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OUR BUSINESS DEVELOPMENT

Introduction

Our history can be traced back to 1995 when Mr. Wang founded the Winsway Group.

Under the leadership of Mr. Wang, who has over twenty years of experience in international commodities business including importing oil and petrochemical products from Russia and Mongolia into the PRC, our Group has developed into a major supplier of coking coal with large-scale processing capacity and value-added services to major steel makers and coke plants in the PRC.

Business of Winsway Group with Russia and Mongolia

In March 1995, Winsway Group established Manzhouli Haitie Yonghui jointly with the 哈爾濱鐵路局對外經濟技術合作公司海拉爾分公司 (Harbin Railway Bureau Foreign Economic and Technology Cooperation Company Halaer Branch Company*). Manzhouli Haitie Yonghui was responsible for building up the transshipping equipment of the Manchurian railway and was engaged in the transshipping and importing of Russian crude oil and chemical products.

In May 2001, Winsway Group invested in a 51% interest in a joint venture company with the 呼和浩特鐵路局多種經營總公司 (Diversified Business Corporation affiliated to the Hohhot Railway Bureau*). The joint venture company was responsible for building up the transshipping equipment at Erlianhaote railway and was engaged in the business of transshipping and importing of crude oil and chemical products from Russia and Mongolia into the PRC.

Business milestones

Leveraging on the success of Winsway Group in the construction and operation of logistics infrastructure for natural resources, we began focusing on developing the business of importing coking coal from Mongolia into the PRC and sourcing seaborne coking coal for sale into the PRC. Our major business milestones are as follows:

2005 In November, we set up Inner Mongolia Haotong to conduct our coal business in the PRC.

2006 In April, Winsway Group acquired Yiteng to develop a platform for coking coal transportation from the PRC side of the Sino-Mongolian border to customers in the PRC.

2007 We commenced construction of infrastructure in our logistics park at Gants Mod.

In September, as a result of the reorganisation of the coking coal business of our Group, our Company was established and began to independently engage in coking coal business.

2008 By the end of 2007, we imported approximately 1 million tonnes of coking coal.

Our Urad Zhongqi dense-medium coal processing plant, with an annual processing capacity of approximately 2 million tonnes, commenced operation.

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We commenced construction of infrastructure in our logistics park at Ceke.

By the end of 2008, our annual sales of coking coal reached nearly RMB1 billion with a net profit of approximately RMB240 million.

2009 In March, we entered into a cooperative arrangement with the Hohhot Railway Bureau for the Xixiaozhao–Jinquan Industrial Park railway construction project.

The coal we imported from Mongolia into the PRC accounted for approximately 55.5% of all Mongolian coal imported into the PRC in that year.

We began actively developing our business of importing seaborne coal into the PRC. By the end of 2009, we imported over 3 million tonnes of seaborne coal and established ourselves as a leading supplier of coking coal by selling into the markets for seaborne coal in the area around Bohai Bay, Liaoning, Hebei, Shandong and Jiangsu provinces and Shanghai municipality.

By the end of 2009, our annual sales of coking coal reached nearly RMB4.7 billion with a net profit of approximately RMB450 million.

2010 In March and April, HOPU, China Minmetals Corporation, Silver Grant and ITOCHU became our investors. Details of their investments are set forth in the paragraphs headed “Information on the Pre-IPO Investors” and “Rights and Obligations of the Pre-IPO Investors” under this section.

In April, the annual processing capacity of our Urad Zhongqi dense-medium coal processing plant increased to approximately 4 million tonnes.

In June, we acquired a 50% interest in the Peabody-Winsway JV which holds the entire equity interest in Peabody-Winsway Mongolia. Peabody-Winsway Mongolia is engaged in coal exploration and mining in Mongolia. Details of this investment are set forth in the paragraph headed “Business — Our Operation — Upstream investments” of this prospectus.

REORGANISATION

Our corporate structure has been reorganised over recent years leading up to the establishment of our Company and later in preparation for the Listing. The principal steps involved in the Reorganisation are summarised below.

Step 1: Reorganisation of shareholding interest in Beijing Winsway

Beijing Winsway, which holds indirect interests in all of our PRC Subsidiaries (except for Erlianhaote Haotong), was established in 1995. The business operation of Beijing Winsway is

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investment management and consulting services. It has undergone several shareholding changes since its establishment and is now wholly owned by Cheer Top, through which Mr. Wang holds majority equity interests in Beijing Winsway.

On 7 November 1995, Beijing Winsway was established jointly by 北京永暉工貿發展有限公司 (Beijing Winsway Industry and Trade Development Co., Ltd.*) (“**Winsway Ind&Trade**”) and Goldliq with a registered capital of US\$6 million as to a 40% equity interest owned by Winsway Ind&Trade and 60% by Goldliq. Winsway Ind&Trade and Goldliq were both established and 100% owned by Mr. Wang and therefore Beijing Winsway was 100% beneficially owned by Mr. Wang at the time of its establishment.

On 8 August 1996, the registered capital of Beijing Winsway was reduced from US\$6 million to US\$2,425,170 while the shareholding structure in Beijing Winsway remained unchanged.

First share transfer — on 28 April 2004, Goldliq transferred a 35% and a 25% equity interest in Beijing Winsway respectively to Beijing Winsway Investment for a consideration of US\$848,809.5 and Winsway Macao for a consideration of US\$606,292.5. Winsway Ind&Trade transferred 40% equity interest in Beijing Winsway to Beijing Winsway Investment for a consideration of US\$970,068. Upon the completion of first share transfer, Beijing Winsway was owned as to 75% by Beijing Winsway Investment and 25% by Winsway Macao. As Beijing Winsway Investment and Winsway Macao are 100% beneficially owned by Mr. Wang, the ownership of Mr. Wang in Beijing Winsway remained unchanged upon the completion of the first share transfer.

Second share transfer and first capital increase — on 7 February 2005, Beijing Winsway Investment transferred a 70% and 5% equity interest in Beijing Winsway respectively to Winsway Macao for a consideration of US\$1,697,619 and 大連保稅區盈暉經貿有限公司 (Dalian Bonded Zone Yinghui Economic and Trade Co., Ltd.*) (“**Dalian Yinghui**”) for a consideration of US\$121,259. The registered capital of Beijing Winsway was increased from US\$2,425,170 to US\$12,425,170 with subscription of the additional equity interest by Winsway Macao. As a result, Beijing Winsway was owned as to 99.02% by Winsway Macao and 0.98% by Dalian Yinghui. Mr. Wang is the 100% beneficial owner of Dalian Yinghui and therefore, upon the completion of the second share transfer of Beijing Winsway, the ownership of Mr. Wang in Beijing Winsway remained 100%.

