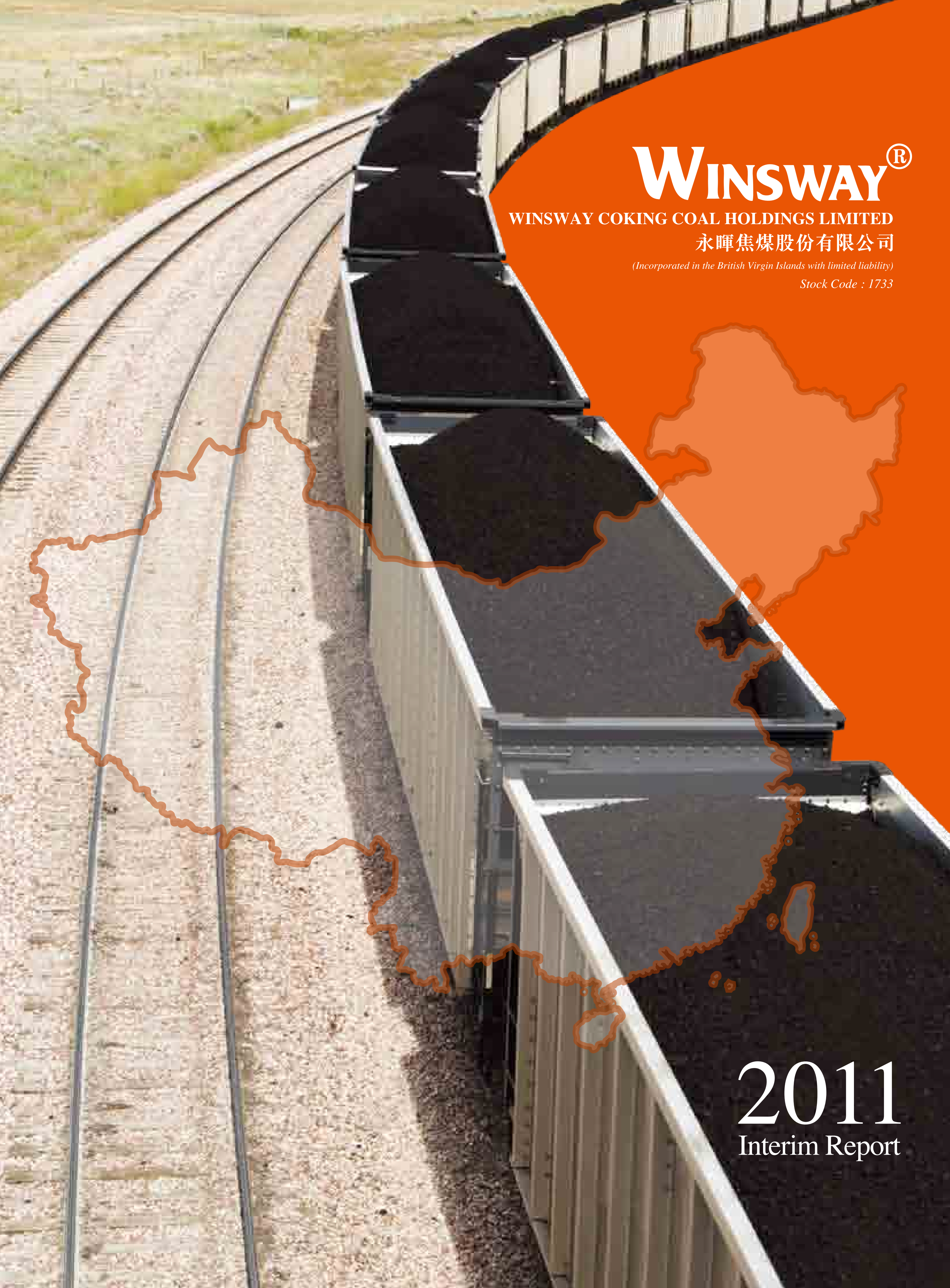


WINSWAY®

WINSWAY COKING COAL HOLDINGS LIMITED

永暉焦煤股份有限公司

(Incorporated in the British Virgin Islands with limited liability)

Stock Code : 1733

2011

Interim Report

TABLE OF CONTENT

Management Discussion and Analysis of Financial Conditions and Operating Results

The following discussions and analysis should be read in conjunction with the financial statements of Winsway Coking Coal Holdings Limited (the "Company") and its subsidiaries (the "Group", "Winsway", "we" or "us") and the notes thereto. The Group's financial statements have been prepared in accordance with International Financial Reporting Standards.

I OVERVIEW

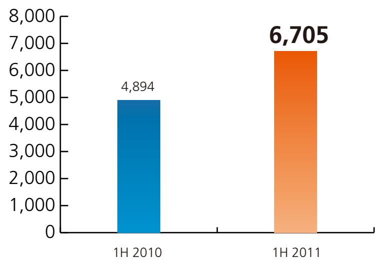
In the first half of 2011, the Group continued to achieve significant growth in its business by establishing new logistics facilities, increasing its processing capacity, improving its service platform and diversifying its business. The construction of a total of three new railway logistics centres has 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.

