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 2013

FINANCIAL HIGHLIGHTS

- Turnover of the Group in 2013 was HK$14,093 million, a 13.77% increase over 2012's turnover of HK$12,387 million.
- Loss attributable to equity shareholders of the Company was HK$1,789 million in 2013. In 2012, the loss was HK$1,491 million (restated).
- Diluted loss per share was HK$0.474 for the year ended 31 December 2013.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2013.

The board (the "**Board**") of directors ("**Directors**") of Winsway Coking Coal Holdings Limited (the "**Company**") hereby presents the annual results of the Company and its subsidiaries (the "**Group**", "**Winsway**", "**we**" or "**us**") for the year ended 31 December 2013 together with comparative figures for 2012.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2013

(Expressed in Hong Kong dollars)

	Note	**2013**	2012
		$'000	*$'000*
			(Restated)
Turnover	4	**14,093,246**	12,387,405
Cost of sales		**(14,557,689)**	(12,520,378)
Gross loss		**(464,443)**	(132,973)
Other revenue		**32,707**	28,292
Distribution costs		**(213,828)**	(261,491)
Administrative expenses		**(457,950)**	(601,272)
Other operating income/(expenses), net		**251**	(11,576)
Impairment of non-current assets		**(1,106,302)**	—
Loss from operating activities		**(2,209,565)**	(979,020)
Finance income		**861,690**	186,832
Finance costs		**(845,316)**	(813,956)
Net finance income/(costs)		**16,374**	(627,124)
Share of loss of a joint venture		**—**	(35,510)
Share of loss of an associate		**(140)**	—
Impairment of interest in a joint venture		**—**	(323,616)
Loss before taxation		**(2,193,331)**	(1,965,270)
Income tax	5	**(132,003)**	293,142
Loss for the year		**(2,325,334)**	(1,672,128)
Attributable to:			
Equity shareholders of the Company		**(1,789,385)**	(1,490,961)
Non-controlling interests		**(535,949)**	(181,167)
Loss for the year		**(2,325,334)**	(1,672,128)
Loss per share *(HK$)*	6		
— Basic and diluted		**(0.474)**	(0.395)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	Note	2013 $'000	2012 $'000 (Restated)
Loss for the year		**(2,325,334)**	(1,672,128)
Other comprehensive income for the year (after tax adjustments):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**75,680**	33,845
Total comprehensive income for the year		**(2,249,654)**	(1,638,283)
Attributable to:			
Equity shareholders of the Company		**(1,715,471)**	(1,470,499)
Non-controlling interests		**(534,183)**	(167,784)
Total comprehensive income for the year		**(2,249,654)**	(1,638,283)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2013

(Expressed in Hong Kong dollars)

	Note	**2013** **$'000**	2012 $'000 (Restated)
Non-current assets			
Property, plant and equipment, net		**3,852,235**	4,062,038
Construction in progress		**558,486**	375,014
Lease prepayments		**541,474**	450,559
Intangible assets	7	**6,124,798**	6,728,662
Goodwill	8	**—**	459,623
Interest in an associate		**14,843**	—
Interest in a joint venture		**—**	—
Other investments in equity securities		**400,369**	395,738
Other non-current assets		**206,969**	219,399
Deferred tax assets		**286,845**	451,091
Total non-current assets		**11,986,019**	13,142,124
Current assets			
Inventories	9	**1,362,734**	2,444,261
Trade and other receivables	10	**4,616,224**	4,167,372
Assets held for sale		**—**	23,185
Restricted bank deposits		**2,150,026**	980,535
Cash and cash equivalents		**2,018,000**	2,110,823
Total current assets		**10,146,984**	9,726,176
Current liabilities			
Secured bank loans		**1,093,111**	1,783,606
Trade and other payables	12	**7,815,506**	4,816,347
Obligations under finance lease		**130,315**	152,332
Income tax payable		**66,525**	83,646
Liabilities held for sale		**—**	63
Total current liabilities		**9,105,457**	6,835,994
Net current assets		**1,041,527**	2,890,182
Total assets less current liabilities		**13,027,546**	16,032,306

	Note	**2013**	2012
		$'000	*$'000*
			(Restated)
Non-current liabilities			
Secured bank loans		**3,065,780**	2,452,125
Senior notes	11	**2,337,010**	3,521,004
Deferred income		**158,887**	162,857
Obligations under finance lease		**176,726**	271,463
Deferred tax liabilities		**1,082,545**	1,146,560
Provisions		**209,873**	223,019
Total non-current liabilities		**7,030,821**	7,777,028
NET ASSETS		**5,996,725**	8,255,278
CAPITAL AND RESERVES			
Share capital		**4,992,337**	4,992,337
Reserves		**(983,102)**	733,126
Total equity attributable to equity shareholders of the Company		**4,009,235**	5,725,463
Non-controlling interests		**1,987,490**	2,529,815
TOTAL EQUITY		**5,996,725**	8,255,278

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 CORPORATE INFORMATION

Winsway Coking Coal Holdings Limited ("the Company") was incorporated in the British Virgin Islands ("BVI") on 17 September 2007 with limited liability under the Business Companies Act of the British Virgin Islands (2004). The Company and its subsidiaries (together referred to as the "Group") are principally engaged in the processing and trading of coking coal and other products, development of coal mills and production of coking coal and rendering of logistics services.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2013 comprise the Company and its subsidiaries and the Group's interest in an associate and a joint venture.

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:

— Derivative financial instruments

Disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with International Financial Reporting Standards ("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.

One of the Group's subsidiaries, namely Grande Cache Coal LP ("GCC LP") sustained a net loss from continuing operations before impairment losses for non-current assets, of $824,901,000 for the year ended 31 December 2013 and at 31 December 2013 GCC LP had net current liabilities of $1,012,812,000.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about GCC LP's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the directors are of the opinion that GCC LP will be able to finance its future working capital and financing requirements in view of the measures including but not limited to capital contribution amounting to $725,030,000 by the shareholders of GCC LP in January 2014, minimising the capital expenditure of GCC LP in 2014 and refinancing the current portion of GCC LP's loans amounting to $445,890,000 so that the repayment of current loans will be satisfied when they fall due in 2014.

Accordingly, the directors are of the opinion that it is appropriate to consolidate the GCC LP's financial statements in the Company's consolidated financial statements for the year ended 31 December 2013 on a going concern basis. Should GCC LP be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

3 CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board ("IASB") has issued a number of new IFRSs and amendments to IFRSs 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:

- Amendments to IAS 1, *Presentation of financial statements — Presentation of items of other comprehensive income*
- IFRS 10, *Consolidated financial statement*
- IFRS 11, *Joint arrangements*
- IFRS 12, *Disclosure of interests in other entities*
- IFRS 13, *Fair value measurement*
- Amendments to IFRS 7 — *Disclosures — Offsetting financial assets and financial liabilities*
- IFRIC 20, *Stripping costs in the production phase of a surface mine*
- Annual Improvements to IFRSs 2009-2011 Cycle

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of new or amended IFRSs are discussed below:

Amendments to IAS 1, Presentation of financial statements - Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use the new titles "statement of profit or loss" and "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

IFRS 10, Consolidated financial statements

IFRS 10 replaces the requirements in IAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and SIC 12 *Consolidation — Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

IFRS 11, Joint arrangements

IFRS 11, which replaces IAS 31, *Interests in joint ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under IFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under IFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of IFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

IFRS 12, Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards.

IFRS 13, Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Amendments to IFRS 7 — Disclosures — Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32, *Financial instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with IAS 32.

IFRIC 20, Stripping costs in the production phase of a surface mine

In surface mining operations, it is necessary to remove waste materials to gain access to mineral ore deposits. This waste removal activity is known as "stripping". During the development phase of the mine (before production begins), stripping costs are usually capitalised as part of the depreciable cost of building, developing and constructing the mine. Those capitalised costs are depreciated or amortised on a systematic basis, usually by using the units of production method, once production begins. A mining entity may continue to remove overburden and to incur stripping costs during the production phase of the mine.

On 1 January 2013, the Group adopted the new IFRIC interpretation IFRIC 20, *Stripping costs in the production phase of a surface mine*. IFRIC 20 provides guidance on the accounting for the costs of stripping activities during the production phase of surface mining when two benefits accrue to the entity as a result of the stripping: useable mineralised material that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods.

As a result of the adoption of IFRIC 20, the Group changed its accounting policy with respect to production stripping costs, for which waste removal was previously accounted for as variable production costs and included in the cost of the inventory produced during the period in which the stripping costs were incurred. The Group now allocates the production stripping costs between the inventory produced and the stripping activity asset using an average strip ratio for the pit life. The stripping activity asset is depreciated on a systematic basis, over the expected useful life of the identified component of the mineralised body that becomes more accessible as a result of the stripping activity, on a unit-of-production basis over the estimated recoverable mineral reserves that directly benefit from the stripping activity.

The adoption of this standard did not have an impact on the Group's financial position as at 1 January 2012 as the Group engaged in developing coal mills after its acquisition of Grande Cache Coal Corporation, a Canadian mining company, on 1 March 2012.

This change in accounting policy has been applied retrospectively by restating the balances at 31 December 2012 and the result for the year ended 31 December 2012 as follows:

	As previously reported	Effect of adopting IFRIC 20	As restated
	$'000	*$'000*	*$'000*
Consolidated statement of profit or loss for the year ended 31 December 2012:			
Cost of sales	(12,806,100)	285,722	(12,520,378)
Income tax	336,000	(42,858)	293,142
Loss for the year	(1,914,992)	242,864	(1,672,128)
Basic and diluted loss per share *(HK$)*	(0.429)	0.034	(0.395)
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2012:			
Total comprehensive income for the year	(1,880,971)	242,688	(1,638,283)
Consolidated statement of financial position as at 31 December 2012:			
Property, plant and equipment, net	3,776,522	285,516	4,062,038
Deferred tax liabilities	1,103,732	42,828	1,146,560
Net assets/Total equity	8,012,590	242,688	8,255,278
(Accumulated loss)/retained earnings	(26,762)	128,575	101,813
Consolidated cash flow statement for the year ended 31 December 2012:			
Net cash generated from operating activities	956,076	349,164	1,305,240
Net cash used in investing activities	(6,552,398)	(349,164)	(6,901,562)

Annual Improvements to IFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, IAS 1 has been amended to clarify that an opening statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or a reclassification has a material effect on the information presented in the opening statement of financial position. The amendments also remove the requirement to present related notes to the opening statement of financial position when such statement is presented.

Since the Group considers that the restatement resulting from the adoption of IFRIC 20 has no impact on the opening financial position, no additional statement of financial position as at 1 January 2012 has been presented in these financial statements.

4 TURNOVER AND SEGMENT REPORTING

(i) Turnover

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

	2013	2012
	$'000	*$'000*
Coking coal	**12,919,179**	11,681,255
Thermal coal	**177,117**	113,649
Coke	**68,257**	38,800
Coal related products	**629,382**	488,224
Iron ore	**217,409**	—
Rendering of logistics services	**43,979**	41,412
Others	**37,923**	24,065
	14,093,246	12,387,405

The Group's customer base is diversified and includes no customer (2012: one) with whom transactions have exceeded 10% of the Group revenues.

In 2012 revenue from sales of coking coal to the PRC based customer, including sales to entities which are known to the Group to be under common control with the customer, amounted to approximately $1,433 million.

(ii) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Processing and trading of coking coal and other products: this segment manages and operates coal processing plants and generates income from processing and trading of coking coal and other products to external customers.

