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If you are in doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Winsway Coking Coal Holdings Limited you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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)

**CONTINUING CONNECTED TRANSACTIONS
WITH MARUBENI CORPORATION
AND
NOTICE OF EGM**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 5 to 13 of this circular. A letter from the Independent Board Committee is set out on pages 14 to 15 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 28 of this circular.

A notice convening the EGM to be held at 10 a.m. on 17 May 2012 at Statue Square, 2/F, Mandarin Oriental Hong Kong, No. 5 Connaught Road, Central, Hong Kong is set out on pages 34 to 35 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjournment of it should you so wish.

25 April 2012

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Agreements”	collectively, the Marubeni Master Supply Agreement and the Winsway Master Supply Agreement
“Announcement”	the announcement of the Company dated 2 March 2012 in relation to the continuing connected transactions between the Group and the Marubeni Group
“Annual Caps”	collectively, the Purchase Annual Caps and the Supply Annual Caps
“Arrangement”	an arrangement under the <i>Business Corporations Act</i> (Alberta) pursuant to which JV Co acquired all of the outstanding common shares in the capital of GCC
“associates”	shall have the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Winsway Coking Coal Holdings Limited (Stock Code: 1733), a company incorporated under the law of the British Virgin Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“continuing connected transactions”	shall have the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 10 a.m. on 17 May 2012 at Statue Square, 2/F, Mandarin Oriental Hong Kong, No. 5 Connaught Road, Central, Hong Kong to consider and, if thought fit, approve the Agreements (including the Annual Caps) and the transactions contemplated thereunder
“GCC”	Grande Cache Coal Corporation, a corporation incorporated under the laws of the Province of Alberta, Canada, 100% owned by JV Co
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	the Board committee, comprising all independent non-executive Directors, to advise the Independent Shareholders on the terms of the Agreements and the Annual Caps
“Independent Financial Adviser” or “First Shanghai”	First Shanghai Capital Limited, an independent financial adviser appointed by the Board and approved by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Agreements and the Annual Caps are fair and reasonable and whether the entering into of the Agreements is in the interests of the Company and the Shareholders as a whole
“Independent Shareholders”	Shareholders other than those Shareholders who have a material interest in the transactions contemplated under the Agreements and their respective associates
“JV Co”	1629835 Alberta Ltd., a company incorporated in the Province of Alberta, Canada with limited liability which is indirectly owned as to 60% by the Company and 40% by Marubeni
“Latest Practicable Date”	20 April 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Marubeni”	Marubeni Corporation
“Marubeni Group”	Marubeni and its subsidiaries from time to time
“Marubeni Master Supply Agreement”	the agreement dated 2 March 2012 entered into between the Company and Marubeni for the purchase of Marubeni Products by the Group from the Marubeni Group from time to time
“Marubeni Products”	coking coal, pulverized coal injection (PCI) grade coal, thermal coal and other coal products, to be supplied to any member of the Group by any member of the Marubeni Group from time to time, in accordance with the terms of the Marubeni Master Supply Agreement and the relevant Sales and Purchase Confirmation and Sales and Purchase Contract
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“PRC”	The People’s Republic of China
“Prospectus”	the prospectus of the Company dated 27 September 2010 issued in connection with the initial public offering and listing of Shares of the Company on the Main Board of the Stock Exchange on 11 October 2010

DEFINITIONS

“Purchase Annual Caps”	the expected maximum aggregate value of Marubeni Products to be purchased by the Group from the Marubeni Group under the Marubeni Master Supply Agreement for the relevant financial year/period during the term of the Marubeni Master Supply Agreement, as set out in the section headed “Annual Caps” in the letter from the Board in this circular
“Purchase Transaction(s)”	shall have the meaning ascribed to it under the section headed “Marubeni Master Supply Agreement” in the letter from the Board in this circular
“Sales and Purchase Confirmation”	the sales and purchase confirmation signed by the relevant member(s) of the Group and the relevant member(s) of the Marubeni Group from time to time setting out the key terms of the relevant Purchase Transaction or Sales Transaction, as agreed between the parties thereto
“Sales and Purchase Contract”	means the sales and purchase contract signed by the relevant member(s) of the Group and the relevant member(s) of the Marubeni Group from time to time setting out the detailed terms and conditions of the relevant Purchase Transaction or Sales Transaction, as agreed between the parties thereto
“Sales Transaction(s)”	shall have the meaning ascribed to it under the section headed “Winsway Master Supply Agreement” in the letter from the Board in this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“Shares”	ordinary share(s) with no par value of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	shall have the meaning ascribed to it under the Listing Rules
“Supply Annual Caps”	the expected maximum aggregate value of Winsway Products to be supplied by the Group (including but not limited to GCC) to the Marubeni Group under the Winsway Master Supply Agreement for the relevant financial year/period during the term of the Winsway Master Supply Agreement, as set out in the section headed “Annual Caps” in the letter from the Board in this circular
“Winsway Master Supply Agreement”	the agreement dated 2 March 2012 entered into between the Company and Marubeni for the supply of Winsway Products by the Group to the Marubeni Group from time to time

DEFINITIONS

“Winsway Products”	coking coal, pulverized coal injection (PCI) grade coal, thermal coal and other coal products, to be supplied to any member of the Marubeni Group by any member of the Group (including but not limited to GCC) from time to time, in accordance with the terms of the Winsway Master Supply Agreement and the relevant Sales and Purchase Confirmation and Sales and Purchase Contract
“%”	per cent

LETTER FROM THE BOARD



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)

Directors:

Executive Directors:

Wang Xingchun (*Chairman and Chief Executive Officer*)

Zhu Hongchan

Yasuhisa Yamamoto

Apolonius Struijk

Cui Yong

Non-executive Directors:

Delbert Lee Lobb, Jr.

