



WINSWAY ENTERPRISES HOLDINGS LIMITED

永暉實業控股股份有限公司

(Incorporated in the British Virgin Islands with limited liability)

Stock Code : 1733

INTERIM REPORT 2015



CONTENTS

I.	Management Discussion and Analysis of Financial Conditions and Operating Results	2
II.	Other Information	18
III.	Consolidated Statement of Profit or Loss	26
IV.	Consolidated Statement of Profit or Loss and Other Comprehensive Income	28
V.	Consolidated Statement of Financial Position	29
VI.	Consolidated Statement of Changes in Equity	30
VII.	Condensed Consolidated Cash Flow Statement	32
VIII.	Notes to the Unaudited Interim Financial Report	33
IX.	Review Report to the Board of Directors of Winsway Enterprises Holdings Limited	68

Management Discussion and Analysis of Financial Conditions and Operating Results

I. FINANCIAL HIGHLIGHT

In the first half of 2015, the Group recorded consolidated revenue from continuing operations of HK\$3,396 million, mainly derived from 4.31 million tonnes of coal sales, 1.03 million tonnes of logistics services rendered, and 0.02 million tonnes of petrochemical products sales. Amongst coal sales, 3.83 million tonnes were seaborne coal, 0.24 million tonnes were Mongolian coking coal, 0.17 million tonnes were Mongolian thermal coal and 0.07 million tonnes were self-produced coal. While in the same period of 2014, consolidated revenue from continuing operations of HK\$3,246 million, mainly derived from 3.81 million tonnes of coal sales, of which 2.38 million tonnes were seaborne coal, 1.16 million tonnes were Mongolian coking coal, 0.22 million tonnes were Mongolian thermal coal and 0.05 million tonnes were self-produced coal.

In the first half of 2015, the Group established a new team specializing in petrochemical products trading. 0.02 million tonnes of petrochemical products sales were realized by the team with total revenue of HK\$146 million during the period. The Group will continue to seek new profit-generating businesses to tackle the continuing depressed coal trading business. Petrochemical products are a new type of trading commodities added to the Group's business scope.

For the first half of 2015, the Group achieved a gross profit from continuing operations of HK\$115 million compared to a gross profit from continuing operations of HK\$0.42 million during the same period of last year. The profit was mainly generated by trading of seaborne coal and petrochemical products as well as rendering warehousing services.

Overall, the Group incurred a consolidated net loss of HK\$1,783 million during the first half of 2015 compared to a net loss of HK\$4,728 million during the first half of 2014. The loss attributable to equity shareholders of the Company was HK\$1,490 million. The continuing operations loss incurred from the Company's operations was HK\$1,581 million for the first half of 2015, and the discontinued operation loss for GCC was HK\$202 million.

To cope with the current weak market, the Group continued making efforts to reduce its inventory to a minimal level. The Group's coal inventory declined from 0.37 million tonnes as of 31 December 2014 to 0.25 million tonnes as of 30 June 2015.

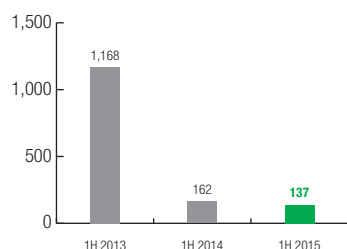
Management Discussion and Analysis of Financial Conditions and Operating Results

II. MONGOLIAN COAL PROCUREMENT

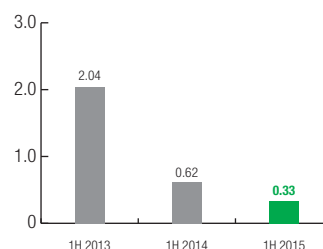
In the first half of 2015, the Group procured a total of 0.33 million tonnes of Mongolian coal, a 46.77% decrease from the volume procured during the same period last year. The decrease was mainly a result of a change in the price advantage of Mongolian coal to seaborne coal. Domestic market prices did not support the import of Mongolian coal since the seaborne coal price was at such a low level. Therefore, the Company adjusted its marketing strategy by voluntarily reducing Mongolian coal procurement and increasing seaborne coal procurement.

The Group's top 3 Mongolian coal suppliers during the first half of 2015 were Energy Resources LLC, Edernes Tavan Tolgoi JSC, and Inner Mongolia Wanli Coal Trading Co., Ltd with a procurement amount of HK\$35 million, HK\$14 million, and HK\$13 million, respectively.

Mongolian Coal Procurement Amount (in HK\$ million)



Mongolian Coal Procurement Volume (MT)



III. SEABORNE COAL PROCUREMENT

In the first half of 2015, the Group's seaborne procurement volume was approximately 3.81 million tonnes, a 54.88% increase over the 2.46 million tonnes procured during the first half of 2014. Seaborne coal has a competitive advantage in a weak market because of the lower shipping costs. Moreover, seaborne coal business requires less working capital in comparison with Mongolian coal business. In order to maintain our market share in China, the Company's strategy is to purchase more seaborne coal on a strict back-to-back basis although only at a thin profit margin.

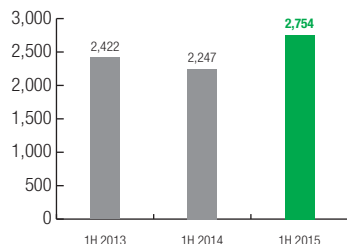
In the first half of 2015, the amount of coal procured from the top 5 seaborne coal suppliers was worth HK\$1,943 million, which accounted for 70.55% of the total seaborne coal procurement, whereas 69.39% of the total seaborne coal was attributable to the top 5 suppliers during the same period of 2014.

The Group's Top 5 Seaborne Coal Suppliers

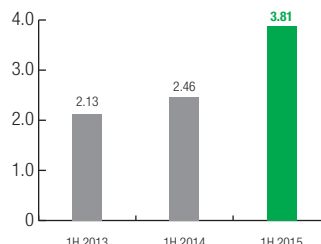
Name	Amount (HK\$' Million)
BHP Billiton	889
Rio Tinto Group	376
Anglo American	333
Peabody Energy	221
Pacific Minerals Coal Limited	124
Total	1,943

Management Discussion and Analysis of Financial Conditions and Operating Results

Seaborne Coal Procurement Amount (in HK\$ million)



Seaborne Coal Procurement Volume (MT)



IV. GCC OPERATIONS

Grande Cache Coal Corporation (“**GCC**”) is engaged in the production and sale of premium hard coking coal. It was acquired by the Company and Marubeni on a 60% and 40% basis, respectively, in March 2012. Owing to the depressing coal market, continuous operating losses of GCC, and limited financial ability of the Group to maintain its financial support to GCC, the board of directors of the Company resolved to divest itself of GCC, and since 27 June 2014, GCC had been classified as a disposal group held for sale.

On 27 June 2014, the board of directors of the Company resolved to commit to a plan to sell part or all of the Company's interest in Grande Cache Coal LP (“**GCCLP**”) to a level at which the Company would cease to hold a majority or controlling interest. Accordingly, GCC LP has been presented as a discontinued operation in the consolidated statement of profit or loss and the assets and liabilities of GCC LP have been classified as a disposal group held for sale since 27 June 2014.

On 14 November 2014, the Group entered into a sale and purchase agreement with Up Energy Resources Company Limited (the “**Purchaser**”) and Up Energy Development Group Limited (the “**Purchaser Guarantor**”), pursuant to which the Purchaser has conditionally agreed to acquire and the Group has conditionally agreed to sell a 42.74% equity interest in GCC (a subsidiary of the Group without material businesses except for as the general partner holding 0.01% interest in GCC LP) and an approximately 42.74% partnership interest in GCC LP for cash consideration of US\$1 (the “**Disposal**”).

Management Discussion and Analysis of Financial Conditions and Operating Results

Operation details of GCC in the first half of 2015 were as follows:

GCC's Production Volume

In the first half of 2015, the total production volume of GCC ROM (run-of-mine) coal was 0.32 million tonnes, which sharply decreased from 1.25 million tonnes for the same period last year. The sharp decrease was due to the limitation of tight cash flow position of GCC and poor market performance.

GCC's Cost of Sales

In the first half of 2015, GCC's cost of sales was HK\$413 million, or HK\$1,184 on a per tonne basis, an increase from HK\$728 million, or HK\$1,014 on a per tonne basis for the same period last year. Cost of self-employed labour, third party contracting services, and materials are among the top cost components.

	Six months Ended 30 June 2015 (HK\$/tonne)	Six months Ended 30 June 2014 (HK\$/tonne)
Average cost of sales (HK\$/tonne)		
Cost of product sold	750	486
Distribution costs	220	244
Depreciation and depletion	214	284
	1,184	1,014

Management Discussion and Analysis of Financial Conditions and Operating Results

V. OUR CUSTOMERS

Despite the overall softening in coking coal demand, the Group still managed to compete in the market, benefiting from the Group's extensive reach of logistics infrastructure in northern and coastal regions of China as well as its strong sales and marketing teams' performance. Our top 5 customers accounted for 59.81% of the total sales for the first half of 2015 as compared to 33.30% 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 Group	Guangxi	755
Xin Da An	Singapore	413
Posco	South Korea	348
Jiujiang Group	Hebei	340
Bright Ruby Resources	Singapore	175
Total		2,031

VI. FINANCIAL REVIEW

a. Sales

In the first half of 2015, our sales revenue from continuing operations was HK\$3,396 million, a 4.62% increase from the same period last year.

Continuing Operations

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Coking coal	3,040,528	3,036,118
Thermal coal	49,302	151,312
Coke	95,314	—
Coal related products	16,382	22,973
Petrochemical products	146,391	—
Rendering of logistics services	45,952	32,875
Others	2,453	3,203
	3,396,322	3,246,481

Management Discussion and Analysis of Financial Conditions and Operating Results

In terms of volume, the Company sold 4.31 million tonnes of coal, compared to 3.81 million tonnes during the same period last year. In terms of price, the Company's realised average selling price decreased from HK\$842 per tonne during the first half of 2014 to HK\$716 per tonne during the first half of 2015.

	Six months Ended		2014	
	2015			
	Total sales volume	Average selling price	Total sales volume	Average selling price
	(tonnes)	(per tonne) (HK\$)	(tonnes)	(per tonne) (HK\$)
Mongolian coal	409,051	475	1,377,730	693
Seaborne coal	3,829,169	740	2,383,787	923
Self-produced coal	76,752	814	52,701	1,043
Total	4,314,972	716	3,814,218	842

b. Cost of Goods Sold ("COGS")

The Group incurred COGS from continuing operations of HK\$3,282 million during the first half of 2015 compared to HK\$3,246 million in the first half of 2014.

	Six months Ended		2014	
	2015			
	Total purchase volume	Average purchase price	Total purchase volume	Average purchase price
	(tonnes)	(per tonne) (HK\$)	(tonnes)	(per tonne) (HK\$)
Mongolian coal	334,244	410	621,958	260
Seaborne coal	3,808,386	723	2,461,019	913
Total	4,142,630	698	3,082,977	781

Management Discussion and Analysis of Financial Conditions and Operating Results

c. Gross Profit

For the first half of 2015, the Group achieved a gross profit from continuing operations of HK\$115 million compared to a gross profit from continuing operations of HK\$0.42 million during the same period last year. The increase in the profit margin was achieved because the Group has strictly adopted a back-to-back strategy in seaborne coal trading and applied risk management measures in the difficult market environment.

d. Net Finance Costs

In the first half of 2015, our net finance costs from continuing operations totaled HK\$149 million compared to HK\$154 million during the same period of 2014.

	Six months ended 30 June	
	2015 \$'000	2014 \$'000
Interest income	(30,204)	(32,931)
Fair value change of derivative financial instruments	(6,604)	–
Foreign exchange gain, net	–	(19,865)
Finance income	(36,808)	(52,796)
Interest on secured bank loans wholly repayable within five years	26,254	44,453
Interest on discounted bills receivable	3,298	23,137
Interest on senior notes	115,119	115,162
Total interest expense	144,671	182,752
Bank charges	4,061	17,801
Foreign exchange loss, net	36,659	–
Fair value change of derivative financial instruments	–	6,714
Finance costs	185,391	207,267
Net finance costs	148,583	154,471

e. Net Loss and Loss per Share

The Group incurred a net loss of HK\$1,783 million in the first half of 2015, a lower amount compared to HK\$4,728 million in the first half of 2014. Of the HK\$1,783 million loss, HK\$1,581 million was from continuing operations.

