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WINSWAY ENTERPRISES HOLDINGS LIMITED

永暉實業控股股份有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 1733)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board of directors (the "**Board**") of Winsway Enterprises Holdings Limited (the "**Company**") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (including Grande Cache Coal LP ("**GCC LP**"), collectively referred to the "**Group**") for the six months ended 30 June 2014 together with comparative figures for the corresponding period ended 30 June 2013.

FINANCIAL HIGHLIGHTS

- Turnover of the Group from continuing operations in the first half of 2014 was HK$3,246 million.
- Loss for the six months ended 30 June 2014 was HK$4,728 million, out of which, HK$421 million is generated from the continuing operations. During the first half of 2014, the pre-tax impairment losses without cash flow impact were HK$130 million and HK$59 million for inventory and property, plant and equipment respectively under continuing operations.
- The major subsidiary GCC LP was classified as disposal group held for sale as of 27 June 2014. Loss for the six months ended 30 June 2014 from discontinued operation (GCC LP) was HK$4,307 million, including HK$3,994 million impairment (net of income tax) on the carrying value.
- Loss attributable to equity shareholders of the Company amounted to HK$2,740 million, out of which, HK$413 million is from continuing operations, and HK$2,327 million is from discontinued operations.
- Basic and diluted loss per share was HK$0.727. Loss per share from continuing operations was HK$0.110.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2014 - unaudited

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2014	2013
	Note	***$'000***	*$'000*
			(Restated-note 2)
Continuing operations:			
Turnover	4	**3,246,481**	5,380,576
Cost of sales		**(3,246,065)**	(5,476,096)
Gross profit/(loss)		**416**	(95,520)
Other revenue		**76,272**	38,592
Distribution costs		**(86,314)**	(56,945)
Administrative expenses		**(191,200)**	(191,759)
Other operating expenses, net		**(1,278)**	(491)
Impairment of non-current assets		**(58,764)**	—
Loss from operating activities		**(260,868)**	(306,123)
Finance income		**52,796**	226,794
Finance costs		**(207,267)**	(335,487)
Net finance costs		**(154,471)**	(108,693)
Share of profit of an associate		**916**	—
Loss before taxation from continuing operations		**(414,423)**	(414,816)
Income tax	6	**(6,163)**	(58,354)
Loss from continuing operations		**(420,586)**	(473,170)

	Note	Six months ended 30 June 2014 $'000	2013 $'000 (Restated-note 2)
Discontinued operation:			
Loss from discontinued operation, net of tax	5	**(4,307,275)**	(459,643)
Loss for the period		**(4,727,861)**	(932,813)
Attributable to:			
Equity shareholders of the Company:			
Loss for the period from continuing operations		**(413,257)**	(469,700)
Loss for the period from discontinued operations		**(2,327,218)**	(292,996)
Loss for the period attributable to equity shareholders of the Company		**(2,740,475)**	(762,696)
Non-controlling interests:			
Loss for the period from continuing operations		**(7,329)**	(3,470)
Loss for the period from discontinued operations		**(1,980,057)**	(166,647)
Loss for the period attributable to non-controlling interests		**(1,987,386)**	(170,117)
Loss for the period		**(4,727,861)**	(932,813)
Loss per share			
— Basic and diluted *(HK$)*	7(i)	**(0.727)**	(0.202)
Loss per share — continuing operations			
— Basic and diluted *(HK$)*	7(ii)	**(0.110)**	(0.124)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2014 - unaudited

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2014	2013
	$'000	*$'000*
Loss for the period	**(4,727,861)**	(932,813)
Other comprehensive income for the period (after tax adjustments):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**(30,745)**	35,976
Total comprehensive income for the period	**(4,758,606)**	(896,837)
Attributable to:		
Equity shareholders of the Company	**(2,770,027)**	(729,113)
Non-controlling interests	**(1,988,579)**	(167,724)
Total comprehensive income for the period	**(4,758,606)**	(896,837)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2014 - unaudited

(Expressed in Hong Kong dollars)

	Note	**At 30 June 2014** *$'000*	At 31 December 2013 *$'000*
Non-current assets			
Property, plant and equipment, net		**1,080,852**	3,852,235
Construction in progress		**363,916**	558,486
Lease prepayments		**546,106**	541,474
Intangible assets		**4,484**	6,124,798
Interest in an associate		**15,579**	14,843
Other investments in equity securities		**396,560**	400,369
Other non-current assets		**207,803**	206,969
Deferred tax assets	8	**77,247**	286,845
Total non-current assets		**2,692,547**	11,986,019
Current assets			
Inventories	9	**721,394**	1,362,734
Trade and other receivables	10	**3,554,774**	4,616,224
Restricted bank deposits		**1,566,763**	2,150,026
Cash and cash equivalents		**554,152**	2,018,000
Assets held for sale	5	**4,778,338**	—
Total current assets		**11,175,421**	10,146,984
Current liabilities			
Secured bank loans		**1,814,477**	1,093,111
Trade and other payables	11	**3,283,030**	7,815,506
Obligations under finance lease		**—**	130,315
Income tax payable		**45,748**	66,525
Liabilities held for sale	5	**4,175,794**	—
Total current liabilities		**9,319,049**	9,105,457
Net current assets		**1,856,372**	1,041,527
Total assets less current liabilities		**4,548,919**	13,027,546

	Note	**At 30 June 2014**	At 31 December 2013
		$'000	*$'000*
Non-current liabilities			
Secured bank loans		**495,302**	3,065,780
Senior notes		**2,349,243**	2,337,010
Deferred income		**156,240**	158,887
Obligations under finance lease		**—**	176,726
Deferred tax liabilities	8	**—**	1,082,545
Provisions		**—**	209,873
Total non-current liabilities		**3,000,785**	7,030,821
NET ASSETS		**1,548,134**	5,996,725
CAPITAL AND RESERVES			
Share capital		**4,992,337**	4,992,337
Reserves		**(3,750,822)**	(983,102)
Total equity attributable to equity shareholders of the Company		**1,241,515**	4,009,235
Non-controlling interests		**306,619**	1,987,490
TOTAL EQUITY		**1,548,134**	5,996,725

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

1 CORPORATE INFORMATION

Winsway Enterprises Holdings Limited (formerly known as "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 (classified as a discontinued operation) and rendering of logistics services.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements. Details of these changes in accounting policies are set out in note 3.

One of the Group's subsidiaries, namely Grande Cache Coal LP ("GCC LP") sustained a net loss from operations before impairment losses for non-current assets of $825 million for the year ended 31 December 2013. As a result of the continuing depression of the coking coal market, GCC LP incurred significant losses before taxation of $252 million, before impairment losses, and cash outflow of $15 million from operating activities and investing activities in the six months ended 30 June 2014. As at 30 June 2014, GCC LP had total loans of $3,150 million (among which $965 million is repayable in the next 12 months from 30 June 2014) and cash and cash equivalents balance of $34 million, taking into account the fact that the Group finds itself difficult to continue providing financial support to GCC LP, the operation of GCC LP as a going concern is dependent on whether GCC LP can extend the repayment of those bank loans when they fall due and whether GCC LP can obtain new external financing. In addition, GCC LP has loans of $194 million due on 2 September 2014 and as of the date of approval of these financial statements is with insufficient liquidity to discharge the obligation in accordance with the terms of the loans. Without immediate financial support, GCC LP will be in default of its obligations under the terms of the loans and may be unable to realise its assets and discharge its liabilities in the normal course of business. However, GCC LP is actively negotiating with relevant banks for the loan restructuring and seeking new external financing. All these indicate the existence of a material uncertainty which may cast significant doubt about the ability of GCC LP to operate as a going concern in the foreseeable future.

