



Interim Report **2013**



FIRM
FOUNDATION
By BUILDING
FUTURE



CONTENTS

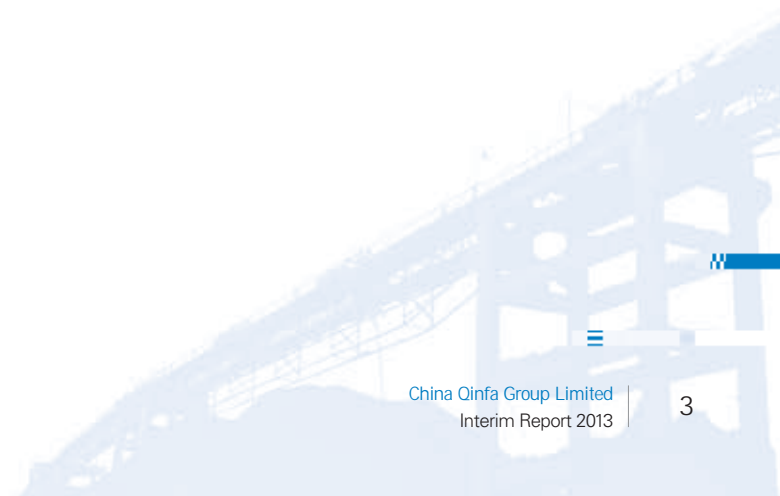
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Board of Directors

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C (y, Group) y y , , , , ,

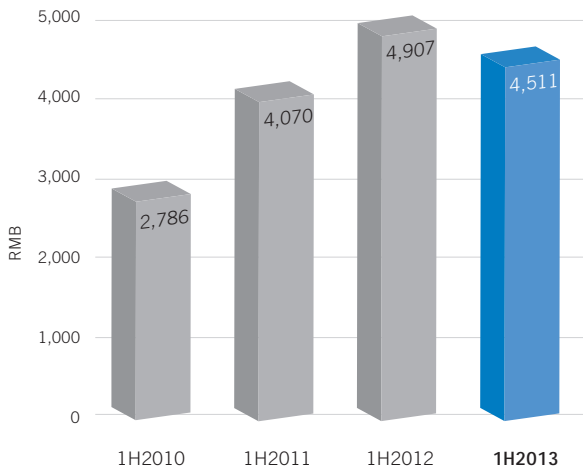
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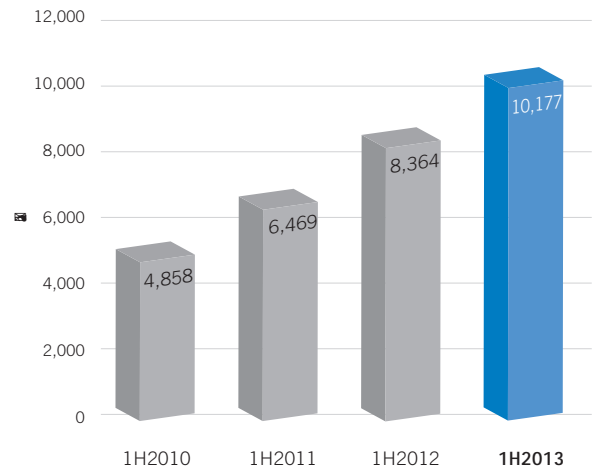


MANAGEMENT DISCUSSION AND ANALYSIS

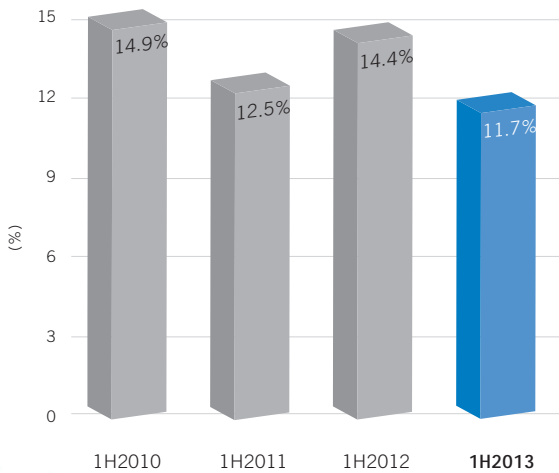
Revenue



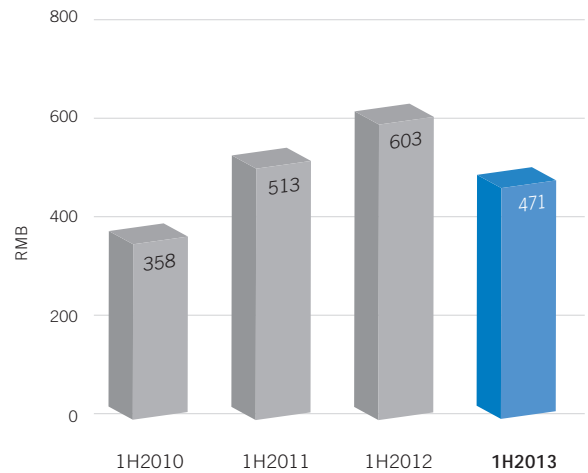
Coal handling and trading volume



Gross profit margin



EBITDA*



* EBITDA: P

+ I

I

+ D

+ A

+ I

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MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit margin and gross profit

Total gross profit for the period was RMB706.8 million, an increase of 11.7% from RMB632.4 million in 2012. Total gross profit margin was 47.6%, an increase from 44.4% in 2012. The increase in gross profit margin was primarily due to the increase in the price of the main products.

Total gross profit for the period was RMB178.4 million, an increase of 14.4% from RMB156.1 million in 2012. Total gross profit margin was 11.7%, an increase from 11.4% in 2012. The increase in gross profit margin was primarily due to the increase in the price of the main products.

Other income

Other income for the period was RMB4.2 million, an increase of 77.8% from RMB2.4 million in 2012. Other income for the period was RMB5.4 million, an increase of 77.8% from RMB3.0 million in 2012. The increase in other income was primarily due to the increase in the price of the main products.

Other income for the period was RMB1.2 million, an increase of 77.8% from RMB0.7 million in 2012. Other income for the period was RMB2.1 million, an increase of 77.8% from RMB1.2 million in 2012. The increase in other income was primarily due to the increase in the price of the main products.

