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WINSWAY COKING COAL HOLDINGS LIMITED

永暉焦煤股份有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 1733)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL HIGHLIGHTS

- Turnover of the Group in the first half of 2011 was HK$6,705 million, representing an increase of HK$1,811 million or 37.00% over the same period in 2010.

- Profit for the six months ended 30 June 2011 was HK$811 million, representing an increase of HK$209 million or 34.72% over the same period in 2010.

- Diluted earnings per share were HK$0.212.

- An interim dividend of HK$0.053 per share for the six months ended 30 June 2011.

The board (the "Board") of directors ("Directors") of Winsway Coking Coal Holdings Limited (the "Company") is pleased to present the interim results of the Company and its subsidiaries (the "Group", "Winsway", "we" or "us") for the six months ended 30 June 2011 together with comparative figures of the same period in 2010.

The board approved an interim dividend of HK$0.053 per share for the six months ended 30 June 2011.

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2011 — unaudited

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2011	2010
	Note	***HK$'000***	*HK$'000*
Turnover	4	**6,704,643**	4,894,215
Cost of sales		**(5,286,271)**	(3,817,401)
Gross profit		**1,418,372**	1,076,814
Other revenue		**29,462**	14,564
Distribution costs		**(101,398)**	(143,919)
Administrative expenses		**(212,696)**	(130,428)
Other operating expenses, net		**(1,118)**	(11,041)
Profit from operating activities		**1,132,622**	805,990
Finance income		**123,327**	8,849
Finance costs		**(183,902)**	(85,268)
Net financial costs		**(60,575)**	(76,419)
Share of losses of a jointly controlled entity		**(15,542)**	—
Profit before taxation		**1,056,505**	729,571
Income tax	5	**(245,128)**	(127,409)
Profit for the period		**811,377**	602,162
Attributable to:			
Equity shareholders of the Company		**814,182**	602,181
Non-controlling interests		**(2,805)**	(19)
Profit for the period		**811,377**	602,162
Earnings per share *(HK$)*	6		
— Basic		**0.215**	0.274
— Diluted		**0.212**	0.263

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2011 — unaudited

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Profit for the period	**811,377**	602,162
Other comprehensive income for the period:		
Exchange differences arising on translation (net of income tax)	**42,615**	2,187
Total comprehensive income for the period	**853,992**	604,349
Attributable to:		
Equity shareholders of the Company	**855,235**	604,368
Non-controlling interests	**(1,243)**	(19)
Total comprehensive income for the period	**853,992**	604,349

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2011 — unaudited

(Expressed in Hong Kong dollars)

	Note	**At 30 June 2011** *HK$'000*	At 31 December 2010 *HK$'000*
Non-current assets			
Property, plant and equipment, net		**645,783**	473,927
Construction in progress		**461,181**	281,879
Lease prepayments		**280,195**	204,784
Intangible assets		**229**	237
Interest in a jointly controlled entity		**363,378**	362,956
Other investments in equity securities		**270,571**	89,054
Other non-current assets		**459,841**	—
Deferred tax assets		**46,849**	48,262
Total non-current assets		**2,528,027**	1,461,099
Current assets			
Inventories		**2,844,600**	1,972,557
Trade and other receivables	7	**3,674,855**	2,450,881
Restricted bank deposits		**598,385**	344,062
Cash and cash equivalents		**5,763,157**	2,894,421
Total current assets		**12,880,997**	7,661,921
Current liabilities			
Secured bank and other loans		**572,423**	1,010,109
Trade and other payables	8	**3,533,426**	1,317,368
Income tax payable		**130,191**	90,708
Total current liabilities		**4,236,040**	2,418,185

	Note	At 30 June 2011 HK$'000	At 31 December 2010 HK$'000
Net current assets		**8,644,957**	5,243,736
Total assets less current liabilities		**11,172,984**	6,704,835
Non-current liabilities			
Secured bank and other loans		**63,823**	62,577
Deferred income		**111,369**	97,389
Interest-bearing borrowings	9	**3,796,737**	—
Total non-current liabilities		**3,971,929**	159,966
NET ASSETS		**7,201,055**	6,544,869
CAPITAL AND RESERVES			
Share capital		**5,022,288**	5,014,339
Reserves		**2,100,563**	1,454,489
Total equity attributable to equity shareholders of the Company		**7,122,851**	6,468,828
Non-controlling interests		**78,204**	76,041
TOTAL EQUITY		**7,201,055**	6,544,869

Notes:

1. CORPORATE INFORMATION AND GROUP REORGANISATION

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). At the date of incorporation, the Company was named as "China Bestcway Resources Holdings Limited". The name of the Company was subsequently changed to "China Bestway Resources Holdings Limited" and "Winsway Coking Coal Holdings Limited" on 28 January 2008 and 29 July 2009 respectively. The Company and its subsidiaries are principally engaged in the processing and trading of coking coal and investment holding in a jointly controlled entity developing coal mines. The consolidated financial statements of the Company for the six months ended 30 June 2011 are for the Company and its subsidiaries.

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

2. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with International Accounting Standard ("IAS") 34, Interim financial reporting, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on 22 August 2011.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except for the changes in accounting policy that are expected to be reflected in the 2011 annual financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

3. CHANGES IN ACCOUNTING POLICIES

(a) Change in presentation currency

During the year ended 31 December 2010, the Group has changed its presentation currency for the preparation of its financial statements from Renminbi ("RMB") to Hong Kong dollars ("HK$" or "Hong Kong dollars"). The Board considers the change will result in a more appropriate presentation of the Group's transactions in the financial statements. Whereas the change in presentation currency of the Group was applied retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the comparative figures for the six months ended 30 June 2010 (as included in the prospectus of the Company dated 27 September 2010) have also been restated to reflect the change in presentation currency to HK$ accordingly.