Third share transfer — on 8 April 2005, Winsway Macao transferred a 16.58% equity interest in Beijing Winsway to 永暉國際石油化工有限公司 (Winsway International Petroleum & Chemicals Limited*), a HK incorporated company (“**Winsway International Petroleum & Chemicals HK**”) for a consideration of US\$2,060,100 whereby Beijing Winsway was owned as to 82.44% by Winsway Macao, 16.58% by Winsway International Petroleum & Chemicals HK and 0.98% by Dalian Yinghui. As Winsway International Petroleum & Chemicals HK is 100% beneficially owned by Mr. Wang, the third share transfer did not change the 100% beneficial ownership of Mr. Wang in Beijing Winsway.

Fourth share transfer — on 13 June 2005, Winsway Macao transferred a 82.44% equity interest in Beijing Winsway to Cheer Top for a consideration of US\$10,243,811. Winsway International Petroleum & Chemicals HK transferred a 16.58% equity interest in Beijing Winsway to Cheer Top for a consideration of US\$2,060,100 whereby Beijing Winsway was owned as to 99.02% by Cheer Top and 0.98% by Dalian Yinghui upon the completion of fourth share transfer. As Cheer Top was then beneficially 100% owned by Mr. Wang, Mr. Wang remained the sole beneficial owner of Beijing Winsway upon the completion of fourth share transfer.

Second capital increase — on 26 June 2006, the registered capital of Beijing Winsway was increased from US\$12,425,170 to US\$12,428,193 with subscription of additional equity by Dalian

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Yinghui whereby Beijing Winsway was owned as 99% by Cheer Top and 1% by Dalian Yinghui. Mr. Wang remained the sole beneficial owner of Beijing Winsway.

Fifth share transfer — on 18 April 2007, Dalian Yinghui transferred its 1% equity interest in Beijing Winsway to Chongqing Huize for a consideration of US\$124,282. As Chongqing Huize holds the 1% equity interest on behalf of Cheer Top, Beijing Winsway was 100% beneficially owned by Cheer Top. Therefore, Mr. Wang remained the sole beneficial owner of Beijing Winsway.

Third capital increase and change of shareholding — on 22 January 2008, the registered capital of Beijing Winsway was increased from US\$12,428,193 to US\$23,428,193 with the subscription of additional equity by Cheer Top. As a result, Beijing Winsway was owned as to 99.5% by Cheer Top and 0.5% by Chongqing Huize. Since Chongqing Huize holds the 0.5% equity interest on behalf of Cheer Top which was then 80% beneficially owned by Mr. Wang, upon the completion of the third capital increase, Mr. Wang beneficially owned an 80% equity interest in Beijing Winsway.

Fourth capital increase and change of shareholding — on 11 August 2009, the registered capital of Beijing Winsway was increased from US\$23,428,193 to US\$34,303,911 with the subscription of additional equity by Chongqing Huize. As a result, the registered capital of Beijing Winsway was owned as to 32% by Chongqing Huize and 68% by Cheer Top. As Chongqing Huize holds the 32% equity interest on behalf of Cheer Top which was then 98.61% beneficially owned by Mr. Wang, upon the completion of fourth capital increase, Mr. Wang had 98.61% ownership in Beijing Winsway.

Sixth share transfer — on 22 October 2009, Chongqing Huize transferred a 30% equity interest in Beijing Winsway to Cheer Top for a consideration of US\$10,313,922. As a result, Beijing Winsway was owned as to 2% by Chongqing Huize and 98% by Cheer Top. Since Chongqing Huize holds the 2% equity interest on behalf of Cheer Top which was then 98.61% beneficially owned by Mr. Wang, Mr. Wang's equity interest in Beijing Winsway remained 98.61%.

Seventh share transfer — on 25 May 2010, Chongqing Huize transferred a 2% equity interest in Beijing Winsway to Cheer Top for a consideration of US\$686,078. As a result, Beijing Winsway was wholly owned by Cheer Top and 91.4% beneficially owned by Mr. Wang upon the seventh share transfer on the basis that the Preference Shares and Convertible Bonds are not converted.

Fifth capital increase — on 20 August 2010, the registered capital of Beijing Winsway was increased from US\$34,303,911 to US\$63,500,000 with the subscription of additional equity by Cheer Top. Mr. Wang's equity interest in Beijing Winsway remains 91.4%.

Step 2: Establishment of Inner Mongolia Haotong

Inner Mongolia Haotong, a wholly-owned subsidiary of Beijing Winsway, was established in the PRC on 18 November 2005 as the immediate holding company for the domestic investments of our Group. Its principal business is the processing and trading of coal.

Inner Mongolia Haotong had established or acquired the following 18 subsidiaries and invested in one domestic company as minority shareholder:

(1) Yiteng

For the purpose of reorganising the coking coal business under Inner Mongolia Haotong, we acquired the entire equity in Yiteng, a holder of permit to operate coal business in the PRC, from 寧波竣業石油化工有限公司 (Ningbo Junye Petrochemical Co., Ltd.*) (“**Ningbo Junye**”), a company

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100% beneficially owned by Mr. Wang, on 12 March 2007 for a consideration of RMB5,000,000, which was equal to the amount of capital injected by Ningbo Junye in Yiteng. The business of Yiteng is the processing and trading of coal and its total coal sales volume at the end of 2007 was approximately 4,798 tonnes with a total turnover of RMB1,762,000. The current registered capital of Yiteng is RMB210 million.

(2) Erlianhaote Haotong

On 18 January 2007, we established Erlianhaote Haotong with a registered capital of RMB61,500,000. Its current registered capital is RMB95,370,000, of which 49% was contributed by Mongolia Hutie and 51% by Royce Petrochemicals. Erlianhaote Haotong's business is the trading of coal.

(3) Ejinaqi Haotong

On 19 May 2008, we established Ejinaqi Haotong with a registered capital of RMB10 million of which 100% was contributed by Inner Mongolia Haotong. The business of Ejinaqi Haotong is the processing and trading of coal.

(4) East Wuzhumuqin Qi Haotong

On 29 July 2008, we established East Wuzhumuqin Qi Haotong with a registered capital of RMB10 million, which is 100% owned by Inner Mongolia Haotong. East Wuzhumuqin Qi Haotong is yet to commence business.

(5) Baotou Haotong

On 18 September 2008, we established Baotou Haotong with a registered capital of RMB5 million, which is 100% owned by Inner Mongolia Haotong. Baotou Haotong engages in the trading of coal.

(6) Nantong Haotong

On 24 February 2009, we established Nantong Haotong with a registered capital of RMB50 million. Nantong Haotong is wholly owned by Inner Mongolia Haotong and engages in the trading of coal.

(7) Yingkou Haotong

On 16 November 2009, Yingkou Haotong was established with a registered capital of RMB30 million. Yingkou Haotong is wholly owned by Inner Mongolia Haotong and is yet to commence business.

(8) Suifenhe Winsway

On 24 December 2009, Suifenhe Winsway was established with a registered capital of RMB10 million. Suifenhe Winsway is wholly owned by Inner Mongolia Haotong and is yet to commence business.

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(9) Baotou Mandula

On 21 January 2010, Baotou Mandula was established in the PRC with a registered capital of RMB1 million as a wholly owned subsidiary of Inner Mongolia Haotong. Baotou Mandula is yet to commence business.

