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Hunan Nonferrous Metals Corporation Limited*

湖南有色金属股份有限公司

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

(Stock Code: 2626)

ANNOUNCEMENT

INSIDE INFORMATION

This announcement is made by Hunan Nonferrous Metals Corporation Limited (the "**Company**") pursuant to 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.

Zhuzhou Smelter Group Company Limited (株洲冶炼集团股份有限公司) ("**Zhuzhou Smelter**"), a subsidiary of the Company and whose A shares are listed and traded on the Shanghai Stock Exchange in the People's Republic of China (the "**PRC**") (Stock Code: 600961).

The Company recently received a notice from Zhuzhou Smelter that Zhuzhou Smelter has been summoned as a defendant to the court in respect of its sales contract dispute (the "**Case**") with Hunan Yongli Chemical Industry Co., Ltd. (湖南永利化工股份有限公司) ("**Hunan Yongli**"), and the court has accepted the Case. The value of subject matter of the Case is RMB39,834,908.55. The details of the Case are as follows:

(A) The Information on the Admissibility of the Case

Zhuzhou Smelter received the Summons and Notice of Response to Action ((2014) Zhu Zhong Fa Min Er Chu Zi No. 114) issued by Zhuzhou Intermediate People's Court of Hunan Province (the "Court") that the Court has formally accepted the sales contract dispute between Zhuzhou Smelter and Hunan Yongli and has summoned Zhuzhou Smelter to the Court.

(B) The Basic Information on the Case

1. Facts and Grounds of the Case

Hunan Yongli and Zhuzhou Smelter entered into the *Agreement on Zhuye Zhuhua Provision of Flue Gas and Sulfuric Acid and the Related Price*, pursuant to which both parties agreed to engage in long-term business transactions in relation to mutual provision of sulfur bearing flue gas and sulfuric acid pipelines.

Due to policy reasons, Hunan Yongli will close its business as well as terminate the mutual provision business of flue gas and sulfuric acid. Therefore the Hunan Yongli claims the outstanding payment arising from the business transactions from Zhuzhou Smelter.

However, Zhuzhou Smelter denied Hunan Yongli's request by asserting that the metering data of flue gas previously provided by Hunan Yongli were wrong and asked for a scientific measurement of metering data before settlement, which therefore caused the dispute between both parties.

2. Claims

- i. Zhuzhou Smelter shall make the outstanding payment for goods arising before 1 September 2014 in the amount of RMB39,834,908.55 to Hunan Yongli; and
- ii. Zhuzhou Smelter shall bear the interest loss from the date of complain to the date of court decisions becoming effective, calculated at the bank's loan interest rate during the same period. .

3. Time of Hearing

The Court will hold the hearing regarding the Case at 9:00 a.m. on 18 December, 2014.

(C) The Current and Future Impact of the Case on the Profit and Loss of the Company

The board of directors of the Company temporarily cannot estimate the current and future impact of the Case on the profit and loss of the Company, due to the reason that the Case has not been heard the

Case before the Court, the results of the Case are uncertain, and the possibility of settlement or conciliation at the trial has not been excluded.

The Company will continue to follow the developments of the Case and will further timely announce relevant updates accordingly. Investors are advised to pay attention to investment risks and exercise in caution when dealing in the shares of the Company.

For the detailed information of the Case, please refer to the relevant overseas regulatory announcement of the Company published on the website of The Stock Exchange of Hong Kong Limited on 15 December 2014.

By Order of the Board

Hunan Nonferrous Metals Corporation Limited*

Li Fuli

Chairman

Changsha, the PRC, 15 December 2014

As at the date of this announcement, the board of directors of the Company comprises Mr. Li Fuli, Ms. Deng Yingjie, Mr. He Yawen, and Mr. Wu Xiaopeng as executive directors, Mr. Cao Xiuyun and Mr. Yang Guang as non-executive directors and Mr. Wan Ten Lap, Mr. Choi Man Chau, Michael and Ms. Chen Xiaohong as independent non-executive directors.

**For identification purpose only*