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

2013
Interim Report

WINSWAY®

2013 Interim Report

Contents

Management Discussion and Analysis of Financial Conditions and Operating Results

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.

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.

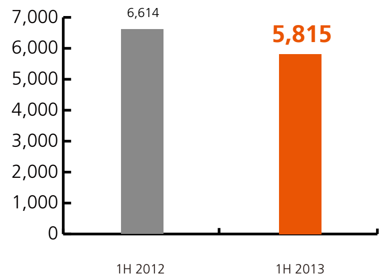
On 20 August 2013, the Company commenced a tender offer (the "**Tender Offer**") to purchase for cash any and all of its outstanding Notes. In conjunction with the Tender Offer, the Company is also soliciting consents from holders of the Senior Notes to certain proposed amendments to the indenture, dated 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 announcements of the Company of 20 August 2013 and 9 September 2013.

3. Share price

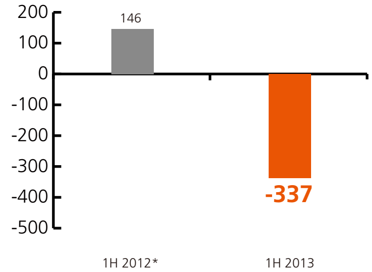
The Company's share price plummeted to a historical low in the first half of 2013. The poor performance was primarily due to negative outlook on the general coal market as well as GCC's prolonged loss-making status. The Group as a whole will carry on its cost reduction plans that include cutting headcount, 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

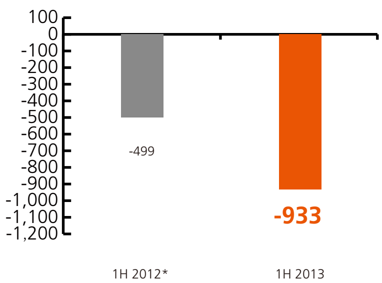
Turnover *(in HK$ million)*



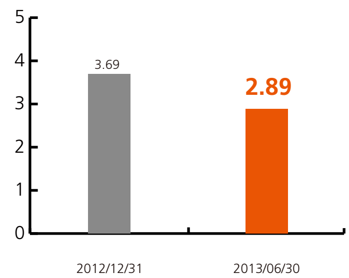
Gross profit/loss *(in HK$ million)*



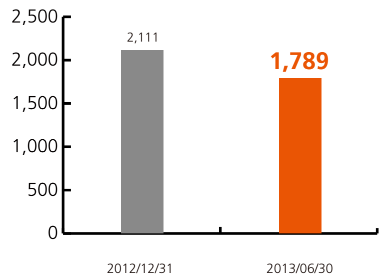
Net loss *(in HK$ million)*



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 (the Group excluding GCC) net loss was HK$470 million. The weakening coking coal market, the impairment of goodwill 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.

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 provision, HK$106 million worth of goodwill impairment, and HK$61 million associated with reverse of deferred tax assets (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.

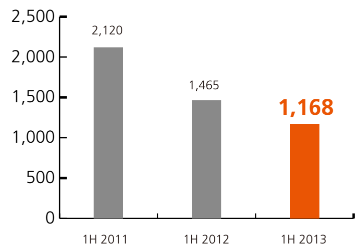
As of 30 June 2013, the Group had a total unrestricted cash balance of HK$1.79 billion compared to HK$2.11 billion as of 31 December 2012. During the first half of 2013, the Group managed actively its working capital in an effort to preserve its cash balance as well as to improve its liquidity. The resulted cash conversion cycle (calculated by accounts receivable turnover days plus inventory turnover days minus accounts payable turnover days) 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

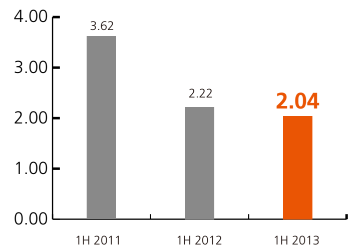
In the first half of 2013, the Group procured a total of 2.04 million tonnes of Mongolian coal, an 8.11% decrease from the volume procured during the same period last year. The decrease in our procurement volume was set to meet our goal of keeping a low inventory level, which would allow the Group to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



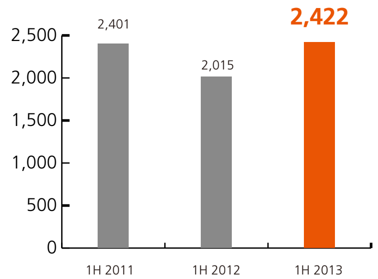
Mongolian Coal Procurement Volume *(MT)*



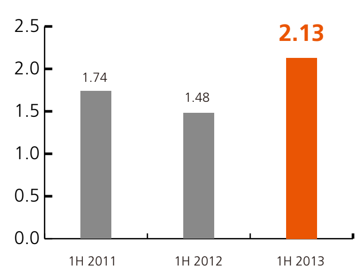
III. SEABORNE COAL PROCUREMENT

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.

1. Mining

GCC maintained its operations in No.8 Open pit Area and No.12 South B2 Underground Area during the first half of 2013.