The change in presentation currency has no significant impact on the financial position of the Group as at 31 December 2010 and 30 June 2011, or the results and cash flows of the Group for the six months ended 30 June 2010 and 2011.

(b) Amendments to IFRSs and new interpretations

The IASB has issued a number of amendments to the International Financial Reporting Standards ("IFRSs") and one new interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Revised IAS 24, Related party disclosures
- Improvements to IFRSs (2010)

The developments relate primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. These developments have had no material impact on the contents of this interim financial report.

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

4. TURNOVER

The Group is principally engaged in the processing and trading of coking coal and others.

Turnover represents the sales value of goods sold, net of value added tax and other sales taxes and is after any trade discounts.

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Cleaned coking coal	**3,044,160**	1,871,787
Raw coking coal	**426,705**	356,283
Hard coal	**2,450,283**	2,652,000
Coke	**379,816**	—
Coal slime, Middings and Shale	**386,695**	8,758
Others	**16,984**	5,387
	6,704,643	4,894,215

5. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Current tax		
Provision for the period	**242,059**	136,192
Deferred tax		
Origination and reversal of temporary differences	**3,069**	(8,783)
	245,128	127,409

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

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

The provision for current income tax in the People's Republic of China ("PRC" or "China") is based on a statutory rate of 25% (2010: 25%) of the assessable profit as determined in accordance with the relevant income tax rules and regulations of the PRC.

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

6. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2011 is based on the profit attributable to equity shareholders of the Company of HK$814,182,000 (six months ended 30 June 2010: HK$565,252,000) and the weighted average of 3,789,488,575 ordinary shares (2010: 2,060,606,060 shares) in issue during the six months ended 30 June 2011.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six month ended 30 June 2011 is based on the profit attributable to equity shareholders of the Company of HK$814,182,000 (six months ended 30 June 2010: HK$587,664,000) and the weighted average of 3,837,920,399 ordinary shares (2010: 2,235,643,827 shares) in issue during the six months ended 30 June 2011.

7. TRADE AND OTHER RECEIVABLES

		At 30 June 2011	At 31 December 2010
	Note	***HK$'000***	*HK$'000*
Trade receivables		**1,541,384**	800,904
Bills receivable		**504,807**	283,670
Receivables from import agents		**422,471**	380,264
Amounts due from related parties		**2,150**	1,222
Advance payments to suppliers		**411,050**	432,561
Advance payments to export agents	(i)	**242,465**	—
Other receivable in respect of a payment to an iron ore supplier		**310,558**	—
Loan to a third party company		**—**	311,328
Deposits and other receivables		**239,970**	240,932
		3,674,855	2,450,881

(i) During the period, the Group has made sales of cleaned coal to overseas customers through export agents. As at 30 June 2011, the balance represents advance payments to export agents for the purchase of cleaned coal by the Group's overseas subsidiaries from the export agents. The balance is expected to be settled when the goods are delivered to the customers.

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

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

At 30 June 2011, trade and bills receivables of the Group of HK$384,737,000 (31 December 2010: HK$575,549,644) were pledged as collateral for the Group's borrowings.

At 30 June 2011, trade and bills receivables of the Group of HK$1,163,327,000 (31 December 2010: HK$791,301,472) were derecognised from the consolidated statement of financial position as the relevant trade receivables and bills have been discounted to banks on a non-recourse basis.

(a) Ageing analysis

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

	At 30 June 2011	At 31 December 2010
	HK$'000	*HK$'000*
Current	**1,963,855**	1,181,168

(b) Impairment of trade and other receivables

No allowance of impairment loss was recorded in respect of trade and other receivables for the six months ended 30 June 2011.

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

8. TRADE AND OTHER PAYABLES

	Note	At 30 June 2011 HK$'000	At 31 December 2010 HK$'000
Trade and bills payables		**2,525,147**	748,313
Payables to import agents		**423,329**	362,258
Advance payments from export agents	(i)	**213,860**	—
Advance payments from customers		**112,176**	33,167
Payables in connection with construction projects		**86,697**	12,770
Payables for purchase of equipment		**3,057**	12,817
Derivative financial instruments		**871**	—
Others		**168,289**	148,043
		3,533,426	1,317,368

(i) As disclosed in note 7(i), the Group has made sales of cleaned coal to overseas customers through export agents. As at 30 June 2011, the balance represents advance payments received from export agents by the Group's PRC subsidiaries. The balance is expected to be settled when the goods are delivered to the customers.

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:

	Note	At 30 June 2011 HK$'000	At 31 December 2010 HK$'000
Due within 1 month or on demand		**967,438**	888,147
Due after 1 month but within 3 months		**6,672**	—
Due after 3 months but within 6 months		**207,833**	222,424
Due after 6 months but within 12 months	(ii)	**1,766,533**	—
		2,948,476	1,110,571

(ii) It mainly represents payables in respect of letters of credit issued by the Group's PRC subsidiaries to overseas suppliers for purchase of coal with a maturity of 6 to 12 months.