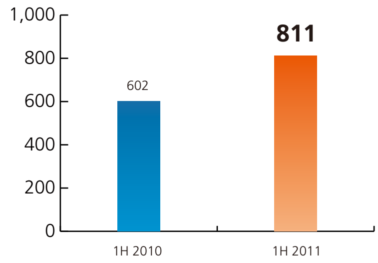
In 2011, the Group was also among the 25 listed companies which were awarded The Excellence of Listed Enterprise Awards by *Capital Weekly*, a reputable Hong Kong financial magazine of South China Media Group, for their high reputation among investors and respectable performance which stood out from thousands of listed companies in Hong Kong. The assessment criteria include the performance, business governance, corporate governance, investor relations, social responsibilities and other aspects of a company as a whole. In addition, the Group's 2010 annual report was awarded the Bronze award by the "League of American Communications Professionals", whose judgment is based upon an evaluation point system measuring the first impression, cover design, letter to shareholders, report narrative, report financials, creativity, message clarity and information accessibility of a report. This is a recognition of the Group's achievement in information disclosure and transparency.

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)*

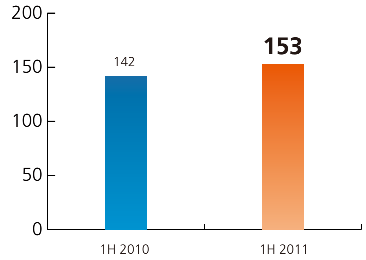


Net Profit *(HK$ in million)*



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%.

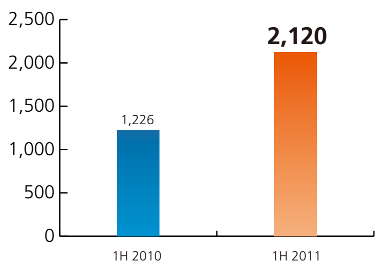
Net Profit Per Tonne *(HK$)*



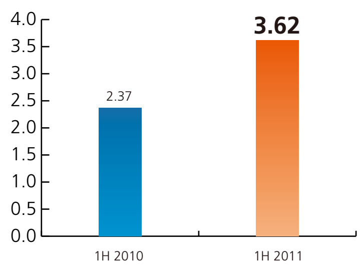
II MONGOLIAN COAL PROCUREMENT

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

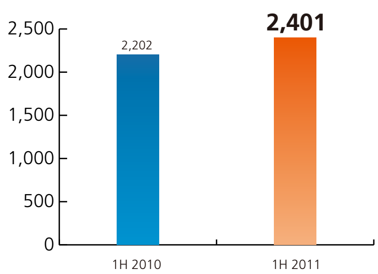
Note: Coal purchased from Moveday was mined by Tavan Tolgoi Corporation.
Moveday also provided transportation service with a total value of HK$170 million for the six months ended 30 June 2011.
Our supplier base of Mongolian coal includes many of the major coking coal suppliers in Mongolia.

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.

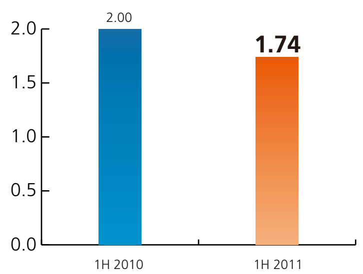
III SEABORNE COAL PROCUREMENT

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 interim report, 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 2011	Coal processing capacity of 6.0 mtpa; 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	Hebei	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-Mongolian 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 by 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 by 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 ("Pre-IPO Option Scheme") was adopted in June 2010. A total of 107,945,000 options were granted to directors of the Company ("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

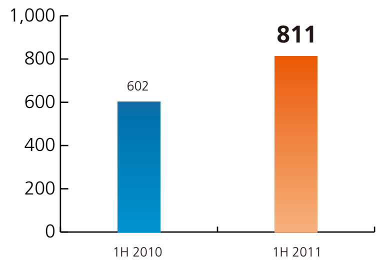
Net finance costs decreased from HK$76 million in the first half of 2010 to HK$61 million in the first half of 2011. Finance expenses consist of actual cash interest payments on bank loans, discounted bills and accrued interest of the Senior Notes. In the first half of 2011, we issued US$500 million 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

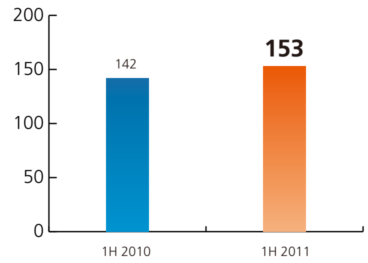
f. **Net Profit and Earnings per Share ("EPS")**

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.

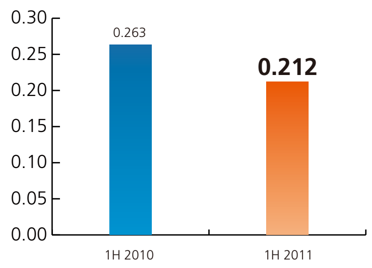
Net Profit *(HK$ in million)*



Net Profit Per Tonne *(HK$)*



Diluted EPS *(HK$)*

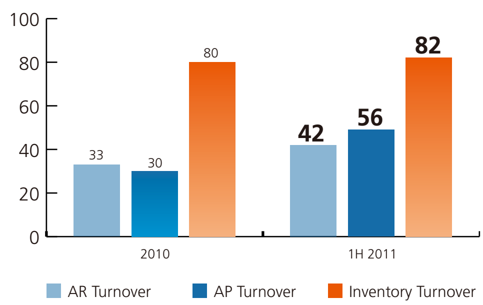


Note: The weighted average number of shares diluted for the six months ended 30 June 2010 is approximately 2.24 billion, and the weighted average number of shares diluted for the six months ended 30 June 2011 is approximately 3.84 billion.

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.

Working Capital



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**

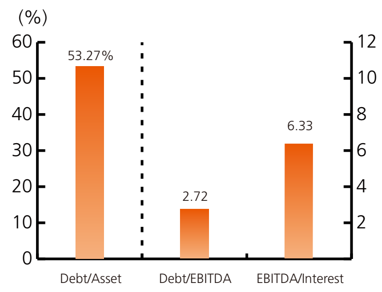
The inventory level continued to grow as a result of our operation expansion. Certain inventory was kept for the preparation of the new washing plants in Yingkou and Jining which will be in full operation in the second half of 2011.