As of June 30th 2013, 1,221,140 tonnes of ROM coal were produced; out of which 592,328 tonnes were mined from the No.8 Area and 628,812 tonnes from the No.12 South B2 Area. After processing, we produced in total 755,645 tonnes of clean coal during the first half of 2013.

The production in the Open pit mine is from the Middle Pit, North Pit, and West Extension Pit areas. The South Pit, which was mined out in 2012, is currently being backfilled.

Underground operations in No.12 South B2 Area continued using the room and pillar technique in the North West Main section. The West Panel of the North West Main section is currently under pillar recycling, and this is likely to benefit operations with higher productivity in the near future. Additionally, the design of a No.4 seam extension has been completed, and further developments are expected to commence in the 2nd half of 2013.

GCC's coal preparation plant (CPP) processed most coal mined from both the open pit and underground operations in the first half of 2013.

2. Resources Update

0.5mt of resources were removed from the No.12 South B2 Area in the far west area of the North West Main section. However, we have optimized the mining operation layout and employed better techniques in an effort to achieve a higher recovery rate in the No.7/8 Seam.

The No.8 Open pit Mine Area is working on initial stripping work in the West Extension. Our team is also working on a long-term mining plan in order to layout the pit location in the East Extension.

GCC commissioned a technical consultant to estimate the total coal reserves and resources as of 30 June 2013 in accordance with the National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). Details of GCC's coal reserves and resources as of 30 June 2013 are summarized as follows:

	In-situ Resources as of 30 June 2013, Mt			
	Measured	Indicated	Inferred	Total
Surface Mining Areas				
No. 2 Area	61.4	23.2	6.3	90.9
No. 8 Area	43.2	10.6	10.2	64.0
No. 12 South A Area	11.1	15.1	9.6	35.8
No. 12 South B2 Area	2.6	1.0	0.5	4.1
No. 12 North Area	39.1	15.6	2.2	56.9
No. 16 Area	56.0	20.2	15.9	92.1
Total Surface Mining Areas	213.4	85.7	44.7	343.8
Underground Areas				
No.12 South B2 Underground	10.5	2.5	—	13.0
Total Underground Areas	10.5	2.5	—	13.0
Grand Total	223.9	88.2	44.7	356.9

Notes:

1) Quality of all resources are classified as Low Volatile Bituminous (ASTM).

2) Over 1.2mt in-situ resources have been mined out and 0.76mt clean coal was produced in the first half of 2013.

3) There were no mining activities besides No.8 and No.12 South B2 Areas in GCC.

4) A preliminary design of underground using long wall mining in No.12 South A Mine Area has been finished but we have not yet obtained the NI 43-101 estimation. No.12 South A Area is renamed as No.12 South B2 EE Area as it will be mined together with No.12 South B2 Area. A feasibility study for highwall mining in No.9 Area and No.7 Area has been completed by our consultant.

5) Underground resource is estimated by a minimum depth of cover at approximately 50 m, a maximum underground extraction angle of 15°, 20 m buffer from faulting, and 50 m buffer from highwall mining.

6) Coal resources are inclusive of coal reserves.

7) The resource estimates have been prepared by a technical engineer commissioned by GCC in accordance with NI 43-101.

8) Rounding as required by reporting guidelines may result in apparent summation differences.

3. Reserves update

Reserves include Run-of-Mine (ROM) reserves which are coal mined to surface without preparation, and Saleable Reserves. Most coal mined has been hauled to the CPP for heavy density medium processing.

The updated reserves of GCC as of 30 June 2013 are listed below:

	Reserves as of 30 June 2013, mt					
	Run-of-Mine Reserve			Saleable Reserve		
	Proven	Probable	Total	Proven	Probable	Total
Surface Mining Areas						
No. 2 Area	**15.7**	**1.2**	**16.9**	**10.6**	**0.8**	**11.4**
No. 8 Area	**26.4**	**0.5**	**26.9**	**18.3**	**0.3**	**18.6**
No. 12 South A Area	**9.7**	**1.3**	**11.0**	**6.9**	**0.9**	**7.8**
No.12 North Area	**31.3**	**12.2**	**43.5**	**22.2**	**8.9**	**31.1**
No.16 Area	**19.7**	**9.6**	**29.3**	**14.4**	**7.0**	**21.4**
Total-Surface	**102.8**	**24.8**	**127.6**	**72.4**	**17.9**	**90.3**
Underground Areas						
No.12 South B2 Underground	5.2	0.1	5.3	3.7	0.1	3.8
Total-Underground	5.2	0.1	5.3	3.7	0.1	3.8
Grand Total	108.0	24.9	132.9	76.1	18.0	94.1

Notes

1) The quality of all reserves is classified as low volatile bituminous (ASTM).

2) Run of Mine Reserves are inclusive of Saleable Reserves.

3) The reserves estimates have been prepared by a technical engineer, commissioned by GCC in accordance with NI 43-101.

4) Rounding as required by reporting guidelines may result in apparent summation differences.

4. Exploration

GCC has not conducted any drilling work in mines other than No.8 Area by in-pit drilling. The exploration plan for No.12SA and No.2 have been delayed to 2014.

GCC is working on its long-term exploration plan. Meanwhile, our geological team is working on mining models for No.1, No.5, No.9 Mines, and the relevant work is likely to be completed in the first half of 2014.

