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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

1 Continuing Operations

1) Turnover of the Group from continuing operations in 2014 was HK$7,548 million, a 43.33% decrease over 2013's turnover (restated) of HK$ 13,320 million.

2) The loss in 2014 from continuing operations amounted to HK$1,216 million and loss attributable to equity shareholders of the Group from continuing operations amounted to HK$1,200 million.

2 Discontinued Operation

1) The major subsidiary GCC LP has been classified as disposal group held for sale since 27 June 2014. The loss in 2014 from the discontinued operation (GCC LP) was HK$4,681 million.

2) The loss attributable to equity shareholders of the Group from the discontinued operation amounted to HK$2,493 million.

3 The basic and diluted loss per share was HK$0.980. The loss per share from continuing operations was HK$0.319.

4 The Board does not recommend the payment of a final dividend for the year ended 31 December 2014.

The board (the "**Board**") of directors ("**Directors**") of Winsway Enterprise 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 2014 together with comparative figures for 2013.

BOARD'S CONSIDERATION — MITIGATION MEASURES TO GOING CONCERN ISSUE

The Group experienced a challenging trading period over the past few years as a result of the continuing depression of the coking coal market. For the year ended 31 December 2014, the Group sustained a further loss from continuing operations before taxation and impairment losses for non-current assets of $703,726,000 and incurred a net cash outflow from operating activities of $2,417,795,000 from continuing operations. As at 31 December 2014, the Group had net current assets before the net assets held for sale, of $504,599,000, which may not be able to fund the Group's operations in 2015 in view of the net cash outflow in respect of operating activities for the year ended 31 December 2014. In addition, the Group's outstanding 2016 8.5% senior notes in a principal amount of $2,364,347,000 as at 31 December 2014 are due to mature on 8 April 2016 ("Senior Notes").

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to repay the outstanding Senior Notes and be able to finance its future working capital and financial requirements. Certain measures have been taken to manage its liquidity needs and to improve its financial position which include, but are not limited to, the following:

1) The Group has engaged UBS AG, Hong Kong Branch and AlixPartners Services UK LLP as financial advisors to assist it in completing a possible restructuring of the outstanding Senior Notes with cash, equity or other form of consideration offered at a discount to the principal amount (the "Debt Restructuring");

2) The Group is also actively negotiating with prospective investors to raise new capital by carrying out fund raising activities including the issuance of new equity ("Equity Financing"). Such Equity Financing and the Debt Restructuring would likely be interconditional (see below Note 2 to the financial information). The Directors believe that such Equity Financing would significantly strengthen the cash flow position of the Group as a whole in the near future;

3) The Group is also negotiating with various financial institutions for the renewal of the existing borrowings upon their maturity and/or obtaining additional financing;

4) The Group is also maximizing its sales efforts, including speeding up sales of its existing inventories, seeking new orders from overseas markets, and implementing more stringent cost control measures with a view to improving operating cash flows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2014

(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000 (Restated – note 5)
Continuing operations:			
Turnover	4	**7,547,738**	13,319,742
Cost of sales		**(7,445,586)**	(13,309,454)
Gross profit		**102,152**	10,288
Other revenue	6	**81,346**	32,707
Distribution costs		**(159,526)**	(213,828)
Administrative expenses		**(434,511)**	(360,560)
Other operating (expenses)/income, net		**(2,187)**	9,077
Impairment of non-current assets		**(429,743)**	(148,328)
Loss from operating activities		**(842,469)**	(670,644)
Finance income		**108,974**	876,576
Finance costs		**(401,777)**	(615,868)
Net finance (costs)/income		**(292,803)**	260,708
Share of profit/(loss) of an associate		**1,803**	(140)
Loss before taxation from continuing operations		**(1,133,469)**	(410,076)
Income tax	7	**(82,081)**	(312,461)
Loss from continuing operations		**(1,215,550)**	(722,537)
Discontinued operation:			
Loss from discontinued operation, net of tax	5	**(4,681,208)**	(1,602,797)
Loss for the year		**(5,896,758)**	(2,325,334)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

for the year ended 31 December 2014

(Expressed in Hong Kong dollars)

	Note	**2014**	2013
		$'000	*$'000*
			(Restated – note 5)
Attributable to:			
Equity shareholders of the Company:			
Loss for the year from continuing operations		**(1,200,321)**	(715,812)
Loss for the year from discontinued operations		**(2,492,734)**	(1,073,573)
Loss for the year attributable to equity shareholders of the Company		**(3,693,055)**	(1,789,385)
Non-controlling interests:			
Loss for the year from continuing operations		**(15,229)**	(6,725)
Loss for the year from discontinued operations		**(2,188,474)**	(529,224)
Loss for the year attributable to non-controlling interests		**(2,203,703)**	(535,949)
Loss for the year		**(5,896,758)**	(2,325,334)
Loss per share			
— Basic and diluted *(HK$)*	8	**(0.980)**	(0.474)
Loss per share — continuing operations			
— Basic and diluted *(HK$)*	8	**(0.319)**	(0.190)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2014

(Expressed in Hong Kong dollars)

	2014	2013
	$'000	*$'000*
Loss for the year	**(5,896,758)**	(2,325,334)
Other comprehensive income for the year (after tax adjustments):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**(35,453)**	75,680
Total comprehensive income for the year	**(5,932,211)**	(2,249,654)
Attributable to:		
Equity shareholders of the Company	**(3,719,224)**	(1,715,471)
Non-controlling interests	**(2,212,987)**	(534,183)
Total comprehensive income for the year	**(5,932,211)**	(2,249,654)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2014

(Expressed in Hong Kong dollars)

	Note	**At 31 December 2014** *$'000*	At 31 December 2013 *$'000*
Non-current assets			
Property, plant and equipment, net		**908,562**	3,852,235
Construction in progress		**160,590**	558,486
Lease prepayments		**551,103**	541,474
Intangible assets	9	**4,870**	6,124,798
Interest in an associate		**17,021**	14,843
Interest in a joint venture		**—**	—
Other investments in equity securities		**399,015**	400,369
Other non-current assets		**150,813**	206,969
Deferred tax assets		**—**	286,845
Total non-current assets		**2,191,974**	11,986,019
Current assets			
Inventories	10	**335,114**	1,362,734
Trade and other receivables	11	**2,060,940**	4,616,224
Restricted bank deposits		**956,077**	2,150,026
Cash and cash equivalents		**438,552**	2,018,000
Assets held for sale		**4,304,164**	—
Total current assets		**8,094,847**	10,146,984
Current liabilities			
Secured bank loans		**1,191,889**	1,093,111
Trade and other payables	13	**2,054,615**	7,815,506
Obligations under finance lease		**—**	130,315
Income tax payable		**39,580**	66,525
Liabilities held for sale	5	**4,097,937**	—
Total current liabilities		**7,384,021**	9,105,457
Net current assets		**710,826**	1,041,527
Total assets less current liabilities		**2,902,800**	13,027,546

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

at 31 December 2014

(Expressed in Hong Kong dollars)

	Note	At 31 December 2014	At 31 December 2013
		$'000	*$'000*
Non-current liabilities			
Secured bank loans		**—**	3,065,780
Senior notes	12	**2,364,347**	2,337,010
Deferred income		**155,865**	158,887
Obligations under finance lease		**—**	176,726
Deferred tax liabilities		**—**	1,082,545
Provisions		**—**	209,873
Total non-current liabilities		**2,520,212**	7,030,821
NET ASSETS		**382,588**	5,996,725
CAPITAL AND RESERVES			
Share capital		**4,992,337**	4,992,337
Reserves		**(4,691,960)**	(983,102)
Total equity attributable to equity shareholders of the Company		**300,377**	4,009,235
Non-controlling interests		**82,211**	1,987,490
TOTAL EQUITY		**382,588**	5,996,725

NOTES TO THE FINANCIAL INFORMATION

(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 product and rendering of logistics services. In addition, the Group is engaged in the development of coal mills and production of coking coal, which has been classified as a discontinued operation since the board of directors committed a plan to dispose of the relevant business on 27 June 2014 (see note 5).

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2014 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 as explained in the accounting policies set out below:

— Derivative financial instruments.

— Disposal group held for sale and discontinued operation 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.

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

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

The Group experienced a challenging trading period over the past few years as a result of the continuing depression of the coking coal market. For the year ended 31 December 2014, the Group sustained a further loss from continuing operations before taxation and impairment losses for non-current assets, of $703,726,000 and incurred a net cash outflow from operating activities of $2,417,795,000 from continuing operations. As at 31 December 2014, the Group had net current assets before the net assets held for sale, of $504,599,000, which may not be able to fund the Group's operations in 2015 in view of the net cash outflow in respect of operating activities for the year ended 31 December 2014. In addition, the Group's outstanding Senior Notes in a principal amount of $2,364,347,000 as at 31 December 2014 are due to mature on 8 April 2016.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to repay the outstanding Senior Notes and be able to finance its future working capital and financial requirements. Certain measures have been and are being taken to manage its liquidity needs and to improve its financial position which include, but are not limited to, the following:

(1) As disclosed in note 12, the Group has engaged UBS AG, Hong Kong Branch and AlixPartners Services UK LLP as financial advisors to assist it in completing a possible restructuring of the outstanding Senior Notes with cash, equity or other form of consideration offered at a discount to the principal amount (the "Debt Restructuring");

(2) The Group is also actively negotiating with prospective investors to raise new capital by carrying out fund raising activities including but not limited to placing of shares to prospective investors as a source of funding ("Equity Financing"), which is subject to conditions, including but not limited to the completion of due diligence and the completion of the Debt Restructuring. The Directors believe that such Equity Financing would significantly strengthen the cash flow position of the Group as a whole in the near future;

(3) The Group is also negotiating with various financial institutions for the renewal of the Group's existing borrowings upon their maturity and/or obtaining additional financing;

(4) The Group is also maximizing its sales efforts, including speeding up sales of its existing inventories, seeking new orders from overseas markets, and implementing more stringent cost control measures with a view to improving operating cash flows.

Whilst the Group is taking measures to preserve cash and secure additional finance, the following material uncertainties exist:

(a) The Senior Notes holders may not accept the Debt Restructuring or any cash consideration finally agreed may be higher than the consideration originally offered. If this is the case, the Group may not have sufficient cash to repay the Senior Notes as the Group's ability to repay the Senior Notes is dependent upon its ability to generate sufficient cash flows from prospective investors, its lenders and its operating activities.

(b) The Group may not be able to obtain support from prospective investors and complete the proposed Equity Financing. The Group's ability to generate cash flows from such activities will be dependent upon a number of factors, including the completion of the Debt Restructuring.

(c) The Group may not be able to obtain support from the lenders. The Group's ability to successfully negotiate with the lenders to renew existing borrowings and/or obtain additional financing is dependent upon the completion of the proposed fund raising activities and the future trading results of the Group.

(d) The operation plans may not be successfully implemented and future trading results and cash flows in respect of operating activities may not be in line with the assumptions. The achievability of the plans is dependent upon the market environment, which is expected to remain challenging in the coming years.

These facts and circumstances indicate the existence of material uncertainties which may cast significant doubt on the Group'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.

The factors mentioned in (b) and (c) above are critical to the achievability of the Directors' plans to manage the Group's liquidity needs. It is the Directors' belief that they will successfully negotiate with Senior Notes holders on the Debt Restructuring in connection with the outstanding Senior Notes and the prospective investors will provide their financial support after satisfying the conditions referred to in (2) above in order for the Group to meet its financial obligations and to finance its future working capital and financial requirements.

The Directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period. Accordingly, the Directors are of the opinion that it is appropriate to prepare the financial statements for the year ended 31 December 2014 on a going concern basis.

Should the Group 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 financial statements.

