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Hunan Nonferrous Metals Corporation Limited*

湖南有色金屬股份有限公司

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

(Stock Code: 2626)



雲南實業控股有限公司

YUNNAN ENTERPRISES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0455)

COOPERATIVE FRAMEWORK AGREEMENT

The board of directors of HNC and the board of directors of YEHL are pleased to announce that on 27 February 2008, HNC, TGL and YEHL entered into a cooperative framework agreement in relation to the formation of the JV Company for the development of nonferrous metal resources business in the five northwest provinces/regions of the PRC and cooperation in the investment and development of mineral resources projects in Australia.

This announcement is made on voluntary basis by HNC.

This announcement is made pursuant to Rule 13.09 of the Listing Rules by YEHL.

The board of directors of Hunan Nonferrous Metals Corporation Limited (湖南有色金屬股份有限公司) (“HNC”) and the board of directors of Yunnan Enterprises Holdings Limited (雲南實業控股有限公司) (“YEHL”) are pleased to announce that on 27 February 2008, HNC, Tianda Group Limited (天大集團有限公司) (“TGL”), the ultimate holding company of YEHL, and YEHL entered into a cooperative framework agreement (the “Framework Agreement”) in relation to the formation of a joint venture company (the “JV Company”) for the development of nonferrous metal resources business in the five northwest provinces/regions of the People’s Republic of China (the “PRC”) and cooperation in the investment and development of mineral resources projects in Australia.

* *The English translation is for identification purposes only.*

THE FRAMEWORK AGREEMENT

Pursuant to the terms of the Framework Agreement, among others, the JV Company will be established in Gansu Province (甘肅) of the PRC. The establishment and operation of the JV Company will be subject to the applicable and relevant laws and regulations of its place of registration.

According to the Framework Agreement, the JV Company will be established for investing in the development of nonferrous metal resources business in the five northwest provinces/regions of the PRC, namely Gansu, Qinghai, Xinjiang, Shaanxi, Inner Mongolia (甘肅, 青海, 新疆, 陝西, 內蒙古). In addition, HNC, TGL and YEHL will cooperate in the acquisition or development of potential mineral resources projects in Australia. Pursuant to the Framework Agreement, HNC is responsible for performing due diligence, commercial negotiation and raising fund for acquisition, and reorganisation, production and operation of the strategic investments after acquisition. TGL and YEHL are responsible for liaisons between all parties involved for successful realization of cooperative projects and any upfront liaison expenses when they consider necessary.

Details of the transactions contemplated under the Framework Agreement (the “Transactions”), including the amounts of capital required to be contributed by HNC, TGL and YEHL to the JV Company, remain the subject of further negotiations and will entail the entering into further agreement between HNC, TGL and YEHL. HNC and YEHL will comply with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) in relation to the Transactions.

INFORMATION OF HNC

HNC, the H shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), is principally engaged in the mining and smelting of nonferrous metals. To the best knowledge of the respective boards of directors of HNC and YEHL, HNC is one of the major nonferrous metals (excluding aluminum) manufacturers in the PRC.

INFORMATION OF TGL

TGL, a company incorporated in Hong Kong with limited liability, is the ultimate holding company of YEHL. TGL principally participates in the development of the pharmaceuticals and biotechnology businesses, as well as the investment in the industries related to mineral and energy resources.

INFORMATION OF YEHL

YEHL, a company listed on the main board of the Stock Exchange, is principally engaged in the sale of pharmaceutical products, property holding and development, and investment of mineral and energy resources.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS FOR HNC

HNC is principally engaged in the mining and smelting of nonferrous metals whereas TGL and YEHL possess abundant mineral and energy resources projects, and/or extensive experience in investment and development of these areas in PRC and/or Australia. The board of directors of HNC considers that the Transactions will enable HNC to enhance its competitiveness in the PRC and Australia and its capability against the risks.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS FOR YEHL

YEHL is principally engaged in the sale of pharmaceutical products, property holding and development, and investment of mineral and energy resources. As announced by YEHL on 30 October 2007, YEHL's existing principal businesses had not produced a promising return so far and YEHL has been looking for new business opportunities with a view to broadening its income base and improving its financial performance.

In view of the booming economic and infrastructure development in the PRC, the board of directors of YEHL is optimistic about the future market demand for nonferrous metals and future prospect of the nonferrous metal industry in the PRC. Meanwhile, the PRC government's policy to encourage high industry concentration of the nonferrous metal industry in recent years will benefit the development of the JV Company with full support of expertise and market experience possessed by HNC which is the industry leader. The Transactions represent further step for YEHL to explore into the new business area of the development of nonferrous metal resources. Given HNC's leading position in the nonferrous metals industry in the PRC, the forming of a strategic alliance with it will enable YEHL to develop its nonferrous metal mining business with the strong and competitive technical and management support of HNC as well as the investment and cooperation opportunities arisen therefrom, which thus generate a new source of income for YEHL. Meanwhile, Australia is one of the premier mineral resources deposits in the world and HNC, TGL and YEHL intended to explore mineral and energy resources investment opportunities in Australia.

GENERAL

This announcement is made on voluntary basis by HNC.

This announcement is made pursuant to Rule 13.09 of the Listing Rules by YEHL.

To the best of the knowledge, information and belief of the board of directors of HNC having made all reasonable enquiries, each of YEHL and TGL is an independent third party not connected with HNC and its connected persons (within the meaning of the Listing Rules).

To the best of the knowledge, information and belief of the board of directors of YEHL having made all reasonable enquiries, HNC is an independent third party not connected with YEHL and its connected persons (within the meaning of the Listing Rules).

By order of the board of	By order of the board of
Hunan Nonferrous Metals Corporation Limited	Yunnan Enterprises Holdings Limited
He Renchun	Li Suiming
<i>Chairman</i>	<i>Chairman</i>

Hong Kong, 28 February 2008

As at the date of this announcement, the board of directors of HNC comprises four executive directors, namely Mr. He Renchun, Mr. Li Li, Mr. Liao Luhai and Mr. Chen Zhixin, and four non-executive directors, namely Mr. Cao Xiuyun, Mr. Wu Longyun, Mr. Zhang Yixian and Mr. Yu Jiang, and four independent non-executive directors, namely Mr. Gu Desheng, Mr. Chan Wai Dune, Mr. Wan Ten Lap and Ms. Chen Xiaohong.

As at the date of this announcement, the board of directors of YEHL comprises five executive directors, namely Mr. Li Suiming, Mr. Ma Pizhi, Mr. Li Guanglin, Mr. Fang Wen Quan and Mr. Liu Huijiang, and three independent non-executive directors, namely Mr. Ho Wing Fun, Mr. Wu Wen Jing, Benjamin and Mr. Lam Yat Fai.