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, as compared with the sales revenue of HK$757 million on 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 *(tonnes)*	**Average purchase price/cash production cost** ***(per tonne)*** ***(HK$)***	Total purchase volume/ production volume *(tonnes)*	Average purchase price/cash production cost *(per tonne)* *(HK$)* (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 Group 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 prices of our coal products combined with the Group'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 such as cutting office rental expenses and external service fees, 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. Distribution expenses

As compared with the first half of 2012, the Group's distribution expenses decreased to HK$57 million from HK$167 million, representing a 65.87% decrease. The decrease was mainly due to the decrease of transportation expenses as a result of the decrease of sales volume of Mongolian coal and more sales made on the basis of self collection by the customers.

f. 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 prospects of the coking coal business, the Company has recorded an impairment loss of HK$106 million charged to the consolidated income statement for the current period.

g. 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

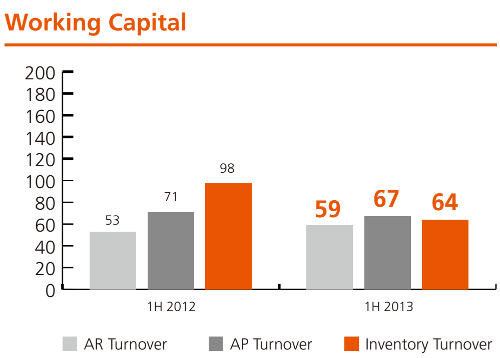
* The increase of foreign exchange gain is mainly due to the acceleration of RMB's appreciation against USD in the first half of 2013.

h. 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.

i. 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.



As included in the trade and other receivables, the increase of deposits and other receivables is mainly due to the increase of input VAT and receivables due from Lung Ming Group for the iron ore logistics arrangements.

j. 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).

k. 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%, as 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)

l. Contingent Liability

The Company's existing subsidiaries, other than those established/incorporated under the laws of the PRC 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.

m. 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).

n. Operating Cash Flow

In the first half of 2013, our operating cash inflow 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.

o. 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). The significant cash out-flow was due to payment for the previous year's construction and projects.

p. 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.

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 30 June 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.

Other Information

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

As at 30 June 2013, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company ("Shares") and underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

Name of Directors	Name of corporation	Nature of interest	Aggregate number of Shares or underlying Shares	Approximate percentage of interest in the corporation
Wang Xingchun [1]	The Company	Personal interest and interest of controlled corporation	1,852,484,109	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%
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	573,000	0.02%
Ma Li [3]	The Company	Personal interest	8,276,000	0.22%

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) 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 8,276,000 Shares were held by Ms. Zhu Hongchan and Ma Li 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 2013, 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 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 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. 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 2013 were as follows:

Grantee	Options held as at 1 January 2013	Options exercised during the period	Options lapsed/ cancelled during the period	Options held as at 30 June 2013
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 (resigned on 1 April 2013)	8,115,000	—	3,246,000	4,869,000
Ma Li (appointed on 1 April 2013)	8,276,000	—	—	8,276,000
Others				
Employees	44,559,613		1,050,000	43,509,613
Total	104,928,613		4,296,000	100,632,613

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") adopted by 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 Company 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 2013, 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 2013 was the Company or any of its 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 2013, 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)]	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%

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.

Save as disclosed above, as of 30 June 2013, 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.

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 2013 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 unaudited interim financial statements for the six months ended 30 June 2013, and are of the opinion that such statements have complied with the applicable accounting standards, the Hong Kong Stock Exchange and legal requirements, and that adequate disclosure has been made. The above meetings were attended by all 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 2013, 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 meetings were 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 and many of the Recommended Best Practices set out in the CG Code.

Code Provisions

Throughout the first half of 2013, except for the requirement that the roles of chairman and chief executive officer should not be performed by the same individual under Code Provision A.2.1 of the CG Code, the Company has complied with the Code Provisions set out 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.

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 2013.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, during the six months ended 30 June 2013 and up to the latest practicable date prior to the printing of this report, the Company has maintained the amount of public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

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
Ms. Ma Li
Mr. Cui Yong

Non-executive Directors:
Mr. Daniel J. Miller
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

Mr. Apolonius Struijk resigned from the Company as an executive director with effect from 1 April 2013. Mr. Struijk has confirmed that he has no disagreement with the Board and there is no further information relating to his resignation that needs to be brought to the attention of the shareholders of the Company.

Ms. Ma Li （馬麗）, aged 43, was appointed as an executive director of the Company with effect from 1 April 2013. Ms. Ma is a Vice President of the Company who is responsible for the treasury functions and internal administration of the Company.