9. INTEREST-BEARING BORROWINGS

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

The Senior Notes are guaranteed by the Group's existing subsidiaries other than those established/incorporated under the laws of the PRC and Winsway Coking Coal (Macao Commercial Offshore) Limited as 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.

The Senior Notes are carried at amortised cost. The amount of Senior Notes that is expected to be settled within one year is nil.

10. DIVIDENDS

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

	2011	2010
	HK$'000	*HK$'000*
Interim dividend declared on 22 August 2011 and paid after the interim period of HK$5.3 cents per ordinary share (2010: Nil)	**200,923**	—

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

(ii) Dividends payable to equity shareholders of the Company attributable to previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Final dividend in respect of previous financial year approved and paid during the following interim period, of HK$6.1 cents per ordinary share (six months ended 30 June 2010: Nil)	**231,223**	—

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND OPERATING RESULTS

The following discussions and analysis should be read in conjunction with the Group's financial statements and the notes thereto. The Group's financial statements have been prepared in accordance with IFRSs.

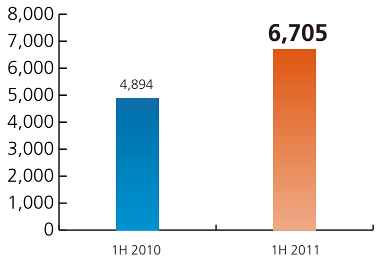
I Overview

In the first half of 2011, the Group continued to achieve significant growth in its business by establishing new logistics facilities, increasing its processing capacity, improving its service platform and diversifying its business. The construction of a total of three new railway logistics centres has been completed, including two border-crossing terminals located in Ceke and Erlianhaote respectively and a transfer centre located in Jining. With the completion of the new railway logistics centres, the Group will be able to enhance its logistics handling capacity and at the same time reduce its transportation costs. The Group's integrated logistics platform for importing global coking coal resources is maturing. In addition to the new railway logistics centres, the construction of three new washing plants in Jining, Longkou and Yingkou has also been completed or will soon be completed, each with a coal processing capacity of 4 million tonnes per year. The setting up of facilities at coastal ports to receive seaborne coal also supplements the Mongolian coal business of the Group. The Group has further enlarged its customer base through exporting coking coal to Japan, Korea and Taiwan.

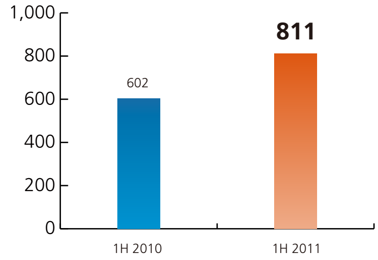
The Group has also taken a further step in the capital market by issuing 8.50% senior notes due 2016 in the aggregate principal amount of US$500 million ("Senior Notes") and listed on the Singapore Exchange Securities Trading Limited in April 2011. The proceeds from the issuance of these Senior Notes will provide the Group with sufficient funding for purchasing rolling stock and other transportation-related vehicles and investing in railway-related infrastructure and upstream resources. Purchase of rolling stock and other transportation-related vehicles in future will allow the Group to further secure railway transportation capacity which is a key element to the Group's logistics services. By investing in upstream resources, the Group will be able to secure procurement and enhance its profit potential.

In the first half of 2011, our revenue increased by 37.00% to HK$6,705 million from HK$4,894 million for the same period last year. We sold a total of 3.85 million tonnes of Mongolian coal and 1.46 million tonnes of seaborne coal in the first half of 2011. In addition, we also sold 0.19 million tonnes of coke for a total sales of 5.5 million tonnes. Our net profit increased from HK$602 million for the six months ended 30 June 2010 to HK$811 million for the six months ended 30 June 2011, representing an increase of 34.72%.

Total Revenue *(HK$ in million)*

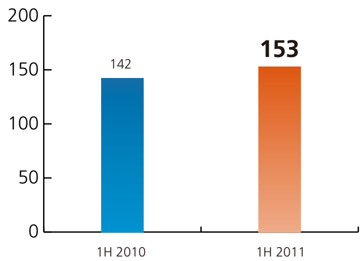


Net Profit *(HK$ in million)*



On a per-tonne basis, we achieved a unit net profit of HK$153 in the first half of 2011 versus HK$142 in the first half of 2010, which represents an increase of 7.75%.

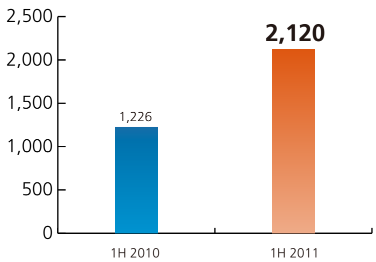
Net Profit Per Tonne *(HK$)*



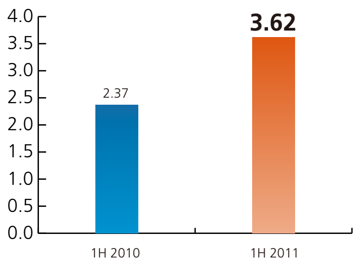
II Mongolian Coal Procurement

In the first half of 2011, we procured a total of 3.62 million tonnes of Mongolian raw coal, representing a 52.74% increase in terms of Mongolian raw coal procurement over the same period last year.