On 27 June 2014, the board of directors of the Company resolved to commit to a plan to sell part or all of the Company's interest in GCC LP to a level at which the Company would cease to hold a majority or controlling interest. Efforts to sell the disposal group have started and a sale is expected to be completed within one year. As at the date of approval of this financial report, the Company has communicated with several purchasers for the disposal of GCC LP. However, the Company has not yet entered into any agreement.

GCC LP and its coal mining operation as a whole represent the Group's development of coal mills and production of coking coal and related products segment that is separated from the Group's other business segments. Accordingly, GCC LP has been presented as a discontinued operation in the consolidated statement of profit or loss and the assets and liabilities of GCC LP have been classified as a disposal group held for sale. The comparative consolidated statement of profit or loss has been restated to show the discontinued operation separately from continuing operation. An impairment loss of $4,698,604,000 for write-downs of the disposal group to the lower of its carrying amount and its fair value less costs to sell has been recorded in the consolidated statement of profit or loss for the current period (see note 5). The directors of the Company are of the view that the Group is able to dispose of GCC LP without any material further losses after the above-mentioned impairment loss under the current market conditions.

In light of the measures of the Group described above, the directors of the Company are of the view that the Group is able to meet with its liabilities as and when they fall due in the foreseeable future. In addition, the above plan to dispose of GCC LP as a whole shall not have any material adverse impact to the results, cash flows and financial position of the remaining part of the Group. After such disposal, the remaining part of the Group is a viable group with processing and trading of coking coal, logistics services and other businesses. Accordingly, the directors of the Company consider that it is appropriate to prepare these financial statements on a going concern basis. These financial statements do not include any adjustments that might be necessary should the Group not be able to continue as a going concern in the foreseeable future.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company:

- Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*

- Amendments to IAS 32, *Offsetting financial assets and financial liabilities*

- Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*

- Amendment to IAS 39, *Novation of derivatives and continuation of hedge accounting*

- IFRIC 21, *Levies*

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 IFRS 10, IFRS 12 and IAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended IFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the Group's interim financial report as the Company does not qualify to be an investment entity.

Amendments to IAS 32, Offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The amendments do not have an impact on the Group's interim financial report as they are consistent with the policies already adopted by the Group.

Amendments to IAS 36, Recoverable amount disclosures for non-financial assets

The amendments to IAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating units ("CGU") whose recoverable amount is based on fair value less costs of disposal. Disclosures in respect of impaired assets relating to the disposal group held for sale of GCC LP have been disclosed in note 5.

Amendments to IAS 39, Novation of derivatives and continuation of hedge accounting

The amendments to IAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on the Group's interim financial report as the Group has not novated any of its derivatives.

IFRIC 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on the Group's interim financial report as the guidance is consistent with the Group's existing accounting policies.

4 TURNOVER AND SEGMENT REPORTING

(i) Turnover

The Group is principally engaged in the processing and trading of coking coal and other products 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 period is as follows:

Continuing operations

	Six months ended 30 June	
	2014	2013
	$'000	*$'000*
		(Restated)
Coking coal	**3,036,118**	4,741,936
Coal related products	**22,973**	396,002
Thermal coal	**151,312**	—
Iron ore	**—**	215,698
Rendering of logistics services	**32,875**	23,953
Others	**3,203**	2,987
	3,246,481	5,380,576

(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 (classified as a discontinued operation (see note 5)): this segment acquires, explores and develops coal mills and produces coal from the mills. On 1 March 2012, the Group acquired Grande Cache Coal Corporation ("GCC"), a Canadian company developing coal mills and producing coking coal and related products from the mills. On 27 June 2014, the board of directors of the Company resolved to commit to a plan to sell part or all of the Company's interest in Grande Cache Coal LP ("GCC LP"), the subsidiary that carries on all of the assets and liabilities of GCC after the acquisition, to a level at which the Company would cease to hold a majority or controlling interest.

- 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 bases:

Segment assets include all tangible assets, intangible assets 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. 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), 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 six months ended 30 June 2014 is set out below.

For the six months ended 30 June

	Processing and trading of coking coal and other products		Development of coal mills and production of coking coal and related products (Discontinued operation)		Logistics services		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**3,213,606**	5,356,623	**536,698**	434,639	**32,875**	23,953	**3,783,179**	5,815,215
Inter-segment revenue	**—**	—	**85,095**	518,943	**7,449**	9,641	**92,544**	528,584
Reportable segment revenue	**3,213,606**	5,356,623	**621,793**	953,582	**40,324**	33,594	**3,875,723**	6,343,799
Reportable segment (loss)/profit (adjusted EBITDA)	**(160,447)**	(242,204)	**109,413**	(96,798)	**17,142**	(8,781)	**(33,892)**	(347,783)
Interest income	**32,696**	64,094	**159**	236	**235**	424	**33,090**	64,754
Interest expense	**(173,367)**	(307,049)	**(115,204)**	(131,397)	**(9,385)**	—	**(297,956)**	(438,446)
Depreciation and amortisation for the period	**(44,912)**	(55,813)	**(245,905)**	(173,497)	**(13,887)**	(10,763)	**(304,704)**	(240,073)
Impairment of non-current assets	**(58,764)**	—	**(4,698,604)**	(105,791)	**—**	—	**(4,757,368)**	(105,791)
Share of profit of an associate	**—**	—	**—**	—	**916**	—	**916**	—
Additions to non-current segment assets during the period	**32,120**	179,638	**132,963**	267,704	**28,898**	69,841	**193,981**	517,183

	Processing and trading of coking coal and other products		Development of coal mills and production of coking coal and related products (Discontinued operation)		Logistics services		Total	
	At 30 June 2014	At 31 December 2013	**At 30 June 2014**	At 31 December 2013	**At 30 June 2014**	At 31 December 2013	**At 30 June 2014**	At 31 December 2013
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Reportable segment assets	**8,738,229**	12,499,597	**4,778,338**	9,546,800	**751,474**	626,354	**14,268,041**	22,672,751
Reportable segment liabilities	**8,005,804**	10,714,993	**4,051,842**	4,642,874	**473,104**	470,777	**12,530,750**	15,828,644

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

For the six months ended 30 June

	2014	2013
	$'000	*$'000*
		(Restated)
Revenue		
Reportable segment revenue	**3,875,723**	6,343,799
Elimination of inter-segment transactions	**(92,544)**	(528,584)
Elimination of discontinued operation	**(536,698)**	(434,639)
Consolidated turnover from continuing operations	**3,246,481**	5,380,576
Loss		
Reportable segment loss	**(33,892)**	(347,783)
Elimination of inter-segment losses	**—**	11,438
Depreciation and amortisation	**(58,799)**	(66,576)
Impairment of non-current assets	**(58,764)**	—
Share of profit of an associate	**916**	—
Net finance costs	**(154,471)**	(108,693)
Elimination of discontinued operation	**(109,413)**	96,798
Consolidated loss before taxation from continuing operations	**(414,423)**	(414,816)