Net finance cost

Net finance cost for the period was RMB3.1 million, an increase of 1.3% from RMB240.3 million in 2012. Net finance cost for the period was RMB237.2 million, an increase of 1.3% from RMB235.8 million in 2012. The increase in net finance cost was primarily due to the increase in the price of the main products.

Net finance cost for the period was RMB3.1 million, an increase of 1.3% from RMB240.3 million in 2012. Net finance cost for the period was RMB237.2 million, an increase of 1.3% from RMB235.8 million in 2012. The increase in net finance cost was primarily due to the increase in the price of the main products.

Net profit for the period

Net profit for the period was RMB22.4 million, an increase of 81.9% from RMB12.3 million in 2012. Net profit for the period was RMB22.4 million, an increase of 81.9% from RMB12.3 million in 2012. The increase in net profit was primarily due to the increase in the price of the main products.

Net profit for the period was RMB22.4 million, an increase of 81.9% from RMB12.3 million in 2012. Net profit for the period was RMB22.4 million, an increase of 81.9% from RMB12.3 million in 2012. The increase in net profit was primarily due to the increase in the price of the main products.

BUSINESS REVIEW

As of 30 June 2013, the Group's total coal reserves and resources were 79 million tonnes and 117 million tonnes, respectively, compared with 79 million tonnes and 117 million tonnes as of 30 June 2012. The increase in coal reserves and resources was primarily due to the acquisition of Xingtao Coal Co., Ltd. ("Xingtao Coal") and Fengxi Coal Co., Ltd. ("Fengxi Coal") during the period.

The Group's coal production for the period ended 30 June 2013 was 2,025,000 tonnes, compared with 501,000 tonnes for the period ended 30 June 2012. The increase in coal production was primarily due to the commencement of production at Xingtao Coal and Fengxi Coal during the period.

The Group's coal sales for the period ended 30 June 2013 were 10,177,000 tonnes, compared with 21.7 million tonnes for the period ended 30 June 2012. The increase in coal sales was primarily due to the commencement of sales at Xingtao Coal and Fengxi Coal during the period.

As of 30 June 2013

	Location	Ownership	Site area (sq. km)	Operation status	Total coal reserves (million tonnes)	Total coal resources (million tonnes)
Shanxi Shuozhou Pinglu District Huameiao Xingtao Coal Co., Ltd. (" Xingtao Coal ") (Note 1)	Shuozhou Shanxi	80%	4.3	Under operation	79	117
Shanxi Shuozhou Pinglu District Huameiao Fengxi Coal Co., Ltd. (" Fengxi Coal ") (Note 1)	Shuozhou Shanxi	80%	2.4	Under operation	47	75
Shanxi Shuozhou Pinglu District Huameiao Chongseng Coal Co., Ltd. (" Chongseng Coal ") (Note 1)	Shuozhou Shanxi	80%	2.9	Under operation	48	77
Ruifeng Coal	Datong Shanxi	87.88%	2.7	Under operation	n.a.	66 (Note 2)
Shanxi Xinzhou Shenchi Xinglong Coal Co., Ltd. (" Xinglong Coal ") (Note 3)	Xinzhou Shanxi	100%	4.0	Under development	32	46
Hongyuan Coal (Note 3)	Xinzhou Shanxi	100%	4.1	Under operation	36	52
Tiaro Coal	Australia	19.88%	n.a.	Under exploration	n.a.	n.a.

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

MANAGEMENT DISCUSSION AND ANALYSIS

TOTAL: 2013 -y 2012

Raw coal production volume	Six months ended 30 June 2013 ('000 tonnes)	Year ended 31 December	
		2012 ('000)	2011 ('000)
Hubei Energy C	1,323	2,075	2,800
Hubei Energy F C	1,409	1,851	1,862
Hubei Energy C C	384	1,726	486
R C	501 [#]	1,052*	300*
Hubei C	251 [#]		
TOTAL	3,868	6,704	5,448

Commercial coal production volume	Six months ended 30 June 2013 ('000 tonnes)	Year ended 31 December	
		2012 ('000)	2011 ('000)
Hubei Energy C	860	1,349	1,820
Hubei Energy F C	916	1,203	1,210
Hubei Energy C C	249	1,122	316
R C	501 [#]	1,052*	300*
Hubei C	251 [#]		
TOTAL	2,777	4,726	3,646

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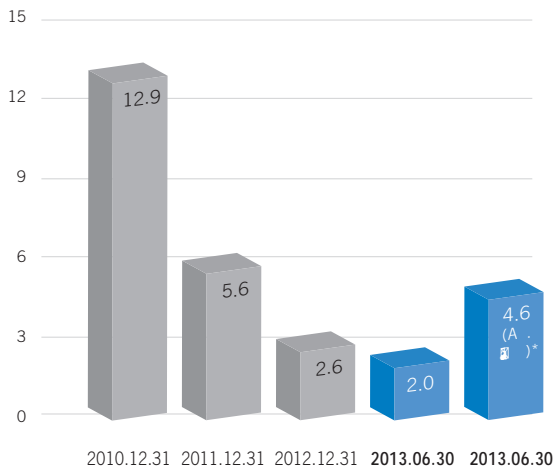
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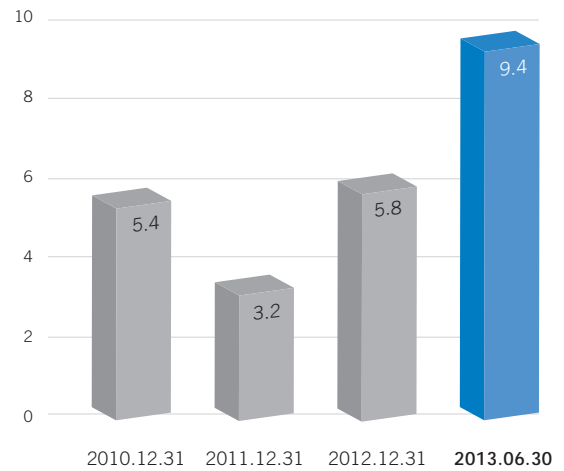
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MANAGEMENT DISCUSSION AND ANALYSIS