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



Mongolian Coal Procurement Volume *(MT)*



Top Mongolian Coal Suppliers

Suppliers	Description	Amount *(HK$' Million)*
Moveday Enterprises Limited	Coal	898
Undisclosed Mongolian Supplier	Coal	415
MAK	Coal	251
SouthGobi Sands	Coal	155

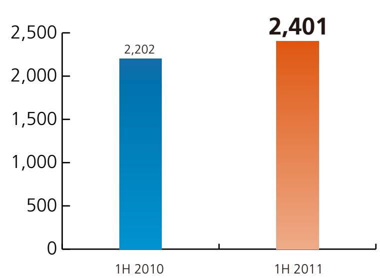
Note: Coal purchased from Moveday was mined by Tavan Tolgoi Corporation.
Moveday also provided transportation service with a total value of HK$170 million for the six months ended 30 June 2011.
Our supplier base of Mongolian coal includes many of the major coking coal suppliers in Mongolia.

According to statistics from the customs authority in China, the total volume of coking coal imported from Mongolia in the first half of 2011 was 7.89 million tonnes, and Winsway procured 3.62 million tonnes of Mongolian coal, accounting for approximately 46% of the market share. Winsway will continue to service and seek to expand our Mongolian supplier base as many mining companies are planning to bring their production online in the near future, and Winsway will aim to position itself as the preferred bridge between them and the end user market in China.

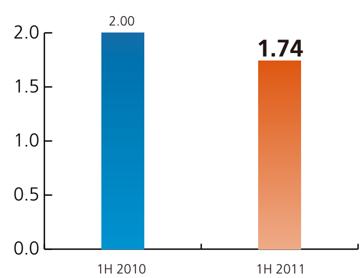
III Seaborne Coal Procurement

In the first half of 2011, our seaborne coal procurement volume was approximately 1.74 million tonnes, representing a 13% decrease over the first half of 2010 due to the major flood in Australia. Our seaborne business is a significant supplement to our core Mongolian coal business. As one of the largest importers of seaborne coking coal into China, Winsway has established relationship with major well-established coking coal suppliers from around the world in Australia, Russia, the United States, Canada, etc.

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



Seaborne Coal Procurement Volume *(MT)*



Our top 5 seaborne coal suppliers contributed procurement of HK$1,527 million, accounting for 63.6% of the total seaborne coal procurement during the first half of 2011 as compared to 64.6% attributable to the top 5 suppliers during the same period in 2010.

Top 5 Seaborne Coal Suppliers

Suppliers	**Amount** *(HK$' Million)*
An International Coking Coal Supplier	506
An International Coking Coal Supplier	353
Massey	314
Voex Resources	186
Mechel	168

IV Infrastructure

Infrastructure building is at the heart of our business model and our infrastructure build-out achieved significant milestones in the first half of 2011.

We have completed the construction of three railway logistics centres at Erlianhaote, Ceke and Jining. The Erlianhaote Logistics Centre, jointly established by Winsway and Inner Mongolia Hutie Foreign Economic and Technological Cooperation Group Co., Ltd., is a large-scale comprehensive logistics centre integrating railway and road transportation, boasting strong transhipment, storage and transportation capacities. It is expected to be put in operation in the third quarter of 2011. In addition to coal import business, this railway logistics centre will provide import and reloading logistics services for iron ore products from Mongolia. The completion of this railway logistics centre will greatly enhance the capacity of Erlian railway station, facilitate the growth of border-crossing cargo volume at Erlian port, and eliminate the bottleneck caused by insufficient stockpiling capacity for bulk cargos at Erlian railway station.

Construction of the Ceke Logistics Centre commenced in October 2010. This centre commenced trial operation on 4 May 2011. An application has been made to the customs authority for the construction of a railway customs depot. This railway logistics centre is located at the northeast of Jiugang railway station and occupies an area of approximately 64 hectares. It is designed to have 8 loading lines with an annual handling capacity of up to 10 million tonnes and an estimated investment of approximately RMB120 million. As at the end of June 2011, this railway logistics centre had arranged the dispatch of 50 freight trains, with a total freight volume of approximately 200,000 tonnes.

The major works for the private railway line for Jining Qisumu Logistics Centre were completed at the end of 2010. This private railway line was connected to the major railway network between mid-April and early May this year and is now ready for railway transportation.

In order to utilise the railway logistics centres and broaden coal sources for coal processing, Winsway decided to accelerate the construction of a coal processing plant at Jining. Hence, it is expected that the completion of the Phase IV coal processing plant at Urad Zhongqi, which was scheduled to be completed by the end of 2011, will be slightly delayed. In view of the Company's general layout of coal processing facilities at all land ports, rail transhipment stations and ports, as at the date of this announcement, the construction of the coal processing plants at Jining and Bayuquan port was completed and commenced operation, while the construction of the coal processing plant at Longkou port is in the final stage. Each of these three coal processing plants has an annual coal processing capacity of 4 million tonnes.