	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: 28.25%), 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 People's Republic of China ("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 FLUCTUATION

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 State dollars ("US dollars"). Fluctuation in exchange rates may adversely affect the value of the Group's net assets, earning 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 would materially affect the Group's results of operations.

IX INTERIM DIVIDEND

The board of Directors of the Company (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, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 5 September 2011.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2011, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company ("Shares") and underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

Name of Directors	Name of corporation	Nature of interest	Aggregate number of Shares or underlying Shares	Approximate percentage of interest in the corporation
Wang Xingchun (1)	The Company	Personal interest and interest of controlled corporation	1,849,916,109	48.80%
	Winsway Mongolian Transportation Pte. Ltd.	Beneficial owner	1	10%
Zhu Hongchan (3)	The Company	Personal interest	10,345,000	0.27%
Cui Yong (2)	The Company	Personal interest and interest of controlled corporation	34,232,000	0.90%
Yasuhisa Yamamoto (4)	The Company	Personal Interest	8,269,000	0.22%
Apolonius Struijk (3)	The Company	Personal Interest	8,115,000	0.21%
James Downing	The Company	Personal Interest	329,000	0.01%
Cui Guiyong	The Company	Interest of Spouse	600,000	0.02%

Note:

(1) Mr. Wang indirectly holds the entire issued share capital of Winsway International Petroleum & Chemicals Limited and Winsway Resources Holdings Limited and is deemed to be interested in the 205,538,421 Shares and 1,627,043,688 Shares held by Winsway International Petroleum & Chemicals Limited and Winsway Resources Holdings Limited, respectively. In addition, Mr. Wang holds an option representing 17,334,000 Shares under the Pre-IPO Option Scheme.

(2) Mr. Cui Yong holds the entire issued share capital of Ray Splendid Limited and is deemed to be interested in the 26,002,000 Shares held by Ray Splendid Limited. In addition, Mr. Cui holds an option representing 8,230,000 Shares under the Pre-IPO Option Scheme.

(3) Options representing 10,345,000 Shares and 8,115,000 Shares were held by Ms. Zhu Hongchan and Mr. Apolonius Struijk respectively under the Pre-IPO Option Scheme.

(4) Mr. Yasuhisa Yamamoto holds 200,000 Shares and an option representing 8,069,000 Shares under the Pre-IPO Option Scheme.

Save as disclosed above, as at 30 June 2011, so far as is known to any Directors or chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the Shares or underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to sections 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

SHARE OPTIONS

The Company adopted the Pre-IPO Option Scheme before its listing on the Hong Kong Stock Exchange, on 30 June 2010, to recognise the contribution of certain of the Directors and employees of the Company and of its parent company group whom the Board considers to have contributed to the growth of the Group and/or to the Listing of the Shares of the Company on the Hong Kong Stock Exchange.

According to the rules of the Pre-IPO Scheme ("Scheme Rules"), the Pre-IPO Option Scheme shall be valid and effective for a period of 5 years from 30 June 2010 ("Adoption Date"). Options granted under the Pre-IPO Option Scheme will vest every three months over a period of five years commencing from 1 April 2010 ("Initial Vesting Date") in equal portions (5% each) on the first day of each three-month period (a "Vesting Date") after the Initial Vesting Date.

Pursuant to the Pre-IPO Option Scheme, options representing 107,945,000 Shares were granted, representing approximately 2.85% of the issued share capital of the Company as at the latest practicable date prior to the printing of this interim report. Among these share options, options representing 52,093,000 Shares were held by the Directors. A summary of the movements of the outstanding share options during the six months ended 30 June 2011 were as follows:

Grantee	**Options held as at 1 January 2011**	**Options exercised during the period**	**Options lapsed/ cancelled during the period**	**Options held as at 30 June 2011**
Directors				
Wang Xingchun	17,334,000	—	—	17,334,000
Zhu Hongchan	10,345,000	—	—	10,345,000
Cui Yong	8,230,000	—	—	8,230,000
Yasuhisa Yamamoto	8,069,000	—	—	8,069,000
Apolonius Struijk	8,115,000	—	—	8,115,000
Others				
Employees	55,852,000	2,565,937	—	53,286,063
Total	107,945,000	2,565,937	—	105,379,063

Save as disclosed above, at no time during the first six months ended 30 June 2011 was the Company, its holdings companies or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 30 June 2011, Shareholders who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Name of Corporation	Nature of interest	Aggregate number of Shares	Approximate percentage of interest in the corporation
Mr. Wang	The Company	Personal interest and interest of controlled corporation	1,849,916,109	48.80%
Winsway Group Holdings Limited	The Company	Interest of controlled corporation	1,832,582,109	48.34%
Winsway Petroleum Holdings Limited	The Company	Interest of controlled corporation	205,538,421	5.42%
Winsway International Petroleum & Chemicals Limited	The Company	Beneficial owner	205,538,421	5.42%
Winsway Resources Holdings Limited	The Company	Beneficial owner	1,627,043,688	42.92%

Notes:

(1) Mr. Wang indirectly holds the entire issued share capital of Winsway International Petroleum & Chemicals Limited and Winsway Resources Holdings Limited and is deemed to be interested in the 205,538,421 Shares and 1,627,043,688 Shares held by Winsway International Petroleum & Chemicals Limited and Winsway Resources Holdings Limited, respectively. In addition, Mr. Wang holds an option representing 17,334,000 Shares under the Pre-IPO Option Scheme.