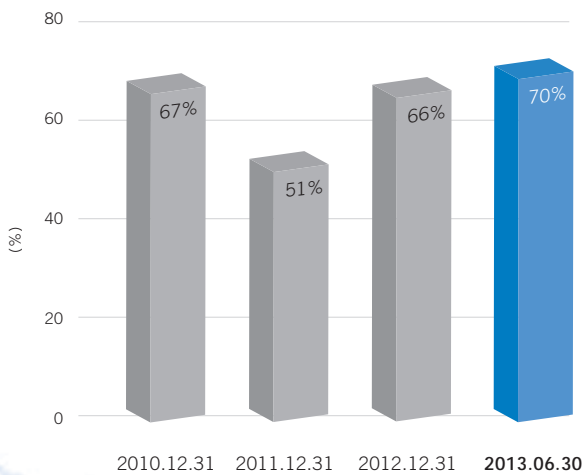
EBITDA / Net finance cost



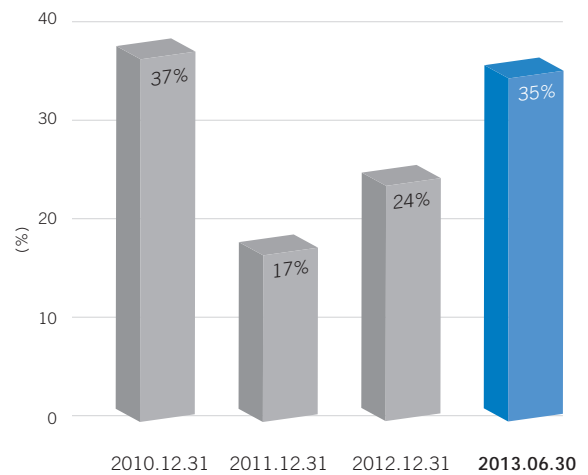
Total debts / EBITDA



Total debt / (Total debt + Net worth)



Gearing ratio[#]



* A = EBITDA / (Net finance cost) - (A))
 # Gearing ratio = (Total debt - Cash and cash equivalents) / Total debt

Liquidity, Financial Resources and Capital Structure

The Group's liquidity position is strong. As at 30 June 2013, the Group's cash and cash equivalents, and short-term deposits with a maturity of less than 12 months, were RMB2,522.7 million, an increase of 1.30% from RMB2,493.8 million as at 31 December 2012. The Group's current assets exceeded its current liabilities by RMB8,102.2 million as at 31 December 2012, compared with RMB7,273.4 million as at 30 June 2013. The Group's net assets were RMB15,085.2 million as at 31 December 2012, an increase of 56.8% from RMB8,461.3 million as at 30 June 2013. The Group's net assets were RMB15,085.2 million as at 31 December 2012, an increase of 56.8% from RMB8,461.3 million as at 30 June 2013. The Group's net assets were RMB15,085.2 million as at 31 December 2012, an increase of 56.8% from RMB8,461.3 million as at 30 June 2013.

The Group's capital structure is stable. As at 30 June 2013, the Group's total capital was RMB18.2 billion, an increase of 1.30% from RMB17.9 billion as at 31 December 2012. The Group's total capital was RMB18.2 billion as at 30 June 2013, an increase of 1.30% from RMB17.9 billion as at 31 December 2012. The Group's total capital was RMB18.2 billion as at 30 June 2013, an increase of 1.30% from RMB17.9 billion as at 31 December 2012.

The Group's capital structure is stable. As at 30 June 2013, the Group's total capital was RMB18.2 billion, an increase of 1.30% from RMB17.9 billion as at 31 December 2012. The Group's total capital was RMB18.2 billion as at 30 June 2013, an increase of 1.30% from RMB17.9 billion as at 31 December 2012. The Group's total capital was RMB18.2 billion as at 30 June 2013, an increase of 1.30% from RMB17.9 billion as at 31 December 2012.

Exposure to Fluctuations in Exchange Rates

The Group's exposure to fluctuations in exchange rates is limited. The Group's assets and liabilities are primarily denominated in RMB, HKD, USD and PRC Yuan. The Group's exposure to fluctuations in exchange rates is limited. The Group's assets and liabilities are primarily denominated in RMB, HKD, USD and PRC Yuan. The Group's exposure to fluctuations in exchange rates is limited. The Group's assets and liabilities are primarily denominated in RMB, HKD, USD and PRC Yuan.

Pledge of Assets of the Group and Guarantee

As at 30 June 2013, the Group's assets pledged were RMB8,357.9 million, an increase of 35.0% from RMB7,416.2 million as at 31 December 2012. The Group's assets pledged were RMB8,357.9 million as at 30 June 2013, an increase of 35.0% from RMB7,416.2 million as at 31 December 2012. The Group's assets pledged were RMB8,357.9 million as at 30 June 2013, an increase of 35.0% from RMB7,416.2 million as at 31 December 2012.

As at 30 June 2013, the Group's assets guaranteed were RMB4,886.8 million, an increase of 1.30% from RMB3,870.8 million as at 31 December 2012. The Group's assets guaranteed were RMB4,886.8 million as at 30 June 2013, an increase of 1.30% from RMB3,870.8 million as at 31 December 2012. The Group's assets guaranteed were RMB4,886.8 million as at 30 June 2013, an increase of 1.30% from RMB3,870.8 million as at 31 December 2012.

EMPLOYEES AND REMUNERATION

As at 30 June 2013, the Group employed 1,828 employees. The Group's employees are primarily located in the PRC. The Group's employees are primarily engaged in the production and sales of cement and cement products.

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BUSINESS OUTLOOK

China's economic growth has slowed down in recent years, and the PRC government has implemented various measures to stimulate economic growth. The Group's business outlook is closely related to the overall economic environment in China. The Group will continue to focus on its core business and expand its market share in the domestic market.

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(1) China's economic growth has slowed down in recent years, and the PRC government has implemented various measures to stimulate economic growth. The Group's business outlook is closely related to the overall economic environment in China. The Group will continue to focus on its core business and expand its market share in the domestic market.

(2) The Group's business outlook is closely related to the overall economic environment in China. The Group will continue to focus on its core business and expand its market share in the domestic market.

(3) Various measures for supporting growth have been launched by the People's Government of Shanxi Province, including the suspension of the charges of the "environmental restoration fund" of RMB10 per tonne and the "coal mine transformation fund" of RMB5 per tonne from 1 August 2013 to 31 December 2013. As a result, the Group will improve its cash flow more efficiently and enhance our competitive edge in the future.