Consolidated Income Statement

for the six months ended 30 June 2013 - unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2013 $'000	2012 $'000 Restated
Turnover	4	**5,815,215**	6,614,478
Cost of sales		**(6,152,240)**	(6,468,573)
Gross (loss)/profit		**(337,025)**	145,905
Other revenue		**38,592**	22,246
Distribution costs		**(56,945)**	(166,762)
Administrative expenses		**(234,487)**	(326,474)
Other operating expenses, net		**(562)**	(9,947)
Impairment of goodwill	10	**(105,791)**	—
Loss from operating activities		**(696,218)**	(335,032)
Finance income	5(a)	**225,925**	144,636
Finance costs	5(a)	**(466,930)**	(416,887)
Net finance costs		**(241,005)**	(272,251)
Share of losses of a joint venture		**—**	(23,311)
Loss before taxation	5	**(937,223)**	(630,594)
Income tax	6	**4,410**	131,549
Loss for the period		**(932,813)**	(499,045)
Attributable to:			
Equity shareholders of the Company		**(762,696)**	(443,746)
Non-controlling interests		**(170,117)**	(55,299)
Loss for the period		**(932,813)**	(499,045)
Basic and diluted loss per share *(HK$)*	7	**(0.202)**	(0.118)

The notes on pages 35 to 75 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 23(a).

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)

The notes on pages 35 to 75 form part of this interim financial report.

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	8	**3,920,470**	3,883,005
Construction in progress	9	**460,306**	375,014
Lease prepayments		**678,101**	450,559
Intangible assets		**6,680,119**	6,728,662
Goodwill	10	**354,134**	459,623
Interest in a joint venture	11	**—**	—
Other investments in equity securities		**395,144**	395,738
Other non-current assets	12	**237,421**	219,399
Deferred tax assets	13	**493,153**	451,091
Total non-current assets		**13,218,848**	12,963,091
Current assets			
Inventories	14	**1,913,079**	2,444,261
Trade and other receivables	15	**4,407,830**	4,167,372
Assets held for sale		**—**	23,185
Other investment in equity securities	16	**7,654**	—
Restricted bank deposits	17	**962,826**	980,535
Cash and cash equivalents	18	**1,789,031**	2,110,823
Total current assets		**9,080,420**	9,726,176
Current liabilities			
Secured bank loans	19	**1,774,176**	1,783,606
Trade and other payables	20	**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

The notes on pages 35 to 75 form part of this interim financial report.

at 30 June 2013 - unaudited

(Expressed in Hong Kong dollars)

	Note	At 30 June 2013 $'000	At 31 December 2012 $'000 Restated
Non-current liabilities			
Secured bank loans	19	**2,239,812**	2,452,125
Senior notes	21	**3,516,542**	3,521,004
Deferred income	22	**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	23	**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

The notes on pages 35 to 75 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2013 - 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 23(b))		*(note 23(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 (restated)	—	—	—	328	(443,746)	(443,418)	(40,036)	(483,454)
Restated balance at 30 June 2012	4,992,337	314,264	100,777	180,652	1,154,074	6,742,104	2,651,731	9,393,835

The notes on pages 35 to 75 form part of this interim financial report.

Consolidated Statement of Changes in Equity (Continued)

for the six months ended 30 June 2013 - unaudited

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Statutory reserve	Other reserve	Exchange reserve	Retained earnings	Total		
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
	(note 23(b))		*(note 23(c))*					
Restated balance at 1 July 2012	4,992,337	314,264	100,777	180,652	1,154,074	6,742,104	2,651,731	9,393,835
Contribution from non-controlling interests	—	—	—	—	—	—	5,832	5,832
Equity settled share-based transactions	—	—	10,440	—	—	10,440	—	10,440
Total comprehensive income for the period (restated)	—	—	—	20,192	(1,127,838)	(1,107,646)	(199,361)	(1,307,007)
Appropriation to statutory reserve	—	5,046	—	—	(5,046)	—	—	—
Restated balance at 31 December 2012	4,992,337	319,310	111,217	200,844	21,190	5,644,898	2,458,202	8,103,100
Restated balance at 1 January 2013	4,992,337	319,310	111,217	200,844	21,190	5,644,898	2,458,202	8,103,100
Equity settled share-based transactions	—	—	2,835	—	—	2,835	—	2,835
Total comprehensive income for the period	—	—	—	33,583	(762,696)	(729,113)	(167,724)	(896,837)
Balance at 30 June 2013	4,992,337	319,310	114,052	234,427	(741,506)	4,918,620	2,290,478	7,209,098

The notes on pages 35 to 75 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2013 - unaudited

(Expressed in Hong Kong dollars)

	Note	**Six months ended 30 June** **2013** **$'000**	2012 *$'000* Restated
Cash generated from operating activities		**722,045**	1,202,522
Income tax paid		**(33,343)**	(122,708)
Net cash generated from operating activities		**688,702**	1,079,814
Net cash used in investing activities		**(315,086)**	(7,258,357)
Net cash (used in)/generated from financing activities		**(719,361)**	5,385,109
Net decrease in cash and cash equivalents		**(345,745)**	(793,434)
Cash and cash equivalents at 1 January		**2,110,823**	3,137,752
Effect of foreign exchange rate changes		**23,953**	(4,340)
Cash and cash equivalents at 30 June	18	**1,789,031**	2,339,978

The notes on pages 35 to 75 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 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. 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.

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 2012 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").

2 BASIS OF PREPARATION *(CONTINUED)*

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 76.

The financial information relating to the financial year ended 31 December 2012 that is included in the interim financial report as being previously reported information does not constitute the Company's annual financial statements for that financial year but is derived from those financial statements. The annual financial statements for the year ended 31 December 2012 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 28 March 2013.