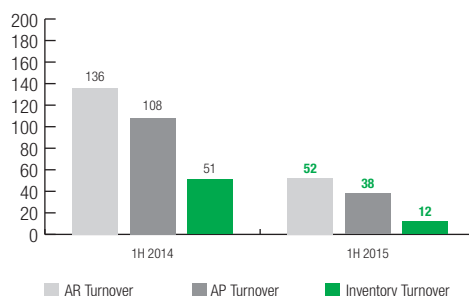
Net loss per share is HK\$0.395 for the first half of 2015 compared to HK\$0.727 for the first half of 2014, and loss per share for continuing operations is HK\$0.361 for the first half of 2015 compared to HK\$0.110 for the first half of 2014.

Management Discussion and Analysis of Financial Conditions and Operating Results

f. Working Capital

Our accounts receivable turnover days, accounts payable turnover days and inventory turnover days for the first half of 2015 were 52 days, 38 days, and 12 days respectively. The cash conversion days were 26 days, which was 53 days shorter than the same period of last year.

Working Capital



g. Property, Plant and Equipment (“PP&E”)

The amount of property, plant and equipment was HK\$259 million at the end of June 2015, representing a 71.51% sharp decrease over the amount at the end of December 2014 (HK\$909 million). This was due to an impairment loss of HK\$633 million for buildings, plant, machinery and railway special assets in respect of the Company's coal processing factories and logistics facilities in the PRC due to the unfavourable future prospects of the coking coal business and low utilization of the coal processing factories and logistic facilities.

h. Construction in Progress

The Group has provided an impairment loss of HK\$171 million for the construction in progress in the respect of certain logistics and coal processing projects under construction in PRC. The amount of construction in progress was written down to zero at the end of June 2015, which was due to the unfavourable future prospects of the coking coal business in 2015.

i. Other Investment in Equity Securities

The Group has recognized impairment losses of HK\$266 million to fully write down the Group's investments in the equity securities of certain companies engaged in railway logistics, ports management and coal storage business. The impairment has been provided based on a fair value evaluation on the respective investments in the equity securities performed by an independent appraiser using discounted cash flows based on cash flow projections taking into account transportation price assumptions and estimated transportation volumes provided by the management of the investees. The expected net cash flows are discounted using a risk adjusted pre-tax discount rate of 12.36%.

Management Discussion and Analysis of Financial Conditions and Operating Results

j. Other Non-current Assets

On 10 April 2010, the Group and Moveday Enterprises Limited ("**Moveday**"), a Mongolian trucking company, entered into a loan agreement (as subsequently amended by a supplemental deed on 15 September 2010) and a strategic alliance agreement and 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 was drawn down in 2010. Because of the softening coal market, such agreement was amended several times and remaining unpaid amount as at 30 June 2015 is US\$20.4 million. On 22 January 2016, the Group and Moveday mutually agreed to off set the outstanding loan principal of US\$4,888,000 and interest of US\$359,000 on due as at 31 December 2015 against the Company's payables in connection with coking coal transportation services provided by Moveday. Apart from the offsetting agreement, all the other terms of the loan were not changed and Moveday is obliged to repay the entire outstanding principal on or before 31 December 2016.

For the six months ended 30 June 2015, the Group has made impairment provision of HK\$120,216,000 against the loan to Moveday balance based on the communication with management of Moveday about information about the adverse financial and operating circumstances of Moveday in 2015.

k. Senior Notes

On 8 April 2011, the Company issued senior notes in the aggregate principal amount of US\$500,000,000 ("**Senior Notes**") and which were 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 (the "**Subsidiary Guarantors**") as an application of the principle stated in the Company's offering memorandum on 1 April 2011. 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.

During the year ended 31 December 2013, the Group repurchased Senior Notes in aggregate principal amount of US\$153,190,000 for a cash consideration of US\$73,595,000 in the open market. The Senior Notes repurchased were redeemed subsequently. The outstanding Senior Notes of a principal amount of US\$309,310,000 will mature on 8 April 2016.

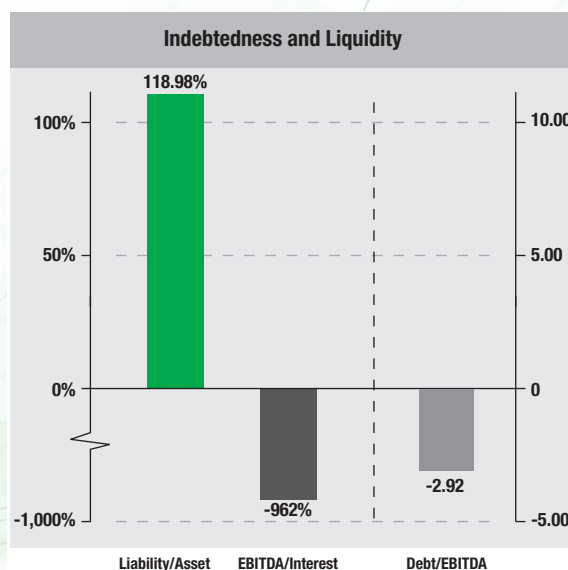
In addition, on 11 October 2013, the Company also received consents from holders of the Senior Notes with a consent payment of US\$4,118,000 to certain amendments ("**Amendments**") to the indenture, dated as of 8 April 2011 ("**Indenture**"), among the Company, the Subsidiary Guarantors and Deutsche Bank Trust Company Americas, as trustee. The Amendments eliminated the limitations on indebtedness, restricted payments, dividend and other payment restrictions affecting Restricted Subsidiaries (as defined in the Indenture), sales and issuances of capital stock in Restricted Subsidiaries, issuances of guarantees by Restricted Subsidiaries, sale and leaseback transactions, transactions with shareholders and affiliates and business activities as contained in the Indenture.

Management Discussion and Analysis of Financial Conditions and Operating Results

During the six months ended 30 June 2015, the Group did not make the scheduled Interest Payments. The Group has defaulted on outstanding Senior Notes amounting to HK\$2,375,939,000 as at 30 June 2015 after the 30-day grace period expired on 8 May 2015 for making the Interest Payment under the terms of the Indenture, as amended and supplemented. On 25 November 2015, the Company, certain of the Bondholders and the Subsidiary Guarantors entered into a restructuring support agreement ("**Restructuring Support Agreement**"), pursuant to which such Bondholders agreed to support the Debt Restructuring. For further information on the Restructuring Support Agreement, please refer to the Company's announcement dated 26 November 2015.

I. Indebtedness and Liquidity

As of 30 June 2015, our secured bank loans totaled HK\$1,687 million (excluding loans of GCC), an increase of 41.53% from the amount at the end of 2014 (HK\$1,192 million). The range of interest rates per annum for bank loans for the first half of 2015 varied from 0.68% to 7.15%, compared with a range from 1.53% to 7.20% during 2014. The Group's gearing ratio calculated on the basis of the Group's total liabilities divided by its total assets as of 30 June 2015 was 118.98% compared to 96.28% as of 31 December 2014.



m. Contingent Liability

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

Management Discussion and Analysis of Financial Conditions and Operating Results

n. Pledge of Assets

At 30 June 2015, bank loans amounting to HK\$679,696,000 (31 December 2014: HK\$523,935,000) have been secured by bank deposits placed in banks with an aggregate carrying value of HK\$671,192,000 (31 December 2014: HK\$521,473,000).

At 30 June 2015, bank loans amounting to HK\$127,040,000 (31 December 2014: HK\$584,418,000) have been secured by trade and bills receivables with an aggregate carrying value of HK\$127,041,000 (31 December 2014: HK\$584,418,000).

At 30 June 2015, bank loans amounting to HK\$479,928,000 (31 December 2014: HK\$67,183,000) have been secured by bank deposits placed in banks, land use rights and property, plant and equipment with an aggregate carrying value of HK\$256,885,000 (31 December 2014: HK\$108,365,000).

At 30 June 2015, bank loans amounting to HK\$400,496,000 (31 December 2014: \$nil) were secured by trade and bills receivable land use rights and property, plant and equipment with an aggregate carrying value of HK\$558,275,000 (31 December 2014: HK\$nil).

o. Cash Flow

In the first half of 2015, our operating cash outflow was HK\$845 million compared to HK\$2,856 million cash outflow during the same period last year. The significant decrease in cash outflow resulted mainly from the amount of in payables, which could not be compensated by receivables and inventory level.

In the first half of 2015, the Group received a cash inflow from investing activities of HK\$93 million compared to HK\$218 million cash outflow during the first half of 2014. The cash inflow from investing activities was generated mainly from a decrease in restricted bank deposits during the first half of 2015.

The Group had a cash inflow from financing activities of HK\$510 million during the first half of 2015 compared to a HK\$1,215 million cash inflow from financing activities during the first half of 2014. The cash inflow from financing activities was mainly generated from the net proceeds of bank loans related to trade financing.

VII. EXPOSURE TO EXCHANGE RATE FLUCTUATIONS

Approximately 86% of the Group's turnover in the first half of 2015 were denominated in United States Dollars ("US dollars") and the remaining 14% in RMB. The Group's cost of coal purchased, accounting for over 88.09% of the total cost of sales in the first half of 2015, and some of our operating expenses were denominated in 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.

Management Discussion and Analysis of Financial Conditions and Operating Results

VIII. HUMAN RESOURCES

i. Winsway Standalone (excluding GCC)

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 signed formal employment contracts with all employees and pays all mandatory social insurances schemes 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.

Due to unfavourable operating performance, the Group reduced headcount by about 25% in the first half of 2015. As at 30 June 2015, the Group had 260 full-time employees (excluding 106 dispatch staff in the PRC subsidiaries). Detailed figures by category of employees are as follows:

Functions	No. of Employee	Percentage
Management, Administration & Finance	96	37%
Front-line Production & Production Support & Maintenance	111	43%
Sales & Marketing	40	15%
Others (incl. Projects, CP, Transportation)	13	5%
Total	260	100%

Employee Education Overview

Qualifications	No. of employee	Percentage
Master & above	19	7%
Bachelor	110	43%
Diploma	65	25%
Middle-School (Secondary School) & below	66	25%
Total	260	100%

Training Overview

Training is key to the Company to improve the employees' working capabilities and management skills. For the six months ended 30 June 2015, the Company held various internal and external training programs amounting to 457 training hours in total, and 152 employees participated in these programs.

Management Discussion and Analysis of Financial Conditions and Operating Results

Training Overview

Training Courses	No. of hours	No. of participants
Safety	205	113
Management and leadership	220	31
Operation Excellence	32	8
Total	457	152

ii. GCC

Employee Overview

GCC has maintained a performance-oriented compensation system that balances each individual position's internal and external value. GCC also signed formal employment contracts with all employees and participates in all required social security schemes following applicable regional and/or national laws and regulations.

As of 30 June 2015, GCC had 287 employees. A detailed breakdown by employee categories is as follows:

Functions	No. of Employees	Percentage
Head Office (Calgary)	21	7%
Mine Site Management, Supervision, Technical and Administrative (38 union employees)	62	22%
Underground Mining Operations (Union)	114	40%
Contract Underground Mining Operations	2	0%
Coal Process Plant Operations & Maintenance and Site Care (Union)	37	13%
Coal Haul Operations & Maintenance (Note 1)	51	18%
Total	287	100%

Note 1. The Coal Haul replaced Maple Leaf loading contractors with hourly paid employees.

Note 2. The total number of union employees is 203.

Management Discussion and Analysis of Financial Conditions and Operating Results

Employee Education Overview

Qualifications	No. of Employee	Percentage
Master & above	5	2%
Bachelor	25	8%
Diploma	112	39%
Middle-School (Secondary School) & below	145	51%
Total	287	100%

Training Overview

GCC considers training an invaluable process to provide employees with information, new skills, and/or professional development opportunities. As of 30 June, 2015, GCC held various training programs totaling 7,533 hours, and 348 attendees participated in these programs.

GCC also holds an orientation program for newly admitted employees. The program covers modules such as, among other things, introduction to corporate culture, briefings in relation to of GCC's regulations, understanding of safety and operational guidelines.

Training Courses	No. of hours	No. of participants
Safety	5,654	224
New staff Orientation	1,704	66
Operation Excellence	175	58
Total	7,533	348

Note: Orientation includes new hire safety orientation and underground orientation

Management Discussion and Analysis of Financial Conditions and Operating Results

IX. HEALTH, SAFETY AND ENVIRONMENT

We place great importance on the health and safety of our employees, and clearly recognize the importance of environmental protection. LTIFR, FTIR and TRCF are the keys to measure how we deliver our promises.

i. Winsway Standalone HSE Performance

In the first half of 2015, the Company achieved “zero accident”, comparing to 1.14 LTIFR in 2014. No environmental accidents or occupational health accidents occurred in the first half of 2015. Some plants were temporarily idle or half shutdown due to the depressed market, but the Company paid close attention to enhancing the safety awareness of the employees by safety training and examinations.

ii. GCC HSE Performance

YTD Incident Summary of GCC from January 1 to June 30, 2015

	Site Services	Coal Haul	UG	Admin	Surface OP	Totals
Near Miss	415	399	738	330	49	1,931
First Aid	1	7	17	0	0	25
Medical Treatment ¹	0	2	5	0	2	9
Restricted Work Case ²	0	4	11	0	0	15
Lost Time Injury	0	0	0	0	0	0
Total Recordable Injury ³	0	6	16	0	2	24
WHS Notified	1	1	2	0	0	4
WHS Reported	0	0	0	0	0	0
AER	0	1	1	2	0	4
Property Damage	3	4	27	3	1	40
Environmental	0	0	0	0	1	1

¹ Medical Treatment is the management and care of a patient for the purpose of managing an injury. The employee can perform most or all of the regular duties with the exception of periodically resting the injury.