Location	**Project/(Equipment)**	**Completion Date**	**Production Capacity/ Processing Capacity**
Ceke	Logistics park	On-going	Ancillary facilities
	Railway loading system	1H 2011	10.0 mt
Erlianhaote	Railway logistics park	On-going	10.0 mtpa
Manzhouli	Logistics park	2012	Ancillary facilities
	Railway loading system	2012	10.0 mtpa
	Manzhouli coal processing plant	2012	3.0 mtpa
Gants Mod	Urad Zhongqi coal processing plant	2010	Coal processing capacity of 6.0 mtpa;
		2011	slime processing capacity of 0.6 mtpa
	Jinquan logistics park	2012	Ancillary facilities
	Land-port logistics park	On-going	Ancillary facilities
Jining	Jining coal processing plants	1H 2011	4.0 mtpa
	Jining logistics park	On-going	
Yingkou	Bayuquan coal processing plant	1H 2011	4.0 mtpa
Longkou	Longkou coal processing plant	On-going	4.0 mtpa
	Longkou berth	2012	70,000 to 80,000 DWT
Hunchun	Hunchun logistics park	2012	Phase 1 coal processing plant 3.0 mtpa and railway logistics park
Rugao	Rugao coal processing plant	2012	3.0 mtpa
Zhoushan	Zhoushan coal processing plant	2012	Coal port with a throughput of 24.0 mtpa and coal processing capacity of 4 mtpa

V Our Customers

We continued to receive strong support from our customers. In the first half of 2011, our customers included not only some of China's largest steel mills and coke makers primarily located in northern, coastal and central regions of China, but also well-established Japanese and South Korean companies. Our top 5 customers accounted for 37.0% of the total sales for the six months ended 30 June 2011, whereas the percentage was 41.4% for the same period last year. In terms of sales amount, our top 10 customers are as follows:

Winsway's Top 10 Customers

Name	Location	Amount *(HK$' Million)*
Marubeni Corporation	Japan	828
Baosteel	Shanghai	470
ShaSteel	Jiangsu	463
Wuhan Steel	Hubei	446
Tangshan Jiahua	Hebei	271
Hyundai Steel	South Korea	267
Qian An Jiujiang Coke	Hubei	243
Liu Steel	Guangxi	239
Baotou Steel	Inner Mongolia	168
Hohhot Qingshuihe Coke	Inner Mongolia	127

VI Peabody-Winsway Joint Venture

The joint venture between Peabody Energy Corporation and the Group ("Peabody-Winsway Joint Venture") has carried out continuous exploration work in Mongolia. Among coal resources with thermal coal specifications, we have made a significant discovery in its tenement BHN (license no. 4520X) with potential coking coal resources of 3.8 million tonnes. We will continue to expand the scope of the exploration work to search for more potential coking coal resources.

The total operating expenses of the Peabody-Winsway Joint Venture in the first half of 2011 were approximately HK$31.08 million, of which HK$15.54 million was borne by Winsway.

VII Financial Review

a. *Sales*

In the first half of 2011, our sales revenue grew 37.00% as compared to the first half of 2010 to reach an all-time record up to date of HK$6,705 million. This is the result of continuing strong demand for coking coal from our customers in China and our improved ability to offtake and transport more coal from around the world, particularly from the Sino-Mongolia border crossings to our major customers on the east coast of China.

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Turnover		
Mongolian Coal	**3,857,560**	2,236,828
Seaborne Coal	**2,450,283**	2,652,000
Others	**396,800**	5,387
Total	**6,704,643**	4,894,215

The first half of 2011 witnessed a significant increase in coking coal prices globally due to the Australian flood. As a result, the average selling price of our coking coal products increased 5.32%, from HK$1,127 per tonne in the first half of 2010 to HK$1,187 per tonne in the first half of 2011.

	Six months ended 30 June			
	2011		2010	
	Total sales volume ***(Tonnes)***	**Average selling price (Per tonne)** ***(HK$)***	Total sales volume *(Tonnes)*	Average selling price (Per tonne) *(HK$)*
Mongolian coal	**3,852,016**	**1,001**	2,330,722	960
Seaborne coal	**1,461,995**	**1,676**	2,007,233	1,321
Total	**5,314,011**	**1,187**	4,337,955	1,127

b. Cost of Goods Sold ("COGS")

The increase of COGS in the first half of 2011 tracked the increase of our sales revenue to reach a total of HK$5,286 million. COGS primarily consists of cost of raw coal purchased, transportation costs of Mongolian coal from the Sino-Mongolian border to our coal washing plants and washing-related expenses.

In the first half of 2011, we procured 3.62 million tonnes of Mongolian raw coal and 1.74 million tonnes of seaborne coal.

The average purchase price of raw coal also increased as a result of the coking coal price increase in the first half of 2011 as compared to the same period in 2010 due to the Australian flood. The average purchase price of Mongolian raw coal increased 12.9%, from HK$518 per tonne in the first half of 2010 to HK$585 per tonne in the first half of 2011, while the average purchase price of seaborne coal increased 25.0%, from HK$1,103 per tonne in the first half of 2010 to HK$1,379 per tonne in the first half of 2011.

	Six months ended 30 June			
	2011		2010	
	Total purchase volume *(Tonnes)*	**Average purchase price (Per tonne)** *(HK$)*	Total purchase volume *(Tonnes)*	Average purchase price (Per tonne) *(HK$)*
Mongolian coal	**3,622,786**	**585**	2,366,763	518
Seaborne coal	**1,741,155**	**1,379**	1,995,687	1,103
Total	**5,363,941**	**843**	4,362,450	786

c. Gross Profit

The gross profit for the first half of 2011 saw an increase of 31.66%, from HK$1,077 million in the first half of 2010 to HK$1,418 million in the first half of 2011. Gross profit margin remains stable, staying at the level of 21%.

d. Administrative Expenses

Administrative expenses increased from HK$130 million in the first half of 2010 to HK$213 million in the first half of 2011. Administrative expenses as a percentage of our revenue increased to 3.18% in the first half of 2011 from 2.7% in the first half of 2010. This was mainly due to the increased headcount for our new coal washing plants at Jining, Bayuquan and Longkou, as well as the dramatic expansion of our operational coverage from the two Sino-Mongolian border crossings to multiple operational facilities throughout China.