3 CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board ("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*
- Amendments 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 the 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 these financial statements 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 these financial statements 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 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 these financial statements 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 these financial statements 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 year is as follows:

Continuing operations

	2014	2013
	$'000	*$'000*
		(Restated)
Coking coal	**7,035,543**	12,169,694
Thermal coal	**365,922**	173,500
Coke	**10,219**	68,257
Coal related products	**37,457**	611,353
Iron ore	**—**	217,409
Rendering of logistics services	**91,132**	43,979
Others	**7,465**	35,550
	7,547,738	13,319,742

The Group's customer base is diversified and includes no customer (2013: nil) with whom transactions have exceeded 10% of the Group's revenues.

(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 14 November 2014, the Group, Up Energy Resources Company Limited (the "**Purchaser**") and Up Energy Development Group Limited (the "**Purchaser Guarantor**") entered into a sale and purchase agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Group has conditionally agreed to sell 42.74% equity interest in GCC and Grande Cache Coal LP ("**GCC LP**") for cash consideration of US$1 (the "**Proposed Disposal**) (see note 5).

- 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, 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 2014 and 2013 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 (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	**7,456,606**	13,275,763	**1,080,419**	773,504	**91,132**	43,979	**8,628,157**	14,093,246
Inter-segment revenue	**—**	—	**205,665**	1,106,210	**10,587**	24,864	**216,252**	1,131,074
Reportable segment revenue	**7,456,606**	13,275,763	**1,286,084**	1,879,714	**101,719**	68,843	**8,844,409**	15,224,320
Reportable segment (loss)/ profit (adjusted EBITDA)	**(318,465)**	(396,158)	**170,555**	(144,318)	**13,386**	6,609	**(134,524)**	(533,867)
Interest income	**78,414**	120,737	**1,015**	1,911	**13**	690	**79,442**	123,338
Interest expense	**(327,725)**	(570,029)	**(230,406)**	(235,913)	**(18,884)**	(17,587)	**(577,015)**	(823,529)
Depreciation and amortisation for the year	**(85,624)**	(112,200)	**(245,905)**	(436,629)	**(22,023)**	(20,567)	**(353,552)**	(569,396)
Impairment of non-current assets	**(429,743)**	(148,328)	**(5,149,897)**	(957,974)	**—**	—	**(5,579,640)**	(1,106,302)
Shares of profit/(loss) of an associate	**—**	—	**—**	—	**1,803**	(140)	**1,803**	(140)
Reportable segment assets	**5,840,771**	12,499,597	**4,304,164**	9,546,800	**614,224**	626,354	**10,759,159**	22,672,751
Additions to non-current segment assets during the year	**49,288**	107,523	**138,817**	453,857	**38,679**	54,554	**226,784**	615,934
Reportable segment liabilities	**5,771,915**	10,714,993	**4,007,898**	4,642,874	**484,160**	470,777	**10,263,973**	15,828,644

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

	2014	2013
	$'000	*$'000*
		(Restated)
Revenue		
Reportable segment revenue	**8,844,409**	15,224,320
Elimination of inter-segment revenue	**(216,252)**	(1,131,074)
Reclassification of discontinued operation	**(1,080,419)**	(773,504)
Consolidated turnover from continuing operations	**7,547,738**	13,319,742
Loss		
Reportable segment loss	**(134,524)**	(533,867)
Depreciation and amortisation	**(107,647)**	(132,767)
Impairment of non-current assets	**(429,743)**	(148,328)
Share of profit/(loss) of an associate	**1,803**	(140)
Net finance (costs)/income	**(292,803)**	260,708
Reclassification of discontinued operation	**(170,555)**	144,318
Consolidated loss before taxation from continuing operations	**(1,133,469)**	(410,076)

	At 31 December 2014	At 31 December 2013
	$'000	*$'000*
Assets		
Reportable segment assets	**10,759,159**	22,672,751
Deferred tax assets	**—**	286,845
Interest in an associate	**17,021**	14,843
Elimination of inter-segment receivables	**(489,359)**	(841,436)
Consolidated total assets	**10,286,821**	22,133,003
Liabilities		
Reportable segment liabilities	**10,263,973**	15,828,644
Current income tax liabilities	**39,580**	66,525
Deferred tax liabilities *(note 5(b))*	**90,039**	1,082,545
Elimination of inter-segment payables	**(489,359)**	(841,436)
Consolidated total liabilities	**9,904,233**	16,136,278

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

	Note	**2014** **$'000**	2013 $'000
Development of coal mills and production of coking coal and related products segment profit/(loss) (adjusted EBITDA)		**170,555**	(144,318)
Net finance costs for the segment		**(245,937)**	(244,334)
Depreciation and amortisation for the segment		**(245,905)**	(436,629)
Impairment of non-current assets for the segment		**(5,149,897)**	(957,974)
		(5,471,184)	(1,783,255)
Income tax in respect of operating activities of GCC LP	5(e)	**17,491**	180,458
Income tax in respect of write-down of GCC LP's net assets	5(e)	**772,485**	—
Loss from discontinued operation, net of tax		**(4,681,208)**	(1,602,797)

(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.

	Revenues from external customers	
	2014	2013
	$'000	*$'000*
		(Restated)
The PRC (including Hong Kong and Macau)	**7,405,629**	13,133,655
Canada	**1,080,419**	773,504
Reclassification of discontinued operation	**(1,080,419)**	(773,504)
	—	—
Other countries	**142,109**	186,087
	7,547,738	13,319,742

	Specified non-current assets	
	At 31 December 2014	At 31 December 2013
	$'000	*$'000*
The PRC (including Hong Kong and Macau)	**2,064,229**	2,512,124
Canada	**—**	8,997,181
Other countries	**127,745**	189,869
	2,191,974	11,699,174

5 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION

One of the Group's subsidiaries, namely GCC LP sustained a net loss from operating activities 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 $321 million, before impairment losses, and net cash outflow of $21 million from operating activities and investing activities during the year ended 31 December 2014. As at 31 December 2014, GCC LP had total loans of $3,278 million (among which $129 million is repayable in the next 12 months from 31 December 2014) and cash and cash equivalents balance of $nil, taking into account the fact that the Group finds it 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. 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 was expected to be completed within one year as at 27 June 2014. 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 since 27 June 2014. The comparative consolidated statement of profit or loss has been restated to show the discontinued operation separately from continuing operations.

On 14 November 2014, the Group entered into a sale and purchase agreement with Up Energy Resources Company Limited (the "**Purchaser**") and Up Energy Development Group Limited (the "**Purchaser Guarantor**"), pursuant to which the Purchaser has conditionally agreed to acquire and the Group has conditionally agreed to sell 42.74% equity interest in Grande Cache Coal Corporation ("**GCC**") and GCC LP (collectively "**GCC Operation**") at cash consideration of US$1 (the "**Proposed Disposal**"). In conjunction with the Proposed Disposal, the Group, the Purchaser and Purchaser Guarantor propose to enter into a buy-back right agreement pursuant to which the Purchaser will grant the Company a buy-back right to acquire a 16.86% shareholding interest in GCC Operation (the "**Buy-back Right**"). As a condition precedent to the completion of the Proposed Disposal (the "**Completion**"), the Group, the Purchaser Guarantor and GCC LP will enter into a marketing agency agreement (the terms of which have been agreed by the parties on 31 December 2014) on or before the Completion, pursuant to which GCC LP shall grant certain marketing rights to the Company in relation to the products of GCC LP for the PRC for a term of 10 years from the date of Completion subject to extension by agreement. As at 31 December 2014, the Completion is conditional upon the fulfilment of various conditions precedent.

(a) Impairment loss relating to the disposal group

An impairment loss of $5,149,897,000 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 31 December 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	2,874,287
Construction in progress	36,980
Intangible assets	941,459
Inventories	222,413
Trade and other receivables	27,142
Restricted bank deposits	201,883
Cash and cash equivalents	—
Assets held for sale	**4,304,164**
Bank and other loans*	3,278,329
Trade and other payables	308,123
Obligations under finance lease	191,701
Provisions	229,745
Deferred tax liabilities**	90,039
Liabilities held for sale	**4,097,937**

* On 6 September 2014, GCC LP and the Purchaser entered into a bridge loan agreement pursuant to which the Purchaser provided a loan facility of US$50 million (equivalent to approximately $388 million) to GCC LP. As at 31 December 2014, GCC LP has drawn down US$14 million (equivalent to approximately $108,608,000) under the bridge loan agreement.

As at 31 December 2014, GCC LP has an overdraft of $6,496,000 in its bank accounts.

Bank loans amounting to $13,977,000 are secured by property, plant and equipment with an aggregate carrying amount of $18,399,000. Bank loans amounting to $3,149,248,000 are secured by GCC LP's total assets.

** During the year ended 31 December 2014, deferred tax liabilities in respect of GCC LP of $789,976,000 ($17,491,000 in respect of GCC LP's operating activities and $772,485,000 in respect of write-down of GCC LP's net assets (see note 5(e))) has been reversed. As at 31 December 2014, the remaining balance of $90,039,000 was classified as liabilities held for sale.

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

There is a foreign currency translation gain of $37,913,000 included in other comprehensive income relating to the disposal group.

(d) Fair value measurement and value in use calculation

As at 31 December 2014, the Group adopts fair value less costs to sell to measure the value of the disposal group held for sale.

(i) Fair value hierarchy

The non-recurring fair value measurement for the disposal group of $221,730,000 (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. As the fair value of the Buy-back Right and the Marketing Agency Agreement will be determined at the date of the Completion, 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 the first half of 2015.

(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 flows*

Discounted cash flows consider the present value of the net cash flows expected to be generated from the disposal group, taking into account 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 coal in Canada sourced from a number of reputable investment banks as provided by Company's financial advisor. 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$103 to US$141 per tonne and US$55 per tonne for hard coking coal and thermal coal respectively have been used to estimate future revenues. For coal prices beyond the fifth year, US$145 and US$55 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 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 11.16% 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. The WACC takes into account both debt and equity, weighted based on ratio of debt to equity of 42%. The cost of equity is derived from the required return on similar coking coal companies of 12.49%. The cost of debt is based on the market long-term lending rate of 8.00%.

As at 31 December 2013, the Group adopted value in use calculation in assessing the impairment loss provided for goodwill related to GCC LP and GCC LP's mining rights.

(i) Valuation technique and significant key assumptions used in value in use calculation

The value in use calculation used cash flow projections based on financial forecasts prepared by management covering the life of the mine.

Significant key assumptions:

— the coal price assumptions were management's best estimate of the future price of coal in Canada. The short-term coal price assumptions for the next five years were 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 were used to estimate future revenues.

— estimated production volumes were 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 were 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 were then assessed to ensure they were consistent with what a market participant would estimate.

— pre-tax discount rate of 8.80% was applied to the future cash flows. This discount rate was 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 took into account both debt and equity, weighted based on ratio of debt to equity of 57% considering GCC LP and comparable peer companies' average capital structure. The cost of equity of 11.99% was 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 of 3.20% was based on the borrowing cost of interest-bearing borrowings of GCC LP that reflected the credit rating of GCC LP.