² Restricted Work Cases occur when, as a result of an injury an employee is kept from performing one or more of the routine functions of his/her job or from working the full work day that he/she would otherwise have been scheduled to work.

³ Total Recordable Injury is the sum of fatalities, lost time injury, restricted work cases, and medical treatment.

Management Discussion and Analysis of Financial Conditions and Operating Results

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

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 2015.

XI. INTERIM DIVIDEND

No dividend was declared for the six months ended 30 June 2015.

XII. SIGNIFICANT EVENTS AFTER 30 JUNE 2015

i. GCC Disposal

In connection with GCC operation, on 14 November 2014, the Group entered into a sale and purchase agreement with the Purchaser and the Purchaser Guarantor in relation to the Disposal. On 2 September 2015, all the conditions precedent to the completion of the Disposal were either satisfied or waived pursuant to the aforementioned sale and purchase agreement. Following the completion of the Disposal, the Company remains interested in 14.69% in GCC and 14.685% GCC LP and they were ceased to be subsidiaries of the Company. For further information on the Disposal, please refer to the Company's announcements dated 19 November 2014, 8 December 2014, 1 January 2015, 9 April 2015, 13 May 2015, 30 June 2015, 17 July 2015, 21 July 2015 and 2 September 2015 and circular dated 30 June 2015.

ii. Senior Notes

As at 30 June 2015, the Group has defaulted on outstanding Senior Notes amounting to HK\$2,375,939,000 after the 30-day grace period expired on 8 May 2015 for making the Interest Payment under the terms of the Indenture, as amended and supplemented. On 25 November 2015, the Company, certain of the Bondholders and Subsidiary Guarantors entered into the Restructuring Support Agreement, pursuant to which these Bondholders agreed to support the Debt Restructuring. As of the date of this Report, the Senior Notes restructuring is still in progress.

For further information on the Restructuring Support Agreement, please refer to the Company's announcement dated 26 November 2015.

iii. Cancellation of Outstanding Options

In connection with the outstanding options granted (the "**Outstanding Options**") under the new share option scheme adopted at the annual general meeting of the Company held on 6 June 2014 (the "**2014 Share Option Scheme**"), as at 1 March 2016, all the Outstanding Options under the 2014 Share Option Scheme were cancelled by the relevant grantees and the Company in accordance with the terms of the 2014 Share Option Scheme. For further details, please refer to the Company's announcement dated 1 March 2016.

Other Information

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

As at 30 June 2015, 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 SFP) 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 Issuers ("**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 ⁽⁷⁾
Wang Xingchun ⁽¹⁾⁽²⁾	The Company	Personal interest and interest of controlled corporation	1,518,250,109	40.24%
	E-steel Holdings Pte. Ltd. ⁽⁶⁾	Beneficial owner	1	10%
Zhu Hongchan ⁽³⁾	The Company	Personal interest	13,000,000	0.35%
Wang Changqing ⁽⁴⁾	The Company	Personal interest	10,000,000	0.27%
Ma Li ⁽⁵⁾	The Company	Personal interest	13,000,000	0.35%
Liu Qingchun	The Company	Personal interest and interest of spouse	179,000	0.00%
James Downing	The Company	Personal interest	329,000	0.01%
George Jay Hambro	The Company	Personal interest	573,000	0.02%

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 1,310,143,688 Shares held by Winsway International Petroleum & Chemicals Limited and Winsway Resources Holdings Limited, respectively. On 15 July 2014, Mr. Wang pledged 208,106,421 Shares and 920,079,989 Shares respectively (the "**Pledged Shares**") through his indirectly wholly owned companies Winsway International Petroleum & Chemicals Limited and Winsway Resources Holdings Limited in favour of Shanxi Coal International Energy Group Xinyuan Trading Co., Ltd., an independent third party (the "**Pledgee**"), as security for the performance of certain contractual obligation of a company indirectly owned by Mr. Wang. The Pledged Shares represent approximately 29.90% of the issued shares of the Company. For further details, please refer to the announcement of the Company dated 15 July 2014. As at the latest practicable date prior to the printing of this interim report, the security right has not yet exercised.

Other Information

- (2) Mr. Wang indirectly holds the entire issued share capital of Winsway International Petroleum & Chemicals and Winsway Resources Holdings and is deemed to be interested in the 208,106,421 Shares and 1,310,143,688 Shares held by Winsway International Petroleum & Chemicals and Winsway Resources Holdings, respectively. On 15 July 2014, Mr. Wang pledged 208,106,421 Shares and 920,079,989 Shares respectively (together the **"July Pledged Shares"**) through his indirectly wholly owned companies Winsway International Petroleum & Chemicals and Winsway Resources Holdings in favour of Shanxi Coal International Energy Group Xinyuan Trading Co., Ltd, an independent third party which is a state-owned enterprise in the PRC as security for the performance of certain contractual obligation of a company indirectly owned by Mr. Wang. On 30 September 2014, Mr. Wang further pledged 390,000,000 Shares (the **"September Pledged Shares"**) through his indirectly wholly owned company Winsway Resources Holdings in favour of Poly Legend International Limited (**"Poly Legend"**), an independent third party of the Company, under a bona fide commercial agreement. The July Pledged Shares and September Pledged Shares represent approximately 29.90% and 10.34% of the issued shares of the Company as at the Latest Practicable Date, respectively. For further details, please refer to the announcement of the Company dated 15 July 2014 and 30 September 2014, respectively. On 27 March 2015, Mr. Wang pledged 316,900,000 Shares through his indirectly wholly owned company Winsway Resources Holdings in favour of Zhuhai Chengzhi Tong Development Co., Ltd. (the **"March 2015 Pledge"**), an independent third party of the Company, as security for the performance of certain contractual obligation of Beijing Winsway Investment Co., Ltd., a company indirectly owned by Mr. Wang, under a bona fide commercial agreement. On 2 June 2015, the pledgee has exercised its rights under the March 2015 Pledge and the underlying Shares have been transferred. For further details, please refer to the Company's announcements dated 29 March 2015 and 3 June 2015.
- (3) Ms. Zhu Hong Chan's options to subscribe for 13,000,000 Shares were granted under the 2014 Share Option Scheme.
- (4) Mr. Wang Changqing's options to subscribe for 10,000,000 Shares were granted under the 2014 Share Option Scheme.
- (5) Ms. Ma Li's options to subscribe for 13,000,000 Shares were granted under the 2014 Share Option Scheme.
- (6) As at the latest practicable date prior to the printing of this interim report, the company name of Winsway Monqolian Transportation Pte. Ltd. has been changed to E-steel Holdings Pte. Ltd. effective from 14 January, 2016. Besides, Mr. Wang has transferred his 10% equity interests in E-steel Holdings Pte. Ltd. to the Company with cash consideration of SGD1.00 on 14 January 2016.
- (7) The percentage shareholding of the Company is calculated on the basis of 3,773,198,693 Shares in issue as at the latest practicable date prior to the printing of this interim report.

Save as disclosed above, as at 30 June 2015, 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.

Other Information

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, the Pre-IPO Scheme shall be valid and effective for a period of 5 years from 30 June 2010. Pursuant to the Pre-IPO Option Scheme, options to subscribe for 107,945,000 Shares were granted. No further options to subscribe for Shares may be granted under the Pre-IPO Option Scheme after 30 June 2010. As of 30 June 2015, the 5-year period of the scheme expired. No options exercised during the six months ended 30 June 2015. All outstanding options lapsed. A summary of the movements of the outstanding share options granted under the Pre-IPO Option Scheme during the six months ended 30 June 2015 were as follows:

Grantee	Options held as at 1 January 2015	Options exercised during the period	Options lapsed/cancelled during the period	Options held as at 30 June 2015
Directors				
Wang Xingchun	17,334,000	0	17,334,000	0
Zhu Hongchan	10,345,000	0	10,345,000	0
Ma Li	8,276,000	0	8,276,000	0
Employees	30,327,000	0	30,327,000	0
Resigned director	8,069,000	0	8,069,000	0
Total	74,351,000	0	74,351,000	0

Other Information

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 2015, no RSU Awards were granted by the Company under the RSU Scheme.

2014 Share Option Scheme

The Company adopted a new share option scheme (the “**2014 Share Option Scheme**”) in the annual general meeting of the Company held on 6 June 2014. The purpose of the 2014 Share Option Scheme is to reward persons who have contributed to the Group and to encourage such persons to work towards enhancing the value of the Company. The eligible participants of the 2014 Share Option Scheme include Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of the Group. The 2014 Share Option Scheme, unless otherwise terminated or amended, will remain in force for a period of 5 years from 6 June 2014.

Grantee	Options granted as at 1 January 2015	Options granted during the period	Options exercised during the period	Options lapsed/ cancelled during the period	Options held as of the 30 June 2015
Directors					
Zhu Hongchan	13,000,000	—	—	—	13,000,000
Ma li	13,000,000	—	—	—	13,000,000
Wang Changqing	10,000,000	—	—	—	10,000,000
Others					
Employees	75,400,000	—	—	10,000,000	65,400,000
Total	111,400,000	—	—	10,000,000	101,400,000

Save as disclosed above, at no time during the six months ended 30 June 2015 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.

Other Information

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 30 June 2015, 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 ⁽⁷⁾
Mr. Wang ⁽¹⁾⁽⁴⁾	The Company	Personal interest and interest of controlled corporation	1,518,205,109	40.24%
Winsway Group Holdings Limited ⁽²⁾	The Company	Interest of controlled corporation	1,518,205,109	40.24%
Great Start Development Limited ⁽³⁾	The Company	Interest of controlled corporation	208,106,421	5.52%
Winsway International Petroleum & Chemicals ⁽⁴⁾	The Company	Beneficial owner	208,106,421	5.52%
Winsway Resources Holdings ⁽⁴⁾	The Company	Beneficial owner	1,310,143,688	34.72%
Poly Legend International ⁽⁴⁾⁽⁵⁾	The Company	Person having a security interest in shares	390,000.000	10.34%
Yang Peilin ⁽⁵⁾	The Company	Interest of controlled corporation	390,000.000	10.34%
Zhuhai Chengzhi Tong Development Co., Ltd. ⁽⁶⁾	The Company	Beneficial owner	316,900,000	8.40%
Su Songqing ⁽⁶⁾	The Company	Nominee for another person (other than above trustee)	316,900,000	8.40%
Shanxi Coal International Energy Group Xinyuan Trading Co., Ltd. ⁽⁴⁾	The Company	Person having a security interest in shares	1,128,186,410	29.90%

Notes:

- (1) Mr. Wang indirectly holds the entire issued share capital of Winsway International Petroleum & Chemicals and Winsway Resources Holdings and is deemed to be interested in the 208,106,421 Shares and 1,310,143,688 Shares held by Winsway International Petroleum & Chemicals and Winsway Resources Holdings, respectively.
- (2) Winsway Group Holdings indirectly holds the entire issued share capital of Winsway International Petroleum & Chemicals and directly holds the entire issued share capital of Winsway Resources Holdings and is deemed to be interested in the 208,106,421 Shares and 1,310,143,688 Shares held by Winsway International Petroleum & Chemicals and Winsway Resources Holdings, respectively. Mr. Wang is the sole director of Winsway Group Holdings Limited.
- (3) Great Start Development holds the entire issued share capital of Winsway International Petroleum & Chemicals and is deemed to be interested in the 208,106,421 Shares held by Winsway International Petroleum & Chemicals. Mr. Wang is the sole director of Great Start Development.