(2) Winsway Group Holdings Limited indirectly holds the entire issued share capital of Winsway International Petroleum & Chemicals Limited and directly holds the entire issued share capital of Winsway Resources Holdings Limited and is deemed to be interested in the 205,538,421 Shares and 1,627,043,688 Shares held by Winsway International Petroleum & Chemicals Limited and Winsway Resources Holdings Limited, respectively.

(3) Winsway Petroleum Holdings Limited holds the entire issued share capital of Winsway International Petroleum & Chemicals Limited and is deemed to be interested in the 205,538,421 Shares held by Winsway International Petroleum & Chemicals Limited.

Save as disclosed above, as of 30 June 2011, the Company had not been notified by any persons (other than the Directors or chief executives of the Company) who had interests or short positions representing 5% or more of the issued share capital of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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 interim report, 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.

EMPLOYEES AND REMUNERATION POLICIES

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

AUDIT COMMITTEE

The Company has established an audit committee in accordance with the requirements of the Listing Rules and the Code on Corporate Governance Practices ("CG Code") set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to assist the Board in providing an independent view of the effectiveness of the Company's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

From 1 January 2011 up to the date of this interim report, the audit committee has held 3 meetings. The members of audit committee have reviewed and discussed with the external auditors the Group's financial statements for the six months ended 30 June 2011, and are of the opinion that such statements have complied with the applicable accounting standards, the Hong Kong Stock Exchange and legal requirements, and that adequate disclosure has been made. The above meetings were attended by all five members of the audit committee.

REMUNERATION COMMITTEE

The Company established a remuneration committee in accordance with the requirements of the CG Code. The primary duties of the remuneration committee are to review and formulate remuneration policies for the Directors and senior management, to make recommendations on the remuneration package of the Directors and senior management and to evaluate and make recommendations on employee benefit arrangement.

The remuneration committee held 3 meeting during the period of six months ended 30 June 2011, at which the members of the committee reviewed the remuneration of the Directors and senior management with reference to their duties, responsibilities, experience, qualifications and performance. No Director took part in any discussion about his own remuneration. The meeting was attended by all three members of the remuneration committee.

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 CG Code.

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 the attendance at board meeting and the relevant board committee meetings convened during the first half of 2011 was 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).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company adopted the 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.

APPENDIX 16 OF THE LISTING RULES

According to paragraph 40 of Appendix 16 to the Listing Rules headed "Disclosure of Financial Information", save as disclosed herein, the Company confirms that the Company's current information in relation to those matters set out in paragraph 32 of Appendix 16 has not changed materially from the information disclosed in the Company's 2010 annual report.

BOARD OF DIRECTORS

The Directors during the period were:

Executive Directors:
Mr. Wang Xingchun *(Chairman and Chief Executive Officer)*
Ms. Zhu Hongchan
Mr. Yasuhisa Yamamoto
Mr. Apolonius Struijk
Mr. Cui Yong

Non-executive Directors:
Mr. Cui Guiyong
Mr. Liu Qingchun
Mr. Lu Chuan

Independent Non-executive Directors:
Mr. James Downing
Mr. Ng Yuk Keung
Mr. Wang Wenfu
Mr. George Jay Hambro

UPDATE ON DIRECTORS' INFORMATION

Ng Yuk Keung (吳育強), an independent non-executive Director of the Company, is currently an executive director, the chief financial officer and the board secretary to China NT Pharma Group Company Limited (1011.HK) which became a listed company on the Hong Kong Stock Exchange on 20 April 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	***$'000***	*$'000*
Turnover	5	**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	6(a)	**123,327**	8,849
Finance costs	6(a)	**(183,902)**	(85,268)
Net financial costs		**(60,575)**	(76,419)
Share of losses of a jointly controlled entity		**(15,542)**	—
Profit before taxation	6	**1,056,505**	729,571
Income tax	7	**(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$)*	8		
— Basic		**0.215**	0.274
— Diluted		**0.212**	0.263

The notes on pages 35 to 55 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 22(a).

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
	$'000	*$'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

The notes on pages 35 to 55 form part of this interim financial report.

Consolidated Statement Of Financial Position

at 30 June 2011 (unaudited)

(Expressed in Hong Kong dollars)

	Note	**At 30 June 2011 $'000**	At 31 December 2010 $'000
Non-current assets			
Property, plant and equipment, net	9	**645,783**	473,927
Construction in progress	10	**461,181**	281,879
Lease prepayments	11	**280,195**	204,784
Intangible assets		**229**	237
Interest in a jointly controlled entity	12	**363,378**	362,956
Other investments in equity securities		**270,571**	89,054
Other non-current assets	13	**459,841**	—
Deferred tax assets		**46,849**	48,262
Total non-current assets		**2,528,027**	1,461,099
Current assets			
Inventories	14	**2,844,600**	1,972,557
Trade and other receivables	15	**3,674,855**	2,450,881
Restricted bank deposits	16	**598,385**	344,062
Cash and cash equivalents	17	**5,763,157**	2,894,421
Total current assets		**12,880,997**	7,661,921
Current liabilities			
Secured bank and other loans	18	**572,423**	1,010,109
Trade and other payables	21	**3,533,426**	1,317,368
Income tax payable		**130,191**	90,708
Total current liabilities		**4,236,040**	2,418,185
Net current assets		**8,644,957**	5,243,736
Total assets less current liabilities		**11,172,984**	6,704,835

The notes on pages 35 to 55 form part of this interim financial report.