(e) Results of discontinued operation

	2014	2013
	$'000	*$'000*
Results of discontinued operation		
Revenue	**1,080,419**	773,504
Expenses	**(1,401,706)**	(1,598,785)
Impairment of non-current assets	**—**	(957,974)
Results from operating activities	**(321,287)**	(1,783,255)
Income tax	**17,491**	180,458
Results from operating activities, net of tax	**(303,796)**	(1,602,797)
Write-down to adjust the carrying value of GCC LP's net assets to fair value less costs to sell	**(5,149,897)**	—
Income tax in respect of write-down of GCC LP's net assets	**772,485**	—
Loss for the year	**(4,681,208)**	(1,602,797)
Attributable to:		
Equity shareholders of the Company	**(2,492,734)**	(1,073,573)
Non-controlling interests	**(2,188,474)**	(529,224)
	(4,681,208)	(1,602,797)
Loss per share		
Basic and diluted	**(0.661)**	(0.284)

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

	2014 $'000	2013 $'000
Net cash generated from operating activities	**209,995**	571,073
Net cash used in investing activities	**(231,353)**	(511,201)
Net cash used in financing activities	**(7,801)**	(36,643)
Net cash (outflow)/inflow for the year	**(29,159)**	23,229

6 OTHER REVENUE

	Note	2014 $'000	2013 $'000
Penalty income from an iron ore customer	(i)	**70,977**	—
Government grants		**9,222**	21,919
Others		**1,147**	10,788
		81,346	32,707

(i) During the year ended 31 December 2014, the Group has recognised a penalty income of $70,977,000 from a third party iron ore customer in relation to its failure to settle the procurement from the Group within an agreed period in accordance with the relevant sales contract.

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2014 $'000	2013 $'000 (Restated)
Continuing operations:		
Current tax — Hong Kong Profits Tax		
Provision for the year	**1,393**	2,190
Under-provision in respect of prior years	**1,634**	1,519
Current tax — Outside of Hong Kong		
Provision for the year	**10**	18,584
(Over)/under-provision in respect of prior years	**(4,202)**	5,214
Deferred tax		
Origination and reversal of temporary differences	**83,246**	284,954
	82,081	312,461

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

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.

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

	2014	2013
	$'000	*$'000*
		(Restated)
Continuing operations		
Loss before taxation	**(1,133,469)**	(410,076)
Notional tax on loss before taxation, calculated at the rates applicable to loss in the jurisdictions concerned	**(166,565)**	(254,942)
Tax effect of non-deductible expenses	**12,880**	17,383
Tax effect of utilisation of previously unrecognised tax losses	**(16,349)**	(7,826)
Tax effect of unused tax losses and other temporary differences not recognised	**254,683**	551,113
(Over)/under-provision in respect of prior years	**(2,568)**	6,733
Actual tax expense	**82,081**	312,461

8 LOSS PER SHARE

(i) From continuing operations and discontinued operation

(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 $3,693,055,000 (2013: $1,789,385,000) and the weighted average of 3,767,018,000 ordinary shares (2013: 3,773,182,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares (basic):

	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)**	(17)
Weighted average number of ordinary shares (basic) as at 31 December	**3,767,018**	3,773,182

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

(b) Diluted loss per share

For the year ended 31 December 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 year ended 31 December 2014 is based on the loss from continuing operations attributable to equity shareholders of the Company of $1,200,321,000 (2013: $715,812,000) and the weighted average number of ordinary shares of 3,767,018,000 (2013: 3,773,182,000 shares) in issue during the year.

(b) Diluted loss per share

For the year ended 31 December 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.

9 INTANGIBLE ASSETS

The Group

	Mining rights *$'000*	Software *$'000*	Total *$'000*
Cost:			
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
At 1 January 2014	6,871,702	7,639	6,879,341
Additions	—	737	737
Reclassified to disposal group held for sale *(note 5)*	(6,868,864)	—	(6,868,864)
Exchange adjustments	(2,838)	(21)	(2,859)
At 31 December 2014	—	8,355	8,355
Accumulated amortisation and impairment losses:			
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
At 1 January 2014	751,818	2,725	754,543
Charge for the year	36,780	763	37,543
Reclassified to disposal group held for sale *(note 5)*	(787,673)	—	(787,673)
Exchange adjustments	(925)	(3)	(928)
At 31 December 2014	—	3,485	3,485
Net book value:			
At 31 December 2014	—	4,870	4,870
At 31 December 2013	6,119,884	4,914	6,124,798

As at 31 December 2014, intangible assets mainly represent the net book value of software purchased by the Group. The mining rights of GCC LP have been classified as assets held for sale and disclosed in note 5.

10 INVENTORIES

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

	At 31 December 2014 *$'000*	At 31 December 2013 *$'000*
Coking coal	**109,005**	1,302,098
Thermal coal	**48,162**	178,391
Coke	**61,411**	—
Coal related products	**13,199**	19,696
Petrochemical products	**140,528**	—
Others	**21,487**	112,210
	393,792	1,612,395
Less: write down of inventories	**(58,678)**	(249,661)
	335,114	1,362,734

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

	2014 *$'000*	2013 *$'000* (Restated)
Carrying amount of inventories sold	**7,294,601**	12,893,569
Write down of inventories	**58,678**	244,902
	7,353,279	13,138,471

11 TRADE AND OTHER RECEIVABLES

	The Group	
	2014	2013
	$'000	*$'000*
Trade receivables	**818,387**	1,760,369
Bills receivable	**507,481**	1,428,807
Receivables from import agents	**291,192**	941,750
Less: allowance for doubtful debts	**(56,526)**	—
	1,560,534	4,130,926
Amounts due from related parties	**761**	7,144
Prepayments to suppliers	**64,626**	81,459
Loan to a third party company	**31,031**	31,018
Derivative financial instruments*	**31,480**	11,600
Deposits and other receivables	**372,508**	354,077
	2,060,940	4,616,224

* Derivative financial instruments represent fair value of foreign exchange forward contracts and a derivative embedded in a purchase contract of petrochemical products as at 31 December 2014.

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 2014, trade and bills receivables of the Group of $586,953,000 (31 December 2013: $489,542,000) have been pledged as collateral for the Group's borrowings.

At 31 December 2014, bills receivable of the Group of $483,472,000 (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 and net of allowance for bad debt, as follows:

	The Group	
	At 31 December 2014	At 31 December 2013
	$'000	*$'000*
Less than 3 months	**837,833**	3,376,394
More than 3 months but less than 6 months	**351,249**	748,695
More than 6 months but less than 1 year	**165,389**	4,407
More than 1 year	**206,063**	1,430
	1,560,534	4,130,926

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

Impairment losses in respect of trade receivables, bills receivable and receivables from import agents are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables, bills receivable and receivables from import agents.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	The Group	
	2014	2013
	$'000	*$'000*
At 1 January	**—**	—
Impairment loss recognised	**56,526**	—
At 31 December	**56,526**	—

At 31 December 2014, the Group's trade receivables, bills receivable and receivables from import agents of $108,562,000 (2013: nil) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of $56,526,000 (2013: $nil) were recognised.

(c) Trade debtors and bills receivable that are not impaired

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	
	At 31 December 2014	At 31 December 2013
	$'000	*$'000*
Neither past due nor impaired	**1,343,549**	4,030,925
Less than 3 months past due	**40,965**	94,164
More than 3 months but less than 12 months past due	**123,984**	5,837
	1,508,498	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.

12 SENIOR NOTES

	The Group	
	2014	2013
	$'000	*$'000*
Senior notes due in 2016	**2,364,347**	2,337,010

On 8 April 2011, the Company issued senior notes in the aggregate principal amount of US$500,000,000 ("**Senior Notes**") and which are 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., GCC 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 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.

The Group has engaged UBS AG, Hong Kong Branch and AlixPartners Services UK LLP as financial advisors to assist with negotiations with the holders of the Senior Notes to achieve the Debt Restructuring in respect of the Senior Notes. Further details are set out in note 2.

13 TRADE AND OTHER PAYABLES

	The Group	
	2014	2013
	$'000	*$'000*
Trade and bills payables	**1,385,420**	3,074,274
Payables to import agents	**288,781**	3,835,263
Amounts due to related parties	**—**	344,292
Prepayments from customers	**21,765**	182,171
Payables in connection with construction projects	**93,670**	90,792
Payables for purchase of equipment	**47,730**	59,199
Derivative financial instruments*	**16,007**	45,405
Others	**201,242**	184,110
	2,054,615	7,815,506

* Derivative financial instruments represent fair value of foreign exchange forward contracts as at 31 December 2014.

At 31 December 2014, bills payable amounting to $1,155,721,000 (2013: $2,571,106,000) were secured by deposits placed in banks with an aggregate carrying value of $412,322,000 (2013: $1,037,618,000).

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	
	At 31 December 2014	At 31 December 2013
	$'000	*$'000*
Within 3 months	**1,394,800**	3,636,559
More than 3 months but less than 6 months	**81,920**	2,477,002
More than 6 months but less than 1 year	**32,505**	720,633
More than 1 year	**164,976**	75,343
	1,674,201	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 31 December 2014	At 31 December 2013
	$'000	*$'000*
Due within 1 month or on demand	**570,703**	2,695,667
Due after 1 month but within 3 months	**1,100,798**	2,578,842
Due after 3 months but within 6 months	**2,700**	1,635,028
	1,674,201	6,909,537

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the report by KPMG, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 December 2014.

Basis for disclaimer of opinion: multiple uncertainties related to going concern

As explained in note 2(b) to the financial statements, the Group sustained a further loss from continuing operations before taxation and impairment losses for non-current assets, of $703,726,000 and incurred a net cash outflow from operating activities of $2,417,795,000 from continuing operations for the year ended 31 December 2014. As at 31 December 2014, the Group had net current assets before the net assets held for sale, of $504,599,000, which may not be able to fund the Group's operations in 2015 in view of the net cash outflow in respect of operating activities for the year ended 31 December 2014. In addition, the Group's outstanding Senior Notes in a principal amount of to $2,364,347,000 as at 31 December 2014 are due to mature on 8 April 2016.

The Directors have been and are undertaking certain measures to improve the Group's liquidity and financial position, which are set out in note 2(b) to the financial statements. The financial statements have been prepared on a going concern basis, the validity of which is dependent on the outcome of these measures, which are subject to the following uncertainties, including (i) whether the Group is able to complete the restructuring of the outstanding Senior Notes with cash, equity or other form of consideration offered at a discount to the principal amount of the Senior Notes; (ii) whether the Group is able to obtain support from the prospective investors and complete the proposed fund raising activities, the achievability of which depends on a number of factors including the completion of the restructuring of the outstanding Senior Notes; (iii) whether the Group is able to successfully negotiate with the lenders for the renewal of all the existing borrowings upon their maturity and/or obtaining additional financing as and when required, the achievability of which depends on the completion of the proposed fund raising activities and the future trading results of the Group and (iv) whether the Group is able to implement its operation plans to control costs and to generate adequate cash flows from operations, the achievability of which depends on the market environment which is expected to remain challenging.

These facts and circumstances, along with other matters as described in note 2(b) to the financial statements, indicate the existence of multiple material uncertainties about the Group's ability to continue as a going concern.

Should the Group 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.

Disclaimer of opinion: disclaimer on view given by the financial statements

Because of the potential interaction of the uncertainties and their possible cumulative effect on the consolidated financial statements described in the Basis for disclaimer of opinion paragraphs, we do not express an opinion on the financial statements. In all other respects, in our opinion, the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CHAIRMAN'S STATEMENT

Dear shareholders and employees,

Coking coal prices remained depressed particularly throughout the year. Market prospects remain bearish due to the ongoing oversupply and declining demand in large part associated with slowing growth in the PRC. The legislative measures and policies of the Chinese government to reduce overcapacity in the steel sector further dampened the demand for coking coal in 2014. The year ended 31 December 2014 was an extremely challenging year for Winsway. These market forces contributed to a very difficult trading environment with the Group recording losses for the third consecutive year.

Mongolian coal used to be a major revenue source of the Group. However, the competitiveness of Mongolian coal has become increasingly challenged due to continuous low domestic and international coal prices. In 2014, we procured a total of 7.47 million tonnes of coal and only 0.99 million tonnes were Mongolian coal, representing a significant decrease compared with 11.79 million tonnes the Group (excluding GCC) and 5.12 million tonnes in 2013, respectively. Mongolian coal procurement volume only accounted for 13.25% of total coal procurement volume in 2014 which was in sharp contrast with 43.43% in 2013.

