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

2012 INTERIM REPORT

WINSWAY®

2012 Interim Report

Contents

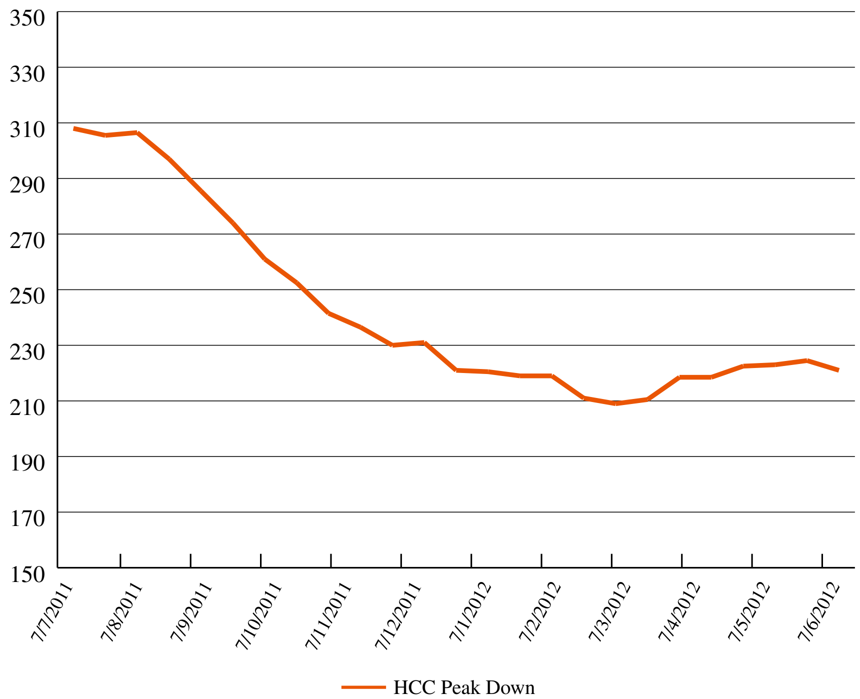
Management Discussion and Analysis of Financial Conditions and Operating Results

The following discussion and analysis should be read in conjunction with the unaudited interim financial report of Winsway Coking Coal Holdings Limited (the "Company" or "Winsway") and its subsidiaries (collectively, the "Group", "we" or "us") and the notes thereto. The Group's interim financial report has been prepared in accordance with International Accounting Standard 34.

I. EXECUTIVE OVERVIEW

The first half of 2012 has been a very challenging period for the Group. Not only did we have to cope with a softening economy domestically where steel makers were incurring massive losses, the overseas market was also suffering from anemic growth in both Japan and the US as well as a heightened and seemingly never-ending debt crisis in Europe. Given this unprecedented weak backdrop, our operations were severely tested both at Winsway and Grande Cache Coal ("GCC") level. As a result of our destocking process in a declining price environment, weak customer demand as well as one-off expenses associated with the acquisition of GCC and inventory provision, we recorded our first operational loss as a public company.

Coking Coal Price: FOB HCC Peak Down *(US$ per tonne)*



We had set out to execute three main strategies in 2012, in response to the operating results in the second half of 2011. The focal point of our operations in the first half was to increase liquidity by reducing our large inventory level, resulted mainly from a lack of railway transportation capacity in the second half of 2011 and because we took a directional view in the second half 2011 for seaborne coal. Strategically, we endeavored to forge close alliance with both state-owned competitors and upstream suppliers. Working more closely with upstream suppliers has been an on-going effort and is critical in mitigating potential price impact in the future as our back-to-back business model was not able to completely withstand the severe coal price volatility in the past year. We hope these efforts will be fruitful in the next few months as we continue to discuss these arrangements with various suppliers.

On 1 March 2012, the joint venture company established by the Group and Marubeni Corporation successfully completed the acquisition of GCC, a Canadian coal company. The deal marked the first and a landmark step towards vertical integration of the Group, securing reserves of low-volatility high-quality coking coal. GCC's operation has encountered some difficulties as well during the transitional period since the deal closed. As a mining company, its performance is highly correlated with the seaborne coking coal price and world-wide demand of its customers. Neither factor has been in its favor as many industry players slashed production and some large producers filed for bankruptcy in North America. The Group and Marubeni Corporation pooled together a substantial amount of human resources and efforts to further consolidate business activities of GCC by optimizing its production and workflow, team building, and improving appraisal and incentive mechanisms. Throughout the operational chain, multiple cost-cutting strategies are now in full swing. Cost control is on no account a short-term task; the Group and Marubeni Corporation are committed to sustained efforts to controlling costs and improving profitability.

In April, Aluminum Corporation of China Limited announced the intention to purchase 29.9% of the Company's issued shares, potentially becoming the single largest shareholder of the Group. We view this as an extremely positive step towards defusing competition with one of the most powerful SOEs in China who has made a serious commitment to the Mongolian resources space, particularly in our core business of coking coal. Both companies see tremendous operational synergies in the areas of trans-shipment infrastructure, coking coal processing, joint efforts in securing coking coal supplies and enhanced marketing and logistics ability, creating potential shareholder value over the long-run for both companies.

In the second half of the year, the Group will continue to aggressively reduce inventory levels and maintain healthy liquidity. At the same time, we will also build closer ties with state-owned enterprises and upstream mine owners to strengthen resilience against operational risks arising from market price fluctuations. We hope what we have done in the first half will put us in good stead to potentially profit from a market turnaround in the second half of 2012 and early 2013. At a minimum, it should help us stem any potential large losses if the market deteriorates further. We believe these measures will build a solid foundation for us going forward and are in the best interest of our shareholders.

FINANCIAL OVERVIEW

In the first half of 2012, our revenue was HK$6,614 million with total sales of 3.42 million tonnes of Mongolian coal, 1.83 million tonnes of seaborne coal, and 0.52 million tonnes of self produced coal. This year's revenue also includes the consolidation of GCC's revenue for the four months ended 30 June 2012.

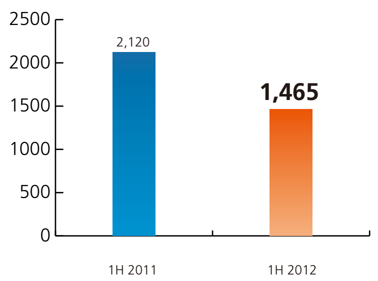
Due to the weakening demand of coking coal and the renegotiation of supply contracts with steel mills, Winsway's standalone revenue without factoring in GCC was HK$5,968 million for the first half of 2012. In total, we suffered a net loss of HK$544 million for the six months ended 30 June 2012 compared to a net profit of HK$811 million for the six months ended 30 June 2011. However, loss net of minority interests of the Group was HK$468 million. Major contributing factors include one-off inventory provision of HK$100 million, high-yield senior notes' interest expenses of roughly HK$168 million, GCC acquisition financing interest expenses of roughly HK$71 million, and HK$62 million one-off acquisition-related expenses.

In response to market uncertainties, the Group adopted the strategy of inventory reduction to improve our cash balance and fend off risks brought by potential further deterioration of the market. The aggregate sales including GCC for the first half of the year reached 5.77 million tonnes, representing a year-on-year 8.66% increase. Excluding GCC, Winsway's standalone inventory level dropped from approximately 4.6 million tonnes at the beginning of the year to approximately 3.0 million tonnes at the end of the period. Our current inventories are mainly comprised of Mongolian coal which bears a lower weighted average cost than seaborne coal. This resulted in a positive cash flow of approximately HK$1 billion in our operating activities. Upon paying the consideration for the acquisition of GCC, total cash of the Group amounted to HK$2.34 billion as at the end of the current period.

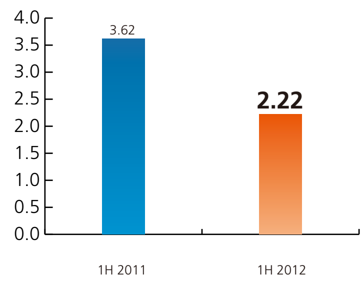
II. MONGOLIAN COAL PROCUREMENT

In the first half of 2012, we procured a total of 2.22 million tonnes of Mongolian coal, representing a 38.67% decrease in terms of Mongolian coal procurement over the same period last year. The reason for the decrease in procurement of Mongolian coal was due to the high inventory level carried over from the previous year. The Company's strategy since the beginning of this year was to procure less and sell more in order to maintain enough cash for the Group during this difficult time.

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



Mongolian Coal Procurement Volume *(MT)*



Top Mongolian Coal Suppliers

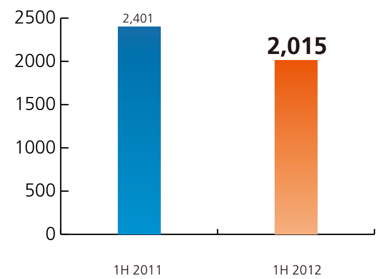
Suppliers	**Description**	**Amount** *(HK$' Million)*
Mongolian Mining Corporation	Coal	555
Moveday Enterprises Limited	Coal	314
MAK	Coal	202
SouthGobi Sands	Coal	147

Note: Coal purchased from Moveday was mined by Tavan Tolgoi Corporation.
Moveday also provided transportation service with a total value of HK$193 million for the six months ended 30 June 2012.
Our supplier base of Mongolian coal includes many of the major coking coal suppliers in Mongolia.