Other Information

- (4) On 15 July 2014, Mr. Wang pledged 208,106,421 Shares and 920,079,989 Shares respectively (together the **"July Pledged Shares"**) through his indirectly wholly owned companies Winsway International Petroleum & Chemicals and Winsway Resources Holdings in favour of Shanxi Coal International Energy Group Xinyuan Trading Co., Ltd, an independent third party which is a state-owned enterprise in the PRC, as security for the performance of certain contractual obligation of a company indirectly owned by Mr. Wang. On 30 September 2014, Mr. Wang further pledged 390,000,000 Shares (the **"September Pledged Shares"**) through his indirectly wholly owned company Winsway Resources Holdings in favour of Poly Legend International, an independent third party of the Company, under a bona fide commercial agreement. The July Pledged Shares and September Pledged Shares represent approximately 29.90% and 10.34% of the issued shares of the Company as at the Latest Practicable Date, respectively. For further details, please refer to the announcement of the Company dated 15 July 2014 and 30 September 2014, respectively. Mr. Wang is the sole director of both Winsway International Petroleum & Chemicals and Winsway Resources Holdings.
- (5) Yang Peilin controls 90% of Poly Legend International and is deemed to be interested in 390,000,000 Shares held by Poly Legend International.
- (6) On 27 March 2015, Mr. Wang pledged 316,900,000 Shares through his indirectly wholly owned company Winsway Resources Holdings in favour of Zhuhai Chengzhi Tong Development Co., Ltd. (the **"March 2015 Pledge"**), an independent third party of the Company, as security for the performance of certain contractual obligation of Beijing Winsway Investment Co., Ltd., a company indirectly owned by Mr. Wang, under a bona fide commercial agreement. On 2 June 2015, the pledgee has exercised its rights under the March 2015 Pledge and the underlying Shares have been transferred. For further details, please refer to the Company's announcements dated 29 March 2015 and 3 June 2015.
- (7) The percentage shareholding of the Company is calculated on the basis of 3,773,198,693 Shares in issue as at the latest practicable date prior to the printing of this interim report.

Save as disclosed above, as of 30 June 2015, the Company had not been notified by any persons (other than the Directors or chief executives of the Company) who had interests or short positions representing 5% or more of the issued share capital of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

Throughout the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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 the six months ended 30 June 2015, the audit committee has held 2 meetings. The members of audit committee have reviewed and discussed with the external auditors the Group's financial statements for the six months ended 30 June 2015, 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.

Other Information

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 six months ended 30 June 2015, at which the members of the committee reviewed the remuneration of the Directors and senior management with reference to their duties, responsibilities, experience, qualifications and performance. No Director took part in any discussion about his own remuneration. The meeting was attended by all three members of the remuneration committee.

CORPORATE GOVERNANCE CODE

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

Code Provisions

Throughout the first half of 2015, 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 Xingchun), three non-executive Directors and four independent non-executive Directors and therefore has a strong element of independence in its composition.

Code Provision E.1.2 stipulates that the chairman of the Board should attend the annual general meeting. The Chairman of the Board at the time was unable to attend the annual general meeting of the Company held on 18 June 2015 for health reasons. Ms. Ma Li, an executive Director, chaired the meeting on his behalf and was available to answer questions.

Except for the deviation from the CG Code as set out above, the Company fully complied with all the Code Provisions throughout the six months ended 30 June 2015.

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 2015.

Other Information

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 2015 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. Andreas Werner (Appointed on 26 August 2014)
Ms. Ma Li
Mr. Wang Chang Qing

Non-executive Directors:

Mr. Lu Chuan
Mr. Liu Qingchun

Independent Non-executive Directors:

Mr. James Downing
Mr. Ng Yuk Keung
Mr. Wang Wenfu
Mr. George Jay Hambro

Consolidated Statement of Profit or Loss

for the six months ended 30 June 2015 — unaudited

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Note	2015 \$'000	2014 \$'000
Continuing operations:			
Revenue	4	3,396,322	3,246,481
Cost of sales		(3,281,656)	(3,246,065)
Gross profit		114,666	416
Other revenue	6	1,552	76,272
Distribution costs		(17,392)	(86,314)
Administrative expenses		(322,147)	(191,200)
Other operating income/(expenses), net		4,595	(1,278)
Impairment of non-current assets	7(c)	(1,214,785)	(58,764)
Loss from operating activities		(1,433,511)	(260,868)
Finance income	7(a)	36,808	52,796
Finance costs	7(a)	(185,391)	(207,267)
Net finance costs		(148,583)	(154,471)
Share of (loss)/profit of an associate		(163)	916
Loss before taxation from continuing operations		(1,582,257)	(414,423)
Income tax	8	834	(6,163)
Loss from continuing operations		(1,581,423)	(420,586)
Discontinued operation:			
Loss from discontinued operation, net of tax	5	(201,467)	(4,307,275)
Loss for the period		(1,782,890)	(4,727,861)

The notes on pages 33 to 67 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 22(a).

Consolidated Statement of Profit or Loss (Continued)

for the six months ended 30 June 2015 — unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2015 \$'000	2014 \$'000
Attributable to:			
Equity shareholders of the Company:			
Loss for the period from continuing operations		(1,359,984)	(413,257)
Loss for the period from discontinued operation		(129,756)	(2,327,218)
Loss for the period attributable to equity shareholders of the Company		(1,489,740)	(2,740,475)
Non-controlling interests:			
Loss for the period from continuing operations		(221,439)	(7,329)
Loss for the period from discontinued operation		(71,711)	(1,980,057)
Loss for the period attributable to non-controlling interests		(293,150)	(1,987,386)
Loss for the period		(1,782,890)	(4,727,861)
Loss per share			
— Basic and diluted (HK\$)	9	(0.395)	(0.727)
Loss per share — continuing operations			
— Basic and diluted (HK\$)	9	(0.361)	(0.110)

The notes on pages 33 to 67 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 22(a).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2015 — unaudited

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2015 \$'000	2014 \$'000
Loss for the period	(1,782,890)	(4,727,861)
Other comprehensive income for the period (after tax adjustments):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	(6,875)	(30,745)
Total comprehensive income for the period	(1,789,765)	(4,758,606)
Attributable to:		
Equity shareholders of the Company	(1,494,752)	(2,770,027)
Non-controlling interests	(295,013)	(1,988,579)
Total comprehensive income for the period	(1,789,765)	(4,758,606)

The notes on pages 33 to 67 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2015 — unaudited

(Expressed in Hong Kong dollars)

	Note	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Non-current assets			
Property, plant and equipment, net	10	259,387	908,562
Construction in progress	11	—	160,590
Lease prepayments		545,496	551,103
Intangible assets		5,219	4,870
Interest in an associate		16,864	17,021
Other investments in equity securities	12	132,871	399,015
Other non-current assets	13	—	150,813
Total non-current assets		959,837	2,191,974
Current assets			
Inventories	14	124,116	335,114
Trade and other receivables	15	1,122,888	2,060,940
Restricted bank deposits	16	894,197	956,077
Cash and cash equivalents	17	193,755	438,552
Assets held for sale	5	4,099,143	4,304,164
Total current assets		6,434,099	8,094,847
Current liabilities			
Secured bank loans	18	1,687,160	1,191,889
Trade and other payables	19	444,124	2,054,615
Senior notes	20	2,375,939	—
Income tax payable		36,831	39,580
Liabilities held for sale	5	4,099,143	4,097,937
Total current liabilities		8,643,197	7,384,021
Net current (liabilities)/assets		(2,209,098)	710,826
Total assets less current liabilities		(1,249,261)	2,902,800
Non-current liabilities			
Senior notes	20	—	2,364,347
Deferred income	21	154,456	155,865
Total non-current liabilities		154,456	2,520,212
NET (LIABILITIES)/ASSETS		(1,403,717)	382,588
CAPITAL AND RESERVES			
Share capital	22(b)	4,992,337	4,992,337
Reserves		(6,183,252)	(4,691,960)
Total equity attributable to equity shareholders of the Company		(1,190,915)	300,377
Non-controlling interests		(212,802)	82,211
TOTAL EQUITY		(1,403,717)	382,588

The notes on pages 33 to 67 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2015 — unaudited

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company								
	Share capital	Statutory reserve	Employee share trusts	Other reserve	Exchange reserve	Accumulated loss	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	(note 22(b))			(note 22(c))					
Balance at 1 January 2014	4,992,337	324,977	(3,000)	113,460	274,700	(1,693,239)	4,009,235	1,987,490	5,996,725
Equity settled share-based transactions	–	–	–	2,318	–	–	2,318	–	2,318
Expiry of share options granted under share option scheme	–	–	–	(28,222)	–	28,222	–	–	–
Contribution from non-controlling interests	–	–	–	–	–	–	–	310,184	310,184
Total comprehensive income for the period	–	–	–	–	(29,552)	(2,740,475)	(2,770,027)	(1,988,579)	(4,758,606)
Disposal of subsidiaries	–	(11)	–	–	–	–	(11)	(2,476)	(2,487)
Balance at 30 June 2014	4,992,337	324,966	(3,000)	87,556	245,148	(4,405,492)	1,241,515	306,619	1,548,134
Balance at 1 July 2014	4,992,337	324,966	(3,000)	87,556	245,148	(4,405,492)	1,241,515	306,619	1,548,134
Equity settled share-based transactions	–	–	–	8,059	–	–	8,059	–	8,059
Expiry of share options granted under share option scheme	–	–	–	(3,490)	–	3,490	–	–	–
Total comprehensive income for the period	–	–	–	–	3,383	(952,580)	(949,197)	(224,408)	(1,173,605)
Appropriation to statutory reserve	–	8,181	–	–	–	(8,181)	–	–	–
Balance at 31 December 2014	4,992,337	333,147	(3,000)	92,125	248,531	(5,362,763)	300,377	82,211	382,588

The notes on pages 33 to 67 form part of this interim financial report.

Consolidated Statement of Changes in Equity (Continued)

for the six months ended 30 June 2015 — unaudited

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Statutory reserve	Employee share trusts	Other reserve	Exchange reserve	Accumulated loss		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	(note 22(b))		(note 22(c))					
Balance at 1 January 2015	4,992,337	333,147	(3,000)	92,125	248,531	(5,362,763)	300,377	382,588
Equity settled share-based transactions	-	-	-	3,460	-	-	3,460	3,460
Expiry of share options granted under share option scheme	-	-	-	(110,460)	-	110,460	-	-
Total comprehensive income for the period	-	-	-	-	(5,012)	(1,489,740)	(1,494,752)	(1,789,765)
Balance at 30 June 2015	4,992,337	333,147	(3,000)	(14,875)	243,519	(6,742,043)	(1,190,915)	(1,403,717)

The notes on pages 33 to 67 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2015 — unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2015 \$'000	2014 \$'000
Operating activities			
Loss before taxation		(1,873,763)	(5,364,564)
Net change in inventories, trade and other receivables and trade and other payables		(710,023)	(2,793,434)
Impairment of non-current assets		1,214,785	58,764
Write-down to adjust the carrying value of GCC LP's net assets to fair value less costs to sell		81,872	4,698,604
Provision of impairment losses on trade and other receivables		163,287	—
Other adjustments		280,324	565,569
Income tax paid		(1,925)	(21,069)
Net cash used in operating activities		(845,443)	(2,856,130)
Investing activities			
Payment for purchase of property, plant and equipment, construction in progress and intangible assets		(11,522)	(191,124)
Decrease in restricted bank deposits		76,109	366,660
Other cash flows arising from investing activities		28,117	42,254
Net cash generated from investing activities		92,704	217,790
Financing activities			
Proceeds from bank loans		3,080,600	4,630,580
Repayment of bank loans		(2,592,779)	(3,318,204)
Interests paid		(118,308)	(314,540)
Other cash flows arising from financing activities		140,059	217,185
Net cash generated from financing activities		509,572	1,215,021
Net decrease in cash and cash equivalents		(243,167)	(1,423,319)
Cash and cash equivalents at 1 January	17	438,552	2,018,000
Effect of foreign exchange rate changes		(1,232)	(6,979)
Cash and cash equivalents reclassified as assets held for sale	5	(398)	(33,550)
Cash and cash equivalents at 30 June	17	193,755	554,152

The notes on pages 33 to 67 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 Enterprises Holdings Limited (formerly known as “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 and rendering of logistics services. In addition, the Group is engaged in the development of coal mills and production of coking coal, which has been classified as a discontinued operation since the board of directors committed a plan to dispose of the relevant business on 27 June 2014. The disposal has been completed on 2 September 2015 (see note 5).

2 BASIS OF PREPARATION

The 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 13 March 2016.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The Group experienced a challenging trading period over the past few years as a result of the continuing depression of the coking coal market. For the six months ended 30 June 2015, the Group sustained a further loss from continuing operations before taxation and impairment losses for non-current assets, of \$367,472,000 and incurred a net cash outflow from operating activities of \$812,331,000 from continuing operations. As at 30 June 2015, the Group had net current liabilities of \$2,209,098,000 and net liabilities of \$1,403,717,000.

