WINSWAY COKING COAL HOLDINGS LIMITED

永暉焦煤股份有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 1733)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

FINANCIAL HIGHLIGHTS

- Turnover of the Group in the first half of 2013 was HK$5,815 million.
- Loss for the six months ended 30 June 2013 was HK$933 million. Loss attributable to equity shareholders of the Company amounted to HK$763 million.
- Diluted loss per share was HK$0.202.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013.

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2013 - unaudited

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2013	2012
	Note	***$'000***	*$'000*
			Restated
Turnover	4	**5,815,215**	6,614,478
Cost of sales		**(6,152,240)**	(6,468,573)
Gross (loss)/profit		**(337,025)**	145,905
Other revenue		**38,592**	22,246
Distribution costs		**(56,945)**	(166,762)
Administrative expenses		**(234,487)**	(326,474)
Other operating expenses, net		**(562)**	(9,947)
Impairment of goodwill	7	**(105,791)**	—
Loss from operating activities		**(696,218)**	(335,032)
Finance income		**225,925**	144,636
Finance costs		**(466,930)**	(416,887)
Net finance costs		**(241,005)**	(272,251)
Share of losses of a joint venture		**—**	(23,311)
Loss before taxation		**(937,223)**	(630,594)
Income tax	5	**4,410**	131,549
Loss for the period		**(932,813)**	(499,045)
Attributable to:			
Equity shareholders of the Company		**(762,696)**	(443,746)
Non-controlling interests		**(170,117)**	(55,299)
Loss for the period		**(932,813)**	(499,045)
Basic and diluted loss per share *(HK$)*	6	**(0.202)**	(0.118)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2013 - unaudited

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
		Restated
Loss for the period	**(932,813)**	(499,045)
Other comprehensive income for the period (after tax adjustments):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**35,976**	15,591
Total comprehensive income for the period	**(896,837)**	(483,454)
Attributable to:		
Equity shareholders of the Company	**(729,113)**	(443,418)
Non-controlling interests	**(167,724)**	(40,036)
Total comprehensive income for the period	**(896,837)**	(483,454)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2013 - unaudited

(Expressed in Hong Kong dollars)

	Note	**At 30 June 2013** *$'000*	At 31 December 2012 *$'000* Restated
Non-current assets			
Property, plant and equipment, net		**3,920,470**	3,883,005
Construction in progress		**460,306**	375,014
Lease prepayments		**678,101**	450,559
Intangible assets		**6,680,119**	6,728,662
Goodwill	7	**354,134**	459,623
Interest in a joint venture		**—**	—
Other investments in equity securities		**395,144**	395,738
Other non-current assets		**237,421**	219,399
Deferred tax assets	8	**493,153**	451,091
Total non-current assets		**13,218,848**	12,963,091
Current assets			
Inventories	9	**1,913,079**	2,444,261
Trade and other receivables	10	**4,407,830**	4,167,372
Assets held for sale		**—**	23,185
Other investments in equity securities		**7,654**	—
Restricted bank deposits		**962,826**	980,535
Cash and cash equivalents		**1,789,031**	2,110,823
Total current assets		**9,080,420**	9,726,176

	Note	At 30 June 2013 $'000	At 31 December 2012 $'000 Restated
Current liabilities			
Secured bank loans		**1,774,176**	1,783,606
Trade and other payables	11	**5,473,832**	4,816,347
Obligations under finance lease		**134,941**	152,332
Income tax payable		**92,966**	83,646
Liabilities held for sale		**—**	63
Total current liabilities		**7,475,915**	6,835,994
Net current assets		**1,604,505**	2,890,182
Total assets less current liabilities		**14,823,353**	15,853,273
Non-current liabilities			
Secured bank loans		**2,239,812**	2,452,125
Senior notes		**3,516,542**	3,521,004
Deferred income		**300,797**	162,857
Obligations under finance lease		**234,709**	271,463
Deferred tax liabilities		**1,112,223**	1,119,705
Provisions		**210,172**	223,019
Total non-current liabilities		**7,614,255**	7,750,173
NET ASSETS		**7,209,098**	8,103,100
CAPITAL AND RESERVES			
Share capital		**4,992,337**	4,992,337
Reserves		**(73,717)**	652,561
Total equity attributable to equity shareholders of the Company		**4,918,620**	5,644,898
Non-controlling interests		**2,290,478**	2,458,202
TOTAL EQUITY		**7,209,098**	8,103,100

NOTES

(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 other products, development of coal mills and production of coking coal, rendering of logistics services and investment holding in a joint venture developing coal mines.

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 2013.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 annual financial statements.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued certain amendments to Internation Financial Reporting Standards ("IFRS") that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IAS 1, *Presentation of financial statements — Presentation of items of other comprehensive income*
- IFRS 10, *Consolidated financial statements*
- IFRS 11, *Joint arrangements*
- IFRS 12, *Disclosure of interests in other entities*

- IFRS 13, *Fair value measurement*
- *Annual Improvements to IFRSs 2009-2011 Cycle*
- Amendments to IFRS 7 — *Disclosures — Offsetting financial assets and financial liabilities*
- IFRIC 20, *Stripping costs in the production phase of a surface mine*

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

4 TURNOVER AND SEGMENT REPORTING

(i) Turnover

The Group is principally engaged in the processing and trading of coking coal and other 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	
	2013	2012
	$'000	*$'000*
Coking coal	**5,157,049**	6,271,902
Thermal coal	**—**	81,992
Coke	**—**	26,536
Coal related products	**414,035**	207,232
Iron ore	**215,698**	—
Rendering of logistics services	**23,953**	21,751
Others	**4,480**	5,065
	5,815,215	6,614,478

(ii) Segment reporting

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

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

- Development of coal mills and production of coking coal and related products: this segment acquires, explores and develops coal mills and produces coal from the mills. The Group acquired the equity interest in a joint venture developing coal mills 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.