- Development of coal mills and production of coking coal and related products: this segment acquires, explores and develops coal mills and produces coal from the mills. The Group acquired the equity interest in a joint venture developing coal mills and commenced its business in this segment during the year ended 31 December 2010. On 1 March 2012, the Group acquired Grande Cache Coal Corporation, a Canadian company developing coal mills and producing coking coal and related products from the mills.

- Logistics services: this segment constructs, manages and operates logistics parks and generates income from rendering of logistics services to external customers within the People's Republic of China ("PRC").

(a) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all tangible assets, intangible assets, goodwill and current assets with the exception of interests in an associate and deferred tax assets. Segment liabilities include trade and other payables, obligations under finance lease, provisions, deferred income and bank and other borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment revenue and expenses include the Group's share of revenue and expenses arising from the activities of the Group's joint venture. However, other than reporting inter-segment sales of coal products and logistics services, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The measure used for reporting segment (loss)/profit is "adjusted EBITDA" i.e. "adjusted (loss)/earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales and the Group's share of the joint venture's revenue), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2013 and 2012 is set out below.

	Processing and trading of coking coal and other products		Development of coal mills and production of coking coal and related products		Logistics services		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
				(Restated)				(Restated)
Revenue from external customers	**13,275,763**	10,940,084	**773,504**	1,405,909	**43,979**	41,412	**14,093,246**	12,387,405
Inter-segment revenue	**—**	—	**1,106,210**	354,000	**24,864**	19,126	**1,131,074**	373,126
Reportable segment revenue	**13,275,763**	10,940,084	**1,879,714**	1,759,909	**68,843**	60,538	**15,224,320**	12,760,531
Reportable segment (loss)/ profit (adjusted EBITDA)	**(396,158)**	(615,412)	**(144,318)**	104,388	**6,609**	10,338	**(533,867)**	(500,686)
Interest income	**120,737**	86,261	**1,911**	1,788	**690**	760	**123,338**	88,809
Interest expense	**(570,029)**	(569,842)	**(235,913)**	(207,054)	**(17,587)**	(6,929)	**(823,529)**	(783,825)
Depreciation and amortisation for the year	**(112,200)**	(108,298)	**(436,629)**	(389,893)	**(20,567)**	(15,653)	**(569,396)**	(513,844)
Impairment of non-current assets	**(148,328)**	—	**(957,974)**	—	**—**	—	**(1,106,302)**	—
Impairment of interest in a joint venture	**—**	—	**—**	(323,616)	**—**	—	**—**	(323,616)
Shares of loss of an associates	**—**	—	**—**	—	**(140)**	—	**(140)**	—
Reportable segment assets	**12,499,597**	11,650,744	**9,546,800**	10,577,836	**626,354**	586,883	**22,672,751**	22,815,463
Additions to non-current segment assets during the year	**107,523**	205,741	**453,857**	10,215,523	**54,554**	97,102	**615,934**	10,518,366
Reportable segment liabilities	**10,714,993**	9,404,767	**4,642,874**	3,993,991	**470,777**	382,312	**15,828,644**	13,781,070

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2013	2012
	$'000	*$'000*
		(Restated)
Revenue		
Reportable segment revenue	**15,224,320**	12,760,531
Elimination of inter-segment revenue	**(1,131,074)**	(373,126)
Consolidated turnover	**14,093,246**	12,387,405
Loss		
Reportable segment loss	**(533,867)**	(500,686)
Depreciation and amortisation	**(569,396)**	(513,844)
Impairment of interest in a joint venture	**—**	(323,616)
Impairment of non-current assets	**(1,106,302)**	—
Shares of loss of an associate	**(140)**	—
Net finance income/(costs)	**16,374**	(627,124)
Consolidated loss before taxation	**(2,193,331)**	(1,965,270)

	2013	2012
	$'000	*$'000*
		(Restated)
Assets		
Reportable segment assets	**22,672,751**	22,815,463
Deferred tax assets	**286,845**	451,091
Interest in an associate	**14,843**	—
Elimination of inter-segment receivables	**(841,436)**	(398,254)
Consolidated total assets	**22,133,003**	22,868,300
Liabilities		
Reportable segment liabilities	**15,828,644**	13,781,070
Current income tax liabilities	**66,525**	83,646
Deferred tax liabilities	**1,082,545**	1,146,560
Elimination of inter-segment payables	**(841,436)**	(398,254)
Consolidated total liabilities	**16,136,278**	14,613,022

(c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets with the exception of deferred tax assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interests in a joint venture and an associate.

	Revenues from external customers		**Specified non-current assets**	
	2013	2012	**2013**	2012
	$'000	$'000	***$'000***	$'000
				(Restated)
The PRC (including Hong Kong and Macau)	**13,133,655**	10,700,900	**2,512,124**	2,565,852
Canada	**773,504**	1,405,909	**8,997,181**	9,937,149
Mongolia	**—**	504	**—**	—
Other countries	**186,087**	280,092	**189,869**	188,032
	14,093,246	12,387,405	**11,699,174**	12,691,033

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2013	2012
	$'000	*$'000*
		(Restated)
Current tax — Hong Kong Profits Tax		
Provision for the year	**2,190**	—
Under-provision in respect of prior years	**1,519**	—
Current tax — Outside of Hong Kong		
Provision for the year	**18,589**	58,792
Under-provision in respect of prior years	**5,214**	—
Deferred tax		
Origination and reversal of temporary differences	**104,491**	(351,934)
	132,003	(293,142)

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

The provision for Hong Kong Profits Tax for 2013 is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the year.

The provision for PRC current income tax is based on a statutory rate of 25% (2012: 25%) of the assessable profits as determined in accordance with the relevant income tax rules and regulations of the PRC.

The provision for Canada current income tax is based on a statutory rate of 25% (2012: 25%) of the assessable profits as determined in accordance with the relevant income tax rules and regulations of Canada.

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

(b) Reconciliation between tax expense/(credit) and accounting loss at applicable tax rates:

	2013	2012
	$'000	*$'000*
		(Restated)
Loss before taxation	**(2,193,331)**	(1,965,270)
Notional tax on loss before taxation, calculated at the rates applicable to loss in the jurisdictions concerned	**(453,459)**	(400,027)
Tax effect of non-deductible expenses	**18,162**	39,544
Tax effect of deferred tax assets on unrealised profits	**—**	22,484
Tax effect of utilisation of previously unrecognised tax losses	**(7,826)**	(4,912)
Tax effect of unused tax losses and other temporary differences not recognised	**568,393**	49,769
Under-provision in respect of prior years	**6,733**	—
Actual tax expense/(credit)	**132,003**	(293,142)

6 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on loss attributable to ordinary equity shareholders of the Company of $1,789,385,000 (2012 (restated): $1,490,961,000) and the weighted average of 3,773,182,000 ordinary shares (2012: 3,773,199,000 shares) in issue during the year, calculated as follows:

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

	2013	2012
	'000	*'000*
Issued ordinary shares at 1 January	**3,773,199**	3,773,184
Effect of exercise of share options	**–**	15
Effect of shares held by the employee share trusts	**(17)**	–
Weighted average number of ordinary shares (basic) as at 31 December	**3,773,182**	3,773,199

(b) Diluted loss per share

For the years ended 31 December 2013 and 2012, basic and diluted loss per share are the same as the effect of the potential ordinary shares outstanding is anti-dilutive.

7 INTANGIBLE ASSETS

The Group

	Mining rights *$'000*	**Software** *$'000*	**Total** *$'000*
Cost:			
At 1 January 2012	—	4,016	4,016
Acquisition of a subsidiary	6,826,461	—	6,826,461
Additions	—	3,821	3,821
Exchange adjustments	34,166	11	34,177
At 31 December 2012	6,860,627	7,848	6,868,475
At 1 January 2013	6,860,627	7,848	6,868,475
Additions	—	927	927
Others	—	(1,253)	(1,253)
Exchange adjustments	11,075	117	11,192
At 31 December 2013	6,871,702	7,639	6,879,341
Accumulated amortisation and impairment losses:			
At 1 January 2012	—	1,498	1,498
Charge for the year	137,786	627	138,413
Exchange adjustments	(99)	1	(98)
At 31 December 2012	137,687	2,126	139,813
At 1 January 2013	137,687	2,126	139,813
Charge for the year	115,363	569	115,932
Impairment loss	498,161	—	498,161
Exchange adjustments	607	30	637
At 31 December 2013	751,818	2,725	754,543
Net book value:			
At 31 December 2013	6,119,884	4,914	6,124,798
At 31 December 2012	6,722,940	5,722	6,728,662

An impairment loss of $498,161,000 has been charged to the consolidated statement of profit or loss for the current year due to the unfavourable future prospect of the coking coal business and reflects the continuous losses incurred by the Group's development of coal mills and production of coking coal and related products segment in these two years. The impairment loss was provided based on value in use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering the life of the mine. The cash flow projections are based on long term production plans. The key assumptions used in the estimation of value in use were as follows:

— the coal price assumptions are management's best estimate of the future price of coal in Canada. The short-term coal price assumptions for the next five years are building on past experience of the industry and consistent with external sources. These prices were adjusted to arrive at appropriate consistent price assumptions for the different qualities and type of coal. Estimated long-term coal prices, adjusted for the place of delivery, beyond the fifth year of US$175 to US$202 and US$66 per tonne for hard coking coal and thermal coal respectively have been used to estimate future revenues.

— estimated production volumes are based on detailed life-of-mine plans and take into account development plans for the mines agreed by management as part of the long-term planning process. Production volumes are dependent on a number of variables, such as the recoverable quantities, the production profile, the cost of the development of the infrastructure necessary to extract the reserves, the production costs, the contractual duration of mining rights and the selling price of the coal extracted. The production profiles used were consistent with the reserves and resource volumes approved as part of the Group's process for the estimation of proved and probable reserves. These are then assessed to ensure they are consistent with what a market participant would estimate.

— discount rate of 8.50% was applied to the future cash flows. This discount rate is derived from GCC LP's weighted average cost of capital ("WACC"), with appropriate adjustments made to reflect the risks specific to the cash generating units ("CGU"). The WACC takes into account both debt and equity, weighted based on GCC LP and comparable peer companies' average capital structure. The cost of equity is derived from the expected return on investment by GCC LP's investors based on publicly available market data of comparable peer companies. The cost of debt is based on the borrowing cost of interest-bearing borrowings of GCC LP that reflects the credit rating of GCC LP.

8 GOODWILL

	$'000
Cost:	
At 1 January 2012	—
Acquisition of a subsidiary	457,334
Exchange adjustments	2,289
At 31 December 2012	459,623
At 1 January 2013	459,623
Exchange adjustments	190
At 31 December 2013	459,813
Accumulated impairment losses:	
At 1 January 2012, 31 December 2012 and 1 January 2013	—
Impairment loss	459,813
At 31 December 2013	459,813
Carrying amount:	
At 31 December 2013	—
At 31 December 2012	459,623

Impairment tests for CGU containing goodwill

Goodwill is allocated to the Group's CGU identified as follows:

	The Group	
	2013	2012
	$'000	*$'000*
Development of coal mills, and production, processing and marketing of coking coal and related products	**—**	459,623

An impairment loss of $459,813,000 has been charged to the consolidated statement of profit or loss for the current year due to the unfavourable future prospect of the coking coal business and reflects the continuous losses incurred by the Group's development of coal mills and production, processing and marketing of coking coal and related products segment in these two years. The impairment loss was provided based on value in use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering the life of the mine. The cash flow projections are based on long term production plans. For the key assumptions used in the estimation of value in use, please refer to the details as included in note 7.