The Group worked hard to control costs and managed to achieve a gross profit of HK$102 million from continuing operations in 2014. However, such amount was not sufficient to cover administrative expenses in the amount of HK$435 million and finance costs in the amount of HK$293 million from continuing operations. The Group (excluding GCC) worked hard to reduce its costs by cutting headcount; overall staff costs were reduced by HK$15 million even taking severance pay into consideration. However, given the depressed state of the industry, the Group recorded a net loss of HK$1,216 million from continuing operations.

Under such circumstances, the Group has still been carefully managing its risks and retained much of its market share, streamlining its current operations to lower its operational costs in the logistics and mining sector as well as controlling the cash flow of the Group during the year. The following significant actions were taken:

1. Disposal of equity interest in Grande Cache Coal Corporation ("**GCCC**") and partnership interest in Grande Cache Coal LP ("**GCC LP**", together with GCCC, the "**GCC**"): Winsway did not have sufficient cash to meet the substantial capital requirements of its upstream coal mining business under sluggish coal market conditions. Since March 2014, the Group ceased any financial support to GCC and proactively sought suitable purchasers to acquire its equity interest in GCC. In November 2014, 0925165 B.C. Ltd., an indirect wholly-owned subsidiary of the Company (the "**Seller**"), among others, entered into a sales and purchase agreement with Up Energy Development Group Limited (a company listed on The Stock Exchange of Hong Kong Limited (stock code: 00307), ("**Up Energy**" or "**the Purchaser**"), to sell a 42.74% equity interest in GCC and a 42.74% partnership interest in GCC LP to UP Energy at a consideration of US$1 payable in cash upon completion ("**Proposed Disposal**"). On completion of the transaction, UP Energy will own 42.74% of GCC and the Company will retain 17.26% of GCC. In the interim period until completion of the Proposed Disposal ("**Completion**"), UP Energy is providing a bridge loan in an aggregate amount of US$50 million to GCC. Under this contractual arrangement, the Company maintains a right to buyback (the "**Buy-back Right**") a 16.86% equity interest in GCC within three years after Completion and the exclusive right to sell at least 40% of the coal produced by GCC to China (the "**Marketing Agency Agreement**") within the next ten years.

2. Cost reduction: The Group implemented a series of cost control measures during 2014 including making 279 employees redundant. As a result, the total employee number of the Group (excluding GCC) decreased from 608 in early 2014 to 329. In addition, the Group lowered the office rental expenses by relocating to less expensive premises by mid 2014.

3. Cash flow management: In 2014, the Group strengthened its cash flow management to ensure its daily operations. Management measures include:

   - Reducing inventory and maintaining low inventory: the inventory of the Group decreased significantly in 2014 from HK$1,363 million as of 31 December 2013 to HK$335 million by the end of 2014, representing a decrease of 75.42%;

   - Collecting trade receivables: the Group established a receivables collection team to follow up the recovery of receivables on a weekly basis. Receivables decreased significantly in 2014 from HK$1,760 million as of 31 December 2013 to HK$818 million (before taking account of the bad debt provision) by the end of 2014, representing a decrease of 53.52%;

   - Disposing non-core assets: the Group has identified idle and non-core assets and is carefully considering certain opportunities to dispose the relevant assets;

   - Maintaining credit lines: due to the weak performance of the Group, the credit lines of the Group decreased to HK$1,494 million at the end of 2014. Whilst it would be difficult for the Group to maintain certain credit lines or obtain new credit lines under the current industry conditions, the Group's performance has further caused the banks to tighten lending. Notwithstanding, significant efforts have been made by the Group to maintain its existing credit lines.

I believe that the coal market is not likely to recover in the short term. If the market conditions in 2014 continue in 2015, the operations of the Group will encounter significant difficulties in the coming year. Therefore, the Group is seeking to develop a new business model to introduce, strategic investors and additional capital contributions to improve the capital structure of the Group. A restructuring of the senior notes issued by the Company in April 2011 (the "**Senior Notes**") will be necessary to relieve pressure on working capital arising from the high interest expense payable under the Senior Notes.

I would like to take this opportunity to thank you all for your ongoing support of the Group. I hope and believe that we will overcome the challenges currently facing the Company. My health issues which I mentioned in the Chairman's Statement in the 2014 Interim Report have not improved. Looking forward I expect I will need to be away for an extended period of time. Therefore the board has recently asked Mr. Andreas Werner, CEO Designate, and Mr. James Downing one of our non-executive directors to lead the Company forward through this next phase of restructuring. I am very grateful for their willingness to lead the Group and for the continued support to all the Company's Directors and employees.

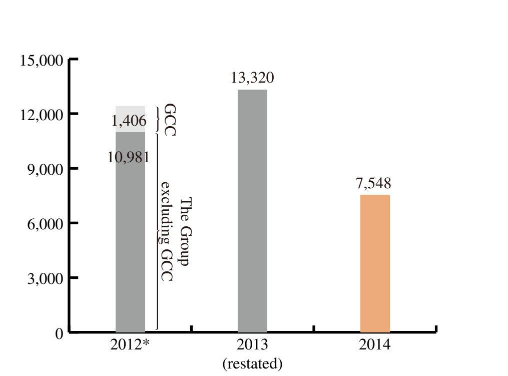
Mr. Wang Xingchun
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND OPERATING RESULTS

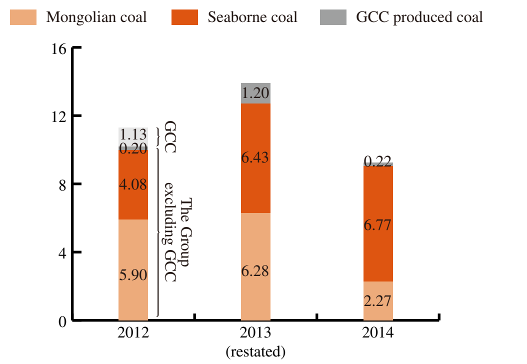
The following discussion and analysis should be read in conjunction with the Group's financial statements and the notes thereto. The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**").

I. Overview

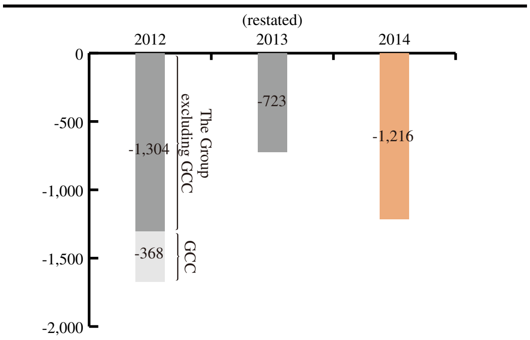
Revenue *(HK$ in millions)*



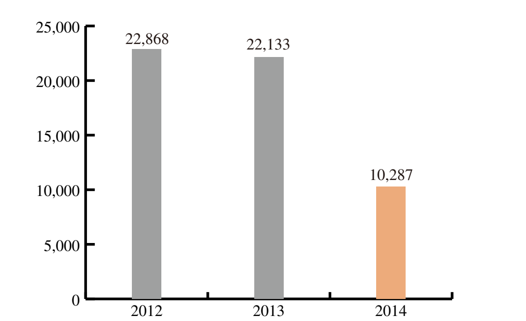
Sales Volume *(MT)*



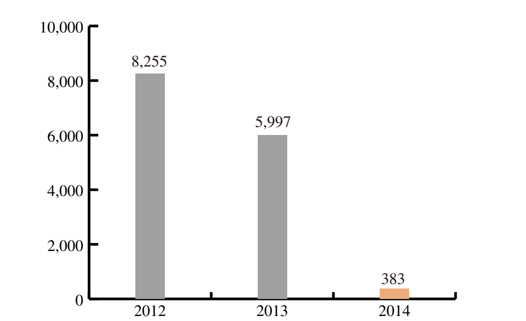
Net Loss from Continuing Operations *(HK$ in millions)*



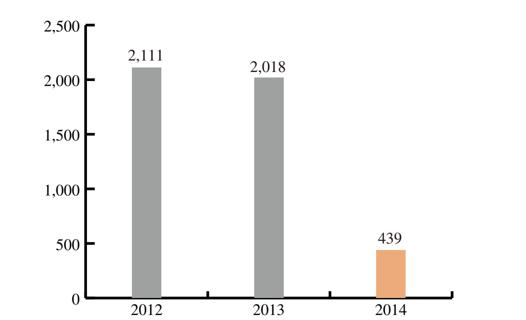
Total Asset *(HK$ in millions)*



Total Equity *(HK$ in millions)*



Cash Balance *(HK$ in millions)*



* GCC has been classified as a disposal group held for sale since June 2014. Therefore the comparative figures in 2013 were restated accordingly. To make a meaningful comparison, 2012 financials are shown by splitting GCC numbers from the consolidated financials.

In 2014, global coal oversupply continued and coal demand in China slumped. Prices of Australian coal continued to show a clear downturn trend. The Asia-Pacific HCC CFR China price closed at US$112/tonne in 2014, compared to US$127/tonne at the beginning of 2014. Mongolian coal has nearly lost its advantages in the Chinese market as a result of the combination of falling selling prices of seaborne coal and cheaper shipping costs per tonne.

In 2014, the Group recorded consolidated revenue from continuing operations of HK$7,548 million. This was mainly devoid from 9.26 million tonnes of sales of coal products, of which 6.77 million tonnes were seaborne coal, 2.27 million tonnes were Mongolian coal, and 0.22 million tonnes were GCC-produced coal. This compares with a consolidated revenue in 2013 from continuing operations of HK$13,320 million mainly from 13.91 million tonnes of sales of coal products, of which, 6.43 million tonnes were seaborne coal, 6.28 million tonnes of Mongolian coal, 1.20 million tonnes were GCC-produced coal in 2013. The decrease in value is mainly due to the lack of demand and falling coal prices.

In 2014, the Group achieved a gross profit from continuing operations of HK$102 million compared to a gross profit of HK$10 million in 2013 (restated). However, the gross profit still could not cover finance expenses and administrative expenses during the period. The EBITDA of the Group in 2014 was negative HK$305 million.

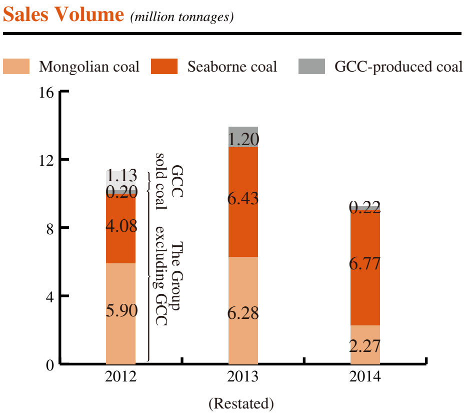
The Group incurred a consolidated net loss from continuing operations of HK$1,216 million in 2014 compared to a net loss of HK$723 million in 2013. The loss consists of an impairment of non-current assets of HK$430 million and net finance costs of HK$293 million. In 2013, there was a once-off gain amounting to HK$592 million from the redemption of the Senior Notes. Comparatively, from an operating perspective, the financial results of 2014 are better than those of 2013.

