永暉

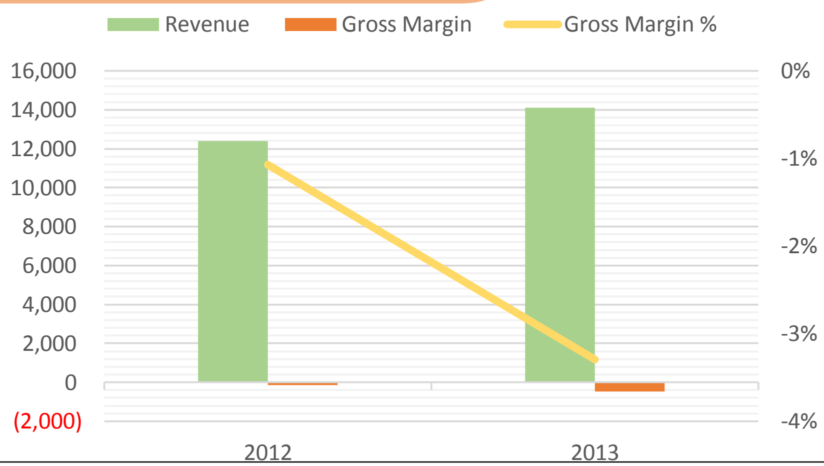
年報

WINSWAY®

WINSWAY COKING COAL HOLDINGS LIMITED
永暉焦煤股份有限公司

Financial Highlights

Revenue & Gross Margin



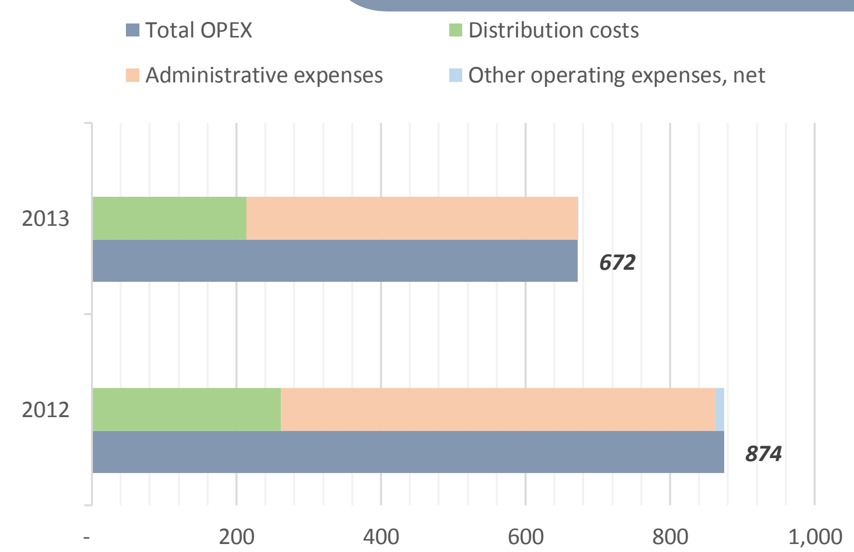
(HK$'000,000)	2012	2013
Revenue	12,387	14,093
-minus COS	(12,520)	(14,558)
Gross Margin	(133)	(464)
Gross Margin %	-1%	-3%

- Sales were increased by 13.77% in 2013
- Cost of sales as a percentage of sales was 103.30%, a small increase from 2012 level of 101.07%.
- Gross margin was -464 million or -3.30% as a percentage of sales, compared with -1.07% for 2012.

Operating Expenses

(HK$'000,000)	2012	2013
Other revenue	28	33
Distribution costs	(261)	(214)
Administrative expenses	(601)	(458)
Other operating expenses, net	(12)	0
Total OPEX (excl. other revenue)	(874)	(672)
- as a percentage of sales	7.06%	4.77%

- Overall operating expenses(OPEX) were decreased by 23.11% yoy. Administrative expenses were decreased by 22.79% yoy.
- Total OPEX(excl. other revenue) as a percentage of sales was 4.77%, down from 7.06% in 2012.
- Winsway(excl. GCC) incurred administrative expenses of HK$ 84 million, and GCC incurred administrative-related expenses of HK$ 374 million.



Financial Highlights

Finance Income/Costs

- Net finance income of HK$ 16 million was recorded by the Company largely attributed to the one-off gain on redemption of Senior Notes(SN)
- Net of this gain, net finance costs were HK$ 576 million in 2013, or 4.09% of the total sales; compared to 5.51% in 2012.
- WCC standalone recorded finance income of 274 million, or finance costs of 318 million net of Senior Notes gain; GCC standalone recorded finance costs of 257 million.

(HK$'000,000)	**2012**	**2013**
Finance income	187	862
Finance costs	(814)	(845)
Net finance cost	(627)	16
minus: Gain on redemption of SN*	56	592
Finance costs net of SN	(683)	(576)
Finance costs net of SN as a % of sales	5.51%	4.09%

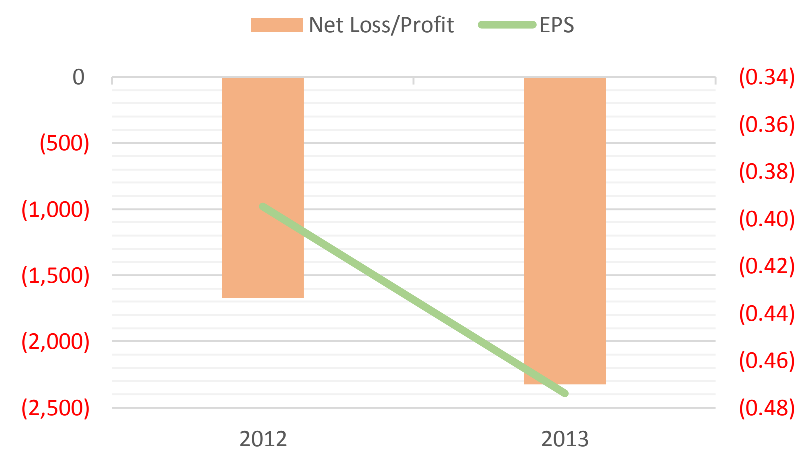
2013

(HK$'000,000)	**WCC**	**GCC**	**Conso.**
Finance income	861	1	862
Finance costs	(587)	(258)	(845)
Total	274	(257)	16