In addition, the Group did not make the scheduled interest payments of US\$13.15 million in relation to the Senior Notes (see note 20) which fell due on each of 8 April 2015 and 8 October 2015, respectively (“Interest Payment”). The Group’s outstanding Senior Notes amounting to \$2,375,939,000 as at 30 June 2015 went into default after the 30-day grace period expired on 8 May 2015 for making the Interest Payment under the terms of the indenture dated 8 April 2011, as amended and supplemented, in relation to the Senior Notes. A committee of the holders of the Senior Notes (“Bondholders”) (“Bondholder Group”) was formed for the purposes of facilitating discussions between the Bondholders and the Group about restructuring of the Senior Notes and an independent financial advisor, Houlihan Lokey (China) Limited (“Houlihan Lokey”), has been appointed to act as the financial advisor to the Bondholder Group and Akin Gump Strauss Hauer & Feld LLP (“Akin Gump”) was appointed as legal adviser to the Bondholder Group.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

2 BASIS OF PREPARATION (CONTINUED)

In view of such circumstances, the directors have given careful consideration to future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to repay the outstanding Senior Notes and be able to finance its future working capital and financial requirements. Certain measures have been taken to manage its liquidity needs and to improve its financial position which include, but are not limited to, the following:

- (1) On 25 November 2015, the Company, certain of its subsidiaries and certain of the Bondholders entered into a restructuring support agreement ("Restructuring Support Agreement"), pursuant to which such Bondholders have agreed to support the proposed restructuring of the outstanding Senior Notes ("Debt Restructuring") to be implemented through schemes of arrangement under section 179A of the Business Companies Act of the British Virgin Islands (2004) ("BVI Scheme") and sections 673 and 674 of the Companies Ordinance (Cap. 622) (as amended) as applicable in Hong Kong ("Hong Kong Scheme") (collectively "Schemes").

The proposed Debt Restructuring will consist of a redemption of the outstanding Senior Notes and Interest Payments and all accrued, scheduled interest payments up to the date of the settlement at a discount, with Bondholders accepting a combination of (i) cash consideration of US\$50 million minus a consent fee in a total amount equal to 2% of the outstanding principal and accrued but unpaid interest in respect of the Senior Notes as at the date of the Restructuring Support Agreement ("Consent Fee"), and a success fee payable to Houlihan Lokey ("Cash Consideration"); (ii) new ordinary shares of the Company proposed to be provisionally allotted and issued to the Bondholders which shall represent not less than 18.75% of the total issued shares on a fully diluted basis upon completion of the Debt Restructuring ("Scheme Shares"); and (iii) certain contingent value rights ("CVRs") which would give rise to an one-off payment of US\$10 million to the Bondholders upon the occurrence of a triggering event that is the Company's adjusted profit before taxation in any of the 5 years from the issue date of the CVRs exceeding US\$100 million.

The Schemes are subject to the approval of a majority in number representing at least 75% in value of the Bondholders present and voting (either in person or by proxy) at the meetings of the Bondholders in relation to the Hong Kong Scheme, as convened by order of the High Court of Hong Kong ("Hong Kong Court") for the purpose of considering and, if thought fit, approving the Hong Kong Scheme or in relation to the BVI Scheme, as convened by order of the Commercial Court of the BVI ("BVI Court") for the purpose of considering and, if thought fit, approving the BVI Scheme ("Scheme Meetings").

In addition, the Schemes are subject to the sanction by the BVI Court and the Hong Kong Court.

The Cash Consideration as well as the Consent Fee and the success fee of Houlihan Lokey are expected to be funded by the proceeds of a possible rights issue to raise proceeds of US\$50 million ("Rights Issue").

Completion of the Debt Restructuring will be conditional on, amongst other things, completion of the Rights Issue and the receipt by the Company of the US\$50 million from the Rights Issue.

On 11 March 2016, Famous Speech Limited, a company incorporated in the BVI with limited liability ("Famous Speech"), Mr. Wang, being the controlling shareholder, and his directly or indirectly wholly owned companies, which together own approximately 40.24% of the existing issued shares of the Company ("Controlling Shareholder Group"), and the Company entered into an underwriting agreement, pursuant to which Famous Speech has conditionally agreed to subscribe for all new shares proposed to be provisionally allotted and issued to the qualifying shareholders for subscription pursuant to the Rights Issue at the subscription price of the Rights Issue ("Underwriting Agreement").

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

2 BASIS OF PREPARATION (CONTINUED)

(1) (Continued)

Mr. Wang is beneficially interested in an aggregate of 1,518,250,109 ordinary shares of the Company ("Shares"), representing approximately 40.24% of the total issued Shares of the Company. Famous Speech is wholly owned by Amy Wang, the daughter of Mr. Wang, and upon completion of share subscription agreement between, among others, Amy Wang and Magnificent Gardenia Limited, a company ultimately owned by China Minmetals Corporation, a state-owned enterprises incorporated in the PRC (Magnificent Gardenia"), Famous Speech will be owned as to 73.3% and 26.7% by Amy Wang and Magnificent Gardenia, respectively. Assuming no take up of new shares by other qualifying shareholders, the fulfillment by Famous Speech of its underwriting commitment would result in an obligation to make a mandatory general offer by Famous Speech and parties acting in concert with it for all the issued Shares (other than those already owned or agreed to be acquired by them) under Rule 26.1 of the Hong Kong Code on Takeovers and Mergers and Share Buy-backs ("Takeovers Code"), unless a waiver ("Whitewash Waiver") from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong, or any delegate of the Executive Director ("SFC Executive"). Mr. Wang, the Controlling Shareholder Group, Amy Wang are acting in concert with Famous Speech and Magnificent Gardenia Limited is not, but is deemed to be acting in concert with Famous Speech under the Takeovers Code. An application will be made by Famous Speech to the SFC Executive for the granting of the Whitewash Waiver.

To the best knowledge of the Company, certain Bondholders holding an aggregate principal amount of US\$1,280,000 (representing approximately 0.41% of the outstanding Senior Notes) that such Bondholders also hold 28,802,000 Shares in total (representing approximately 0.76% of the total issued Shares) as of the date hereof. The payment of the Consent Fee and the distribution of the Scheme Consideration to Bondholders are not capable of being extended to all Shareholders and will constitute a special deal ("Special Deal") under note 5 to Rule 25 of the Takeovers Code so far as those Bondholders who are also shareholders of the Company are concerned. This will require the consent of the SFC Executive to proceed.

The Whitewash Waiver and consent for the Special Deal, if granted by the SFC Executive, would be subject to, among other things, the approval of the shareholders other than (i) Mr. Wang and his concert parties; (ii) those who are involved or interested in the Rights Issue, the Underwriting Agreement, the Special Deal and/or the Whitewash Waiver; and (iii) Bondholders who are also shareholders of the Company ("Independent Shareholders") at an extraordinary general meeting of the Company ("EGM") by way of poll.

Completion of the Rights Issue will be conditional on, amongst other things, the Schemes being sanctioned and all conditions precedent to the Schemes having been satisfied or as applicable, waived, other than the completion of the Rights Issue.

- (2) The Group is also negotiating with various financial institutions for renewal of the existing borrowings upon their maturity and/or obtaining additional financing.
- (3) The Group is also maximising its sales efforts, including speeding up sales of its existing inventories, seeking new orders from overseas markets, and implementing more stringent cost control measures with a view to improving operating cash flows.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

2 BASIS OF PREPARATION (CONTINUED)

Whilst the Group is taking measures to preserve cash and secure additional finance, the following material uncertainties exist:

- (a) The Schemes may not be approved by a majority in number representing at least 75% in value of the Bondholders present and voting (either in person or by proxy) at the Scheme Meetings.
- (b) The Group may not be able to obtain from the shareholders of the Company all necessary shareholders' approvals and consents in respect of the Debt Restructuring.
- (c) The Hong Kong Court or the BVI Court may decline to sanction the Schemes.
- (d) The Whitewash Waiver and consent for the Special Deal may not be granted by the SFC Executive or approved by the Independent Shareholders at the EGM.
- (e) The Group may not be able to obtain from the shareholders of the Company all necessary shareholders' approvals and consents in respect of the Rights Issue.

If any of the matters mentioned in (a), (b), (c), (d) or (e) is the case, the Rights Issue and Debt Restructuring will not proceed.

- (f) The Group may not be able to obtain support from its lenders. The Group's ability to successfully negotiate with its lenders to renew existing borrowings and/or obtain additional financing is dependent upon the completion of the proposed Debt Restructuring and the future trading results of the Group.
- (g) The operation plans may not be successfully implemented and future trading results and cash flows in respect of operating activities may not be in line with the assumptions. The achievability of the plans is dependent upon the market environment, which is expected to remain challenging in the coming years.

These facts and circumstances indicate the existence of multiple material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period. Accordingly, the directors are of the opinion that it is appropriate to prepare interim financial report for the six months ended 30 June 2015 on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the interim financial report.

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.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

2 BASIS OF PREPARATION (CONTINUED)

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The financial information relating to the financial year ended 31 December 2014 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 2014 are available from the Company's registered office. A disclaimer of opinion was expressed in the auditors' report dated 26 March 2015 on those consolidated financial statements because of the potential interaction of the uncertainties and their possible effect on the consolidated financial statements.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group and the Company:

- *Annual Improvement to IFRSs 2010–2012 Cycle*
- *Annual Improvement to IFRSs 2011–2013 Cycle*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND SEGMENT REPORTING

(i) Revenue

The Group is principally engaged in the processing and trading of coking coal and other products and the rendering of logistics services. Revenue 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 during the period is as follows:

Continuing operations

	Six months ended 30 June	
	2015 \$'000	2014 \$'000
Coking coal	3,040,528	3,036,118
Thermal coal	49,302	151,312
Coke	95,314	—
Coal related products	16,382	22,973
Petrochemical products	146,391	—
Rendering of logistics services	45,952	32,875
Others	2,453	3,203
	3,396,322	3,246,481

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE 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 (classified as a discontinued operation (see note 5)): this segment acquires, explores and develops coal mills and produces coal from the mills. On 1 March 2012, the Group acquired Grande Cache Coal Corporation ("GCC"), a Canadian company developing coal mills and producing coking coal and related products from the mills. On 14 November 2014, the Group, Up Energy Resources Company Limited (the "Purchaser") and Up Energy Development Group Limited (the "Purchaser Guarantor") entered into a sale and purchase agreement pursuant to which the Purchaser conditionally agreed to acquire and the Group has conditionally agreed to sell 42.74% equity interest in GCC and GCC LP for cash consideration of US\$1 (see note 5).
- 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").

(a) Segment results, assets and liabilities

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

Segment assets include all tangible assets, intangible assets and current assets with the exception of interest in an associate. Segment liabilities include trade and other payables, obligations under finance lease, provisions, deferred income and bank and other loans managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. 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 know-how, 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 "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets and provision for impairment losses on trade and other receivables.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), 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.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE 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 2015 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 (Discontinued operation)		Logistics services		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Revenue from external customers	3,350,370	3,213,606	203,391	536,698	45,952	32,875	3,599,713	3,783,179
Inter-segment revenue	–	–	52,641	85,095	750	7,449	53,391	92,544
Reportable segment revenue	3,350,370	3,213,606	256,032	621,793	46,702	40,324	3,653,104	3,875,723
Reportable segment (loss)/profit (adjusted EBITDA)	(15,380)	(160,447)	(61,989)	109,413	1,250	17,142	(76,119)	(33,892)
Interest income	30,202	32,696	–	159	2	235	30,204	33,090
Interest expense	(144,668)	(173,367)	(147,645)	(115,204)	(3)	(9,385)	(292,316)	(297,956)
Depreciation and amortisation for the period	(30,667)	(44,912)	–	(245,905)	(10,642)	(13,887)	(41,309)	(304,704)
Provision for impairment losses on trade and other receivables	(153,521)	–	–	–	(9,766)	–	(163,287)	–
Impairment of non-current assets	(734,448)	(58,764)	(81,872)	(4,698,604)	(480,337)	–	(1,296,657)	(4,757,368)
Shares of (loss)/profit of an associate	–	–	–	–	(163)	916	(163)	916
Additions to non-current segment assets during the period	14,020	32,120	460	132,963	1,232	28,898	15,712	193,981
Reportable segment assets	3,653,962	5,840,771	4,099,143	4,304,164	112,344	614,224	7,865,449	10,759,159
Reportable segment liabilities	4,667,684	5,771,915	4,099,143	4,007,898	482,372	484,160	9,249,199	10,263,973

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(ii) Segment reporting (Continued)