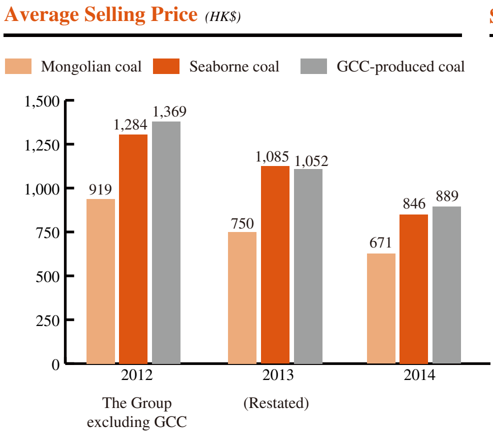
II. Financial Review

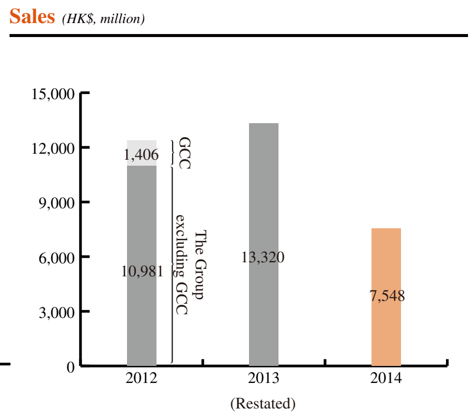
1 *Sales*

1) *Overview*

In 2014, our sales revenue from continuing operations was HK$7,548 million, a 43.33% decrease compared to HK$13,320 million from the year of 2013 (restated). Both decreasing volume and declining price of coal and coal related products have led to the revenue decrease.







2) *Sales Volume and Average Selling Price*

In terms of volume, we sold 9.26 million tonnes of coal and coal related products in 2014, compared to 13.91 million tonnes in 2013. Mongolian coal sales volume decreased from 6.28 million tonnes in 2013 to 2.27 million tonnes in 2014, with a decrease of 63.85%. This was due to the loss of competitiveness of Mongolian coal in the Chinese market. The transportation of Mongolian coal is land-borne and on a much smaller scale compared to seaborne coal transportation. Therefore the per tonne transportation of Mongolian coal is a lot more expensive. When the coking coal price was strong in 2010 and 2011, the percentage of transportation costs in the coal procurement cost component was relatively low, and lower coal production costs in Mongolia would compensate for the transportation cost disadvantage. However, as the coking coal price decreased over the last three years, the disadvantage in transportation costs of Mongolian coal has hindered its competitiveness in the domestic coal market.

	FY2014		FY2013 (restated)		FY2012	
	Total sales volume *tonnes*	**Average selling price** *HK$'000*	Total sales volume *tonnes*	Average selling price *HK$'000*	Total sales volume *tonnes*	Average selling price *HK$'000*
Mongolian coal	**2,270,503**	**671**	6,275,173	750	5,895,441	919
Seaborne coal	**6,770,572**	**846**	6,428,698	1,085	4,080,637	1,284
GCC-produced coal	**214,704**	**889**	1,207,357	1,052	200,548	1,369
GCC coal	**—**	**—**	—	—	1,131,737	1,242
Total	**9,255,779**	**804**	13,911,228	931	11,308,363	1,091

3) *Sales from Continuing Operations*

	FY2014	FY2013
	HK$'000	*HK$'000*
Coking coal	**7,035,543**	12,169,694
Thermal coal	**365,922**	173,500
Coke	**10,219**	68,257
Coal related products	**37,457**	611,353
Iron ore	**—**	217,409
Rendering of logistics services	**91,132**	43,979
Others	**7,465**	35,550
	7,547,738	13,319,742

4) *Top 5 Customers*

Our top 5 customers accounted for 32.70% of our total sales in 2014, whereas the same ratio was 29.26% in 2013. The Group top 5 customers in terms of sales amount is listed as follow:

Name	**Location**	**Amount** ***(HK$ million)***
Liuzhou Steel Group	Guangxi Zhuang Autonomous Region	**719**
Anshan Steel Group	Liaoning Province	**613**
Jiujiang Group	Hebei Province	**545**
Jidong Group	Hebei Province	**307**
Baogang Group	Inner Mongolia Autonomous Region	**284**
Total		**2,468**

2 *Cost of Goods Sold ("COGS") (the Group excluding GCC)*

COGS primarily consists of the purchase price, transportation costs of Mongolian coal from the Sino-Mongolian border to our washing plants and seaborne coal from overseas to any ports of China, and washing-related costs. COGS in 2014 amounted to HK$7,446 million, which was mainly generated from Mongolian coal procurement of HK$324 million and seaborne coal procurement of HK$5,460 million. Both procurement volume and procurement price decreased in 2014. Mongolian coal procurement volume showed significant decrease of 80.66% to 0.99 million tonnes in 2014 from 5.12 million tonnes in 2013.

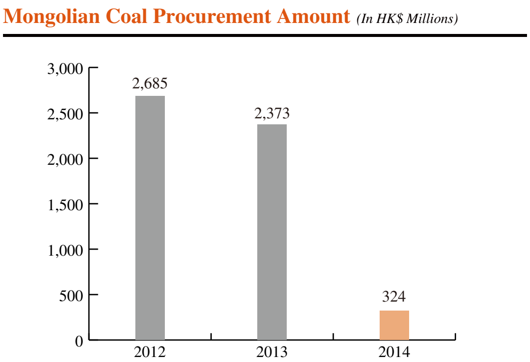
In 2014 the average purchase price of Mongolian coal decreased by 29.31%, from HK$464 per tonne in 2013 to HK$328 per tonne, and the average purchase price of seaborne coal also decreased by 20.32%, from HK$1,058 in 2013 to HK$843 per tonne in 2014.

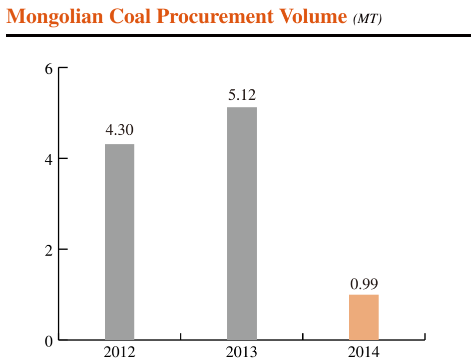
Procurement

	Year ended 31 December					
	2014		2013		2012	
	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	**988,969**	**328**	5,118,287	464	4,298,203	625
Seaborne coal	**6,478,026**	**843**	6,674,078	1,058	3,633,990	1,225
Total	**7,466,995**	**775**	11,792,365	800	7,932,193	900

1) Mongolian Coal Procurement

In 2014, the Group procured a total of 0.99 million tonnes of Mongolian coal, representing an 80.66% sharp decrease from the volume procured in 2013 of 5.12 million tonnes. As mentioned above, Mongolian coal has lost its advantage in the recent years. Also, the turnover of Mongolian coal decreased compared to that in 2013. In addition, to further reduce our inventory level, we procured less than the sales volume, so that our Mongolian coal inventory level decreased from 1.37 million tonnes in 2013 to 0.20 million tonnes at 2014 year end.





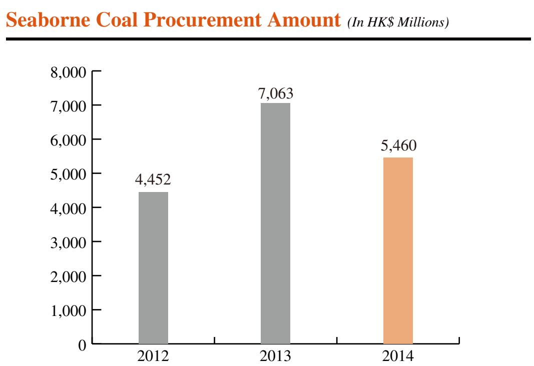
Our top five Mongolian coal suppliers in 2014 are as follows. The aggregate amount of the Mongolian coal procured from the top five suppliers is HK$279 million representing a 86.11% of our total procurement of Mongolian coal in 2014.

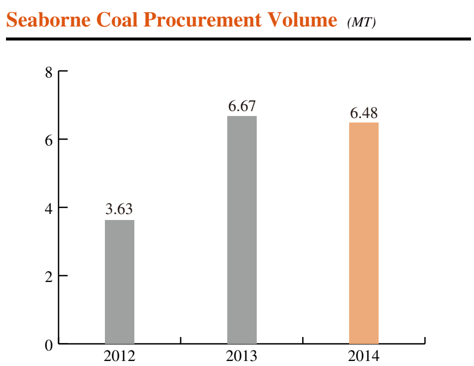
Top five Mongolian coal suppliers

Suppliers' Name	Amounts (HK$ million)
Mongolian Mining Corporation	91
Chalco Inner Mongolian International Trading Co., Ltd.	78
SouthGobi Sands LLC	74
Inner Mongolia Qinghua Group	27
Mongolyn ALT (MAK) LLC	9
Total	279

2) *Seaborne Coal Procurement*

In 2014, our seaborne coal procurement was approximately 6.48 million tonnes, a slight decrease of 2.85% over 6.67 million tonnes procured in 2013. Facing the decreasing market demand in Mongolian coal, the Group had to make a huge effort in maintaining seaborne coal market share.





The top five seaborne coal suppliers in 2014 were as follows. The aggregate amount of the seaborne coal procured from the top five suppliers is HK$4,160 million representing 76.19% of our total procurement of seaborne coal in 2014.

Top five seaborne coal suppliers

Company name	Amount *(HK$ million)*
BHP	**1,998**
Yancoal	**871**
Marubeni	**487**
Anglo	**456**
Peabody	**348**
Total	**4,160**

3 Gross Profit from continuing operations

The Group recorded a gross profit of HK$102 million in 2014, compared to a gross profit of HK$10 million (restated) recorded in 2013. The gross profit was mainly contributed by Mongolian coal sales and coal storage services provided in Gants Mod border-crossing.

4 Administrative Expenses from continuing operations

Administrative expenses were HK$435 million in 2014, which represents a 20.50% increase compared to HK$361 million of administrative expenses incurred in 2013 (restated). The increase was mainly due to a bad debt provision of HK$57 million and HK$11 million for accounts receivable and other receivables, respectively. A breakdown of administrative expenses follows showing the contrast with 2013.

	Year ended 31 December 2014 *HK$'000*	Year ended 31 December 2013 *HK$'000*
Staff related expenses	**160,900**	157,328
Bad debt provision on accounts receivable	**56,526**	—
Bad debt provision on other receivables	**11,210**	—
Others	**205,875**	203,232
Total	**434,511**	360,560

5 *Net Finance Costs from continuing operations*

In 2014, the Group recorded in total net finance costs of HK$293 million, compared to net finance income of HK$261 million in 2013 (restated). In 2013, a gain of approximately HK$ 592 million from the Senior Notes redemption was recognized as finance income. Excluding the gain from the Senior Notes redemption, the net finance costs in 2014 were HK$38 million lower compared to those in 2013.

	2014	2013
	HK$'000	*HK$'000*
Interest income	**(78,427)**	(121,427)
Gain on redemption of Senior Notes	**—**	(592,495)
Foreign exchange gain, net	**—**	(146,860)
Fair value change of derivative financial instruments	**(30,547)**	(15,794)
Finance income	**(108,974)**	(876,576)
Interest on secured bank loans wholly repayable within five years	**72,127**	123,297
Interest on discounted bills	**44,176**	162,414
Interest on Senior Notes	**230,306**	301,905
Total interest expense	**346,609**	587,616
Bank charges	**35,029**	28,252
Foreign exchange loss, net	**20,139**	—
Finance costs	**401,777**	615,868
Net finance costs/(income)	**292,803**	(260,708)

6 *Net Loss and Loss per share*

Our net loss totalled HK$5,897 million in 2014, a 153.63% increase from the net loss incurred in 2013 of HK$2,325 million. The breakdown of the net loss for the year ended 31 December 2013 and 2014 is as follows:

	Year ended 31 December 2014 *HK$ million*	Year ended 31 December 2013 *HK$ million*
Net loss from continuing operations	**1,216**	723
Net loss from discontinued operation	**4,681**	1,602
Total net loss	**5,897**	2,325

As indicated from the breakdown, the net loss from continuing operations in 2014 was HK$1,216 million, which was a 68.19% increase compared to HK$723 million in 2013. The increase in the net loss resulted mainly from a significant impairment of non-current assets that were booked in 2014 in the amount of HK$430 million compared to the impairment in 2013 of HK$148 million. In addition, a gain of HK$592 million was recognised from the Company's successful repurchase of Senior Notes with a principal amount of US$153 million in 2013. Ignoring the impairment of non-current assets recorded in 2014 and the gain arising from Senior Notes repurchased in 2013, the net loss recorded in 2014 would have been much lower than those in 2013.