The Group's business outlook is closely related to the overall economic environment in China. The Group will continue to focus on its core business and expand its market share in the domestic market.

Integration of Huameiao Energy to ensure a stable supply of coal

The Group's business outlook is closely related to the overall economic environment in China. The Group will continue to focus on its core business and expand its market share in the domestic market.

Developing new selling model and expansion of the customer base

In 2013, the Group continued to develop new selling models and expand its customer base. The Group has established a new selling model of "Direct Sales + Online Sales" and expanded its customer base. The Group has established a new selling model of "Direct Sales + Online Sales" and expanded its customer base. The Group has established a new selling model of "Direct Sales + Online Sales" and expanded its customer base.

During 2013, the Group continued to develop new selling models and expand its customer base. The Group has established a new selling model of "Direct Sales + Online Sales" and expanded its customer base. The Group has established a new selling model of "Direct Sales + Online Sales" and expanded its customer base.

AUDITOR'S REPORT



REVIEW REPORT TO THE BOARD OF DIRECTORS OF CHINA QINFA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have been engaged by the Board of Directors of China Qinfa Group Limited (the Company) to review the interim financial information of the Company for the period from 30 June 2013 to 31 August 2013. The Company is a public company listed on the Stock Exchange of Hong Kong Limited (the Stock Exchange) under the name of China Qinfa Group Limited. The interim financial information is set out in the Interim Report of the Company for the period from 30 June 2013 to 31 August 2013. Our review was conducted in accordance with the applicable standards for review engagements. The interim financial information is the responsibility of the Company's management. Our review is limited to the interim financial information and does not constitute an audit. We are not providing any assurance on the interim financial information.

SCOPE OF REVIEW

The interim financial information reviewed by us is set out in the Interim Report of the Company for the period from 30 June 2013 to 31 August 2013. The interim financial information is the responsibility of the Company's management. Our review is limited to the interim financial information and does not constitute an audit. We are not providing any assurance on the interim financial information.

CONCLUSION

Based on our review, we are not aware of any material misstatements in the interim financial information of the Company for the period from 30 June 2013 to 31 August 2013.

KPMG

Certified Public Accountants

8/F, P.O. Box 100

10 Cross Street

Central, Hong Kong

29 August 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

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30 J 2013

	N	Six months ended 30 June	
		2013	2012
		RMB'000	RMB'000
Turnover	4	4,511,411	4,907,331
C		(3,983,026)	(4,200,519)
Gross profit		528,385	706,812
O	5	1,151	5,366
D		(65,183)	(93,571)
A		(123,382)	(134,479)
O	6	(120,877)	(97,042)
Results from operating activities		220,094	387,086
F		35,995	16,072
F		(273,204)	(256,417)
Net finance costs	7(8)	(237,209)	(240,345)
S	12	(2,170)	(2,147)
(Loss)/profit before taxation	7	(19,285)	144,594
I	8	41,719	(20,908)
Profit for the period		22,434	123,686
Other comprehensive (loss)/income			
I			
F		(12,211)	3,292
Other comprehensive (loss)/income for the period (after tax and reclassification adjustment)		(12,211)	3,292
Total comprehensive income for the period		10,223	126,978

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

F 30 J 2013

	N	Six months ended 30 June	
		2013	2012
		RMB'000	RMB'000
(Loss)/profit attributable to:			
E y 2013 C y 2012		(30,118)	101,164
N -		52,552	22,522
Profit for the period		22,434	123,686
Total comprehensive (loss)/income attributable to:			
E y 2013 C y 2012		(42,329)	104,456
N -		52,552	22,522
Total comprehensive income for the period		10,223	126,978
(Loss)/earnings per share			
B () / (RMB)	9()	(0.01)	0.05
D () / (RMB)	9()	(0.01)	0.05

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)






A 30 J 2013






	N	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Non-current assets			
Property, plant and equipment	10	5,069,412	4,662,712
Construction in progress	11	4,998,114	4,479,614
Long-term equity investments		129,518	129,588
Intangible assets	12	93,734	57,485
Derivative financial assets	13	188,496	56,373
		10,479,274	9,385,772
Current assets			
Monetary assets	14	796,299	506,119
Trade receivables	15	2,628,519	3,703,237
Prepaid expenses and other receivables	16	2,014,089	1,759,774
Inventory	17	1,726,581	1,641,244
Other current assets	18	719,034	1,190,541
		7,884,522	8,800,915
Current liabilities			
Accounts payable	19	(6,102,173)	(5,103,416)
Trade payables	20	(1,886,704)	(3,353,794)
Other payables	21	(2,014,279)	(1,971,384)
Contract liabilities		(404,105)	(310,872)
		(10,407,261)	(10,739,466)
Net current liabilities		(2,522,739)	(1,938,551)
Total assets less current liabilities		7,956,535	7,447,221
Non-current liabilities			
Deferred tax liabilities		(1,129,819)	(1,158,344)
Other non-current liabilities	21	(137,530)	(153,516)
Long-term debt	19	(2,761,652)	(2,169,967)
Other non-current liabilities		(79,257)	(76,728)
		(4,108,258)	(3,558,555)
Net assets		3,848,277	3,888,666

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)





A 30 J 2013

	N	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Capital and reserves	23		
S   		176,266	176,266
P  	23()	156,931	156,931
R		2,205,937	2,298,878
Total equity attributable to equity shareholders of the Company		2,539,134	2,632,075
Non-controlling interests		1,309,143	1,256,591
Total equity		3,848,277	3,888,666

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XU Jihua
Director

WANG Jianfei
Director

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

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30 J 2013

		Attributable to equity shareholders of the Company									
		Share capital	Share premium	Merger reserve	Reserves	Exchange reserve	Share-based compensation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012		176,266	410,008	127,442	366,268	(123,179)	5,847	1,283,014	2,245,666	1,009,182	3,254,848
Total comprehensive income for the period											
P								101,164	101,164	22,522	123,686
Other comprehensive income											
F y											
T						3,292			3,292		3,292
T						3,292			3,292		3,292
T						3,292		101,164	104,456	22,522	126,978
Transactions with equity shareholders, and non-controlling interests, recorded directly in equity											
C y											
A y										176,456	176,456
J		23()			56,861			(56,861)			
E y-		23()			(15,596)			15,596			
T y							3,083		3,083		3,083
T y					41,265		3,083	(41,265)	3,083	176,456	179,539
At 30 J 2012		176,266	410,008	127,442	407,533	(119,887)	8,930	1,342,913	2,353,205	1,208,160	3,561,365