	Note	At 30 June 2011 $'000	At 31 December 2010 $'000
Non-current liabilities			
Secured bank and other loans	18	**63,823**	62,577
Deferred income	19	**111,369**	97,389
Interest-bearing borrowings	20	**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	22	**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

The notes on pages 35 to 55 form part of this interim financial report.

Consolidated Statement Of Changes In Equity

for the six months ended 30 June 2011 (unaudited)

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company							
	Share capital $'000 (Note 22(b))	**Statutory reserve** $'000	**Other reserve** $'000	**Exchange reserve** $'000	**Retained earnings** $'000	**Total** $'000	**Non-controlling interests** $'000	**Total equity** $'000
Balance at 1 January 2010	383,522	23,288	(1,830)	8,601	730,528	1,144,109	—	1,144,109
Capital injection	78,003	—	—	—	—	78,003	—	78,003
Arising from the Reorganisation (as defined in Note 1)	—	—	(18,514)	—	—	(18,514)	—	(18,514)
Equity component of convertible bonds	—	—	18,216	—	—	18,216	—	18,216
Equity component of redeemable convertible preferred shares	—	—	16,794	—	—	16,794	—	16,794
Contribution from non-controlling interests	—	—	—	—	—	—	4,488	4,488
Equity settled share-based transactions	—	—	34,931	—	—	34,931	—	34,931
Total comprehensive income for the period	—	—	—	2,187	602,181	604,368	(19)	604,349
Appropriation to statutory reserve	—	46,623	—	—	(46,623)	—	—	—
Balance at 30 June 2010	461,525	69,911	49,597	10,788	1,286,086	1,877,907	4,469	1,882,376

The notes on pages 35 to 55 form part of this interim financial report.

	Attributable to equity shareholders of the Company							
	Share capital $'000 (Note 22(b))	Statutory reserve $'000	Other reserve $'000	Exchange reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2010	461,525	69,911	49,597	10,788	1,286,086	1,877,907	4,469	1,882,376
Arising from the Reorganisation (as defined in Note 1)	—	—	(4,694)	—	—	(4,694)	—	(4,694)
Partial disposal of equity interest in a subsidiary company	—	—	3,038	—	—	3,038	50,473	53,511
Contribution from non-controlling interests	—	—	—	—	—	—	19,110	19,110
Dividends declared and paid to the equity shareholders of the Company	—	—	—	—	(243,703)	(243,703)	—	(243,703)
Dividends declared and paid to the holder of redeemable convertible preferred shares	—	—	—	—	(43,302)	(43,302)	—	(43,302)
Interests paid to the holders of convertible bonds	—	—	—	—	(42,039)	(42,039)	—	(42,039)
Conversion of convertible bonds	489,154	—	(18,216)	—	—	470,938	—	470,938
Conversion of redeemable convertible preferred shares	485,860	—	(16,794)	—	—	469,066	—	469,066
Share issued for investment in the jointly-controlled entity	77,594	—	—	—	—	77,594	—	77,594
Issue of new share, net of issuing expenses	3,500,206	—	—	—	—	3,500,206	—	3,500,206
Equity settled share-based transactions	—	—	36,228	—	—	36,228	—	36,228
Total comprehensive income for the period	—	—	—	40,944	326,645	367,589	1,989	369,578
Appropriation to statutory reserve	—	38,833	—	—	(38,833)	—	—	—
Balance at 31 December 2010	5,014,339	108,744	49,159	51,732	1,244,854	6,468,828	76,041	6,544,869

The notes on pages 35 to 55 form part of this interim financial report.

	Attributable to equity shareholders of the Company							
	Share capital *$'000* *(Note 22(b))*	Statutory reserve *$'000*	Other reserve *$'000* *(Note 22(c))*	Exchange reserve *$'000*	Retained earnings *$'000*	Total *$'000*	Non-controlling interests *$'000*	Total equity *$'000*
Balance at 1 January 2011	5,014,339	108,744	49,159	51,732	1,244,854	6,468,828	76,041	6,544,869
Contribution from non-controlling interests	—	—	—	—	—	—	3,406	3,406
Exercise of share options granted under share option scheme	7,949	—	(3,646)	—	—	4,303	—	4,303
Dividends declared and paid to the equity shareholders of the Company	—	—	—	—	(231,223)	(231,223)	—	(231,223)
Equity settled share-based transactions	—	—	25,708	—	—	25,708	—	25,708
Total comprehensive income for the period	—	—	—	41,053	814,182	855,235	(1,243)	853,992
Appropriation to statutory reserve	—	109,248	—	—	(109,248)	—	—	—
Balance at 30 June 2011	5,022,288	217,992	71,221	92,785	1,718,565	7,122,851	78,204	7,201,055

The notes on pages 35 to 55 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2011 (unaudited)

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2011	2010
	Note	***$'000***	*$'000*
Cash generated from operating activities		**687,074**	19,418
Income tax paid		**(208,565)**	(81,145)
Net cash generated from/(used in) operating activities		**478,509**	(61,727)
Net cash used in investing activities		**(680,747)**	(334,725)
Net cash generated from financing activities		**2,993,336**	737,153
Net increase in cash and cash equivalents		**2,791,098**	340,701
Cash and cash equivalents at 1 January		**2,894,421**	277,300
Effect of foreign exchange rate changes		**77,638**	2,615
Cash and cash equivalents at 30 June	17	**5,763,157**	620,616

The notes on pages 35 to 55 form part of this interim financial report.

Notes To The Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

1 CORPORATE INFORMATION AND GROUP REORGANISATION

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). 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 (together referred to as the "Group") 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 comprise 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 "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 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, 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 accounting policy changes 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 policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

2 BASIS OF PREPARATION *(CONTINUED)*

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2010 annual financial statements. The condensed consolidated interim financial statements and notes thereto do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information preformed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the Board of Directors is included on page 56.