Net Loss & EPS

(HK$'000,000)	**2012**	**2013**
EBT	(1,965)	(2,193)
less tax	293	(132)
Net Loss/Profit	(1,672)	(2,325)
EPS	(0.395)	(0.474)

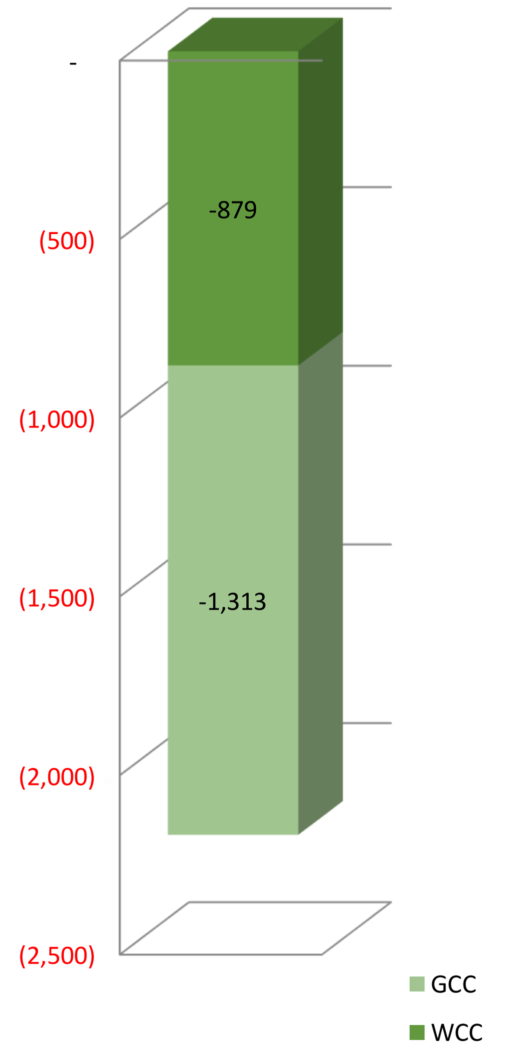
- Earnings before taxation were decreased by 11.60% yoy. Net loss was decreased by 39.05% yoy.

