WINSWAY®

WINSWAY COKING COAL HOLDINGS LIMITED
永暉焦煤股份有限公司
(Incorporated in the British Virgin Islands with limited liability)
(Stock Code: 1733)

RECENT UNUSUAL PRICE MOVEMENT AND VOLUME MOVEMENT

The Board has noted the decrease in the price and unusual trading volume of the shares of the Company on 19 January 2012. Reference is made to the Report (as defined below) alleging certain material misstatements and fraud on the part of the Company including, among others, the basis of calculation of the Company's inventory, profit margins, import data, the relationship between the Company with Moveday and Sanhe (both as defined below) and the Company's use of import agents. The Board refutes the above allegations and sets out in this Announcement its detailed reply in relation to such allegations. Save as disclosed in this Announcement, the Board is not aware of any reason for the decrease in the Company's share price and the unusual trading volume.

Save as disclosed in this Announcement, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09, which is or may be of a price-sensitive nature.

This announcement ("Announcement") is made at the request of The Stock Exchange of Hong Kong Limited. Capitalised terms used herein have the same meanings as those defined in the Prospectus of the Company dated 27 September 2010 (the "Prospectus") unless otherwise specified.

The board (the "Board") of directors ("Directors") of Winsway Coking Coal Holdings Limited (the "Company") has noted the decrease in the price of the shares of the Company and increase in trading volume on 19 January 2012 (the "Report") and refers to the report dated 19 January 2012 issued by Jonestown Research ("Jonestown") alleging certain material misstatements and fraud on the part of the Company.

The Company has no information about the identity of Jonestown. As indicated in the Report, Jonestown has short positions in the Company's shares and Grande Cache Coal Corporation's shares (together the "Securities"). According to the Report, Jonestown "has every reason to want the Securities to go down in price because we'll make money when they do so. Further, the Report also states that Jonestown is not registered in any jurisdiction as an investment advisor, broker, or anybody who would need a license to discuss investments. In addition, Jonestown also states in the Report that they cannot give any assurance as to the Report's accuracy. The Company recommends shareholders of the Company exercise extreme caution in responding to the Report.

The Board makes this Announcement to refute allegations made in the Report and to clarify certain information contained in the Report, as set out below. Save as disclosed in the Announcement, the Board is not aware of any reason for the decrease in the share price and the unusual trading volume.

(I) Basis of calculation of the Company's inventory

1. Calculation of 2007 inventory on the balance sheet ("Step 1")

The Company stands by its audited inventory balances. The Report alleges that the Company's balance sheet inventory values cannot be reconciled with coal inventories on the Company's balance sheet. The Board notes that the Report uses the ending value balance of raw coal divided by an average cost of goods sold ("COGS") over the year to calculate the ending tonnage of raw coal. This approach is flawed. In order to obtain an accurate ending tonnage of raw coal for the year, the Report should have used the ending unit cost of inventory.

There is a significant difference between the average COGS and the ending unit cost of inventory because coking coal prices fluctuated dramatically over the years in question. Accordingly, Step 1 of the Report resulted in an erroneous 2007 Beginning Raw Coal Inventory tonnage which was fed into Step 2. This error is then compounded through a cumulative calculation.

2. Reconciliation of Inventory Tonnage from 1/1/2007 to 30/6/2010 ("Step 2")

The Report used an assumed yield of 75% to calculate raw coal from the amount of clean coal sold during the year. This is inaccurate as the average **annual** yield for coal processed by the Company typically ranges from roughly 70% to 80% depending both upon the type of coal and the overall mix of coal types being processed over the year. The actual yield for any given batch of coal varies even more widely from roughly as low as 50% to as high as 85%. The impact of the error of using a single average annual yield is magnified over time as the Company's overall volume increased.

3. **Calculation of ending tonnes from the balance sheet ("Step 3")**

Item A and Item C of Step 3: The mistakes made in this section of the Report are the same as those made in Step 1 as described above regarding the use of an average COGS to calculate ending raw coal tonnage where the ending unit cost of inventory should have been used.

Item B of Step 3: The mistakes made in Step 1 and Step 2 were made in this item to calculate the ending raw coal tonnage from the ending clean coal balance by using COGS wrongly and misapplying the average yield. There is also a reference to COGS (RMB/Ton) Raw which should in fact be to COGS (RMB/Ton) clean.

The total stated ending raw coal tonnage is the sum of the numbers inappropriately calculated in Items A and B. This ending tonnage was fed into Step 4 to be compared with the flawed ending tonnage results of Step 2.

The Report numbers in Items A and B differ by up to 40% from the actual unit ending raw coal cost resulting in a difference of up to approximately 400,000 tonnes in both the last two financial years.