	At 30 June 2014 $'000	At 31 December 2013 $'000
Assets		
Reportable segment assets	**14,268,041**	22,672,751
Deferred tax assets	**77,247**	286,845
Interest in an associate	**15,579**	14,843
Elimination of inter-segment receivables	**(492,899)**	(841,436)
Consolidated total assets	**13,867,968**	22,133,003
Liabilities		
Reportable segment liabilities	**12,530,750**	15,828,644
Current income tax liabilities	**45,748**	66,525
Deferred tax liabilities *(note 5(b))*	**236,235**	1,082,545
Elimination of inter-segment payables	**(492,899)**	(841,436)
Consolidated total liabilities	**12,319,834**	16,136,278

(c) ***Reconciliation of development of coal mills and production of coking coal and related products segment (discontinued operation) results***

	Note	Six months ended 30 June 2014 $'000	2013 $'000
Development of coal mills and production of coking coal and related products segment profit/(loss) (adjusted EBITDA)		**109,413**	(96,798)
Net finance costs for the segment		**(115,045)**	(146,321)
Depreciation and amortisation for the segment		**(245,905)**	(173,497)
Impairment of non-current assets for the segment		**(4,698,604)**	(105,791)
		(4,950,141)	(522,407)
Income tax in respect of operating activities of GCC LP	5(e)	**(61,925)**	62,764
Income tax in respect of write-down of GCC LP's net assets	5(e)	**704,791**	—
Loss from discontinued operation, net of tax		**(4,307,275)**	(459,643)

(d) 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 the location of operations, in the case of interests in an associate.

For the six months ended 30 June

	Revenues from external customers	
	2014	2013
	$'000	*$'000*
		(Restated)
The PRC (including Hong Kong and Macau)	**3,246,481**	5,332,616
Canada	**536,698**	434,639
Elimination of discontinued operation	**(536,698)**	(434,639)
	—	—
Other countries	**—**	47,960
	3,246,481	5,380,576

	Specified non-current assets	
	At 30 June	At 31 December
	2014	2013
	$'000	*$'000*
The PRC (including Hong Kong and Macau)	**2,425,374**	2,512,124
Canada	**—**	8,997,181
Other countries	**189,926**	189,869
	2,615,300	11,699,174

5 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION

As mentioned in note 2, on 27 June 2014, the board of directors of the Company resolved to commit to a plan to sell part or all of the Company's interest in GCC LP to a level at which the Company would cease to hold a majority or controlling interest. Efforts to sell the disposal group have started and a sale is expected to be completed within one year. Accordingly, GCC LP has been presented as a discontinued operation in the consolidated statement of profit or loss and the assets and liabilities of GCC LP have been classified as a disposal group held for sale. The comparative consolidated statement of profit or loss has been restated to show the discontinued operation separately from continuing operations.

As at the date of approval of these financial statements, the Company had communicated with several purchasers for the disposal of GCC LP. However, the Company has not yet entered into any agreement.

(a) Impairment loss relating to the disposal group

An impairment loss of $4,698,604,000 for write-downs of the disposal group to the lower of its carrying amount and its fair value less costs to sell has been charged to the consolidated statement of profit or loss for the current period. The impairment loss has been applied to reduce the carrying amount of intangible assets within the disposal group.

(b) Assets and liabilities of disposal group held for sale

As at 30 June 2014, the disposal group has been stated at fair value less costs to sell and comprised the following assets and liabilities.

	$'000
Property, plant and equipment	2,782,198
Construction in progress	20,686
Intangible assets	1,382,587
Inventories	324,399
Trade and other receivables	18,315
Restricted bank deposits	216,603
Cash and cash equivalents	33,550
Assets held for sale	4,778,338

	$'000
Secured bank loans*	3,149,960
Trade and other payables	329,184
Obligations under finance lease	242,654
Provisions	217,761
Deferred tax liabilities**	236,235
Liabilities held for sale	4,175,794

* Bank loans amounting to $15,506,000 are secured by property, plant and equipment with an aggregate carrying amount of $18,743,000. Bank loans amounting to $3,134,454,000 are secured by GCC LP's total assets.

** During the period ended 30 June 2014, deferred tax liabilities in respect of GCC LP of $846,310,000 ($141,519,000 in respect of GCC LP's operating activities and $704,791,000 in respect of write-down of GCC LP's net assets (see note 5(e))) has been reversed. As at 30 June 2014, the remaining balance of $236,235,000 was classified as liabilities held for sale.

*** In accordance with the Group's accounting policy, the Group has not recognised deferred tax assets in respect of cumulative tax losses of GCC LP of approximately $566,045,000 at 30 June 2014 as the management considers it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

(c) Cumulative income or expense included in other comprehensive income

There are foreign currency translation reserves of $54,451,000 included in other comprehensive income relating to the disposal group.

(d) Measurement of fair value

(i) Fair value hierarchy

The non-recurring fair value measurement for the disposal group of $618,047,000 (before costs to sell of $15,503,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. The fair value of the disposal group is determined by the directors with reference to coal prices and other information provided by the Company's financial advisor engaged for the disposal of GCC LP. The directors of the Company expect that the disposal of GCC LP can be completed in one year.

(ii) Valuation technique and significant unobservable inputs

The following shows the valuation technique used in measuring the fair value of the disposal group, as well as the significant unobservable inputs used.

Valuation technique: *Discounted cash flow*

Discounted cash flows consider the present value of the net cash flows expected to be generated from the disposal group, taking into account the coal price assumptions and estimated production volume; the expected net cash flows are discounted using a risk-adjusted discount rate.

Significant unobservable inputs:

— the coal price assumptions are based on the median of forecasted prices of coals in Canada sourced from a number of reputable investment banks as provided by Company's financial advisor (31 December 2013: coal price assumptions are based on management's best estimate with reference to 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. For short-term coal price assumptions for the next five years, US$122 to US$155 per tonne and US$63 per tonne for hard coking coal and thermal coal respectively (31 December 2013: US$120 to US$172 per tonne and US$66 per tonne respectively) have been used to estimate future revenues. For coal prices beyond the fifth year, US$149 and US$63 per tonne for hard coking coal and thermal coal respectively (31 December 2013: US$175 to US$202 per tonne and US$66 per tonne respectively) have been used to estimate future revenues.

— estimated production volumes are based on detailed life-of-mine plans derived from technical report prepared by competent persons. 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. These are then assessed to ensure they are consistent with what a market participant would estimate.

— pre-tax discount rate of 11.25% (31 December 2013: 8.80%) was applied to the future cash flows. This discount rate is derived from the weighted average cost of capital ("WACC") with reference to the required rate of return demanded by investors for similar companies as provided by the Company's financial advisor (31 December 2013: derived from WACC of GCC LP). The WACC takes into account both debt and equity, weighted based on ratio of debt to equity of 100% (31 December 2013: 57%). The cost of equity is derived from the required return on similar coking coal companies of 13.00% (31 December 2013: 11.99%). The cost of debt is based on the market long-term lending rate of 9.50% (31 December 2013: cost of debt of GCC LP of 3.20%).