Net loss per share (diluted) was HK$0.980 in 2014, compared to HK$0.474 loss per share (diluted) incurred in 2013. A breakdown of the net loss per share for the year ended 31 December 2013 and 2014 is as follows:

	Year ended 31 December 2014 *HK$*	Year ended 31 December 2013 *HK$*
Net loss per share from continuing operations	**(0.319)**	(0.190)
Net loss per share from discontinued operation	**(0.661)**	(0.284)
Total net loss per share	**(0.980)**	(0.474)

7 *Impairment*

In 2014, the Group recognized impairment losses of HK$5,648 million in total. A breakdown of the impairment losses follows.

	Year ended 31 December 2014 ***HK$ million***	Year ended 31 December 2013 *HK$ million* *(Restated)*
Impairment loss relating to continuing operations	**498**	148
Impairment loss to receivables	**68**	—
Impairment loss to non-current assets	**430**	148
Impairment loss relating to discontinued operations	**5,150**	958
Total	**5,648**	1,106

1) Impairment loss relating to continuing operations

a. Receivables

The Company recognized an impairment loss in respect of trade receivables of HK$57 million in 2014. Trade receivables of HK$109 million were individually determined to be impaired. Customers in relation to these receivables were in financial difficulties and only a portion of the receivables was expected to be recovered after assessment by the management. Therefore, an impairment in the amount of HK$57 million was recorded using an allowance account. In addition, other receivables of HK$11 million was determined to be irrecoverable and full provision was provided.

b. Plant and machinery

An impairment loss of HK$233 million for plant and machinery in respect of the Group's coal processing factories in the PRC has been charged to the consolidated statement of profit or loss for the current year due to the unfavourable future prospects of the coking coal business and low utilisation of these facilities. 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 a five-year period.

c. Construction in progress

Due to the unfavourable future prospects of the coking coal business, construction projects ceased in the current year. The Group provided an impairment for construction in progress of the coal processing facilities in Manzhouli, Yiteng, Ejinaqi Haotong, Yingkou and Wulanchabu amounting to HK$190 million.

d. Prepayment related to property, plant and equipment

In 2014, the Company recognized an approximately HK$7 million impairment loss to an advance payment for equipment purchase and construction in progress in relation to the coal processing plants and logistics park facilities which ceased construction during 2014.

2) *Impairment loss relating to the disposal group (GCC LP)*

HK$5,150 million was recorded for the year ended 31 December 2014 as an impairment loss of intangible assets of the disposal group.

The non-recurring fair value measurement for the disposal group of HK$222 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. As the fair value of the Buy-back Right and the Marketing Agency Agreement will be determined at the date of the Completion, 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 valuation technique of discounted cash flow was used in measuring the fair value of the disposal group. 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:

— coal price assumptions are based on the median of forecasted prices of coal in Canada sourced from a number of reputable investment banks as provided by the Company's financial advisor. 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$103 to US$141 per tonne and US$55 per tonne for hard coking coal and thermal coal respectively have been used to estimate future revenues. For coal prices beyond the fifth year, US$145 and US$55 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 derived from a 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.

— a pre-tax discount rate of 11.16% was applied to 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. The WACC takes into account both debt and equity, weighted based on ratio of debt to equity of 42%. The cost of equity is derived from the required return on similar coking coal companies of 12.49%. The cost of debt is based on the market long-term lending rate of 8.00%.

8 *Discontinued Operations*

1) *GCC Mine Operations and Exploration*

a. Mining Operations

As of the date of this announcement, GCC is producing coal from the No. 12 South B2 underground operation. Operations were suspended from 28 January 2015 at the No. 8 surface operation. Current mine seams and associated material volumes as set out herein are referenced to 31 December 2014.

GCC has kept operation in No. 8 Surface Mine and No. 12 SB2 Underground Mine in 2014, and total ROM Coal production in 2014 was 2.22 million tonnes, with 1.44 million tonnes from the surface mine.

The production in No. 8 Surface mine was conducted in North Pit and West Extension Pit area using shovels and trucks. The No. 12 South B2 underground operation began development in August 2011 in the 7/8 Seam and is planned to be completed by October 2015. Operation of the 4 Seam mains is scheduled to start in April of 2015. Overall, No. 12 SB2 mine operated for all 12 months in 2014 and produced ROM coal of 0.78 million tonnes. The Coal Handling and Processing Plant (CHPP) did not undergo any major upgrades in 2014. It operated for all 12 months in 2014.

Overall, ROM coal production for 2014 is summarised as below:

	Production Volume *('000 tonnes)*
Surface Mine	
Mine 8	
Raw Coal Mined — Metallurgical *(ROM)*	1,435
Underground Mine	
Mine 12SB2	
Raw Coal Mined — Metallurgical *(ROM)*	784
Total	**2,219**

b. Mine Development

In 2014, in an effort to reduce cost, GCC has finished a limited number of projects related to mine infrastructure, mining operation in both underground and surface, equipment upgrade or new purchase, safety control etc with a total CAPEX of HK$49 million (excluding HK$183 million of prestripping cost).

c. Resources and Reserves

The Group's internal technical team updated reserves and resources of GCC as of 31 December 2014. The main changes are the temporary suspension of No. 8 Mine and reduced operation of CHPP from February 2015 which is expected to continue to the end of 2016. The following is the summary of GCC resources and reserves as of 31 December 2014.

(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 internal technical team has verified the interpretation of these elements. These models form the basis of the resource numbers reported in this document.

The coal resources with an effective date of 31 December 2014 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 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	26.8	5.0
No. 8 Area	35.4	7.4	42.8	23.2	5.0
No. 9 Area	38.2	70.6	108.8	22.2	5.0
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	**232.7**	**138.0**	**370.7**	**20.8**	**4.0**
Underground Area (4)					
No. 9 Area	108.2	33.6	141.8	21.9	5.0
No. 12 South B2 Area	4.3	5.2	9.5	13.9	3.0
No. 12 South A Area	25.4	39.6	64.9	14.8	3.0
Total Underground Areas	**137.9**	**78.4**	**216.2**	**19.4**	**4.5**
Grande Total	**370.6**	**216.4**	**586.9**	**20.3**	**4.0**

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 major faulting, 50 m buffer from highwalls.

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

(6) The resource estimates are effective 31 December 2014.

(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	5.0
No. 8 Area	0.7	24.4	5.0
No. 9 Area	27.5	20.5	5.0
No. 12 South B2 Area (3)	0.5	17.9	4.0
No. 12 North Area	2.2	21.2	3.0
No. 16 Area	15.9	15.3	4.0
Total Surface Areas	**53.1**	19.3	4.5
Underground Area (4)			
No. 9D Area	20.1	20.1	5.0
No. 12 South A Area	3.4	16.0	3.0
Total Underground Areas	**23.5**	**19.5**	**4.5**
Grand Total	**76.6**	**19.4**	**4.5**

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 major faulting, 50 m buffer from highwalls.

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

(6) The resource estimates are effective 31 December 2014.

(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, average free on board price of HK$1,265 per tonne has been used, based on recently published data. It is noted that this price was only used for initial mine design parameters. It was not used in the financial forecast.

- 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 and 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 (ROM) 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 employed mining software to produce economic mine designs at the Grande Cache operation.

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

The Group internal technical team believe that the assumptions previously used for the design of the No. 16, No. 12 North and No. 2 mines are still appropriate; consequently, the reported reserves for these areas have not been changed.

The completion of an updated pit design based on revised economic analysis for the No. 8 along with production in 2014 resulted in a revised reserve estimate for this area. No. 12 South B2 underground production in 2014 reduces the reported reserve from this area.

The No. 9 Area has been included in the reserves since 2013 based on the existing exploration database in this area of drillholes and adits dating between 1969 and 1997. No changes have been made to this reserve area.

The coal reserves with the effective date of 31 December 2014 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	13.7	1.2	14.9
No. 8 Area	12.5	0.1	12.6
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	**90.7**	**34.3**	**125.1**
Underground Areas			
No. 9 Area	59.8	3.7	63.5
No. 12 South B2 Area	3.0	1.4	4.5
No. 12 South A Area	4.6	9.4	14.0
Total Underground Mining	**67.5**	**14.5**	**82.0**
Grand Total	**158.2**	**48.8**	**207.1**

Notes:

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

(2) Planned surface pits only.

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

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

(5) The surface reserve estimates are effective 31 December 2014.

(6) The underground reserve estimates are effective 31 December 2014.

(7) 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	9.2	0.8	10.0
No. 8 Area	8.8	0.1	8.9
No. 9 Area	10.4	8.3	18.8
No. 12 North Area	22.5	8.3	30.8
No. 16 Area	14.4	7.0	21.4
Total Surface Mining	**65.3**	**24.5**	**90.0**
Underground Areas			
No. 9 Area	41.4	2.6	44.0
No. 12 South B2 Area	2.3	1.1	3.3
No. 12 South A Area	3.4	6.8	10.3
Total Underground Mining	**47.1**	**10.5**	**57.6**
Grand Total	**112.4**	**35.0**	**147.6**

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 surface reserve estimates are effective 31 December 2014.

(9) The underground reserve estimates are effective 31 December 2014.

(10) 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 2014 resulted in reserve changes.

(2) Mining design change in No. 12SA to reflect the geological updates from 2014 exploration drilling program.

(3) Design change in No. 2 Mine, and adjustment of yield calculation in No. 12 North Mine.

d. Coal Quality

The in-situ coal quality for current operating mines is summarized below:

— *No. 8 Mine*

No. 8 Mine has 3 mineable seams. The 4 Seam can be divided into an upper high ash zone and a lower low ash zone. A shaley horizon approximately 0.6 m to 1.0 m thick occurs 1.5 m to 1.8 m above the base of 4 Seam. In the No. 8 Area, 10 Seam consists of 1.3 m of very high ash coal (approximately 45%) above 2.5 m of low ash coal (approximately 11%). The 11 Seam typically has a rock split in the middle of the seam. In-situ ash does not include this split.

TABLE 3-1 AVERAGE IN-SITU COAL QUALITY FROM DRILLHOLE FOR NO. 8 AREA

Coal Seam No.	**Ash (db)**	**FSI**	**VM (db)**
4	17.33	5.0	17.2
10	20.75	4.5	19.0
11	30.08	5.5	16.8

— *No. 12SB2 Mine*

The average in-seam ash content of the 4 Seam is 12.3% (dry basis). There is a zone of higher ash (15% to 20%) that is 0.3 m to 1.6 m thick near the top of the seam. Typical in-seam ash values below this high ash zone range between 4% and 8%. Typical in-seam ash values range between 8% and 11% above the high ash zone. In-seam ash content for the 5 Seam is estimated to be 14.5% based on four cores drilled in the No. 12 Mine South B2 pit in 1992.

The 6 Seam generally consists of a lower clean portion and an upper higher ash zone. The clean portion of the seam is generally 0.9 m thick and the higher ash zone is usually about 0.4 m thick. The average in-seam ash content of 6 Seam is estimated to be 15.8%.

