WINSWAY®

WINSWAY COKING COAL HOLDINGS LIMITED

永暉焦煤股份有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 1733)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

FINANCIAL HIGHLIGHTS

- Turnover of the Group in 2010 was HK$9,272 million, representing an increase of HK$3,989 million or 75.51% over 2009.
- Profit attributable to equity shareholders of the Company in 2010 was HK$929 million, representing an increase of HK$414 million or 80.39% over 2009.
- Diluted earnings per share were HK$0.346.
- The Board recommends a final dividend of HK$0.061 per share for the year ended 31 December 2010.

The board (the "Board") of directors ("Directors") of Winsway Coking Coal Holdings Limited (the "Company") is pleased to present the annual results of the Company and its subsidiaries (the "Group", "Winsway", "we" or "us") for the year ended 31 December 2010 together with comparative figures in 2009.

The Board recommends the payment of a final dividend of HK$0.061 per share for the year ended 31 December 2010.

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2010

(Expressed in Hong Kong dollars)

	Note	**2010**	2009
		HK$'000	*HK$'000*
Continuing operations			
Turnover	4	**9,271,665**	5,283,216
Cost of sales		**(7,154,115)**	(4,322,158)
Gross profit		**2,117,550**	961,058
Other revenue		**25,972**	8,902
Distribution costs		**(471,487)**	(268,945)
Administrative expenses		**(358,533)**	(103,974)
Other operating expenses, net		**(11,166)**	(730)
Profit from operating activities		**1,302,336**	596,311
Finance income		**65,825**	7,041
Finance costs		**(179,928)**	(42,034)
Net financial costs		**(114,103)**	(34,993)
Share of losses of jointly controlled entity		**(8,080)**	—
Profit before taxation		**1,180,153**	561,318
Income tax	5(a)	**(251,390)**	(70,367)
Profit from continuing operations		**928,763**	490,951
Discontinued operations			
Loss from discontinued operations (net of income tax)		**—**	(9,246)
Gain on sale of discontinued operations (net of income tax)		**—**	33,550
Profit for the year		**928,763**	515,255

	Note	**2010**	2009
	Note	***HK$'000***	*HK$'000*
Attributable to:			
Equity shareholders of the Company		**928,826**	515,255
Non-controlling interests		**(63)**	—
Profit for the year		**928,763**	515,255
Earnings per share *(HK$)*	6		
Total operations			
— Basic		**0.352**	0.250
— Diluted		**0.346**	0.250
Continuing operations			
— Basic		**0.352**	0.238
— Diluted		**0.346**	0.238
Discontinued operations			
— Basic		**—**	0.012
— Diluted		**—**	0.012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2010

(Expressed in Hong Kong dollars)

	2010	2009
	HK$'000	*HK$'000*
Profit for the year	**928,763**	515,255
Other comprehensive income for the year:		
Exchange differences on translation of financial statements of overseas subsidiaries and jointly controlled entity (net of income tax)	**45,164**	167
Total comprehensive income for the year	**973,927**	515,422
Attributable to:		
Equity shareholders of the Company	**971,957**	515,422
Non-controlling interests	**1,970**	—
Total comprehensive income for the year	**973,927**	515,422

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2010

(Expressed in Hong Kong dollars)

	Note	**2010** *HK$'000*	2009 *HK$'000*
Non-current assets			
Property, plant and equipment, net		**473,927**	447,008
Construction in progress		**281,879**	41,204
Lease prepayments		**204,784**	8,822
Intangible assets		**237**	75
Interest in a jointly controlled entity		**362,956**	—
Other investments in equity securities		**89,054**	16,354
Deferred tax assets	5(b)	**48,262**	34,334
Total non-current assets		**1,461,099**	547,797
Current assets			
Inventories		**1,972,557**	1,190,419
Trade and other receivables	7	**2,450,881**	1,840,260
Restricted bank deposits		**344,062**	642,536
Cash and cash equivalents		**2,894,421**	277,300
Total current assets		**7,661,921**	3,950,515
Current liabilities			
Secured bank and other loans		**1,010,109**	1,589,466
Trade and other payables	8	**1,317,368**	1,729,028
Income tax payable	5(b)	**90,708**	35,709
Total current liabilities		**2,418,185**	3,354,203
Net current assets		**5,243,736**	596,312
Total assets less current liabilities		**6,704,835**	1,144,109

	Note	2010 HK$'000	2009 HK$'000
Non-current liabilities			
Secured bank and other loans		**62,577**	—
Deferred income		**97,389**	—
Total non-current liabilities		**159,966**	—
NET ASSETS		**6,544,869**	1,144,109
CAPITAL AND RESERVES			
Share capital		**5,014,339**	383,522
Reserves		**1,454,489**	760,587
Total equity attributable to equity shareholders of the Company		**6,468,828**	1,144,109
Non-controlling interests		**76,041**	—
TOTAL EQUITY		**6,544,869**	1,144,109

Notes:

1. CORPORATE INFORMATION AND GROUP REORGANISATION

The Company was incorporated in the British Virgin Islands (the "BVI") on 17 September 2007 with limited liability under the Business Companies Act of the British Virgin Islands (2004). At the date of incorporation, the Company was named as "China Bestcway Resources Holdings Limited". The name of the Company was subsequently changed to "China Bestway Resources Holdings Limited" and "Winsway Coking Coal Holdings Limited" on 28 January 2008 and 29 July 2009 respectively. The Company and its subsidiaries are principally engaged in the processing and trading of coking coals and investment holding in a jointly controlled entity developing in coal mills. The consolidated financial statements of the Company for the year ended 31 December 2010 comprise the Company and its subsidiaries.

Pursuant to a group reorganisation completed on 9 August 2010 (the "Reorganisation") to rationalise the group structure for the public listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 27 September 2010. The Company's shares were listed on the Stock Exchange on 11 October 2010.

The Group is regarded as a continuing group resulting from the Reorganisation under common control. The assets and liabilities of the Company and its subsidiaries under common control have been accounted for at historical costs and the consolidated financial statements of the Company prior to the Reorganisation have been presented to include the results of operations and the assets and liabilities of the Company and its subsidiaries on a combined basis.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The financial statements for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in a jointly controlled entity.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value:

— Convertible notes;

— Preferred shares; and

— Share-based payments.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is different from the functional currency of the Company and its subsidiaries. The Company's functional currency is United Stated dollars ("US$"). As the Company is a listed company in Hong Kong, the directors of the Company consider that it is appropriate to present the consolidated financial statements in HK$.

3. CHANGES IN ACCOUNTING POLICIES

(a) Change in presentation currency

During the current year, the Group has changed its presentation currency for the preparation of its financial statements from Renminbi ("RMB") to Hong Kong dollars ("HK$"). The Board of Directors considers the change will result in a more appropriate presentation of the Group's transactions in the financial statements. Whereas the change in presentation currency of the Company was applied retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the comparative figures as at 31 December 2009 and for the year ended 31 December 2009 have also been restated to the change in presentation currency to HK$ accordingly.

The change in presentation currency has no significant impact on the financial position of the Group as at 31 December 2009 and 2010, or the results and cash flows of the Group for the year ended 31 December 2009 and 2010.