(e) Results of discontinued operation

	Six months ended 30 June	
	2014	2013
	$'000	*$'000*
Results of discontinued operation		
Revenue	**536,698**	434,639
Expenses	**(788,235)**	(957,046)
Results from operating activities	**(251,537)**	(522,407)
Income tax	**(61,925)**	62,764
Results from operating activities, net of tax	**(313,462)**	(459,643)
Write-down to adjust the carrying value of GCC LP's net assets to fair value less costs to sell	**(4,698,604)**	—
Income tax in respect of write-down of GCC LP's net assets	**704,791**	—
Loss for the period	**(4,307,275)**	(459,643)
Attributable to:		
Equity shareholders of the Company	**(2,327,218)**	(292,996)
Non-controlling interests	**(1,980,057)**	(166,647)
	(4,307,275)	(459,643)
Loss per share		
— Basic and diluted	**(0.617)**	(0.078)

(f) Cash generated from/(used in) discontinued operation

	Six months ended 30 June	
	2014	2013
	$'000	*$'000*
Net cash generated from operating activities	**120,965**	236,894
Net cash used in investing activities	**(136,226)**	(298,697)
Net cash generated from financing activities	**20,158**	90,495
Net cash inflow for the period	**4,897**	28,692

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Six months ended 30 June	
	2014	2013
	$'000	*$'000*
		(Restated)
Continuing operations		
Current tax — Hong Kong Profits Tax		
Provision for the period	**4,213**	2,017
Current tax — Outside of Hong Kong		
Provision for the period	**2**	40,286
Over-provision in respect of prior years	**(3,800)**	—
Deferred tax		
Origination and reversal of temporary differences	**5,748**	16,051
	6,163	58,354

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

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

The provision for PRC current income tax is based on a statutory rate of 25% (2013: 25%) of the assessable profit as determined in accordance with the relevant income tax rules and regulations of the PRC.

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

7 LOSS PER SHARE

(i) From continuing operations and discontinued operation

(a) Basic loss per share

The calculation of basic loss per share for the six months ended 30 June 2014 is based on the loss attributable to equity shareholders of the Company of $2,740,475,000 (six months ended 30 June 2013: $762,696,000) and the weighted average number of ordinary shares of 3,767,018,000 (six months ended 30 June 2013: 3,773,199,000 shares) in issue during the six months ended 30 June 2014, calculated as follows:

Weighted average number of ordinary shares (basic):

	Six months ended 30 June	
	2014	2013
	'000	*'000*
Issued ordinary shares at 1 January	**3,773,199**	3,773,199
Effect of shares held by the employee share trusts*	**(6,181)**	—
Weighted average number of ordinary shares (basic) as at 30 June	**3,767,018**	3,773,199

* The shares held by the employee share trusts are regarded as treasury shares.

(b) Diluted loss per share

For the six months ended 30 June 2014 and 2013, basic and diluted loss per share are the same as the effect of the potential ordinary shares outstanding is anti-dilutive.

(ii) From continuing operations

(a) Basic loss per share

The calculation of basic loss per share from continuing operations for the six months ended 30 June 2014 is based on the loss from continuing operations attributable to equity shareholders of the Company of $413,257,000 (six months ended 30 June 2013: $469,700,000) and the weighted average number of ordinary shares of 3,767,018,000 (six months ended 30 June 2013: 3,773,199,000 shares) in issue during the six months ended 30 June 2014.

(b) Diluted loss per share

For the six months ended 30 June 2014 and 2013, basic and diluted loss per share from continuing operations are the same as the effect of the potential ordinary shares outstanding is anti-dilutive.

8 DEFERRED TAX ASSETS/LIABILITIES

The Group has not recognised deferred tax assets in respect of deductible temporary differences and tax losses incurred by the subsidiaries of the Group of $520,400,000 and $1,706,331,000 respectively (31 December 2013: $555,800,000 and $1,466,739,000) as management of the Group considers that it is not possible as at 30 June 2014 to estimate, with any degree of certainty, the future taxable profits which may be earned by these subsidiaries. In particular, in accordance with the Group's accounting policy, the Group has not recognised deferred tax assets in respect of cumulative tax losses at 30 June 2014 as the management considers it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses in the PRC established entities of approximately $925,631,000, and $537,005,000 and $221,961,000 will expire in five years after the tax losses generated under current tax legislation in 2017, 2018 and 2019 respectively. The tax losses in those Hong Kong incorporated companies of approximately $21,734,000 can be utilised to offset any future taxable profits under current tax legislation.

As at 30 June 2014, the deferred tax assets and liabilities related to GCC LP have been classified as assets and liabilities held for sale and disclosed in note 5.

9 INVENTORIES

	At 30 June 2014 $'000	At 31 December 2013 $'000
Coking coal	**619,871**	1,302,098
Thermal coal	**118,479**	178,391
Coal related products	**30,414**	19,696
Coke	**60,899**	–
Others	**21,427**	112,210
	851,090	1,612,395
Less: write down of inventories	**(129,696)**	(249,661)
	721,394	1,362,734

An analysis of the amount of inventories recognised as an expense and included in the consolidated statement of profit or loss is as follows:

	Six months ended 30 June 2014 $'000	2013 $'000 (Restated)
Carrying amount of inventories sold	**3,080,090**	5,111,088
Write down of inventories	**129,696**	291,459
	3,209,786	5,402,547

10 TRADE AND OTHER RECEIVABLES

		At 30 June 2014 $'000	At 31 December 2013 $'000
Trade receivables		**951,759**	1,760,369
Bills receivable		**814,272**	1,428,807
Receivables from import agents		**1,308,725**	941,750
Amounts due from related parties		**777**	7,144
Loan to a third party company	(i)	**31,006**	31,018
Prepayments to suppliers		**50,767**	81,459
Derivative financial instruments	(ii)	**11,251**	11,600
Others		**386,217**	354,077
		3,554,774	4,616,224

(i) In 2009, the Company agreed to provide a loan to Moveday Enterprises Limited ("Moveday") to purchase additional vehicles to meet with the increasing volume of coal procured by the Group in Mongolia, and Moveday has agreed to use the trucks purchased through financing provided by the Company for the provision of transportation services to the Group during the term of the agreement. Pursuant to a loan agreement entered into on 10 April 2010 (as subsequently amended by a supplemental deed on 15 September 2010) and the strategic alliance agreement, the Company agreed to lend Moveday up to US$40 million solely for the purpose of purchasing vehicles for transporting coal purchased by the Group in Mongolia. The loan to Moveday was provided on an unsecured basis, at an interest rate of LIBOR plus 3% and repayable over five years in equal annual installments of US$8 million, commencing from 18 months after the receipt of the loan (being 31 December 2012) by Moveday, with interest payable semi-annually in arrears. The entire loan amount was fully drawn down in 2010. As Moveday is a third party and the loan to Moveday is an unsecured loan, the Group do not have an interest in or control over the cash flows or other assets of Moveday other than in accordance with the terms of the loan agreement (as amended).

During 2013, the Group has entered into another supplemental agreement with Moveday to modify the repayment terms of the remaining outstanding principal of US$32 million. Pursuant to the supplemental agreement, the remaining outstanding principal is repayable on 31 December from 2013 to 2015 with an amount of US$4 million plus a floating repayment amount up to US$6 million. The floating repayment amount is calculated based on the volume of coals transported (maximum of 12 million tonnes) by Moveday for the Group during each year. Apart from the repayment terms, all the other terms remains unchanged and Moveday is obliged to repay the entire outstanding principal on or before 31 December 2016. The outstanding loan balance as at 30 June 2014 is US$24.4 million (equivalent to $189 million) (31 December 2013: US$24.4 million (equivalent to $189 million), among which US$20.4 million (equivalent to $158 million) (31 December 2013: US$20.4 million (equivalent to $158 million)) is classified as non-current assets.

The Group and Moveday have entered into agreements that Moveday purchases coking coal from Mongolian coking coal suppliers at mine mouth and sells such coking coal entirely to the Group at the PRC border at a price on a delivered at place (DAP) basis. Accordingly, during the six months ended 30 June 2014, the Group has purchased coking coal of nil (six months ended 30 June 2013: $326 million) from Moveday. In addition to the above, the Group incurred transportation expenses of $36.8 million (six months ended 30 June 2013: $175 million) for coking coal transportation services provided by Moveday during the six months ended 30 June 2014.