The financial information relating to the financial year ended 31 December 2010 that is included in the interim financial report as being previously reported information does not constitute the Company's annual financial statements prepared under IFRSs for that financial year but is derived from those financial statements. The annual financial statements for the year ended 31 December 2010 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 22 March 2011.

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$"). The Board of Directors considers the change will result in a more appropriate presentation of the Group's transactions in the financial statements. Whereas the change in presentation currency of the Group was applied retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the comparative figures for the six months ended 30 June 2010 (as included in the prospectus of the Company dated 27 September 2010) have also been restated to reflect the change in presentation currency to HK$ 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 month periods ended 30 June 2010 and 2011.

3 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

(b) Amendments to IFRSs and new interpretations

The IASB has issued a number of amendments to 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 related primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. These developments have had no material impacts 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 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (processing and trading of coking coal and coal mining) 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 two reportable segments. No operating segments have been aggregated to form the following reportable segments.

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

- Coal mining: this segment acquires, explores and develops coal mining. The Group acquired the equity interest in a jointly controlled entity operating in the coal mining segment (Note 12) and commenced its business in this segment during the year ended 31 December 2010.

(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, intangible assets and current assets with the exception of deferred tax assets. Segment liabilities include trade and other payables, deferred income and bank and other borrowings managed directly by the segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted 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.

4 SEGMENT REPORTING *(CONTINUED)*

(a) Segment results, assets and liabilities *(Continued)*

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2011 is set out below.

For the six months ended 30 June

	Processing and trading of coking coal		Coal mining		Total	
	2011	2010	**2011**	2010	**2011**	2010
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Reportable segment revenue	**6,704,643**	4,894,215	**—**	—	**6,704,643**	4,894,215
Reportable segment profit (adjusted EBITDA)	**1,163,966**	830,503	**(15,542)**	—	**1,148,424**	830,503
Interest income	**28,198**	4,111	**—**	—	**28,198**	4,111
Interest expense	**(170,278)**	(85,268)	**—**	—	**(170,278)**	(85,268)
Depreciation and amortisation for the period	**(31,344)**	(24,513)	**—**	—	**(31,344)**	(24,513)
Additions to non-current segment assets during the period	**612,408**	138,349	**15,964**	359,608	**628,372**	497,957

	At 30 June 2011	At 31 December 2010	**At 30 June 2011**	At 31 December 2010	**At 30 June 2011**	At 31 December 2010
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Reportable segment assets	**14,998,797**	8,711,802	**363,378**	362,956	**15,362,175**	9,074,758
Reportable segment liabilities	**8,077,778**	2,487,443	**—**	—	**8,077,778**	2,487,443

4 SEGMENT REPORTING *(CONTINUED)*

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

For the six months ended 30 June

	2011	2010
	$'000	*$'000*
Revenue		
Reportable segment revenue	**6,704,643**	4,894,215
Consolidated turnover	**6,704,643**	4,894,215
Profit		
Reportable segment profit	**1,148,424**	830,503
Depreciation and amortisation	**(31,344)**	(24,513)
Net finance costs	**(60,575)**	(76,419)
Consolidated profit before taxation	**1,056,505**	729,571

	At 30 June	At 31 December
	2011	2010
	$'000	*$'000*
Assets		
Reportable segment assets	**15,362,175**	9,074,758
Deferred tax assets	**46,849**	48,262
Consolidated total assets	**15,409,024**	9,123,020
Liabilities		
Reportable segment liabilities	**8,077,778**	2,487,443
Current tax liabilities	**130,191**	90,708
Consolidated total liabilities	**8,207,969**	2,578,151

4 SEGMENT REPORTING *(CONTINUED)*

(c) Geographic information

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

For the six months ended 30 June

	Revenues from external customers	
	2011	2010
	$'000	*$'000*
The PRC (including Hong Kong and Macau)	**5,492,587**	4,894,215
Mongolia	**11,343**	—
Other countries	**1,200,713**	—
	6,704,643	4,894,215

	Specified non-current assets	
	At 30 June	At 31 December
	2011	2010
	$'000	*$'000*
The PRC (including Hong Kong and Macau)	**1,802,057**	1,045,097
Mongolia	**363,378**	363,307
Other countries	**315,743**	4,433
	2,481,178	1,412,837

5 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
	$'000	*$'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

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Net finance costs

	Six months ended 30 June	
	2011	2010
	$'000	*$'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 *(see note 20)*	**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

6 PROFIT BEFORE TAXATION *(CONTINUED)*

(b) Staff costs

	Six months ended 30 June	
	2011	2010
	$'000	*$'000*
Salaries, wages, bonus and other benefits	**121,731**	51,059
Contributions to defined contribution retirement plan	**4,207**	2,206
Share-based payment expenses	**25,708**	34,931
	151,646	88,196

(c) Other items

	Six months ended 30 June	
	2011	2010
	$'000	*$'000*
Government grants	**29,462**	14,564
Amortisation		
— leased assets	**2,263**	330
— intangible assets	**12**	75
Depreciation	**29,069**	24,108
Operating lease charges, mainly relating to buildings	**12,137**	10,200
Cost of inventories	**5,286,271**	3,817,401

Cost of inventories includes $24,229,000 (six months ended 30 June 2010: $6,693,000) and $19,424,000 (six months ended 30 June 2010: $17,090,000) for the six months ended 30 June 2011 relating to staff costs and depreciation which amount is also included in the respective total amount disclosed separately above or in Note 6(b) for each type of these expenses.