(b) Revised IFRSs, amendments to IFRSs and new interpretations

The IASB has issued two revised IFRSs, a number of amendments to IFRSs and two new interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 3 (revised 2008), Business combinations
- Amendments to IAS 27, Consolidated and separate financial statements
- Amendments to IAS 31, Interest in joint ventures
- Improvements to IFRSs (2009)

The amendment to IFRS 3 and IAS 31 have had no material impact on the Group's financial statements as the amendment and the Interpretation's conclusions were consistent with policies already adopted by the Group. Other change in accounting policies which is relevant to the Group's financial statements is as follows:

- As a result of the amendment to IAS 17, Leases, arising from the "Improvements to IFRSs (2009)" omnibus standard, the Group has re-evaluated the classification of its interests in leasehold land as to whether, in the Group's judgement, the lease transfers substantially all the risks and rewards of ownership of the land such that the Group is in a position economically similar to that of a purchaser. The Group has concluded that the classification of such leases as operating leases continues to be appropriate. This change in accounting policy has no material impact on the current or previous periods as the lease premiums in respect of all such leases are fully paid and are being amortised over the remaining length of the lease term.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 TURNOVER

The Group is principally engaged in the processing and trading of coking coal. Turnover represents the sales value of goods sold, net of value added tax and other sales taxes and is after any trade discounts. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	Continuing operations	
	2010	2009
	HK$'000	*HK$'000*
Cleaned coking coals	**4,284,114**	1,787,133
Raw coking coals	**789,320**	207,712
Hard coals	**4,155,712**	3,215,877
Others	**42,519**	72,494
	9,271,665	5,283,216

The Group's customer base is diversified and includes only one customer (2009: Nil) with whom transactions have exceeded 10% of the Group revenues.

In 2010 revenue from sales of coking coal to this customer, including sales to entities which are known to the Group to be under common control with this customer, amounted to approximately HK$1,219 million (2009: Nil) and arose in the PRC in which the processing and trading of coking coal division is active.

5(a) INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(1) Taxation in the consolidated income statement represents:

	Continuing operations		Discontinued operations		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Current tax						
Provision for the year	**263,971**	62,527	**—**	(52)	**263,971**	62,475
Deferred tax						
Origination and reversal of temporary differences	**(12,581)**	7,840	**—**	—	**(12,581)**	7,840
	251,390	70,367	**—**	(52)	**251,390**	70,315

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI.

No provision has been made for Hong Kong Profits Tax as the Group did not have any assessable profits subject to Hong Kong Profits Tax during the year.

The provision for PRC current income tax is based on a statutory rate of 25% (2009: 25%) of the assessable profit as determined in accordance with the relevant income tax rules and regulations of the PRC.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(2) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Continuing operations		Discontinued operations		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Profit before taxation	**1,180,153**	561,318	**—**	24,252	**1,180,153**	585,570
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**226,014**	57,992	**—**	1,073	**226,014**	59,065
Tax effect of non-deductible expenses/ (non-taxable income)	**945**	4,563	**—**	(1,125)	**945**	3,438
Tax effect of deferred tax assets on unrealised profits	**12,705**	7,812	**—**	—	**12,705**	7,812
Tax effect of unused tax losses not recognised	**11,726**	—	**—**	—	**11,726**	—
Actual tax expense	**251,390**	70,367	**—**	(52)	**251,390**	70,315

5(b) INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(1) Current taxation in the statement of financial position represents:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
At 1 January	**35,709**	10,739
Provision for the year	**263,971**	62,475
Income tax paid	**(211,275)**	(39,320)
Disposal of discontinued operations	**—**	1,778
Exchange adjustments	**2,303**	37
At 31 December	**90,708**	35,709

(2) Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	The Group			
	Property, plant and equipment *HK$'000*	**Government grants** *HK$'000*	**Unrealised profits on intra-group transactions** *HK$'000*	**Total** *HK$'000*
Deferred tax arising from:				
At 1 January 2009	(2,148)	19,559	22,607	40,018
Credited/(charged) to income statement	52	(80)	(7,812)	(7,840)
Disposal of discontinued operations	2,099	—	—	2,099
Exchange adjustments	(3)	30	30	57
At 31 December 2009	—	19,509	14,825	34,334
At 1 January 2010	—	19,509	14,825	34,334
Credited/(charged) to income statement	—	(124)	12,705	12,581
Exchange adjustments	—	414	933	1,347
At 31 December 2010	—	19,799	28,463	48,262

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$872,734,000 (2009: HK$515,254,805) and the weighted average of 2,480,152,375 ordinary shares (2009: 2,060,606,060 shares) in issue during the year.

Since the impact on earnings of conversion of redeemable convertible preferred shares to ordinary shares is greater than that on the weighted average number of ordinary shares during the year ended 31 December 2010, they are treated as anti-dilutive in the year. As a result, the calculation of diluted earnings per share does not assume conversion of redeemable convertible preferred shares during the year ended 31 December 2010.

The basic earnings per share is calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (basic)

	Continuing operations		**Discontinued operations**		**Total**	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Profit attributable to equity shareholders of the Company	**928,826**	490,951	**—**	24,304	**928,826**	515,255
Profit attributable to the holder of redeemable convertible preferred shares	**(56,092)**	—	**—**	—	**(56,092)**	—
Profit attributable to ordinary equity shareholders of the Company (basic)	**872,734**	490,951	**—**	24,304	**872,734**	515,255

(ii) Weighted average number of ordinary shares (basic)

	2010	2009
	'000	*'000*
Issued ordinary shares at 1 January	**2,060,606**	2,060,606
Effect of issue of ordinary shares under the public offering	**222,411**	—
Effect of conversion of redeemable convertible preferred shares	**97,634**	—
Effect of conversion of convertible bonds	**94,786**	—
Effect of conversion of payable in connection with acquisition of the jointly controlled entity	**4,715**	—
Weighted average number of ordinary shares (basic) as at 31 December	**2,480,152**	2,060,606

(b) Diluted earnings per share

There were no dilutive potential ordinary shares during the year ended 31 December 2009. The calculation of diluted earnings per share for the year ended 31 December 2010 is based on the profit attributable to ordinary equity shareholders of the company of HK$922,676,000 and the weighted average of 2,665,520,781 ordinary shares in issue during the year, calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	2010
	HK$'000
Profit attributable to ordinary equity shareholders of the Company	872,734
After tax effect interest expense on liability Component of convertible bonds	49,942
Profit attributable to ordinary equity shareholders of the Company (diluted)	922,676

(ii) Weighted average number of ordinary shares (diluted)

	2010
	'000
Weighted average number of ordinary shares as at 1 January	2,480,152
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	15,390
Effect of conversion of convertible bonds	169,979
Weighted average number of ordinary shares (diluted) as at 31 December	2,665,521

7 TRADE AND OTHER RECEIVABLES

	The Group		**The Company**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**800,904**	518,984	**—**	—
Bills receivable	**283,670**	82,906	**—**	—
Receivables from import agents	**380,264**	901,129	**—**	144,146
Amounts due from related parties	**1,222**	136,317	**—**	136,010
Amounts due from subsidiary companies	**—**	—	**2,280,751**	295,265
Advance payments to suppliers	**432,561**	144,886	**—**	—
Loan to a third party company	**311,328**	—	**322,107**	—
Deposits and other receivables	**240,932**	56,038	**—**	1,129
	2,450,881	1,840,260	**2,602,858**	576,550

All of the trade and other receivables are expected to be recovered within one year.