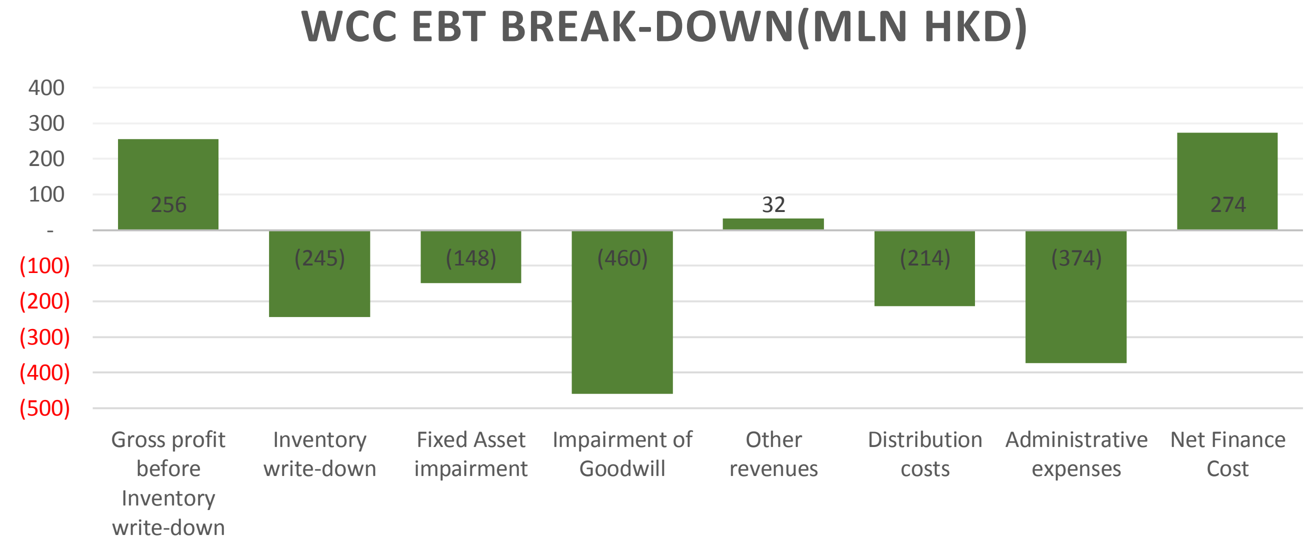


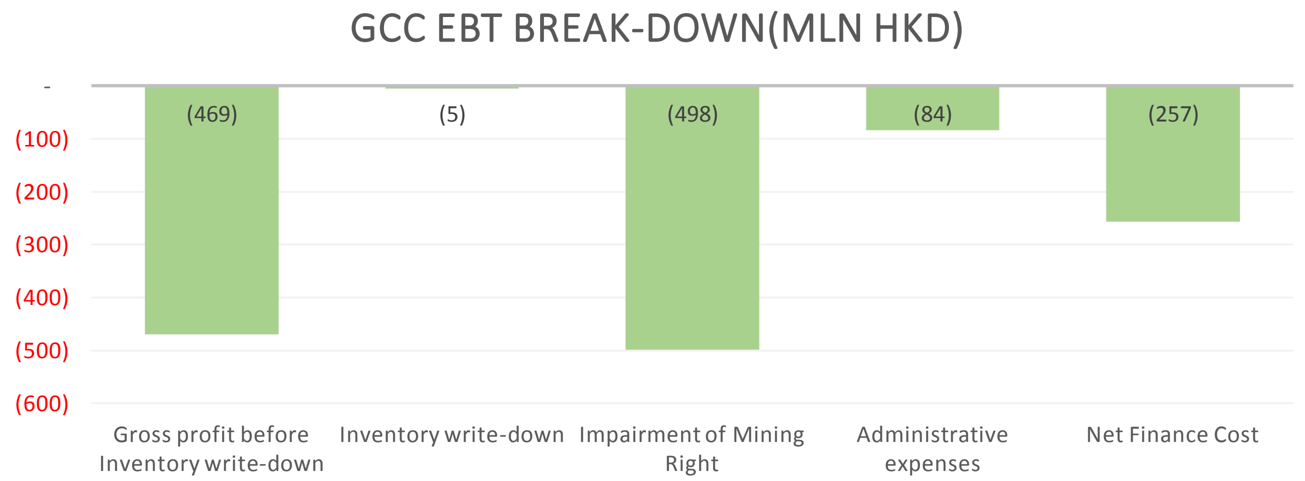
Financial Highlights

Loss Breakdown

EBT ***(mln HKD)***





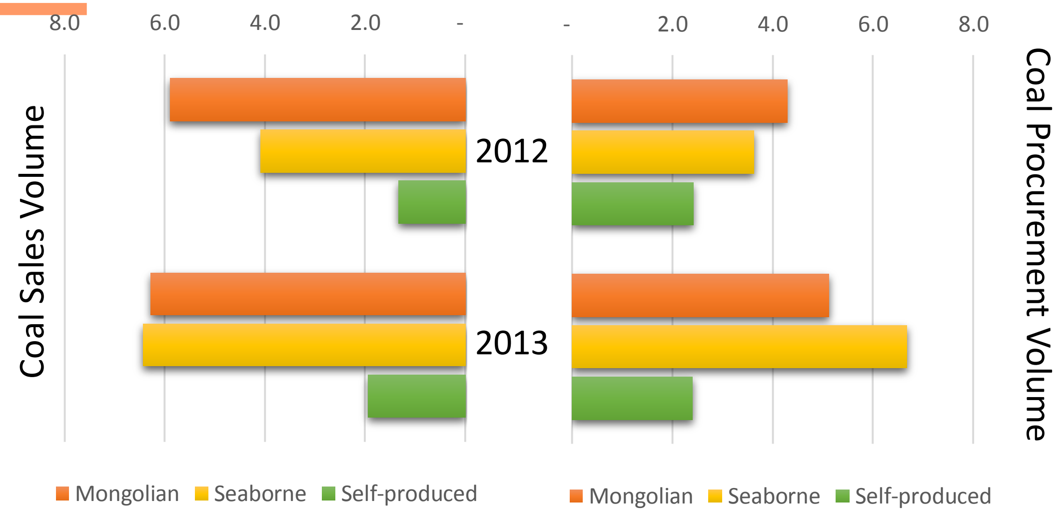


Financial Highlights

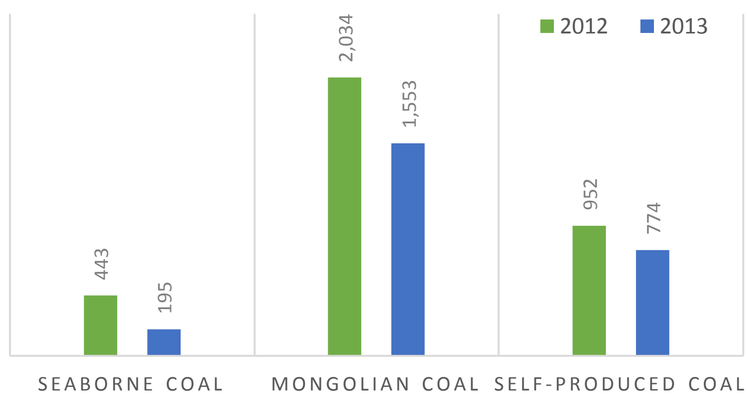
Procurement & Sales

Total Volume for (mt)	2012	2013
Procurement & Production	9.4	13.0
Sales	11.3	14.6

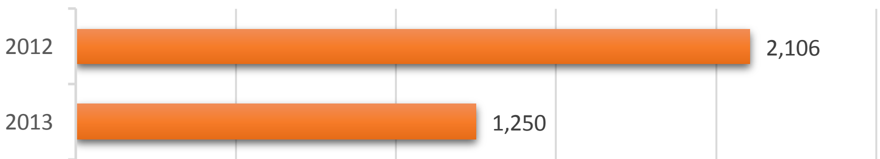
- In 2013, total sales volume increased by 29.52% yoy, and total procurement & production volume increased by 38.94% yoy.
- Procurement volume increase was led by seaborne coal trading, for which procurement was increased by 83.66% yoy and sales by 57.52% yoy for 2013.
- The Company continued to sell more coal than it procures/produces in order to lower inventory.