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

For the six months ended 30 June

	2015 \$'000	2014 \$'000
Revenue		
Reportable segment revenue	3,653,104	3,875,723
Elimination of inter-segment transactions	(53,391)	(92,544)
Elimination of discontinued operation	(203,391)	(536,698)
Consolidated revenue from continuing operations	3,396,322	3,246,481
Loss		
Reportable segment loss	(76,119)	(33,892)
Depreciation and amortisation	(41,309)	(58,799)
Impairment of non-current assets	(1,214,785)	(58,764)
Provision for impairment losses on trade and other receivables	(163,287)	(–)
Share of (loss)/profit of an associate	(163)	916
Net finance costs	(148,583)	(154,471)
Elimination of discontinued operation	61,989	(109,413)
Consolidated loss before taxation from continuing operations	(1,582,257)	(414,423)

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Assets		
Reportable segment assets	7,865,449	10,759,159
Interest in an associate	16,864	17,021
Elimination of inter-segment receivables	(488,377)	(489,359)
Consolidated total assets	7,393,936	10,286,821
Liabilities		
Reportable segment liabilities	9,249,199	10,263,973
Current income tax liabilities	36,831	39,580
Deferred tax liabilities	–	90,039
Elimination of inter-segment payables	(488,377)	(489,359)
Consolidated total liabilities	8,797,653	9,904,233

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(ii) Segment reporting (Continued)

(c) *Reconciliation of development of coal mills and production of coking coal and related products segment (discontinued operation) results*

		Six months ended 30 June	
	Note	2015 \$'000	2014 \$'000
Development of coal mills and production of coking coal and related products segment (loss)/profit (adjusted EBITDA)		(61,989)	109,413
Net finance costs for the segment		(147,645)	(115,045)
Depreciation and amortisation for the segment		—	(245,905)
Impairment of non-current assets for the segment		(81,872)	(4,698,604)
		(291,506)	(4,950,141)
Income tax in respect of operating activities of GCC LP	5(d)	77,758	(61,925)
Income tax in respect of write-down of GCC LP's net assets	5(d)	12,281	704,791
Loss from discontinued operation, net of tax		(201,467)	(4,307,275)

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(ii) Segment reporting (Continued)

(d) 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 the location of operations, in the case of interest in an associate.

For the six months ended 30 June

	Revenues from external customers	
	2015 \$'000	2014 \$'000
The PRC (including Hong Kong and Macau)	2,925,899	3,246,481
Canada	203,391	536,698
Elimination of discontinued operation	(203,391)	(536,698)
	—	—
Korea	347,525	—
Japan	122,898	—
	3,396,322	3,246,481

	Specified non-current assets	
	At 30 June 2015 \$'000	At 31 December 2014 \$'000
The PRC (including Hong Kong and Macau)	959,780	2,064,229
Other countries	57	127,745
	959,837	2,191,974

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

5 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION

On 27 June 2014, the board of directors of the Company resolved to commit to a plan to sell part or all of the Company's interest in GCC LP to a level at which the Company would cease to hold a majority or controlling interest. Accordingly, GCC LP has been presented as a discontinued operation in the consolidated statement of profit or loss and the assets and liabilities of GCC LP have been classified as a disposal group held for sale since 27 June 2014.

On 14 November 2014, the Group entered into a sale and purchase agreement with Up Energy Resources Company Limited (the "Purchaser") and Up Energy Development Group Limited (the "Purchaser Guarantor"), pursuant to which the Purchaser has conditionally agreed to acquire and the Group has conditionally agreed to sell 42.74% equity interest in Grande Cache Coal Corporation ("GCC", a subsidiary of the Group without material businesses except for as the general partner holding 0.01% interest in GCC LP) and GCC LP at cash consideration of US\$1 (the "Disposal").

On 2 September 2015, all the conditions precedent to the completion of the Disposal were either satisfied or waived pursuant to the aforementioned sale and purchase agreement. Following the completion of the Disposal, GCC and GCC LP ceased to be subsidiaries of the Company.

(a) Impairment loss relating to the disposal group

An impairment loss of \$81,872,000 (six months ended 30 June 2014: \$4,698,604,000) for write-down of the disposal group to the lower of its carrying amount and its fair value less costs to sell has been charged to the consolidated statement of profit or loss for the current period. The impairment loss has been applied to reduce the carrying amount of intangible assets within the disposal group.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

5 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION (CONTINUED)

(b) Assets and liabilities of disposal group held for sale

As at 30 June 2015, the disposal group has been stated at fair value less costs to sell and comprised the following assets and liabilities.

	\$'000
Property, plant and equipment	2,858,377
Construction in progress	30,103
Intangible assets	855,186
Inventories	142,925
Trade and other receivables	24,500
Restricted bank deposits	187,654
Cash and cash equivalents	398
Assets held for sale	4,099,143
Bank and other loans*	3,442,995
Trade and other payables	280,678
Obligations under finance lease	159,643
Provisions	215,827
Liabilities held for sale	4,099,143

* On 6 September 2014, GCC LP and the Purchaser entered into a bridge loan agreement pursuant to which the Purchaser provided a loan facility of US\$50 million (equivalent to approximately \$388 million) to GCC LP. As at 30 June 2015, GCC LP has drawn down US\$36,211,000 (equivalent to approximately \$280,726,000) (31 December 2014: US\$14,000,000 (equivalent to approximately \$108,608,000)) under the bridge loan agreement.

Bank loans amounting to \$12,737,000 (31 December 2014: \$13,977,000) are secured by property, plant and equipment with an aggregate carrying amount of \$18,387,000 (31 December 2014: \$18,399,000). Bank loans amounting to \$3,149,532,000 (31 December 2014: \$3,149,248,000) are secured by GCC LP's total assets.

(c) Cumulative income or expense included in other comprehensive income

As at 30 June 2015, there is a foreign currency translation gain of \$34,126,000 (31 December 2014: \$37,913,000) included in other comprehensive income relating to the disposal group.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

5 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION (CONTINUED)

(d) Results of discontinued operation

	Six months ended 30 June	
	2015 \$'000	2014 \$'000
Results of discontinued operation		
Revenue	203,391	536,698
Expenses	(413,025)	(788,235)
Results from operating activities	(209,634)	(251,537)
Income tax	77,758	(61,925)
Results from operating activities, net of tax	(131,876)	(313,462)
Write-down to adjust the carrying value of GCC LP's net assets to fair value less costs to sell*	(81,872)	(4,698,604)
Income tax in respect of write-down of GCC LP's net assets	12,281	704,791
Loss for the period	(201,467)	(4,307,275)
Attributable to:		
Equity shareholders of the Company	(129,756)	(2,327,218)
Non-controlling interests	(71,711)	(1,980,057)
	(201,467)	(4,307,275)
Loss per share		
Basic and diluted (HK\$)	(0.034)	(0.617)

* After taking into account the US\$1 as the total consideration to complete the Disposal on 2 September 2015, a further write-down amounting to \$81,872,000 to adjust the carrying value of GCC LP's net assets has been provided as at 30 June 2015.

(e) Cash generated from/(used in) discontinued operation

	Six months ended 30 June	
	2015 \$'000	2014 \$'000
Net cash (used in)/generated from operating activities	(33,112)	120,965
Net cash generated from/(used in) investing activities	4,209	(136,226)
Net cash generated from financing activities	29,301	20,158
Net cash inflow for the period	398	4,897

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

6 OTHER REVENUE

		Six months ended 30 June	
	Note	2015 \$'000	2014 \$'000
Penalty income from an iron ore customer	(i)	–	70,977
Government grants		1,552	4,608
Others		–	687
		1,552	76,272

- (i) During the six months ended 30 June 2014, the Group recognised penalty income of \$70,977,000 from a third party iron ore customer in relation to its failure to settle the procurement from the Group within agreed period in accordance with relevant sales contract.

7 LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

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

(a) Net finance costs

		Six months ended 30 June	
		2015 \$'000	2014 \$'000
Interest income		(30,204)	(32,931)
Fair value change of derivative financial instruments		(6,604)	–
Foreign exchange gain, net		–	(19,865)
Finance income		(36,808)	(52,796)
Interest on secured bank loans wholly repayable within five years		26,254	44,453
Interest on discounted bills receivable		3,298	23,137
Interest on senior notes (see note 20)		115,119	115,162
Total interest expense		144,671	182,752
Bank charges		4,061	17,801
Foreign exchange loss, net		36,659	–
Fair value change of derivative financial instruments		–	6,714
Finance costs		185,391	207,267
Net finance costs		148,583	154,471

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

7 LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS (CONTINUED)

(b) Staff costs

	Six months ended 30 June	
	2015 \$'000	2014 \$'000
Salaries, wages, bonus and other benefits	69,615	86,094
Contributions to defined contribution retirement plan	4,006	4,804
Equity settled share-based payment expenses	3,460	2,318
	77,081	93,216

(c) Other items

	Six months ended 30 June	
	2015 \$'000	2014 \$'000
Government grants	(1,552)	(4,608)
Amortisation [#]		
— leased assets	5,847	5,497
— intangible assets	347	387
Depreciation [#]	35,115	52,915
(Reversal)/provision of impairment losses on		
— trade receivables (note 15(b))	(4,590)	—
— other receivables (note 15(d))	167,877	—
Impairment of non-current assets		
— property, plant and equipment (note 10(c))	633,314	58,764
— construction in progress (note 11)	171,392	—
— other investments in equity securities (note 12)	266,302	—
— prepayment related to property, plant and equipment (note 13)	23,561	—
— loan to a third party (note 13)	120,216	—
Operating lease charges, mainly relating to buildings	5,655	10,453
Cost of inventories	3,248,796	3,209,786

[#] Cost of inventories includes \$2,864,000 (six months ended 30 June 2014: \$3,508,000) and \$2,919,000 (six months ended 30 June 2014: \$5,153,000) for the six months ended 30 June 2015 relating to staff costs, depreciation and amortisation which amount is also included in the respective total amount disclosed separately above or in note 7(b) for each type of these expenses.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Six months ended 30 June	
	2015 \$'000	2014 \$'000
Continuing operations:		
Current tax — Hong Kong Profits Tax		
Provision for the period	—	4,213
Current tax — Outside of Hong Kong		
Provision for the period	1,236	2
Over-provision in respect of prior years	(2,070)	(3,800)
Deferred tax		
Origination and reversal of temporary differences	—	5,748
	(834)	6,163

The provision for Hong Kong Profits Tax is calculated at 16.5% (2014: 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% (2014: 25%) of the assessable profit as determined in accordance with the relevant income tax rules and regulations of the PRC.

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

9 LOSS PER SHARE

(i) From continuing operations and discontinued operation

(a) Basic loss per share

The calculation of basic loss per share for the six months ended 30 June 2015 is based on the loss attributable to equity shareholders of the Company of \$1,489,740,000 (six months ended 30 June 2014: \$2,740,475,000) and the weighted average number of ordinary shares of 3,767,018,000 (six months ended 30 June 2014: 3,767,018,000 shares) in issue during the six months ended 30 June 2015, calculated as follows:

Weighted average number of ordinary shares (basic):

	Six months ended 30 June	
	2015 '000	2014 '000
Issued ordinary shares at 1 January	3,773,199	3,773,199
Effect of shares held by the employee share trusts*	(6,181)	(6,181)
Weighted average number of ordinary shares (basic) as at 30 June	3,767,018	3,767,018

* The shares held by the employee share trusts are regarded as treasury shares.

(b) Diluted loss per share

For the six months ended 30 June 2015 and 2014, basic and diluted loss per share are the same as the effect of the potential ordinary shares outstanding is anti-dilutive.

(ii) From continuing operations

(a) Basic loss per share

The calculation of basic loss per share from continuing operations for the six months ended 30 June 2015 is based on the loss from continuing operations attributable to equity shareholders of the Company of \$1,359,984,000 (six months ended 30 June 2014: \$413,257,000) and the weighted average number of ordinary shares of 3,767,018,000 (six months ended 30 June 2014: 3,767,018,000 shares) in issue during the six months ended 30 June 2015.

(b) Diluted loss per share

For the six months ended 30 June 2015 and 2014, basic and diluted loss per share from continuing operations are the same as the effect of the potential ordinary shares outstanding is anti-dilutive.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

10 PROPERTY, PLANT AND EQUIPMENT, NET

(a) Acquisitions and disposals

During the six months ended 30 June 2015, the Group has acquired items of property, plant and equipment of \$199,000 (six months ended 30 June 2014: \$7,577,000). Items of property, plant and equipment with a net book value of \$3,635,000 have been disposed of during the six months ended 30 June 2015 (six months ended 30 June 2014: \$1,999,000), resulting in a gain on disposal of \$1,424,000 (six months ended 30 June 2014: loss on disposal of \$164,000).