9 INVENTORIES

(a) Inventories in the statement of financial position comprise:

	The Group	
	2013	2012
	$'000	*$'000*
Coking coal	**1,302,098**	2,402,860
Thermal coal	**178,391**	7,462
Coal related products	**19,696**	77,062
Others	**112,210**	298,772
	1,612,395	2,786,156
Less: write down of inventories	**(249,661)**	(341,895)
	1,362,734	2,444,261

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	The Group	
	2013	2012
	$'000	*$'000*
		(Restated)
Carrying amount of inventories sold	**14,124,813**	12,129,743
Write down of inventories	**249,661**	341,895
	14,374,474	12,471,638

10 TRADE AND OTHER RECEIVABLES

	The Group	
	2013	2012
	$'000	*$'000*
Trade receivables	**1,760,369**	1,094,587
Bills receivable	**1,428,807**	589,273
Receivables from import agents	**941,750**	1,371,706
Amounts due from related parties	**7,144**	740
Prepayments to suppliers	**81,459**	579,866
Loan to a third party company	**31,018**	62,011
Derivative financial instruments*	**11,600**	2,149
Deposits and other receivables	**354,077**	467,040
	4,616,224	4,167,372

* Derivative financial instruments represent fair value of foreign exchange forward contracts as at 31 December 2013.

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. The credit terms for receivables from import agents can be as long as one year, which are comparable to the credit terms for payables to import agents as granted to the Group. Bills receivable are normally due within 90 days to 180 days from the date of issuing.

At 31 December 2013, trade and bills receivables of the Group of $489,542,000 (2012: $1,137,537,000) have been pledged as collateral for the Group's borrowings.

At 31 December 2013, bills receivable of the Group of $4,027,409,000 (2012: $2,788,969,000) were derecognised from the consolidated statement of financial position as the relevant bills have been discounted to banks on a non-recourse basis.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables, bills receivable and receivables from import agents, based on the invoice date, is as follows:

	The Group	
	2013	2012
	$'000	*$'000*
Less than 3 months	**3,376,394**	2,301,453
More than 3 months but less than 6 months	**748,695**	251,452
More than 6 months but less than 1 year	**4,407**	488,701
More than 1 year	**1,430**	13,960
	4,130,926	3,055,566

(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 2013.

The ageing analysis of trade receivables, bills receivable and receivables from import agents that are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	2013	2012
	$'000	*$'000*
Neither past due nor impaired	**4,030,925**	2,972,441
Less than 3 months past due	**94,164**	56,493
More than 3 months but less than 12 months past due	**5,837**	26,632
	4,130,926	3,055,566

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance 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.

11 SENIOR NOTES

	The Group	
	2013	2012
	$'000	*$'000*
Senior notes due in 2016	**2,337,010**	3,521,004

On 8 April 2011, the Company issued senior notes in the aggregate principal amount of US$500,000,000 ("Senior Notes") and listed on the Singapore Exchange Securities Trading Limited. The Senior Notes bear interest at 8.50% per annum, payable semi-annually in arrears, and will be due in 2016.

The Senior Notes are guaranteed by the Group's existing subsidiaries other than those established/incorporated under the laws of the PRC, Winsway Coking Coal Holdings S.à.r.l., 0925165 B.C. Ltd., Grande Cache Coal Corporation and GCC LP as an application of the principle stated in the Company's offering memorandum on 1 April 2011 (the "Subsidiary Guarantor"). In addition, the Company has agreed, for the benefit of the holders of the Senior Notes, to pledge the capital stock of each Subsidiary Guarantor in order to secure the obligations of the Company.

During the year ended 31 December 2013, the Group repurchased Senior Notes in aggregate principal amount of US$153,190,000 with a cash consideration of US$73,595,000 in the open market. The Senior Notes repurchased were redeemed subsequently. The difference between the carrying amount of the Senior Notes redeemed and the consideration paid, net off against the transaction costs incurred, was recognised as a gain of US$76,383,000 (equivalent to $592,495,000) on redemption of Senior Notes in the Group's consolidated statement of profit or loss. The outstanding Senior Notes with principal amount of US$309,310,000 will be mature on 8 April 2016.

In addition, on 11 October 2013, the Company also received consents from holders of the Senior Notes with a consent payment of US$4,118,000 to certain amendments ("Amendments") to the indenture, dated as of 8 April 2011 ("Indenture"), among the Company, the Subsidiary Guarantors (as defined in the Indenture) and Deutsche Bank Trust Company Americas, as trustee. The Amendments eliminated the limitations on indebtedness, restricted payments, dividend and other payment restrictions affecting Restricted Subsidiaries (as defined in the Indenture), sales and issuances of capital stock in Restricted Subsidiaries, issuances of guarantees by Restricted Subsidiaries, sale and leaseback transactions, transactions with shareholders and affiliates and business activities as contained in the Indenture. The consent payment is amortised over the remaining period of the outstanding Senior Notes.

12 TRADE AND OTHER PAYABLES

	The Group	
	2013	2012
	$'000	*$'000*
Trade and bills payables	**3,074,274**	1,904,116
Payables to import agents	**3,835,263**	1,995,730
Amounts due to related parties	**344,292**	135,642
Prepayments from customers	**182,171**	335,230
Payables in connection with construction projects	**90,792**	179,764
Payables for purchase of equipment	**59,199**	35,226
Derivative financial instruments*	**45,405**	—
Others	**184,110**	230,639
	7,815,506	4,816,347

* Derivative financial instruments represent fair value of foreign exchange forward contracts as at 31 December 2013.

At 31 December 2013, bills payable amounting to $2,571,106,000 (2012: $1,436,924,000) were secured by deposits placed in banks with an aggregate carrying value of $1,037,618,000 (2012: $430,721,000).

As of the end of the reporting period, the ageing analysis of trade and bills payables and payables to import agents (which are included in trade and other payables), based on the invoice date, is as follows:

	The Group	
	2013	2012
	$'000	*$'000*
Within 3 months	**3,636,559**	2,992,673
More than 3 months but less than 6 months	**2,477,002**	434,908
More than 6 months but less than 1 year	**720,633**	182,082
More than 1 year	**75,343**	290,183
	6,909,537	3,899,846

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	
	2013	2012
	$'000	*$'000*
Due within 1 month or on demand	**2,695,667**	1,228,685
Due after 1 month but within 3 months	**2,578,842**	1,586,763
Due after 3 months but within 6 months	**1,635,028**	1,084,398
	6,909,537	3,899,846

CHAIRMAN AND CEO'S STATEMENT

On behalf of the board of directors (the "Board") of Winsway Coking Coal Holdings Limited, I hereby present the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013.

The global coking coal market has been trending downwards since 2012. In face of surging production capacity, coal demand has experienced a much slower growth due to economic restructuring in China. A plethora of coal supply means Winsway's business lines were severely challenged, and the Company incurred a second year of loss following that of 2012.

Winsway entered into the coking coal industry back in 2005. As a Mongolian coking coal importer, it quickly realised that the lack of logistic infrastructure was the bottleneck for importing primary resources from Mongolia, and thus set up cross-border facilities in several strategic locations on the Sino-Mongolian border. Together with a growing market and the first-mover advantage, the Company recorded significant profits and grew rapidly from 2008 to 2011. In the second half of 2011, the Company started to look for upstream resources with funds of approximately US$1 billion raised from its IPO in 2010 and Senior Notes issued in 2011. In 2012, the Company acquired GCC together with Marubeni Corp., which manifested the Winsway's intention to complement its logistic infrastructures with a stable source of resources supply, such topdown integration would allow Winsway to operate with higher efficiency and to expand its market share. However, given the general deterioration of global economy and sharp decrease of coking coal prices since 2012, all miners and mining-related logistic service providers, including Winsway, suffered substantial losses. Such a market downturn was beyond our expectation, and despite the Group's effort in lowering GCC's unit cost of sales from HK$1,406 per tonne to HK$1,131 per tonne, we recorded losses for a second year following 2012.

Looking back, Winsway has made several observations regarding its current business models: 1) the information asymmetry, which was essential in generating trading profits, has basically disappeared given the ever-growing transparency in information exchange; 2) the economic restructuring in China means that the skyrocketing consumption of energy and resources has become a story of the past (this can be evidenced by today's vast inventory of coking coal, thermal coal, iron ore, and other commodities).

Looking forward, Winsway is developing its strategic plan to refocus on the core logistics business by maximizing the utilization of its logistics facilities. The Company is looking for opportunities to change its role from a mine operator to a mine equity holder in order to free the Group from intense capital demand but still secure a marketing right over coal supply. The Board has begun a process to review strategic alternatives available to the Company with respect to its 60% interest in GCC.

In the meantime, Winsway plans to evolve its role to become more of a service provider through a platform to provide a total supply chain solution to the greater market involving small and medium sized customers engaged in bulk commodity trading. Such a platform will be positioned to become a public platform that will base its service centers in major land to land ports and seaborne ports. With our possession of logistic infrastructures, storage facilities, expertise in trading and specialised experience in the industry, Winsway will seek to become a one-stop service center by providing integrated services proposition. Through implementing the abovementioned changes, Winsway will strive to enhance the utilization and profitability from its well-established logistics facilities. The Group will exercise care and diligence in identifying new sources of funding and selecting funding mechanism to grow the abovementioned activities.

The Board and the management of Winsway will always adhere to the principle of protecting creditors' interests and maximising shareholders' interests by acting proactively to regain profitability in a timely manner. Finally, on behalf of the Company, I would like to extend my gratitude to the efforts of all the staff of Winsway in the past year. I hope Winsway's employees will join their efforts together and create greater value in 2014.

Wang Xingchun
Chairman and CEO
Winsway Coking Coal Holdings Limited

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND OPERATING RESULTS

The following discussion 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 ("IFRSs").

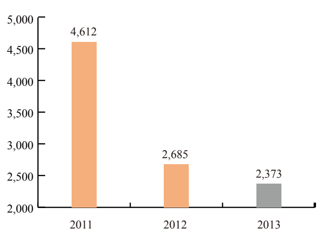
I. Overview

The year of 2013 remained challenging for the Group . The cyclical downturn in the coal industry has extended throughout the year. Over-production and lack of liquidity in the steel industry mean that individual customers are only keeping minimal level of coal inventory and buying less coal. With over-supply and lower-than-expected demand, coal prices have been driven down to a three-year low, and coal prices below marginal supply cost results in that our subsidiary, GCC LP, is also experiencing cashflow difficulties. Overall, the Group has recorded a net loss of HK$2,325 million for the year ended 31 December 2013, which represents a 39.06% increase from 2012's net loss (restated HK$1,672 million), out of which, HK$ 958 million is attributed to the impairment loss relating to GCC LP.

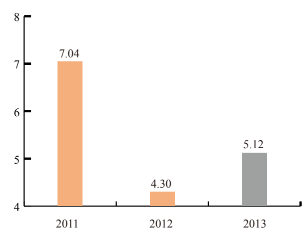
II. Procurement

In 2013, we procured a total of 5.12 million tonnes of Mongolian coal, a 19.07% increase from the volume procured in 2012 (4.30 million tonnes). With this increase in procurement volume, the Group managed to maintain its business operation in many strategically important ports, railway, and logistic parks. The Group believes that these assets would bring value to the Group and significantly increase the Group's market share once the coal sector is recovered.