The credit terms for trade debtors are generally within 90 days. Bills receivable are normally due within 90 days to 180 days from the date of issuing.

At 31 December 2010, trade and bills receivable of the Group of HK$575,549,644 (2009: HK$321,997,689) were pledged as collateral for the Group's borrowings.

At 31 December 2010, bills receivable of the Group of HK$791,301,472 (2009: Nil) were derecognised from the statement of financial position as the relevant bills have been discounted to banks on a non-recourse basis.

(a) Ageing analysis

Included in trade receivables and receivables from import agents are trade debtors with the ageing analysis as follows:

	The Group		**The Company**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current	**1,181,168**	1,419,886	**—**	144,146
More than 3 months past due	**—**	227	**—**	—
	1,181,168	1,420,113	**—**	144,146

(b) Impairment of trade and other receivables

No allowance of impairment loss was recorded in respect of trade and other receivables for the year ended 31 December 2010.

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

8 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade and bills payables	**748,313**	549,445	**—**	149,154
Payables to import agents	**362,258**	966,269	**—**	—
Amounts due to subsidiary companies	**—**	—	**—**	294,492
Advances from customers	**33,167**	59,698	**—**	—
Payables in connection with construction projects	**12,770**	22,440	**—**	—
Payables for purchase of equipment	**12,817**	40,099	**—**	—
Others	**148,043**	91,077	**63,802**	16,387
	1,317,368	1,729,028	**63,802**	460,033

At 31 December 2010, bills payable amounting to HK$222,423,806 were secured by bank deposits placed in a bank with an aggregate carrying value of HK$42,453,721.

Trade and bills payables and payables to import agents are expected to be settled within one year or are repayable on demand. The maturity analysis of these payables is as follows:

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Due within 1 month or on demand	**888,147**	1,229,474	**—**	149,154
Due after 1 month but within 3 months	**—**	286,240	**—**	—
Due after 3 months but within 6 months	**222,424**	—	**—**	—
	1,110,571	1,515,714	**—**	149,154

9 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2010	2009
	HK$'000	*HK$'000*
Interim dividend declared on 16 September 2010 and paid of 12 cents per ordinary share (2009: Nil)	**243,703**	—
Final dividends proposed after the end of the reporting period of 6.1 cents per ordinary share (2009: Nil)	**231,084**	—

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends on redeemable convertible preferred shares and interest on Convertible Bonds

Dividends of RMB43,901,331 (equivalent to HK$50,277,109) (2009: Nil) on the RCPS and interest of RMB42,614,571 (equivalent to HK$48,783,131) (2009: Nil) on the Convertible Bonds were declared on 16 September 2010, out of these amounts, HK$13,718,852 (2009: Nil) has been charged to the profit or loss as part of finance costs in relation to the liability portion.

CHAIRMAN AND CEO'S STATEMENT

Dear shareholders and employees,

I would like to take this opportunity to thank all of you for your support and conviction in Winsway's future growth. Our employees, many of whom need to work in inclement climate in Siberia and the Gobi, have demonstrated great commitment to the growth of our company. I would like to thank them for their dedication and wish them a fulfilling experience in the years to come.

2010 has been a milestone year for Winsway. Not only did the Company successfully become a public company listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange"), we also achieved significant growth in our core business. Our growth benefited from several powerful underlying forces. The continued high single-digit growth of the Chinese economy fueled strong demand for steel. Structural shortages of coking coal globally have provided a strong floor for coking coal prices. Specifically, significant domestic supply and demand imbalance and deteriorating quality of domestic coking coal production has turned China from a net exporter of coking coal historically into a major importer of coking coal. Chinese steel makers also demand high-quality hard coking coal to improve production efficiency and to reduce emission of pollutants. All these factors, coupled with China's desire to diversify its resource supply bases, will continue to provide strong momentum for our growth going forward.

In 2010, we embarked on a major expansion plan which will dramatically increase the border-crossing efficiency at the Ceke and Gants Mod stations at the Sino-Mongolian border crossings. It will also see the commencement of construction of several other border and inland facilities at or close to the Sino-Mongolian and Sino-Russian borders, as well as two port facilities for coal processing on the north-east coast of China. The build-out of this infrastructure is expected to be completed in tandem by the end of 2012, allowing us unparalleled capacity to service the entire land-locked resource bases of Mongolia and Russian Siberia as well as seaborne coking coal. Our planning of the construction of these infrastructure projects has been made after fully taking into account the potentially explosive increase of production from these regions in the near future. We believe what we do will significantly release the bottleneck which is the most severe hindrance to the development of these regions' resources industry: logistics and infrastructure.

Moreover, as stated in our initial public offering ("IPO") presentation, as an integral part of our business plan we will pursue a cautious upstream strategy in order to fully utilize the integrated logistics service platform we have built. Given the acute structural shortage of high-quality coking coal globally and in China in particular and the quality deterioration of domestic coking coal production, we have a strong conviction about the increasing long-term value of coking coal. However, we do recognize the fact that without an expert mining partner, this strategy may bring more risks than we can manage. Hence, our partnership with Peabody Energy in Mongolia is a prime example of the necessary steps we have taken to mitigate these risks. In the future, it will be one of our priorities to secure stable upstream supplies through multiple channels.

The success of Winsway is a result of our parent company and affiliates' decade-long experience operating in China's northern borders and our employees' hardened dedication. Equally important is the strong working relationship that we have forged with our partners: our suppliers from around the globe, our customers located in China's various steel production centers and China's efficient railway system. To them we owe our success and we pledge to continue to work with them in a mutually beneficial manner, creating value for their stakeholders as well as for our own. We believe in the eco-system that we have helped build over the past few years, in which all the parties rise and fall together. By becoming a public company, Winsway is confident to show our partners and the investor community at large that Winsway plays a major role in this eco-system in a sustainable and transparent manner.

We believe 2011 will witness yet another year of tremendous growth at Winsway. The end of the expansion at Ceke, Ganz Mod and Urad Zhongqi (aka Jinquan), together with the newly completed facilities at Erlianhaote and Jining will perfectly compliment the dramatic ramp-up in production from our Mongolian suppliers. A significant and essential supplement to our Mongolian coking coal procurement, Bayuquan and Longkou will both have significant capacity to accommodate our seaborne strategy. We hope what little we do here at Winsway will help China alleviate its unquenchable thirst for coking coal, help address the global coking coal supply-demand imbalance by effectively injecting more supply into the system, and help bridge the gap more efficiently between our trusted suppliers from around the world and our customers located throughout China's steel production hubs. Most importantly, we hope that our shareholders, our suppliers, our customers and our employees will have a rewarding journey with us together in 2011 and beyond.