- **Volume ('000 tonnes)**



- **Amount (million HK$)**



Inventory

	Volume ('000 tonnes)		Amount (million HK$)	
	2012	2013	2012	2013
Seaborne Coal	443	195	333.77	187
Mongolian Coal	2,034	1,553	1,405.45	921
Self-produced Coal	952	774	366.32	142
Total	**3,429**	**2,522**	**2,106**	**1,250**

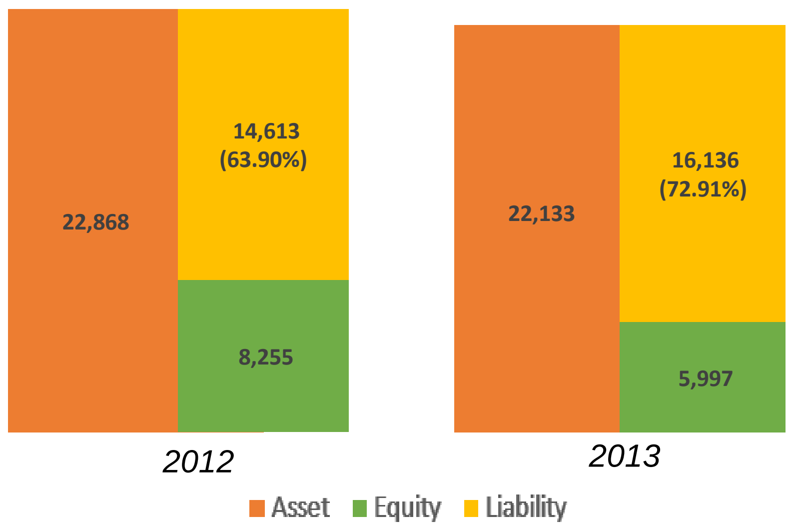
- At year end 2013, the Company held in inventory 2,552 thousand tonnes of coal, or equivalent HK$ 1,339 million worth of coal (excl. other products). This represents a 26.45% decrease in terms of tonnage or 40.65% decrease in terms of carrying value.

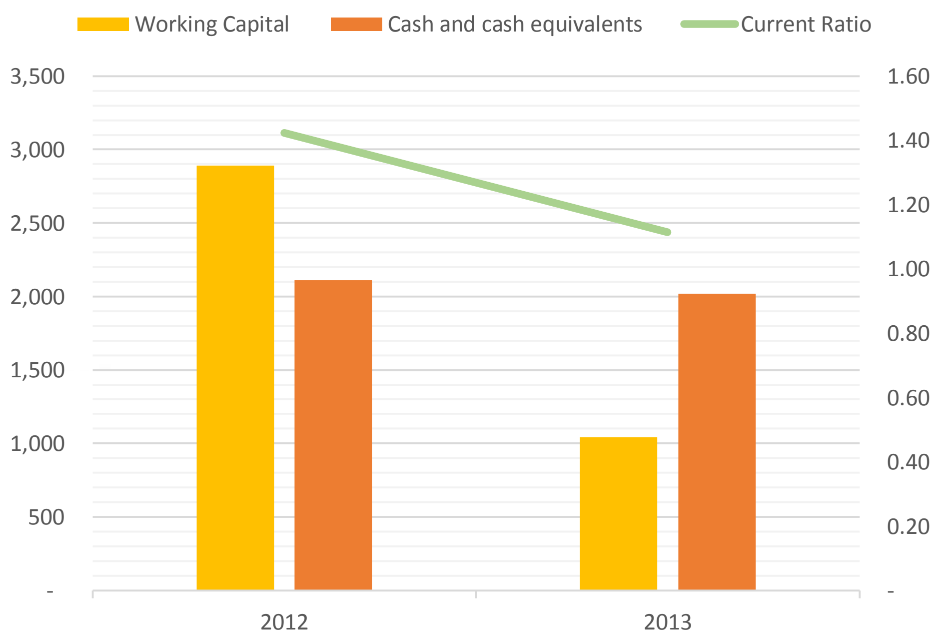
Financial Highlights

Asset/Liability/Equity

(HK$'000,000)	2012	2013
Asset	22,868	22,133
Liability	14,613	16,136
Equity	8,255	5,997
Debt Ratio	63.90%	72.91%

- The Company's debt ratio was 72.91% for 2013, compared to 2012's debt ratio of 63.90%.





Working Capital & Cash

(HK$'000,000)	2012	2013
Current Asset	9,726	10,147
Current Liability	6,836	9,105
-Working Capital	2,890	1,042
Cash and cash equivalents	2,111	2,018
Current Ratio	1.42	1.11

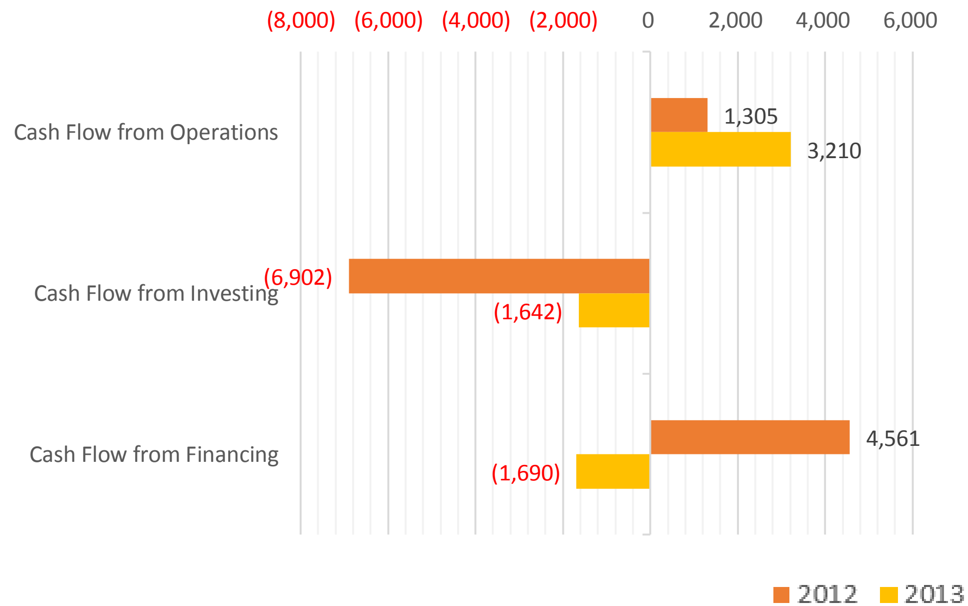
- The Company's current ratio at the end of 2013 was 1.11, compared to 1.42 at the end of 2012.
- Cash and cash equivalents at the end of 2013 was HK$2,018 million, compared to HK$2,111 million at the end of 2012.