- Logistics services: this segment constructs, manages and operates logistics parks and generates income from rendering of logistics services to external customers within the People's Republic of China ("PRC").

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, obligations under finance lease, provisions, deferred income and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment revenue and expenses include the Group's share of revenue and expenses arising from the activities of the Group's joint venture. However, other than reporting inter-segment sales of coal products and logistics services, assistance provided by one segment to another, including sharing of assets and technical knowhow, is not measured.

The measure used for reporting segment (loss)/profit is "adjusted EBITDA" i.e. "adjusted (loss)/earnings before interest, taxes, depreciation and amortisation", where "depreciation and amortisation" is regarded as including impairment losses on non-current assets.

(a) Segment results, assets and liabilities

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales and the Group's share of the joint venture's revenue), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2013 is set out below.

For the six months ended 30 June

	Processing and trading of coking coal and other products		Development of coal mills and production of coking coal and related products		Logistics services		Total	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
				Restated				Restated
Revenue from external customers	5,356,623	5,946,942	434,639	645,785	23,953	21,751	5,815,215	6,614,478
Inter-segment revenue	—	—	518,943	94,890	9,641	5,868	528,584	100,758
Reportable segment revenue	5,356,623	5,946,942	953,582	740,675	33,594	27,619	6,343,799	6,715,236
Reportable segment (loss)/ profit (adjusted EBITDA)	(242,204)	(206,673)	(96,798)	40,168	(8,781)	5,448	(347,783)	(161,057)
Interest income	64,094	33,303	236	813	424	89	64,754	34,205
Interest expense	(307,049)	(308,919)	(131,397)	(83,055)	—	(2,097)	(438,446)	(394,071)
Depreciation and amortisation for the period	(55,813)	(53,327)	(173,497)	(135,397)	(10,763)	(7,405)	(240,073)	(196,129)
Impairment of goodwill	—	—	(105,791)	—	—	—	(105,791)	—
Additions to non-current segment assets during the period	179,638	181,311	267,704	9,880,599	69,841	24,610	517,183	10,086,520
	At 30 June 2013	**At 31 December 2012**	**At 30 June 2013**	**At 31 December 2012**	**At 30 June 2013**	**At 31 December 2012**	**At 30 June 2013**	**At 31 December 2012**
Reportable segment assets	11,374,511	11,650,744	10,389,946	10,398,803	652,637	586,883	22,417,094	22,636,430
Reportable segment liabilities	9,629,892	9,404,767	4,403,179	3,993,991	462,889	382,312	14,495,960	13,781,070

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

For the six months ended 30 June

	2013	2012
	$'000	*$'000*
		Restated
Revenue		
Reportable segment revenue	**6,343,799**	6,715,236
Elimination of inter-segment transactions	**(528,584)**	(100,758)
Consolidated turnover	**5,815,215**	6,614,478
Loss		
Reportable segment loss	**(347,783)**	(161,057)
Elimination of inter-segment profits	**(2,571)**	(1,157)
Depreciation and amortisation	**(240,073)**	(196,129)
Impairment of goodwill	**(105,791)**	—
Net finance costs	**(241,005)**	(272,251)
Consolidated loss before taxation	**(937,223)**	(630,594)

	At 30 June 2013 $'000	At 31 December 2012 $'000 Restated
Assets		
Reportable segment assets	**22,417,094**	22,636,430
Deferred tax assets	**493,153**	451,091
Elimination of inter-segment receivables	**(610,979)**	(398,254)
Consolidated total assets	**22,299,268**	22,689,267
Liabilities		
Reportable segment liabilities	**14,495,960**	13,781,070
Current income tax liabilities	**92,966**	83,646
Deferred tax liabilities	**1,112,223**	1,119,705
Elimination of inter-segment payables	**(610,979)**	(398,254)
Consolidated total liabilities	**15,090,170**	14,586,167

(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 the interest in the joint venture.

For the six months ended 30 June

	Revenues from external customers	
	2013	2012
	$'000	*$'000*
The PRC (including Hong Kong and Macau)	**5,332,616**	5,794,981
Canada	**434,639**	646,346
Mongolia	**—**	252
Other countries	**47,960**	172,899
	5,815,215	6,614,478

	Specified non-current assets	
	At 30 June 2013	At 31 December 2012
	$'000	*$'000*
		Restated
The PRC (including Hong Kong and Macau)	**2,803,283**	2,565,852
Canada	**9,735,169**	9,758,116
Other countries	**187,243**	188,032
	12,725,695	12,512,000

5 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
		Restated
Current tax — Hong Kong Profits Tax		
Provision for the period	**2,017**	—
Current tax — Outside of Hong Kong		
Provision for the period	**40,286**	30,070
Deferred tax		
Origination and reversal of temporary differences	**(46,713)**	(161,619)
	(4,410)	(131,549)

The provision for Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the period.

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% (2012: 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% (2012: 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.