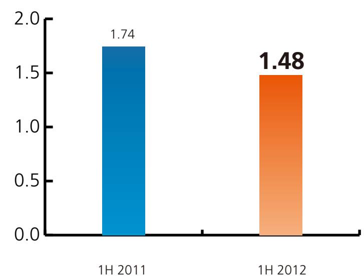
III. SEABORNE COAL PROCUREMENT

In the first half of 2012, our seaborne procurement volume was approximately 1.48 million tonnes, representing a 14.94% decrease over the first half of 2011 due to the Company's plan to sell off its high cost inventory carried over from the previous year as well as to procure less until inventory drops to a reasonable level. While our seaborne procurement has dropped, the Company still maintained its relationship with well-established coking coal suppliers around the world. The top 5 seaborne coal suppliers contributed procurement of HK$1,453 million, accounting for 72.11% of the total seaborne coal procurement during the first half of 2012 as compared to 63.6% attributable to the top 5 suppliers during the same period last year.

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



Seaborne Coal Procurement Volume *(MT)*



IV. PRODUCED COAL

For the four months ended 30 June 2012, the Group produced 832,000 tonnes of ROM (run-of-mine) coal, out of which 6,000 tonnes were thermal coal.

GCC's Production

Surface Mine	**Four months ended 30 June 2012** *(tonnes)*
Mine 8	
Raw Coal Mined - Metallurgical *(rom)*	669,000
Raw Coal Mined - Thermal *(rom)*	6,000

Underground Mine

Mine 12B2	
Raw Coal Mined - Metallurgical *(rom)*	157,000

GCC's Reserve and Resources

	Proven & probable ROM Reserves *(mt)*	Proven & Probable Saleable Reserves *(mt)*	Measured & Indicated resources *(mt)*	Inferred resources *(mt)*	Measured, Indicated & Inferred resources *(mt)*
Surface Mining Areas					
No. 2	19.0	13.5	68.8	7.0	75.8
No. 8	25.0	17.1	58.6	3.1	61.7
No. 12 South A	11.0	7.9	26.2	9.3	35.5
No. 12 South B2	—	—	3.6	0.5	4.1
No. 12 North	43.4	31.1	54.7	2.6	57.3
No. 16	29.3	21.4	76.2	22.0	98.2
Total Surface Mining Areas	127.7	91.0	288.1	44.5	332.6
Underground Areas					
No. 7 Underground	1.0	0.7	1.1	—	1.1
No. 12 South B2 Underground	8.2	5.8	11.6	0.7	12.3
Total Underground Areas	9.2	6.5	12.7	0.7	13.4
Grand Total	136.9	97.5	300.8	45.2	346.0

Source: Grande Cache Coal 2011 NI 43-101 Technical Report effective 31 March 2011. Coal resources are inclusive of coal reserves.

V. OUR CUSTOMERS

Even with the softening demand for coking coal, we continued to maintain our core steel mill customers throughout the northern and coastal regions of China. After the acquisition of GCC, our customer base has also expanded to include Canadian steel mills as well as additional Japanese customers. By having a producing asset with a readily available logistics network that is easily accessible to the seaborne market, we will be able to further expand our end customer base in the near future. Our top 5 customers accounted for 36.74% of the total sales for the six months ended 30 June 2012, whereas the percentage was 36.96% for the same period last year. In terms of sales, our top 5 end customers are as follows:

The Group's Top 5 Customers

Name	Location	Amount *(HK$' Million)*
Liu Steel	Guangxi	806
Sha Steel	Jiangsu	570
Shenhua Group	Beijing	415
Tangshan Jiahua	Hebei	399
China Gas	Inner Mongolia	240

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. 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 2012 were approximately HK$46.62 million, of which HK$23.31 million was borne by the Group.

VII. FINANCIAL REVIEW

a. Sales

Our sales revenue for the first half of 2012 including the four months ended 30 June 2012 for GCC was HK$6,614 million. Compared to Winsway's standalone sales revenue for the first half of 2011, our sales revenue decreased by 1.34%. The main reason for the lower Winsway's standalone sales revenue was in part due to weak demand and lower average selling price. GCC's sales revenue for the four months ended 30 June 2012 contributed 9.77% of our total sales revenue for the first half of 2012.

	Six months ended 30 June	
	2012	2011
	$'000	*$'000*
Procured Coal	**5,804,202**	6,307,843
Produced Coal	**756,924**	—
Others	**53,352**	396,800
	6,614,478	6,704,643

In the first half of 2012, we witnessed a significant decrease in coking coal prices globally due to weak steel demand and deteriorating macroeconomic conditions. As a result, the average selling price of our procured coal products decreased from HK$1,187 per tonne in the first half of 2011 to HK$1,105 per tonne in the first half of 2012. The decrease in price was more notable in the seaborne market where coking coal prices have dropped tremendously compared to the local Chinese coking coal prices.

Management Discussion and Analysis of
Financial Conditions and Operating Results (Continued)

Procured Coal

	Six months ended 30 June			
	2012		2011	
	Total sales volume	**Average selling price** ***(Per tonne)***	Total sales volume	Average selling price *(Per tonne)*
	(Tonnes)	***(HK$)***	*(Tonnes)*	*(HK$)*
Mongolian coal	3,421,250	939	3,852,016	1,001
Seaborne coal	1,832,269	1,415	1,461,995	1,676
Total	5,253,519	1,105	5,314,011	1,187

Produced Coal

For GCC's four months ended 30 June 2012, revenue was HK$741 million on sales volume of 0.52 million tonnes. The less than expected sales volume was caused by weak global coking coal demand as well as lower than expected raw coal production. The average selling price of metallurgical coal during the four-month period ended 30 June 2012 was HK$1,603 per tonne, reflecting the weak global demand.

b. Cost of Goods Sold ("COGS")

COGS in the first half of 2012 reached HK$6,522 million compared to HK$5,286 million in the first half of 2011. The increase in COGS was attributable to the consolidation of COGS from GCC as well as the sell-off of inventory with higher weighted average cost brought forward from the previous year.

For Winsway's procured coal business, the average purchase price of Mongolian coal increased by 12.82%, from HK$585 per tonne in the first half of 2011 to HK$660 per tonne in the first half of 2012, while the average purchase price for seaborne coal decreased by 1.38%, from HK$1,379 per tonne in the first half of 2011 to HK$1,360 per tonne in the first half of 2012. The increase in Mongolian coal purchase price was a result of the procurement of more clean coal instead of raw coal. The minimal decrease in average seaborne coal purchase price considering the weak coking coal spot price was a result of the procurement contracts signed in the previous year.

Procured Coal

	Six months ended 30 June			
	2012		2011	
	Total purchase volume	**Average purchase price**	Total purchase volume	Average purchase price
		(Per tonne)		*(Per tonne)*
	(Tonnes)	***(HK$)***	*(Tonnes)*	*(HK$)*
Mongolian coal	2,220,498	660	3,622,786	585
Seaborne coal	1,481,240	1,360	1,741,155	1,379
Total	3,701,738	940	5,363,941	843

Produced Coal

As for our coal production business, GCC's cost of sales, including depreciation, for the four months ended 30 June 2012, was HK$778 million. The unit cost of product sold during the four months ended 30 June 2012 was HK$1,086 per tonne. There were higher operating costs in the current year, including internal labour, external contractor services, supplies and consumables, diesel fuel and repair and maintenance costs for mining equipment, which contributed to the increase in the unit cost of product sold. GCC's unit distribution costs were HK$201 per tonne during the four-month period. During the four months ended 30 June 2012, GCC's depreciation totaled HK$115 million or HK$222 per tonne.

Produced Coal

	Four months ended 30 June 2012
	(HK$)
Average cost of sales *(HK$/tonne)*	
Cost of product sold	1,086
Distribution costs	201
Depreciation and depletion	222

c. Gross Profit

The gross profit for the first half of 2012 was HK$93 million compared to a gross profit of HK$1,418 million for the first half of 2011. This was a result of weak coking coal market and the sell-off of inventory with higher weighted average cost brought forward from the previous year.

d. Administrative Expenses

Administrative expenses for the first half of 2012 (including the four months ended 30 June 2012 for GCC) were HK$326 million. Administrative expenses as a percentage of our revenue increased to 4.94% in the first half of 2012 compared to Winsway's standalone figure of 3.18% in the first half of 2011. This was mainly due to the weak coking coal market and the addition of new employees from the acquisition of GCC. Excluding GCC, Winsway's standalone administrative expenses as a percentage of its own revenue amounted to 3.95%.

GCC's general and administrative expenses were HK$91 million. The administrative expenses for this period included transaction costs for restructuring as well as contractual payments due to change of control.

e. Net Finance Costs

Net finance costs increased from HK$61 million in the first half of 2011 to HK$272 million in the first half of 2012. The increase of net finance costs consists of the financing for the acquisition of GCC as well as interest on our senior notes. In February 2012, we entered into a facilities agreement with Minsheng Bank for a secured loan amounting to US$350 million. The facilities have a term of 35 months with an interest rate at 3-month LIBOR plus 4.5% per annum.