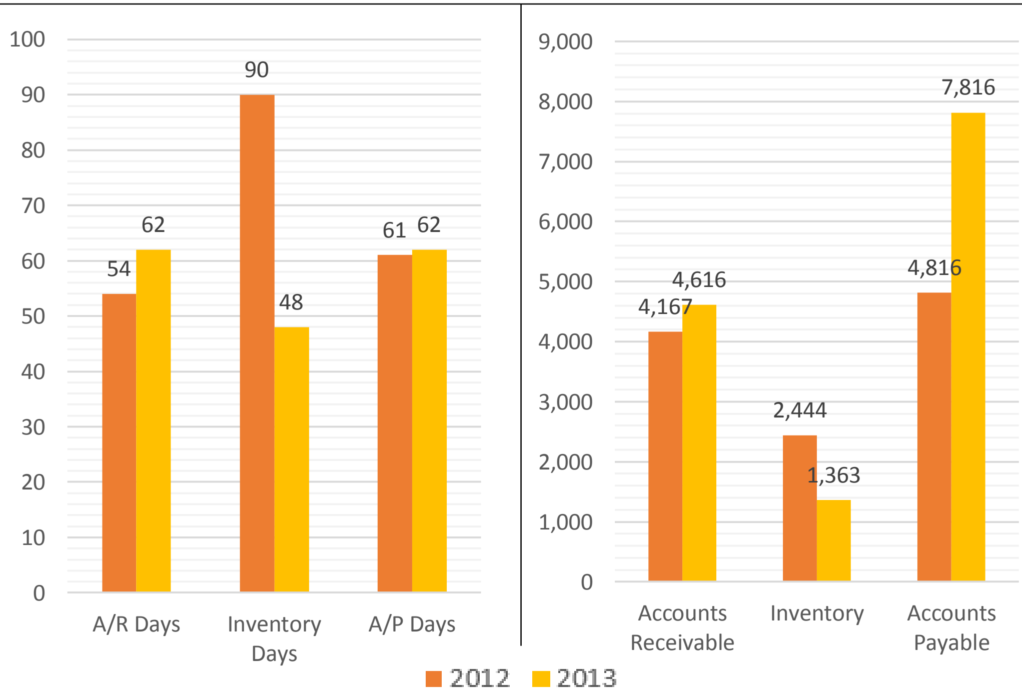
Financial Highlights

Cash Flow Situation

(HK$'000,000)	2012	2013
Cash Flow from Operations	1,305	3,210
Cash Flow from Investing	(6,902)	(1,642)
Cash Flow from Financing	4,561	(1,690)

- The Company still managed to maintain a positive operating cash flow of HK$ 3,210 million for the year ended 2013.





Working Capital Days

(HK$'000,000)	2012	2013
Accounts Receivable	4,167	4,616
Inventory	2,444	1,363
Accounts Payable	4,816	7,816
A/R Days	54	62
Inventory Days	90	48
A/P Days	61	62
-Cash Conversion Days	83	48

- Overall cash conversion cycle has decreased by 35 days, largely attributed to shorter inventory holding days.