(10) Ulanqab Haotong

On 2 March 2010, Ulanqab Haotong was established with a registered capital of RMB58 million and is 100% owned by Inner Mongolia Haotong. Ulanqab Haotong is yet to commence business.

(11) Longkou Winsway

On 27 April 2010, Longkou Winsway was established in the PRC with a registered capital of RMB15 million and is a wholly owned subsidiary of Inner Mongolia Haotong. Longkou Winsway is yet to commence business.

(12) Erlianhaote Winsway Logistics

On 14 May 2010, Erlianhaote Winsway Logistics was established jointly by Inner Mongolia Haotong and Mongolia Hutie with a registered capital of RMB20 million, of which 51% was contributed by Inner Mongolia Haotong and 49% by Mongolia Hutie. Erlianhaote Winsway Logistics is yet to commence business and is now in the process of dissolution.

(13) Manzhouli Haotong

As part of our long-term business plan and with a view to extending our coking coal business to Russia and expanding our facilities at the Sino-Russian border, we, through our subsidiary Inner Mongolian Haotong, acquired a 99% equity interest in Manzhouli Haotong from 浙江誠暉化工有限公司 (Zhejiang Chenghui Chemical Co., Ltd.*) (“**Chenghui Chemical**”) and a 1% equity interest in Manzhouli Haotong from Mr. Li Ming on 31 May 2010. Chenghui Chemical is 100% beneficially owned by Mr. Wang and Mr. Li is the legal representative of one of our subsidiaries, Suifenhe Winsway. The consideration we paid to Chenghui Chemical and Mr. Li for acquiring their respective equity interests was RMB9,900,000 and RMB100,000, respectively, which were equal to the amounts of capital injected by Chenghui Chemical and Mr. Li Ming, respectively, in Manzhouli Haotong. The current registered capital of Manzhouli Haotong is RMB10 million and it is yet to commence business.

(14) Ejinaqi Winsway

On 30 June 2010, Ejinaqi Winsway was established jointly by Inner Mongolia Haotong and Mongolia Hutie with a registered capital of RMB20 million, of which 51% was to be contributed by Inner Mongolia Haotong and 49% by Mongolia Hutie. Ejinaqi Winsway is yet to commence business.

(15) Bayannao'er Winsway

On 14 July 2010, Bayannao'er Winsway was established jointly by Inner Mongolia Haotong and Mongolia Hutie with a registered capital of RMB20 million, of which 51% was to be contributed by Inner Mongolia Haotong and 49% by Mongolia Hutie. Bayannao'er Winsway is yet to commence business.

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(16) Urad Zhongqi Haotong

On 14 July 2010, Urad Zhongqi Haotong was established jointly by Inner Mongolia Haotong and Mongolia Hutie with a registered capital of RMB20 million, of which 51% was to be contributed by Inner Mongolia Haotong and 49% by Mongolia Hutie. Urad Zhongqi Haotong is yet to commence business.

(17) Inner Mongolia Hutie Winsway Logistics

On 22 July 2010, Inner Mongolia Hutie Winsway Logistics was established jointly by Inner Mongolia Haotong, Mongolia Hutie Investment and Ulanqab Huatong Logistics with a registered capital of RMB30 million, of which 51% was to be contributed by Inner Mongolia Haotong, 35% by Mongolia Hutie Investment and 14% by Ulanqab Huatong Logistics. Inner Mongolia Hutie Winsway Logistics is yet to commence business.

(18) Xinjiang Winsway

On 9 August 2010, we established Xinjiang Winsway with a registered capital of RMB10 million, which is 100% owned by Inner Mongolia Haotong. Xinjiang Winsway is yet to commence business.

Step 3: Incorporation of our Company

Our Company was incorporated on 17 September 2007 and indirectly wholly owned by Mr. Wang through his wholly owned subsidiary, Winsway Group Holdings.

Our Company has the following directly wholly-owned offshore subsidiaries:

(1) Lucky Colour

On 11 March 2008, Lucky Colour was incorporated in the BVI with limited liability as a wholly owned subsidiary of our Company. Lucky Colour's business is investment holding.

(2) Reach Goal

On 2 January 2009, Reach Goal was incorporated in the BVI with limited liability as a wholly owned subsidiary of our Company. On 16 April 2009, one share of no par value was issued and allotted to our Company for a consideration of US\$1. Reach Goal is engaged in investment holding.

(3) Winsway Coking Coal Holdings (HK)

On 23 October 2009, Winsway Coking Coal Holdings (HK) was incorporated in Hong Kong with limited liability as a wholly owned subsidiary of our Company. On 28 October 2009, 31,312,613 shares of par value of US\$1 each were issued and allotted to our Company for a consideration of US\$31,312,613. Winsway Coking Coal Holdings (HK) is engaged in investment holding and is the sole shareholder of Cheer Top.

(4) Winsway Australia

On 9 November 2009, Winsway Australia was incorporated in Australia with limited liability and issued and allotted one share to our Company for a consideration of AUD1. Winsway Australia is yet to commence business.

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(5) Winsway Logistics

On 22 December 2009, Winsway Logistics was incorporated in Hong Kong with limited liability as a wholly owned subsidiary of our Company. On 23 December 2009, 100,000 shares of par value of US\$1 each were issued and allotted to our Company for a consideration of US\$100,000. Winsway Logistics is engaged in investment holding.

(6) Winsway Singapore

On 31 December 2009, Winsway Singapore was incorporated in Singapore as a limited private company and was a wholly owned company of Winsway Resources Holdings. On the same date, Winsway Resources Holdings was issued and allotted one share for a consideration of one Singapore Dollar. Winsway Singapore is engaged in international trading of coal.

(7) Winsway Mongolian Transportation

On 10 May 2010, Winsway Mongolian Transportation was incorporated in Singapore as a limited liability company. One share was issued and allotted to Mr. Wang for a consideration of one Singapore Dollar and 9 shares were issued and allotted to our Company for a consideration of 9 Singapore Dollars. The business of Winsway Mongolian Transportation is investment holding.

(8) Winsway Coking Coal Macao

On 2 August 2010, Winsway Coking Coal Macao was incorporated in Macau with limited liability as a wholly-owned subsidiary of our Company, with a registered capital of MOP\$100,000 which was to be contributed by our Company. Winsway Coking Coal Macao is engaged in providing data processing and administrative assistance service to our Group.

Step 4: Reorganisation of our PRC subsidiaries

During the years from 2007 to 2009, with an aim to further consolidating our coking coal business, we reorganised our PRC subsidiaries and disposed of certain subsidiaries whose principal business activities were not aligned with our core business. Set forth below are details of the disposal of these subsidiaries.