Sincerely yours,

Wang Xingchun
Chairman and CEO
Winsway Coking Coal Holdings Limited

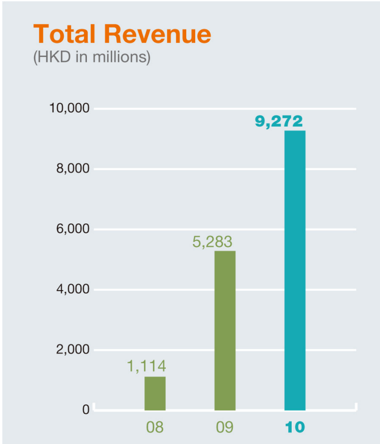
MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND OPERATING RESULTS

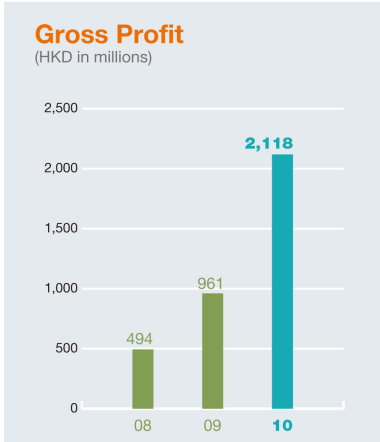
The following discussions and analysis should be read in conjunction with the Group's financial statements and the notes thereto. The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

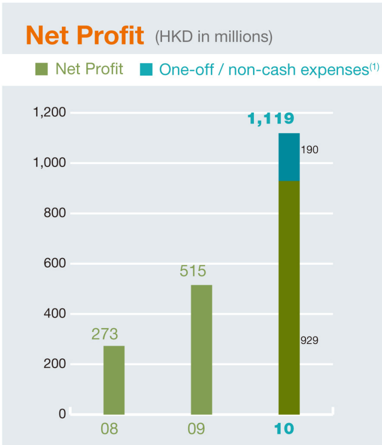
I Overview

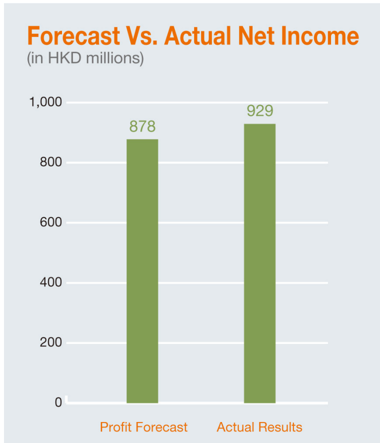
2010 witnessed another year of rapid growth for Winsway. Not only did we achieve significant increase in the Company's topline and bottomline, we also reached a few significant strategic milestones, including our successful listing on the Hong Kong Stock Exchange and the consummation of our partnership with HOPU, China Minmetals, Silver Grant, ITOCHU, Marubeni and Peabody Energy as well as SouthGobi Resources.

In 2010, our revenue increased by 75.51% to HK$9,272 million from 2009's HK$5,283 million. We sold a total of 4.72 million tonnes of Mongolian coal and 3.11 million tonnes of seaborne coal in 2010, representing an increase of 120.56% and 6.14% year-on-year, respectively. Our GAAP (generally accepted accounting principles) net profit increased from 2009's HK$515 million to 2010's HK$929 million, an increase of 80.39%. The net profit for 2010 is consistent with the profit forecast included in the prospectus dated 27 September 2010 issued by the Company in connection with our IPO (the "Prospectus"), which is HK$878 million (RMB 764 million). We incurred significant non-cash accounting expenses as a result of our newly implemented employee incentive plan, as well as one-off expenses, including pre-IPO investment-related expenses, IPO-related expenses and GAAP-based non-cash interest component of the pre-IPO convertible bonds and preferred shares. Excluding these one-off expenses (IPO expenses, HK$32 million; non-cash convertible bond interest expenses, HK$43 million; non-cash preferred shares interest expenses, HK$44 million) and non-cash employee stock option plan related expenses of HK$71 million, we achieved an adjusted non-GAAP 2010 net income of HK$1,119 million, an increase of 117.28% over 2009.









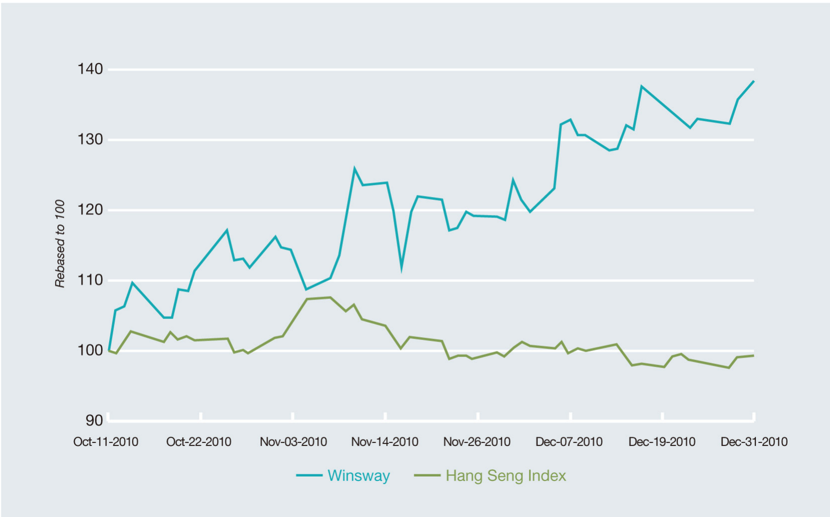
Note (1): One-off/non-cash expenses included IPO-related expenses of HK$32 million, non-cash interest on the convertible bonds and preferred shares of HK$87 million and expenses related to employee stock option plan of HK$71 million.

On a per-tonne basis, we achieved a unit GAAP net profit of HK$119 in 2010, in line with our operational target. If the abovementioned one-off/non-cash expenses are excluded, our per-tonne net profit would have been HK$143 in 2010.

II The IPO and Subsequent Stock Performance

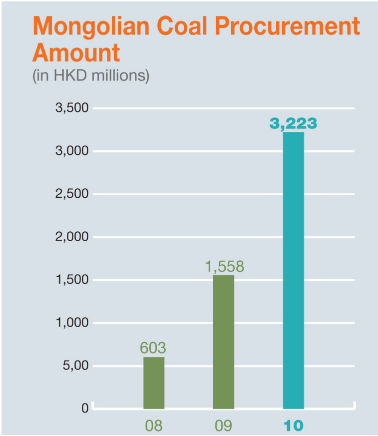
Winsway was successfully listed on the Main Board of the Hong Kong Stock Exchange on 11 October, 2010. Net proceeds from the IPO were HK$3.55 billion, 75%, 15% and 10% of which will be used for infrastructure-related capital expenditure, upstream asset acquisitions and general working capital purposes, respectively. In addition to providing significant liquidity and a meaningful capital access platform for our growth, the IPO put our internal and organizational control, corporate governance and business development process through a rigorous evaluation and streamlining process, which helped us institutionalize many best practices that are the bedrocks of companies with longevity and sustained profitability.