Mongolian Coal Procurement Amount *(In HKD Millions)*



Mongolian Coal Procurement Volume *(MT)*



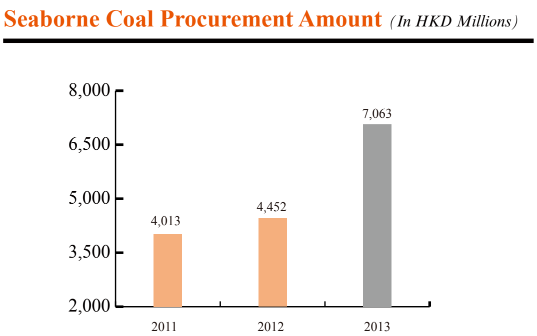
Top Mongolian Suppliers

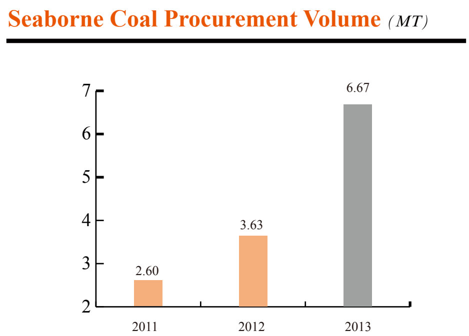
Suppliers	**Description**	**Amount** *(HK$ million)*
Mongolian Mining Corporation ("MMC")	Coal	839
Moveday Enterprises Limited ("Moveday")	Coal	541
SouthGobi Sands LLC ("SouthGobi")	Coal	313
Erdenes Tavan Tolgoi Co. ("ETT")	Coal	155

Note: Coal purchased from Moveday was mined by Tavan Tolgoi Corporation. Moveday also provided transportation services amounting to HK$303 million to Winsway in 2013. The Company has a well-diversified base of Mongolian coal suppliers.

In 2013, the Group procured 6.67 million tonnes of seaborne coal, which represents an 83.75% increase over the volume procured in 2012 (3.63 million tonnes). The increase in our seaborne coal procurement was largely due to a shift in strategy: in 2013, the Group concentrated on lower margin back to back trades to increase turnover.

In terms of top seaborne coal suppliers, the Group procured coal worth of HK$1,413 million, HK$1,098 million, and HK$540 million from Yancoal Australia, BHP Billiton Marketing AG, and Peabody (Burton Coal) PTY LTD respectively. Together with MMC and Moveday, these suppliers constitute the top 5 suppliers for the Group in the year 2013.





III. Our Customers

Our top 5 customers accounted for 29.13% of our total sales in 2013, whereas the same ratio was 33.09% in 2012. The less concentrated customer base is a reflection of the dampened demand from individual steel mills. The Group, on the other hand, reached out to more clients in order to increase the overall sales volume. In 2013, no individual client accounted for more than 10% of the Company's total turnover. The Group top 5 customers in terms of sales amount is listed below:

Name	**Location**	**Amount** *(HK$ million)*
Jiujiang Group	Hebei	927
Anshan Steel	Liaoning	916
Top Seed International	Hong Kong	856
Rizhao Xingyujia	Shandong	715
Shenhua Group	Beijing	691

IV. Mining Operations

GCC has kept operation in No.8 Surface Mine and No.12 SB2 Underground Mine in 2013, and total ROM Coal production in 2013 was 2.40 mt.

The production in No.8 Surface mine was conducted in North Pit and West Extension Pit area. A footwall in North Pit was blasted and stripped away this year to avoid sliding. No.8 Mine operated for all 12 months in 2013 and produced ROM coal of 1.23 mt.

No.12SB2 mine is the underground mine currently operating at GCC. It uses Room and Pillar mining technique. Current production is in no.7/8 coal seam, which is projected to be depleted early 2015, and after which the production will be moved to no.4 coal seam. Overall, No.12 SB2 mine operated for all 12 months in 2013 and produced ROM coal of 1.17 mt.

The Coal Handling and Processing Plant (CHPP) did not undergo any major upgrades in 2013. It operated for all 12 months in 2013 and has processed 2.35 mt tonnes of ROM coal. Some pond coal from tailing ponds was recycled this year and was blended with clean coal. The blended coal was marketed as a type of product and met relevant contractual requirements for quality.

Overall, ROM coal production for 2013 is summarised as below:

	Production Volume *('000 tonnes)*
Surface Mine	
Mine 8	
Raw Coal Mined — Metallurgical *(ROM)*	1,232
Underground Mine	
Mine 12SB2	
Raw Coal Mined — Metallurgical (ROM)	1,172
Total	**2,404**

For the year ended 31 December 2013, the Company's subsidiary, GCC, has newly signed 30 contracts worth of around HK$184 million in total. These contracts were signed for purposes such as mine development and equipment purchases. GCC has already made payments of around HK$93 million for contracts that were signed in 2013, and of around HK$107 million that were signed before 2013. As of 31 December 2013, GCC's outstanding committed capital expenditure to contractors amounts to approximately HK$72 million.

V. Mine Development

In 2013, GCC finished Mesa Dump Phase II preparation where is used for waste dump for West Extension of No.8 Surface Mine. GCC also finished 1030 Pond to collect water from Mesa Phase II and West Extension Pit.

The development for 4 portals for 4 Seam at No.12SB2 was started in October 2013 but idled for December since winter came, and will be resumed in early summer. The underground mine 12SA mine development is in the design stage. Additional exploration and geotechnical boreholes were drilled in 2013, and mining licence application is being prepared.

Save as disclosed herein, GCC has not conducted other developments for the operation since the market downturn from 2012.

VI. Resources and Reserves

The Group commissioned an independent technical consultant, Norwest Corporation, to update reserves and resources of GCC as of 31 Decemebr 2013 in accordance with the Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). The main changes are the addition of 9D mine, conversion of 12SA from surface mining operation in 2012 report to underground operation, and adjust the 8 mine quantities based on mining progress. The following is the summary of GCC resource and reserve as of 31 December 2013.

(i) Coal Resources

Coal resource models are generated from the drillhole information through the use of cross sections and/or seam surface interpretation. Computer software has been used to translate the geologic geometry interpretations into 3D block models. The qualified person ("QP") for reserves and resources has verified the interpretation of these elements. These models form the basis of the resource numbers reported in this document. The coal resources are subdivided into categories based on Assurance of Existence using GSC Paper 88-21 and reported using the equivalent mineral resource categories specified in NI 43-101.

The coal resources with an effective date of December 31, 2013 are shown in Table 1-1 and Table 1-2 below. As no new information has been generated for the No.16, No.12 North and No. 2 mining areas since the resources were compiled in the 2012 Technical Report, and no production has occurred, these estimates have been carried over. The No.7 underground mine was completed in 2011.

This summary does not include resources from Highwall Mining, and mines include No. 1, No. 5 and No. 11 and other potential mining areas within GCC's leased land.

Table 1-1 Coal Resources, Measured and Indicated

	Measured (Mt)	Indicated (Mt)	Total (Mt)	Ash (%)	FSI
Surface Mining Area (2)					
No. 2 area	61.4	23.2	84.6	12.4	4.5
No. 8 area	37.1	7.5	44.6	23.2	5
No. 9 area	38.2	70.6	108.8	22.2	5
No. 12 South B2 area (3)	2.6	1.0	3.6	13.9	3.0
No. 12 North area	39.1	15.6	54.7	16.6	3.5
No. 16 area	56.0	20.2	76.2	13.9	3.5
Total Surface Areas	**234.4**	**138.1**	**372.5**		
Underground Area (4)					
No. 9 area	108.2	33.6	141.8	21.9	5
No. 12 South B2 area	3.9	6.2	10.2	13.9	3
No. 12 South A area	24.4	37.5	61.9	14.8	4
Total Underground Areas	**136.6**	**77.3**	**213.9**		
Grande Total	**371.0**	**215.4**	**586.4**		

Notes:

(1) Quality of all resources classified as Low Volatile Bituminous (ASTM).

(2) Surface mining resources estimated by GCC based on a 20:1 strip ratio cut-off and a 45 pit wall angle.

(3) No.12 South B2 surface resources are those remaining after the open pit reserves have been mined out.

(4) Underground resource estimated by GCC staff. Minimum depth of cover approx. 50 m. Maximum underground extraction angle 30°; 20 m buffer from faulting, 50 m buffer from highwalls.

(5) Coal resources are inclusive of the coal reserves.

(6) The resource estimates are effective December 31, 2013 and have been prepared under supervision of Brian Klappstein, P. Geol., a Qualified Person under NI 43-101.

(7) Rounding as required by reporting guidelines may result in apparent summation differences.

Table 1-2 Summary of Inferred In-Place Coal Resources

	Inferred (Mt)	Ash (%)	FSI
Surface Mining Area (2)			
No. 2 area	6.3	23.2	5
No. 8 area	0.7	24.4	5
No. 9 area	27.5	20.5	5
No. 12 South B2 area (3)	0.5	17.9	4
No. 12 North area	2.2	21.2	3
No. 16 area	15.9	15.3	4
Total Surface Areas	**53.1**		
Underground Area (4)			
No. 9D area	20.1	20.1	5
No. 12 South B2 area	0		
No. 12 South A area	6.8	16.0	4
Total Underground Areas	**26.9**		
Grand Total	**80.0**		

Notes:

(1) Quality of all resources classified as Low Volatile Bituminous (ASTM).

(2) Surface mining resources estimated by GCC based on a 20:1 strip ratio cut-off and a 45 pit wall angle.

(3) No.12 South B2 surface resources are those remaining after the open pit reserves have been mined out.

(4) Underground resource estimated by GCC staff. Minimum depth of cover approx. 50 m. Maximum underground extraction angle 30°; 20 m buffer from faulting, 50 m buffer from highwalls.

(5) Coal resources are inclusive of the coal reserves.

(6) The resource estimates are effective December 31, 2013 and have been prepared under supervision of Brian Klappstein, P. Geol., a Qualified Person under NI 43-101.

(7) Rounding as required by reporting guidelines may result in apparent summation differences.

(ii) Coal Reserves

To convert coal resources to coal reserves, a number of economic and technical factors must be applied. These include but are not limited to the following:

- An estimate for the long term price of metallurgical coal in the domestic and international market place; in the case of this report, CAD180 per tonne has been used, based on recently published benchmark prices;

- Operating costs associated with open pit mining, underground mining, transporting and processing the coal at the mine site;

- Overhead costs associated with marketing and transporting the finished coal product to customers;

- Overhead costs associated with administrative and technical functions relative to running a mine;

- Geotechnical parameters governing the orientation of the pit slopes, haul roads, waste dumps and other parameters associated with water flow and climate;

- Estimates for the recovery of coal and addition of dilution material during the mining and coal handling process (resulting in the Run-of-Mine estimate);

- Estimate for the recovery of coal from processing - approximately 70% - resulting in the Clean or Saleable estimate.

Using these and other factors, GCC engineers and their consultants used mining software to produce economic mine designs at the Grande Cache operation. The QP have reviewed these procedures and parameters and determined that the mine designs are valid.

The parameters used for the mine designs are based on previous operating experience and the most recent geotechnical investigations.

The QP for surface mining has determined that the assumptions previously used for the design of the No. 16, No. 12 North and No. 2 pits are still appropriate because no mining activity occured in these areas; consequently, the reported reserves for these areas have not changed.

The completion of an updated pit design based on revised economic analysis for the No. 8 along with production in 2013 resulted in a revised reserve estimate for this area. No. 12 B2 underground production in 2013 reduces the reported reserve from this area.

The No. 9 Area has been added to the reserves based on the existing exploration data base in this area of drill holes and adits dating between 1969 and 1997. All new geological models and mine designs were created to define this new reserve.