(ii) Derivative financial instruments represent fair value of foreign exchange forward contracts as at 30 June 2014 and 31 December 2013.

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

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

At 30 June 2014, trade and bills receivables of the Group of $1,239,399,000 (31 December 2013: $489,542,000) have been pledged as collateral for the Group's borrowings.

At 30 June 2014, bills receivable of the Group of $1,328,206,000 (31 December 2013: $4,027,409,000) 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

Included in trade receivables, bills receivable and receivables from import agents are trade debtors with the ageing analysis, based on the invoice date, as follows:

	At 30 June 2014	At 31 December 2013
	$'000	*$'000*
Less than 3 months	**2,040,265**	3,376,394
More than 3 months but less than 6 months	**405,020**	748,695
More than 6 months but less than 1 year	**626,954**	4,407
More than 1 year	**2,517**	1,430
	3,074,756	4,130,926

(b) Impairment of trade receivables, bills receivable and receivables from import agents

No allowance of impairment loss has been recorded in respect of trade receivables, bills receivable and receivables from import agents for the six months ended 30 June 2014.

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:

	At 30 June 2014	At 31 December 2013
	$'000	*$'000*
Neither past due nor impaired	**2,701,394**	4,030,925
Less than 3 months past due	**168,460**	94,164
More than 3 months but less than 12 months past due	**204,902**	5,837
	3,074,756	4,130,926

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 TRADE AND OTHER PAYABLES

		At 30 June 2014 $'000	At 31 December 2013 $'000
Trade and bills payables		**958,279**	3,074,274
Payables to import agents		**1,892,246**	3,835,263
Amounts due to related parties		**1,933**	344,292
Prepayments from customers		**105,647**	182,171
Payables in connection with construction projects		**98,249**	90,792
Payables for purchase of equipment		**57,046**	59,199
Derivative financial instruments	(i)	**7,531**	45,405
Others		**162,099**	184,110
		3,283,030	7,815,506

(i) Derivative financial instruments represent fair value of foreign exchange forward contracts as at 30 June 2014.

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:

	At 30 June 2014 $'000	At 31 December 2013 $'000
Within 3 months	**2,382,638**	3,636,559
More than 3 months but less than 6 months	**37,710**	2,477,002
More than 6 months but less than 1 year	**430,177**	720,633
More than 1 year	**—**	75,343
	2,850,525	6,909,537

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:

	At 30 June 2014 *$'000*	At 31 December 2013 *$'000*
Due within 1 month or on demand	**1,644,608**	2,695,667
Due after 1 month but within 3 months	**1,163,559**	2,578,842
Due after 3 months but within 6 months	**42,358**	1,635,028
	2,850,525	6,909,537

At 30 June 2014, bills payable amounting to $823,616,000 (31 December 2013: $2,571,106,000) have been secured by deposits placed in banks with an aggregate carrying value of $431,432,000 (31 December 2013: $1,037,618,000).

CHAIRMAN STATEMENT

On behalf of the board of directors (the "**Board**") of Winsway Enterprises Holdings Limited (the "**Company**"), I hereby present the interim results of the Company and its subsidiaries (the "**Group**") for the first half of 2014.

The coal industry remained weak in the first half of 2014 due to ongoing sluggish demand caused by a slowing economy and policies of the Chinese government to reduce overcapacity in the steel sector and to restructure the country's energy mix away from coal. As what happened since 2012, the plethora of supply has pushed coal prices further down the chart and the "winter" stays across the sector for all companies involved.

To survive this winter, Winsway continued to manage its risks carefully and successfully retained it's market share, although at the cost of lower margins. As a reaction to the above described relatively gloomy outlook of the coal market, Winsway has conducted research and started preparations to reduce its dependence on coal and to diversify into services for other bulk commodities. Although these efforts have not yet resulted in significant earnings, we are confident that they will enable us to better utilize our logistics resources and contribute to our earnings in the near future.

It should be noted that although the recorded loss of HK$4.73 billion is very significant, it will have a relatively muted effect on our operations because it is mainly attributed to book losses of HK$3.99 billion net of income tax for the write-down in carrying value of GCC and HK$189 million for impairments of inventory and property, plant and equipment.

To reflect this planned change in business strategy and to facilitate our attempt to establish Winsway as an integrated solution provider of the supply chain, the Company changed its full name from Winsway Coking Coal Holdings Limited to Winsway Enteprises Holdings Limited. We have up to now been evaluating this new business model and the risks attached to it and have started to work on a detailed plan to establish a platform to provide these services. To better implement this new business model. Mr. Andreas Werner, a senior professional with profound understanding in both financing and commodity business, was appointed as the CEO Designate and Executive Director of the Company.

As Winsway explored new business opportunities, it also sought to further streamline its current operations and thus become more efficient and effective. The Company managed to further lower its operating costs in logistics sector as well as mining sector by a host of measures, including a reduction of staff.

The operation in the Company's subsidiary, Grande Cache Coal LP, has improved in the first half of 2014. After concerted effort from the management, clean coal FOB cash cost decreased from HK$1,064/ tonne in the first half of 2013 to an average of HK$730/tonne during the first half of 2014. Although this is a significant improvement, it is still insufficient to enable GCC to fulfill its commitments to GCC's financing bank and to avoid further operating losses. As a result of a gloomy medium and long term market outlook, continuing deterioration in prices for metallurgical coal and the Company's limited financial ability to maintain its support of GCC, the Board has come to the conclusion that divestment from GCC is inevitable to ensure the Company's long term business. Accordingly, the Company has retained BNP Paribas as its financial advisor to assist in this process.

Finally, on behalf of the Board, I would like to express my gratitude to all our shareholders for their long-term support to the Group. I would also like to extend my appreciation to all our employees for their strong efforts under these challenging conditions. I would like to particularly express my thankfulness to Mr. Yamamoto Yasuhisa, who will step down from the Board because of personal reasons, for his long term support and contribution to the Company. Also I myself, due to health reasons, will need to take a leave of absence from the Company's daily operations for an extended period of time. During my absence Mr. James Downing will take over my responsibilities as chairman to organize and manage the Board. The Board has resolved to appoint Mr. Andreas Werner as the CEO Designate during my absence and he is also appointed to be an Executive Director. He will work towards strengthening the overall management of the Company, besides exploring new business opportunities. I strongly believe that Mr. Andreas Werner's professional and managerial experience, together with the management team and all employees will lead Winsway into a better future.

Wang Xingchun
Chairman
Winsway Enterprises Holdings Limited

MANAGEMENT DISCUSSION AND ANALYSIS

I. FINANCIAL HIGHLIGHT

In the first half of 2014, the Group recorded consolidated revenue from continuing operations of HK$3,246 million on 3.81 million tonnes of sales, out of which 1.16 million tonnes were Mongolian coking coal, 2.38 million tonnes were seaborne coal, 0.22 million tonnes were Mongolian thermal coal, and 0.05 million tonnes were self-produced coal. This is to be compared with a consolidated revenue from continuing operations (restated) of HK$5,381 million on 5.28 million tonnes of sales, out of which, 2.52 million tonnes were Mongolian coal, 2.03 million tonnes were seaborne coal, 0.5 million tonnes were self-produced coal, and 0.23 million tonnes were iron ore during the first half of 2013.