6 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share for the six months ended 30 June 2013 is based on the loss attributable to equity shareholders of the Company of $762,696,000 (six months ended 30 June 2012 (restated): $443,746,000) and the 3,773,199,000 ordinary shares (six months ended 30 June 2012: 3,773,199,000 shares) in issue during the six months ended 30 June 2013.

(b) Diluted loss per share

For the six months ended 30 June 2013 and 2012, basic and diluted loss per share are the same as the effect of the potential ordinary shares outstanding is anti-dilutive.

7 GOODWILL

	2013	2012
	$'000	*$'000*
At 1 January	**459,623**	—
Acquisition of a subsidiary	**—**	457,334
Exchange adjustments	**302**	2,289
	459,925	459,623
Impairment loss	**(105,791)**	—
At 30 June 2013/31 December 2012	**354,134**	459,623

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified as follows:

	At 30 June 2013 $'000	At 31 December 2012 $'000
Development of coal mills, and production, processing and marketing of coking coal and related products	**354,134**	459,623

The directors decided that an impairment loss of $105,791,000 be charged to the consolidated income statement for the current period due to the unfavourable future prospect of the coking coal business. The impairment loss was provided based on value in use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering the life of the mine. The cash flow projections are based on long term production plans. The cash flows are discounted using a discount rate of 8.50%. The discount rate used reflects specific risks relating to the relevant segments. Assumptions about selling prices and operating costs are particularly important in the value in use calculation. Future selling prices are based on external forecasts. Forecasts of operating costs are based on detailed mine plans which take into account all relevant characteristics of the ore body.

8 DEFERRED TAX ASSETS

As at 30 June 2013, the Group had unused tax losses of approximately $2,335,980,000 (31 December 2012: $1,481,648,000).

The Group did not recognise deferred tax assets in respect of cumulative tax losses of the PRC (including Hong Kong) entities of $903,069,000 (31 December 2012: $277,698,000) as at 30 June 2013 as the management considers it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses of the PRC domestic entities of approximately $7,120,000, $53,469,000, $985,373,000 and $387,379,000 will expire in five years after the tax losses generated under current tax legislation in 2015, 2016, 2017 and 2018, respectively. The tax losses in those Hong Kong incorporated companies of approximately $20,923,000 (31 December 2012: $14,004,000) can be utilised to offset any future taxable profits under current tax legislation.

In respect of the tax losses in our Canada operations, the Group has recognised deferred tax assets in respect of unused tax losses of approximately $881,716,000 as at 30 June 2013 (31 December 2012: $506,227,000) as the tax losses do not expire under the current tax legislation.

9 INVENTORIES

	At 30 June 2013 $'000	At 31 December 2012 $'000
Coking coal	**2,079,652**	2,402,860
Thermal coal	**—**	7,462
Coal related products	**94,288**	77,062
Others	**106,573**	298,772
	2,280,513	2,786,156
Less: provision	**(367,434)**	(341,895)
	1,913,079	2,444,261

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	
	2013	2012
	$'000	*$'000*
		Restated
Carrying amount of inventories sold	**6,100,010**	6,368,629
Write down of inventories	**25,539**	99,944
	6,125,549	6,468,573

10 TRADE AND OTHER RECEIVABLES

		At 30 June 2013	At 31 December 2012
		$'000	*$'000*
Trade receivables		**1,271,957**	1,094,587
Bills receivable		**835,958**	589,273
Receivables from import agents		**1,072,850**	1,371,706
Amounts due from related parties		**774**	740
Prepayments to suppliers	(i)	**482,366**	579,866
Loan to a third party company	(i)	**62,052**	62,011
Derivative financial instruments	(ii)	**10,495**	2,149
Deposits and other receivables		**671,378**	467,040
		4,407,830	4,167,372

(i) 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 subsequently 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 has been 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 do 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 have 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 2013, the Group has purchased coking coal of $326 million (six months ended 30 June 2012: $314 million) from Moveday. In addition to the above, the Group incurred transportation expenses of $175 million (six months ended 30 June 2012: $193 million) for coking coal transportation services provided by Moveday during the six months ended 30 June 2013.

As at 30 June 2013, as included in prepayments to suppliers, the Group made a prepayment of $123 million (31 December 2012: $47 million) to Moveday in respect of its purchase of coking coal from the coking coal supplier for the Group.

(ii) Derivative financial instruments represent fair value of foreign exchange forward contracts as at 30 June 2013 and 31 December 2012.

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 2013, trade and bills receivables of the Group of $832,055,000 (31 December 2012: $1,137,537,000) have been pledged as collateral for the Group's borrowings.

(a) Ageing analysis

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

	At 30 June 2013	At 31 December 2012
	$'000	*$'000*
Less than 3 months	**2,648,984**	2,301,453
More than 3 months but less than 6 months	**268,360**	251,452
More than 6 months but less than 1 year	**82,569**	488,701
More than 1 year	**180,852**	13,960
	3,180,765	3,055,566

(b) Impairment of trade and other receivables

No allowance of impairment loss has been recorded in respect of trade and other receivables for the six months ended 30 June 2013.

The ageing analysis of trade receivables, bills receivable and receivables from import agents that are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	At 30 June 2013	At 31 December 2012
	$'000	*$'000*
Neither past due nor impaired	**3,029,276**	2,972,441
Less than 3 months past due	**150,092**	56,493
More than 3 months but less than 12 months past due	**1,397**	26,632
	3,180,765	3,055,566

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.