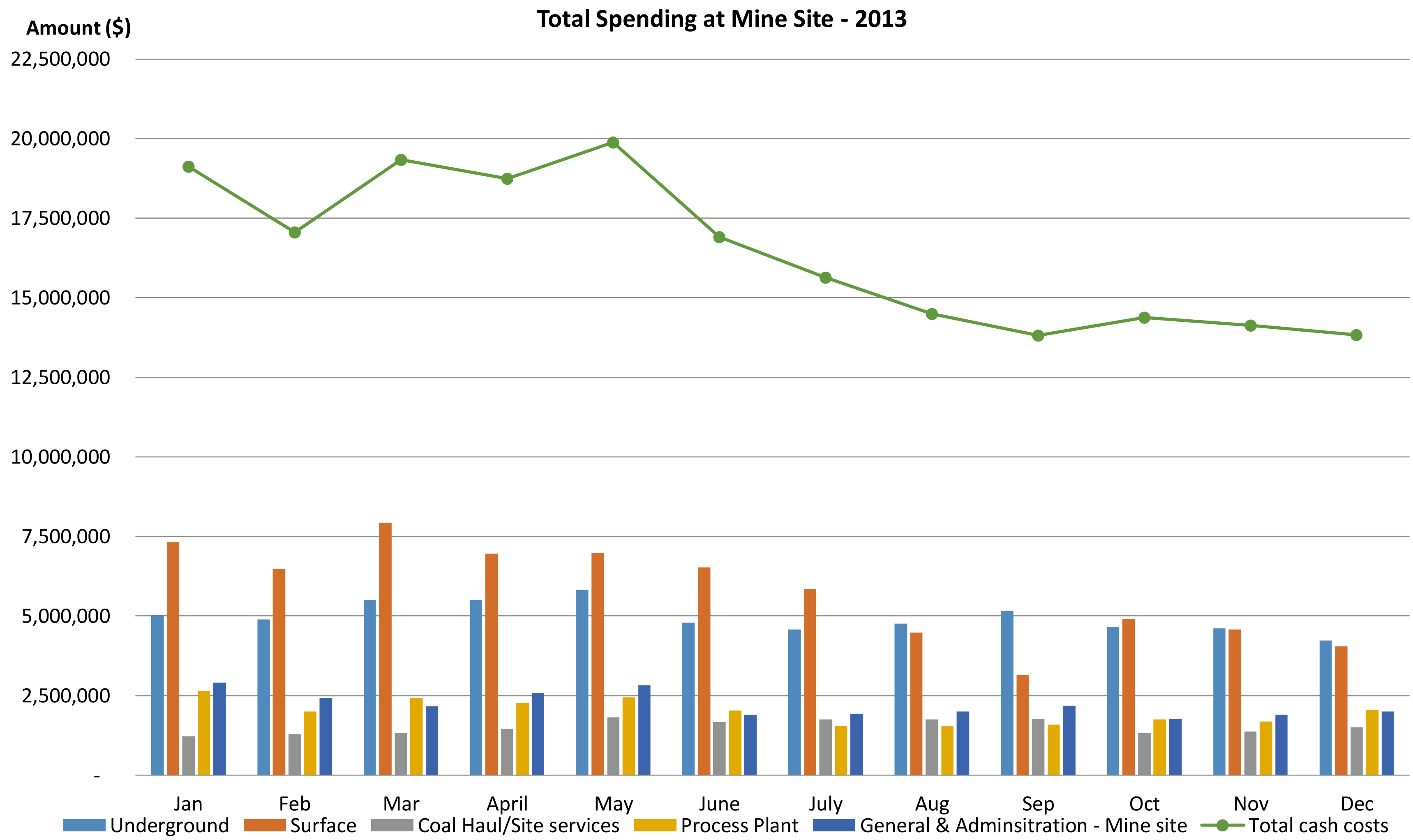
Operation at GCC

2013 Operation Achievements

- Reversed the poor safety trend set in January and February through various safety leadership intervention and training programs, resulted in achieving a record number of days without Lost-Time Safety Incidents by early 2014
- Significantly reduced the mining operation costs through various measures
  - ✓ Reduced the equipment fleet and staff for Surface Mine and other areas. Reduced the total employee and contractor staff by 200, i.e., 27%
  - ✓ Terminated or restructured the contract work and carried out more operation, construction and maintenance work by internal work force
  - ✓ Refined and optimized the surface mining plans and designs to increase operation reliability.
  - ✓ Reduced the monthly total cash operation costs (site + head office) from around $20M in early 2013 to $15M near the end, while maintaining similar coal production
- Through Winsway, successfully developed and implemented a logistics process to ship a total of approximately 480,000 tonnes of ROM plus pond coal blend as high ash coal to China for washing and marketing in China.
- Also successfully developed two sustainable customers in Brazil.