For the first half of 2014, the Group achieved a gross profit from continuing operations of HK$0.42 million compared to a gross loss of HK$95.52 million (restated) during the same period of last year. Careful risk management and rendering of logistics and storage services helped to turn last year's gross loss into a small gross profit this year.

Following the change in business of the Group from coal focused to supply chain services business, the Group rendered logistics and storage services during the first half of 2014 and recorded a profit margin of approximately HK$12 million.

Overall, the Group incurred a consolidated net loss of HK$4,728 million during the first half of 2014 compared to a net loss of HK$933 million during the first half of 2013. The loss attributable to equity shareholders of the Company was HK$2,740 million. Continuing operations loss incurred from Winsway operation was HK$421 million for the first half of 2014, and discontinued operation loss for GCC was HK$4,307 million, mainly consisting of impairments on its carrying value without cash flow impact in the first half of 2014.

Out of the HK$421 million continuing operations loss, the Group recognised HK$59 million and HK$130 million impairment of property, plant and equipment and inventory respectively.

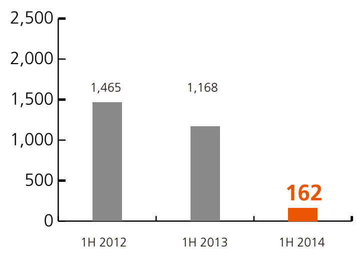
To cope with the current weak market, the Group continued its effort to reduce inventory to a minimal but sustainable level. The Group's inventory shrank from 2.52 million tonnes to 1.29 million tonnes as of 30 June 2014.

II. MONGOLIAN COAL PROCUREMENT

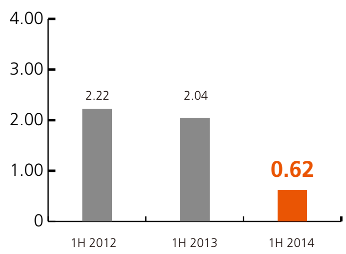
In the first half of 2014, the Group procured a total of 0.62 million tonnes of Mongolian coal, an 69.6% decrease from the volume procured during the same period of last year. The decrease was mainly a result of change in the demand for Mongolian coal and the Company's marketing strategy. Domestic market prices did not support importing of Mongolian coal since the seaborne coal price was at such a low level that Mongolian coal had no price advantage. Since the long-term strategic alliance with several Mongolian coal suppliers came to end in the first half of 2014, the Company was more cautious when purchasing Mongolian coal.

Our top Mongolian coal suppliers during the first half of 2014 were Southgobi Sands LLC and Energy Resources LLC with procurement amount of HK$82 million and HK$29.6 million respectively.

Mongolian Coal Procurement Amount *(in HK$ million)*



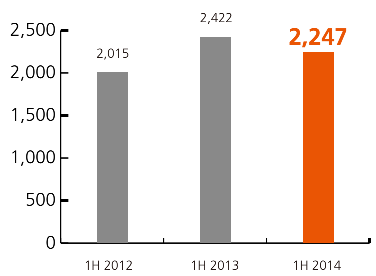
Mongolian Coal Procurement Volume *(MT)*



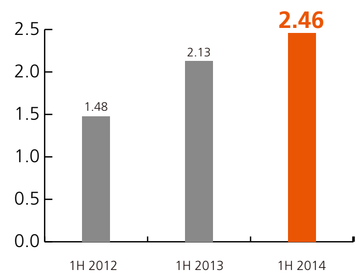
III. SEABORNE COAL PROCUREMENT

In the first half of 2014, our seaborne procurement volume was approximately 2.46 million tonnes, a 15% increase over 2.13 million tonnes procured during the first half of 2013. Seaborne coal only has a competitive advantage in a weak market because of the lower shipping costs. Moreover, seaborne coal procurement requires much fewer turnover days in comparison with Mongolian coal. In order to maintain market share in China, the Company's strategy is to purchase more seaborne coal on strict back to back basis although only at a thin margin. The top 5 seaborne coal suppliers supplied coal worth of HK$1,700 million, which accounted for 69.39% of the total seaborne coal procurement whereas 58.26% was attributable to the top 5 suppliers during the same period of last year.

Seaborne Coal Procurement Amount *(in HK$ million)*



Seaborne Coal Procurement Volume *(MT)*



IV. GCC OPERATIONS

Grande Cache Coal is engaged in the production and sales of premium hard coking coal. It was acquired by the Company and Marubeni on a 60% and 40% basis respectively in March 2012. The local management in GCC has spent tremendous efforts to better control their costs, including but not limited to cutting headcounts, streamlining the work process reducing contract works and contract prices, implementing incentive schemes, revising mining plans etc. The team has successfully brought the FOB cash cost from HK$1,064 in the first half of 2013 to HK$730 in the first half of 2014 which now leaves no significant further room for improvement. Unfortunately, this is still by far not sufficient to operate profitably.

In light of current market conditions and the Company's strategy going forward, the Board resolved to a plan to reduce its stake in GCC. The Company has engaged BNP Paribas as its financial advisor to facilitate the GCC divestment exercise. The bidding process has begun and the Company is under negotiation with several potential buyers for either a partial or full divestment. Hence, GCC was categorized as a discontinued operation in the consolidated statement of profit or loss and the assets and liabilities of GCC were classified as a disposal group held for sale.

Operation details of GCC in the first half of 2014 is as follow:

GCC Production Volume

In the first half of 2014, the total production volume of GCC ROM (run-of-mine) coal was 1.25 million tonnes, which is about the same as the 1.22 million tonnes for the same period of last year.

GCC Cost of Sales

In the first half of 2014, COGS of GCC was HK$728 million, or HK$1,014 on a per tonne basis. Cost of self-employed labour, third party contracting services, and materials are among the top cost components.

	Six months ended 30 June 2014 *(HK$)*	Six months ended 30 June 2013 *(HK$)*
Average cost of sales *(HK$/tonne)*		
Cost of product sold	**486**	836
Distribution costs	**244**	228
Depreciation and depletion	**284**	195
	1,014	1,259

V. OUR CUSTOMERS

Despite overall softening in coking coal demand, the Group still managed to compete in the market thanks to its extensive reach of logistic infrastructure in northern and coastal regions of China as well as its strong sales/marketing team performance. Our top 5 customers accounted for 33.33% of the total sales for the first half of 2014 as compared to 32.75% (restated) attributable to the top 5 customers for the same period last year.

The Group's Top 5 Customers

Name	**Location**	**Amount** *(HK$' Million)*
Ji Dong Development	**Hebei**	286
Bao Steel Resources Int'l	**Hong Kong**	217
Da Feng	**Hebei**	206
Top Seed	**Hong Kong**	194
Jiu Jiang Qian'an	**Hebei**	178

VI. FINANCIAL REVIEW

a. Sales

In the first half of 2014, our sales revenue from continuing operations was HK$3,246 million, a 39.68% decrease from the same period of last year. Both decreasing volume and declining price of coking coal and coal related products have led to this revenue decrease.

Continuing Operations

	Six months ended 30 June	
	2014	2013
	$'000	*$'000*
		(Restated)
Coking coal	**3,036,118**	4,741,936
Coal related products	**22,973**	396,002
Thermal coal	**151,312**	—
Iron ore	**—**	215,698
Rendering of logistics services	**32,875**	23,953
Others	**3,203**	2,987
	3,246,481	5,380,576

In terms of volume, we sold 3.81 million tonnes of coal and coal related products, compared to 5.05 million tonnes during the same period last year. In terms of price, our realised average selling price decreased from HK$1,017 per tonne during the first half of 2013 to HK$842 per tonne during the first half of 2014.