A pre-IPO employee stock option plan was adopted in June 2010. A total of 107,945,000 options were granted to Directors and management. A total of HK$26 million of non-cash accounting expenses were incurred as a result in the first half of 2011.

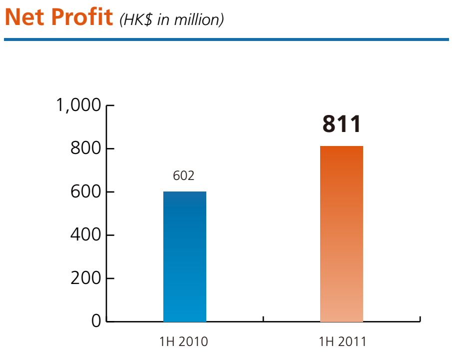
e. *Net Finance Costs*

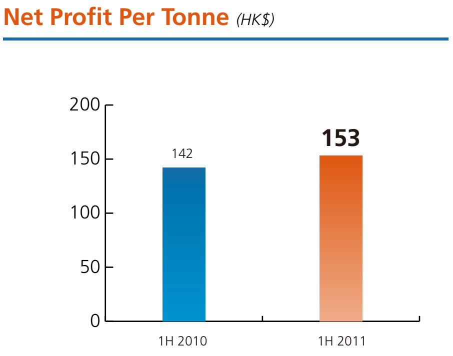
Net finance costs decreased from HK$76 million in the first half of 2010 to HK$61 million in the first half of 2011. Finance expenses consist of actual cash interest payments on bank loans, discounted bills and accrued interest of the Senior Notes. In the first half of 2011, we issued US$500 million Senior Notes with coupon rate at 8.5%. The significant increase of our interest expenses was offset by the increase in foreign exchange gain recorded in the overseas subsidiaries of the Group of HK$90 million resulting from the appreciation of RMB during the period, leading to a decrease in the net finance costs.

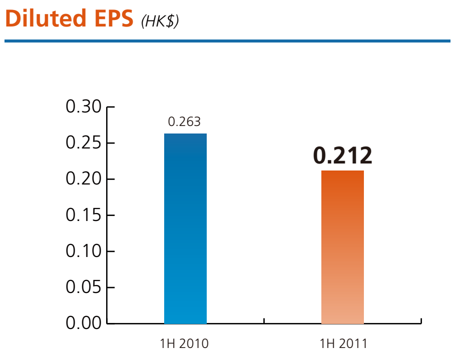
	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Interest income	**(28,198)**	(4,111)
Foreign exchange gain, net	**(95,129)**	(4,738)
Finance income	**(123,327)**	(8,849)
Interest on secured bank and other loans wholly repayable within five years	**55,132**	19,725
Interest on discounted bills	**37,158**	20,090
Interest on liability component of convertible bonds	**—**	22,412
Interest on liability component of redeemable convertible preferred shares	**—**	23,041
Interest on Senior Notes	**79,920**	—
Less: interest expense capitalised into construction in progress	**(1,932)**	—
Total interest expense	**170,278**	85,268
Bank charges	**12,754**	—
Net change in fair value of derivative financial instruments	**870**	—
Finance costs	**183,902**	85,268
Net finance costs	**60,575**	76,419

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

Net profit increased 34.72% from HK$602 million in the first half of 2010 to HK$811 million in the first half of 2011. This translates into a per tonne net profit of HK$153 in the first half of 2011 versus HK$142 in the first half of 2010.



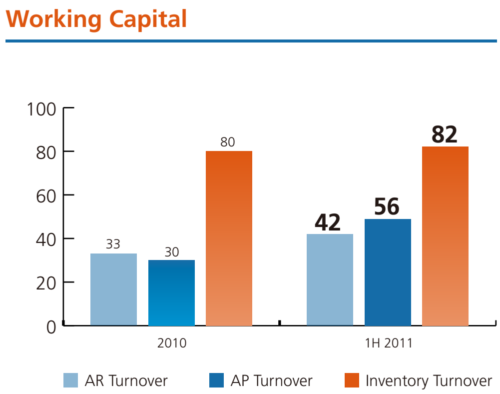




Note: The weighted average number of shares diluted for the six months ended 30 June 2010 is approximately 2.24 billion, and the weighted average number of shares diluted for the six months ended 30 June 2011 is approximately 3.84 billion.

g. *Working Capital*

Our accounts receivable turnover days, accounts payable turnover days and inventory turnover days for the first half of 2011 were 42 days, 56 days and 82 days, respectively. As a result, on average we needed approximately 68 days or the equivalent of approximately HK$1,169 million of working capital throughout the first half of 2011. Compared with the figures for 2010, our working capital needs are less tight than last year as we managed to obtain longer credit terms from our suppliers. Higher accounts receivable turnover days was due to the "credit crunch" environment. Nevertheless, none of our receivables is impaired. Inventory turnover days increased with the increasing coal processing capacity of the Group. With the continuing expansion of our business, our management is well prepared for the working capital needs. In addition, Winsway's strong debt capacity and credit are expected to be able to finance our future growth and working capital needs.



h. *Property, Plant and Equipment*

The aggregate of fixed assets and construction in progress totaled HK$1,107 million at the end of June 2011, a 46.43% increase over the end of December 2010. New fixed assets included new railway logistics facilities, border-crossing facilities, coal washing plants, etc.

i. *Inventory*

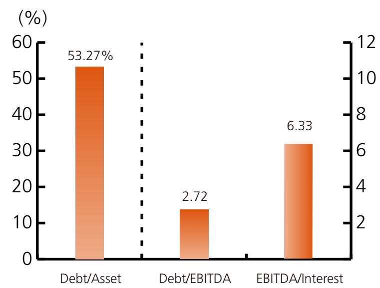
The inventory level continued to grow as a result of our operation expansion. Certain inventory was kept for the preparation of the new washing plants in Yingkou and Jining which will be in full operation in the second half of 2011.