The coal reserves with the effective date of December 31, 2013 are summarised in Table 2-1 and Table 2-2 below:

Table 2-1 Summary of Proven and Probable Run-of-Mine Reserves

	Proven (Mt)	Probable (Mt)	Total (Mt)
Surface Mining Areas			
No. 2 Area	15.7	1.2	16.9
No. 8 Area	13.4	0.4	13.8
No. 9 Area	13.5	11.2	24.7
No. 12 North Area	31.3	12.2	43.5
No. 16 Area	19.7	9.6	29.4
Total Surface Mining	**93.6**	**34.6**	**128.3**
Underground Areas			
No. 9 Area	59.8	3.7	63.5
No. 12 South B2 Area	2.7	1.5	4.3
No. 12 South A Area	6.7	14.3	21.0
Total Underground Mining	**69.3**	**19.5**	**88.8**
Grand Total	**162.9**	**54.1**	**217.1**

Notes:

(1) Quality of all reserves classified as Low-Volatile Bituminous (ASTM).

(2) Average ROM coal quality for reserves is reported in section 7.2 of Technical Report under the respective mining areas.

(3) Planned surface pits only.

(4) Underground ROM estimates include a mining recoveries ranging from 44% to 62%, which are inherent to multi-seam room-and-pillar operations.

(5) Both underground and surface mineable estimates include allowance for loss and dilution and are supported by mining designs as described in section 16.0 of Technical Report.

(6) The surface reserve estimates do not include thermal coal consistent with previous GCC Technical Reports.

(7) The reserve estimates are effective December 31, 2013 and have been prepared under the supervision of Brian Klappstein, P. Geol., a Qualified Person under NI 43-101.

(8) Rounding as required by reporting guidelines may result in apparent summation differences.

Table 2-2 Summary of Proven and Probable Saleable Coal Reserves

	Proven (Mt)	Probable (Mt)	Total (Mt)
Surface Mining Areas			
No. 2 Area	10.6	0.8	11.4
No. 8 Area	9.5	0.2	9.7
No. 9 Area	10.4	8.3	18.8
No. 12 North Area	22.2	8.9	31.1
No. 16 Area	14.4	7.0	21.4
Total Surface Mining	**67.1**	**25.2**	**92.4**
Underground Areas			
No. 9 Area	41.4	2.6	44.0
No. 12 South B2 Area	2.0	1.1	3.0
No. 12 South A Area	4.6	9.8	14.3
Total Underground Mining	**48.0**	**13.4**	**61.4**
Grand Total	**115.1**	**38.6**	**153.8**

Notes:

(1) Quality of all reserves classified as Low-Volatile Bituminous (ASTM).

(2) Total coal will be marketed as hard coking coal.

(3) Planned surface pits only.

(4) Saleable coal from Table 2-2 considers a yield of 69% based on the historic average plant yield from No.7 mine and No. 12 South B2 mines.

(5) Plant yield for the surface mineable coal varies in relation to the ROM ash content:
Plant Yield = (ROM Ash%-Plant Reject Ash%)/(Clean Coal Ash%-Plant Reject Ash%), where Plant Reject Ash = 55% to 63% depending on mine area and seam and Clean Coal Ash = 8.5%

(6) Saleable (Clean) coal reserves are a subset of and not additive to Run-of-Mine reserves.

(7) The surface reserve estimates do not include thermal coal consistent with previous GCC Technical Reports.

(8) The reserve estimates are effective 31 December 2013 and have been prepared under the supervision of Brian Klappstein, P. Geol., a Qualified Person under NI 43-101.

(9) Rounding as required by reporting guidelines may result in apparent summation differences.

The resource and reserve changes are mainly from:

(1) Mining operation in No.8 Surface Mine and No.12 SB2 underground Mine in 2013 resulted in reserve changes.

(2) Mining design change in No.12SA Mine from original Surface to Underground

(3) New No.9 Mine includes No.9D underground and No.9 Surface

The mining design for No.12SA mine has been changed from surface to underground by Room and Pillar mining technique by Norwest Corporation in 2013, which increased reserves and extended its life of mine. The No. 12 South A Area was originally designed in 2011 as a surface operation to complete recovery of a coal reserve left un-mined by the previous operator. The geologic modeling and mining feasibility study performed by GCC and Norwest geologists in 2013 indicated preferable economics by underground mining this area. Subsequently, GCC contracted Norwest to design an underground mine plan for No.12 South A. The No. 12 South A underground operation will replace the No. 12 South B2 operation and ensure continuous coal availability and quality of underground coal. The No. 12 South A will be a Room and Pillar Mine utilizing continuous miners; projected production capacity is 1.2 mtpa ROM base. It is planned to be connected by roadways from 4 Seam of No. 12 South B2 Mine through a thrust fault, and share the surface facilities of the current 7/8 Seam underground operation and pending 4 Seam operation at No.12 South B2. An application to amend the mine permit and mine licence to cover No.12 South A underground is projected to be submitted in 2014.

Geologists from Geoprog Consulting and GCC Technical Service Department built a geologic model for No.9 Mine which was partially mined in south part by both underground and surface methods back to 1970s to 1997 by the previous mine owner Smoking River Coal. The model of No.9 Mine is based on some historic 500 borehole logs, geologic data and geologic findings via historical production. The geologic model of the No. 9D Mine within GCC's coal lease boundary covers over 90 km^2. Pre-feasibility Study for mining has been conducted in this No.9 Mine area, over 70 km^2, by both surface and underground consulting firms. No.9D Underground Mine Conceptual Feasibility Study was conducted by China Shenyang Design Research and Institute and reviewed and finalized by Norwest Corporation for the NI43-101 report.

- *No.9D Underground Mine*

  The northern part of No. 9D underground area is proposed to be by longwall operation. Room and pillar potential exists in a smaller area in the middle of the No. 9 Area, but requires additional exploration to bring these resources into the "indicated" category. The No. 9D Area is designed primarily as a fully mechanised longwall retreat mining system. The No. 9D Mine is planned to begin development in 2018 with first coal production in 2020 and longwall operations in 2022. The No. 9D Mine contains sufficient longwall reserves in the 10 Seam and 4 Seam to support a 36 year mine life.

  GCC is planning an exploration program to gain a better understanding of the coal quality, geotechnical properties, methane content and hydrologic conditions in the area planned for underground mining. Based upon the information collected from the exploration program, an engineering study is planned to be conducted to bring pre-feasibility Study level by Norwest.

- *No. 9 Surface Area*

  The No. 9 Surface mining area is in proximity to the former mined-out No. 9A, No. 9B, No. 9G and No. 9H underground operations and No. 9 West Extension, North Limb and Barrett pits. It is the potential replacement for the No. 8 Surface operation. The No. 9 Surface operation is projected to be mined by the current fleet by shovels and trucks for stripping. Raw coal from No. 9 Surface operation can be hauled to current ROM coal Pad by truck or it could be fed to the Smoky River process plant by the same proposed belt system which carries clean coal from the proposed Sheep Creek process plant. Either way raw coal will be processed at the current coal processing plant.

VII. Exploration

After the Company acquired GCC together with Marubeni in 2012, GCC has conducted yearly drilling programs in several areas. Thirteen (13) core holes and four (4) air rotary holes were completed in 2013 in the No. 12 South A Area and No. 8 Area respectively, which have not been included in the resource and reserve estimates due to the time constraints of model updating.

GCC Drilling Summary

Location	Year	No. of Holes	Total Metres
No. 8 Area	2012	37	3,130
	2013	4	175
No. 12 South A	2013	13	2,518
Total GCC Drilling 2012 – 2013		**54**	**5,823**

(i) No. 8 Area Drilling

The 2013 drilling program in No.8 Area focused on confirming coal seam position and thickness. A summary of all drilling in this area is presented in the table below:

Year	Core		Rotary		Totals	
	#	*m*	*#*	*m*	*#*	*m*
2012	1	101	36	3,029	37	3,130
2013	—	—	4	175	4	175
Grand Total	**1**	**101**	**40**	**3,204**	**41**	**3,305**

(ii) No. 12 South A Drilling

The 2013 drilling program in No. 12 South A Area focused on collecting geotechnical samples to assess roof and floor rock conditions. A summary of all drilling in this area is presented in the table below:

Year	Core		Rotary		Totals	
	#	*m*	*#*	*m*	*#*	*m*
2013	13	2,518	—	—	13	2,518

(iii) Future Exploration Drilling

Exploration drilling in 2014 will primarily focus on the No. 2 Mine surface mining area, No. 8 Mine West and the northwestern extent of the No. 12 South B2 East Extension underground mining area.

Geotechnical and horizontal in-seam coring will also be required in 2014 to support design and mine license application for the proposed No. 7 highwall mining operations.

Future exploration work between 2015 and 2017 will focus primarily on resource development in the following areas:

- No. 9D Mine — Underground Mining Operation;
- No. 9 Mine West Extension — Surface Mining Operation;
- No. 2 Mine Muskeg Pit and Barrett South — Surface Mining Operation; and,
- No. 16 Mine — Surface Mining Operation

VIII. Expenditures

Major projects run by GCC in 2013 are:

(1) 1030 Pond Construction
(2) No.4 Seam Portal Development for No.12 SB2 Mine
(3) Equipment Heavy Duty Maintenance
(4) Purchase of 2 new underground transportation vehicles, known as scoops, and refurbishing 4 others
(5) Washing plant sieve bent modifications
(6) 12SA mine engineering work, and highway overpass bridge rehabilitation

GCC also purchased some equipment to support the production in both surface and underground, the list of equipment is set out in table of this section.

Expenditure to all projects in 2013 is $93 million as summarised below:

Projects	Status	2013 Expenditure *HKD'000*	Remark
8 North Service Truck	In process	1,091	New Equipment
Used Fire Truck for site	Finished	228	New Equipment
830E Light Weight Dump Bodies	In process	2,190	New Equipment
Skid Steer 242B3	In process	368	New Equipment
Power Module for #1344 Haul Truck	In process	3,937	New Equipment
777 Coal Dump Bodies (4) units	In process	5,320	New Equipment
60 Ft Knuckle Boom manlift	In process	531	New Equipment
CAMS for Reject Haul	In process	14	New Equipment
Northern Trailer - 8 trailer units	In process	3,541	New Equipment
1*ZX870LC5 backhoe replacing 2*PC600 for coal seam	In process	6,761	New Equipment
sub-total		23,981	
Methane Gas Investigation (GCC Incident No. OP-12-91	Finished	145	Mine Service study
Cadomin Dump Instrumentation Program	In process	91	Mine Service Study
No.9 Mine Underground Pre-FSR by Shenyang Design Institute	In process	240	Mine Service Study
sub-total		476	
DST Model 35-S Permissible Diesel Scoop & Sandvick LHD Repower	In process	11,435	Equipment Maintenance
sub-total		11,435	
No.12 South B2 UG 4Seam Portal Dev-Phase 1A	In process	19,967	Mine Development
No. 12 South B2 UG 4 Seam Portal Dev Phase 1B	In process	5,185	Mine Development
2013-8 Mine-North Pit Footwall Project	In process	4,049	Mine Development
sub-total		29,201	
2013 Exploration Drilling Program-No. 12SA Area	In process	6,701	Exploration
sub-total		6,701	

Projects	Status	2013 Expenditure *HKD'000*	Remark
Storm Drainage Ditches, Decants and Setting Ponds	In process	837	Mine Infrastructure
1030 Pond Remediation&Mitigation	In process	6,132	Mine Infrastructure
Pond 1030 Construction	In process	8,011	Mine Infrastructure
1030 Pond Remediation and Mitigation	Finished	114	Mine Infrastructure
Repair BF80757 Overpass Bridge over Highway 40	In process	2,492	Mine Infrastructure
sub-total		17,586	
Spiral feed desliming project	In process	3,456	Plant Maintenance
sub-total		3,456	
		92,836	

Some equipment and projects will have continuous payment obligations in 2014 or beyond.

IX. Financial Overview

(i) Sales

In 2013, our sales revenue was HK$14,093 million, a 13.77% increase over 2012's turnover of HK$12,387 million. Amid weak coking coal market, the Group lowered its profit margin target in exchange for higher turnover.