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 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.

3 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

Amendments to IAS 1, Presentation of financial statements — Presentation of items of other comprehensive income

The amendments to IAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

IFRS 10, Consolidated financial statements

IFRS 10 replaces the requirements in IAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and SIC-12 *Consolidation — Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

IFRS 11, Joint arrangements

IFRS 11, which replaces IAS 31, *Interests in joint ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under IFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under IFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

3 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

IFRS 11, Joint arrangements *(Continued)*

As a result of the adoption of IFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

IFRS 12, Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in this interim financial report as a result of adopting IFRS 12.

IFRS 13, Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The Group has provided those disclosures in note 24. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Annual Improvements to IFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, IAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (CODM) and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. In respect of this amendment, the Group has continued to disclose segment assets and liabilities in note 4 to this interim financial report.

3 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

Amendments to IFRS 7 — Disclosures — Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32, *Financial instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with IAS 32. In respect of this amendment, the Group has made disclosure in note 25 to this interim financial report.

IFRIC 20, Stripping costs in the production phase of a surface mine

In surface mining operations, it is necessary to remove waste materials to gain access to mineral ore deposits. This waste removal activity is known as "stripping". During the development phase of the mine (before production begins), stripping costs are usually capitalised as part of the depreciable cost of building, developing and constructing the mine. Those capitalised costs are depreciated or amortised on a systematic basis, usually by using the units of production method, once production begins. A mining entity may continue to remove overburden and to incur stripping costs during the production phase of the mine.

On 1 January 2013, the Group adopted the new IFRIC interpretation IFRIC 20, *Stripping costs in the production phase of a surface mine*. IFRIC 20 provides guidance on the accounting for the costs of stripping activities during the production phase of surface mining when two benefits accrue to the entity as a result of the stripping: useable mineralised material that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods.

As a result of the adoption of IFRIC 20, the Group changed its accounting policy with respect to production stripping costs, for which waste removal was previously accounted for as variable production costs and included in the cost of the inventory produced during the period in which the stripping costs were incurred. The Group now allocates the production stripping costs between the inventory produced and the stripping activity asset using an average strip ratio for the pit life. The stripping activity asset is depreciated on a systematic basis, over the expected useful life of the identified component of the mineralised body that becomes more accessible as a result of the stripping activity, on a unit-of-production basis over the estimated recoverable mineral reserves that directly benefit from the stripping activity.

The adoption of this standard did not have an impact on the Group's financial position as at 1 January 2012 as the Group engaged in developing coal mills after its acquisition of Grande Cache Coal Corporation ("GCC"), a Canadian mining company, on 1 March 2012.

3 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

IFRIC 20, Stripping costs in the production phase of a surface mine *(Continued)*

This change in accounting policy has been applied retrospectively by restating the balances at 31 December 2012 and the result for the six months ended 30 June 2012 as follows:

	As previously reported *$'000*	Effect of adopting IFRIC 20 *$'000*	As restated *$'000*
Consolidated income statement for the six months ended 30 June 2012:			
Cost of sales	(6,521,921)	53,348	(6,468,573)
Income tax	139,551	(8,002)	131,549
Loss for the period	(544,391)	45,346	(499,045)
Basic and diluted loss per share *(HK$)*	(0.124)	0.006	(0.118)
Consolidated statement of comprehensive income for the six months ended 30 June 2012:			
Total comprehensive income for the period	(528,783)	45,329	(483,454)

3 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

IFRIC 20, Stripping costs in the production phase of a surface mine *(Continued)*

	As previously reported *$'000*	Effect of adopting IFRIC 20 *$'000*	As restated *$'000*
Consolidated statement of financial position as at 31 December 2012:			
Property, plant and equipment, net	3,776,522	106,483	3,883,005
Deferred tax liabilities	1,103,732	15,973	1,119,705
Net assets/Total equity	8,012,590	90,510	8,103,100
(Accumulated loss)/retained earnings	(26,762)	47,952	21,190
Condensed consolidated cash flow statement for the six months ended 30 June 2012:			
Cash generated from operating activities	1,018,944	60,870	1,079,814
Net cash used in investing activities	(7,197,487)	(60,870)	(7,258,357)

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

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 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 (see note 11) and commenced its business in this segment during the year ended 31 December 2010. On 1 March 2012, the Group acquired 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.

4 TURNOVER AND SEGMENT REPORTING *(CONTINUED)*

(ii) Segment reporting *(Continued)*

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.