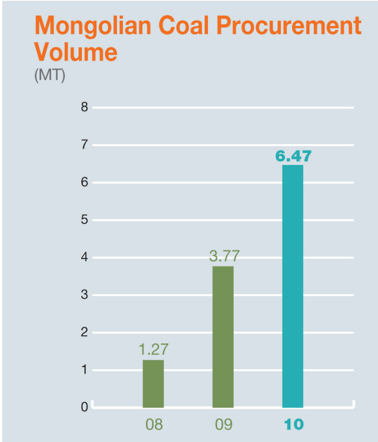
The listing brought in many world-class institutional investors as well as retail investors as our shareholders. We are keen to nurture and maintain these new relationships because we understand the importance of a loyal investor base for a public company. Most importantly, we understand a strong and supportive investor base is built upon consistent and prolonged earnings growth and high ethical and corporate governance standards.



III Mongolian Procurement

In 2010, we procured a total of 6.47 million tonnes of Mongolian raw coal, representing a 71.62% increase in terms of raw Mongolian coal procurement over 2009 (3.77 million tonnes).





Top Mongolian Suppliers

Suppliers	Description	Amount (HKD' million)
Unidentified Mongolian Supplier	Coal	731
Moveday Enterprises Limited	Coal	558
Moveday Enterprises Limited	Transportation	566
Tavan Tolgoi Trans Co., Ltd	Coal	512
MAK	Coal	392
SouthGobi Sands LLC	Coal	247
Others	Coal/Transportation	217
Total		3,223

Note: Coal purchased from Moveday was mined by Tavan Tolgoi Corporation (HK$401 million) and SouthGobi (HK$157 million).

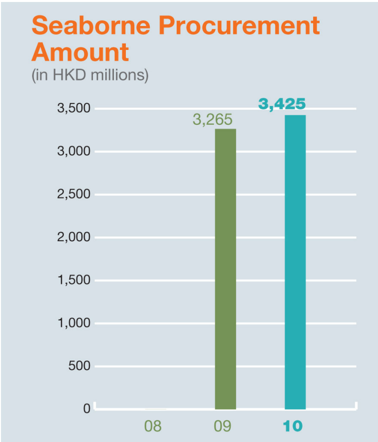
We currently have four Mongolian suppliers. In addition to the 10-year strategic contract that we have with Tavan Tolgoi Trans Co., Ltd Company ("TTT") and a 3-year strategic agreement with an unidentified Mongolian supplier, we successfully secured a 5-year strategic agreement with SouthGobi Resources Ltd. ("SouthGobi") in December 2010. Under this strategic agreement, SouthGobi will provide a minimum of 2 million tonnes of coal to Winsway for the next five years and 3.2 million tonnes of raw coal to Winsway in 2011, specifically. This agreement further solidifies our position as one of the largest importers of Mongolian coal into China.

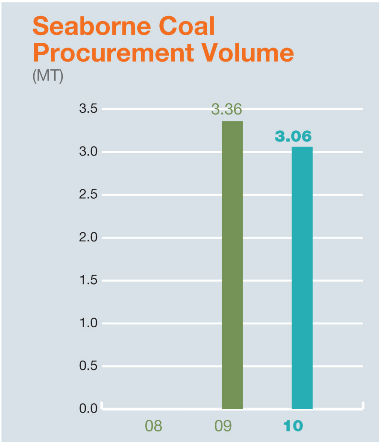
	Long-term Offtake Agreement Period	Volume
TTC	2010–2020	Higher of 5.0 Mt per year or 50% of its total annual output, with an increase in volume each yaer based on actual production
Unidentified Mongolia Supplier	2010–2013	Up to 2.0 Mt per year
SouthGobi Sands	2010–2015	Minimum 2.0 Mt per year
MAK	Annual	1.0 Mt per year

Winsway will continue to service our Mongolian supplier base as many mining companies are planning to bring their production online in the near future, acting as the preferred bridge between them and the end user market located in coastal regions of China.

IV Seaborne Procurement

In 2010, our seaborne procurement volume was approximately 3.06 million tonnes, an 8.9% decrease over 2009. Our seaborne business is a significant compliment to our core Mongolia and Russia business. As one of the largest importers of seaborne coking coal into China, Winsway has established relationship with major coking coal suppliers from around the world in Australia, Russia, the United States, Canada, etc.





Top 10 Seaborne Suppliers (2010)

Suppliers	Amount (HKD' millions)
Suek AG	604
Marubeni Corporation	467
An international coking coal supplier	457
An international coking coal supplier	276
Peabody	143
An international coking coal supplier	124
Macarthur Coal	118
An international coking coal supplier	117
Itochu	106
Noble Resources	98

V Infrastructure

Infrastructure building is at the heart of our business model and our infrastructure build-out achieved significant milestones in 2010. The construction of the two railway logistics loading stations at Ceke and Erlianhaote were completed and will be operational in early 2011. Several new washing plants are expected to become fully operational by the end of 2011, raising our aggregate capacity to approximately 23 million tonnes per annum. The following is a summary of the status of our fixed assets at each of our locations at the end of 2010.

Infrastructure

Location	Project/(Equipment)	Description	Status	Production Capacity/ Processing Capacity
Ceke	Logistics park	Consists of office buildings, commercial lots, staff quarters, canteens, boiler houses, maintenance workshops, power distribution rooms, water pump rooms, gas stations, wind shields, stockpile areas, etc.	Completed	Ancillary facilities
	Railway loading system	Consists of transshipment stations and stockpile areas.	Phase I completed at the end of 2010	10.00 mt
	Air separation coal processing plant	Consists of air separation production lines and ancillary facilities such as men's and women's quarters, living rooms, garages and boiler houses.	Completed	1.2 mtpa
	Border-crossing conveyor belt	Consists of coal conveyor belts under construction.	Construction in progress	6.0 mtpa transportation capacity
Erlianhaote	Railway logistics park	It consists of transshipment stations and stockpile areas.	Phase I completed at end of 2010	10.0 mtpa
Manzhouli	Logistics park	Consists of ore stockpile areas, coal stockpile areas and roads which are under construction, and dense Medium coal processing plant, air separation coal processing plant and ancillary production and living facilities which are proposed to construct.	Construction in progress	Ancillary facilities
	Railway loading system	Consists of transshipment stations and stockpile areas.	Construction to commence upon approval of Harbin Railway Bureau	10.0 mtpa
	Urad Zhongqi coal processing plant	Consists of completed three production lines with a capacity 6.0 mtpa as well as ancillary facilities such as office buildings (under construction), staff quarters, canteens, baths and gas stations.	Construction of the slime production line which is underway is expected to complete in early March	6.0 mtpa for existing production lines
Gants Mod	Logistics park	Consists of staff quarters, commercial lots, canteens, boiler houses, water pump rooms, gas stations, motels, maintenance workshops, stockpile areas, wind shields, enclosed warehouse for raw coal (under construction) etc.	Completed	Ancillary facilities
	Railway loading system	Consists of transshipment stations and stockpile areas.	At the stage of design and planning	10.0 mtpa
	Border-crossing conveyor belt	Consists of conveyor belts for coal transport.	Construction in progress	6.0 mtpa
Jining	Jining coal processing plants	Consists of coal processing plants and affiliated production and living facilities.	Main construction completed at the end of 2010	4.0 mtpa
Yingkou	Bayuquan coal processing plant	Consists of coal processing plant and affiliated production and living facilities.	Main construction completed at the end of 2010	4.0 mtpa
Longkou	Longkou coal processing plant	Coal processing plant and affiliated production and living facilities which are under construction.	Construction in progress	4.0 mtpa
Longkou	Longkou berth	Consists of a port berth.	At the stage of design and planning	70,000 to 80,000 dead weight tonnes