On 8 February 2007, we disposed of our entire equity interest in Chongqing Huize to Ms. Chang Rongchuan (“**Ms. Chang**”) and Mr. Jia for a consideration of RMB8,800,000 and RMB11,700,000 respectively which, in aggregate, were equal to the capital we had injected in Chongqing Huize at the time of its disposal. Ms. Chang and Mr. Jia are relatives of Mr. Wang. At the time of such disposal, Chongqing Huize was principally engaged in the wholesale of oil and petrochemical products.

On 18 September 2007, we disposed of our entire equity interest in Billionway Holdings Ltd. (“**Billionway**”) to China Capital Resources Holdings (“**China Capital Resources**”) which is wholly-owned by Mr. Wang for a consideration of US\$1 which was equal to the subscription price we had paid for our shares in Billionway. At the time of such disposal, Billionway did not have any active business.

On 18 December 2007, we disposed of our entire equity interest in 秦皇島悅誠石油化工有限公司 (Qinhuangdao Yuecheng Petrochemicals Co., Ltd.*) (“**Qinhuangdao Yuecheng**”) to 牡丹江首控石油化工有限公司 (Mudanjiang Shoukong Petrochemicals Co., Ltd.*) which is an Independent Third Party for a consideration of RMB24,702,000 which was equal to the capital we had injected in

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Qinhuangdao Yuecheng at the time of its disposal. At the time of such disposal, Qinhuangdao Yuecheng was principally engaged in the trading of petrochemical products.

On 1 March 2008, we disposed of our entire equity interest in Winswell Energy Limited (“**Winswell**”) to China Capital Resources for a consideration of US\$51, which was equal to the subscription price we had paid for our shares in Winswell. At the time of such disposal, Winswell did not have any active business.

On 17 September 2008, we dissolved 山西鼎順進出口貿易有限公司 (Shanxi Dingshun Import Export Trading Co., Ltd.*) (“**Shanxi Dingshun**”). At the time of dissolution, Shanxi Dingshun was principally engaged in the trading of petrochemical products which are different from the products which our Group processes or sells. Therefore, the dissolution of Shanxi Dingshun does not have any adverse impact on our Company.

On 31 December 2008, we disposed of our entire equity interest in 秦皇島藍玉貿易有限公司 (Qinhuangdao Lanyu Trading Co., Ltd.*) (“**Qinhuangdao Lanyu**”) to 上海浩正煤炭有限公司 (Shanghai Haozheng Coal Co., Ltd.*), an Independent Third Party, for a consideration of RMB3,000,000, which was equal to the capital we had injected in Qinhuangdao Lanyu at the time of its disposal. At the time of such disposal, Qinhuangdao Lanyu did not have any active business.

On 31 December 2008, we disposed of our entire equity interest in 寧波市北侖富茂燃料貿易有限公司 (Ningbo Beilun Fuel Trading Co., Ltd.*) (“**Ningbo Beilun**”) to 寧波竣業石油化工有限公司 (Ningbo Junye Petrochemicals Co., Ltd.*) (“**Ningbo Junye**”) for a consideration of RMB5,000,000, which was equal to the capital we had injected in Ningbo Beilun at the time of its disposal. Ningbo Junye is owned as to 90% by Ms. Chang and 10% by Mr. Jia. At the time of such disposal, Ningbo Beilun did not have any active business.

On 31 March 2009, we disposed of our entire equity interest in 內蒙古烏拉特中旗三和能源開發有限公司 (Inner Mongolia Urad Zhongqi Sanhe Energy Development Co., Ltd.*) (“**Sanhe**”) to Mr. Dong Guoxuan and Mr. Sun Hongzhou, both of whom are Independent Third Parties, for a consideration of RMB13,020,000 and RMB8,680,000, respectively, which, in aggregate, were equal to the capital we had injected in Sanhe at the time of its disposal. At the time of such disposal, Sanhe did not have any active business.

On 30 September 2009, we disposed of our entire equity interest in Asia Eagle Development Limited (“**Asia Eagle**”) to EnerStar for a consideration of US\$5,450,001, which was equal to the subscription price we had paid for our shares in Asia Eagle. At the time of such disposal, Asia Eagle was a holding company with no operation.

On 30 September 2009, we disposed of our entire equity interest in Global Luck International Ltd. (“**Global Luck**”) to EnerStar for a consideration of US\$1, which was equal to the subscription price we had paid for our shares in Global Luck. At the time of such disposal, Global Luck was a holding company with no operation.

On 30 September 2009, we disposed of our entire equity interest in MonChallenge Investment Ltd. (“**MonChallenge**”) to EnerStar for a consideration of US\$10,001, which was equal to the subscription price we had paid for our shares in MonChallenge. At the time of such disposal, MonChallenge was a holding company with no operation.

On 18 November 2009, we disposed of our entire equity interest in MonCrown Investment Ltd. (“**MonCrown**”) to EnerStar for a consideration of US\$100,001, which was equal to the

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subscription price we had paid for our shares in MonCrown. At the time of such disposal, MonCrown was a holding company with no operation.

On 18 March 2010, we dissolved 南通盛通能源有限公司 (Nantong Shengtong Energy Co., Ltd.*) (“Nantong Shengtong”). At the time of such dissolution, Nantong Shengtong did not have any active business.

Step 5: Pre-IPO share issue and Pre-IPO share transfers

Pre-IPO share transfers

Pre-IPO share issue and Pre-IPO share transfers include the issue and transfer, as the case may be, of shares in our Company to the following Pre-IPO Individual Investors as detailed below.

Immediately before and after the pre-IPO investment by the Pre-IPO Investors in our Company, Winsway International Petroleum & Chemicals transferred Shares in our Company to the entities set out below.

On 26 March 2010, 37,735,849 Shares (equivalent to approximately 1.00% of the outstanding Shares immediately after the Global Offering, assuming an Offer Price of HK\$3.875, being the mid-point of the indicative Offer Price range) were transferred to Sparkle Land for a consideration of US\$10,000,000. The consideration price per Share will be a discount of HK\$1.82 per Share over the Offer Price, assuming an Offer Price of HK\$3.875. Sparkle Land is an investment holding company and is wholly owned by Wu Sek Un, who is a friend of Mr. Wang and is an Independent Third Party.

On 26 March 2010, 30,303,030 Shares (equivalent to approximately 0.80% of the outstanding Shares immediately after the Global Offering, assuming an Offer Price of HK\$3.875, being the mid-point of the indicative Offer Price range) were transferred to Top Dream for a consideration of US\$5,000,000. The consideration price per Share will be a discount of HK\$2.59 per Share over the Offer Price, assuming an Offer Price of HK\$3.875. Top Dream is an investment holding company and is wholly owned by Guo Qi, who is a friend of Mr. Wang and is an Independent Third Party.

On 26 March 2010, 12,121,212 Shares (equivalent to approximately 0.32% of the outstanding Shares immediately after the Global Offering, assuming an Offer Price of HK\$3.875, being the mid-point of the indicative Offer Price range) were transferred to Gold Shine for a consideration of US\$2,000,000. The consideration price per Share will be a discount of HK\$2.59 per Share over the Offer Price, assuming an Offer Price of HK\$3.875. Gold Shine is an investment holding company and is wholly owned by Guo Qi, who is a friend of Mr. Wang and is an Independent Third Party.