4 TURNOVER AND SEGMENT REPORTING *(CONTINUED)*

(ii) Segment reporting *(Continued)*

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

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

4 TURNOVER AND SEGMENT REPORTING *(CONTINUED)*

(ii) Segment reporting *(Continued)*

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

	Processing and trading of coking coal and other products		Development of coal mills and production of coking coal and related products		Logistics services		Total	
	At 30 June 2013 $'000	At 31 December 2012 *$'000*	**At 30 June 2013 $'000**	At 31 December 2012 *$'000* Restated	**At 30 June 2013 $'000**	At 31 December 2012 *$'000*	**At 30 June 2013 $'000**	At 31 December 2012 *$'000* Restated
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 $'000	2012 *$'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)

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 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

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 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	At 31 December
	2013	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 LOSS BEFORE TAXATION

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

(a) Net finance costs

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
Interest income	**(64,754)**	(34,205)
Gains on repurchase of senior notes *(see note 21)*	**(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 *(see note 21)*	**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

5 LOSS BEFORE TAXATION *(CONTINUED)*

(b) Staff costs

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
		Restated
Salaries, wages, bonus and other benefits	**338,741**	342,876
Contributions to defined contribution retirement plan	**5,112**	6,334
Share-based payment expenses	**2,835**	14,933
	346,688	364,143

(c) Other items

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
		Restated
Government grants	**22,091**	20,036
Amortisation		
— leased assets	**5,136**	4,104
— intangible assets	**53,076**	40,174
Depreciation	**181,861**	151,851
Operating lease charges, mainly relating to buildings	**18,479**	20,734
Cost of inventories	**6,125,549**	6,468,573

Cost of inventories includes $234,517,000 (six months ended 30 June 2012 (restated): $204,009,000) and $197,628,000 (six months ended 30 June 2012 (restated): $151,257,000) for the six months ended 30 June 2013 relating to staff costs, depreciation and amortisation which amount is also included in the respective total amount disclosed separately above or in note 5(b) for each type of these expenses.

6 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.

7 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.

8 PROPERTY, PLANT AND EQUIPMENT, NET

(a) Acquisitions and disposals

During the six months ended 30 June 2013, the Group has acquired items of property, plant and equipment of $4,295,000 (six months ended 30 June 2012: $2,484,883,000). Items of property, plant and equipment with a net book value of $5,437,000 have been disposed of during the six months ended 30 June 2013 (six months ended 30 June 2012: $6,362,000), resulting in a gain on disposal of $1,694,000 (six months ended 30 June 2012: loss on disposal of $2,191,000).

(b) Transfer from construction in progress

During the six months ended 30 June 2013, construction in progress with a cost of $48,453,000 (six months ended 30 June 2012: $105,822,000) has been transferred into property, plant and equipment.

(c) Stripping activity asset

The Group adopted the new IFRIC interpretation IFRIC 20, *Stripping costs in the production phase of a surface mine* on 1 January 2013. During the six months ended 30 June 2013, the Group has allocated the cost of stripping activities which has improved access to further quantities of material that will be mined in future periods to the stripping activity asset of $162,439,000 (six months ended 30 June 2012 (restated): $60,870,000).

(d) As at 30 June 2013, property ownership certificates of certain properties of the Group with an aggregate net book value of $205,963,000 (31 December 2012: $234,307,000) are yet to be obtained.

(e) As at 30 June 2013, property, plant and equipment of the Group of $19,809,000 (31 December 2012: $20,650,000) have been pledged as collateral for the Group's borrowings (see note 19).

9 CONSTRUCTION IN PROGRESS

Construction in progress mainly represents the construction of the ancillary facilities for coal processing plants at Manzhouli and Urad Zhongqi and the construction of logistics facilities in Inner Mongolia as at 30 June 2013. During the six months ended 30 June 2013, construction in progress has had an addition of $127,198,000 (six months ended 30 June 2012: $150,069,000).

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

An impairment loss of $105,791,000 has been 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% (31 December 2012: 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 coal seam.

11 INTEREST IN JOINT VENTURE

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.

Due to the unsatisfactory operating performance and the delay in the commencement of mining activities, the recoverable amount from value in use calculation decreased accordingly. During the year ended 31 December 2012, an impairment loss of $323,616,000 was provided for the Group's interest in the joint venture.

12 OTHER NON-CURRENT ASSETS

Other non-current assets mainly represent the long-term portion of a loan to a third party company (also see note 15(i)) and advance payments for equipment purchase and construction in progress.

13 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 of 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 the Canada operation, 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.

14 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

15 TRADE AND OTHER RECEIVABLES

		At 30 June 2013 $'000	At 31 December 2012 $'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 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 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 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.

15 TRADE AND OTHER RECEIVABLES *(CONTINUED)*

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 (see note 19).

(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 $'000	At 31 December 2012 *$'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

15 TRADE AND OTHER RECEIVABLES *(CONTINUED)*

(b) Impairment of trade receivables, bills receivable and receivables from import agents

No allowance of impairment loss has been recorded in respect of trade receivables, bills receivable and receivables from import agents 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.

16 OTHER INVESTMENT IN EQUITY SECURITIES

As at 30 June 2013, the Group has entered into a share transfer agreement to dispose of its entire equity interest in an investment in equity securities to a third party company. The disposal is expected to be completed in the second half of 2013. The amount has accordingly been reclassified to current assets.

17 RESTRICTED BANK DEPOSITS

The Group has pledged bank deposits with maturity of more than three months of $962,826,000 (31 December 2012: $980,535,000) as at 30 June 2013 as collateral for the Group's borrowings (see note 19) and banking facilities in respect of issuance of bills and letters of credit by the Group.