VI Our Customers

We continue to receive strong support from our customers in 2010. Our customers include some of China's largest steel mills and coke makers primarily located in northern, coastal and central regions of China. We have gradually moved our marketing efforts away from China's northern borders to the coastal regions of China, where close to 60% of China's steel production is concentrated, including the provinces of Hebei, Jiangsu, Shandong, Liaoning and the municipalities of Shanghai and Tianjin. Our products have reached markets as far away from the Sino-Mongolian border as Wuhan and Changsha, which are located in central China. In terms of sales, our top 5 customers are as follows:

Winsway's Top 5 Customers

Name	Type	Location	Amount (HKD'000)
Baosteel	Steel Producer	Shanghai	1,219,249
Wugang	Steel Producer	Wuhan	546,251
Baotou Steel	Steel Producer	Inner Mongolia	497,716
Hebei Steel	Steel Producer	Hebei	483,861
Qian An	Coke Plant	Hebei	403,349

We have signed long-term strategic agreement with some of our customers as demonstrated by the table below:

Winsway's Long Term Partnership with Customers

Name	Type	Location	Comments
Baosteel	Steel Producer	Shanghai	Strategic partnership to supply up to 2.6 mtpa of coking coal
Wugang	Steel Producer	Wuhan	10 years long term strategic cooperation agreement to supply 1.2 mtpa coking coal
Qian An	Coke Plant	Hebei	30 years long term strategic cooperation agreement
Tangshan Jiahua	Coke Plant	Hebei	30 years long term strategic cooperation agreement

VII Peabody-Winsway Joint Venture

At the end of June 2010, Winsway purchased a 50% interest from Polo Resources Limited in the joint venture between Peabody Energy Corporation and Polo Resources Limited. For details of this investment, please refer to the paragraph headed "Business – Our Operation – Upstream investments" of the Prospectus.

Total operating expenses of the Peabody-Winsway Joint Venture (the "JV") in 2010 were approximately HK$47 million, of which HK$8 million was borne by Winsway. A total of HK$72 million of exploration expenditures were capitalized and the remainder is expensed primarily for license maintenance fees and general corporate purposes. 2011 operating expenses are expected to increase over those of 2010, but as the JV will still be primarily engaged in exploration; the overall budget of the JV for 2011 will only be slightly higher than 2010. However, the JV is expected to enter into coal production in the next few years and may incur large amount of additional capital expenditure.

VIII Financial Review

a. Sales

In 2010, our sales revenue grew 75.51% from 2009, to reach an all time record of HK$9.27 billion. This is the result of continued strong demand for coking coal from our customers in China and our improved ability to offtake and transport more coal from around the world, particularly from the Sino-Mongolia border crossings to our major customers on the east coast of China.

	Years ended 31 December		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Turnover			
Mongolian Coal	1,101,960	1,994,845	5,073,434
Seaborne Coal	—	3,215,877	4,115,712
Other	11,898	72,494	42,519
Total	1,113,858	5,283,216	9,271,665

We sold a total of 7.83 million tonnes of coking coal in 2010, consisting of 4.72 million tonnes of Mongolian coal and 3.11 million tonnes of seaborne coal. We procured 6.47 million tonnes of Mongolian raw coal and 3.06 million tonnes of seaborne coal. 2010 witnessed significant increase of coking coal prices globally versus 2009. As a result, the average selling price of our coking coal products increased 14.31%, from HK$1,027 per tonne in 2009 to HK$1,174 per tonne in 2010.

	Years ended 31 December					
	2008		**2009**		**2010**	
	Total sales volume *(Tonnes)*	**Average selling price (Per tonne)** *(HK$)*	**Total sales volume** *(Tonnes)*	**Average selling price (Per tonne)** *(HK$)*	**Total sales volume** *(Tonnes)*	**Average selling price (Per tonne)** *(HK$)*
Mongolian coal	1,008,155	1,093	2,140,892	932	4,720,952	1,075
Seaborne coal	—	—	2,932,937	1,096	3,106,230	1,325
Total	1,008,155	1,093	5,073,829	1,027	7,827,182	1,174

b. *Cost of Goods Sold (“COGS”)*

The increase of COGS in 2010 tracked the increase of our sales revenue to reach a total of HK$7,154 million. COGS primarily consist of cost of raw coal purchased, transportation costs of Mongolian coal from the Sino-Mongolian border to our washing plants and washing-related expenses.

The average purchase price of raw coal also increased as a result of the coking coal price increase in 2010 over 2009. The average purchase price of Mongolian raw coal increased 20.58%, from HK$413 per tonne in 2009 to HK$498 per tonne in 2010, while the average purchase price of seaborne coal increased 15.24%, from HK$971 per tonne in 2009 to HK$1,119 per tonne in 2010.

	Years ended 31 December					
	2008		2009		2010	
	Total purchase volume *(Tonnes)*	Average purchase price (Per tonne) *(HK$)*	Total purchase volume *(Tonnes)*	Average purchase price (Per tonne) *(HK$)*	Total purchase volume *(Tonnes)*	Average purchase price (Per tonne) *(HK$)*
Mongolian coal	1,267,990	475	3,771,636	413	6,472,246	498
Seaborne coal	—	—	3,361,228	971	3,062,230	1,119
Total	1,267,990	475	7,132,864	676	9,534,476	697

c. *Gross Profit*

2010 gross profit saw a 120.33% increase, from HK$961 million in 2009 to HK$2,118 million in 2010. Gross profit margin also improved from 18.2% in 2009 to 22.8% in 2010.

	Years ended 31 December					
	2008		2009		2010	
	Gross Profit *(HK$'000)*	Gross Profit Margin *(%)*	Gross Profit *(HK$'000)*	Gross Profit Margin *(%)*	Gross Profit *(HK$'000)*	Gross Profit Margin *(%)*
Mongolian coal	488,914	44.4	552,446	27.7	1,541,769	30.4
Seaborne Coal	—	—	399,187	12.4	559,508	13.6
Other	5,158	43.4	9,425	13.0	16,273	38.3
Total gross profit	494,072	44.4	961,058	18.2	2,117,550	22.8

d. Administrative Expenses

Administrative expenses increased from HK$104 million in 2009 to HK$359 million in 2010. Administrative expenses as a percentage of revenue increased to 3.87% in 2010 from 1.97% in 2009. This was a result of increased headcount and the dramatic increase of our operational coverage from two Sino-Mongolian border crossings to multiple operational facilities throughout China. Due to our increased seaborne activities, we also opened offices in Brisbane, Singapore, as well as Hong Kong.