	Six months ended 30 June	
	2012	2011
	$'000	*$'000*
Interest income	**(34,205)**	(28,198)
Gains on repurchase of senior notes	**(55,601)**	—
Foreign exchange gain, net	**(54,830)**	(95,129)
Finance income	**(144,636)**	(123,327)
Interest on secured bank loans wholly repayable within five years	**136,137**	55,132
Interest on discounted bills	**85,649**	37,158
Interest on senior notes	**168,186**	79,920
Interest on finance lease obligations	**10,792**	—
Less: interest expense capitalised into construction in progress	**(6,693)**	(1,932)
Total interest expense	**394,071**	170,278
Bank charges	**16,109**	12,754
Net change in fair value of derivative financial instruments	**6,707**	870
Finance costs	**416,887**	183,902
Net finance costs	**272,251**	60,575

Management Discussion and Analysis of Financial Conditions and Operating Results (Continued)

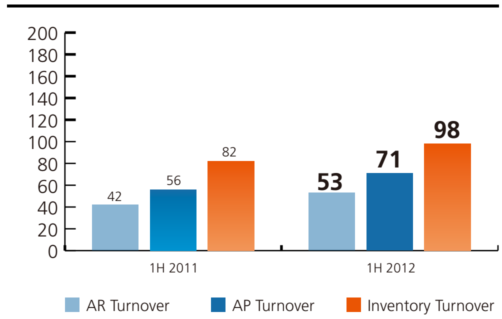
f. Net Loss/Profit and Loss/Earnings per Share

Net loss totaled HK$544 million in the first half of 2012 compared to a net profit of HK$811 million in the first half of 2011. This translates into a per tonne net loss of HK$94 in the first half of 2012 versus a net profit of HK$153 in the first half of 2011. Net loss per share amounted to HK$0.124 for the first half of 2012 compared to earnings per share of HK$0.212 for the first half of 2011.

g. Working Capital

Our accounts receivable turnover days, accounts payable turnover days and inventory turnover days for the first half of 2012 were 53 days, 71 days and 98 days, respectively. As a result, on average our cash conversion cycle was approximately 80 days as compared to 68 days from the first half of 2011.

Working Capital



h. Property, Plant and Equipment

The aggregate of fixed assets and construction in progress totaled HK$4,149 million at the end of June 2012, a 1.55 times increase over the end of December 2011. The dramatic increase in our fixed assets in the first six months of 2012 was a result of the acquisition of GCC.

i. Intangibles and Goodwill

Intangible assets accounted for HK$6,828 million for the first half of 2012, with mining rights of GCC representing HK$6,826 million or 99.97% of all intangible assets. The intangible assets consisted of eighteen mining licenses currently held by GCC .

Goodwill at the acquisition date arising from the acquisition has been recognised as follows:

	HK$'000
Total consideration transferred from the Group for the acquisition of GCC	5,713,325
Non-controlling interest	2,431,337
Fair value of net identifiable assets	(7,687,328)
Goodwill	457,334

The goodwill is attributable mainly to the synergies expected to be achieved from integrating GCC into the Group's existing coal business and the skills and technical talent of GCC's work force.

At the time the circular in respect of the acquisition of GCC (the "Circular") was published by the Company on 13 February 2012, goodwill and intangible assets of the "Enlarged Group" (being the Group as enlarged by GCC upon completion of the acquisition) were stated in the "Unaudited Pro Forma Financial Information of the Enlarged Group" set out in Appendix IV to the Circular to be HK$5,601 million and HK$229,000, respectively. The difference in goodwill and intangible assets set out in Appendix IV to the Circular as compared to the recognised goodwill and intangible assets as at 30 June 2012 was due to the fact that the acquisition contemplated in the Circular had not yet closed at the time when the Circular was published and the Company did not have full access to the financial and other information of GCC at that time to complete a purchase price allocation. As noted in Note (1) to Appendix IV to the Circular, the acquisition was to be accounted for as a business combination, and it was possible that the fair value of the identifiable assets and liabilities of GCC at the acquisition date might be substantially different from the net book value of GCC as at 30 September 2011, and the actual goodwill arising from the acquisition might be different from the goodwill estimated in Appendix IV to the Circular.

After the completion of the acquisition of GCC on 1 March 2012, the Company engaged Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("Jones Lang LaSalle") in May 2012 to conduct a valuation of the identifiable assets acquired and liabilities assumed at the acquisition date for the purpose of working out the purchase price allocation. The valuation was conducted with reference to the financial model prepared by the Company to reflect the business plans and the synergies generated in GCC after the acquisition date; the valuation report of John T. Boyd Company set out in Appendix VI to the Circular; and discussions with KPMG who prepared Part B of Appendix IV to the Circular. Jones Lang LaSalle issued the valuation report in July 2012 ("JLLS Valuation Report"). With reference to the JLLS Valuation Report, the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date as determined by the Directors is set out in note 9(b) to the interim financial report of the Company for the six months ended 30 June 2012 on page 55 of this interim report.

The difference in the amount of intangible assets between Appendix IV to the Circular and the interim financial report of the Company for the six months ended 30 June 2012 is mainly attributable to the fair value of mining rights as determined by the Directors with reference to the JLLS Valuation Report issued by Jones Lang LaSalle for the purpose of purchase price allocation while such valuation exercise was not done when Appendix IV to the Circular was prepared. In addition, the difference between the fair value of the identifiable assets and liabilities of GCC recognised in the interim financial report and the net book value of GCC as at 30 September 2011 (used in Appendix IV to the Circular to estimate the goodwill) accounts for the difference between the goodwill estimated in Appendix IV to the Circular and the actual goodwill recognised in the interim financial report set out in this interim report.

j. Deferred Tax Liabilities

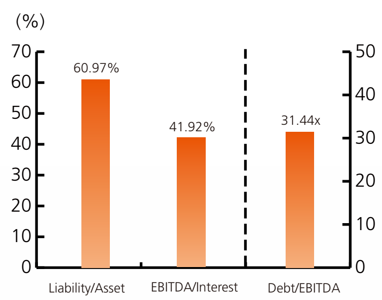
Deferred tax liabilities as at 30 June 2012 mainly represent the effect of fair value adjustment to the net identifiable assets of GCC arising from the Group's acquisition of GCC. Deferred tax liabilities of the Group totaled approximately HK$1,121 million as at 30 June 2012, as compared to approximately HK$290 million as disclosed in the "Unaudited Pro Forma Financial Information of the Enlarged Group" (i.e. combining the Company and GCC) set out in Appendix IV to the Circular.

For the purpose of and immediately upon the acquisition of GCC on 1 March 2012, the assets and liabilities of GCC underwent a re-structuring plan, pursuant to which Grande Cache Coal LP ("GCC LP"), a limited partnership directly held as to 60% by a wholly owned subsidiary of the Company and as to 40% by a wholly owned subsidiary of Marubeni Corporation, was established to own all assets and assume all liabilities of GCC, excluding deferred tax liabilities, as limited partnership structure is an income tax-free legal structure in Canada. Although GCC LP is not subject to Canadian corporate income tax, its immediate holding companies need to calculate and account for corporate income tax based on the operating results of GCC LP according to their respective interests in GCC LP. Accordingly, deferred tax liabilities are recognised in the interim financial report of the Company for the six months ended 30 June 2012 for any taxable temporary differences between the tax base of assets and liabilities and their carrying amounts (at fair value determined by the Directors with reference to the JLLS valuation Report) in the financial statements of GCC LP based on the Group's 60% equity holding in GCC LP. The deferred tax liabilities as disclosed in Appendix IV "Unaudited Pro Forma Financial Information of the Enlarged Group" in the Circular represented deferred tax liabilities of GCC as at 30 September 2011 for the temporary differences between the tax base and its carrying amount of property, plant and equipment and others. This accounts for the difference between the amount of deferred tax liabilities stated in Appendix IV to the Circular and the amount of deferred tax liabilities recognised in the interim financial report of the Company for the six months ended 30 June 2012.

k. Indebtedness and Liquidity

The total bank loans at the end of June 2012 amounted to HK$4,472 million, a 5.16 times increase over the figure at the end of December 2011. The majority of the increase was the result of the loan facilities we entered into with Minsheng Bank for the acquisition of GCC in February this year. The range of interest rates per annum for bank loans for the first half of 2012 was from 1.72% to 7.98%, while the range in the first half of 2011 was from 1.30% to 7.98%. The Group's gearing ratio as at 30 June 2012 was 60.97% (31 December 2011: 55.65%), 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 and interest are calculated on the basis of the figures of the last twelve months.

l. Contingent Liability

The Company's existing subsidiaries, other than those established/incorporated under the laws of the PRC, Winsway Coking Coal Holdings S.à.r.l., 0925165 B.C. Ltd., GCC and GCC LP, 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.

m. Pledge of Assets

At 30 June 2012, bank loans amounting to HK$139,910,000 (31 December 2011: HK$88,456,000) were secured by bank deposits placed in banks with an aggregate carrying value of HK$142,504,000 (31 December 2011: HK$91,887,000).

At 30 June 2012, bank loans amounting to HK$878,568,000 (31 December 2011: HK$547,799,000) were secured by trade and bills receivables with an aggregate carrying value of HK$950,877,000 (31 December 2011: HK$569,459,000).

At 30 June 2012, bank loans amounting to HK$65,015,000 (31 December 2011: HK$90,046,000) were secured by land use rights with an aggregate carrying value of HK$26,898,000 (31 December 2011: HK$83,855,000).

At 30 June 2012, bank loans amounting to HK$46,483,000 (31 December 2011: nil) were secured by coal inventories with an aggregate carrying value of HK$50,221,000 (31 December 2011: nil).

At 30 June 2012, bank loans amounting to HK$506,453,000 (31 December 2011: nil) were secured by coal inventories and bank deposits with an aggregate carrying value of HK$534,973,000 (31 December 2011: nil) and HK$65,979,000 (31 December 2011: nil) respectively.

At 30 June 2012, bank loans amounting to HK$2,835,554,000 (31 December 2011: nil) were secured by total assets of GCC LP with an aggregate carrying value of HK$10,222,030,000 (31 December 2011: nil).

n. Operating Cash Flow

Our operating cash flow in the first half of 2012 increased from HK$479 million in the first half of 2011 to HK$1,019 million primarily due to the reduction of our inventory from the previous year.

o. Capital Expenditure

Our capital expenditure excluding the acquisition of GCC in the first half of 2012 amounted to HK$272 million. Compared to HK$270 million in the first half of 2011, capital expenditure stayed relatively the same.

p. Financing Cash Flow

With proceeds from Minsheng Bank's loan facilities in February 2012, our financing cash flow was HK$5,385 million for the first half of 2012.