In-seam ash content of the 7/8 Seam interval is 22.1%. The lower half of 7 Seam typically contains a high ash zone 0.3 m thick.

TABLE 3-2 AVERAGE RAW COAL QUALITY BY SEAM FROM DRILLHOLES COMPOSITES FROM NO. 12 SOUTH B2

Coal Seam No.	Ash (db)	FSI	VM (db)
4	12.3	3.0	16.4
5	14.5	4.0	16.9
6	15.8	5.5	16.6
7/8	22.1	4.0	17.0

Note: the actual test results on clean coal delivered to customers show higher FSI numbers than table 3-1 and table 3-2.

e. 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, in 2014, nine (9) air rotary holes and two (2) core holes were drilled in No. 12SA area, and another six (6) core holes and one air rotary hole were drilled in No. 8 Mine.

GCC Drilling Summary

Location	Year	No. of Holes	Total Metres
No. 8 Area	2012	37	3,130
	2013	4	175
	2014	7	991
No. 12 South A	2013	13	2,518
	2014	11	2,470
Total GCC Drilling 2012–2014		**72**	**9,284**

(i) No. 8 Area Drilling

The 2014 drilling program in No. 8 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*
2012	1	101	36	3,029	37	3,130
2013	—	—	4	175	4	175
2014	6	851	1	140	7	991
Grand Total	7	952	41	3,344	48	4,296

(ii) No. 12 South A Drilling

The 2014 drilling program was 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*
2013	13	2,518	—	—	13	2,518
2014	2	440	9	2,030	11	2,470

(iii) Future Exploration Drilling

Exploration drilling in 2015 will primarily focus on the north part of No. 12 Mine South A underground mining area.

Future exploration work between 2016 and 2018 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.

f. Project Capital Expenditures

Expenditure to all projects in 2014 is HK$49 million (excluding capitalized stripping costs of HK$183 million). Major projects (greater than HK$3,510K) run by GCC in 2014 are:

(1) 1026 Pond and Saddle Dump West Temporary Water Diversion and Mitigation
(2) New Track and Tumblers for PC2800 XPC Shovel
(3) DST Model 35-S Permissable Diesel Scoop & Sandvick LHD Repower-3
(4) No. 8 Mine North Pit Footwall Project
(5) No. 12 South A Summer Exploration Program
(6) Purchase 11 used trucks with trailers for coal haul

2) GCC COGS

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

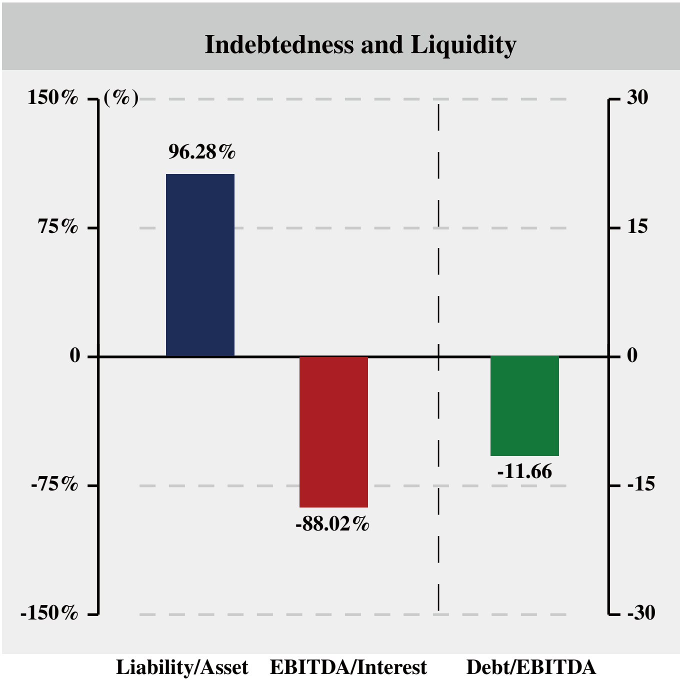
	Year ended 31 December 2014 *HK$*	Year ended 31 December 2013 *HK$*
Cost of product sold	**450**	673
Distribution costs	**227**	228
Depreciation and depletion	**284**	230
	961	1,131

3) Transaction with UP Energy

On 14 November 2014, the Group, Up Energy Resources Company Limited (the "**Purchaser**") and Up Energy Development Group Limited (the "**Purchaser Guarantor**") entered into a sale and purchase agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Group has conditionally agreed to sell 42.74% equity interest in Grande Cache Coal Corporation ("**GCC**", a subsidiary of the Group without material businesses except for as the general partner holding 0.01% interest in Grande Cache Coal LP ("**GCC LP**")) and an approximately 42.74% partnership interest in GCC LP at cash consideration of US$1 (the "**Proposed Disposal**). In conjunction with the Proposed Disposal, the Group, the Purchaser and Purchaser Guarantor propose to enter into a buy-back right agreement pursuant to which the Purchaser will grant the Company a buy-back right to acquire a 16.86% shareholding interest in GCC and an approximately 16.86% partnership interest in GCC LP (the "**Buy-back Right**"). As a condition precedent to the completion of the Proposed Disposal (the "**Completion**"), the Group, the Purchaser Guarantor and GCC LP will enter into a marketing agency agreement (the terms of which have been agreed by the parties on 31 December 2014) on or before the Completion, pursuant to which GCC LP shall grant certain marketing rights to the Company in relation to the sale and marketing rights of products of GCC LP in the PRC for a term of 10 years from the date of Completion subject to extension by agreement. As at 31 December 2014, the Completion is conditional upon the fulfilment of various conditions precedent.

9 *Indebtedness and Liquidity*

The total amount of bank loans owed by the Group (excluding GCC) at the end of 2014 was HK$1,192 million, which is approximately at the same level compared to 2013 balance. However, because of the softening coal market and disappointing results of the Group, the credit lines have shrunk significantly to HK$1,494. Interest rates on these loans range from 1.53% to 7.20% per annum, whereas the range in 2013 was from 1.78% to 7.68%. The Group's gearing ratio at the end of 2014 was 96.28%, compared to 72.91% at the end of 2013. The Group calculates gearing ratio on the basis of total liabilities divided by total assets.



10 *Going Concern*

Based on the analysis of the Group's indebtedness and liquidity as of the end of 2014, it is indicated that there are material uncertainties about the Group'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. Whether the Group will be able to continue as a going concern would depend upon, including but not limited to, the Group's ability to generate adequate financing and operating cash flows through:

1) successful completion of the Debt Restructuring in respect of the Senior Notes;

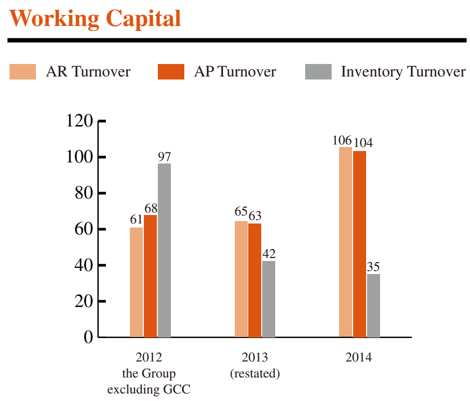
2) successful completion of the Equity Financing to enable the Group to meet its financial obligations and to finance its future working capital and financial requirements as required;

3) successful completion of negotiations with the lenders for the renewal of all the existing borrowings upon their maturity and/or obtaining additional financing as and when required; and

4) successful implementation of the Group's operation plans to control costs and to generate adequate cash flows from operations.

11 Working Capital

Our accounts receivable turnover days, accounts payable turnover days, and inventory turnover days were 106 days, 104 days, and 35 days respectively in 2014. As a result, the overall cash conversion cycle was approximately 37 days in 2014, which was 7 days shorter than the Group's cash conversion cycle realised in 2013.



12 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.à.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.

13 Pledge of Assets

At 31 December 2014, bank loans amounting to HK$523,935,000 (2013: HK$450,710,000) were secured by bank deposits placed in banks with an aggregate carrying value of HK$521,473,000 (2013: HK$420,156,000).

At 31 December 2014, bank loans amounting to HK$584,418,000 (2013: HK$485,160,000) were secured by trade and bills receivables with an aggregate carrying value of HK$584,418,000 (2013: HK$489,542,000).

At 31 December 2014, bank loans amounting to HK$67,183,000 (2013: HK$67,411,000) were secured by land use rights with an aggregate carrying value of HK$26,333,000 (2013: HK$27,010,000) and by property, plant and equipment with an aggregate carrying value of HK$82,032,000 (2013: HK$nil).

At 31 December 2014, bank loans amounting to HK$16,353,000 (31 December 2013: HK$Nil) were secured by both bank deposits with an aggregate carrying value of HK$13,818,000 and trade receivables with an aggregate carrying value of HK$2,535,000 (31 December 2013: HK$Nil).

At 31 December 2013, bank loans amounting to $15,877,000 were secured by property, plant and equipment of GCC LP with an aggregate carrying value of $18,196,000. At 31 December 2013, bank loans amounting to $3,139,733,000 were secured by total assets of GCC LP with an aggregate carrying value of $9,546,800,000. These loans were reclassified to liabilities held for sale after GCC LP was classified as a disposal group held for sale in 2014.

IV. 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.

1. *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, 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 consecutively in the year of 2013 and 2014, 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.

2. *Dependence Upon the Steel Industry*

Our business and prospects are heavily dependent on the demand for coking coal by steel markers 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 of 2014, the Chinese steel mills continued to 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.

3. *Credit risk*

The credit risk is primarily attributable to cash at bank, trade and other receivables and over-the-counter derivative financial instruments entered into for hedging purposes. The Group has a credit policy in place and the exposure to these credit risks is monitored on an ongoing basis.

4. Liquidity risk

Our policy is to regularly monitor the Group's liquidity requirements and compliance with lending covenants, to ensure that the Group maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Note 2 to the financial information explains management's plans to manage liquidity needs of the Group to enable it to continue to meet its obligations as they fall due.

5. Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowings. The Group's bank loan interest rates ranged from 1.53% to 7.20% in the year of 2014. At 31 December 2014, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after tax and accumulated loss by approximately $697,000. Other components of consolidated equity would have no change in response to the general increase/decrease in interest rates.

6. Currency risk

The Group is exposed to currency risk primarily through sales, purchases and borrowings which give rise to payables, cash balances and bank loans that are denominated in a foreign currency. The currencies giving rise to this risk are primarily United States dollars and Renminbi. Any unfavourable movement in the exchange rate may lead to an increase in the carts of the Group or a decline in sales, which could materially affect the Group's results of operations.

7. Fair value measurement

The fair value measurement was carried at the Group's financial assets and liabilities. Fair value of forward exchange contracts of derivative financial instruments held by the Group is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

V. Final Dividends

The Board does not recommend the payment of final dividend for the year ended 31 December 2014.

VI. Human Resources

1. 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 2014, there were 790 full-time employees in the Group (including GCC but excluding 156 dispatch staffs from domestic subsidiaries in continuing operations). By a scheme of redundancy, there was an approximately 50% headcount cut in 2014 in relation to the continuing operations. A detailed breakdown of employee categories is as follows:

Functions	FY2014 No. of Employees	FY2014 Percentage	FY2013 No. of Employees	FY2013 Percentage
Management, Administration & Finance	195	25%	286	24%
Front-line Production & Production Support & Maintenance	72	9%	253	21%
Sales & Marketing	38	5%	36	3%
Others (incl. Projects, CP, Transportation)	24	3%	33	3%
Mining [(a)]	461	58%	572	49%
Total	790	100%	1,180	100%

(a) Mining

Functions	FY2014 No. of Employees	FY2014 Percentage	FY2013 No. of Employees	FY2013 Percentage
Head Office (Calgary)	21	5%	30	5%
Mine Site Management, Supervision, Technical and Administrative (38 Union employees)	97	21%	125	22%
Underground Mining Operations (Union)	64	14%	130	23%
Contract Underground Mining Operations	2	1%	46	8%
Surface Mining Operations (Union)	98	21%	112	20%
Maintenance (Union)	74	16%	48	8%
Coal process Plant Operations & Maintenance and Site Care (Union)	67	14%	81	14%
Coal Haul Operations & Maintenance (Note 1)	38	8%	—	—
Total	461	100%	572	100%

Note 1. The Coal Haul replaced Maple Leaf loading contractors with hourly paid employees.