A pre-IPO employee stock option plan was adopted in June 2010. A total of 107,945,000 options were granted to Directors and management. A total of HK$71 million of non-cash accounting expenses were incurred as a result which contributed to the increase in administrative expenses. Also, HK$32 million of expenses were incurred for our IPO. If these one-off or non-cash expenses are excluded, our 2010 administrative expenses would have been HK$256 million versus HK$104 million in 2009.

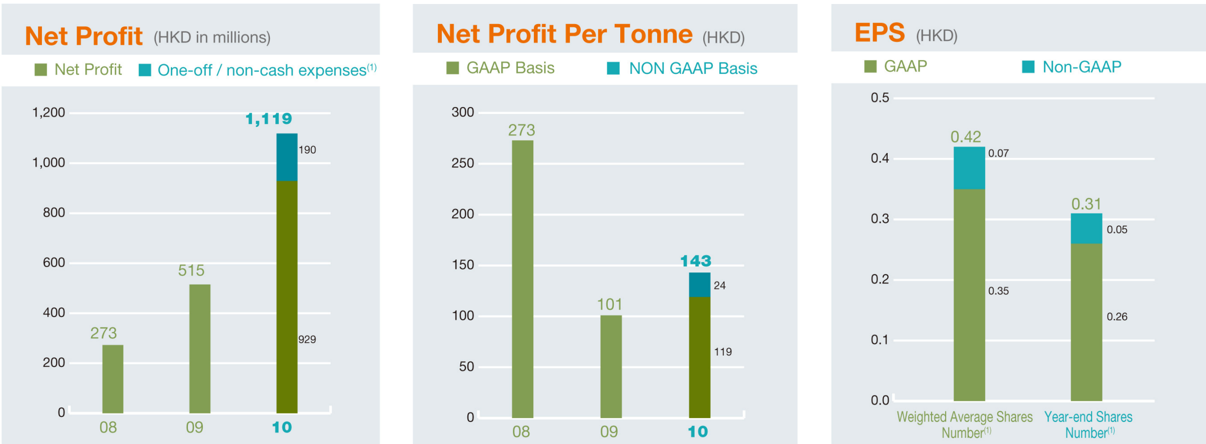
e. *Net Finance Costs*

Net finance costs increased from HK$35 million in 2009 to HK$114 million in 2010. Finance expenses consist of actual cash interest payments on bank loans and discounted bills as well as non-cash interest expenses of non-equity securities. The large increase in finance expenses is primarily attributed to the non-cash interest component of the pre-IPO convertible bonds and preferred shares amounting to HK$87 million purely due to IFRS accounting treatment. As these securities were converted into ordinary shares upon the IPO, there will not be any such one-off non-cash accounting expenses going forward. Excluding these one-off and non-cash interest expenses, our 2010 net finance costs would have been HK$27 million.

	Continuing operations Years ended 31 December		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Interest income	(1,013)	(7,041)	(18,768)
Foreign exchange gain, net	(4,010)	—	(47,057)
Finance income	(5,023)	(7,041)	(65,825)
Interest on secured bank and other loans	1,284	20,343	37,661
Interest on discounted bills	2,450	20,353	41,642
Interest on liability component of convertible bonds	—	—	49,942
Interest on liability component of redeemable convertible preferred shares	—	—	50,683
Total interest expense	3,734	40,696	179,928
Foreign exchange loss, net	—	1,338	—
Finance costs	3,734	42,034	179,928
Net finance costs	(1,289)	34,993	114,103

f. *Net Profit and Earnings per Share ("EPS")*

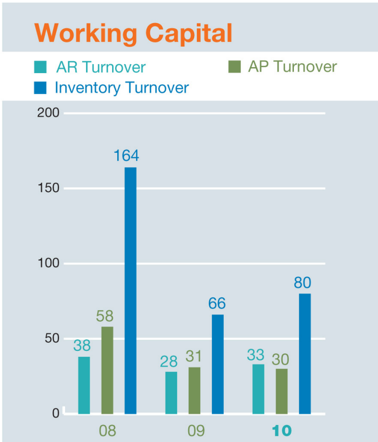
Net profit increased 80.39% from HK$515 million in 2009 to HK$929 million in 2010. This translates into a per tonne net profit of HK$119 versus HK$101 in 2009. If one-off expenses such as pre-IPO and IPO-related expenses as well as non-cash accounting expenses are excluded, our adjusted non-GAAP net income would have been HK$1,119 million as demonstrated by the table below. This translates into a per tonne net profit of HK$143.



Note: The weighted average number of shares diluted through 2010 is 2.67 billion, and share count at 2010 year end is 3.79 billion.

g. *Working Capital*

Our accounts receivable turnover days, accounts payable turnover days and inventory turnover days for 2010 were 33 days, 30 days and 80 days, respectively. As a result, on average we needed approximately 83 days or the equivalent of approximately HK$1,902 million of working capital throughout 2010. Compared with figures in 2009, these figures are slightly higher, providing visibility of working capital needs for the management. In addition, Winsway's strong debt capacity and credit are expected to be able to finance our future growth and working capital needs.

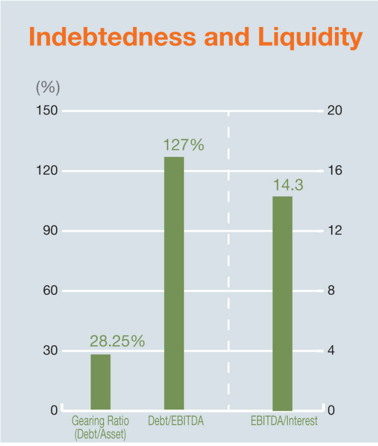


h. *Property, Plant and Equipment ("PP&E")*

The aggregate of fixed assets and construction in progress totaled HK$756 million at the end of 2010, a 54.81% increase over 2009. New fixed assets included new railway logistics facilities, border crossing facilities, washing plants, etc.

i. Indebtedness and Liquidity

The total bank and other loans at the end of 2010 amounted to HK$1,073 million, a 32.51% decrease over 2009. The range of interest rates per annum for bank loans and other loans is from 1.42% to 7.46%, while the range in 2009 was from 0.90% to 6.78%, reflecting the fact that we are in a rising interest rate environment and the fact that we secured some long-term facilities in 2010. As of 31 December 2010, untapped credit line available to the Company is HK$4,587 million.



j. Contingent Liability

As at 31 December 2010, the Group did not have any material contingent liabilities or guarantees.

k. Pledge of Assets

At 31 December 2010, bank and other loans amounting to HK$435,394,838 (2009: HK$808,447,990) were secured by bank deposits placed in banks with an aggregate carrying value of HK$261,616,015 (2009: HK$642,535,903).

At 31 December 2010, bank and other loans amounting to HK$219,964,410 (2009: HK$459,019,419) were secured by coking coal inventories of the Group with an aggregate carrying value of HK$182,707,200 (2009: HK$303,926,434).

At 31 December 2010, bank and other loans amounting to HK$533,567,004 (2009: HK$321,997,689) were secured by trade and bills receivables with an aggregate carrying value of HK$575,549,644 (2009: HK$321,997,689).

At 31 December 2010, bills payable amounting to HK$222,423,806 were secured by bank deposits placed in a bank with an aggregate carrying value of HK$42,453,721.