(b) Transfer from construction in progress

During the six months ended 30 June 2015, construction in progress with a cost of \$22,147,000 (six months ended 30 June 2014: \$11,746,000) has been transferred into property, plant and equipment.

(c) Impairment loss

An impairment loss of \$633,314,000 (six months ended 30 June 2014: \$58,764,000) for buildings, plant and machinery and railway special assets in respect of the Group's coal processing factories and logistics facilities in the PRC has been charged to the consolidated statement of profit or loss for the current period due to the unfavourable future prospects of the coking coal business and production suspension or low utilisation of the coal processing factories and logistics facilities. The impairment loss has been provided based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a five-year period. The cash flows are discounted using a pre-tax discount rate of 12.36% (six months ended 30 June 2014: 11.27%). The discount rate used reflects specific risks relating to the relevant segment.

(d) As at 30 June 2015, property ownership certificates of certain properties of the Group with an aggregate net book value of \$361,000 (31 December 2014: \$114,062,000) are yet to be obtained.

(e) As at 30 June 2015, property, plant and equipment of the Group of \$193,814,000 (31 December 2014: \$82,032,000) have been pledged as collateral for the Group's borrowings.

11 CONSTRUCTION IN PROGRESS

An impairment loss of \$171,392,000 (six months ended 30 June 2014: \$nil) for construction in progress in respect of certain logistics and coal processing projects under construction in the PRC has been charged to the consolidated statement of profit or loss for the current period since the directors determined to abandon these projects given unfavourable future prospects of the coking coal business in 2015.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

12 OTHER INVESTMENTS IN EQUITY SECURITIES

	Six months ended 30 June	
	2015 \$'000	2014 \$'000
Other investments in equity securities	399,173	399,015
Less: impairment losses	(266,302)	—
	132,871	399,015

Other investments in equity securities represent the Group's equity interests in third-party companies engaged in railway logistics, ports management and coal storage business. As at 30 June 2015, the Group holds equity interests in a range of 1–9% in these companies.

An impairment loss of \$266,302,000 to write down the carrying amount of the Group's investments in equity securities of certain of these companies has been charged to the consolidated statement of profit or loss for the current period due to the unsatisfactory operating performance of these companies. The impairment has been provided based on a fair value evaluation on the respective investments in the equity securities performed by an independent appraiser using the discounted cash flow method based on cash flow projections taking into account transportation price assumptions and estimated transportation volumes provided by the management of the investees. The expected net cash flows are discounted using a risk adjusted pre-tax discount rate of 12.36%.

13 OTHER NON-CURRENT ASSETS

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Loan to a third party (note (i))	—	127,187
Advance payments for equipment purchase and construction in progress (note (ii))	—	23,626
	—	150,813

- (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 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 a strategic alliance agreement, the Company agreed to lend Moveday up to US\$40 million solely for the purpose of purchasing vehicles for transporting coal purchased by the Group in Mongolia. The loan to Moveday was provided on an unsecured basis, at an interest rate of LIBOR plus 3% and repayable over five years in equal annual installments of US\$8 million, commencing from 18 months after the receipt of the loan (being 31 December 2012) by Moveday, with interest payable semi-annually in arrears. The entire loan amount was fully drawn down in 2010. As Moveday is a third party and the loan to Moveday is an unsecured loan, the Group does not have an interest in or control over the cash flows or other assets of Moveday other than in accordance with the terms of the loan agreement (as amended).

In 2013, the Group entered into another supplemental agreement with Moveday to modify the repayment terms of the remaining outstanding principal of US\$32 million. Pursuant to the supplemental agreement, the remaining outstanding principal was repayable on 31 December of years 2013 to 2015 in an amount of US\$4 million plus a floating repayment amount. The floating repayment amount was calculated based on the volume of coal transported (up to a maximum of 12 million tonnes) by Moveday for the Group and up to US\$6 million during each year. Apart from the repayment terms, all the other terms of the loan were not changed and Moveday was obliged to repay the entire outstanding principal on or before 31 December 2016.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

13 OTHER NON-CURRENT ASSETS (CONTINUED)

(i) (Continued)

During the six months ended 30 June 2015, Moveday has repaid interest of US\$345,000 (six months ended 30 June 2014: US\$282,000) to the Group and the outstanding loan balance as at 30 June 2015 is US\$20.4 million (31 December 2014: US\$20.4 million). In addition to the above, the Group incurred liabilities of \$20 million (30 June 2014: \$36.8 million) for coking coal transportation services provided by Moveday during the six months ended 30 June 2015.

In October 2015, Moveday informed the Group that it could not repay the outstanding principal and interest as scheduled in the above-mentioned supplemental agreement due to financial difficulties encountered. On 22 January 2016, the Group and Moveday mutually agreed that the outstanding loan principal of US\$4,888,000 (equivalent to approximately \$37,896,000) and interest of US\$359,000 (equivalent to approximately \$2,787,000) due on 31 December 2015 should be offset against the Group's payables in connection with coking coal transportation services provided by Moveday. Apart from the offsetting arrangement, all the other terms of the loan were not changed and Moveday is still obliged to repay the entire outstanding principal on or before 31 December 2016.

For the six months ended 30 June 2015, the Group has made an impairment provision of \$120,216,000 against the loan to Moveday based on the communication with management of Moveday about the adverse financial and operating circumstances of Moveday in 2015.

(ii) The Group has provided full impairment for all advance payments for equipment purchase and construction in progress in relation to the coal processing plants and logistic park facilities which have ceased construction during the current period. During the six months ended 30 June 2015, \$23,561,000 was written off against advance payments for equipment purchase and construction in progress (31 December 2014: \$nil).

14 INVENTORIES

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Coking coal	101,949	109,005
Thermal coal	9,077	48,162
Coal related products	1,300	13,199
Petrochemical products	—	140,528
Coke	—	61,411
Others	20,899	21,487
	133,225	393,792
Less: write-down of inventories	(9,109)	(58,678)
	124,116	335,114

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

14 INVENTORIES (CONTINUED)

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

	Six months ended 30 June	
	2015 \$'000	2014 \$'000
Carrying amount of inventories sold	3,239,687	3,080,090
Write-down of inventories	9,109	129,696
	3,248,796	3,209,786

15 TRADE AND OTHER RECEIVABLES

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Trade receivables	277,048	818,387
Bills receivable	359,770	507,481
Receivables from import agents	34,120	291,192
Less: allowance for doubtful debts	(51,936)	(56,526)
	619,002	1,560,534
Amounts due from related parties	761	761
Loan to a third party company	37,896	31,031
Prepayments to suppliers	51,411	64,626
Derivative financial instruments	4,556	31,480
Deposits and other receivables	588,349	383,718
Less: allowance for doubtful debts	(179,087)	(11,210)
	1,122,888	2,060,940

(i) At 30 June 2015, as included in prepayments to suppliers, the Group made a prepayment of \$5,729,000 (31 December 2014: \$21,078,000) to Moveday in respect of its coking coal transportation services.

(ii) Derivative financial instruments represent fair value of foreign exchange forward contracts as at 30 June 2015 and 31 December 2014 and a derivative embedded in a purchase contract of petrochemical products as at 31 December 2014.

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. The credit terms for receivables from import agents can be as long as one year, which are comparable to the credit terms for payables to import agents as granted to the Group. Bills receivable are normally due within 90 days to 360 days from the date of issuing.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

15 TRADE AND OTHER RECEIVABLES (CONTINUED)

At 30 June 2015, trade and bills receivables of the Group of \$320,361,000 (31 December 2014: \$586,953,000) have been pledged as collateral for the Group's borrowings.

At 30 June 2015, bills receivable of the Group of \$25,362,000 (31 December 2014: \$483,472,000) were derecognised from the consolidated statement of financial position as the relevant bills have been discounted to banks on a non-recourse basis.

(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 and net of allowance for bad debt, as follows:

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Less than 3 months	228,658	837,833
More than 3 months but less than 6 months	148,756	351,249
More than 6 months but less than 1 year	186,581	165,389
More than 1 year	55,007	206,063
	619,002	1,560,534

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

Impairment losses in respect of trade receivables, bills receivable and receivables from import agents are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables, bills receivable and receivables from import agents.

The movement in the allowance for doubtful debts during the period is as follows:

	2015 \$'000	2014 \$'000
At 1 January	56,526	—
Reversal of impairment loss	(4,590)	—
At 30 June	51,936	—

At 30 June 2015, the Group's trade receivables, bills receivable and receivables from import agents of \$126,710,000 (31 December 2014: \$108,562,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of \$51,936,000 (31 December 2014: \$56,526,000) were recognised.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

15 TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Trade debtors and bills receivable that are not impaired

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:

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Neither past due nor impaired	421,196	1,343,549
Less than 3 months past due	31,288	40,965
More than 3 months but less than 12 months past due	91,744	123,984
	544,228	1,508,498

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.

(d) Impairment of other receivables

The movement in the allowance for doubtful debts during the period is as follows:

	2015 \$'000	2014 \$'000
At 1 January	11,210	—
Impairment loss recognised	167,877	—
At 30 June	179,087	—

Included in the impairment loss are impaired value added tax ("VAT") recoverable of \$160,611,000 that has accumulated to date in certain subsidiaries of the Group which can be deductible from VAT on future sales. The directors of the Company are of the opinion that the recoverability of such amount after commercial production is remote due to the unfavourable future prospects of the coking coal business.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

16 RESTRICTED BANK DEPOSITS

The Group has pledged bank deposits of \$894,197,000 (31 December 2014: \$956,077,000) as at 30 June 2015 as collateral for the Group's borrowings (see note 18).

17 CASH AND CASH EQUIVALENTS

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Cash at bank and in hand	193,755	438,552

At 30 June 2015, cash and cash equivalents of \$103,369,000 (31 December 2014: \$213,411,000) 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 2015 \$'000	At 31 December 2014 \$'000
United States dollars	1,857	112,663
RMB	2,017	1,984
Euro	265	—
HK\$	3,070	4,703
SGD	539	3,955
CA\$	8	—

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

18 SECURED BANK LOANS

(a) The secured bank loans comprise:

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Short-term loans	1,687,160	1,191,889

The interest rates per annum of bank loans were:

	At 30 June 2015	At 31 December 2014
Short-term loans	0.68%-7.15%	1.53%-7.20%

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

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Within 1 year or on demand	1,687,160	1,191,889

At 30 June 2015, bank loans amounting to \$679,696,000 (31 December 2014: \$523,935,000) have been secured by bank deposits placed in banks with an aggregate carrying value of \$671,192,000 (31 December 2014: \$521,473,000).

At 30 June 2015, bank loans amounting to \$127,040,000 (31 December 2014: \$584,418,000) have been secured by trade and bills receivables with an aggregate carrying value of \$127,041,000 (31 December 2014: \$584,418,000).

At 30 June 2015, bank loans amounting to \$479,928,000 (31 December 2014: \$67,183,000) have been secured by bank deposits placed in banks, land use rights and property, plant and equipment with an aggregate carrying value of \$256,885,000 (31 December 2014: \$108,365,000).

At 30 June 2015, bank loans amounting to \$400,496,000 (31 December 2014: \$nil) were secured by trade and bills receivables land use rights and property, plant and equipment with an aggregate carrying value of \$558,275,000 (31 December 2014: \$nil).

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

19 TRADE AND OTHER PAYABLES

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Trade and bills payables	16,990	1,385,420
Payables to import agents	37,602	288,781
Amounts due to related parties	35	–
Prepayments from customers	6,227	21,765
Payables in connection with construction projects	114,187	93,670
Payables for purchase of equipment	32,099	47,730
Derivative financial instruments*	–	16,007
Others	236,984	201,242
	444,124	2,054,615

* Derivative financial instruments represent fair value of foreign exchange forward contracts as at 31 December 2014.

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 2015 \$'000	At 31 December 2014 \$'000
Within 3 months	46,440	1,394,800
More than 3 months but less than 6 months	366	81,920
More than 6 months but less than 1 year	2,698	32,505
More than 1 year	5,088	164,976
	54,592	1,674,201

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 2015 \$'000	At 31 December 2014 \$'000
Due within 1 month or on demand	54,301	570,703
Due after 1 month but within 3 months	291	1,100,798
Due after 3 months but within 6 months	–	2,700
	54,592	1,674,201

At 30 June 2015, bills payable amounting to \$nil (31 December 2014: \$1,155,721,000) have been secured by deposits placed in banks with an aggregate carrying value of \$nil (31 December 2014: \$412,322,000).

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

20 SENIOR NOTES

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

The Senior Notes are guaranteed by the Group's existing subsidiaries other than those established/incorporated under the laws of the PRC, Winsway Coking Coal Holdings S.à.r.l., 0925165 B.C. Ltd., GCC and GCC LP as an application of the principle stated in the Company's offering memorandum on 1 April 2011 (the "Subsidiary Guarantors"). 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.