18 CASH AND CASH EQUIVALENTS

	At 30 June 2013 $'000	At 31 December 2012 *$'000*
Cash at bank and in hand	**1,789,031**	2,110,823

At 30 June 2013, cash and cash equivalents of $875,020,000 (31 December 2012: $755,426,000) was held by the entities of the Group in 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 2013 $'000	At 31 December 2012 *$'000*
United States dollars	**26,743**	15,925
RMB	**467,524**	163,853
Euro	**—**	42
HK$	**3,263**	17,029
Singapore dollars	**7,140**	1,316
CA$	**836**	873

19 SECURED BANK LOANS

(a) The secured bank loans comprise:

	At 30 June 2013 $'000	At 31 December 2012 $'000
Short-term loans and current portion of long-term loans	1,774,176	1,783,606
Long-term loans	2,239,812	2,452,125
	4,013,988	4,235,731

The interest rates per annum of bank loans were:

	At 30 June 2013	At 31 December 2012
Short-term loans and current portion of long-term loans	1.56%-5.91%	1.59%-5.60%
Long-term loans	5.91%-7.68%	4.81%-8.28%

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

	At 30 June 2013 $'000	At 31 December 2012 $'000
Within 1 year	1,774,176	1,783,606
After 1 year but within 2 years	762,555	775,140
After 2 years but within 5 years	1,477,257	1,676,985
	4,013,988	4,235,731

19 SECURED BANK LOANS *(CONTINUED)*

(b) The secured bank loans are repayable as follows: *(Continued)*

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

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

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

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

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

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

20 TRADE AND OTHER PAYABLES

		At 30 June 2013 $'000	At 31 December 2012 $'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.

20 TRADE AND OTHER PAYABLES *(CONTINUED)*

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 $'000	At 31 December 2012 *$'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 2013 $'000	At 31 December 2012 *$'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).

21 SENIOR NOTES

On 8 April 2011, the Company issued senior notes with an 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 an application of the principle stated in the Company's offering memorandum on 1 April 2011 (the "Subsidiary Guarantor") (see note 26). 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 terms of the Senior Notes contain a number of covenants, including but not limited to restricting the Group's investments in certain subsidiaries including further capital injection into GCC and GCC LP and other entities, drawing down trading facilities that exceed 10% of the total assets of the Group and sales of major assets of the Group.

The Senior Notes are carried at amortised cost.

During the six months ended 30 June 2013, the Group has repurchased Senior Notes in aggregate principal amount of US$2,000,000 (six months ended 30 June 2012: US$37,500,000) in the open market and recorded a profit of $3,022,000 (six months ended 30 June 2012: $55,601,000).

22 DEFERRED INCOME

Deferred income represented unrecognised government grants received to compensate the Group's cost of construction in respect of coal processing plants and logistic parks which will be subsequently deducted from the carrying amount of assets, and other unfulfilled conditional government grants received to compensate the Group for expenses incurred which will be subsequently recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

23 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

There is no interim dividend declared attributable to the six months ended 30 June 2013 (six months ended 30 June 2012: nil)

(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	
	2013	2012
	$'000	*$'000*
No final dividend in respect of previous financial year approved and paid during the interim period (six months ended 30 June 2012: 1.6 cents per ordinary share)	**—**	60,371

(b) Share capital

	At 30 June **2013**	At 31 December 2012
	No. of shares	No. of shares
	'000	*'000*
Authorised:		
Ordinary shares	**6,000,000**	6,000,000

	At 30 June **2013**	At 31 December 2012
	'000	*'000*
Issued and fully paid:		
Ordinary shares	**3,773,199**	3,773,199

(Expressed in Hong Kong dollars unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(c) Equity settled share-based transactions

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

(i) *The number of options granted to directors and management in 2010 were 52,093,000 and 55,852,000 respectively, whereby all options are settled by physical delivery of shares.*

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

	Six months ended 30 June 2013	
	Weighted average exercise price	**Number of options**
Outstanding at 1 January	$1.677	104,928,613
Exercised during the period	$1.677	—
Forfeited during the period	$1.677	(4,296,000)
Outstanding at 30 June	$1.677	100,632,613
Exercisable at 30 June	$1.677	66,941,263

The options outstanding at 30 June 2013 have an exercise price of $1.677 per share and a weighted average remaining contractual life of 18 months.

24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

		Fair value measurements as at 30 June 2013 using		
	Fair value at 30 June 2013	Quoted price in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$'000	*$'000*	*$'000*	*$'000*
Recurring fair value measurement				
Financial assets:				
Derivative financial instruments:				
— Forward foreign exchange contracts	10,495	—	10,495	—
Financial liabilities:				
Derivative financial instruments:				
— Forward foreign exchange contracts	18,158	—	18,158	—

		Fair value measurements as at 31 December 2012 using		
	Fair value at 31 Dec 2012	Quoted price in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$'000	*$'000*	*$'000*	*$'000*
Recurring fair value measurement				
Financial assets:				
Derivative financial instruments:				
— Forward foreign exchange contracts	2,149	—	2,149	—

During the six months ended 30 June 2013, there have been no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2012: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(a) Financial assets and liabilities measured at fair value *(Continued)*

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of forward foreign exchange contracts in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2012 and 30 June 2013 except for the Senior Notes (see note 21), for which its carrying amount and fair value is disclosed below:

	30 June 2013		31 December 2012	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$'000	***$'000***	*$'000*	*$'000*
Senior Notes	**3,516,542**	**2,035,965**	3,521,004	3,024,863

25 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's consolidated statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the consolidated statement of financial position.