On 26 March 2010, 3,636,364 Shares (equivalent to approximately 0.10% of the outstanding Shares immediately after the Global Offering, assuming an Offer Price of HK\$3.875, being the mid-point of the indicative Offer Price range) were transferred to Unique Grace for a consideration of US\$600,000. The consideration price per Share will be a discount of HK\$2.59 per Share over the Offer Price, assuming an Offer Price of HK\$3.875. Unique Grace is an investment holding company and is wholly owned by Chen Shuaiyun, who is the spouse of one of our Company’s members of senior management (but not a Director).

On 30 April 2010, 5,000,000 Shares (equivalent to approximately 0.13% of the outstanding Shares immediately after the Global Offering, assuming an Offer Price of HK\$3.875, being the mid-point of the indicative Offer Price range) were transferred to Champaign for a consideration of

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US\$1,000,000. The consideration price per Share will be a discount of HK\$2.32 per Share over the Offer Price, assuming an Offer Price of HK\$3.875. Champaign is an investment holding company and is wholly-owned by Wong Im Lei, who is a friend of Mr. Wang and is an Independent Third Party.

Pre-IPO share issue

On 30 April 2010, 60,606,060 Shares (equivalent to approximately 1.6% of the outstanding Shares immediately after the Global Offering, assuming an Offer Price of HK\$3.875, being the mid-point of the indicative Offer Price range) were issued by our Company to Samtop for a consideration of US\$10,000,000. The consideration price per Share will be a discount of HK\$2.59 per Share over the Offer Price, assuming an Offer Price of HK\$3.875. Samtop is an investment holding company and is owned as to 60% by Wu Hongmei and 40% by Fu Rong, both of whom are friends of Mr. Wang and are Independent Third Parties.

No special rights were granted to any of the Pre-IPO Individual Investors in relation to their acquisition of Shares. Each of the Pre-IPO Individual Investors has undertaken to us for a period of six months following the Listing Date it will not transfer any interest in the Shares acquired prior to the IPO and will not enter into any agreement or obligation to do the same.

Unless otherwise stated, each of the Pre-IPO Individual Investors referred to above and their respective beneficial shareholders are Independent Third Parties.

Step 6: Pre-IPO investments

On 30 March 2010, our Company entered into a preferred share subscription agreement with HOPU under which HOPU subscribed Preference Shares in an amount of US\$60,000,000. On 30 March 2010, our Company entered into a convertible bond subscription agreement with China Minmetals Corporation and Silver Grant under which China Minmetals Corporation and Silver Grant subscribed US\$25,000,000 Convertible Bonds and US\$25,000,000 Convertible Bonds respectively. On 22 April 2010, our Company entered into another convertible bond subscription agreement with ITOCHU under which ITOCHU subscribed US\$10,000,000 Convertible Bonds. Each of HOPU, China Minmetals Corporation, Silver Grant and ITOCHU became our Pre-IPO Investors in April 2010. Each of HOPU, China Minmetals Corporation and Silver Grant completed their investment payments on 21 April 2010 and ITOCHU completed its investment payment on 28 April 2010. All of our Pre-IPO Investors have exercised their respective conversion right under the Preference Shares or the Convertible Bonds and the conversion took effect on 24 September 2010.

Details of the pre-IPO investments are set forth in the paragraphs headed “Information on the Pre-IPO Investors” and “Rights and Obligations of the Pre-IPO Investors” in this section.

INFORMATION ON THE PRE-IPO INVESTORS

HOPU

Winstar is a limited liability company incorporated under the laws of the BVI on 18 August 2009 and a wholly-owned subsidiary of HOPU USD Master Fund I L.P. (“HOPU”). HOPU is one of the largest China-focused private equity funds with US\$2.5 billion under management. HOPU, through Winstar, invested in our Company in April 2010 by way of the subscription for the Preference Shares in an amount of US\$60,000,000. For further information on HOPU’s relationship with the Goldman Sachs group, please refer to the section headed “Underwriting” in this prospectus.

HISTORY, REORGANISATION AND GROUP STRUCTURE

China Minmetals Corporation

Coppermine is a limited liability company established under the laws of the BVI on 12 January 2001 and is a wholly-owned subsidiary of China Minmetals Hong Kong (Holdings) Limited, which is in turn wholly-owned by China Minmetals Corporation.

China Minmetals Corporation, founded in 1950, is a large group dealing worldwide in the development, production, trading and operation for metals and minerals. It is also engaged in finance, real estate and logistics. In 1999, China Minmetals Corporation was listed among the 39 “key enterprises” with a great bearing on national security and economic lifeline under the direct jurisdiction of the PRC Government. In 2007, China Minmetals Corporation was ranked Class A when SASAC evaluated the performance of State-owned enterprises under the jurisdiction of the Central Government. In 2008, the Group was ranked No. 331 among the Fortune Global 500. In 2009, China Minmetals Corporation achieved a total business volume of US\$26.8 billion with operating revenue of RMB 173 billion. China Minmetals Corporation is the holding company of (i) Minmetals Land Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 230), (ii) Minmetals Resources Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 1208) and (iii) Hunan Nonferrous Metals Corporation Ltd., a company listed on the Hong Kong Stock Exchange (Stock Code: 2626).

China Minmetals Corporation, through Coppermine, invested in our Company in April 2010 by way of the subscription of US\$25,000,000 Convertible Bonds.

Silver Grant

Silver Grant is an investment holding company established under the laws of HK on 27 January 1960 and is listed on the main board of the Hong Kong Stock Exchange (Stock Code: 171). Silver Grant has actively participated in various financial investments particularly in natural resources and energy-related sectors in China. Silver Grant invested in our Company in April 2010 by way of the subscription of US\$25,000,000 Convertible Bonds.

ITOCHU

ITOCHU is a company incorporated under the laws of Japan on 1 December 1949 and its shares are listed on the stock exchanges in Osaka, Tokyo, Nagoya, Fukuoka and Sapporo of Japan. ITOCHU is one of the leading *sogo shosha* (multinational diversified trading companies) and has 150 overseas bases in 75 countries, and is principally engaged in domestic trading, import/export, and overseas trading of various products such as textiles and machinery, information and communication technology, aerospace, electronics, energy, metals, minerals, chemicals, forest products, general merchandise, food, finance, realty, insurance and logistics service, as well as business investments both inside and outside of Japan. ITOCHU invested in our Company in April 2010 by way of the subscription of US\$10,000,000 Convertible Bonds.

Each of the Pre-IPO Investors, HOPU, China Minmetals Corporation, Silver Grant and ITOCHU and their respective beneficial shareholders, are Independent Third Parties.