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

F 30 J 2013

	A n n u a l C h a n g e											
		S t a r t i n g B a l a n c e		P r o f i t / L o s s		O t h e r C o m p r e h e n s i v e I n c o m e		R e s e r v e s		E n d i n g B a l a n c e		
	N	R M B ' 0 0 0	R M B ' 0 0 0	R M B ' 0 0 0	R M B ' 0 0 0	R M B ' 0 0 0	R M B ' 0 0 0	R M B ' 0 0 0	R M B ' 0 0 0	R M B ' 0 0 0	R M B ' 0 0 0	
A 1 J y 2012		176,266	410,008		127,442	407,533	(119,887)	8,930	1,342,913	2,353,205	1,208,160	3,561,365
Total comprehensive income for the period									156,584	156,584	52,880	209,464
Other comprehensive income							(3,857)			(3,857)		(3,857)
Transactions with equity shareholders, and non-controlling interests, recorded directly in equity												
Issue of shares	()	23()		157,872						157,872		157,872
Change in non-controlling interests		23()		(941)						(941)		(941)
Dividend		23()	(33,748)							(33,748)		(33,748)
Change in equity attributable to equity holders of the parent		23()				46,047			(46,047)			
Change in equity attributable to non-controlling interests		23()				(55,011)			55,011			
Change in equity attributable to equity holders of the parent		23()				49,511			(49,511)			
Change in equity attributable to non-controlling interests								2,960		2,960		2,960
Total			(33,748)	156,931	40,547	2,960	(40,547)	126,143	(4,449)	121,694		
A 31 D 2012		176,266	376,260	156,931	127,442	448,080	(123,744)	11,890	1,458,950	2,632,075	1,256,591	3,888,666

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

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30 J 2013

Attributable to equity shareholders of the Company												
N	Share capital RMB'000	Share premium RMB'000	Perpetual subordinated convertible securities RMB'000	Merger reserve RMB'000	Reserves RMB'000	Exchange reserve RMB'000	Share-based compensation reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non- controlling interest RMB'000	Total equity RMB'000	
At 1 January 2013	176,266	376,260	156,931	127,442	448,080	(123,744)	11,890	1,458,950	2,632,075	1,256,591	3,888,666	
Total comprehensive income for the period												
(L)/	-	-	-	-	-	-	-	(30,118)	(30,118)	52,552	22,434	
Other comprehensive income												
F y	-	-	-	-	-	(12,211)	-	-	(12,211)	-	(12,211)	
T	-	-	-	-	-	(12,211)	-	-	(12,211)	-	(12,211)	
T	-	-	-	-	-	(12,211)	-	(30,118)	(42,329)	52,552	10,223	
Transactions with equity shareholders, recorded directly in equity												
C - y	-	-	-	-	-	-	-	-	-	-	-	
D y	23()	(49,417)	-	-	-	-	-	-	(49,417)	-	(49,417)	
D	23()	(2,325)	-	-	-	-	-	-	(2,325)	-	(2,325)	
A	23()	-	-	-	64,063	-	-	(64,063)	-	-	-	
J	23()	-	-	-	(24,798)	-	-	24,798	-	-	-	
E y-	23()	-	-	-	-	-	1,130	-	1,130	-	1,130	
T y	-	(51,742)	-	-	39,265	-	1,130	(39,265)	(50,612)	-	(50,612)	
At 30 June 2013	176,266	324,518	156,931	127,442	487,345	(135,955)	13,020	1,389,567	2,539,134	1,309,143	3,848,277	

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

F 30 J 2013

	N	Six months ended 30 June	
		2013 RMB'000	2012 RMB'000
Operating activities		(1,347,659)	(1,502,000)
Investing activities		(25,695)	(69,440)
Net cash used in operating activities		(1,373,354)	(1,571,440)
Net cash used in investing activities		(584,556)	(1,199,362)
Net cash generated from financing activities		1,474,895	2,883,304
Net (decrease)/increase in cash and cash equivalents		(483,015)	112,502
Effect of foreign exchange rate changes		11,508	8,169
Cash and cash equivalents at 1 January	18	1,190,541	592,027
Cash and cash equivalents at 30 June	18	719,034	712,698

T 25 45

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 COMPANY BACKGROUND AND BASIS OF PREPARATION

China Qinfeng Group Limited (the Company) is a public company incorporated in the People's Republic of China under the Company Law (2007 Revision) of the People's Republic of China. The Company's registered office is located at the 3rd Floor, 2009, Tianjin Road, Hong Kong. The Company's fiscal year ends on 31 December 2013.

The Company is a listed company on the Hong Kong Stock Exchange Limited (the Stock Exchange) under the listing code of 1393. The Company is also listed on the Shanghai Stock Exchange under the listing code of 600256. The Company is a public company incorporated in the People's Republic of China under the Company Law (2007 Revision) of the People's Republic of China.

The Company is a public company incorporated in the People's Republic of China under the Company Law (2007 Revision) of the People's Republic of China. The Company's registered office is located at the 3rd Floor, 2009, Tianjin Road, Hong Kong. The Company's fiscal year ends on 31 December 2013.

The Company is a public company incorporated in the People's Republic of China under the Company Law (2007 Revision) of the People's Republic of China. The Company's registered office is located at the 3rd Floor, 2009, Tianjin Road, Hong Kong. The Company's fiscal year ends on 31 December 2013.

The Company is a public company incorporated in the People's Republic of China under the Company Law (2007 Revision) of the People's Republic of China. The Company's registered office is located at the 3rd Floor, 2009, Tianjin Road, Hong Kong. The Company's fiscal year ends on 31 December 2013.

The Company is a public company incorporated in the People's Republic of China under the Company Law (2007 Revision) of the People's Republic of China. The Company's registered office is located at the 3rd Floor, 2009, Tianjin Road, Hong Kong. The Company's fiscal year ends on 31 December 2013.