During the year ended 31 December 2013, the Group repurchased Senior Notes in an aggregate principal amount of US\$153,190,000 for a cash consideration of US\$73,595,000 in the open market. The Senior Notes repurchased were redeemed subsequently. The difference between the carrying amount of the Senior Notes redeemed and the consideration paid, net off against the transaction costs incurred, was recognised as a gain of US\$76,383,000 (equivalent to \$592,495,000) on redemption of the Senior Notes in the Group's consolidated statement of profit or loss. The outstanding Senior Notes with principal amount of US\$309,310,000 will be matured on 8 April 2016.

In addition, on 11 October 2013, the Company also received consents from holders of the Senior Notes with a consent payment of US\$4,118,000 to certain amendments ("Amendments") to the indenture, dated as of 8 April 2011 ("Indenture"), among the Company, the Subsidiary Guarantors and Deutsche Bank Trust Company Americas, as trustee. The Amendments eliminated the limitations on indebtedness, restricted payments, dividend and other payment restrictions affecting Restricted Subsidiaries (as defined in the Indenture), sales and issuances of capital stock in Restricted Subsidiaries, issuances of guarantees by Restricted Subsidiaries, sale and leaseback transactions, transactions with shareholders and affiliates and business activities as contained in the Indenture. The consent payment is amortised over the remaining period of the outstanding Senior Notes.

During the six months ended 30 June 2015, the Group did not make the scheduled Interest Payment. The Group has defaulted on outstanding Senior Notes amounting to \$2,375,939,000 as at 30 June 2015 after the 30-day grace period expired on 8 May 2015 for making the Interest Payment under the terms of the Indenture, as amended and supplemented. On 25 November 2015, the Company, the Subsidiary Guarantors and certain of the Bondholders entered into a Restructuring Support Agreement, pursuant to which such Bondholders agreed to support the Debt Restructuring. Further details of the Debt Restructuring are disclosed in note 2.

21 DEFERRED INCOME

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

22 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 2015 (six months ended 30 June 2014: \$nil).

- (ii) There is no dividends payable to equity shareholders of the Company attributable to previous financial year, approved and paid during the six months ended 30 June 2015 (six months ended 30 June 2014: \$nil).

(b) Share capital

	At 30 June 2015 No. of shares '000	At 31 December 2014 No. of shares '000
Authorised: Ordinary shares with no par value	6,000,000	6,000,000
Issued and fully paid: Ordinary shares	3,773,199	3,773,199

(c) Equity settled share-based transactions

- (i) *The 2010 Scheme*

The Company has a share option scheme (the "2010 Scheme") which was adopted on 30 June 2010 (the "2010 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 (the "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 2010 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.

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

22 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

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

(i) The 2010 Scheme (Continued)

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

	2015 Weighted average exercise price	Number of options
Outstanding at 1 January	\$1.677	74,351,000
Exercised during the period	\$1.677	–
Expired during the period	\$1.677	(66,685,450)
Forfeited during the period	\$1.677	(7,665,550)
Outstanding at 30 June	\$1.677	–
Exercisable at 30 June	\$1.677	–

(ii) The 2014 Scheme

The Company has a share option scheme (the “2014 Scheme”) which was adopted on 22 July 2014 (the “2014 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 six months over a period of four years commencing from 1 October 2014 (the “2014 Initial Vesting Date”) in equal portions (12.5% each) on the first day of each six-month period after the 2014 Initial Vesting Date and are exercisable during the relevant period to the extent the share options have vested until 5 years commencing from the date of grant 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.

(1) The number of options granted to directors and management in 2014 are 46,000,000 and 65,400,000 respectively, whereby all options are settled by physical delivery of shares.

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

	2015 Weighted average exercise price	Number of options
Outstanding at 1 January	\$0.420	111,400,000
Exercised during the period	\$0.420	–
Expired during the period	\$0.420	(1,250,000)
Forfeited during the period	\$0.420	(8,750,000)
Outstanding at 30 June	\$0.420	101,400,000
Exercisable at 30 June	\$0.420	25,350,000

As at the date of this Report, all outstanding options under the 2014 Scheme have been cancelled in accordance with the terms of the 2014 Scheme.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value measurements as at 30 June 2015 categorised into			
	Fair value at 30 June 2015 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurement				
Financial assets:				
Derivative financial instruments:				
— Forward foreign exchange contracts	4,556	—	4,556	—

	Fair value measurements as at 31 December 2014 categorised into			
	Fair value at 31 December 2014 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurement				
Financial assets:				
Derivative financial instruments				
— Forward foreign exchange contracts	13,957	—	13,957	—
— Other derivative	17,523	—	17,523	—
Financial liabilities:				
Derivative financial instruments				
— Forward foreign exchange contracts	16,007	—	16,007	—

During the six months ended 30 June 2015, there have been no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2014: \$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.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

23 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 30 June 2015 and 31 December 2014 except for the Senior Notes (see note 20), for which its carrying amount and fair value is disclosed below:

	30 June 2015		31 December 2014	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Senior Notes	2,375,939	677,414	2,364,347	959,814

24 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.

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.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

24 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 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 2015			
Restricted bank deposits	424,096	(415,957)	8,139
As at 31 December 2014			
Restricted bank deposits	1,033,390	(1,023,066)	10,324

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

(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 2015			
Secured bank loans	415,957	(415,957)	—
As at 31 December 2014			
Secured bank loans	1,023,066	(1,023,066)	—

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

24 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

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 “restricted bank deposits” and “secured bank loans” presented in the statement of financial position.

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Net amount of restricted bank deposits after offsetting as stated above	8,139	10,324
Restricted bank deposits not in scope of offsetting disclosure	886,058	945,753
Total restricted bank deposits	894,197	956,077

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Net amount of secured bank loans after offsetting as stated above	—	—
Secured bank loans not in scope of offsetting disclosure	1,687,160	1,191,889
Total secured bank loans	1,687,160	1,191,889

25 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 20).

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

26 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 2015:

	Six months ended 30 June	
	2015 \$'000	2014 \$'000
Sales of products to a related party	88,574	385,384
Purchase of products from a related party	59,575	286,777
Rental expense for lease of properties from related parties	3,883	3,879

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.

27 COMMITMENTS

- (a) Capital commitments outstanding at 30 June 2015 not provided for in the interim financial report are as follows:

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Contracted for	27,028	213,096

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 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Within 1 year	9,154	11,090
After 1 year but within 5 years	8,562	3,235
	17,716	14,325

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.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

28 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the partially disposal of GCC and GCC LP have been completed on 2 September 2015, further details are disclosed in note 5.

Subsequent to the end of the reporting period, the Company, certain of its subsidiaries and certain of the bondholders entered into a Restructuring Support Agreement on 25 November 2015, pursuant to which such Bondholders have agreed to support the proposed restructuring of the outstanding Senior Notes with cash, equity or other form of consideration offered at a discount to the principal amount of the Senior Notes. Further details are disclosed in note 2 and note 20.

Subsequent to the end of the reporting period, the outstanding principal and interest in respect of loan to Moveday on due as at 31 December 2015 was offset against the Group's payables on 22 January 2016, further details are disclosed in note 13.

Review Report to the Board of Directors of Winsway Enterprises Holdings Limited

(formerly known as "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 26 to 67 which comprises the consolidated statement of financial position of Winsway Enterprises Holdings Limited (formerly known as "Winsway Coking Coal Holdings Limited") as at 30 June 2015 and the related consolidated statement of profit or loss, the consolidated statement of profit or loss and other 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.

Because of the matters described in the Basis for disclaimer of conclusion paragraphs, however, it is not possible to form a conclusion on the interim financial report due to the limitations in the scope of our review and the potential interaction of the continuing uncertainties related to going concern and their possible cumulative effect on the interim financial report.

SCOPE OF REVIEW

Except as explained in parts (a) and (b) of the basis for disclaimer of conclusion paragraphs, 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.

BASIS FOR DISCLAIMER OF CONCLUSION

(a) Impairment of other investments in equity securities

As disclosed in note 12 to the interim financial report, in the six months ended 30 June 2015 the directors of the Company have recognised an impairment loss of \$266,302,000 to fully write down the carrying amount of the Group's investments in certain of these companies, having taken into account the investees' poor performance during the six months ended 30 June 2015 and other indicators of impairment. Given the inherent limitations in the scope of our review, which is by definition substantially less than an audit, we were unable to reach a conclusion as to whether the directors' judgement in this matter is appropriate and therefore whether the amount of this impairment provision is, or is not, in accordance with the applicable accounting framework. Any decrease in the impairment losses recognised against other investments in equity securities would affect the net assets of the Group as at 30 June 2015 and the Group's net loss for the six months ended 30 June 2015, and the related disclosures in the interim financial report.

Review Report to the Board of Directors of Winsway Enterprises Holdings Limited

*(formerly known as "Winsway Coking Coal Holdings Limited")
(Incorporated in the British Virgin Islands with limited liability)*

(b) Impairment of loan due from a third party

As disclosed in note 13 to the interim financial report, the Group had an outstanding loan due from Moveday Enterprises Limited ("Moveday") of US\$20.4 million (equivalent to approximately \$158,112,000) as at 30 June 2015. In the six months ended 30 June 2015 the directors of the Company have made an impairment provision of \$120,216,000 against this balance, having taken into account information about the adverse financial and operating circumstances of Moveday in the six months ended 2015 but not the possibility of any recovery that may be achieved in future through re-negotiation of the terms of the loan or alternative forms of settlement in kind. Given the inherent limitations in the scope of our review, which is by definition substantially less than an audit, we were unable to reach a conclusion as to whether the directors' judgement in this matter is appropriate and therefore whether the amount of this impairment provision is, or is not, in accordance with the applicable accounting framework. Any decrease in the impairment losses recognised against this loan balance due from Moveday would affect the net assets of the Group as at 30 June 2015 and the Group's net loss for the six months ended 30 June 2015, and the related disclosures in the interim financial report.

(c) Multiple uncertainties related to going concern

As explained in note 2 to the interim financial report, the Group sustained a further loss from continuing operations before taxation and impairment losses for non-current assets, of \$367,472,000 and incurred a net cash outflow from operating activities of \$812,331,000 from continuing operations for the six months ended 30 June 2015. As at 30 June 2015, the Group had net current liabilities of \$2,209,098,000 and net liabilities of \$1,403,717,000. In addition, the Group did not make the scheduled interest payment of US\$13.15 million in relation to the Senior Notes which fell due on 8 April 2015 and 8 October 2015 respectively and consequently the Group's outstanding Senior Notes amounting to \$2,375,939,000 as at 30 June 2015 were in default as at 30 June 2015 and continue to be in default.

The directors of the Company have been undertaking certain measures to improve the Group's liquidity and financial position, which are set out in note 2 to the interim financial report. The interim financial report has been prepared on a going concern basis, the validity of which is dependent on the outcome of these measures, which are subject to the following uncertainties, including (i) whether the Group is able to complete the proposed debt restructuring of the outstanding Senior Notes with cash raised from a possible rights issue, with equity or other form of consideration offered at a discount to the principal amount of the Senior Notes, the achievability of which depends on a number of factors, including the restructuring of the outstanding Senior Notes being sanctioned and all conditions precedent to the debt restructuring schemes and the rights issue having been satisfied; (ii) whether the Group is able to successfully negotiate with the lenders for the renewal of all the existing borrowings upon their maturity and/or obtaining additional financing as and when required, the achievability of which depends on the completion of the proposed debt restructuring and the future trading results of the Group and (iii) whether the Group is able to implement its operation plans to control costs and to generate adequate cash flows from operations, the achievability of which depends on the market environment which is expected to remain challenging.

In our auditor's report on the Group's financial statements for the year ended 31 December 2014 we highlighted that multiple material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern, existed. The facts and circumstances described above, along with other matters as described in note 2 to the interim financial report, indicate that those multiple material uncertainties continue to exist as of the date of this report.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the interim financial report.

Review Report to the Board of Directors of Winsway Enterprises Holdings Limited

*(formerly known as "Winsway Coking Coal Holdings Limited")
(Incorporated in the British Virgin Islands with limited liability)*

DISCLAIMER OF CONCLUSION

Because of the potential interaction of the continuing uncertainties related to going concern and their possible cumulative effect on the interim financial report described in part (c) of the basis for disclaimer of conclusion paragraphs, we do not express a conclusion on the interim financial report. In all other respects, except for the adjustments to the interim financial report that we might have become aware of had we completed our review as described in parts (a) and (b) of the basis for disclaimer of conclusion paragraphs above, based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standards 34, Interim financial reporting.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

13 March 2016