RIGHTS AND OBLIGATIONS OF THE PRE-IPO INVESTORS**Rights and obligations of Winstar as the holder of the Preference Shares*****Conversion and redemption***

Winstar is entitled to exercise the right to convert its Preference Shares in the amount of US\$60,000,000 into 363,636,364 Shares at any time after the issue of the Preference Shares up to and including the Listing Date when such conversion becomes automatic. Assuming an Offer Price of HK\$3.875 per Share (being the mid-point of the indicative range of Offer Price), the Shares so converted will be at a discount of HK\$2.59 per Share over the Offer Price. All amounts outstanding under the Preference Shares, including accrued but unpaid dividends, to which such exercise of the conversion right relates shall become immediately due and payable on the date of such conversion. If our Company fails to complete the Listing by 30 March 2012, Winstar may at its option and sole discretion at any time thereafter up to and including 30 September 2012 require us to redeem the Preference Shares in full and pay such additional amount to them on the Preference Shares as is necessary to ensure an assured rate of return on the Preference Shares to Winstar up to the date of actual payment is met.

Winstar has exercised its right to convert its Preference Shares and the conversion took effect on 24 September 2010.

Dividend

Winstar is entitled to a preferred dividend per Preference Share from the date of issue at the rate of 3.5% per annum, calculated and accruing daily on the basis of a 360-day year on the subscription price paid by Winstar for the Preference Shares. This right to dividend shall terminate upon conversion and/or redemption of the Preference Shares.

Right to elect director

So long as Winstar holds Preference Shares in the principal amount as would entitle it to convert into Shares equal to not less than 2.5% of the issued Shares on a fully-diluted and fully-converted basis, Winstar is entitled to nominate a Director and to nominate any replacement of such Director. This right to elect director shall terminate upon conversion and/or redemption of the Preference Shares.

Information right

Winstar has the right to require our Company to deliver certain financial information including but not limited to (a) annual audited consolidated financial statements within 90 days after the end of each financial year; (b) quarterly unaudited consolidated financial statements within 30 days after the end of each of the first three quarters of each financial year; and (c) monthly unaudited management accounts within 45 days after the end of each month of each financial year. This right to information shall terminate upon conversion and/or redemption of the Preference Shares.

Lock-up

Winstar has undertaken to us that for a period of six months following the Listing Date and assuming the conversion rights attached to the Preference Shares are exercised in full, it will not

HISTORY, REORGANISATION AND GROUP STRUCTURE

transfer any interest in the Shares acquired pursuant to such conversion or enter into any agreement or obligation to do the same.

Share charge

On 20 April 2010, Winsway Resources Holdings charged 545,454,515 Shares to Winstar as security for the performance of the obligations of Mr. Wang, Winsway Resources Holdings and Winsway International Petroleum & Chemicals under the subscription agreement for the Preference Shares. The charge is expected to be released upon conversion of the Preference Shares.

Rights and obligations of Coppermine, Silver Grant and ITOCHU as holders of the Convertible Bonds

Conversion and redemption

Each of Coppermine, Silver Grant and ITOCHU is severally entitled to exercise the right to convert its Convertible Bonds in the amount of US\$25,000,000, US\$25,000,000 and US\$10,000,000 respectively into 151,515,152, 151,515,152 and 50,000,250 Shares respectively up to and including on the Listing Date. Assuming an Offer Price of HK\$3.875 per Share (being the mid-point of the indicative range of Offer Price), the Shares so converted will be at a discount of HK\$2.59, HK\$2.59 and HK\$2.32 per Share over the Offer Price respectively. Such conversion right will lapse on the Listing Date if it has not been exercised on or before that date. All amounts outstanding under the Convertible Bonds, including accrued but unpaid interest, to which such exercise of the conversion right relates shall become immediately due and payable on the conversion date. Alternatively, our Company would be obliged to redeem the Convertible Bonds held by each of Coppermine, Silver Grant and ITOCHU in the event that a notice of bulk printing of the red herring offering circular of our Company is delivered to each of Coppermine, Silver Grant and ITOCHU and they had chosen not to exercise their respective conversion right.

Each of Coppermine, Silver Grant and ITOCHU has exercised its right to convert its Convertible Bonds and the conversion took effect on 24 September 2010.

Interest

Each of Coppermine, Silver Grant and ITOCHU is entitled to interest at a rate of 3.5% (in the case of Coppermine and Silver Grant) and 3% (in the case of ITOCHU) per annum, calculated and accruing daily on the basis of a 360-day year on the principal amount of the Convertible Bond outstanding. This right to interest shall terminate upon conversion and/or redemption of the Convertible Bonds.

Right to elect director

So long as each of Coppermine and Silver Grant holds Convertible Bonds in the principal amount as would entitle each of them to convert into Shares equal to not less than 2.5% of the issued Shares on a fully-diluted and fully-converted basis, each of them is entitled to nominate a Director and to nominate any replacement of such Director. This right to elect director shall terminate upon conversion and/or redemption of the Convertible Bonds.

Information right

Each of Coppermine, Silver Grant and ITOCHU has the right to require our Company to deliver certain financial information including but not limited to (a) annual audited consolidated

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financial statements within 90 days after the end of each financial year; (b) quarterly unaudited consolidated financial statements within 45 days after the end of each of the first three quarters of each financial year; and (c) monthly unaudited management accounts within 45 days after the end of each month of each financial year. This right to information shall terminate upon conversion and/or redemption of the Convertible Bonds.

Lock-up

Each of Coppermine, Silver Grant and ITOCHU has undertaken to us that for a period of six months following the Listing Date and assuming the conversion rights attached to the Convertible Bonds are exercised in full, it will not transfer any interest in the Shares acquired pursuant to such conversion or enter into any agreement or obligation to do the same. If any of the conversion rights had not been exercised on or before the Listing Date, such right would lapse and our Company would have been under an obligation to redeem the relevant Convertible Bonds. In such case, there would have been no conversion into our Shares and consequently no lock-up.

Share charges

On 20 April 2010, Winsway Resources Holdings charged 227,272,727 Shares and 227,272,727 Shares to Coppermine and Silver Grant, respectively as security for performance of the obligations of Mr. Wang, Winsway Resources Holdings and Winsway International Petroleum & Chemicals under the subscription agreement for the Convertible Bonds entered into by Coppermine and Silver Grant. The charges will be released as soon as practicable following conversion of the Convertible Bonds.