11 TRADE AND OTHER PAYABLES

		At 30 June 2013	At 31 December 2012
		$'000	$'000
Trade and bills payables		**2,693,430**	1,904,116
Payables to import agents		**1,491,996**	1,995,730
Amounts due to related parties		**193,250**	135,642
Prepayments from customers		**541,404**	335,230
Payables in connection with construction projects		**169,987**	179,764
Payables for purchase of equipment		**26,176**	35,226
Derivative financial instruments	(i)	**18,158**	—
Others		**339,431**	230,639
		5,473,832	4,816,347

(i) Derivative financial instruments represent fair value of foreign exchange forward contracts as at 30 June 2013.

As of the end of the reporting period, the ageing analysis of trade and bills payables and payables to import agents (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2013	At 31 December 2012
	$'000	$'000
Within 3 months	**2,934,090**	2,992,673
More than 3 months but less than 6 months	**718,478**	434,908
More than 6 months but less than 1 year	**347,383**	182,082
More than 1 year	**185,475**	290,183
	4,185,426	3,899,846

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	At 31 December
	2013	2012
	$'000	*$'000*
Due within 1 month or on demand	**2,326,413**	1,228,685
Due after 1 month but within 3 months	**266,333**	1,586,763
Due after 3 months but within 6 months	**1,384,670**	1,084,398
Due after 6 months but within 12 months	**208,010**	—
	4,185,426	3,899,846

At 30 June 2013, bills payable amounting to $2,239,616,000 (31 December 2012: $1,436,924,000) have been secured by deposits placed in banks with an aggregate carrying value of $627,446,000 (31 December 2012: $430,721,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Executive Summary

The coking coal market stayed weak throughout the first half of 2013 due to slowing down of China's economic growth. Winsway's coal business was negatively affected as our customers - mainly steel mills and power plants, kept only minimal level of inventory. The continuous decline of coking coal price forced the Company into an extremely tough business environment and led to material impairments of several of the Company's assets. The Company, given the current market trend, has and will continue to focus on increasing its sales turnover and on reducing its operating expenses in Grande Cache Coal Corporation ("GCC"). During the first half of 2013, the Company managed to reduce its inventory to a more sustainable level by selling at a lower margin in comparison to previous periods.

In addition to the above-mentioned strategies, the Company has also identified three key aspects that the management has or will pay particular attention to:

1. GCC

The coal market has developed unfavorably since the acquisition of GCC, which has complicated the difficulties for a company that had experienced a change in controlling shareholders. The management made significant efforts to cut the cash costs and achieved a mine-site cash cost of HK$905 per tonne in the first half of 2013 compared to HK$1,165 (restated) in the four months ended 30 June 2012. The management also carried out several feasibility analyses on the expansion of underground mining operations at GCC, which, if deployed successfully, could potentially increase production levels and further reduce average mining costs.

2. Senior Notes

The financing of our outstanding 8.50% senior notes due 2016 ("Senior Notes") costs more than HK$300 million every year, which has become a heavy financial burden particularly when the Company is not making a profit. Additionally, covenants under the Senior Notes restrict the Company from further capital injection into GCC, drawing down trading facilities that exceed 10% of the total assets, and sales of our major assets, all of which limit the Group's financial flexibility. However, the Company has been and will continue to manage its working capital carefully to maintain its liquidity and to avoid all forms of default under the current covenants.

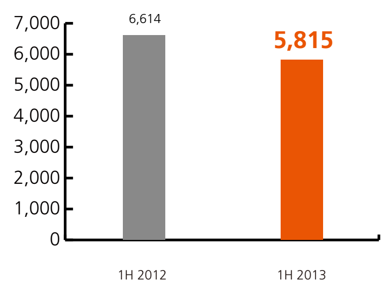
On 20 August 2013, the Company commenced a tender offer (the "**Tender Offer**") to purchase for cash any and all of its outstanding Notes. In conjunction with the Tender Offer, the Company is also soliciting consents from holders of the Senior Notes to certain proposed amendments to the indenture, dated as of 8 April 2011 (as supplemented, the "**Indenture**"), among the Company, the Subsidiary Guarantors (as defined in the Indenture) and Deutsche Bank Trust Company Americas, as trustee (the "**Consent Solicitation**", and together with the Tender Offer, the "**Offer**"). For details of the Offer, please refer to the announcement of the Company of even date.

3. **Share price**

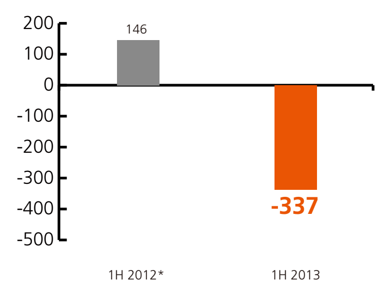
The Company's share price plummeted to a historical low in the first half of 2013. The poor performance was primarily due to negative outlook on the general coal market as well as GCC's prolonged loss-making status. The Group as a whole will carry on its cost reduction plans that include cutting headcount, lowering administrative expenses, and selling idle equipment. During the past six months, we also explored new revenue-generating sources by providing railway loading, washing, and storage services to third parties. By combining cost reduction and new revenue generation, the Company is improving its business model and has managed to maintain a positive operating cash flow in the current weak market.