At 31 December 2010, bank and other loans amounting to HK$1,888,175 (2009: Nil) were secured by motor vehicles with an aggregate carrying value of HK$3,579,887 (2009: Nil).

At 31 December 2010, bank and other loans amounting to HK$23,614,000 (2009: Nil) were secured by land use right with an aggregate carrying value of HK$55,245,106 (2009: Nil).

l. *Operating Cash Flow*

Our 2010 operating cash flow turned positive at HK$47 million versus a negative HK$353 million in 2009, primarily due to increasing net profit and prudent management of working capital.

m. *Capital Expenditure*

Our 2010 capital expenditure amounted to HK$856 million, an increase of 345.93% over 2009. This is on track with our capital expenditure plan for the year. Our capital expenditure plan will continue well into 2012 as 75% of our IPO proceeds are allocated for fixed-asset investment.

n. *Financing Cash Flow*

In 2010, Winsway paid off net HK$527 million of bank loans. We also raised HK$888 million and HK$3,547 million of equity through the pre-IPO private placements and the IPO, respectively.

IX Exposure to exchange rate fluctuations

Over 81% of the Group's turnover in 2010 are denominated in Renminbi. The Group's cost of coal purchased, accounting for over 90% of the total cost of sales in 2010, and some of our operating expenses are denominated in United States dollars ("US dollars"). Fluctuations in exchange rates may adversely affect the value of the Group's net assets, earnings or any declared dividends as Renminbi is translated or converted into US dollars or Hong Kong dollars. Any unfavourable movement in the exchange rate may lead to an increase in the costs of the Group or a decline in sales, which could materially affect the Group's results of operations. The Group did not enter into any agreements to hedge its exchange rate exposure in 2010.

X Final Dividends

The Board has resolved to recommend the payment of a final dividend of HK$0.061 per share, which translates into 25% of 2010 net profit.

XI Human Resources

a. *Employee Overview*

The Group aims to set up a performance-oriented compensation and benefit system. Strictly following the PRC Labor Law and Labor Contract Law, the Group signs formal employment contracts with all employees and pays all mandatory social insurance schemes. In addition, the Group purchases supplementary commercial insurance for all employees.

As at 31 December 2010, there were 1,243 full-time employees in the Group (excluding 536 labour dispatch staff). Detailed category of employees is as follows:

Employee Overview

Functions	No. of Employees
Management, Administration and Finance	224
Production, Maintenance and Production Support	786
Technical Support	60
Sales and Marketing	40
Others (incl. Projects)	133
Total	1,243

For the year ended 31 December 2010, the staff costs (including Directors' remuneration in the form of salaries and other benefits) was approximately HK$214 million (2009: HK$38 million).

For the year ended 31 December 2010, the Group complied with the relevant PRC labour laws and regulations, including contributing to social insurance schemes such as pension and medical schemes, and housing provident fund. In Hong Kong, the Group participated in a mandatory provident fund scheme for our employees in Hong Kong in accordance with the applicable Hong Kong laws and regulations.

b. *Employee Education Overview*

Employee Education Overview

Qualifications	No. of employee	Percentage
Master & above	48	4%
Bachelor	217	17%
Diploma	281	23%
Middle-School (Secondary School) & below	697	56%
Total	1,243	100%

c. *Training Overview*

Training is key to the Group as it helps improve employees' working capabilities and management skills. The Group sponsored various internal and external training programs in 2010, and accumulatively 1,054 employees are covered by these with 5,745 training hours in total.

XII Subsequent Events

On 27 January 2011, Inner Mongolia Haotong Energy Joint Stock Co., Ltd. ("Inner Mongolia Haotong"), a wholly owned subsidiary of Winsway, established a joint venture company, Inner Mongolia Huayuan Logistic Company Limited ("Huayuan Logistics"), with Inner Mongolia Hutie Investment Center ("Hutie Center"), a subsidiary of Hohhot Railway Bureau and other 13 third-party shareholders. Huayuan Logistics will mainly engage in the business of coal and mineral products transportation logistics. Huayuan Logistics will purchase 3,300 C70 type rail trucks for the transportation of coal and mineral products inside and outside Inner Mongolia province. Winsway, as a joint venture partner of Hohhot Railway Bureau, will invest RMB66.78 million and will hold a 9% equity interest in Huayuan Logistics through Inner Mongolia Haotong as the second largest shareholder after Hohhot Railway Bureau, which will hold a 20% equity interest through Hutie Center. As a result, it is anticipated that Winsway's railway transportation capacity quota will increase approximately by 1.2 million tonnes per year.

SUPPLEMENTARY INFORMATION

Change in Presentation Currency

The Company procures coal from around the world and the cost of such procurement is denominated in US dollars. In addition, the shares of the Company have been listed on the Main Board of the Hong Kong Stock Exchange since October 2010 and are traded on the Hong Kong Stock Exchange in Hong Kong dollars. Given that the Hong Kong dollar is pegged to the US dollar and the Company is listed in Hong Kong, the Board resolved on 24 November 2010 that the presentation currency of the Company be changed from Renminbi to Hong Kong dollars, such change to take effect commencing with the financial statements of the Company for the financial year ended 31 December 2010.

Purchase, sale or redemption of the Company's listed securities

Throughout the year ended 31 December 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Compliance with the Code on Corporate Governance Practices

Throughout the year ended 31 December 2010, the Company complied the code provisions under the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange ("Listing Rules"), except for the Code Provision A.2.1 stipulated in the following paragraph.

Mr. Wang Xingchun is the Chairman and Chief Executive Officer of the Company. As explained in the Prospectus, with extensive experience in the coking coal industry, Mr. Wang is responsible for the Group's overall strategic planning and the management of the Company's business. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the business prospects and management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises five executive Directors (including Mr. Wang), three non-executive Directors and four independent non-executive Directors and therefore has a strong element of independence in its composition. Except for the aforesaid deviation from the CG Code, the Company fully complied with all the Code Provisions under the CG Code throughout the year ended 31 December 2010.

Compliance with the Model Code for Securities Transactions by Directors of the Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry of all the Directors of the Company, each Director confirmed that he/she has complied with the required standard set out in the Model Code throughout the year ended 31 December 2010.

Review of Annual Results

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2010.

Final Dividend

The Board recommends the payment of a final dividend of HK$0.061 per share for the year ended 31 December 2010.

Disclosure of Information on the Hong Kong Stock Exchange's Website

This annual results announcement is published on the websites of the Company (www.winsway.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2010 will be dispatched to shareholders of the Company and will be available on the above websites in due course.

By Order of the Board
Winsway Coking Coal Holdings Limited
Wang Xingchun
Chairman

Hong Kong, 7 March 2011

As at the date of this announcement, the executive Directors of the Company are Mr. Wang Xingchun, Ms. Zhu Hongchan, Mr. Yasuhisa Yamamoto, Mr. Apolonius Struijk and Mr. Cui Yong, the non-executive Directors of the Company are Mr. Cui Guiyong, Mr. Liu Qingchun and Mr. Lu Chuan and the independent non-executive Directors are Mr. James Downing, Mr. Ng Yuk Keung, Mr. Wang Wenfu and Mr. George Jay Hambro.