COMPLIANCE WITH THE RELEVANT PRC LAWS AND REGULATIONS

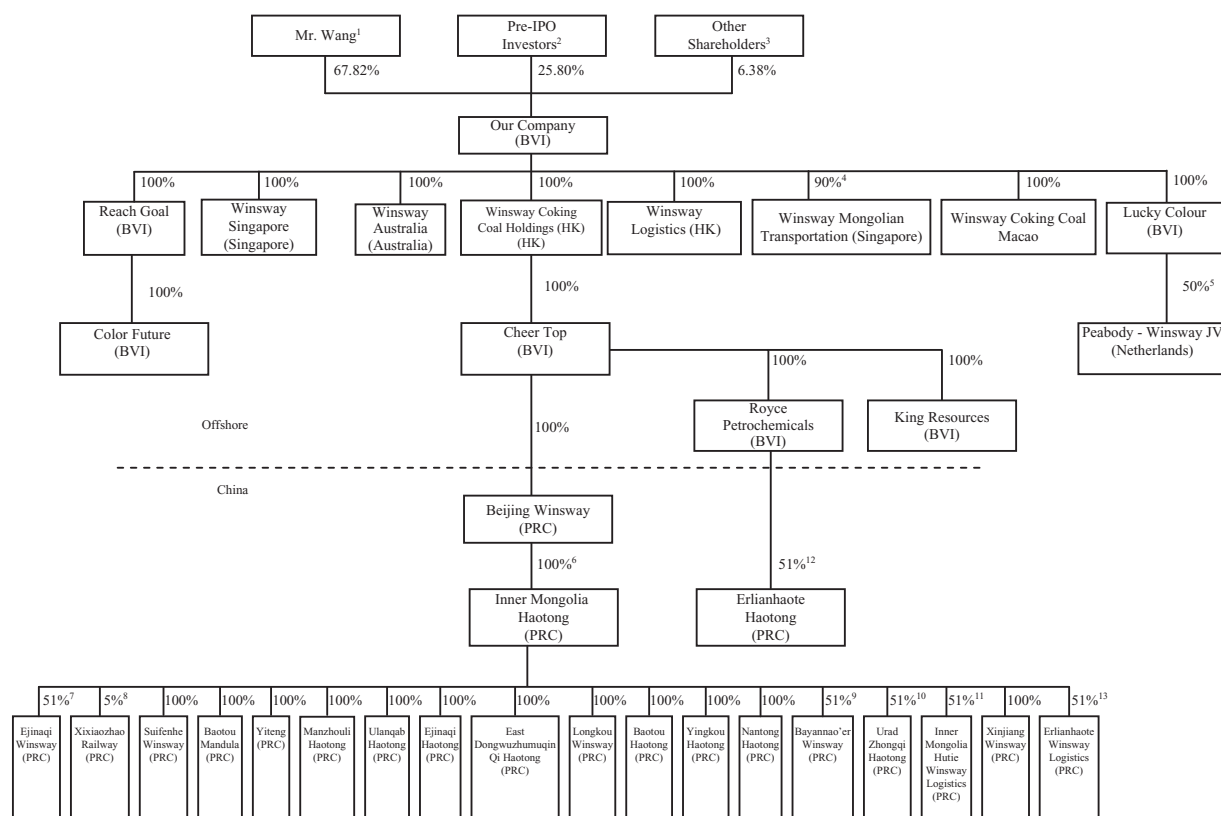
In the course of the Reorganisation described above, we and Mr. Wang have complied with all the relevant requirements of the then prevailing PRC laws and regulations. The registered capital of our PRC subsidiaries except Beijing Winsway, Erlianhaote Winsway Logistics, Bayannao'er Winsway, Urad Zhongqi Haotong, Inner Mongolia Hutie Winsway Logistics and Ejinaqi Winsway was fully paid up in the required manner and within the statutory timeframe. Up to the Latest Practicable Date, the registered capital of Beijing Winsway, Erlianhaote Winsway Logistics, Bayannao'er Winsway, Urad Zhongqi Haotong, Inner Mongolia Hutie Winsway Logistics and Ejinaqi Winsway was paid up in the required manner and within the statutory timeframe as set out in the applicable laws and their respective articles of association.

As Mr. Wang, the ultimate Controlling Shareholder of our Company, was not a resident of the PRC and Beijing Winsway was established as a foreign-invested Company of the PRC prior to 8 September 2006 when Regulations for Merger with and Acquisition of Domestic Enterprises by Foreign Investors (the “**M & A Regulations**”) took effect, the acquisition of Beijing Winsway by Mr. Wang through Cheer Top was not subject to the approvals of the Ministry of Commerce and China Securities Regulatory Commission according to the M & A Regulations.

HISTORY, REORGANISATION AND GROUP STRUCTURE

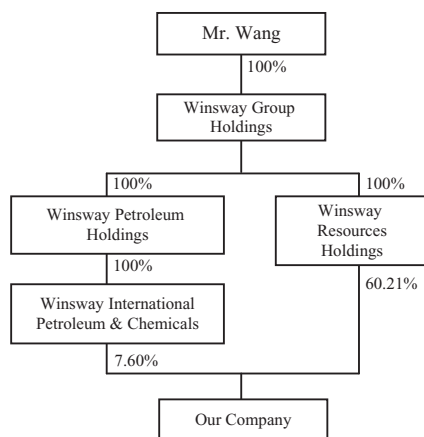
OUR SHAREHOLDING AND CORPORATE STRUCTURES AS AT THE LATEST PRACTICABLE DATE AND IMMEDIATELY AFTER COMPLETION OF THE GLOBAL OFFERING RESPECTIVELY

The following chart sets out our shareholding and corporate structure as at the Latest Practicable Date, assuming full conversion of the Preference Shares and the Convertible Bonds issued to Winstar, Coppermine, Silver Grant and ITOCHU.



Notes:

- 1 Mr. Wang indirectly owns 67.82% of our issued Shares through his direct and indirect shareholdings in Winsway Group Holdings, Winsway Petroleum Holdings, Winsway Resources Holdings and Winsway International Petroleum & Chemicals. Please refer to the chart below reflecting the ownership of Mr. Wang in our Company.



HISTORY, REORGANISATION AND GROUP STRUCTURE

2 The Pre-IPO Investors are HOPU, China Minmetals Corporation, Silver Grant and ITOCHU.

On the basis of full conversion of the Convertible Bonds and the Preference Shares before the Global Offering, the respective shareholdings of the Pre-IPO Investors in our Company will be:

- a. HOPU — 13.09%;
- b. China Minmetals Corporation — 5.46%;
- c. Silver Grant — 5.46%; and
- d. ITOCHU — 1.8%.

3 Other Shareholders include:

(1) Pre-IPO Individual Investors, who are the following Shareholders. Their respective shareholdings in our Company before the Global Offering are:

- a. Sparkle Land — 1.36%;
- b. Top Dream — 1.09%;
- c. Gold Shine — 0.44%;
- d. Unique Grace — 0.13%;
- e. Samtop — 2.18%; and
- f. Champaign — 0.18%.

All the Pre-IPO Individual Investors are investment holding companies and conduct no business other than investment holding. Except for Unique Grace which is owned by the spouse of one of our senior management, all the other Pre-IPO Individual Investors are directly owned by friends of Mr. Wang.

(2) Ray Splendid, holds 1.00% of our issued Shares. The beneficial owner of Ray Splendid is Cui Yong, who is an executive Director, as disclosed in the section headed “Directors, Senior Management and Employees” in this prospectus. Ray Splendid is not an Independent Third Party.