	Year ended 31 December		
	2011	2012	**2013**
	HK$'000	*HK$'000*	***HK$'000***
Turnover			
Mongolian coal	7,249,444	5,419,774	**4,706,957**
Seaborne coal	3,776,550	5,239,075	**6,975,326**
Self-produced coal	—	1,680,497	**2,043,395**
Others	584,419	48,059	**367,568**
Total	11,610,413	12,387,405	**14,093,246**

In terms of volume, the Group sold a total of 14.65 million tonnes of coal, which includes 6.28 million tonnes of Mongolian coal, 6.43 million tonnes of seaborne coal, and 1.94 million tonnes of self-produced coal. The increase in the Group's trading volume manifested its determination to maintain market share despite the weak coal market, and higher volumes also ensure that the Group's infrastructure and logistic-related assets are well maintained and utilised.

A detailed breakdown of the Group's sales volume and average selling price is shown below:

	Year ended 31 December					
	2011		2012		**2013**	
	Total sales volume *(tonnes)*	Average selling price *(HK$/tonne)*	Total sales volume *(tonnes)*	Average selling price *(HK$/tonne)*	**Total sales volume *(tonnes)***	**Average selling price *(HK$/tonne)***
Mongolian coal	6,918,383	1,048	5,895,441	919	**6,275,173**	**750**
Seaborne coal	2,170,995	1,740	4,080,637	1,284	**6,428,698**	**1,085**
Self-produced coal	—	—	1,332,285	1,261	**1,942,882**	**1,052**
Total	9,089,378	1,213	11,308,363	1,091	**14,646,753**	**937**

(ii) Cost of Goods Sold ("COGS")

The increase of COGS in 2013 was primarily due to increased sales volume. COGS primarily consists of the purchase price, transportation costs of Mongolian coal from the Sino-Mongolian border to our washing plants, washing-related costs, as well as the production cost of GCC mines.

In 2013 the average purchase price of Mongolian coal decreased 25.76%, from HK$625 per tonne in 2012 to HK$464 per tonne, and the average purchase price of seaborne coal also decreased by 13.63%, from HK$1,225 in 2012 to HK$1,058 per tonne in 2013.

Procurement

	Year ended 31 December					
	2011		2012		**2013**	
	Total purchase volume *(tonnes)*	Average purchase price *(HK$/tonne)*	Total purchase volume *(tonnes)*	Average purchase price *(HK$/tonne)*	**Total purchase volume** ***(tonnes)***	**Average purchase price** ***(HK$/tonne)***
Mongolian coal	7,043,057	655	4,298,203	625	**5,118,287**	**464**
Seaborne coal	2,599,308	1,544	3,633,990	1,225	**6,674,078**	**1,058**
Total	9,642,365	894	7,932,193	900	**11,792,365**	**800**

The cost of sales of GCC was determined by strip ratio, production level, coal haul volume, and washing yield. In 2013, the Group has made considerable amount of effort to push down the production cost at GCC. The cost of sales in GCC on a per tonne basis decreased 19.56% from HK$1,406 to HK$1,131. The per-tonne GCC cost of sales is calculated on the basis of dividing total cost of sales by sales volume, clean coal, raw coal and pond coal all included in the sales volume.

Breakdown for the cost of sales (per tonne) of GCC

	Year ended 31 December 2012 *(HK$)* (Restated)	Year ended 31 December 2013 *(HK$)*
Cost of product sold	925	673
Distribution costs	217	228
Depreciation and depletion	264	230
	1,406	1,131

(iii) *Gross Loss*

The Group recorded a gross loss of HK$464 million in 2013, compared to a gross loss of HK$133 million (restated) recorded in 2012. Despite the Group's effort to lower production cost at GCC and to focus on back to back trading, the growing gross loss as a percentage of sales realised by the Group simply reflected the decrease in coking coal prices and the overall bearish sentiment in the industry throughout 2013.

(iv) *Administrative Expenses*

In the midst of cyclical downturns and a weak market, the Group has tried its very best to reduce discretionary spending and all administrative-related expenses. Administrative expenses were HK$458 million in 2013, which represents a 23.79% drop if compared to HK$601 million of administrative expenses incurred in 2012. On the other hand, administrative expenses as a percentage of revenue was only 3.25% in 2013, about 32.99% down from the same figure in 2012, which was 4.85%.

(v) *Net Finance Income/Costs*

The Company launched during the second half of 2013 a Tender Offer to buy back its Senior Notes in the open market. After the deal was closed in October, the Company recognised in its accounts a one-off finance income of HK$592 million related to gain on redemption of Senior Notes for the year ended 31 December 2013 (2012: HK$56 million). Taking into account these gains, the Group recorded in total a net finance income of HK$16 million in 2013, compared to net finance costs of HK$627 million in 2012. In 2013, our subsidiary GCC contributed net finance costs of HK$257 million to the Group's total finance-related expenses.

	2012	**2013**
	HK$'000	***HK$'000***
Interest income	(88,809)	**(123,338)**
Gain on redemption of Senior Notes	(55,601)	**(592,495)**
Foreign exchange gain, net	(42,422)	**(145,857)**
Finance income	(186,832)	**(861,690)**
Interest on secured bank loans wholly repayable within five years	303,357	**338,657**
Interest on discounted bills	122,714	**162,414**
Interest on Senior Notes	328,769	**301,905**
Interest on finance lease obligations	37,724	**20,553**
Less: interest expense capitalised into construction in progress	(8,739)	**—**
Total interest expense	783,825	**823,529**
Bank charges	27,916	**37,581**
Fair value change of derivative financial instruments	2,215	**(15,794)**
Finance costs	813,956	**845,316**
Net finance (income)/costs	627,124	**(16,374)**

(vi) Net Loss and Loss per share

Net loss totaled HK$2,325 million in 2013, a 39.06% increase from net loss incurred in 2012 (restated: HK$1,672 million). Net loss per share (diluted) was HK$0.474 for 2013, compared to HK$0.395 loss per share (diluted) (restated) incurred in 2012.

(vii) Property, Plant and Equipment ("PPE")

The aggregate value of fixed assets and construction in progress was HK$4,411 million at the end of 2013, a 0.59% decrease from the aggregate value of HK$4,437 million (restated) at the end of 2012. The Group was prudent in making capital expenditures and has managed to save costs related to equipment maintenance. However, due to unfavorable outlook in the coal industry, an impairment loss of HK$148 million was recorded for the year ended 31 December 2013. The impairment loss was provided based on value in use calculations. These calculations use cash flow projections based on financial forecast prepared by management covering a five-year period. The cash flows are discounted using a discount rate of 11.27% (2012: 10.92%). The discounted rate used reflect specific risks relating to the relevant segments. The Group considers such impairment loss has well-reflected the general loss in value of coal-related assets in this protracted weak market.

(viii) Goodwill

When the Company acquired GCC in 2012, a goodwill was recognised in the Group's consolidated statement of financial positions. In 2013, GCC management has assessed the goodwill given the weakened coal market, and has concluded that an impairment loss of HK$460 million, representing the whole amount of outstanding goodwill, should be impaired. The management used value in use calculations to determine the amount of impairment loss, with relevant cash flow projections based on financial forecasts prepared by GCC management covering the life of the mine and long-term production plans. A discount rate of 8.5% was adopted in the financial forecast model.

(ix) GCC Impairment — Mining Rights

In 2013, the Group also recorded an impairment loss of HK$498 million against its intangible assets comprised mainly of 18 mining licenses held by GCC. The amount of impairment loss was determined using the same value in use model that GCC's management used for the assessment of goodwill, and assumptions about selling prices are based on external forecasts, whereas forecasts of operating costs are based on detailed mine plans which take into account all relevant characteristics of the coal seam. The Group also engaged Norwest to issue an updated NI43-101 report to update reserves and resources situation at GCC, and these updated numbers were taken into account in the model as well. Overall, the management considers such an impairment loss charged against GCC's intangible assets a fair reflection of the current market trends and managerial and operational situations at GCC. A discount rate of 8.5% was adopted in the financial forecast model.

(x) Inventory & Inventory Impairment

At the end of 2013, the Group held in inventory HK$1,231 million worth of coal products, HK$20 million worth of coal related products, and HK$112 million worth of low value consumables and spare parts. In terms of tonnage, the Group held in inventory 195 thousand tonnes of seaborne coal, 1,553 thousand tonnes of Mongolian coal, and 774 thousand tonnes of self-produced coal.

Overall, the Group held inventory of HK$1,363 million at the end of 2013, this represents a 44.23% drop from its 2012 end value of HK$2,444 million. This decrease in inventory is consistent with the Group's mid to long-term strategy of inventory-cutting in this weak coal market.

As of 31 December 2013, HK$250 million of inventories provision was recorded by the Group against its inventory to reflect its net realisable value at year end 2013.

(xi) Senior Note Buyback

The Company launched on 21 August 2013 a Tender Offer to buy back its 8.5% Senior Notes from the open market. To cater to different investment needs, the Company has structured the Tender Offer with three options that allow investors to: 1) receive 45 cents in cash in return for every $1 of bonds tendered, plus 2.5 cents in cash as consent payment (and agree to certain amendments to the indenture); or 2) receive 35 cents in cash and retain 25 cents notional value of bonds for every $1 dollar tendered, plus 2.5 cents in cash as consent payment; or 3) receive 2.5 cents in cash as consent payment only.

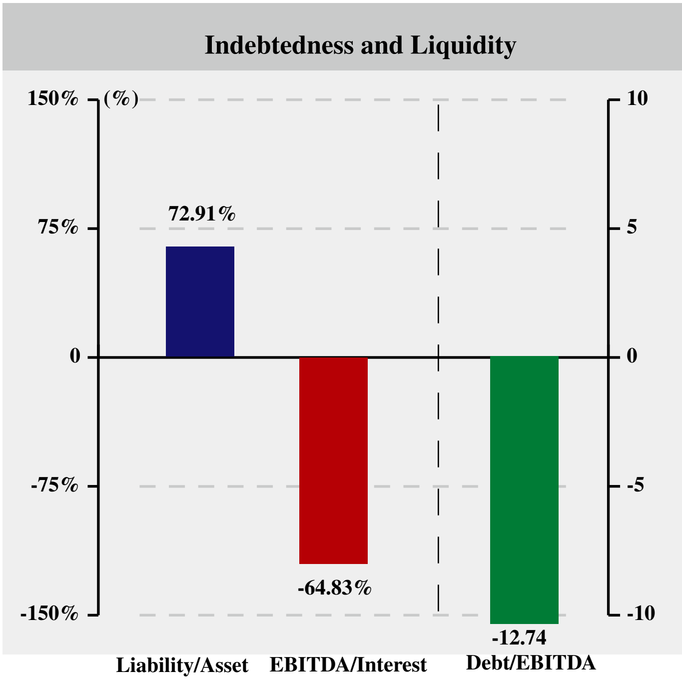
During the year ended 31 December 2013, the Company repurchased Senior Notes in aggregate principal amount of US$153 million with a cash consideration of US$74 million in the open market, and received consents from holders of the Senior Notes with a consent payment of US$4 million to certain amendments ("Amendments") to the indenture, dated as of 8 April 2011 ("Indenture"), among the Company, the Subsidiary Guarantors (as defined in the Indenture) and Deutsche Bank Trust Company Americas, as trustee.

The Amendments eliminated substantially all of the restrictive covenants and certain events of default contained in the Indenture. The consent payment is amortised over the remaining term of the outstanding Senior Notes.