I. FINANCIAL HIGHLIGHT

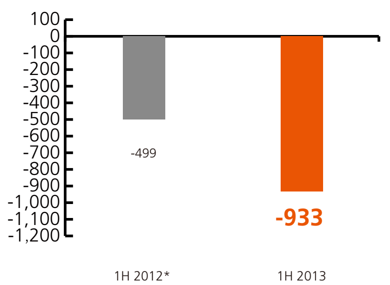
Turnover *(in HK$ million)*



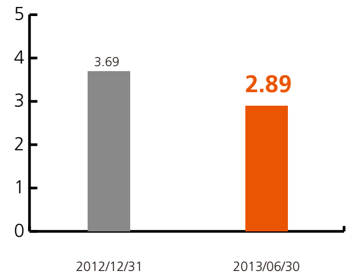
Gross profit/loss *(in HK$ million)*



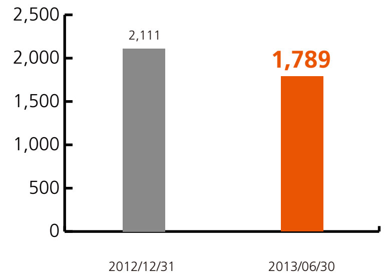
Net loss *(in HK$ million)*



Inventory *(million tonnes)*



Cash balance *(in HK$ million)*



* 1H 2012 number was restated to reflect the application of IFRIC 20-stripping costs in production phase of a surface mine.

In the first half of 2013, the Group recorded consolidated revenue of HK$5,815 million on 5.70 million tonnes of sales, out of which 2.52 million tonnes were Mongolian coal, 2.03 million tonnes were seaborne coal, 0.92 million tonnes were self-produced coal, and 0.23 million tonnes were iron ore. This is to be compared with a consolidated revenue of HK$6,614 million on 5.77 million tonnes of sales, out of which, 3.42 million tonnes were Mongolian coal, 1.83 million tonnes were seaborne coal, and 0.52 million tonnes were self-produced coal during the first half of 2012.

For the first half 2013, the Company incurred a gross loss of HK$337 million compared to a restated gross profit of HK$146 million during the same period last year. The loss was primarily due to prolonged low selling price of our coal products combined with the Company's effort to lower its inventory level in order to generate sufficient liquidity.

Overall, the Group incurred a consolidated net loss of HK$933 million during the first half of 2013 compared to a restated net loss of HK$499 million during the first half of 2012. The loss attributable to the Company was HK$763 million, out of which Winsway's standalone net loss was HK$470 million. The weakening coking coal market, the impairment of investment in upstream resources and the heavy financing costs of both our Senior Notes and Minsheng Bank loan contributed to the majority of our losses.

The Company has been working on reducing operating expenses at GCC, and has achieved a mine-site cash cost of HK$905 per tonne in the first half of 2013 in comparison to HK$1,165 (restated) per tonne in the four months ended 30 June, 2012, representing a 22.32% saving in production cost.

The general administration expense was reduced to HK$234 million in first half 2013, representing a 28.22% decrease from HK$326 million incurred during the first half of 2012. This is another effort that the Group has undertaken to alleviate the overall loss.

For impairments, the Group recognized HK$26 million worth of inventory impairment, HK$106 million worth of goodwill impairment, and HK$61 million worth of impairment associated with reverse of deferred tax asset (DTA). In total, the Group recorded an impairment related loss of HK$193 million for the first half of 2013.

In reaction to the current weak market, the Group continued its effort in reducing inventory to a minimal but sustainable level. The Group's inventory was reduced from 3.69 million tonnes to 2.89 million tonnes, and Winsway's standalone inventory level was lowered from 2.74 million tonnes to 2.12 million tonnes as of 30 June 2013.

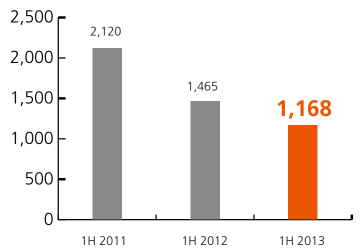
As of 30 June 2013, the Group had a total unrestricted cash balance of HK$1.79 billion compared to HK$2.11 billion as of 31 December 2012. During the first half of 2013, the Group managed actively its working capital in an effort to preserve its cash balance as well as to improve its liquidity. The resulted cash conversion cycle during the first half of 2013 was around 56 days, a significant drop from 80 days as realized in the first half of 2012.

II. MONGOLIAN COAL PROCUREMENT

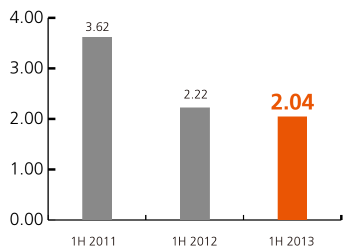
In the first half of 2013, the Group procured a total of 2.04 million tonnes of Mongolian coal, an 8.11% decrease from the volume procured during the same period last year. The decrease in our procurement volume was set to meet our goal of keeping a low inventory level, which would allow the Group to improve its overall liquidity and to avoid potential market risk.

Our top Mongolian coal suppliers during the first half of 2013 were Energy Resources LLC and Moveday Enterprise Limited ("Moveday") with procurement amount of HK$602 million and HK$326 million respectively. Coal procured from Moveday was mined by Tavan Tolgoi Corporation. Moveday also provided transportation services with a total consideration of HK$175 million to the Company for the six months ended on 30 June 2013.