4 A 10% equity interest in Winsway Mongolian Transportation is held by Mr. Wang.

5 A 50% equity interest in Peabody-Winsway JV is held by Peabody Holland.

6 A 0.77% equity interest in Inner Mongolia Haotong is held by Mr. Jia on our behalf.

7 A 49% equity interest in Ejinaqi Winsway is held by Mongolia Hutie.

8 The remaining 95% equity interest in Xixiaozhao Railway is held by the following entities:

- a. 呼和浩特鐵路局 (Hohhot Railway Bureau*) (62%);
- b. 內蒙古蒙泰煤電集團有限公司 (Inner Mongolia Mengtai Coal and Electric Group Co., Ltd.*) (10%);
- c. 巴彥淖爾市亨通物流國際有限責任公司 (Bayannao'er City Hengtong Logistics International Co., Ltd.*) (10%);
- d. 上海市萬業企業股份有限公司 (Shanghai Wanye Enterprises Stock Co., Ltd.*) (5%);
- e. 巴彥淖爾普興礦業有限責任公司 (Bayannao'er Puxing Mining Co., Ltd.*) (5%);
- f. 五原縣隆盛源開發投資有限責任公司 (Wuyuan County Longshengyuan Development & Investment Co., Ltd.*) (2%);

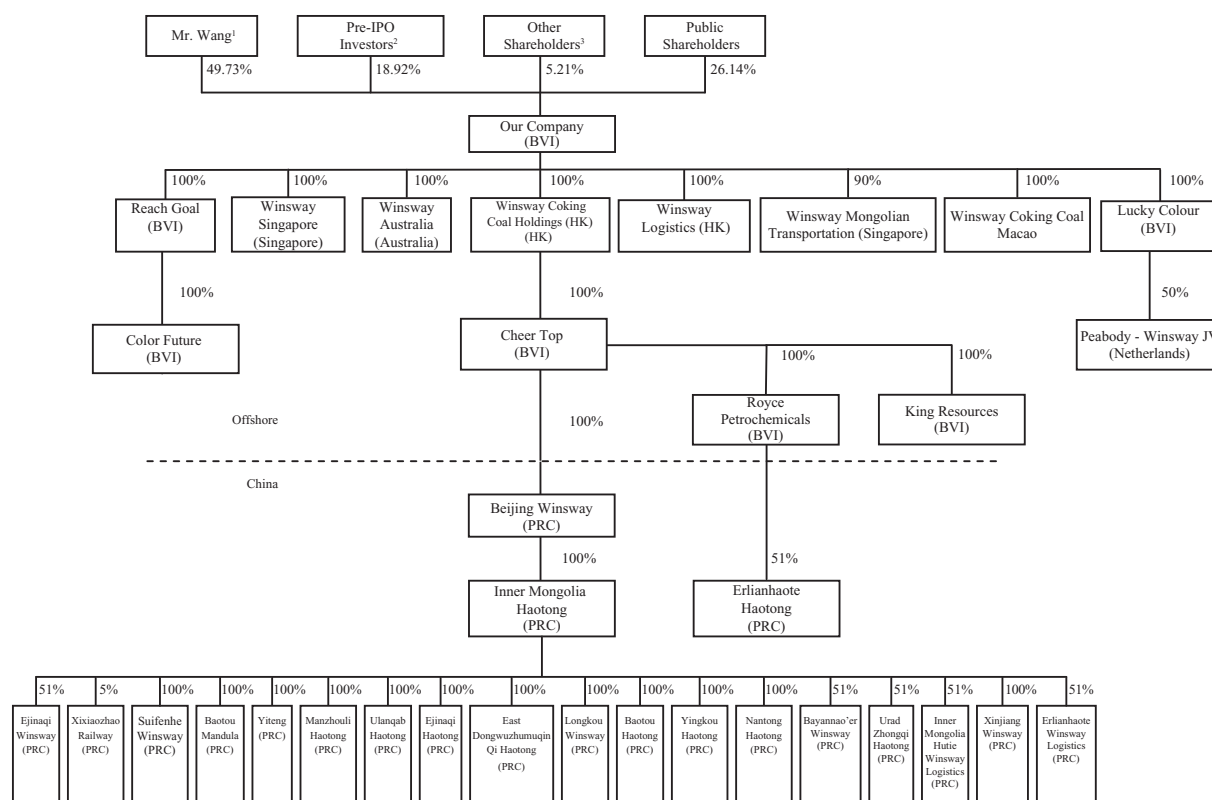
HISTORY, REORGANISATION AND GROUP STRUCTURE

g. 烏拉特中旗隆富源投資發展有限公司 (Urad Zhongqi Longfuyuan Investment & Development Co., Ltd.*) (1%)

each of them being an Independent Third Party.

- 9 A 49% equity interest in Bayannao'er Winsway is held by Mongolia Hutie.
- 10 A 49% equity interest in Urad Zhongqi Haotong is held by Mongolia Hutie.
- 11 The remaining 49% equity interest in Inner Mongolia Hutie Winsway Logistics is held by Mongolia Hutie Investment (35%) and Ulanqab Huatong Logistics (14%).
- 12 A 49% equity interest in Erliahaote Haotong is held by Mongolia Hutie.
- 13 A 49% equity interest in Erliahaote Winsway Logistics is held by Mongolia Hutie. Erliahaote Winsway Logistics is in the process of dissolution.

The following chart sets out our shareholding and corporate structure immediately upon completion of the Reorganisation and the Global Offering (assuming an Offer Price of HK\$3.875, being the mid-point of the indicative range of Offer Price), without taking into account any Shares which may be issued pursuant to the exercise of any options granted under the Pre-IPO Option Scheme and any Shares sold pursuant to an exercise of the Over-allotment Option, but assuming full conversion of the Preference Shares and the Convertible Bonds issued to Winstar, Coppermine, Silver Grant and ITOCHU, our Pre-IPO Investors and the issuance of the Peabody Energy Consideration Shares.



Notes:

1. Mr. Wang would indirectly own 49.73% of our issued Shares through his direct and indirect shareholdings in Winsway Group Holdings, Winsway Petroleum Holdings, Winsway Resources Holdings and Winsway International Petroleum & Chemicals.

HISTORY, REORGANISATION AND GROUP STRUCTURE

2. On the basis of full conversion of the Convertible Bonds and the Preference Shares upon Listing, the respective shareholdings of the Pre-IPO Investors in our Company would be:
 - a. HOPU — 9.60%
 - b. China Minmetals Corporation — 4.00%
 - c. Silver Grant — 4.00% and
 - d. ITOCHU — 1.32%.
3. Other Shareholders include:
 - (1) Pre-IPO Individual Investors, which include the following Shareholders and their respective shareholdings in our Company upon Listing are:
 - a. Sparkle Land — 1.00%;
 - b. Top Dream — 0.80%;
 - c. Gold Shine — 0.32%;
 - d. Unique Grace — 0.10%;
 - e. Samtop — 1.60%; and
 - f. Champaign — 0.13%.
 - (2) Ray Splendid, holding 0.73% of our issued Shares.
 - (3) Peabody Energy, which would hold 0.53% of our Shares upon the issuance of the Peabody Energy Consideration Shares.