	Six months ended 30 June			
	2014		2013	
	Total sales volume *(tonnes)*	**Average selling price** *(per tonne)* *(HK$)*	Total sales volume *(tonnes)*	Average selling price *(per tonne)* *(HK$)*
Mongolian coal	**1,377,730**	**693**	2,519,457	843
Seaborne coal	**2,383,787**	**923**	2,031,232	1,196
Self-produced coal	**52,701**	**1,043**	502,681	1,161
Total	**3,814,218**	**842**	5,053,370	1,017

b. Cost of Goods Sold ("COGS")

The Group incurred COGS from continuing operations of HK$3,246 million during the first half of 2014 compared to HK$5,476 million (restated) in the first half of 2013. Both lower sales volume and lower procurement price contributed to the overall decrease of the Group's COGS.

Specifically, our average procurement price has decreased from HK$573 per tonne to HK$260 per tonne for Mongolian coal and from HK$1,140 per tonne to HK$913 per tonne for seaborne coal. The major reason for the sharp decrease of Mongolian coal purchase price is because the Company procured a greater percentage of thermal coal compared to the same period of last year.

	Six months ended 30 June			
	2014		2013	
	Total purchase volume	**Average purchase price**	Total purchase volume	Average purchase price
		(per tonne)		*(per tonne)*
	(tonnes)	***(HK$)***	*(tonnes)*	*(HK$)*
Mongolian coal	**621,958**	**260**	2,039,391	573
Seaborne coal	**2,461,019**	**913**	2,125,331	1,140
Total	**3,082,977**	**781**	4,164,722	862

c. Gross Profit/Loss

For the first half of 2014, the Group achieved a gross profit from continuing operations of HK$0.42 million compared to a gross loss of HK$95.52 million (restated) during the same period of last year. The gross profit was contributed to strict risk management controls following a switch to back to back strategy in an extremely difficult market environment.

For the first half of 2014, the Company recorded a gross loss of HK$17million in coking coal sales, compared to gross loss of HK$159 million in the same period of 2013. Although the coal market further declined in the first half of 2014, the Company managed to focus strictly its sales margin and realized a better performance than the same period of last year. Starting its new business development, the Company recorded a gross profit of HK$12 million by providing railway logistics and storage services in the first half of 2014, compared to a HK$0.9 million gross loss in the same period of last year. Although the gross profit was relatively small, it shows that new business development is beginning to generate revenues.

d. GCC Impairment

An after tax impairment loss of HK$3,994 million was recorded for write-downs of GCC to the lower of its carrying amount and its fair value less costs to sell. The Board of Directors of the Company has resolved to commit to a plan to dispose part or all of its interest in GCC and the Company has hired BNP Paribas as its financial advisor to facilitate the sales process. The fair value of the disposal group is independently determined by reference to coal price and other information provided by BNP Paribas.

e. Net Finance Costs

In the first half of 2014, our net finance costs from continuing operations totaled HK$154 million compared to HK$109 million during the same period of 2013. The increase was caused by less exchange gain due to less appreciation of RMB against USD. The Group's finance costs consist primarily of its interest expenses of HK$115 million on its senior notes during the first half of 2014.

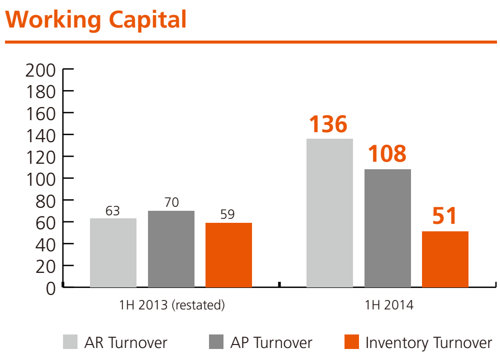
	Six months ended 30 June	
	2014	2013
	$'000	*$'000*
		(Restated)
Interest income	**(32,931)**	(64,518)
Gains on repurchase of senior notes	**—**	(3,022)
Foreign exchange gain, net	**(19,865)**	(159,254)
Finance income	**(52,796)**	(226,794)
Interest on secured bank loans wholly repayable within five years	**44,453**	78,696
Interest on discounted bills receivable	**23,137**	67,632
Interest on senior notes	**115,162**	160,721
Total interest expense	**182,752**	307,049
Bank charges	**17,801**	18,335
Fair value of derivative financial instruments	**6,714**	10,103
Finance costs	**207,267**	335,487
Net finance costs	**154,471**	108,693

f. Net Loss and Loss per Share

The Group incurred a net loss of HK$4,728 million in the first half of 2014 compared to HK$933 million in the first half of 2013. Out of the HK$4,728 million loss, HK$421 million was from continuing operations, and out of the HK$421 million loss, HK$189 million was impairment loss without cash flow impact in the first half of 2014 associated with property, plant and equipment and inventory. Net loss per share is HK$0.727 for the first half of 2014 compared to HK$0.202 for the first half of 2013, and loss per share for continuing operations is HK$0.110 for the first half of 2014, less than a restated net loss per share for continuing operations of HK$0.124 for the first half of 2013.

g. Working Capital

Our accounts receivable turnover days, accounts payable turnover days and inventory turnover days for the first half of 2014 were 136 days, 108 days, and 51 days respectively. The cash conversion days is 83 days, which is 27 days longer than the same period of last year.

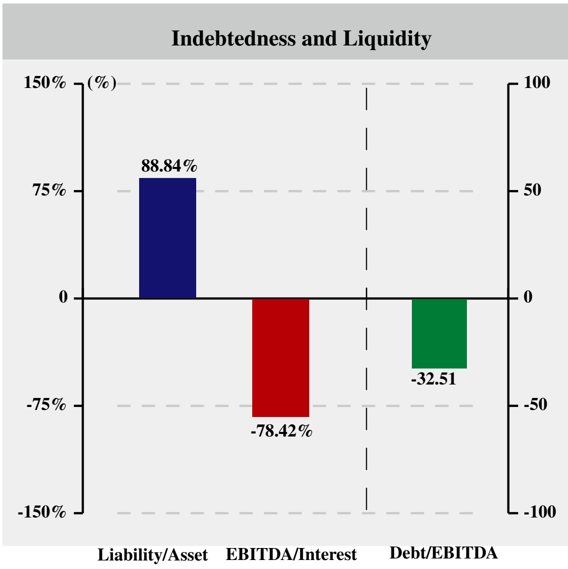


h. Property, Plant and Equipment ("PP&E")

The aggregate amount of property, plant and equipment and construction in progress totaled HK$1,445 million at the end of June 2014, representing a 67.24% decrease over the amount at the end of December 2013 (HK$4,411 million). The decrease was mainly because of the assets of GCC having been classified as held for sale.

i. Indebtedness and Liquidity

As of 30 June 2014, our secured bank loans totaled HK$2,310 million (excluding loans of GCC), a decrease of 44.46% from the amount at the end of 2013 (HK$4,159 million). The decrease is mainly resulted from the held for sale classification of GCC's assets and liabilities. The range of interest rates per annum for bank loans for the first half of 2014 varied from 0.94% to 7.68%, this is to be compared with a range from 1.78% to 7.68% during the year of 2013. The Group's gearing ratio as of 30 June 2014 was 88.84% compared to 72.91% as of 31 December 2013. (Gearing ratio calculated on the basis of the Group's total liabilities divided by its total assets)



j. Contingent Liability

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.à.r.l., 0925165 B.C. Ltd., GCC and Grande Cache Coal LP ("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.

k. Pledge of Assets

At 30 June 2014, bank loans amounting to HK$758,691,000 (31 December 2013: HK$450,710,000) have been secured by bank deposits placed in banks with an aggregate carrying value of HK$758,751,000 (31 December 2013: HK$420,156,000).