2 CHANGES IN ACCOUNTING POLICIES

The Company has adopted the following accounting policies in the preparation of its financial statements:

Adopted IAS 1, Presentation of Financial Statements

Adopted IFRS 10, Consolidated Financial Statements

Adopted IFRS 12, Disclosure of Interests in Other Entities

Adopted IFRS 13, Measurement of Fair Value

Adopted IFRS 14, Interim Financial Reporting

Adopted IFRS 7, Financial Instruments: Disclosures

The Company has adopted the following accounting policies in the preparation of its financial statements:

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

2 CHANGES IN ACCOUNTING POLICIES (Continued)

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

The Group has adopted the amendments to IFRS 7, Disclosures – Offsetting financial assets and financial liabilities, from 1 January 2013. The amendments require the Group to disclose the maximum amount of financial assets and liabilities that are eligible for offsetting. The Group has applied the amendments retrospectively. The Group's financial assets and liabilities are not subject to the amendments to IFRS 7.

The Group has adopted the amendments to IFRS 7, Disclosures – Offsetting financial assets and financial liabilities, from 1 January 2013. The amendments require the Group to disclose the maximum amount of financial assets and liabilities that are eligible for offsetting. The Group has applied the amendments retrospectively. The Group's financial assets and liabilities are not subject to the amendments to IFRS 7.

3 ESTIMATES

The Group's estimates are based on the best available information at the reporting date. The Group's estimates are based on the best available information at the reporting date. The Group's estimates are based on the best available information at the reporting date.

The Group's estimates are based on the best available information at the reporting date. The Group's estimates are based on the best available information at the reporting date. The Group's estimates are based on the best available information at the reporting date.

4 SEGMENT REPORTING

(a) Segment results, assets and liabilities

The Group's segment results, assets and liabilities are reported in the following table. The Group's segment results, assets and liabilities are reported in the following table. The Group's segment results, assets and liabilities are reported in the following table.

The Group's segment results, assets and liabilities are reported in the following table. The Group's segment results, assets and liabilities are reported in the following table. The Group's segment results, assets and liabilities are reported in the following table.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

4 SEGMENT REPORTING *(Continued)*

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

	Coal business		Shipping transportation		Port business		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the six months ended								
30 June								
T	4,455,654	4,798,553	55,757	108,778	-	-	4,511,411	4,907,331
I	-	-	90,102	165,771	-	-	90,102	165,771

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

4 SEGMENT REPORTING *(Continued)*

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

Turnover

		Six months ended 30 June	
		2013	2012
		RMB'000	RMB'000
R	☒	4,601,513	5,073,102
E	☒	(90,102)	(165,771)
C	☒	4,511,411	4,907,331

Profit

		Six months ended 30 June	
		2013	2012
		RMB'000	RMB'000
R	☒	220,701	395,652
E	☒	3,041	(2,454)
J	☒	(5,818)	(8,259)
N	☒	(237,209)	(240,345)
C	☒	(19,285)	144,594

Assets

		At 30 June	At 31 D
		2013	2012
		RMB'000	RMB'000
R	☒	19,042,086	18,712,493
E	☒	(247,551)	

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

7 PROFIT BEFORE TAXATION

P (): / ():

(a) Net finance costs

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
I	(21,093)	(16,072)
N	(14,902)	
F	(35,995)	(16,072)
I	291,942	252,820
L : y, y	(53,636)	(25,177)
B	238,306	227,643
N	34,898	19,649
	-	9,125
F	273,204	256,417
N	237,209	240,345

(b) Other items

	N	Six months ended 30 June	
		2013	2012
		RMB'000	RMB'000
O		3,566	2,739
D		86,460	91,331
A		70	70
A		32,538	29,270
N		-	870
I	14	3,152	13,261
I	10	116,014	

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

8 INCOME TAX EXPENSE

		Six months ended 30 June	
		2013	2012
		RMB'000	RMB'000
C			
PRC		139,174	135,400
O	PRC	(20,245)	(60,562)
D			
O		(160,648)	(53,930)
		(41,719)	20,908

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y City B.

() N H K P T H K P T.

() N y M y

() T PRC y 25% PRC.

() P C I T L PRC, 5%
J y 2008. A 30 J 2013, y
PRC y RMB1,089,990,000 (31 D 2012:
RMB1,036,814,000). D y RMB54,499,500 (31 D 2012: RMB51,841,000)
y PRC
y PRC

() A y G PRC RMB20,245,000
y T G y'
PRC

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

12 INVESTMENTS IN ASSOCIATES (Continued)

() T Q 28 May 2012 y D C I T C ., L ., y D C M G , Q L C ., L . (Q L) RMB100,000,000. T Q PRC. T G 49% y 30 J 2013, G RMB49,000,000 T Q (31 D 2012: RMB9,800,000).

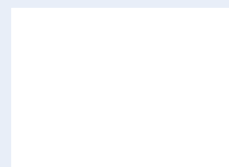
() O 22 N 2012, G P C , y G 50,000,000 P C A, D1,500,000 (RMB9,877,000). P C y y 300,000,000 y , 66.67% y T C 16.67% y P H P . L .. T G ' y P C 16.67% 30 J 2013. T G P C .

13 DEFERRED TAX ASSETS

D 30 J 2013, y S G E y I L y Q L .

14 INVENTORIES

At 30 June



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

15 TRADE AND BILLS RECEIVABLE

At 30 June 2013 (31 D 2012):

	At 30 June 2013 RMB'000	At 31 D 2012 RMB'000
Trade receivables	1,418,768	3,577,099
Other receivables	150,420	29,500
Accounts receivable	1,059,331	96,638
Total	2,628,519	3,703,237

Trade receivables are measured at amortised cost less expected credit losses. Other receivables are measured at amortised cost less expected credit losses. Accounts receivable are measured at amortised cost less expected credit losses.

16 PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2013 RMB'000	At 31 D 2012 RMB'000
Prepayments	-	345,989
Other receivables	1,079,003	638,126
Accounts receivable	803,783	699,636
Other receivables	131,303	76,023
Total	2,014,089	1,759,774

Other receivables are measured at amortised cost less expected credit losses.