	The Group	
	2012	**2013**
	HK$'000	***HK$'000***
Senior notes due in 2016	3,521,004	**2,337,010**

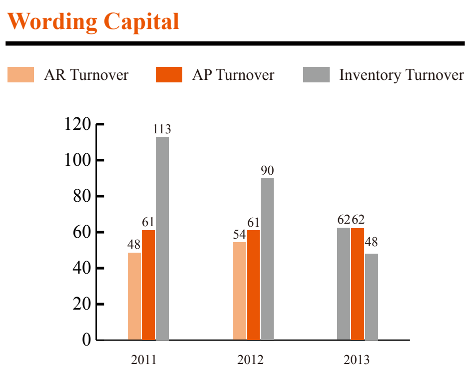
(xii) Indebtedness and Liquidity

The total amount of bank loans owed by the Group at the end of 2013 was HK$4,159 million, this represents only a slight decrease of 1.82% compared to bank loans of HK$4,236 million that the Group held at the end of 2012. Interest rates on these loans range from 1.78% to 7.68% per annum, whereas the range in 2012 was from 1.59% to 8.28%. As of 31 December 2013, the Group has untapped credit line of HK$2,395 million in total. The Group's gearing ratio at the end of 2013 was 72.91%, compared to 63.90% (restated) at the end of 2012. The Group calculates gearing ratio on the basis of total liabilities divided by total assets.



(xiii) *Working Capital*

Our accounts receivable turnover days, accounts payable turnover days, and inventory turnover days were 62 days, 62 days, and 48 days respectively in 2013. As a result, the overall cash conversion cycle was approximately 48 days in 2013, which was 35 days shorter than the Group's cash conversion cycle realised in 2012.



(xiv) *Contingent Liabilities*

The Company's existing subsidiaries, other than those established/incorporated under the laws of the PRC, subsidiaries deemed immaterial and those falling under the definition of Unrestricted Subsidiaries under the Senior Notes (Winsway Coking Coal Holdings S.a.r.l, 0925165 B.C. Ltd., Grande Cache Coal Corporation and GCC LP), have provided guarantees for the Senior Notes issued in April 2011. The guarantees will be released upon the full and final payment and performance of all obligations of the Company under the Senior Notes.

(xv) Pledge of Assets

At 31 December 2013, bank loans amounting to HK$450,710,000 (2012: HK$105,061,000) were secured by bank deposits placed in banks with an aggregate carrying value of HK$420,156,000 (2012: HK$108,323,000).

At 31 December 2013, bank loans amounting to HK$485,160,000 (2012: HK$997,665,000) were secured by trade and bills receivables with an aggregate carrying value of HK$489,542,000 (2012: HK$1,059,635,000).

At 31 December 2013, bank loans amounting to HK$67,411,000 (2012: HK$65,365,000) were secured by land use rights with an aggregate carrying value of HK$27,010,000 (2012: HK$26,758,000).

At 31 December 2013, bank loans amounting to HK$Nil (31 December 2012: HK$81,906,000) were secured by both bank deposits and trade receivables with an aggregate carrying value of HK$Nil (31 December 2012: HK$4,390,000) and HK$Nil (31 December 2012: HK$77,902,000) respectively.

At 31 December 2013, bank loans amounting to HK$15,877,000 (2012: HK$17,620,000) were secured by property, plant and equipment with an aggregate carrying value of HK$18,196,000 (2012: HK$20,650,000).

At 31 December 2013, bank loans amounting to HK$3,139,733,000 (31 December 2012: HK$2,968,114,000) were secured by total assets of GCC with an aggregate carrying value of HK$9,546,800,000 (31 December 2012 (restated): HK$10,218,162,000).

X. Risk Factors

The operation of the Group involves certain risks, some of which are beyond our control. The risks set out below are those that Winsway currently believes may materially affect its performance and/or financial condition. However, this should not be taken as an exhaustive list as there may be additional risks and uncertainties not currently known to Winsway, or those which are currently deemed to be immaterial, may become material in the future which may adversely affect Winsway's business, results of operations, financial condition and prospects.

a. *Volatility of Coal Prices*

The market price of coal is volatile and is affected by numerous factors that are beyond our control. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, the level of interest rates, the rate of inflation, global or regional political events and international events, as well as a range of other market forces. Sustained downward movements in coal market prices, as recorded in the year 2013, have materially affected the Group's business. The combined effects of any or all of these factors on coal prices are impossible for us to predict, there can be no assurance that global and domestic coal prices will not continue to fall or rebound to a profitable level, which would have material and adverse effect on our financial condition.

b. *Dependence Upon the Steel Industry*

Our business and prospects are heavily dependent on the demand for coking coal by steel makers and coke plants in China. The steel industry's demand for metallurgical coal is affected by a number of factors including the cyclical nature of that industry's business, technological developments in the steel-making process and the availability of substitutes for steel such as aluminum, composites and plastics. In the year 2013, the Chinese steel mills cut down their production as steel prices continued to decline under a weak domestic and international economic environment. Such significant reduction in the demand for steel products reduced the demand for metallurgical coal, which had a material adverse effect on the Group's performance. The continuance of a weak demand for metallurgical coal by the steel industry will affect the average selling prices of coking coal products, which will have material adverse effect on the Group.

c. *Exposure to exchange rate fluctuations*

Over 50% of the Group's turnover in 2013 was denominated in Renminbi. Over 95% of the Group's cost of coal purchased, and some of our operating expenses was denominated in 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.

d. *Uncertainty associated with the legal system in Mongolia*

The Mongolian legal system shares several of the qualitative characteristics typically found in a developing country. Many of its laws are still evolving. The legal system in Mongolia has inherent uncertainties that could limit the legal protections available to us. Although our Group does not currently have any direct operation in Mongolia, our business is strongly connected to, and places significant reliance on, operations in Mongolia. We rely on our major suppliers in Mongolia to supply coal to us and third-party transportation companies to deliver coal to us. There can be no assurance that future political and economic conditions in Mongolia will not result in the Mongolian Government adopting different policies in relation to foreign development and ownership of mineral resources. Any such changes in government or policy may result in changes in laws affecting ownership of assets, environmental protection, labour relations, repatriation of income, return of capital, investment agreements, income tax laws, royalty regulation, government incentive and other areas, each of which may materially and adversely affect our or our suppliers' ability to undertake exploration and development activities in the manner currently contemplated. Similarly, any restrictions imposed, or Mongolian Government charges levied or raised (including royalty fees), under Mongolian law on the export of coal could materially harm our operations and competitiveness.

e. *Exploration, Development and Operating Risks*

The Group's exploration for and development of coal deposits involves significant risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Few sites that are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of coal disclosed by the Group will be available to extract. All mining operations are inherently uncertain and coal exploration is speculative in nature, there can be no assurance that any coal discovered will result in an increase in the Group's coal resource base.

Establishment of a coal reserve and development of a coal mine does not assure a profit on the investment or recovery of costs. In addition, mining hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from a mine. These conditions include delays in obtaining governmental approvals or consents, insufficient transportation capacity or other geological, geotechnical and mechanical conditions. While the Group endeavours to maximize production rates of our mines over time through diligent mine supervision and effective maintenance, production delays from normal field operating conditions cannot be eliminated and these could adversely affect revenue and cash flow levels of the Group's mining operations to varying degrees.

The Group's mining operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of coal. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Losses resulting from the occurrence of any of these risks could have a material adverse effect on the Group's business, financial condition and results of the Group's mining operations.

f. *Reserve and Resource Estimates*

The Group's reported coal reserves and resources are only estimates. While the Group has commissioned independent technical consultant to produce reports on the Group's coal reserves and resources, no assurance can be given that the estimated coal reserves and resources in such reports will be recovered or that they will be recovered at the rates estimated. Coal reserve and resource estimates are based on limited sampling, and, consequently, are uncertain because the samples may not be representative. Coal reserve and resource estimates may require revision (either up or down) based on actual production experience. Market fluctuations in the price of coal, as well as increased production costs or reduced recovery rates, may render certain coal reserves and resources uneconomic and may ultimately result in a restatement of reserves and/or resources. Moreover, short-term operating factors relating to the coal reserves and resources, such as the need for subsequent development of ore bodies and the processing of new or different ore grades, may adversely affect the Group's profitability in any particular accounting period.

g. *Additional Funding Requirements*

The Group's mining operations of GCC may require substantial funds for future exploration, development, production and acquisition of coal reserves. No assurance can be given that the Group will be able to raise or provide the additional funding that may be required for such activities, should such funding not be fully generated from existing cash and internally generated cash flow. Coal prices, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors that will have an impact on the amount of additional capital that may be required. There is no assurance that additional financing would be available on terms acceptable to the Group or at all. If the Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, forfeit its interest in some or all of its properties and licences, incur financial penalties or reduce or terminate its operations.

The Board has begun a process to review strategic alternatives available to the Company with respect to its 60% interest in GCC. The Company cautions shareholders that there is no assurance that the review will result in any specific transaction and no firm timetable has been set for the completion of this process.

h. Governmental Regulations and Processing Licences and Permits

The activities of the Group's mining operations are subject to government approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters, including issues affecting local First Nations and Aboriginal populations. The Group's mining activities are also subject to various laws and regulations relating to the protection of the environment. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Group's mining operations. Further, the mining licences and permits issued in respect of the Group's mining projects and mines may be subject to conditions which, if not satisfied, may lead to the revocation of such licences. In the event of revocation, the value of the Group's investments in such projects may substantially decline.

i. Environmental Regulation and Liability

The Group's mining activities are subject to environmental regulation (including regular environmental impact assessments and permitting) in the Province of Alberta, including Canadian federal legislation. Such regulations typically cover a wide variety of matters including, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Group may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances that may exist on or under any of its properties or that may be produced as a result of its operations. Compliance with these environmental regulations may impose further financial burdens on the Group.

j. Changes in Legislation

There can be no assurance that income tax laws, royalty regulations and governmental incentive programs relating to the mining industry in Canada will not be changed in a manner which adversely affects the Group's mining operations.

XI. Final Dividends

The Board does not recommend the payment of final dividend for the year ended 31 December 2013.

XII. Human Resources

Employee Overview

The Group has maintained a performance-oriented compensation system that balances each individual position's internal and external value. The Group also signs formal employment contracts with all employees and participates in all required social security schemes following applicable regional and/or national laws and regulations.

As of 31 December 2013, there were 1,180 full-time employees in the Group (excluding 701 dispatch staff from domestic subsidiaries). Detailed breakdown of employee categories is as follows:

Functions	**No. of Employee**	**Percentage**
Management, Administration & Finance	286	24.2%
Front-line Production & Production Support & Maintenance	253	21.4%
Sales & Marketing	36	3.1%
Mining(a)	572	48.5%
Others (incl. Projects, CP, Transportation)	33	2.8%
Total	1,180	100%

(a) Breakdown of Mining related personnel

Functions	**No. of Employees**	**Percentage**
Head Office (Calgary) *(Note 1)*	30	5%
Mine Site Management, Supervision, Technical and Administrative	125	22%
Underground Mining Operations (Union)	130	23%
Contract Underground Mining Operations	46	8%
Surface Mining Operations (Union)	112	20%
Maintenance (Union)	48	8%
Coal Process Plant Operations & Maintenance and Site Care (Union)	81	14%
Total	572	100%

Note 1. The head office count includes 8 superintendents at the Mine Site.

Note 2. The total number of union employees is 371.

Employee Education Overview

Qualifications	**No. of employee**	**Percentage**
Master & above	63	5.3%
Bachelor	190	16.1%
Diploma	382	32.4%
Middle-School (Secondary School) & below	545	46.2%
total	1,180	100%

Training Overview

The Company considers training an invaluable process to provide employees with information, new skills, and/or professional development opportunities. As of 31 December 2013, the Company has held various training programs totaling 7,200 hours, and over 1,170 attendances have participated in these programs.