At 30 June 2014, bank loans amounting to HK$1,163,440,000 (31 December 2013: HK$485,160,000) have been secured by trade and bills receivables with an aggregate carrying value of HK$1,226,801,000 (31 December 2013: HK$489,542,000).

At 30 June 2014, bank loans amounting to HK$66,770,000 (31 December 2013: HK$67,411,000) have been secured by land use rights with an aggregate carrying value of HK$26,753,000 (31 December 2013: HK$27,010,000).

At 30 June 2014, bank loans amounting to $320,878,000 (31 December 2013: $Nil) were secured by both bank deposits and trade receivables with an aggregate carrying value of $316,698,000 (31 December 2013: $Nil) and $12,598,000(31 December 2013: $Nil) respectively.

l. Cash Flow

In the first half of 2014, our operating cash outflow was HK$2,856 million compared with HK$689 million cash inflow during the same period of last year. The decrease in our operating cash flow was primarily due to the settlement of trade and other payables in the first half of 2014.

In the first half of 2014, the Group enjoyed a cash inflow from investing activities of HK$218 million compared to HK$315 million cash outflow during the first half of 2013. The cash inflow from investing activities was due to the decrease in restricted bank deposits during the first half of 2014.

The Group had a cash inflow of financing activities of HK$1,215 million during the first half of 2014 compared to HK$719 million cash outflow during the first half of 2013. The cash inflow of financing activities was mainly generated from net proceeds from bank loans on trade financing.

VII. EXPOSURE TO EXCHANGE RATE FLUCTUATIONS

Over 48% of the Group's turnover in the first half of 2014 were denominated in RMB and the remaining 52% in United States Dollars ("US dollars"). The Group's cost of coal purchased, accounting for over 96% of the total cost of sales in the first half of 2014, and some of our operating expenses were 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 RMB is translated or converted into US dollars or Hong Kong Dollars. Any unfavorable movement in exchange rates 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.

VIII. HUMAN RESOURCES

a. Human Resources excluding GCC

Employee Overview

The Group aims to set up a performance-oriented compensation and benefit system while balancing the internal and external market in each different job position. Strictly following the PRC Labor Law and Labor Contract Law, the Group signs formal employment contracts with all employees and pays all mandatory social insurances schemes to the full amount. In Hong Kong, the Group participated in a mandatory provident fund scheme for our employees in Hong Kong in accordance with the applicable Hong Kong laws and regulations.

As at 30 June 2014, there were 431 full-time employees in the Group (excluding 238 dispatch staff in domestic companies), reduced from 608 full-time employees by the end of 2013. Detailed category of employees of the Group (excluding GCC) is as follows:

Functions	No. of employees	Percentage
Management, Administration & Finance	248	58%
Front-line Production & Production Support & Maintenance	113	26%
Sales & Marketing	25	6%
Others (incl. Projects, CP, Transportation)	45	10%
Total	431	100%

Employee Education Overview

Qualifications	No. of employees	Percentage
Master & above	49	11%
Bachelor	125	29%
Diploma	120	28%
Middle-School (Secondary School) & below	137	32%
Total	431	100%

Training Overview

Training is key to the Group to help improve employees' working capabilities and management skills. For the six months ending 30 June 2014, the Group (excluding GCC) held various internal and external training programs, and accumulatively 311 participants were covered by these training programs with 2,839 training hours in total.

Some management staff have completed EMBA program sponsored by the Group.

Training Overview

Training Courses	No. of hours	No. of participants
Safety	1,847	227
Management and leadership	438	38
Operation Excellence	554	46
Total	2,839	311

b. GCC Human Resources

As at 30 June 2014, GCC had 452 employees in total, reduced from 572 employees by the end of 2013. Detailed category of employees of GCC is as follows:

Breakdown of Mining related personnel

Functions	No. of Employees	Percentage
Head Office (Calgary) *(Note 1)*	24	5%
Mine Site Management, Supervision, Technical and Administrative	101	22%
Underground Mining Operations (Union)	109	24%
Contract Underground Mining Operations	2	1%
Surface Mining Operations (Union)	103	23%
Maintenance (Union)	48	11%
Coal Process Plant Operations & Maintenance and Site Care (Union)	65	14%
Total	452	100%

Note 1 The Head Office head count includes 8 Superintendents at the Mine Site.

Note 2 The total number of union employees is 331.

Employee Education Overview

Qualifications	**No. of employee**	**Percentage**
Master & above	5	1%
Bachelor	25	6%
Diploma	141	31%
Middle-School (Secondary School) & below	281	62%
Total	452	100%

Training Overview

For the six months ending 30 June 2014, GCC held various internal and external training programs, and accumulatively 358 participants were covered by these programs training programs with 1,122 training hours in total.

New staff orientation program is provided, which covers company introduction, rules and discipline, safety and operation guidelines.

Training Overview

Training Courses	**No.of hours**	**No. of participants**
Safety	710	300
New staff Orientation	144	18
Operation Excellence	268	40
Total	1,122	358

IX. HEALTH, SAFETY AND ENVIRONMENT

We value the health and safety of our employees and the importance of protecting the environment. The LTIFR, a ratio of the number of lost-time injuries per million hours work, was 0 for the Group (excluding GCC) and 2.21 for GCC in the first half of 2014. No serious safety and environmental accidents were reported in the first half of 2014.

In the first half of 2014, the Group (excluding GCC) still focused on (1) safety standardization system establishment; (2) employees safety training; (3) systemization of safety responsibility; (4) establishment of red alert system; and (5) special equipment management. Under systematic management, HSE performance of the Company has maintained good record. In the second half of 2014, achieving zero accident ratio is still the objective of the Group.

In the first half of 2014, GCC saw significant improvement on safety performance over the first half of 2013, as measured in 33% reductions in Lost Time Injury (LTI) frequency and 70% reduction in Injury Severity. GCC will further strengthen its safety management in the second half of 2014 to realize the same trend in LTI frequency.

X. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2014.

XI. INTERIM DIVIDEND

The board ("the Board") of directors ("Directors") of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2014.

XII. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules ("Model Code") as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries of all the Directors, each Directors confirmed that he/she has complied with the required standard set out in the Model Code throughout the first half of 2014.

XIII. REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed the interim results of the Group for the six months ended 30 June 2014.

XIV. DISCLOSURE OF INFORMATION ON THE HONG KONG STOCK EXCHANGE'S WEBSITE

This interim results announcement is published on the websites of the Company (www.winsway.com) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2014 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 Enterprises Holdings Limited
Wang Xingchun
Chairman

Hong Kong, 26 August 2014

As at the date of this announcement, the executive Directors are Mr. Wang Xingchun, Ms. Zhu Hongchan, Mr. Yasuhisa Yamamoto, Ms. Ma Li and Mr. Wang Chang Qing, 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 of the Company are Mr. James Downing, Mr. Ng Yuk Keung, Mr. Wang Wenfu and Mr. George Jay Hambro.