17 PLEDGED DEPOSITS

At 30 June 2013 (31 D 2012): RMB1,726,581,000 (RMB1,641,244,000)

18 CASH AND CASH EQUIVALENTS

	At 30 June 2013 RMB'000	At 31 D 2012 RMB'000
Cash and cash equivalents	719,034	1,190,541

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

19 LOANS AND BORROWINGS

N	At 30 June 2013 RMB'000	At 31 D 2012 RMB'000
Current		
S	5,182,421	3,874,893
J	196,344	380,512
C	723,408	848,011
	6,102,173	5,103,416
Non-current		
S	2,761,652	2,169,967
	8,863,825	7,273,383

() C 1.30% 8.52%
 30 J 2013 (31 D 2012: 1.21% 8.00%) C
 y :

N	At 30 June 2013 RMB'000	At 31 D 2012 RMB'000
P y,	463,943	482,527
I	286,000	283,760
T	88,785	
P	1,373,121	1,247,064

RMB661,530,000 (31 D 2012: RMB750,000,000)
 y (N 26())
 y

() J 2.82% 6.20%
 30 J 2013 (31 D 2012: 1.21% 7.30%)

() N - 30 J 2013 y RMB14,829,000
 (31 D 2012: RMB15,085,000), y
 RMB1,431,266,000 (31 D 2012: RMB1,190,822,000), y
 RMB4,699,938,000 (31 D 2012: RMB4,196,958,000), G ' y H
 E y, C, F C, C C, C H y C, y
 y (N 26())

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

19 LOANS AND BORROWINGS (Continued)

		At 30 June 2013		At 31 Dec 2012	
		RMB'000		RMB'000	
(1)	30% PRC government bonds (5-year)	500,000		500,000	
(2)	USD 1.5%	167,335		180,425	
(3)	20% 5-year PBOC	780,000		810,000	
(4)	5% PRC government bonds (5-year)	533,700		474,700	
(5)	5-year PBOC	355,000		430,000	
(6)	15% 3-year PBOC	–		309,790	
(7)	30% 3-year PBOC	20,833		33,333	
(8)	Fixed rate: 8.32%	210,000		270,000	
(9)	3% 1-year HIBOR	8,634		9,730	
(10)	13.82% 3-year PBOC	300,000			
(11)	38% 3-year PBOC	600,000			
(12)	4% 1-year HIBOR	9,558			
		3,485,060		3,017,978	

		At 30 June 2013		At 31 Dec 2012	
		RMB'000		RMB'000	
1	1 year	723,408		848,011	
0	1 year 2 year	857,575		722,496	
0	2 year 5 year	1,303,292		894,327	
0	5 year	600,785		553,144	
		2,761,652		2,169,967	
		3,485,060		3,017,978	

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

20 TRADE AND BILLS PAYABLE

	At 30 June 2013 RMB'000	At 31 Dec 2012 RMB'000
Current		
Trade payables	768,895	2,682,899
Other payables	368,571	291,159
Accounts payable	61	367,000
Accounts receivable	739,677	3,183
Accounts payable	9,500	9,553
	1,886,704	3,353,794

21 OTHER PAYABLES

	At 30 June 2013 RMB'000	At 31 Dec 2012 RMB'000
Current		
Accounts payable	270,109	231,335
Accounts payable	90,701	100,236
Accounts payable	603,321	554,669
Accounts payable	184,808	167,041
Accounts payable (Net)	-	366,888
Accounts payable	180,000	200,000
Accounts payable	114,208	136,461
Accounts payable	68,805	61,500
Accounts payable (Net)	383,677	30,200
Accounts payable	118,650	123,054
	2,014,279	1,971,384
Non-current		
Accounts payable (Net)	137,530	153,516
	2,151,809	2,124,900

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() I y y C H y

() P y C , F C C C C R C , G 2012.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

22 EQUITY-SETTLED SHARE-BASED PAYMENTS

(a) Pre-IPO Share Option Scheme

As at 30 June 2009, 12,000,000 Pre-IPO Share Options (Pre-IPO Options) were outstanding. The Pre-IPO Options were granted to employees of the Group on 25 July 2008.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

23 RESERVES AND DIVIDEND (Continued)

(a) Reserves (Continued)

(ii) Specific reserve – maintenance and production funds

A PRC, G, T:

	The Group RMB'000
Balances at 1 July 2012	10,459
Profit	56,861
Loss	(15,596)
Balances at 30 June 2012	51,724
Profit	46,047
Loss	(55,011)
Balances at 31 December 2012	42,760
Profit	64,063
Loss	(24,798)
Balances at 30 June 2013	82,025

(b) Share-based compensation reserve

Share-based compensation reserve is primarily related to the share-based payment plan of the Company. The share-based payment plan was approved by the shareholders at the general meeting on 22 November 2012.

(c) Dividend payable to equity shareholders attributable to the interim period

	Six months ended 30 June 2013 RMB'000	2012 RMB'000
Dividend payable to equity shareholders attributable to the interim period	16,533	33,878

The dividend payable to equity shareholders attributable to the interim period is as follows:

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

25 OPERATING LEASES

(a) Leases as lessee

At 30 June 2013, the carrying amount of operating lease liabilities is RMB10,000,000. The carrying amount of operating lease liabilities is RMB10,000,000.

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Leases with terms of 1 year or less	6,055	6,161
Leases with terms of more than 1 year	41,115	44,359
Total	47,170	50,520

(b) Leases as lessor

The carrying amount of operating lease assets is RMB8,153,000. The carrying amount of operating lease assets is RMB8,153,000.

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Leases with terms of 1 year or less	8,153	680

26 MATERIAL RELATED PARTY TRANSACTIONS

The Group has entered into various transactions with related parties. The transactions are conducted on an arm's length basis and are in the ordinary course of business. The transactions are conducted on an arm's length basis and are in the ordinary course of business.

(a) Significant related party transactions

Recurring transactions

	Transaction amount for the six months ended 30 June		Balance outstanding as at	
	2013 RMB'000	2012 RMB'000	30 June 2013 RMB'000	31 December 2012 RMB'000
Services provided to the Group	-	-	-	754,803
Property management services	182,940	-	-	-
Property management services	445,445	-	445,445	16,938
Other services	403	605	403	-

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

26 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Guarantees issued by related parties

	At 30 June 2013 RMB'000	At 31 D 2012 RMB'000
Guarantees issued by M. S. D.	4,180,000	3,080,000
RMB	674,000	712,000
HK D	27,490	33,950
S D		

(c) Key management personnel remuneration

Key management personnel remuneration is disclosed in the following table:

	Six months ended 30 June 2013 RMB'000	2012 RMB'000
Directors	1,472	1,147
Senior management	3,415	3,643
Company Secretary	26	23
Subsidiary Secretary	789	
	5,702	4,813

27 SUBSEQUENT EVENTS

Subsequent to 30 June 2013, the Group has issued a total of 3,293,985 shares of HKD0.77 each on 19 July 2013.