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



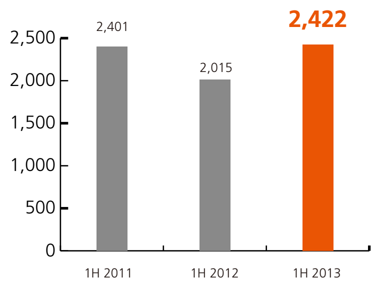
Mongolian Coal Procurement Volume *(MT)*



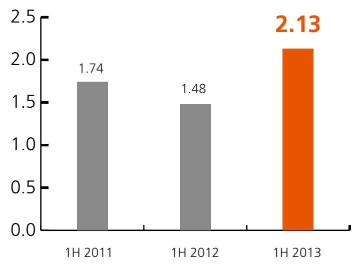
III. SEABORNE COAL PROCUREMENT

In the first half of 2013, our seaborne procurement volume was approximately 2.13 million tonnes, a 43.92% increase over the volume of 1.48 million tonnes procured during the first half of 2012. The Group increased its procurement of seaborne coal, which requires much fewer turnover days in comparison with the procurement and sale of Mongolian coal. The seaborne coal procurement was made on back-to-back basis and was traded on a thin margin to maintain the Group's market share. The top 5 seaborne coal suppliers provided coal worth of HK$1,411 million, which accounted for 58.26% of the total seaborne coal amount as compared to 72.11% 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. SELF-PRODUCED COAL

For the first half of 2013, the Group produced 1.22 million tonnes of ROM (run-of-mine) Coal compared to 0.83 million tonnes of ROM Coal for the four months ended 30 June 2012.

V. OUR CUSTOMERS

Despite overall softening in coking coal demand, the Group still managed to compete in the market thanks to its extensive reach of logistic infrastructure in northern and coastal regions of China as well as its strong sales/marketing team performance. Our top 5 customers accounted for 30.28% of the total sales for the first half of 2013 as compared to 36.74% attributable to the top 5 customers for the same period last year.

The Group's Top 5 Customers

Name	**Location**	**Amount** *(HK$' Million)*
Liu Steel	Guangxi	393
Sha Steel	Jiangsu	364
Rizhao Xingyujia	Shandong	345
Shenhua Group	Beijing	340
An Steel	Liaoning	319

VI FINANCIAL REVIEW

a. Sales

In the first half of 2013, our consolidated sales revenue was HK$5,815 million, an 12.08% decrease from the same period last year. Both volume and price have had a negative effect on our decreased sales revenue.

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
Procured Coal	**4,553,415**	5,804,202
Self-Produced Coal	**1,016,679**	756,924
Others	**245,121**	53,352
	5,815,215	6,614,478

Procured Coal

In terms of volume, we sold 4.55 million tonnes of procured coal compared to 5.25 million tonnes during the same period last year. In terms of price, our realized average selling price for procured coal decreased from HK$1,105 per tonne during the first half of 2012 to HK$1,001 per tonne during the first half of 2013.

	Six months ended 30 June			
	2013		2012	
	Total sales volume *(tonnes)*	**Average selling price** ***(per tonne)*** ***(HK$)***	Total sales volume *(tonnes)*	Average selling price *(per tonne)* *(HK$)*
Mongolian coal	**2,519,457**	**843**	3,421,250	939
Seaborne coal	**2,031,232**	**1,196**	1,832,269	1,415
Total	**4,550,689**	**1,001**	5,253,519	1,105

Self-Produced Coal

Sales revenue was HK$1,017 million on 0.92 million tonnes of self-produced coal during the first half of 2013, this is to be compared with a revenue of HK$757 million on sales of 0.52 million tonnes for the four months ended 30 June 2012. Due to weak global demand, our realized average selling price of self-produced coal was only HK$1,105 per tonne for the six-month ended 30 June 2013 compared to an average selling price of HK$1,456 during the four-month ended 30 June 2012.

b. Cost of Goods Sold ("COGS")

The Group incurred COGS of HK$6,152 million during the first half of 2013 compared to HK$6,469 million (restated) in the first half of 2012. Both lower sales volume and lower procurement price contributed to the overall decrease of the Group's COGS.

Because of the application of IFRIC 20 - Stripping costs in the production phase of a surface mine, the COGS for the six months ended 30 June 2012 was restated from HK$6,522 million to HK$6,469 million.

Procured Coal

Specifically, our average procurement price has decreased from HK$660 per tonne to HK$573 per tonne for Mongolian coal and from HK$1,360 per tonne to HK$1,140 per tonne for seaborne coal.

	Six months ended 30 June			
	2013		2012	
	Total purchase volume/ production volume	**Average purchase price/cash production cost** *(per tonne)*	Total purchase volume/ production volume	Average purchase price/cash production cost *(per tonne)*
	(tonnes)	*(HK$)*	*(tonnes)*	*(HK$)* (restated)
Mongolian coal	**2,039,391**	**573**	2,220,498	660
Seaborne coal	**2,125,331**	**1,140**	1,481,240	1,360
Self-produced coal	**755,645**	**905**	518,288	1,165
Total	**4,920,367**	**869**	4,220,026	968

GCC Cost of Sales

In the first half of 2013, COGS of GCC was HK$1,193 million, or HK$1,259 on a per tonne basis. Cost of self-employed labour, third party contracting services, and materials are among the top cost drivers.