	As at 30 June 2011 *HK$'000*	As at 31 December 2010 *HK$'000*
Mongolian coal	**1,994,426**	1,654,800
Seaborne coal	**828,685**	314,461
Others	**21,489**	3,296
	2,844,600	1,972,557

j. *Indebtedness and Liquidity*

The total bank and other loans at the end of June 2011 amounted to HK$636 million, a 40.73% decrease over the figure at the end of December 2010. The range of interest rates per annum for bank loans and other loans was from 1.30% to 7.98%, while the range in 2010 was from 1.42% to 7.46%, reflecting the fact that we are in a rising interest rate environment and the fact that we secured some long-term facilities in the first half of 2011. The Group's gearing ratio as at 30 June 2011 was 53.27% (31 December 2010: 28.26%), which is calculated on the basis of the Group's total liabilities divided by its total assets.

Indebtedness and Liquidity



Note: For Debt/EBITDA ratio, EBITDA is calculated on the basis of the figures of the last twelve months.

k. Contingent Liability

The Company's existing subsidiaries, other than those established/incorporated under the laws of the PRC and Winsway Coking Coal (Macao Commercial Offshore) Limited, 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.

l. Pledge of Assets

At 30 June 2011, bank and other loans amounting to HK$163,602,000 (31 December 2010: HK$435,394,838) were secured by bank deposits placed in banks with an aggregate carrying value of HK$164,165,000 (31 December 2010: HK$261,616,015).

At 30 June 2011, no bank and other loans were secured by coking coal inventories of the Group (At 31 December 2010, bank and other loans amounting to HK$219,964,410 were secured by coking coal inventories of the Group with an aggregate carrying value of HK$182,707,200).

At 30 June 2011, bank and other loans amounting to HK$384,737,000 (31 December 2010: HK$533,567,004) were secured by trade and bills receivables with an aggregate carrying value of HK$384,737,000 (31 December 2010: HK$575,549,644).

At 30 June 2011, no bank and other loans were secured by motor vehicles of the Group (At 31 December 2010, bank and other loans amounting to HK$1,888,175 were secured by motor vehicles of the Group with an aggregate carrying value of HK$3,579,887).

At 30 June 2011, bank and other loans amounting to HK$24,084,000 (31 December 2010: HK$23,614,000) were secured by land use rights with an aggregate carrying value of HK$55,763,000 (31 December 2010: HK$55,245,106).

m. *Operating Cash Flow*

Our operating cash flow in the first half of 2011 turned positive at HK$479 million versus a negative HK$62 million in the first half of 2010, primarily due to an increase in net profit generated and the prudent management of working capital.

n. *Capital Expenditure*

Our capital expenditure in the first half of 2011 amounted to HK$270 million, representing an increase of 78% over the first half of 2010. This is on track with our capital expenditure plan for the first half of 2011.

o. *Financing Cash Flow*

In the first half of 2011, Winsway paid off net HK$447 million of bank loans. We also raised HK$3,788 million from the issuance of the Senior Notes (after deducting all expenses relating to the issuance).

VIII Exposure to exchange rate fluctuations

Over 60% of the Group's turnover in the first half of 2011 were denominated in RMB. The Group's cost of coal purchased, accounting for over 70% of the total cost of sales in the first half of 2011, and some of our operating expenses were denominated in United States dollars ("US dollars"). Fluctuations in exchange rates may adversely affect the value of the Group's net assets, earnings or any declared dividends as RMB is translated or converted into US dollars or Hong Kong dollars. Any unfavourable movement in the exchange rate may lead to an increase in the costs of the Group or a decline in sales, which could materially affect the Group's results of operations.

IX Interim Dividend

The Board has declared an interim dividend of HK$0.053 per share in respect of the six months ended 30 June 2011. The record date for the determination of entitlement to the interim dividend will be on 9 September 2011, that is, the interim dividend will be paid to the shareholders of the Company whose names appear on the Register of Members of the Company as at 9 September 2011. The interim dividend is expected to be paid in Hong Kong dollars on or about 20 September 2011.

Closure of Register of Members

The Register of Members of the Company will be closed for four days from 6 September 2011 to 9 September 2011, on which no transfer of shares will be effected. In order to qualify for the interim dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716,17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 5 September 2011.

X Human Resources

a. Employee Overview

The Group aims to set up a performance-oriented compensation and benefit system. In compliance with the PRC Labor Law and Labor Contract Law, the Group signs formal employment contracts with all employees and contributes to all mandatory social insurance schemes. In addition, the Group purchases supplementary commercial insurance for all employees. In Hong Kong, the Group participated in a mandatory provident fund scheme for our employees in Hong Kong in accordance with the applicable Hong Kong laws and regulations.