OTHER INFORMATION

Review of the Interim Report

The Interim Report for the period ended 30 June 2013 was reviewed by the Board of Directors. The audit firm, KPMG, has issued a report on the Interim Report.

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at 30 June 2013, the interests and short positions of the Directors and the Chief Executive in the Shares, Underlying Shares and Debentures of the Company and its subsidiaries (collectively "Group") (as defined in the Listing Rules) (the "Interests and Short Positions") are as follows:

The Company is a listed company under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), and the Listing Rules of the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Company is also a listed company under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), and the Listing Rules of the Stock Exchange of Hong Kong Limited (the "Listing Rules").

1. Interests in the Company

Name of Director	Nature of interest	Number of Shares		Approximate percentage of issued share capital of the Company (%)	
		Long positions	Short positions	Long positions	Short positions
M. J. J. *	C	1,200,229,610 (N 1)	N	57.7	N
M. J. ANG J.	B O	100,000,000	N	4.8	N
M. J. ENG L.	B O	6,000,000	N	0.3	N
M. J. L.	B O	1,200,000 (N 2)	N	0.1	N

Note:

1. 1,186,000,000 Shares of the Company were held by M. J. J. By SFO, M. J. J. holds 1,186,000,000 Shares of the Company. M. J. J. is the Chairman of the Board of Directors of the Company.

2. M. J. L. is the Chairman of the Board of Directors of the Company. M. J. L. is also the Chairman of the Board of Directors of the Company.

* M. J. J. is the Chairman of the Board of Directors of the Company.

2. Interests in associated corporations

Name of Director	Name of associated corporations	Capacity	Number of ordinary shares	Percentage of issued shares (%)
M. J.	F. P.	B.	1	100

As at 30 June 2013, the Director, Mr. M. J., holds 100% of the issued shares of the associated corporation, F. P. B. (a company incorporated in the Cayman Islands) which is a wholly owned subsidiary of the Company. The Company holds 352 SFO; () C. y. S.

Substantial Shareholders' Interests and Short Positions in the Share Capital of the Company

As at 30 June 2013, the Company has the following substantial shareholders, as defined in the Listing Rules, who hold 1% or more of the issued share capital of the Company:

Ordinary shares of HK\$0.10 each of the Company

Name of shareholder	Number of Shares		Approximate percentage of issued share capital of the Company (%)	
	Long positions	Short positions	Long positions	Short positions
F. P. (N. 1)	1,186,000,000	N	57.1	N
M. J. D.	160,000,000	N	7.7	N

Note:

1. F. P. y- y M. J. J. D.

As at 30 June 2013, the Company has the following substantial shareholders, as defined in the Listing Rules, who hold 1% or more of the issued share capital of the Company:

C. y. S. 336 SFO.

OTHER INFORMATION

Directors' Right to Acquire Shares or Debentures

On 23 January 2013, the Company's Board of Directors resolved to grant to Mr. Li (the Director) a right to acquire 1,200,000 Pre-IPO Shares of the Company, which right shall be exercisable on or after 18 January 2013. The right to acquire shall be exercisable until 30 June 2013. The Company's Board of Directors also resolved to grant to Mr. Li a right to acquire 1,200,000 Pre-IPO Shares of the Company, which right shall be exercisable on or after 18 January 2013. The right to acquire shall be exercisable until 30 June 2013.

Share Option Schemes

The Company has the following share option schemes:

Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was established on 12 June 2009, to grant Pre-IPO Shares to the Company's employees.

The Pre-IPO Share Option Scheme is a share option scheme for the purpose of providing an incentive to the Company's employees to work for the Company's long-term success.

(1) The Pre-IPO Share Option Scheme is a share option scheme for the purpose of providing an incentive to the Company's employees to work for the Company's long-term success.

(2) The Pre-IPO Share Option Scheme is a share option scheme for the purpose of providing an incentive to the Company's employees to work for the Company's long-term success.

The Pre-IPO Share Option Scheme is a share option scheme for the purpose of providing an incentive to the Company's employees to work for the Company's long-term success.

The Pre-IPO Share Option Scheme is a share option scheme for the purpose of providing an incentive to the Company's employees to work for the Company's long-term success.

Name	Outstanding at 1 January 2013	Number of options			Outstanding as at 30 June 2013	Approximate percentage of issued share capital of the Company
		Exercised during the period	Lapsed during the period	Cancelled during the period		
Director						
Li, []	1,200,000				1,200,000	0.06
Employees						
	14,000,000		1,200,000		12,800,000	0.62
	15,200,000		1,200,000		14,000,000	0.68

N :

1. T HK\$1.26 .

2. E P -IPO S O S y 3 J y
 2009, S (Listing Date) S E .T C y
 2009 11 J 2019. .T 10 y 12 J

3. E P -IPO S O S :

() 30% y y L D ;

() 30% y y L D ;

() 40% y y L D .

T P -IPO S O S B O P M .

T :

- 3.029% ;

56% ;

y 1.50% .

OTHER INFORMATION

T O :

() HK\$1.50 () HK\$1.50
S S E , y ; ()
HK\$1.392 S S E , y 5 y
y ; () HK\$0.10 S) ;

() T O 10 y 17 J y 2012 16 J y 2022 (**Option Period**) ;

() T O y G y O P , :

() 17 J y 2012 16 J y 2013, 40% O

() 17 J y 2013 16 J y 2014, 30% O

() 17 J y 2014 16 J y 2015, 30% O

S S O S

Name	Outstanding at 1 January 2013	Number of options			Outstanding as at 30 June 2013	Approximate percentage of issued share capital of the Company
		Exercised during the period	Lapsed during the period	Cancelled during the period		
E y	20,751,196		3,705,571		15,192,840	0.73
	20,751,196		3,705,571		15,192,840	0.73

Other Information

A 30 J 2013, 29,192,840.

Purchase, Sale or Redemption of the Company's Listed Securities

D 30 J 2013, C y y ,
y C y.

Compliance with the Code of Corporate Governance Practices

I D , C y y C C
G P A 14 L R 30 J 2013.

Model Code for Directors' Securities Transactions

T C y M C , D
D M C . F y y C y
C D , D y M
C 30 J 2013.