	Six months ended 30 June 2013 *(HK$)*	**Four months ended 30 June 2012** *(HK$)* (restated)
Average cost of sales *(HK$/tonne)*		
Cost of product sold	**836**	967
Distribution costs	**228**	201
Depreciation and depletion	**195**	237

c. Gross Profit/Loss

For the first half of 2013, the Company incurred a gross loss of HK$337 million compared to a restated gross profit of HK$146 million during the same period last year. The loss was primarily due to prolonged low selling price of our coal products combined with the Company's effort to lower its inventory level in order to generate sufficient liquidity.

d. Administrative Expenses

As a result of the Group's cost reduction plan, our administrative expenses totaled HK$234 million for the first half of 2013, representing a 28.22% decrease from HK$326 million incurred during the first half of 2012. Overall, administrative expenses as a percentage of our revenue decreased from 4.93% during the first half of 2012 to 4.02% during the first half of 2013.

e. Impairment of Goodwill

The directors of the Company have carefully considered the impact of the unfavorable future prospect of the coking coal business on the valuation of GCC. The Company has carried out an impairment test based on value in use calculations. These calculations use cash flow projections based on financial forecasts prepared by the management covering the life of the mines. The cash flow projections are based on long term production plans. Due to the unfavourable future project of the coking coal business, the Company has recorded an impairment loss of HK$106 million to be charged to the consolidated income statement for the current period.

f. Net Finance Costs

In the first half of 2013, our net financing costs totaled HK$241 million compared to HK$272 million during the same period 2012. The Group's financing costs consist primarily of its interest expenses of HK$161 million on its Senior Notes and interest expenses of more than HK$118 million on its Minsheng Bank loan during the first half of 2013.

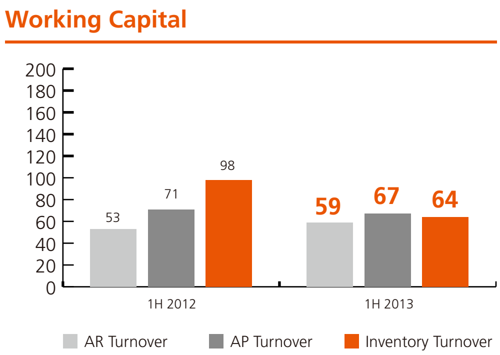
	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
Interest income	**(64,754)**	(34,205)
Gains on repurchase of senior notes	**(3,022)**	(55,601)
Foreign exchange gain, net	**(158,149)**	(54,830)
Finance income	**(225,925)**	(144,636)
Interest on secured bank loans wholly repayable within five years	**198,858**	136,137
Interest on discounted bills receivable	**67,632**	85,649
Interest on senior notes	**160,721**	168,186
Interest on finance lease obligations	**11,235**	10,792
Less: interest expense capitalised into construction in progress	**—**	(6,693)
Total interest expense	**438,446**	394,071
Bank charges	**18,381**	16,109
Net change in fair value of derivative financial instruments	**10,103**	6,707
Finance costs	**466,930**	416,887
Net finance costs	**241,005**	272,251

g. Net Loss and Loss per share

The Group incurred a net loss of HK$933 million in the first half of 2013 compared to a restated net loss of HK$499 million in the first half of 2012. Net loss per share is HK$0.202 for the first half of 2013 compared to a restated net loss per share of HK$0.118 for the first half of 2012.

h. Working Capital

Our accounts receivable turnover days, accounts payable turnover days and inventory turnover days for the first half of 2013 were 59 days, 67 days, and 64 days respectively. As a result, our cash conversion cycle was shortened to approximately 56 days compared to 80 days during the first half of 2012. The Group managed to significantly decrease its cash conversion cycle by managing actively its accounts receivable as well as by lowering its inventory level.



i. Property, Plant and Equipment ("PP&E")

The aggregate amount of fixed assets and construction in progress totaled HK$4,381 million at the end of June 2013, representing a 2.89% increase over the amount at the end of December 2012 (HK$4,258 million) (restated).

j. Indebtedness and Liquidity

As of 30 June 2013, our bank loans totaled HK$4,014 million, a decrease of 5.24% from the amount at the end of 2012 (HK$4,236 million). 78.30% of our bank loans are facilities entered into with Minsheng Bank for the acquisition of GCC in February 2012. The range of interest rates per annum for bank loans for the first half of 2013 varied from 1.56% to 7.68%, this is to be compared with a range from 1.72% to 7.98% during the same period last year. The Group's gearing ratio as of 30 June 2013 was 67.67% compared to 64.29% (restated) as of 31 December 2012. (Gearing ratio calculated on the basis of the Group's total liabilities divided by its total assets)

k. Contingent Liability

The Company's existing subsidiaries, other than those established/incorporated under the laws of the PRC, subsidiaries deemed immaterial and those falling under the definition of Unrestricted Subsidiaries under the Senior Notes (Winsway Coking Coal Holdings S.à.r.l.,0925165 B.C. Ltd., GCC and Grande Cache Coal LP ("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.

l. Pledge of Assets

At 30 June 2013, bank loans amounting to HK$nil (31 December 2012: HK$105,061,000) have been secured by bank deposits placed in banks with an aggregate carrying value of HK$nil (31 December 2012: HK$108,323,000).

At 30 June 2013, bank loans amounting to HK$663,974,000 (31 December 2012: HK$997,665,000) have been secured by trade and bills receivables with an aggregate carrying value of HK$693,980,000 (31 December 2012: HK$1,059,635,000).