The Group entered into several bank notes pool and offsetting agreements with commercial banks in domestic China. Under such agreements, the Group has a legally enforceable right to set off the bills receivable and restricted bank deposits generated from the collection of those bills receivable with the Group's bank loans, and the Group and the commercial banks will settle the difference between the amount of the bills receivable and restricted bank deposits and the bank loans on a net basis.

In addition to the arrangements as mentioned above, the Group also entered into several loan and offsetting agreements with commercial banks in domestic China with an offset over the Group's restricted bank deposits and bank loans. Under such agreements, the Group has a legally enforceable right to set off the restricted bank deposits with the bank loans, and the Group and the commercial banks will settle the difference between the amount of the restricted bank deposits and the bank loans on a net basis.

25 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES *(CONTINUED)*

(a) Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognised financial assets *$'000*	Gross amounts of recognised financial liabilities offset in the statement of financial position *$'000*	Net amounts of financial assets presented in the statement of financial position *$'000*
As at 30 June 2013			
Trade and other receivables	4,245,475	(4,103,295)	142,180
Restricted bank deposits	4,007,368	(3,961,456)	45,912
	8,252,843	(8,064,751)	188,092
As at 31 December 2012			
Trade and other receivables	2,778,969	(2,778,969)	—
Restricted bank deposits	—	—	—
	2,778,969	(2,778,969)	—

There are no financial instruments or financial collateral received in connection with the above offsetting arrangements.

25 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES *(CONTINUED)*

(b) Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognised financial liabilities *$'000*	Gross amounts of recognised financial assets offset in the statement of financial position *$'000*	Net amounts of financial liabilities presented in the statement of financial position *$'000*
As at 30 June 2013			
Secured bank loans	8,064,751	(8,064,751)	—
As at 31 December 2012			
Secured bank loans	2,778,969	(2,778,969)	—

There are no financial instruments or financial collateral pledged in connection with the above offsetting arrangements.

The tables below reconcile the "net amounts of financial assets and financial liabilities presented in the statement of financial position", as set out above, to the "trade and other receivables", "restricted bank deposits" and "secured bank loans" presented in the statement of financial position.

	At 30 June 2013 ***$'000***	At 31 December 2012 *$'000*
Net amount of trade and other receivables after offsetting as stated above	**142,180**	—
Trade and other receivables not in scope of offsetting disclosure	**4,265,650**	4,167,372
Total trade and other receivables	**4,407,830**	4,167,372

25 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES *(CONTINUED)*

	At 30 June 2013 $'000	At 31 December 2012 $'000
Net amount of restricted bank deposits after offsetting as stated above	45,912	—
Restricted bank deposits not in scope of offsetting disclosure	916,914	980,535
Total restricted bank deposits	962,826	980,535

	At 30 June 2013 $'000	At 31 December 2012 $'000
Net amount of secured bank loans after offsetting as stated above	—	—
Secured bank loans not in scope of offsetting disclosure	4,013,988	4,235,731
Total secured bank loans	4,013,988	4,235,731

26 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 21).

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

27 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 2013:

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
Sales of products to a related party	**128,056**	131,028
Purchase of products from a related party	**244,936**	—
Rental expense for lease of properties from related parties	**3,809**	4,500

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.

28 COMMITMENTS

(a) Capital commitments outstanding at 30 June 2013 not provided for in the interim financial report are as follows:

	At 30 June 2013 $'000	At 31 December 2012 $'000
Contracted for	251,015	409,307
Authorised but not contracted for	153,632	431,119
	404,647	840,426

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.

(b) At 30 June 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2013 $'000	At 31 December 2012 $'000
Within 1 year	15,841	18,364
After 1 year but within 5 years	20,426	14,044
After 5 years	1,214	1,533
	37,481	33,941

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.

29 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 20 August 2013, the Company commenced a tender offer (the "Tender Offer") to the note holders of the Group's outstanding Senior Notes (see note 21) to purchase for cash any and all of its outstanding Senior Notes (the "Redemption"). The Redemption is subject to a number of conditions including, among other things, the Company receiving the requisite consents of not less than a majority of the aggregate principal amount of the outstanding Senior Notes (other than Senior Notes held by the Company), and such consents being validly delivered and not validly withdrawn on or prior to the expiration time of the Tender Offer.

The Directors of the Company confirmed that the Group has considered the potential financial impact of the above Redemption, if the Company decides to accept for purchase Senior Notes validly tendered pursuant to the Tender Offer. The Group has preliminarily assessed that any difference between the carrying amount of the Senior Notes which may be redeemed and cash which may be paid by the Group for the Redemption shall be recorded in the Group's consolidated income statement in future periods, this may accordingly have an impact on the Group's result of operations in future periods and financial position at future dates.

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 28 to 75 which comprises the consolidated statement of financial position of Winsway Coking Coal Holdings Limited as at 30 June 2013 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 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
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Central, Hong Kong

20 August 2013