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

	Six months ended 30 June	
	2011	2010
	$'000	*$'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 PRC current income tax 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.

8 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 $814,182,000 (six months ended 30 June 2010: $565,252,000) and the weighted average of 3,789,488,575 ordinary shares (six months ended 30 June 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 $814,182,000 (six months ended 30 June 2010: $587,664,000) and the weighted average of 3,837,920,399 ordinary shares (six months ended 30 June 2010: 2,235,643,827 shares) in issue during the six months ended 30 June 2011.

9 PROPERTY, PLANT AND EQUIPMENT, NET

(a) Acquisitions and disposals

During the six months ended 30 June 2011, the Group acquired items of property, plant and equipment with a cost of $35,046,000 (six months ended 30 June 2010: $34,722,000). Items of property, plant and equipment with a net book value of $727,000 were disposed of during the six months ended 30 June 2011 (six months ended 30 June 2010: $72,788,000), resulting in a gain on disposal of $360,000 (six months ended 30 June 2010: Loss on disposal of $7,671,000).

(b) Transfer from construction in progress

During the six months ended 30 June 2011, construction in progress with a cost of $155,110,000 (six months ended 30 June 2010: $24,869,400) were transferred into property, plant and equipment.

(c) As at 30 June 2011, property ownership certificates of certain properties of the Group with an aggregate net book value of $50,665,000 (31 December 2010: $42,210,246) are yet to be obtained.

10 CONSTRUCTION IN PROGRESS

Construction in progress mainly represented the construction of the coal processing plants at Jining, Longkou and Urad Zhongqi and the construction of railway transportation logistics centres in Inner Mongolia as at 30 June 2011. For the six months ended 30 June 2011, construction in progress had an addition of $326,962,000 (six months ended 30 June 2010: $67,589,350).

11 LEASE PREPAYMENTS

Lease prepayments represented the purchase cost of land use rights paid to the PRC authorities net of payments for the associated government grants received. The Group's land use rights are amortised on a straight-line basis over the operating lease periods of 50 years. The associated government grants are recognised as deduction of lease prepayment amortisation charge for the period over the lease periods of the relevant lease prepayments.

12 INTEREST IN A JOINTLY CONTROLLED ENTITY

On 29 June 2010, the Group acquired 50% equity interest in Peabody-Winsway Resources B.V. from a third party for a consideration of US$46,248,336.

During the six months ended 30 June 2011, the Group has invested an amount of $15,964,000 into the jointly controlled entity. Also, the Group has shared a loss from the investment in the jointly controlled entity of $15,542,000 during the period.

13 OTHER NON-CURRENT ASSETS

Other non-current assets mainly represent a loan to a third party and advance payments for equipment purchase and construction in progress.

14 INVENTORIES

	At 30 June 2011	At 31 December 2010
	$'000	*$'000*
Raw coking coal	**1,139,039**	951,015
Cleaned coking coal	**812,052**	558,340
Hard coal	**828,685**	314,461
Coal slime, Middings and Shale	**43,335**	145,445
Low value consumables	**1,744**	1,611
Others	**19,745**	1,685
	2,844,600	1,972,557

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

	Six months ended 30 June	
	2011	2010
	$'000	*$'000*
Carrying amount of inventories sold	**5,286,271**	3,817,401

15 TRADE AND OTHER RECEIVABLES

	Note	At 30 June 2011 $'000	At 31 December 2010 $'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 Group's overseas subsidiaries purchasing cleaned coal 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 $384,737,000 (31 December 2010: $575,549,644) were pledged as collateral for the Group's borrowings.

At 30 June 2011, trade and bills receivables of the Group of $1,163,327,000 (31 December 2010: $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.

15 TRADE AND OTHER RECEIVABLES *(CONTINUED)*

(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 *$'000*	At 31 December 2010 *$'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.

16 RESTRICTED BANK DEPOSITS

The Group pledged bank deposits of maturity more than three months of $598,385,000 (31 December 2010: $344,061,889) as at 30 June 2011 as collateral for the Group's borrowings and banking facilities in respect of issuance of bills and letters of credit by the Group.

17 CASH AND CASH EQUIVALENTS

	At 30 June 2011 *$'000*	At 31 December 2010 *$'000*
Cash at bank and in hand	**5,763,157**	2,894,421

At 30 June 2011, cash and cash equivalents of $1,152,632,000 (31 December 2010: $325,620,027) was held by the entities of the Group in form of RMB in the PRC. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

17 CASH AND CASH EQUIVALENTS *(CONTINUED)*

Included in cash and cash equivalents in the consolidated statement of financial position are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	At 30 June 2011	At 31 December 2010
	$'000	*$'000*
United States dollars	**82,658**	1,130
RMB	**3,975,349**	2,444,777

18 SECURED BANK AND OTHER LOANS

(a) The secured bank and other loans comprise:

	At 30 June 2011	At 31 December 2010
	$'000	*$'000*
Short-term loans	**572,423**	1,010,109
Long-term loans	**63,823**	62,577
	636,246	1,072,686

The interest rates per annum of bank loans and other loans were:

	At 30 June 2011	At 31 December 2010
	$'000	*$'000*
Short-term loans	**1.30% to 6.72%**	1.42% to 7.23%
Long-term loans	**7.98%**	7.46%

18 SECURED BANK AND OTHER LOANS *(CONTINUED)*

(b) The secured bank and other loans were repayable as follows:

	At 30 June 2011 *$'000*	At 31 December 2010 *$'000*
Within 1 year	**572,423**	1,010,109
After 2 years but within 5 years	**63,823**	62,577
	636,246	1,072,686

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

At 30 June 2011, bank and other loans amounting to $Nil (31 December 2010: $219,964,410) were secured by coking coal inventories of the Group with an aggregate carrying value of $Nil (31 December 2010: $182,707,200).