At 30 June 2013, bank loans amounting to HK$66,531,000 (31 December 2012: HK$65,365,000) have been secured by land use rights with an aggregate carrying value of HK$26,947,000 (31 December 2012: HK$26,758,000).

At 30 June 2013, bank loans amounting to HK$124,267,000 (31 December 2012: HK$81,906,000) have been secured by both bank deposits and trade receivables with an aggregate carrying value of HK$13,807,000 (31 December 2012: HK$4,390,000) and HK$138,075,000 (31 December 2012: HK$77,902,000) respectively.

At 30 June 2013, bank loans amounting to HK$16,373,000 (31 December 2012: HK$17,620,000) have been secured by property, plant and equipment with an aggregate carrying value of HK$19,809,000 (31 December 2012: HK$20,650,000).

At 30 June 2013, bank loans amounting to HK$3,142,843,000 (31 December 2012: HK$2,968,114,000) have been secured by total assets of GCC LP with an aggregate carrying value of HK$10,035,812,000 (31 December 2012 (restated): HK$10,039,129,000).

m. Operating Cash Flow

In the first half of 2013, our operating cash flow was HK$689 million compared to HK$1,080 million (restated) during the same period last year. The decrease in our operating cash flow was primarily due to our gross loss incurred during the first half of 2013 despite our effort made in inventory reduction and accounts receivable recovery.

n. Capital Expenditure

The Group made capital expenditure of HK$554 million during the first half of 2013 compared to HK$333 million (restated) during the first half of 2012 (excluding the acquisition of GCC).

o. Financing Cash Flow

The Group had a cash outflow related to financing activities of HK$719 million during the first half of 2013. Among the top cash flow drivers, the Company paid back HK$249 million of bank loans and made interest payments of HK$406 million. The significant cash out-flow was due to payment for previous year's construction and projects.

VII. EXPOSURE TO EXCHANGE RATE FLUCTUATIONS

Over 65% of the Group's turnover in the first half of 2013 were denominated in RMB. The Group's cost of coal purchased, accounting for over 60% of the total cost of sales in the first half of 2013, 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.

VIII. HUMAN RESOURCES

Employee Overview

The Group aims to set up a performance-oriented compensation and benefit system while balancing the internal and external market in each different job position. Strictly following the PRC Labor Law and Labor Contract Law, the Group signs formal employment contracts with all employees and pays all mandatory social insurances schemes and housing provident fund to the full amount. 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. In Canada, the Group strictly follows local laws and regulations to pay all mandatory insurances.

As at June 30, 2013, there were 1,231 full-time employees in the Group (excluding 487 dispatch staff in domestic companies and 150 contractors in GCC). Detailed categories of employees are as follows:

Functions	No. of Employee	Percentage
Management, Administration & Finance	292	24%
Front-line Production & Production Support &Maintenance	214	17%
Sales & Marketing	40	3%
Mining*(a)*	649	53%
Others (incl. Projects, CP, Transportation)	36	3%
total	1,231	100%

(a) **Breakdown of Mining related personnel**

Functions	**No. of Employees**	**Percentage**
Head Office (Calgary) *(Note 1)*	40	6%
Mine Site Management, Supervision,		
Technical and Administrative	123	19%
Underground Mining Operations (Union)	142	22%
Surface Mining Operations (Union)	186	29%
Maintenance (Union)	94	14%
Coal Process Plant Operations &		
Maintenance and Site Care (Union)	64	10%
Total	649	100%

Note 1. The Head Office head count includes 8 Superintendents at the Mine Site.

Note 2. The total number of union employees is 486.

Employee Education Overview (excluding Mining)

Qualifications	**No. of employee**	**Percentage**
Master & above	61	11%
Bachelor	153	26%
Diploma	211	36%
Middle-School (Secondary School) & below	157	27%
total	582	100%

Training Overview

Training is key to the Group in enhancing employees' working capabilities and management skills. For the six months ended 30 June 2013, the Group held various internal and external training programs, and accumulatively 551 employees were covered by these training with 5,774 training hours in total.

The new staff orientation program is provided which covers company introduction, rules and discipline, safety and operation guidelines.

During the six months ended 30 June 2013, some management staff have completed EMBA program sponsored by the Group.

Training Courses	No. of hours	No. of participants
Safety	3,426	303
Leadership	216	58
New staff Orientation	672	84
Operation Excellence	1,460	106
total	5,774	551

Winsway has always strived to provide a healthy and safe working condition for our employees. We are very glad to report no fatal incident in the first half of 2013 and we will continuously improve the awareness of safety throughout the Group, both for our logistical service sector and mining sector.

IX. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2013, the Company repurchased an aggregate of US$2,000,000 in principal amount of the Senior Notes issued in April 2011 on the Singapore Exchange Securities Trading Limited for a total consideration of US$1,580,500.

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 2013.

X. 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 2013.

XI. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules ("Model Code") as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries of all the Directors, each Director confirmed that he/she has complied with the required standard set out in the Model Code throughout the first half of 2013.

XII. REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed the interim results of the Group for the six months ended 30 June 2013.

XIII. DISCLOSURE OF INFORMATION ON THE HONG KONG STOCK EXCHANGE'S WEBSITE

This interim results announcement is published on the websites of the Company (www.winsway.com) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2013 will be dispatched to shareholders of the Company and will be available on the above websites in due course.

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

Hong Kong, 20 August 2013

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