VIII. EXPOSURE TO EXCHANGE RATE FLUCTUATIONS

Over 77% of the Group's turnover in the first half of 2012 were denominated in RMB. The Group's cost of coal purchased, accounting for over 66% of the total cost of sales in the first half of 2012, 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 exchange rates may lead to an increase in the costs of the Group or a decline in sales, which could materially affect the Group's results of operations.

IX. INTERIM DIVIDEND

The board (the "Board") of directors ("Directors") of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2012.

X. HUMAN RESOURCES

Staff costs

	Six months ended 30 June	
	2012	2011
	$'000	*$'000*
Salaries, wages, bonus and other benefits	**357,738**	121,731
Contributions to defined contribution retirement plan	**6,334**	4,207
Share-based payment expenses	**14,933**	25,708
	379,005	151,646

The Group aims to set up a performance-oriented compensation and benefit system while balancing the internal and external market in each different position. Strictly following the PRC Labour Law, Canadian Labour Law and PRC Labour Contract Law, the Group signs formal employment contracts with employees and contributes to mandatory social insurances schemes. In addition, the Group purchases supplementary commercial insurance for 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.

XI. APPENDIX 16 TO THE LISTING RULES

According to paragraph 40 of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 significantly from the information disclosed in the Company's 2011 annual report.

Other Information

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

As at 30 June 2012, 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 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	1,852,484,109	49.10%
	Winsway Mongolian Transportation Pte. Ltd.	Beneficial owner	1	10%
Zhu Hongchan [(3)]	The Company	Personal interest	10,345,000	0.27%



Name of Directors	Name of corporation	Nature of interest	Aggregate number of Shares or underlying Shares	Approximate percentage of interest in the corporation
Cui Yong [2]	The Company	Personal interest and interest of controlled corporation	34,232,000	0.91%
Yasuhisa Yamamoto [4]	The Company	Personal Interest	8,469,000	0.22%
Apolonius Struijk [3]	The Company	Personal Interest	8,115,000	0.22%
Liu Qingchun	The Company	Personal interest and interest of spouse	179,000	0.005%
James Downing	The Company	Personal Interest	329,000	0.01%
George Jay Hambro	The Company	Personal Interest	129,000	0.003%

Note:

(1) Mr. Wang Xingchun ("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 208,106,421 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 to subscribe for 17,334,000 Shares under the Pre-IPO Option Scheme. On 23 April 2012, Winsway Resources Holdings Limited and Mr. Wang entered into a share sale and purchase agreement with Aluminum Corporation of China Limited (the "Investor"), pursuant to which the Investor has conditionally agreed to purchase and Winsway Resources Holdings Limited has conditionally agreed to sell 1,128,186,410 Shares representing approximately 29.9% of the issued Shares of the Company as at the date of execution of the agreement. For further details of this transaction, please refer to the announcement of the Company dated 23 April 2012. As at the latest practicable date prior to the printing of this interim report, this transaction has not yet been completed.

(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 to subscribe for 8,230,000 Shares under the Pre-IPO Option Scheme.

(3) Options to subscribe for 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 400,000 Shares and an option to subscribe for 8,069,000 Shares under the Pre-IPO Option Scheme.

Save as disclosed above, as at 30 June 2012, 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 section 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-BASED INCENTIVE PLANS

Pre-IPO Option Scheme

The Company adopted the Pre-IPO Option Scheme ("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 Option 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 to subscribe for 107,945,000 Shares were granted, representing approximately 2.86% 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 to subscribe for 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 2012 were as follows:

Grantee	Options held as at 1 January 2012	Options exercised during the period	Options lapsed / cancelled during the period	Options held as at 30 June 2012
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	53,106,463	14,800	—	53,091,663
Total	105,199,463	14,800	—	105,184,663

No further options to subscribe for Shares may be granted under the Pre-IPO Option Scheme after the Adoption Date.

Restricted Share Unit Scheme

Under the restricted share unit scheme ("RSU Scheme") approved and adopted by the shareholders in general meeting of the Company on 11 June 2012, the Company may grant restricted share unit awards ("RSU Awards") to directors (including executive directors, non-executive directors and independent non-executive directors), officers and full-time employees of the Company or any of its subsidiaries. An RSU Award gives a participant in the RSU Scheme a conditional right when the RSU Award vests to obtain either Shares (existing Shares in issue or new Shares to be issued by the Company) or an equivalent value in cash with reference to the value of the Shares on or about the date of vesting, as determined by the Board in its absolute discretion. The Board may determine the vesting criteria, conditions and the time when the RSU Awards will vest.

The purposes of the RSU Scheme are to retain and motivate its participants to make contributions to the long term growth and profits of the Group with a view to achieving the objective of increasing the value of the Group and to promote a greater alignment of interests between the participants and the shareholders of the Company. The Board will select participants to receive RSU Awards under the RSU scheme at its discretion.

During the six months ended 30 June 2012, no RSU Awards were granted by the Company under the RSU Scheme.

Save as disclosed above, at no time during the first six months ended 30 June 2012 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 2012, shareholders of the Company 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[1][4]	The Company	Personal interest and interest of controlled corporation	1,852,484,109	49.10%
Winsway Group Holdings Limited[2]	The Company	Interest of controlled corporation	1,835,150,109	48.64%
Winsway Petroleum Holdings Limited[3]	The Company	Interest of controlled corporation	208,106,421	5.52%
Winsway International Petroleum & Chemicals Limited	The Company	Beneficial owner	208,106,421	5.52%
Winsway Resources Holdings Limited	The Company	Beneficial owner	1,627,043,688	43.12%
Peabody Energy Corporation	The Company	Beneficial owner	193,363,378	5.12%
Aluminum Corporation of China[4]	The Company	Interest of controlled corporation	1,128,186,410	29.90%
Aluminum Corporation of China Limited[4]	The Company	Beneficial owner	1,128,186,410	29.90%

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 208,106,421 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 to subscribe for 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 208,106,421 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 208,106,421 Shares held by Winsway International Petroleum & Chemicals Limited.

(4) On 23 April 2012, Winsway Resources Holdings Limited and Mr. Wang entered into a share sale and purchase agreement with Aluminum Corporation of China Limited (the "Investor"), pursuant to which the Investor has conditionally agreed to purchase and Winsway Resources Holdings Limited has conditionally agreed to sell 1,128,186,410 Shares representing approximately 29.9% of the issued Shares of the Company as at the date of execution of the agreement. For further details of this transaction, please refer to the announcement of the Company dated 23 April 2012. As at the latest practicable date prior to the printing of this interim report, this transaction has not yet been completed.

Save as disclosed above, as of 30 June 2012, 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

During the six months ended 30 June 2012, the Company repurchased an aggregate of US$37,500,000 in principal amount of the senior notes issued in April 2011 on the Singapore Exchange Securities Trading Limited for a total consideration of US$29,808,000.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2012.

A general mandate to repurchase Shares of the Company was approved by the shareholders of the Company by way of resolution of members passed at the Company's annual general meeting held on 11 June 2012 (the "Repurchase Mandate"), authorizing the Directors to repurchase up to 377,319,869 Shares of the Company. For details of the Repurchase Mandate, please refer to the circular of the Company dated 25 April 2012.

EMPLOYEES AND REMUNERATION POLICIES

a. Employee Overview

As at 30 June 2012, there were 1,944 full-time employees in the Group (excluding 679 labour dispatch staff). GCC accounted for 706 of the full-time employees. Detailed categories of employees are as follows:

Functions	No. of Employee
Management, Administration & Finance	550
Front-line Production	744
Maintenance & Production Support	538
Others (incl. Projects, CP)	45
Sales and Marketing	67
Total	1,944

For the six months ended 30 June 2012, the staff costs (including Directors' remuneration in the form of salaries and other benefits) was approximately HK$379 million.

b. 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 2012, and accumulatively 1,307 employees were covered by these with 23,858 training hours in total.

The new staff orientation program covering introduction to the Group, rules and discipline, safety and operational guidelines counted for 3,880 training hours in the first half of 2012.

The Group has also sponsored an EMBA program for a selected number of management staff in the first half of 2012.

Training Courses	No. of training hours	No. of participants
Safety	11,241	3,941
Leadership	1,884	244
New Staff Orientation	3,880	3,109
Operation Excellence	6,853	709
Total	23,858	8,003

AUDIT COMMITTEE

The Company has established an audit committee in accordance with the requirements of the Listing Rules and the Corporate Governance Code ("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 2012 up to the date of this interim report, the audit committee has held 2 meetings. The members of audit committee have reviewed and discussed with the external auditors the Group's interim financial report for the six months ended 30 June 2012, and are of the opinion that such financial report has 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 four 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 2 meetings during the first six months ended 30 June 2012, 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.

CORPORATE GOVERNANCE CODE

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 in the CG Code set out in Appendix 14 to the Listing Rules.

Throughout the first half of 2012, 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 and the requirement that the chairman of the board should attend the annual general meeting under Code Provision E.1.2 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.

The Chairman of the Board was unable to attend the annual general meeting of the Company held on 11 June 2012 due to other business engagement. Mr. Yasuhisa Yamamoto, an executive Director, chaired the said meeting on his behalf and was available to answer questions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry of all the Directors, each Director confirmed that he/she has complied with the required standard set out in the Model Code throughout the first half of 2012.

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. Delbert Lee Lobb, Jr.
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

In July 2012, Mr. Ng Yuk Keung resigned as an executive director, the chief financial officer and the company secretary from China NT Pharma Group Company Limited (stock code: 1011), a company listed on the Hong Kong Stock Exchange. Mr. Ng is currently the chief financial officer of Kingsoft Corporation Limited (stock code: 3888), a company listed on the Hong Kong Stock Exchange.