The Company also holds an orientation program for newly admitted employees. The program covers modulars such as, among other things introduction to corporate culture, brief of Company regulations, understanding of safety and operational guidelines.

The Company has also sponsored professional training programs such as EMBA program, Chartered Professional Accountant program, Hong Kong Chartered Secretary program, et cetera to employees and management staff and different levels.

	2013		**2012**	
Training Courses	**No. of hours**	**No. of attendances**	**No. of hours**	**No. of attendances**
Safety	4,397	665	2,195	411
Management and leadership	395	30	2,011	255
New staff Orientation	1,040	268	604	40
Operation Excellence	1,369	207	21,650	1,004
Total	7,201	1,170	26,460	1,710

XIII. Health, Safety and Environment

Overview

We value the health and safety of our employees and the importance of protecting the environment. The lost time injury frequency rate ("LTIFR") is a key measure of how we are delivering against our commitment. The LTIFR, a ratio of the number of lost-time injuries per million hours works, was 2.46 for the Company (excluding GCC) and 2.02 for GCC in 2013.

No serious safety and environmental accidents were reported in 2013.

(i) Logistical & Trading Business

In 2013, the focus of HSE of Winsway was placed on: (1) improving staff's safety awareness; (2) safety production standardization; (3) improving front-line staff's abilities of response to accidents in a comprehensive way with the ability of site emergency response as the focus; and (4) perfecting the HSE responsibility system and creating a responsibility network.

Improvement of staff's safety awareness: The Company has formulated the safety training plan and courseware development plan, organised and carried out training as well as the evaluation of training effects, developed 1 set of safety training courseware at corporate level, 1 set of training courseware at department level and 5 sets of training courseware at team level; and improved the safety training files and trained 448 persons; training hours: 3,737 hours.

Construction of safety standardization: The safety standardization, i.e., management standardization, site standardization and operation standardization, was first carried out with Yiteng Coal Washing Plant as the pilot and passed acceptance in 2013. The washing plant has reached or exceeded industrial standards in terms of all audit contents, and appropriate laws and regulations are adapted to the internal standards of the washing plant.

Enhancement of emergency response capability: The analysis of and study on HSE management system as well as the assessment of emergency response capability lay a good foundation for the establishment of a dynamic safety management system, which includes 1 comprehensive contingency plan, 6 special contingency plans (e.g. fire control, food poisoning, etc.) and 9 modules of site disposal and increase of emergency tasks (e.g. evacuation, fire fighting, dealing with problems arising from an accident, etc.). The assorting, improvement and drill of contingency plans have made plans at all levels connected more closely and improved the applicability and operability of contingency plans.

Construction of HSE Responsibility System: decomposing safety responsibility as key performance indicators pursuant to the task requirements of the Company with the annual HSE objectives and indicators as the carriers and guiding various companies in decomposing the responsibility system layer by layer; various companies have signed up to 41 letters of responsibility with the functional departments and subordinates of the Company, realizing full coverage over the Company and front-line positions, and the "one position with double responsibilities" network has been preliminarily formed. The decomposition layer by layer and deployment of safety responsibility has promoted the realization of annual overall safety and environmental protection objectives.

Performance of accident indicators of safety production (inclusive of occupational health)

No.	Name of indicator	Unit of measurement	Number of incidences 2011	2012	**2013**	**Target for 2013**
	Production safety management (including occupational health)					
1	Fatal accident in safety production	Person	0	0	**0**	**0**
2	Severe accident in safety production	Person	5	4	**0**	**4**
3	Minor accident		8	7	**3**	**≤15**
4	Large and above accident of equipment in safety production		0	0	**0**	**0**
5	Accident of explosion of pressure vessel (inclusive of boiler) in safety production		0	0	**0**	**0**
6	Confirmed occupational disease cases (inclusive of occupational poisoning)	Person	0	0	**0**	**0**
	Fire safety management					
7	Accident of fire and explosion of inflammable materials in safety production		0	0	**1**	**0**
	Public health safety management					
8	General and above food poisoning accident		0	0	**0**	**0**
9	Outbreak of A and B infectious diseases		0	0	**0**	**0**
	Traffic safety management					
10	General and above traffic safety accident		0	0	**0**	**0**
	Total		13	11	**4**	**≤19**

(ii) Mining Business

(a) Safety

Grande Cache Coal LP ("GCC"), the Company's subsidiary operating the mining business, is committed to and responsible for providing and maintaining a safe and healthy work environment. Working together we share an obligation with all employees to protect health and promote safety in all areas of the mine.

Regrettably, we experienced a spike in our lost time injury rate (LTIFR) during the first 2 months of 2013. As a result, the yearly LTIFR was not reduced as expected. However, the effective safety intervention programs implemented in 2013 have significantly reduced the LTIFR and serious incident rates for the last three quarters of the year. Actually, by early 2014 GCC has achieved a new record of 318 days without a lost time (LTI).

(b) The Environment

In response to the increased LTIFR during the first 2 months of 2013, GCC moved into action to reverse the wrong safety trend. A Memorandum was released by the President and CEO of GCC in February, calling for immediate action by everyone to correct the poor safety performance. The senior leadership, along with the front line supervisors completed various safety discussions with all crews and workers to improve our safety in the mine site. An emphasis on the responsibility and importance of the front line supervisors was placed on the safety management structure.

In March 2013, GCC finalised all the components of a site wide "Safety Call to Action Program" which was implemented in April. This 3-day program included mandatory third party Industrial Leadership training (Canscott), two GCC site specific training supplements titled "The Role of Leadership in Safety" and "Corrective Action in Safety". By the end of May all staff and hourly employees acknowledged and signed a written contract which defined GCC's expectations for individual safety responsibilities.

The newly developed "Safety Infraction Discipline Flow Chart" and the "Sliding Consequence Scale for Unsafe Behaviors" helped the workers understand and appreciate their individual responsibilities in achieving workplace safety. As a result of the "Safety Call to Action Program," GCC has experienced a significant reduction in probable high ranked safety incidents.

GCC continues to be committed to maintaining a level of competence for Advanced and Standard First Aid, Mine Rescue certification and our Emergency Loss Prevention Attendants (ELPA) on the mine site. Trained Surface and UG Mine Rescue Teams, and our ELPA's are in place at all times to respond to all emergencies.

The Surface Mine Rescue Team participated in the annual Surface Mine Rescue Competition held just outside of Edmonton, Alberta, in a town named Spruce Grove on June 21-22, 2013. GCC team competed against eleven other teams from across Alberta and won the third place trophy in the Fire Fighting event.

The Underground Mine Rescue Team participated in the 11th Bi-Annual National Western Regional Mine Rescue competition in Fernie British Columbia on September 5-7, 2013. GCC had 1 team competing against nine other teams from Western Canada and the North Western United States. The GCC team won 1st place in the Obstacle with Recovery and 2nd place in the Donning and Briefing.

In November 12-14, 2013, GCC successfully completed its first Internal Health and Safety Audit with a score of 82%. GCC is partnered with the Alberta Construction Safety Association (ACSA) and we are mandated to complete an internal maintenance audit every year for 2 years to remain certified. GCC received its Certificate of Recognition (COR) in December 2012 and will be required to complete an external audit in 2015 to retain COR.

In order to avoid the safety incident increase experienced in early 2013, GCC completed a "Safety Reset" in November with the majority of supervisory staff concerning the "Safety Call to Action Program" delivered back in April of 2013, with additional emphasis on winter safety.

During 2013, GCC also developed a design change management program together with a training of "Coal Mining 101", a program to educate the fundamentals and requirements concerning regulatory compliance in mining operations. A centralised reporting and communication protocol has also been introduced to streamline the interaction with the regulators.

Currently GCC is working with Partnerships of Injury Reduction and Alberta Construction Safety Association (ACSA) to improve our safety system. An action plan was generated in Dec and will be completed in July 2014. Currently GCC has planned for the following Safety and Environment activities for 2014:

- Complete "Near Miss Report" training and initiate mandatory near miss reporting for all workers and staff effective Mar 01. Current Ratio objective is 30 near miss reports per incident, 30:1.

- Develop a Health & Safety package to be distributed to all supervisors on site by end April.

- Conduct internal training for the "Workers Role in Safety" by end May.

- Develop a mentoring program for all supervisors on site by end May.

- Conduct Re-Orientation for all employees with over 3 year's service by end June.

- Complete the annual re-training for all personnel on the Emergency Response Plan by end June.

- Conduct incident trending studies for each department on a monthly basis.

- Complete the identified Job Hazard Analysis and required Safe Work Practice/ Procedures by end July.

- Environmental Pond Project with the completion of 1.026 intermediate and Saddle West Intermediate by end August.

- Conduct "Winter Driving Safety" by end Oct.

- Conduct the site wide Internal Safety Audit by end Nov.

Grande Cache Coal Safety Statistics 2010-2013

	2012	2013
Incident Listing		
Near Miss	486	**360**
First Aids	127	**125**
GCC Medical Aids	78	**22**
LTI	11	**11**
TRI	66	**48**
WHS Notifiable	17	**16**
WHS Reportable	0	**4**
AENV Reportable	57	**25**
Stats		
LTI Frequency	1.55	**2.02**
LTI Severity	14.68	**67.33***
TRI Frequency	9.32	**8.83**
Lost Time		
Days Lost	104	**366***
Modified Work		
Hours	13,964	**12,951**
Days	1,361	**1,179**
Total Employees		
GCC Employees	646	**493**
Man Hours Worked	1,461,843	**1,087,178**

* Both higher LTI severity and higher days lost were due to a spike in these two measurements during the first two months of 2013. GCC's new CEO has quickly rectified associated problems when appointed in March, allowing GCC to achieve a new record of 318 days without a lost time (LTI) in 2013.

GCC will plan, assess, construct, operate and decommission its facilities in an environmentally responsible and sustainable manner.

There was a significant reduction in environment reportable incidents in 2013 compared with the previous year. However in June 2013, GCC reported an uncontrolled release of mine wastewater from the Mesa 1030 Pond located within the 8 Mine open pit operation. GCC immediately responded to the incident by developing a well engineered plan to mitigate the effects of the release including the construction of Pond 1030, sediment flow controls and in stream monitoring. GCC implemented all controls by January 2014.

XIV. Investor Relations

The Company is committed to upholding an interactive and transparent investor relationship strategy to enhance the knowledge and understanding of the investment community with respect to the Company's corporate background, strategy, development, operational progress and financial performance, such that public investors will be able to make well-informed decisions on their investments.

SUPPLEMENTARY INFORMATION

Compliance with the Code on Corporate Governance Practices

Throughout the year ended 31 December 2013, the Company has complied with the code provisions ("**Code Provisions**") under the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (the "**CG Code**"), except for the deviation from the Code Provision A.2.1 which requires that the roles of chairman and chief executive officer to be separate and not performed by the same individual. Key corporate governance principles and practices of the Company as well as details relating to the foregoing deviation are summarised below.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wang Xingchun is the Chairman of the Board and Chief Executive Officer of the Company. 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 deviation already mentioned from the CG Code, the Company fully complied with all the Code Provisions throughout the year ended 31 December 2013.

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 2013.

Review of Annual Results

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2013.

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 2013 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, 26 March 2014

As at the date of this announcement, the executive Directors of the Company are Mr. Wang Xingchun, Ms. Zhu Hongchan, Mr. Yasuhisa Yamamoto, Ms. Ma Li, Mr. Wang Changqing, the non-executive Directors of the Company are Mr. Daniel J. Miller, 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.