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

At 30 June 2011, bank and other loans amounting to $Nil (31 December 2010: $1,888,175) were secured by motor vehicles with an aggregate carrying value of $Nil (31 December 2010: $3,579,887).

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

19 DEFERRED INCOME

Deferred income represents the unfulfilled conditional government grants received, which will be subsequently recognised as revenue in the income statement to compensate the Group for expenses when incurred, and the unrecognised government grants relating to compensating the Group for the cost of assets.

20 INTEREST-BEARING BORROWINGS

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

The Senior Notes are guaranteed by the Group's existing subsidiaries other than those established/ incorporated under the laws of the PRC and Winsway Coking Coal (Macao Commercial Offshore) Limited as stated in the Company's offering memorandum on 1 April 2011 (the "Subsidiary Guarantor") (Note 23). 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.

21 TRADE AND OTHER PAYABLES

	Note	**At 30 June 2011** **$'000**	At 31 December 2010 $'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

21 TRADE AND OTHER PAYABLES *(CONTINUED)*

(i) As disclosed in note 15(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** **$'000**	At 31 December 2010 *$'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.

22 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

	2011 **$'000**	2010 *$'000*
Interim dividend declared on 22 August 2011 and paid after the interim period of 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.

22 CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(a) Dividends *(Continued)*

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

(b) Share capital

	At 30 June 2011	At 31 December 2010
	No. of shares	No. of shares
	'000	*'000*
Authorised:		
Ordinary shares	**4,000,000**	4,000,000

	At 30 June 2011	At 31 December 2010
	$'000	*$'000*
Issued and fully paid:		
Ordinary shares	**5,022,288**	5,014,339

(Expressed in Hong Kong dollars unless otherwise indicated)

22 CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(c) Equity settled share-based transactions

The Company has a share option scheme (the "Scheme") which was adopted on 30 June 2010 (the "Adoption Date") whereby the directors of the Company are authorised, at their direction, to invite employees of the Group including directors of any company of the Group, to take up options at $1 consideration to subscribe for shares of the Company. The options will vest every three months over a period of five years commencing from 1 April 2010 ("initial vesting date") in equal portions (5% each) on the first day of each three-month period after the initial vesting date and are exercisable from 1 April 2011 (12 months after the initial vesting date of 1 April 2010) until 30 June 2015 (a period of five years from the Adoption Date of 30 June 2010) at a fixed subscription price. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(i) The number of options granted to directors and management as at 30 June 2011 are 52,093,000 and 55,852,000 respectively, whereby all options are settled by physical delivery of shares.

(ii) The number and weighted average exercise prices of share options are as follows:

	Six months ended 30 June 2011	
	Weighted average exercise price	Number of options
Outstanding at 1 January	**$1.677**	107,945,000
Exercised during the period	**$1.677**	2,565,937
Outstanding at 30 June	**$1.677**	105,379,063
Exercisable at 30 June	**$1.677**	24,420,313

The options outstanding at 30 June 2011 had an exercise price of $1.677 per share and a weighted average remaining contractual life of 42 months.

23 CONTINGENCIES

Guarantee

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 (see note 20).

The guarantees will be released upon the full and final payment and performance of all obligations of the Company under the Senior Notes.

24 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the balances disclosed elsewhere in this interim financial report, the Group entered into the following material related party transactions during the six months ended 30 June 2011.

During the six months ended 30 June 2011, the Group entered into the following material related party transactions:

	Six months ended 30 June	
	2011	2010
	$'000	*$'000*
Purchase of agency service from related party	**—**	1,465
Sales of construction equipment to related party	**1,837**	—
Rental expense for lease of properties from related parties	**843**	—
Net repayments of advances from related parties	**—**	7
Net repayments of advances to related parties	**—**	566

The directors of the Company is of the opinion that the above related party transactions were conducted on normal commercial terms and in accordance with the agreements governing such transactions.

25 COMMITMENTS

(a) Capital commitments outstanding at 30 June 2011 not provided for in the interim financial report were as follows:

	At 30 June 2011 $'000	At 31 December 2010 $'000
Contracted for	**693,666**	540,757
Authorised but not contracted for	**2,410,673**	2,252,743
	3,104,339	2,793,500

Capital commitments of the Group are mainly for construction of property, plant and equipment including logistics parks (coal transportation and storage facilities) and coal processing facilities.

(b) At 30 June 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2011 $'000	At 31 December 2010 $'000
Within 1 year	**26,217**	18,548
After 1 year but within 5 years	**13,320**	24,009
	39,537	42,557

The Group leases buildings and others under operating leases. The leases typically run for an initial period of 1 to 4 years, with an option to renew when all terms are renegotiated. None of the leases includes contingent rentals.

26 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period the directors proposed an interim dividend. Further details are disclosed in note 22(a).

27 COMPARATIVE FIGURES

As disclosed in note 3(a), as a result of the change in presentation currency for the Group's preparation of its 2010 financial statements, the comparative information of this interim financial report has also been restated to reflect the change in presentation currency to Hong Kong dollars accordingly.

Review Report to the Board of Directors of Winsway Coking Coal Holdings Limited

(Incorporated in the British Virgin Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 27 to 55 which comprises the consolidated statement of financial position of Winsway Coking Coal Holdings Limited as at 30 June 2011 and the related consolidated income statement, the consolidated statement of comprehensive income and the statement of changes in equity and the condensed consolidated cash flow statement for the six months then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
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22 August 2011