Consolidated Income Statement

for the six months ended 30 June 2012 (unaudited)

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2012	2011
	Note	***$'000***	*$'000*
Turnover	4	**6,614,478**	6,704,643
Cost of sales		**(6,521,921)**	(5,286,271)
Gross profit		**92,557**	1,418,372
Other revenue		**22,246**	29,462
Distribution costs		**(166,762)**	(101,398)
Administrative expenses		**(326,474)**	(212,696)
Other operating expenses, net		**(9,947)**	(1,118)
(Loss)/profit from operating activities		**(388,380)**	1,132,622
Finance income	5(a)	**144,636**	123,327
Finance costs	5(a)	**(416,887)**	(183,902)
Net finance costs		**(272,251)**	(60,575)
Share of losses of a jointly controlled entity		**(23,311)**	(15,542)
(Loss)/profit before taxation	5	**(683,942)**	1,056,505
Income tax	6	**139,551**	(245,128)
(Loss)/profit for the period		**(544,391)**	811,377
Attributable to:			
Equity shareholders of the Company		**(467,753)**	814,182
Non-controlling interests		**(76,638)**	(2,805)
(Loss)/profit for the period		**(544,391)**	811,377
(Loss)/earnings per share *(HK$)*	7		
— Basic		**(0.124)**	0.215
— Diluted		**(0.124)**	0.212

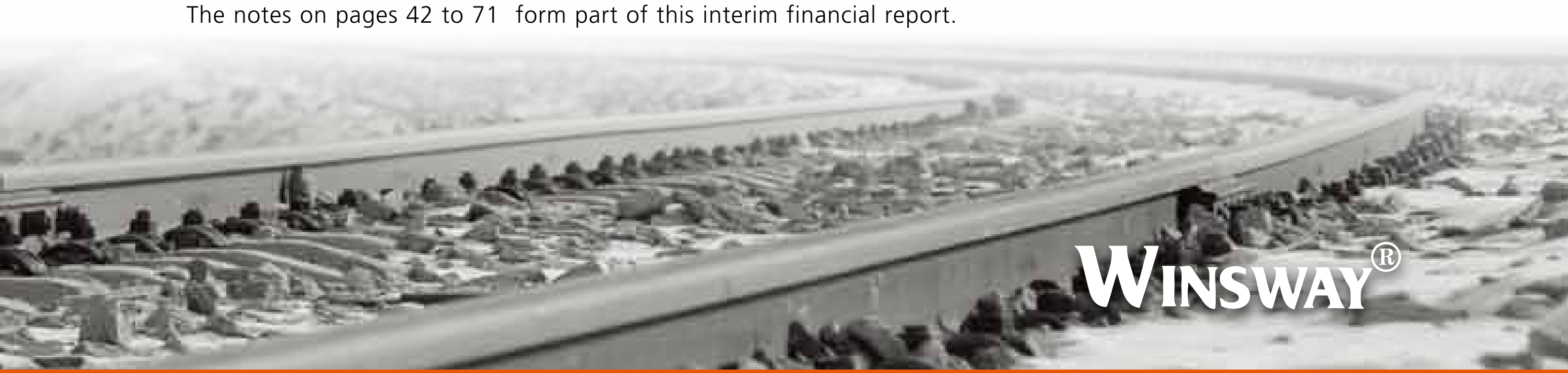
The notes on pages 42 to 71 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 26(a).

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2012 (unaudited)
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2012	2011
	$'000	*$'000*
(Loss)/profit for the period	**(544,391)**	811,377
Other comprehensive income for the period:		
Exchange differences arising on translation (net of income tax)	**15,608**	42,615
Total comprehensive income for the period	**(528,783)**	853,992
Attributable to:		
Equity shareholders of the Company	**(467,416)**	855,235
Non-controlling interests	**(61,367)**	(1,243)
Total comprehensive income for the period	**(528,783)**	853,992

The notes on pages 42 to 71 form part of this interim financial report.



Consolidated Statement of Financial Position

at 30 June 2012 (unaudited)
(Expressed in Hong Kong dollars)

	Note	**At 30 June 2012 *$'000***	At 31 December 2011 *$'000*
Non-current assets			
Property, plant and equipment, net	10	**3,785,397**	1,292,504
Construction in progress	11	**363,977**	335,326
Lease prepayments		**440,937**	361,342
Intangible assets	12	**6,828,194**	2,518
Goodwill	9	**459,973**	—
Interest in a jointly controlled entity	13	**336,071**	359,915
Other investments in equity securities		**393,620**	395,186
Other non-current assets	14	**295,257**	1,100,908
Deferred tax assets		**241,894**	77,194
Total non-current assets		**13,145,320**	3,924,893
Current assets			
Inventories	15	**3,155,681**	3,935,871
Trade and other receivables	16	**3,753,056**	3,807,561
Assets held for sale	8	**23,185**	—
Trading securities		**—**	3,183
Restricted bank deposits	17	**1,534,188**	1,590,504
Cash and cash equivalents	18	**2,339,978**	3,137,752
Total current assets		**10,806,088**	12,474,871

The notes on pages 42 to 71 form part of this interim financial report.

Consolidated Statement of Financial Position (Continued)
at 30 June 2012 (unaudited)
(Expressed in Hong Kong dollars)

	Note	**At 30 June 2012 $'000**	At 31 December 2011 $'000
Current liabilities			
Secured bank loans	19	**2,191,997**	660,925
Trade and other payables	20	**4,564,863**	4,316,503
Finance lease obligations	21	**121,867**	—
Income tax payable		**80,470**	171,988
Liabilities held for sale	8	**63**	—
Total current liabilities		**6,959,260**	5,149,416
Net current assets		**3,846,828**	7,325,455
Total assets less current liabilities		**16,992,148**	11,250,348
Non-current liabilities			
Secured bank loans	19	**2,279,986**	65,376
Senior notes	22	**3,515,506**	3,797,772
Deferred income	23	**159,621**	114,079
Finance lease obligations	21	**362,890**	—
Deferred tax liabilities	24	**1,120,505**	—
Provisions	25	**205,134**	—
Total non-current liabilities		**7,643,642**	3,977,227
NET ASSETS		**9,348,506**	7,273,121
CAPITAL AND RESERVES			
Share capital	26	**4,992,337**	4,992,291
Reserves		**1,725,769**	2,238,644
Total equity attributable to equity shareholders of the Company		**6,718,106**	7,230,935
Non-controlling interests		**2,630,400**	42,186
TOTAL EQUITY		**9,348,506**	7,273,121

The notes on pages 42 to 71 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2012 (unaudited)

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company						Non-	
	Share capital	Statutory reserve	Other reserve	Exchange reserve	Retained earnings	Total	controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	(Note 26(b))		(Note 26(c))					
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 42 to 71 form part of this interim financial report.

Consolidated Statement of Changes in Equity (Continued)
for the six months ended 30 June 2012 (unaudited)
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company							
	Share capital	**Statutory reserve**	**Other reserve**	**Exchange reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
	(Note 26(b))		*(Note 26(c))*					
Balance at 1 July 2011	5,022,288	217,992	71,221	92,785	1,718,565	7,122,851	78,204	7,201,055
Contribution from non-controlling interests	—	—	—	—	—	—	6,117	6,117
Exercise of share options granted under share option scheme	556	—	(255)	—	—	301	—	301
Purchase of non-controlling interests	—	—	(3,504)	—	—	(3,504)	(46,784)	(50,288)
Dividends declared and paid to the equity shareholders of the Company	—	—	—	—	(200,923)	(200,923)	—	(200,923)
Repurchase of own shares	(30,553)	—	—	—	—	(30,553)	—	(30,553)
Equity settled share-based transactions	—	—	18,403	—	—	18,403	—	18,403
Total comprehensive income for the period	—	—	—	87,539	236,821	324,360	4,649	329,009
Appropriation to statutory reserve	—	96,272	—	—	(96,272)	—	—	—
Balance at 31 December 2011	4,992,291	314,264	85,865	180,324	1,658,191	7,230,935	42,186	7,273,121

The notes on pages 42 to 71 form part of this interim financial report.

Consolidated Statement of Changes in Equity (Continued)

for the six months ended 30 June 2012 (unaudited)
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company						Non-	
	Share capital	Statutory reserve	Other reserve	Exchange reserve	Retained earnings	Total	controlling interests	Total equity
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
	(Note 26(b))		*(Note 26(c))*					
Balance at 1 January 2012	4,992,291	314,264	85,865	180,324	1,658,191	7,230,935	42,186	7,273,121
Exercise of share options granted under share option scheme	46	—	(21)	—	—	25	—	25
Contribution from non-controlling interests	—	—	—	—	—	—	2,649,581	2,649,581
Dividends declared and paid to the equity shareholders of the Company	—	—	—	—	(60,371)	(60,371)	—	(60,371)
Equity settled share-based transactions	—	—	14,933	—	—	14,933	—	14,933
Total comprehensive income for the period	—	—	—	337	(467,753)	(467,416)	(61,367)	(528,783)
Balance at 30 June 2012	4,992,337	314,264	100,777	180,661	1,130,067	6,718,106	2,630,400	9,348,506

The notes on pages 42 to 71 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2012 (unaudited)
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2012	2011
	Note	***$'000***	*$'000*
Cash generated from operating activities		**1,141,652**	687,074
Income tax paid		**(122,708)**	(208,565)
Net cash generated from operating activities		**1,018,944**	478,509
Net cash used in investing activities		**(7,197,487)**	(680,747)
Net cash generated from financing activities		**5,385,109**	2,993,336
Net (decrease)/increase in cash and cash equivalents		**(793,434)**	2,791,098
Cash and cash equivalents at 1 January		**3,137,752**	2,894,421
Effect of foreign exchange rate changes		**(4,340)**	77,638
Cash and cash equivalents at 30 June	18	**2,339,978**	5,763,157

The notes on pages 42 to 71 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

Winsway Coking Coal Holdings Limited ("the Company") was incorporated in the British Virgin Islands ("BVI") on 17 September 2007 with limited liability under the Business Companies Act of the British Virgin Islands (2004). The Company and its subsidiaries (together referred to as the "Group") are principally engaged in the processing and trading of coking coal and related products, development of coal mills and production of coking coal, rendering of logistics services 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 2012 comprise the Company and its subsidiaries.