4. **Comparison of ending tonnes from balance sheet (Step 3) to ending tonnes from reconciliation ("Step 4").**

The use of flawed numbers from Steps 2 and 3 to make tonnage comparisons means that the conclusions drawn in Step 4 are significantly at variance with the actual published numbers. Accordingly, the claimed HK$1 billion overstatement of inventory in the Report is wholly without foundation and the Company reaffirms the accuracy and reliability of the inventory figure in its audited financial statements for the financial periods referred to in the Report.

(II) "Unlikely" margins

The Report chooses to focus on the Company's 2008 gross margin for clean coal which is not representative of later financial periods when the Company's business was more mature. The Report's quoting a margin of RMB635 per tonne is significantly higher than the typical margins of the Company for the years ended 31 December 2009 and 2010 and the six months dated 30 June 2011 and is therefore misleading if taken in isolation.

(III) Official PRC import data

An allegation was made in the Report which suggests that the official PRC import data in relating to the Company shows import volumes far lower than those in the Company's reports.

The Report sets out official PRC import figures of 2.8 million tonnes for coking coal into the PRC from Mongolia in the six months ended 30 June 2011 and states that Winsway claimed to import 3.6 million tonnes over the same period. In fact, the Company reported figure of 3.6 million has always referred to the tonnage **procured** (as stated in our financial reports) by the Company not **imported**. In addition to **importing** coal directly from Mongolian suppliers, the Company also **procured** coal from import agents and third-party trading companies. For the period under review, the Company **procured** 230,000 tonnes of coking coal from third party trading companies and 360,000 tonnes of coking coal from import agents. The Company believes the difference of approximately 210,000 tonnes, or roughly 5.5% of the 3.6 million tonnes for the period, is attributable to the Company's and the China customs' timing of recording the relevant tonnages.

Accordingly, the Company refutes any suggestion of material discrepancy between the official PRC data and the Company's own figures.

(IV) The Company's relationship with Moveday

The Report also alleged that Moveday, the Company's key transportation provider in Mongolia and beneficiary of a $40 million loan from the Company, is actually an undisclosed related party and not operating in Mongolia.

The Prospectus (starting on page 160) sets out the background information on Moveday. As stated in the Prospectus, Moveday is an independent third party with no ownership with the Company or the controlling shareholder of the Company save for the service contracts and the loan arrangement which has been documented and disclosed. Moveday is an offshore holding company incorporated in the British Virgin Islands which, according to information provided to the Company by its controlling shareholder, holds five Mongolia-incorporated operating subsidiaries engaged in coal transportation and coal trading in Mongolia which are Mon-Port LLC, Itai Car Co, Ltd, Tavan Tolgoi Shin Co., Ltd, Heroswin LLC and IKH Khuren Khar Co., Ltd.

Given that Moveday is an offshore holding company, the Company believes it is not surprising that the Report states that its "investigators found no evidence of due establishment of Moveday in Mongolia." No reference was made in the Report of recognition in Mongolia of Moveday's five operating subsidiaries.

The Company confirms that the transactions between it and Moveday are bona fide and on normal commercial terms.

(V) The Company's relationship with Sanhe

As stated on page 86 of the Prospectus, Sanhe (as defined in the Prospectus) was disposed of by the Company to the two named individuals both of who are independent third parties. Neither of such individuals is an employee of the Company or any of its subsidiaries or any company controlled by our controlling shareholder. The Company has not engaged Sanhe to provide any transportation services to the Company.

(VI) The Company's relationship with import agents

The Company currently engages two import agents both of which are large, PRC state-owned enterprises and until recently the Company used multiple import agents. As stated on page 244 of the Prospectus, the Company engages import agents in order to enhance our credit profile. The transaction costs from these two import agents are in the range of RMB3–RMB5 per ton and 0.3%–0.7%, respectively. Further details of our use of import agents are set out on that page of the Prospectus.

(VII) Macau office

The Company's Macau office is only one of a number of offices it has outside of Mainland China including Hong Kong, Singapore and Australia and only provides ancillary services for the Group freight-related booking services. Most of the Company's offshore transactions are handled by the Company's Singapore subsidiary.

Save as disclosed above, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09, which is or may be of a price-sensitive nature.

In light of the Board's responses to the allegations in the Report, the Board remains fully committed to proceed with the acquisition of Grande Cache Coal Corporation as disclosed in the announcement of 1 November 2011. The Board is seeking advice in relation to taking possible legal action against Jonestown in respect of the release of the Report. Shareholders will be kept informed of any material development in this respect.

Made by the order of the Board of which individually and jointly accept responsibility for the accuracy of this statement.

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

Hong Kong, 20 January 2012

As at the date of this announcement, the executive directors of the Company are Mr. Wang Xingchun, Ms. Zhu Hongchan, Mr. Yasuhisa Yamamoto, Mr. Apolonius Struijk and Mr. Cui Yong, the non-executive directors of the Company are Mr. Delbert L. Lobb, Mr. Liu Qingchun and Mr. Lu Chuan and the independent non-executive directors are Mr. James Downing, Mr. Ng Yuk Keung, Mr. Wang Wenfu and Mr. George Jay Hambro.