As at 30 June 2011, there were 1,581 full-time employees in the Group (excluding 652 labour dispatch staff). Detailed categories of employees are as follows:

Functions	No. of employees
Management, Administration & Finance	317
Front-line Production	502
Maintenance & Production Support	607
Others (incl. Projects, CP)	116
Sales & Marketing	39
Total	1,581

For the six months ended 30 June 2011, the staff costs (including Directors' remuneration in the form of salaries and other benefits) was approximately HK$152 million.

b. *Employee Education Overview*

Qualifications	No. of employees	Percentage
Master or above	58	4%
Bachelor	259	16%
Diploma	353	22%
Middle-School (Secondary School) or below	911	58%
Total	1,581	100%

c. *Training Overview*

Training is key to the Group in terms of enhancing employees' working capabilities and management skills. The Group held various internal and external training programs in the first half of 2011, and accumulatively 1,788 employees were covered by these with 48,000 training hours in total.

The construction of 3 new washing plants has been completed or will soon be completed as at 30 June 2011. The new staff orientation program covering introduction to the Group, rules and discipline, safety and operation guidelines counted for 19,766 training hours in the first half of 2011 for the purpose of preparing for future production.

The Group also sponsored an EMBA program for a selected number of management staff in the first half of 2011.

Training Courses	No. of hours	No. of participants
Safety	6,248	556
Leadership	1,448	69
New Staff Orientation	19,766	745
Operation Excellence	20,538	418
Total	48,000	1,788

XI Purchase, Sale or Redemption of The Company's Listed Securities

Throughout the six months ended 30 June 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

On-market Share Repurchase Plan

A general mandate to repurchase shares of the Company was approved by the shareholders of the Company by way of ordinary resolution passed at the Company's annual general meeting held on 13 May 2011 (the "Repurchase Mandate"), authorizing the Directors to repurchase up to 379,054,579 ordinary shares of the Company. For details of the Repurchase Mandate, please refer to the circular of the Company dated 4 April 2011.

At its meeting held on 22 August 2011, the Board authorized, among other things, the repurchase of ordinary shares by the Company up to a value of HK$200 million in on-market transactions pursuant to the Repurchase Mandate at any time up to the expiry of the Repurchase Mandate (the "Share Repurchase Plan"). The Share Repurchase Plan will be subject to market conditions and will be exercisable by the management of the Company. The Share Repurchase Plan will remain in effect until the expiry of the Repurchase Mandate, subject to the availability of the Repurchase Mandate. Any shares repurchased by the Company under the Share Repurchase Plan will be cancelled. The Company will finance any repurchase from its existing available cash reserves and free cash flow other than proceeds from its initial public offering in 2010 and issuance of the Senior Notes in April 2011.

Shareholders and investors should note that as at the date of this announcement, the Company has made no share repurchases pursuant to the exercise of the Repurchase Mandate, and any share repurchases the Company may make under the Share Repurchase Plan will be subject to market conditions and will be at the discretion of the management of the Company. There is no assurance of the timing, quantity or price of any share repurchases or whether the Company will make any repurchases at all. Shareholders and investors should therefore exercise caution when dealing in the shares of the Company.

Should the Company repurchase any shares pursuant to the exercise of the Repurchase Mandate and the Share Repurchase Plan, it will comply with the relevant reporting requirements under the Listing Rules. The Company will also comply with all relevant requirements in connection with any share repurchases under the Company's articles of association, applicable terms and conditions relating to the Senior Notes, the laws of the British Virgin Islands, all applicable laws of Hong Kong, the other provisions of the Listing Rules and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases.

XII Code on Corporate Governance Practices

The Company is strongly committed to maintaining high standards of corporate governance, which it regards as a vital element in ensuring its continued success. This commitment is best illustrated by its compliance with the Code Provisions and many of the Recommended Best Practices set out in the Code on Corporate Governance Practices ("CG Code"), Appendix 14 to the Listing Rules.

Code Provisions

Throughout the first half of 2011, except for the requirement that the roles of chairman and chief executive officer should not be performed by the same individual under Code Provision A.2.1 of the CG Code, the Company complied with all the Code Provisions in the CG Code.

Mr. Wang Xingchun is the Chairman and Chief Executive Officer of the Company. The Board 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 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.

Recommended Best Practices

In addition, the Company strives for higher standards of corporate governance through adherence to many of the Recommended Best Practices set out in the CG Code. In particular:

The independent non-executive Directors represent one-third of the Board (A.3.2 of the CG Code); The Company established and has maintained a nomination and corporate governance committee at the time of Listing with written terms of reference as recommended under the CG Code and a majority of its members are independent non-executive Directors (A.4.4 & A.4.5 of the CG Code); The Board meets quarterly and attendance at board meeting and the relevant board committee meetings convened during the first half of 2011 has been 100%. Non-executive directors actively participated in development of the Company's strategy and policies during such meetings (A.5.8 of the CG Code); and finally, the Company engaged external consultants in assisting the Board's annual review of the Group's internal control system since its last review in 2010 (C.2.3 of the CG Code).

XIII Model Code for Securities Transactions by Directors of the Company

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules ("Model Code") as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries of all the Directors, each Director confirmed that he/she has complied with the required standard set out in the Model Code throughout the first half of 2011.

XIV Review of Interim Results

The audit committee of the Company has reviewed the interim results of the Group for the six months ended 30 June 2011.

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

This interim results announcement is published on the websites of the Company (www.winsway.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2011 will be dispatched to shareholders of the Company and will be available on the above websites in due course.

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

Hong Kong, 22 August 2011

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