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 20 August 2012.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2011 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2012 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 2011 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 72.

The financial information relating to the financial year ended 31 December 2011 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 2011 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 26 March 2012.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued certain amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the amendments to IFRS 7, Financial instruments: Disclosures — Transfers of financial assets, is relevant to the Group's financial statements. The amendments to IFRS 7 require certain disclosures to be included in the annual financial statements in respect of all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset existing at the reporting date, irrespective of when the related transfer transaction occurred. However, an entity needs not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

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

Notes to the Unaudited Interim Financial Report (Continued)
(Expressed in Hong Kong dollars unless otherwise indicated)

4 TURNOVER AND SEGMENT REPORTING

(i) Turnover

The Group is principally engaged in the processing and trading of coking coal and related products, the sale and production of coking coal from coal mills operated by the Group, and the rendering of logistics services. Turnover represents the sales value of goods sold, net of value added tax and other sales taxes and is after any trade discounts, and revenue from rendering of logistics services. The amount of each significant category of revenue recognised in turnover during the period is as follows:

	Six months ended 30 June	
	2012	2011
	$'000	*$'000*
Coking coal	**6,271,902**	5,921,148
Thermal coal	**81,992**	—
Coke	**26,536**	379,816
Coal related products	**207,232**	386,695
Rendering of logistics services	**21,751**	—
Others	**5,065**	16,984
	6,614,478	6,704,643

4 TURNOVER AND SEGMENT REPORTING *(CONTINUED)*

(ii) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

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

- Development of coal mills and production of coking coal: this segment acquires, explores and develops coal mills and produces coal from the mills. The Group acquired the equity interest in a jointly controlled entity developing coal mills (Note 13) and commenced its business in this segment during the year ended 31 December 2010. On 1 March 2012, the Group acquired Grande Cache Coal Corporation ("GCC"), a Canadian company developing coal mills and producing coking coal and related products from the mills (Note 9).

- Logistics services: this segment constructs, manages and operates logistics parks and generates income from rendering of logistics services to external customers within the PRC.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, intangible assets, goodwill and current assets with the exception of 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 TURNOVER AND SEGMENT REPORTING *(CONTINUED)*

(ii) Segment reporting *(Continued)*

(a) Segment results, assets and liabilities

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 2012 is set out below.

For the six months ended 30 June

	Processing and trading of coking coal and related products		Development of coal mills and production of coking coal		Logistics services		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Reportable segment revenue	**5,946,942**	6,704,643	**740,675**	—	**27,619**	—	**6,715,236**	6,704,643
Reportable segment (loss)/profit (adjusted EBITDA)	**(206,673)**	1,163,966	**(20,702)**	(15,542)	**5,448**	—	**(221,927)**	1,148,424
Interest income	**33,303**	28,198	**813**	—	**89**	—	**34,205**	28,198
Interest expense	**(308,919)**	(170,278)	**(83,055)**	—	**(2,097)**	—	**(394,071)**	(170,278)
Depreciation and amortisation for the period	**(53,327)**	(31,344)	**(127,875)**	—	**(7,405)**	—	**(188,607)**	(31,344)
Additions to non-current segment assets during the period	**181,311**	612,408	**9,819,754**	15,964	**24,610**	—	**10,025,675**	628,372

4 TURNOVER AND SEGMENT REPORTING *(CONTINUED)*

(ii) Segment reporting *(Continued)*

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

	Processing and trading of coking coal and related products		Development of coal mills and production of coking coal		Logistics services		Total	
	At 30 June 2012	At 31 December 2011	**At 30 June 2012**	At 31 December 2011	**At 30 June 2012**	At 31 December 2011	**At 30 June 2012**	At 31 December 2011
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Reportable segment assets	**12,433,356**	15,584,648	**11,018,073**	359,915	**617,879**	516,320	**24,069,308**	16,460,883
Reportable segment liabilities	**9,611,608**	8,804,142	**3,744,615**	—	**405,498**	288,826	**13,761,721**	9,092,968

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

For the six months ended 30 June

	2012	2011
	$'000	*$'000*
Revenue		
Reportable segment revenue	**6,715,236**	6,704,643
Elimination of inter-segment transactions	**(100,758)**	—
Consolidated turnover	**6,614,478**	6,704,643
(Loss)/profit		
Reportable segment (loss)/profit	**(221,927)**	1,148,424
Elimination of inter-segment profits	**(1,157)**	—
Depreciation and amortisation	**(188,607)**	(31,344)
Net finance costs	**(272,251)**	(60,575)
Consolidated (loss)/profit before taxation	**(683,942)**	1,056,505

Notes to the Unaudited Interim Financial Report (Continued)
(Expressed in Hong Kong dollars unless otherwise indicated)

4 TURNOVER AND SEGMENT REPORTING *(CONTINUED)*

(ii) Segment reporting *(Continued)*

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

	At 30 June 2012 *$'000*	At 31 December 2011 *$'000*
Assets		
Reportable segment assets	**24,069,308**	16,460,883
Deferred tax assets	**241,894**	77,194
Elimination of inter-segment receivables	**(359,794)**	(138,313)
Consolidated total assets	**23,951,408**	16,399,764
Liabilities		
Reportable segment liabilities	**13,761,721**	9,092,968
Current income tax liabilities	**80,470**	171,988
Deferred tax liabilities	**1,120,505**	—
Elimination of inter-segment payables	**(359,794)**	(138,313)
Consolidated total liabilities	**14,602,902**	9,126,643

4 TURNOVER AND SEGMENT REPORTING *(CONTINUED)*

(ii) 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	
	2012	2011
	$'000	*$'000*
The PRC (including Hong Kong and Macau)	**5,794,981**	5,492,587
Canada	**646,346**	—
Mongolia	**252**	11,343
Other countries	**172,899**	1,200,713
	6,614,478	6,704,643

	Specified non-current assets	
	At 30 June	At 31 December
	2012	2011
	$'000	*$'000*
The PRC (including Hong Kong and Macau)	**2,523,598**	2,456,771
Canada	**9,793,105**	779,231
Mongolia	**336,071**	359,915
Other countries	**250,652**	251,782
	12,903,426	3,847,699

Notes to the Unaudited Interim Financial Report (Continued)
(Expressed in Hong Kong dollars unless otherwise indicated)

5 (LOSS)/PROFIT BEFORE TAXATION

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

(a) Net finance costs

	Six months ended 30 June	
	2012	2011
	$'000	*$'000*
Interest income	**(34,205)**	(28,198)
Gains on repurchase of senior notes *(see Note 22)*	**(55,601)**	—
Foreign exchange gain, net	**(54,830)**	(95,129)
Finance income	**(144,636)**	(123,327)
Interest on secured bank loans wholly repayable within five years	**136,137**	55,132
Interest on discounted bills	**85,649**	37,158
Interest on senior notes *(see Note 22)*	**168,186**	79,920
Interest on finance lease obligations	**10,792**	—
Less: interest expense capitalised into construction in progress	**(6,693)**	(1,932)
Total interest expense	**394,071**	170,278
Bank charges	**16,109**	12,754
Net change in fair value of derivative financial instruments	**6,707**	870
Finance costs	**416,887**	183,902
Net finance costs	**272,251**	60,575

5 (LOSS)/PROFIT BEFORE TAXATION *(CONTINUED)*

(b) Staff costs

	Six months ended 30 June	
	2012	2011
	$'000	*$'000*
Salaries, wages, bonus and other benefits	**357,738**	121,731
Contributions to defined contribution retirement plan	**6,334**	4,207
Share-based payment expenses	**14,933**	25,708
	379,005	151,646

(c) Other items

	Six months ended 30 June	
	2012	2011
	$'000	*$'000*
Government grants	**20,036**	29,462
Amortisation		
— leased assets	**4,104**	2,263
— intangible assets	**40,174**	12
Depreciation	**144,329**	29,069
Operating lease charges, mainly relating to buildings	**20,734**	12,137
Cost of inventories	**6,521,921**	5,286,271

Cost of inventories includes $218,871,000 (six months ended 30 June 2011: $24,229,000) and $143,735,000 (six months ended 30 June 2011: $19,424,000) for the six months ended 30 June 2012 relating to staff costs and depreciation which amount is also included in the respective total amount disclosed separately above or in Note 5(b) for each type of these expenses.

Notes to the Unaudited Interim Financial Report (Continued)
(Expressed in Hong Kong dollars unless otherwise indicated)

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

	Six months ended 30 June	
	2012	2011
	$'000	*$'000*
Current tax — Hong Kong Profits Tax		
Provision for the period	**—**	—
Current tax — Outside of Hong Kong		
Provision for the period	**30,070**	242,059
Deferred tax		
Origination and reversal of temporary differences	**(169,621)**	3,069
	(139,551)	245,128

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

The provision for PRC current income tax is based on a statutory rate of 25% (2011: 25%) of the assessable profit as determined in accordance with the relevant income tax rules and regulations of the PRC.

