supply and demand in the long run. The Group has not taken the initiative to manage this risk, except the execution of commodity futures contracts on a limited basis.

RISK IN INTEREST RATE

The risk in the interest rate concerning the Group primarily relates to our short-term and long-term bank loans and other borrowings (amounting to RMB8,578 million as of 31 December 2008). The interest for the outstanding debts of the Group is calculated at fixed rate. Any rise in the current interest rate will increase the interest cost of our short-term loans upon extension. To date, the Group has neither executed any form of interest rate agreement or derivative to hedge against the fluctuation in interest rate.

CONTINGENT LIABILITIES

As of 31 December 2008, the Group has provided the following bank guarantee for the bank loans granted to various parties:

	2007 RMB'000	**2008** **RMB'000**
Related parties and third parties	89,003	7,019

EMPLOYEES

As of 31 December 2008, the Group had a total of 23,500 full-time employees, classified by functions and departments as follows:

Department	Employees	Of the total (%)
Management and administration	2,130	9.1%
Engineering and technical personnel	4,080	17.3%

Production personnel	14,030	59.7%
Repair and maintenance	1,830	7.8%
Inspection	850	3.6%
Sales	580	2.5%
Total	23,500	100.00%

The employees' remuneration package of the Group includes salary, bonus and allowance. The Group has participated in the social insurance contribution plans implemented by the local government in the PRC. Pursuant to the relevant national and local labour and social welfare laws and regulations, the Group shall pay for the employees the monthly social insurance premium covering the pension insurance, the medical insurance, the unemployment insurance and the housing reserve fund. According to the current applicable local regulations, the contribution of the Group to the employees' pension insurance, medical insurance, unemployment insurance and housing reserve fund shall be equivalent to 20%, 8%, 2% and 5% to 12% respectively of the total basic monthly salary of each employee.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTEREST IN SHARES

So far as was known to any Director or Supervisor, as at 31 December 2008, the persons or companies (other than a Director or Supervisor of the Group) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Group were as follows:

Name	**Number of shares held**	**Class of share**	**Approximate percentage of all share capital (%)**	**Approximate percentage of H share capital (%)**
Hunan Nonferrous Metal Holdings Group Company Limited	1,947,074,266(L)	Domestic Share	53.08%(L)	
The Hamon Investment Group Pte Limited	81,922,000(L)	H Share		5.02(L)

* Note:
(L) – long position
(S) – short position

Save as disclosed above and so far as is known to the Directors, as at 31 December 2008, none of any other persons (other than the Directors, supervisors, chief executives or senior management of the Group had an interest or short position in the shares or underlying shares of the Group which would fall to be disclosed under provisions of Division 2 and 3 of Part XV of the SFO, and to be recorded in the register required to be kept under Section 336 of the SFO, or is the substantial shareholders of the Group.

DIRECTORS' INTERESTS

DIRECTORS' AND SUPERVISORS' INTERESTs IN CONTRACTS

None of Directors and Supervisors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Group, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year.

DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2008, none of Directors and Supervisors and their respective associates had any interests and short positions in the share capital and underlying shares and debentures of the Group or its associated corporations (within the meaning of Part XV of the SFO), which would be required to be notified to the Group and the Stock Exchange pursuant to Part XV of the SFO or which would be required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein or as otherwise notified to the Group and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Group granted to any director and supervisors or their respective spouse or minor children, or were any such rights exercised by them; or was the Group, its holding Group, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or Supervisors to acquire such rights in any other body corporate.

Stock Appreciation Rights Plan ("SARs")

An extraordinary shareholders meetings was held on 25 September 2006. It authorized (including) the preliminary stock appreciation recommendations pursuant to the Stock Appreciation Rights Plan. (Please read the section "Stock Plan" as detailed in the Prospectus dated 21 March 2006). This move attracts, retains and encourages senior executive officers and major officers to work towards increasing the performance of the Group and the value of the Group.

Below listed are the recipient of the Stocks and their allocated stock number:

Name	Number of Stock:	Note
He Renchun	1,282,051	Chairman of Board of Directors and Executive Director
Cao Xiuyun	1,025,641	Vice Chairman of Board of Directors and Non- Executive Director
Li Li	897,436	Executive Director and Senior Manager
Zeng Shaoxiong	769,231	Chairman of the Supervisory Committee
Liao Luhai	769,231	Executive Director
Chen Zhixin	769,231	Executive Director
Wu Longyun	641,027	Non-executive Director
He Hongxin	641,026	Supervisor
Zhang Yixian	641,026	Non-executive Director
Yang Bohua	512,820	Senior Manager of Subsidiary Company
Fu Xiaowu	512,820	Senior Manager of Subsidiary Company
Yang Lingyi	512,820	Senior Manager of Subsidiary Company
Hong Mingyang	512,820	Senior Manager of Subsidiary Company
Zhu Songzhou	512,820	Senior Manager of Subsidiary Company
Total	10,000,000	

The exercise price of the initial stock appreciation rights will closely track the closing price of the first day after the 30th trading days on the Stock Exchange and the highest closing price of the 5-day average closing price after the 30th trading day. The exercise price calculated using the formula is HK$2.8 per share.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the period and as at the date of this report.

CORPORATE GOVERNANCE

The Company is committed to improve its corporate governance and enhance the transparency to shareholders. In the opinion of the Board, for the year ended 31 December 2008, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Listing Rules.

Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Based on specific enquiry with all the Directors of the Company, the Directors have complied with the required standard as set out in the Model Code for the period from 1 January 2008 to 31 December 2008.

Audit Committee

An audit committee has been established by the Board. The audit committee's duties are mainly to review the Company's financial reports and internal control system, consider the appointment of independent auditors, provide recommendation to the Board, approve audit and audit-related services, and supervise the Company's internal financial reporting procedures and management policies. The committee consists of the Company's two independent non-executive Directors including Mr. Chan Wai Dune and Mr. Wan Ten Lap, and one non-executive Director Mr. Zhang Yixian. Mr. Chan Wai Dune is the chairman of the committee. Mr. Chan Wai Dune ceases to be our independent non-executive director since March 2009 and was replaced by Mr. Choi Man Chau. The audit committee meetings will be held at least twice a year. 2 meeting was held in the reporting period with all committee members attending the meeting to review the Group's annual and interim results for the year 2008.

Closure of register for Annual General Meeting

The AGM of the Company will be held at 10:00am on 22 June 2009 at the conference room of the Hunan Bestride Hotel, No.125, Labur Road West, Changsha City, Hunan, the PRC. The register of members of the Company will be closed from 22 May 2009 to 22 June 2009 (both days inclusive). In order to be eligible to attend and vote on the AGM of the Company, instruments of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company's H share registrar, no later than 4:30 p.m. on 21 May 2009.

By Order of the Board
Hunan Nonferrous Metals Corporation Limited
He Renchun
Chairman

Changsha, PRC, 26 April 2009

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. He Renchun, Li li, Liao Luhai, and Chen Zhixin as executive directors, Messrs. Cao Xiuyun, Wu Longyun, Zhang Yixian, and Zou Jian as non-executive directors and Messrs. Gu Desheng, Chen Xiaohong, Kang Yi, Wan Tenlap and Choi Man Chau, Michael as independent non-executive directors.

* for identification purposes