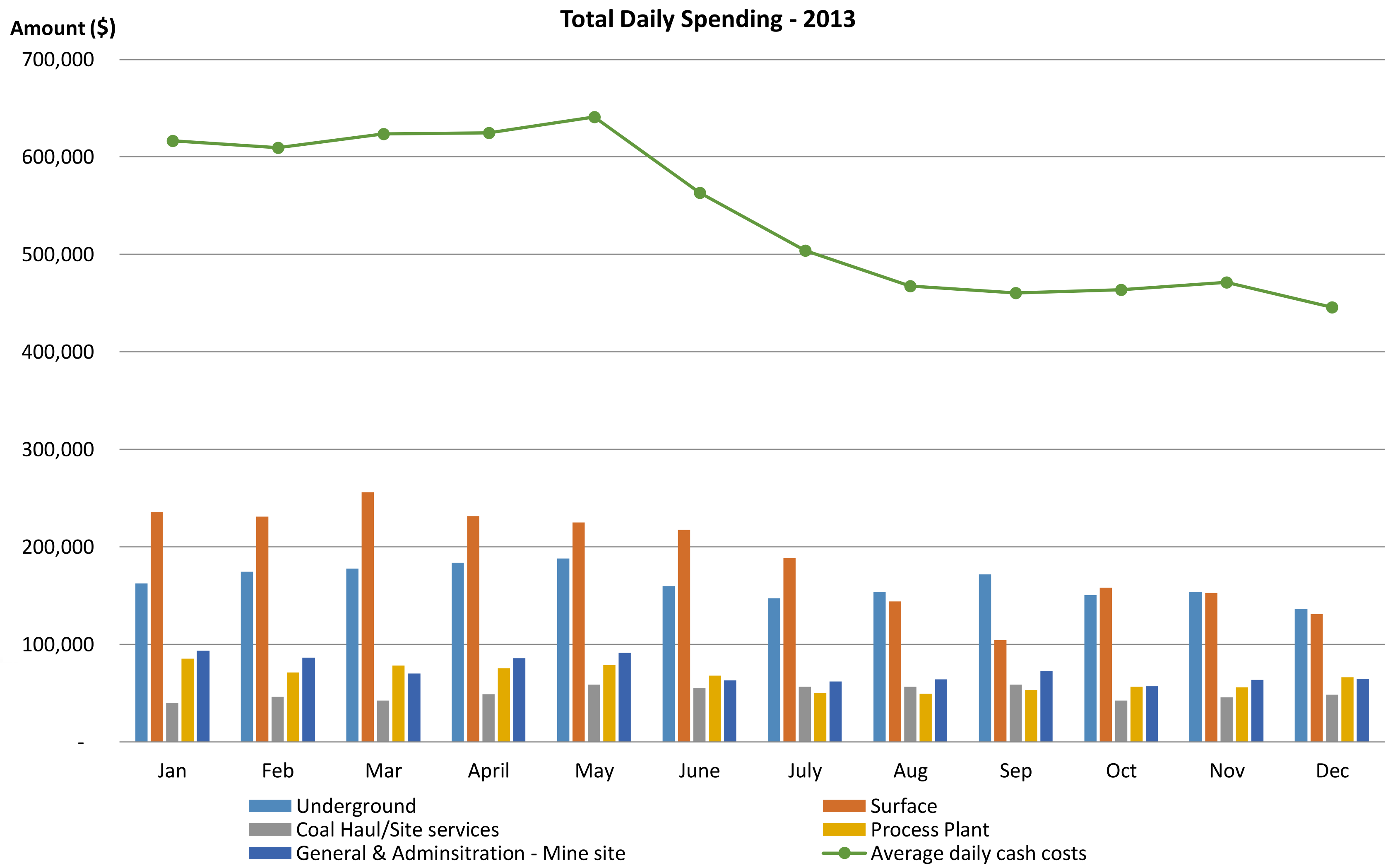
Operation at GCC

Total Monthly Spending at Site



Operation at GCC

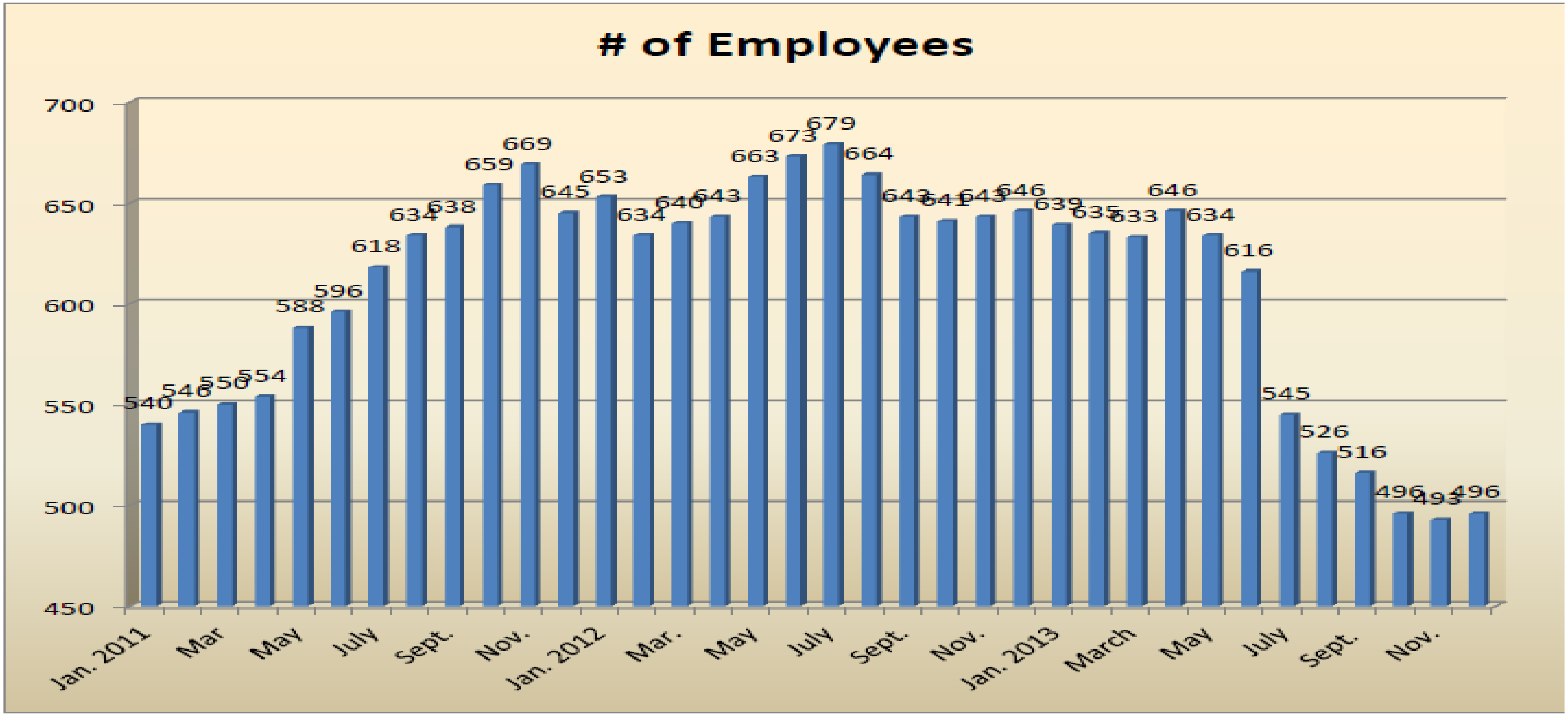
Daily Site Cost by Month



Operation at GCC

Site Employee Reduction

	Staff	Contractors	Total
2013 Budget	646	96	742
2013 Year End	496	46	542
Reduction	150	50	200 (27%)