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

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

7 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss per share for the six months ended 30 June 2012 is based on the loss attributable to equity shareholders of the Company of $467,753,000 (six months ended 30 June 2011: profit of $814,182,000) and the weighted average of 3,773,199,000 ordinary shares (six months ended 30 June 2011: 3,789,488,575 shares) in issue during the six months ended 30 June 2012.

(b) Diluted (loss)/earnings per share

For the six month ended 30 June 2012, basic and diluted loss per share are the same as the effect of the potential ordinary shares outstanding is anti-dilutive. For the six months ended 30 June 2011, the diluted earnings per share was based on the profit attributable to equity shareholders of the Company of $814,182,000 and the weighted average of 3,837,920,399 shares in issue during the six months ended 30 June 2011.

8 DISPOSAL GROUP HELD FOR SALE

Certain assets together with relevant liabilities of the Group within the processing and trading of coking coal and related products segment are presented as a disposal group held for sale following the commitment of the Group's management in June 2012 to a plan to sell the disposal group to a third party. Efforts to sell the disposal group have commenced, and a sale is expected to happen in the second half of 2012.

As at 30 June 2012, the disposal group comprised assets of $23,185,000 less liabilities of $63,000 detailed as follows:

	$'000
Property, plant and equipment	316
Construction in progress	1,981
Lease prepayment	20,888
Trade and other payables	(63)
	23,122

8 DISPOSAL GROUP HELD FOR SALE *(CONTINUED)*

No impairment loss on the carrying amount of the disposal group has been recognised in the consolidated income statement as the fair value less costs to sell is higher than the carrying amount.

There is no cumulative income or expenses recognised in other comprehensive income relating to the disposal group.

9 ACQUISITION OF A SUBSIDIARY

On 1 March 2012, the Group obtained control of GCC, by acquiring the entire issued share capital of GCC for Canadian dollars ("CA$") 10 per share in cash through a joint venture in which the Group and Marubeni Corporation hold 60% and 40% equity interests respectively.

The acquisition of GCC in partnership with Marubeni is the first major step in the vertical integration of the Group, securing high-quality coal reserves with low ash content and volatility. The acquisition also complements the core business of the Group as an integrated coking coal supplier.

For the four months from 1 March 2012 to 30 June 2012, GCC contributed turnover of $740,675,000 and a loss of $157,171,000 to the Group's results. Management estimates that if the acquisition had occurred on 1 January 2012, then consolidated turnover would have been $7,052,056,000 and consolidated loss for the period would have been $565,189,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2012.

(a) Consideration transferred

The total consideration of the acquisition of GCC of $7,703,694,000 was satisfied in cash. The consideration was settled by the Group's cash at bank and in hand of $2,985,554,000, a bank loan of US$350,000,000 (equivalent to $2,727,771,000), and cash from Marubeni Corporation as contribution from non-controlling interest of $1,990,369,000.

9 ACQUISITION OF A SUBSIDIARY *(CONTINUED)*

(b) Identifiable assets acquired and liabilities assumed

The following summarises the recognised amount of assets acquired and liabilities assumed at the acquisition date:

	Fair value
	$'000
Property, plant and equipment	2,451,378
Construction in progress	19,588
Intangible assets	6,826,461
Inventories	347,905
Trade and other receivables	168,220
Restricted bank deposits	157,233
Cash and cash equivalents	171,287
Trade and other payables	(655,044)
Finance lease obligations	(522,038)
Provisions	(158,875)
Deferred tax liabilities*	(1,118,787)
Total net identifiable assets	7,687,328

The fair value of the identifiable assets acquired and liabilities assumed at the acquisition date was determined by the Directors with reference to a valuation report issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

* For the purpose of and immediately upon the acquisition of GCC on 1 March 2012, the assets and liabilities of GCC underwent a re-structuring plan, pursuant to which Grande Cache Coal LP ("GCC LP"), a limited partnership directly held as to 60% by a wholly owned subsidiary of the Company and as to 40% by a wholly owned subsidiary of Marubeni Corporation, was established to own all assets and assume all liabilities of GCC, excluding deferred tax liabilities, as limited partnership structure is an income tax-free legal structure in Canada. Although GCC LP is not subject to Canadian corporate income tax, its immediate holding companies need to calculate and account for corporate income tax based on the operating results of GCC LP according to their respective interests in GCC LP. Accordingly, deferred tax liabilities are recognised by the Group for any taxable temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements of GCC LP based on the Group's 60% equity holding in GCC LP.

9 ACQUISITION OF A SUBSIDIARY *(CONTINUED)*

(c) Goodwill

Goodwill at the acquisition date arising from the acquisition has been recognised as follows:

	$'000
Total consideration transferred from the Group for the acquisition of GCC	5,713,325
Non-controlling interest*	2,431,337
Fair value of net identifiable assets	(7,687,328)
Goodwill	457,334

* Non-controlling interest is measured at proportionate interests of identifiable assets and liabilities of GCC LP after deducting the bank loan of US$350 million (equivalent to $2,727,771,000) which was obtained to finance the acquisition and assumed by GCC LP immediately after the completion of the acquisition.

The goodwill is attributable mainly to the synergies expected to be achieved from integrating GCC into the Group's existing coal business and the skills and technical talent of GCC's work force. None of the goodwill recognised is expected to be deductible for tax purposes.

(d) Acquisition-related costs

The Group incurred acquisition related costs of $62,042,000 relating to external legal fees and due diligence costs. These amounts have been included in Administrative expenses in the consolidated income statement.

(e) Analysis of net cash outflow of the acquisition of GCC

	$'000
Cash consideration from the Group	5,713,325
Cash from Marubeni Corporation as contribution from non-controlling interest	1,990,369
Less: acquisition deposits paid by the Group in prior year	(779,231)
Less: cash and cash equivalents acquired	(171,287)
Net cash outflow	6,753,176

10 PROPERTY, PLANT AND EQUIPMENT, NET

(a) Acquisitions and disposals

During the six months ended 30 June 2012, the Group added property, plant and equipment of $2,484,883,000 through acquisition of a subsidiary (see Note 9) and other additions of $33,505,000 (six months ended 30 June 2011: $35,046,000). Items of property, plant and equipment with a net book value of $6,362,000 were disposed of during the six months ended 30 June 2012 (six months ended 30 June 2011: $727,000), resulting in a loss on disposal of $2,191,000 (six months ended 30 June 2011: gain on disposal of $360,000).

(b) Transfer from construction in progress

During the six months ended 30 June 2012, construction in progress with a cost of $105,822,000 (six months ended 30 June 2011: $155,110,000) were transferred into property, plant and equipment.

(c) As at 30 June 2012, property ownership certificates of certain properties of the Group with an aggregate net book value of $149,967,000 (31 December 2011: $193,656,000) are yet to be obtained.

11 CONSTRUCTION IN PROGRESS

Construction in progress mainly represented the construction of the ancillary facilities for coal processing plants at Jining, Longkou and Urad Zhongqi and the construction of railway transportation logistics centres in Inner Mongolia as at 30 June 2012. During the six months ended 30 June 2012, construction in progress had an addition of $150,069,000 (including addition through acquisition of a subsidiary, see Note 9) (six months ended 30 June 2011: $326,962,000).

12 INTANGIBLE ASSETS

Intangible assets mainly represent the mining rights assumed by the Group arising from the acquisition of GCC (see Note 9).

13 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.

The Group has shared a loss from the investment in the jointly controlled entity of $23,311,000 (six month ended 30 June 2011: $15,542,000) during the period.

14 OTHER NON-CURRENT ASSETS

Other non-current assets mainly represent a loan to a third party company (also see Note 16) and advance payments for equipment purchase and construction in progress.

15 INVENTORIES

	At 30 June 2012 **\$'000**	At 31 December 2011 *\$'000*
Coking coal	**3,030,807**	3,802,928
Thermal coal	**30,089**	94,929
Coal related products	**90,058**	24,512
Materials	**75,435**	—
Others	**29,236**	28,267
	3,255,625	3,950,636
Less: provision	**(99,944)**	(14,765)
	3,155,681	3,935,871

15 INVENTORIES *(CONTINUED)*

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	
	2012	2011
	$'000	*$'000*
Carrying amount of inventories sold	**6,421,977**	5,286,271
Write down of inventories	**99,944**	—
	6,521,921	5,286,271

16 TRADE AND OTHER RECEIVABLES

	At 30 June	At 31 December
	2012	2011
	$'000	*$'000*
Trade receivables	**1,154,528**	1,266,483
Bills receivable	**707,138**	772,877
Receivables from import agents	**981,499**	1,017,350
Amounts due from related parties	**736**	740
Prepayments to suppliers*	**430,961**	400,019
Loan to a third party company*	**62,058**	62,152
Deposits and other receivables	**416,136**	287,940
	3,753,056	3,807,561

16 TRADE AND OTHER RECEIVABLES *(CONTINUED)*

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

The Group and Moveday entered into agreements that Moveday purchases coking coal from Mongolian coking coal suppliers at mine mouth and sells such coking coal entirely to the Group at the PRC border at a price on a delivered at place (DAP) basis. Accordingly, during the six months ended 30 June 2012, the Group has purchased coking coal of HK$314 million (six months ended 30 June 2011: HK$898 million) from Moveday. In addition to the above, the Group incurred transportation expenses of HK$193 million (six months ended 30 June 2011: HK$170 million) for coking coal transportation services provided by Moveday during the six months ended 30 June 2012. As at 30 June 2012, as included in prepayments to suppliers, the Group made a prepayment of HK$56 million (31 December 2011: HK$127 million) to Moveday in respect of its purchase of coking coal from the coking coal supplier for the Group.