Note 2. The total number of union employees is 341.

2. *Employee Education Overview*

Qualifications	FY2014 No. of employee	FY2014 Percentage	FY2013 No. of employee	FY2013 Percentage
Master & above	29	4%	63	5%
Bachelor	149	19%	190	16%
Diploma	238	30%	382	32%
High-School, Technical School & below	374	47%	545	47%
Total	790	100%	1,180	100%

3. *Training Overview*

The Group considers training as an invaluable process to provide employees with information, new skills, and professional development opportunities. As of 31 December 2014, the Company has held various training programs totaling 6,188 hours, and over 732 attendances have participated in these programs.

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

The Group 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.

Training Overview

	FY2014		FY2013	
Training Courses	**No. of hours**	**No. of participants**	**No. of hours**	**No. of participants**
Safety	3,985	481	4,397	665
Management & Leadership	1,426	118	395	30
Operation Excellence	777	133	1,369	207
New staff Orientation	—	—	1,040	268
Total	6,188	732	7,201	1,170

VII. Health, Safety and Environment

1 *HSE management (excluding GCC)*

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 was 1.14 for the Group (excluding GCC) in 2014. No serious environmental and occupational health accidents were reported in 2014.

In 2014, 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; (4) perfecting the HSE responsibility system and creating a responsibility network; (5) introducing advanced management mechanisms, such as KYT and MOC; (6) setting up a red-card warning mechanism; and (7) strengthening the management of special equipment.

Improvement of staff's safety awareness: The safety course for this year focused on the level-3 safety education and transportation safety training for new staff. The Group has developed a set of transportation safety courseware and trained 406 persons. The total number of hours of safety education and training was 2,008.

Safety standardization for construction: Urad Zhongqi Yiteng Mining Co., Ltd had commenced safety standardization for construction since April 2013 in compliance with level-3 safety standards and its efforts of over a year was recognized by the government as it passed the government acceptance inspection and obtained relevant certificate in May 2014. Longkou Winsway Energy Co., Ltd. had also commenced its safety standardization for construction on 10 April 2014 and completed its self-assessment in May. In June 2014, it completed the re-evaluation, passed the government acceptance inspection and obtained relevant certificate.

Enhancement of emergency response capability: Two fire drills and poisoning drills were carried out in June and November respectively, which have enhanced the coordination plans at all levels and improved the applicability and operability of contingency plans.

Construction of HSE Responsibility System: decomposing safety responsibility as key performance indicators (KPI) pursuant to the task requirements of the Group 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 18 letters of responsibility with the functional departments and subordinates of the Group, realizing full coverage over the Group 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.

Introduction of advanced management mechanisms such as KYT and MOC: The KYT risk prediction training for staff and the implementation of MOC Change Control System have improved the safety skills and awareness of staff and reduced the occurrence of accidents.

Establishment of red-card warning mechanism: incidents leading to the issue of red-card warning: any subsidiary which does not carry out rectification measures in accordance with the "four rectification principles" and submit accident reports will be issued a red-card warning. Any subsidiary which is found to have loopholes that are recognized by the Group or the Company as problematic and are not fully rectified will be issued a red-card warning. Any subsidiary which is in the process of implementing special HSE tasks and safety indication of the Group will also be issued a red-card warning. The implementation of the red-card warning mechanism has enhanced the HSE measures of the Group.

Strengthening of special equipment management: The "Special Equipment Supervision Regulations" was revised as "Special Equipment Safety Law" in 2014 which includes new provisions for the application and procurement, installation, maintenance and disposal of special equipment. The law has been implemented effectively by the Group through adoption of the "Administrative Measures on Special Equipment and Operators" updated accordingly. No special equipment accidents were reported in 2014.

Safety

GCC along with all senior management 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.

GCC has experienced vast improvements in its safety program. The GCC safety intervention which commenced in June 2013 continued into 2014, together with our involvement with the provincial Occupational Health and Safety department's "Partnerships in Injury Reduction Program", has significantly reduced many safety incidents including serious incidents and lost time injury rate on the mine site.

In September 2014, GCC did complete the Employer Review Action Plan with "Partnerships in Injury Reduction". They have reviewed GCC's significant improvements over 2014 and have now ended our participation in the Partnerships Employer Review Action Plan Program.

In 2014, GCC also made a significant extra effort in encouraging staff to report the "Near Misses", with a several folds increase in reporting compared with 2013. This is believed to have contributed to the reduction in actual incidents.

Below are Safety Statistics comparisons from December 2013 to December 2014:

Safety Statistics Comparison 2013–2014

Year	Near Miss Reports	Property Damages	Restricted Work Days	Lost Time Injury	LTI Frequency	LTI Severity
2013	360	281	1,165	11	2.02	67.33
2014	3,699	144	610	7	1.67	16.96
Comparison by Percentage	**928%***	**-49%**	**-48%**	**-36%**	**-17%**	**-75%**

* Near miss reports increased by 928% to 3,699 in 2014 from 360 in 2013. The increase was due to the change of standardizations and enlarging the scope of reporting of near misses. Therefore, some cases which were not categorised as a near miss in past years were reported as a near miss in 2014.

Lost Time Incidents

Department	Days Since Last LTI
Surface Operations	652
Surface Maintenance	32
Plant	891
Underground	202
Administration	1,119

Due to a noticeable trend of increased incidents commencing in the winter of November 2014, a "Safety Reset" was completed in December 2014. This briefing included a solid review of the past-present and future expectations of GCC leadership. The main focus for this presentation was for GCC front line supervisors, their responsibilities and how leadership will be held accountable in the future. The theme carried throughout, "WHAT GETS MEASURED GETS DONE."

GCC continues to be partnered with the Alberta Construction Safety Association (ACSA) and in December 2012, GCC received its Certificate of Recognition (COR). ACSA mandates that GCC must conduct an internal audit every two years to remain certified. In November 17–20, 2014, GCC successfully completed its second internal Health and Safety Audit with a score of 85%. GCC will complete an external audit by the end of 2015 to remain certified.

GCC continues to be committed to maintaining a level of competency for Advanced and Standard First Aid, Mine Rescue Certification and our Emergency Loss Prevention Attendants (ELPA) on the mine site. Trained Surface and Underground Mine Rescue Teams and our ELPA's are available to respond to all site emergencies. In January 2014, 13 mine rescue members became certified in Advanced First Aid. Overall GCC now has 27 Advanced First Aid Aiders on the site, including our ELPA's.

GCC Management continues to ensure the Emergency Response Plan is regularly reviewed and schedules maintained for testing/exercising of the plan, along with, ensuring all workers are trained annually on the procedures. In 2014, 14 "mock" evacuations were completed across the site. In mid-2014, all workers on site were re-trained on the specific emergency procedures for their working area.

The Surface Mine Rescue Team participated in 22 practices in the 2014. These practices included training in rope rescue, confined space rescue, firefighting, first aid, smoke drills, theory study from the manual and skills testing. 7 members were re-certified in Surface Mine Rescue under the Alberta Mine Safety Association (AMSA) guidelines. Due to cost restraints in 2014, the Surface Mine Rescue team did not participate in the annual Surface Mine Rescue Competition in Spruce Grove Alberta, in June 2014.

The Underground Mine Rescue Team participated in 21 practices in the 2014. These practices included training in obstacles and recoveries, donning of the Dragger BG4 closed circuit breather apparatus, firefighting, first aid, smoke drills, theory study from the manual and skills testing. Due to cost restraints in 2014; the Underground Mine Rescue team did not participate in the annual Underground Mine Rescue Competition in Smithers British Columbia, in June 2014.

GCC completed the development of the Underground Mine Rescue Manual for Alberta Mine Safety Association (AMSA) in the spring of 2014. AMSA and the Government of Alberta approved this manual in the fall of 2014. Due to the changes from the existing manual, GCC Underground Mine Rescue Members had to become re-certified under the new guidelines set out in the new manual. Fifteen members were re-certified in 2014.

Environment

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

Since 2012 GCC has reduced environmentally reportable incidents by 75.86% (2012: notified = 58, 2013: notified = 25, 2014: notified = 14), representing the second consecutive year of improved environmental performance.

The keys to success in 2014 were the upgrades to settling pond structures Major Pond LS-1, 1.026 and the completion of the 1.030 pond. Also in 2014, GCC successfully submitted the AER Environmental Protection and Enhancement Act Approval Renewal and Intergraded Reclamation Plan, with the expectation that both applications will be approved in Q1 or Q2 of 2015."

Currently GCC is working with the Alberta Construction Safety Association (ACSA), Occupational Health and Safety (OHS) and Partnerships Consultants to improve our OHS performance. Currently GCC has planned to complete the following Safety activities for 2015:

- Continued Supervisory training with ACSA including the select courses of, "Leadership for Safety Excellence", "Safety Culture-A Road Map to Zero" and "Alberta Occupational Health & Safety Legislation Awareness".

- OHS Officers & Partnerships Consultants working with GCC on the "Proactive Employer Program" to include up to 4 compliance inspections on the mine site in 2015.

- Conduct the site wide external Safety Audit by end of November 2015. An external certified auditor will be required from the ACSA to complete this mandatory audit in order to retain our COR accreditation.

- **GCC Safety Statistics 2013–2014**

	2014	2013
Incident Listing		
Near Misses	**3,699**	360
First Aid	**111**	125
GCC Medical Aid	**35**	22
Restricted Work Cases	**26**	27
LTI	**7**	11
TRI	**68***	60
WHS Notifiable	**11**	16
WHS Reportable	**2**	4
AENV Reportable	**19**	25
Property Damage	**144**	281
Stats		
LTI Frequency	**1.67**	2.02
LTI Severity	**16.96**	67.33
TRI Frequency	**16.72**	8.83
Lost Time		
Days Lost	**71**	366
Modified Work		
Hours	**2,460**	12,951
Days	**203**	1,179
Total Employees		
GCC Employees	**440**	493
Man Hours Worked	**837,248**	1,087,178

* GCC did experience an increase in Total Recordable Injuries (TRI) due to an increase of medical aids on the mine site, the majority of which were not serious injuries. GCC believes this increase of TRI's is the result of employees' increased awareness and full use of our incident reporting process.

SUPPLEMENTARY INFORMATION

Compliance with the Code on Corporate Governance Practices

Throughout the year ended 31 December 2014, 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. In addition, Mr. Andreas Werner was appointed to the Board on 26 August 2014 and has been fulfilling the role of CEO Designate from such date.

Code Provision E.1.2 stipulates that the chairman of the Board should attend the annual general meeting. The Chairman of the Board was unable to attend the annual general meeting of the Company held on 6 June 2014 for health reasons. Mr. Yasuhisa Yamamoto, an executive Director, chaired the meeting on his behalf and was available to answer questions.

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 2014.

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 2014.

Purchase, Sale or Redemption of the Company's Listed Securities

The Company did not redeem any of its securities during the year ended 31 December 2014. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's securities during the year ended 31 December 2014.

Review of Annual Results

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2014.

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 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 March 2015

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