Operation at GCC

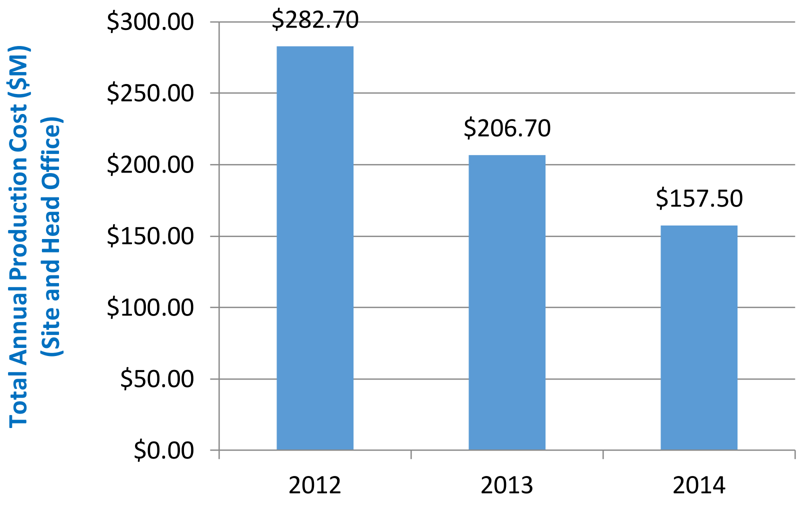
2014 Operation Strategy

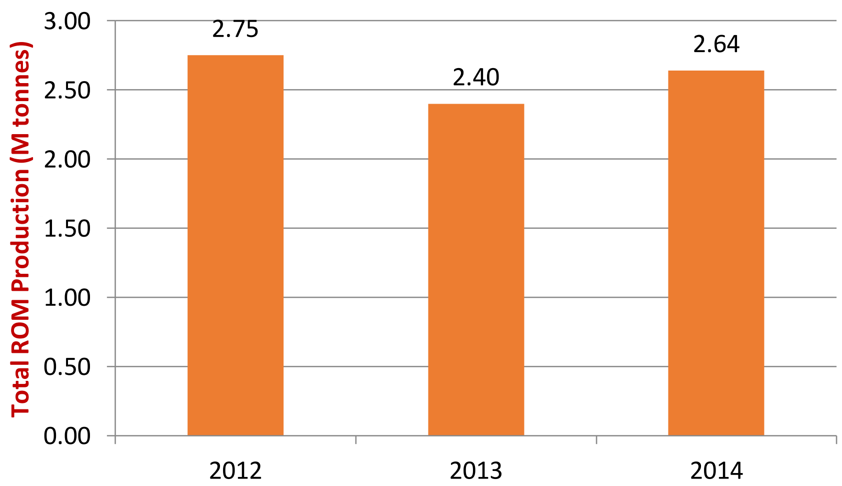
Overall Strategy: Maintain a relatively stable production while continuing to reduce the operating cost

- Continue the Improvement Journey Started in 2013
  - ✓ Safety and environment performance improvement
  - ✓ Operation efficiency through optimizing and refining mining plans
  - ✓ Further reducing contractors and contract price
  - ✓ Further reducing CAPEX and Exploration costs
- Key cost reduction items in 2014:
  - ✓ Contractor elimination and roof material reduction in underground mine
  - ✓ Lower than 2013 strip ratio in surface mine

Operation at GCC

Total Annual Production & Production Cash Costs





- Clean Met Coal Unit Cost (Cash Cost Only)

	2012 Actual	2013 Actual	2014 Forecast
Total FOB Cost Per MTCC	$220	$159	$110
Total Site Cost per MTCC	$142	$116	$78

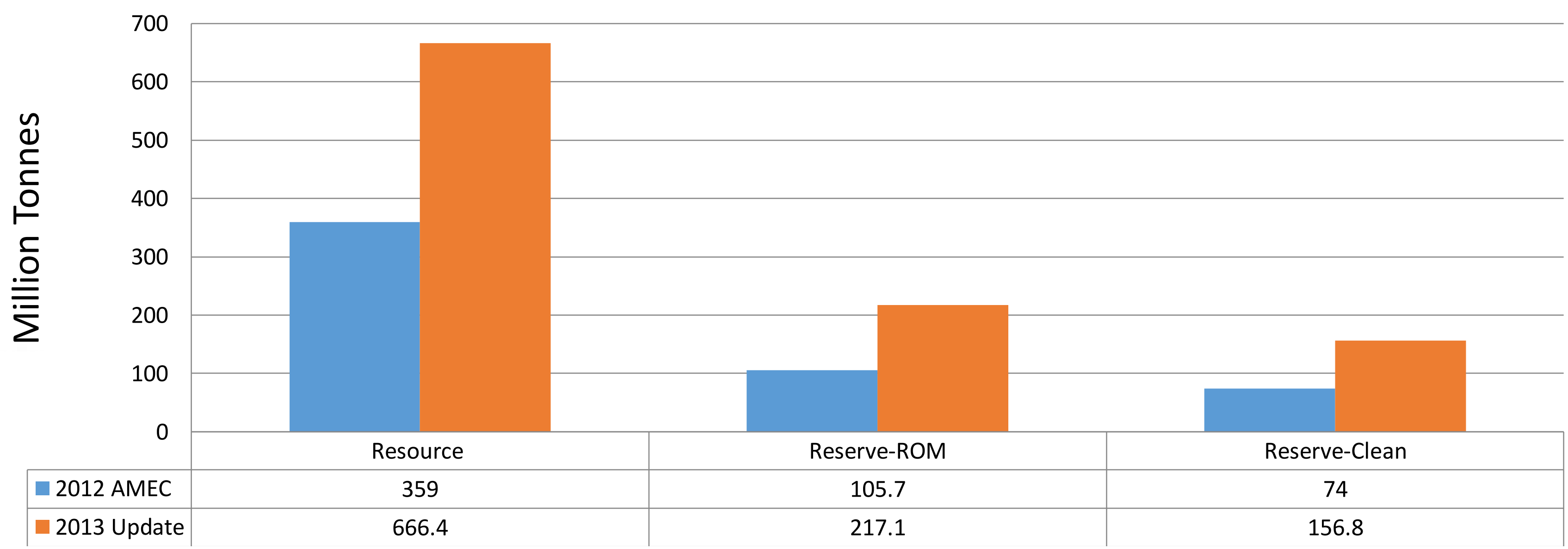
Note: There is high ash coal in 2013 and 2014 production, and it is converted to equivalent clean met coal volume in estimating the unit cash costs.

Operation at GCC

2013 GCC Resource and Reserve Update

Resource/Reserve Comparison between 2012 and 2013 Update
(Million Tonnes)

	Resource			Reserve-ROM			Reserve-Clean		
	2012	2013	Diff	2012	2013	Diff	2012	2013	Diff
Surface Areas	344.3	425.6	117.1	98.9	128.3	29.4	90.6	92.4	1.8
Underground Areas	14.7	240.8	226.1	6.8	88.8	82	4.8	64.4	59.6
Total	359	666.4	343.2	105.7	217.1	111.4	95.4	156.8	61.4



Outlook

- The Board and the management of Winsway will always adhere to the principle of protecting creditors' interests and maximizing shareholders' interests by acting proactively to regain profitability in a timely manner despite the weak market.
- Winsway is developing its strategic plan to refocus on the core logistics business and will seek ways to maximize the utilization of its logistics facilities, for examples:
  - the Company might consider expanding the range of products that its current logistic facilities service
  - the Company might also consider becoming more of a service provider that gives integrated supply chain solutions to the large market, including small and medium sized customers currently engaged in bulk commodity trading
- The Board has begun a process to review strategic alternatives available to the Company with respect to its 60% interest in GCC.