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

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

At 30 June 2012, trade and bills receivables of the Group of $950,877,000 (31 December 2011: $569,459,000) were pledged as collateral for the Group's borrowings.

At 30 June 2012, trade and bills receivables of the Group of $4,268,444,000 (31 December 2011: $2,312,236,000) 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.

16 TRADE AND OTHER RECEIVABLES *(CONTINUED)*

(a) Ageing analysis

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

	At 30 June 2012 *$'000*	At 31 December 2011 *$'000*
Current	**2,598,511**	3,004,698
Less than 3 months past due	**235,017**	37,877
More than 3 months but less than 12 months past due	**7,854**	14,135
More than 12 months past due	**1,783**	—
	2,843,165	3,056,710

(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 2012.

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

17 RESTRICTED BANK DEPOSITS

The Group pledged bank deposits with maturity of more than three months of $1,534,188,000 (31 December 2011: $1,590,504,000) as at 30 June 2012 as collateral for the Group's borrowings and banking facilities in respect of issuance of bills and letters of credit by the Group.

Notes to the Unaudited Interim Financial Report (Continued)
(Expressed in Hong Kong dollars unless otherwise indicated)

18 CASH AND CASH EQUIVALENTS

	At 30 June 2012 **$'000**	At 31 December 2011 *$'000*
Cash at bank and in hand	**2,339,978**	3,137,752

At 30 June 2012, cash and cash equivalents of $784,630,000 (31 December 2011: $1,056,555,000) was held by the entities of the Group in form of Renminbi ("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.

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 2012 **$'000**	At 31 December 2011 *$'000*
United States dollars	**15,668**	18,121
RMB	**696,929**	2,003,030
Euro	**62**	19
Macau Pataca ("MOP$")	**—**	227
HK$	**22,323**	18,951
Singapore dollars	**2,319**	1,702
CA$	**15,889**	—

19 SECURED BANK LOANS

(a) The secured bank loans comprise:

	At 30 June 2012 **$'000**	At 31 December 2011 *$'000*
Short-term loans and current portion of long-term loans	**2,191,997**	660,925
Long-term loans	**2,279,986**	65,376
	4,471,983	726,301

The interest rates per annum of bank loans were:

	At 30 June 2012	At 31 December 2011
Short-term loans and current portion of long-term loans	**1.72%-7.61%**	1.25%-6.65%
Long-term loans	**4.96%-7.98%**	8.28%

19 SECURED BANK LOANS *(CONTINUED)*

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

	At 30 June 2012 *$'000*	At 31 December 2011 *$'000*
Within 1 year	**2,191,997**	660,925
After 1 year but within 2 years	**775,730**	—
After 2 years but within 5 years	**1,504,256**	65,376
	4,471,983	726,301

At 30 June 2012, bank loans amounting to $139,910,000 (31 December 2011: $88,456,000) were secured by bank deposits placed in banks with an aggregate carrying value of $142,504,000 (31 December 2011: $91,887,000).

At 30 June 2012, bank loans amounting to $878,568,000 (31 December 2011: $547,799,000) were secured by trade and bills receivables with an aggregate carrying value of $950,877,000 (31 December 2011: $569,459,000).

At 30 June 2012, bank loans amounting to $65,015,000 (31 December 2011: $90,046,000) were secured by land use rights with an aggregate carrying value of $26,898,000 (31 December 2011: $83,855,000).

At 30 June 2012, bank loans amounting to $46,483,000 (31 December 2011: nil) were secured by coal inventories with an aggregate carrying value of $50,221,000 (31 December 2011: nil).

At 30 June 2012, bank loans amounting to $506,453,000 (31 December 2011: nil) were secured by coal inventories and bank deposits with an aggregate carrying value of $534,973,000 (31 December 2011: nil) and $65,979,000 (31 December 2011: nil) respectively.

At 30 June 2012, bank loans amounting to $2,835,554,000 (31 December 2011: nil) were secured by total assets of GCC LP with an aggregate carrying value of $10,222,030,000 (31 December 2011: nil).

20 TRADE AND OTHER PAYABLES

	At 30 June 2012 $'000	At 31 December 2011 $'000
Trade and bills payables	**2,750,546**	2,415,681
Payables to import agents	**983,098**	1,042,578
Advance payments from customers	**333,086**	378,983
Amounts due to related parties	**9,422**	—
Payables in connection with construction projects	**165,752**	202,980
Payables for purchase of equipment	**58,209**	54,631
Derivative financial instruments	**—**	9,187
Others	**264,750**	212,463
	4,564,863	4,316,503

Trade and bills payables and payables to import agents are expected to be settled within one year or are repayable on demand. The maturity analysis of these payables is as follows:

		At 30 June 2012 $'000	At 31 December 2011 $'000
Due within 1 month or on demand		**1,728,303**	1,275,509
Due after 1 month but within 3 months		**823,402**	841,620
Due after 3 months but within 6 months		**1,181,939**	903,597
Due after 6 months but within 12 months	(i)	**—**	437,533
		3,733,644	3,458,259

(i) The balance at 31 December 2011 mainly represented 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.

21 FINANCE LEASE OBLIGATIONS

Finance lease obligations represent obligations assumed from the acquisition of GCC (see Note 9). GCC has held certain mining equipment under finance lease agreements.

22 SENIOR NOTES

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, Winsway Coking Coal Holdings S.à.r.l., 0925165 B.C. Ltd., GCC and GCC LP, as stated in the Company's offering memorandum on 1 April 2011 (the "Subsidiary Guarantor") (Note 27). 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.

For the six months ended 30 June 2012, the Group has repurchased Senior Notes in aggregate principal amount of US$37,500,000 in the open market and recorded a profit of $55,601,000.

23 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.

24 DEFERRED TAX LIABILITIES

Deferred tax liabilities mainly represent the effect of fair value adjustment to the net identifiable assets of GCC arising from the Group's acquisition of GCC (see Note 9).

25 PROVISIONS

Provisions represent the net present value of future restoration liabilities assumed from the acquisition of GCC (see Note 9).

26 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

	2012	2011
	$'000	*$'000*
No interim dividend declared or paid after the interim period (six months ended 30 June 2011: 5.3 cents per ordinary share)	—	200,923

(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	
	2012	2011
	$'000	*$'000*
Final dividend in respect of previous financial year approved and paid during the following interim period, of 1.6 cents per ordinary share (six months ended 30 June 2011: 6.1 cents)	**60,371**	231,223

26 CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(b) Share capital

	At 30 June 2012 No. of shares *'000*	At 31 December 2011 No. of shares *'000*
Authorised:		
Ordinary shares	**4,000,000**	4,000,000

	At 30 June 2012 *$'000*	At 31 December 2011 *$'000*
Issued and fully paid:		
Ordinary shares	**3,773,199**	3,773,184

(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 2012 are 52,093,000 and 55,852,000 respectively, of which 2,760,337 options have been exercised whereby the remaining options to be settled by physical delivery of shares.

(Expressed in Hong Kong dollars unless otherwise indicated)

26 CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(c) Equity settled share-based transactions *(Continued)*

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

	Six months ended 30 June 2012	
	Weighted average exercise price	**Number of options**
Outstanding at 1 January	$1.677	105,199,463
Exercised during the period	$1.677	(14,800)
Outstanding at 30 June	$1.677	105,184,663
Exercisable at 30 June	$1.677	45,814,913

The options outstanding at 30 June 2012 had an exercise price of $1.677 per share and a weighted average remaining contractual life of 30 months.

27 CONTINGENCIES

Guarantee

The Company's existing subsidiaries, other than those established/incorporated under the laws of the PRC, Winsway Coking Coal Holdings S.à.r.l., 0925165 B.C. Ltd., GCC and GCC LP, have provided guarantees for the Senior Notes issued in April 2011 (see Note 22).

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

28 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 2012.

During the six months ended 30 June 2012, the Group entered into the following material related party transactions:

	Six months ended 30 June	
	2012	2011
	$'000	*$'000*
Sales of construction equipment to a related party	**—**	1,837
Sales of products to a related party	**131,028**	—
Rental expense for lease of properties from related parties	**4,500**	843

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.

29 COMMITMENTS

(a) Capital commitments outstanding at 30 June 2012 not provided for in the interim financial report were as follows:

	At 30 June	At 31 December
	2012	2011
	$'000	*$'000*
Contracted for	**359,934**	495,725
Authorised but not contracted for	**282,179**	380,388
	642,113	876,113

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 ancillary facilities.

29 COMMITMENTS *(CONTINUED)*

(b) At 30 June 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2012	At 31 December 2011
	$'000	*$'000*
Within 1 year	**23,758**	19,359
After 1 year but within 5 years	**1,368**	6,260
	25,126	25,619

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.

30 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Pursuant to the Share Sale and Purchase Agreement between Winsway Resources Holdings Limited ("Winsway Resources"), the parent company of the Company, and Aluminum Corporation of China Limited (the "Investor") on 23 April 2012, the Investor has conditionally agreed to purchase and Winsway Resources has conditionally agreed to sell 1,128,186,410 shares representing approximately 29.9% of the issued shares of the Company. The shareholders of the Investor have approved this transaction. Completion is conditional upon the fulfillment or waiver of certain conditions precedent. If any of such conditions have not been fulfilled or waived on or before 30 September 2012, the Share Sale and Purchase Agreement may be terminated by any of the parties to it.

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 34 to 71 which comprises the consolidated statement of financial position of Winsway Coking Coal Holdings Limited as at 30 June 2012 and the related consolidated income statement, the consolidated statement of comprehensive income and the consolidated 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 2012 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
10 Chater Road
Central, Hong Kong

20 August 2012