Liu Qingchun

Lu Chuan

Registered Office:

Akara Bldg.

24 De Castro Street

Wickhams Cay 1

Road Town, Tortola

British Virgin Islands

Principal Place of Business in Hong Kong:

Suite 4602A,

Cheung Kong Center

2 Queen's Road Central

Hong Kong

Independent Non-executive Directors

James Downing

Ng Yuk Keung

Wang Wenfu

George Jay Hambro

25 April 2012

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
WITH MARUBENI CORPORATION
AND
NOTICE OF EGM**

INTRODUCTION

Reference is made to the announcement of the Company dated 2 March 2012 in relation to the completion of the Arrangement on 1 March 2012 and the Announcement regarding the continuing connected transactions between the Group and the Marubeni Group.

In compliance with Chapter 14A of the Listing Rules following the completion of the Arrangement, on 2 March 2012, the Company and Marubeni entered into the Marubeni Master Supply Agreement and the Winsway Master Supply Agreement. The transactions contemplated under each of the Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further information regarding the Agreements as required under the Listing Rules.

MARUBENI MASTER SUPPLY AGREEMENT

The major terms of the Marubeni Master Supply Agreement are set out below:

Date: 2 March 2012

Parties: (1) The Company; and
(2) Marubeni

Supply of goods: The relevant member(s) of the Group may from time to time during the term of the Marubeni Master Supply Agreement purchase the Marubeni Products from the relevant member(s) of the Marubeni Group (“Purchase Transaction(s)”).

Basis for the supply of Marubeni Products: Pursuant to the terms of the Marubeni Master Supply Agreement, the relevant member(s) of the Group and the relevant member(s) of the Marubeni Group will from time to time during the term of the Marubeni Master Supply Agreement engage in discussions with a view to entering into the Purchase Transaction(s), and will sign a Sales and Purchase Confirmation after the key terms of a Purchase Transaction have been mutually agreed between the parties. Once a Sales and Purchase Confirmation is signed, the relevant member(s) of the Group and the relevant member(s) of the Marubeni Group shall as soon as practicable enter into a Sales and Purchase Contract to set out the detailed terms and conditions of the Purchase Transaction in question.

The terms of each Purchase Transaction, as evidenced by the relevant Sales and Purchase Confirmation and/or Sales and Purchase Contract, must comply with the terms of the Marubeni Master Supply Agreement. In particular, any Marubeni Product(s) to be supplied under any Purchase Transaction must comply with the following basis:

- (a) on normal commercial terms comparable to those applicable to other independent third-party customers of the Marubeni Group;
- (b) pricing determined through arm’s length negotiations by reference to the prevailing market prices;
- (c) the total value of the Marubeni Products to be supplied by the Marubeni Group to the Group for the relevant financial year/period during the term of the Marubeni Master Supply Agreement shall not exceed the respective Purchase Annual Caps set out in the section headed “Annual Caps” below; and

LETTER FROM THE BOARD

- (d) payments for any Marubeni Products purchased shall be settled by way of commercial letter of credit at sight or other methods mutually agreed in writing between the parties to the relevant Purchase Transaction.

Conditions precedent:

The arrangement contemplated under the Marubeni Master Supply Agreement are conditional upon:

- (a) the Company having obtained all necessary approvals, whether corporate or regulatory or otherwise, required for the Marubeni Master Supply Agreement and the transactions contemplated thereunder, including approval by the Independent Shareholders of the terms of the Marubeni Master Supply Agreement and the Purchase Annual Caps; and
- (b) Marubeni having obtained all necessary corporate approvals for the Marubeni Master Supply Agreement and the transactions contemplated thereunder.

If the above conditions are not fulfilled on or before 30 June 2012 (or such later date as may be agreed between the Company and Marubeni), the Marubeni Master Supply Agreement will automatically terminate and neither the Company nor Marubeni shall have any rights to claim against the other under the Marubeni Master Supply Agreement.

Term of the agreement:

The Marubeni Master Supply Agreement shall be deemed to have commenced on 1 March 2012 and shall expire on 31 December 2014. It may be renewed for a further period of up to a maximum of 3 years by agreement between the Company and Marubeni in compliance with the Listing Rules.

WINSWAY MASTER SUPPLY AGREEMENT

The major terms of the Winsway Master Supply Agreement are set out below:

Date:

2 March 2012

Parties:

- (1) Marubeni; and
- (2) the Company

Supply of goods:

The relevant member(s) of the Marubeni Group may from time to time during the term of the Winsway Master Supply Agreement purchase the Winsway Products from the relevant member(s) of the Group, including but not limited to GCC ("Sales Transaction(s)").

LETTER FROM THE BOARD

**Basis for the supply of
the Winsway Products:**

Pursuant to the terms of the Winsway Master Supply Agreement, the relevant member(s) of the Marubeni Group and the relevant member(s) of the Group will from time to time during the term of the Winsway Master Supply Agreement engage in discussions with a view to entering into the Sales Transaction(s), and will sign a Sales and Purchase Confirmation after the key terms of a Sales Transaction have been mutually agreed between the parties. Once a Sales and Purchase Confirmation is signed, the relevant member(s) of the Marubeni Group and the relevant member(s) of the Group shall as soon as practicable enter into a Sales and Purchase Contract to set out the detailed terms and conditions of the Sales Transaction in question.

The terms of each Sales Transaction, as evidenced by the relevant Sales and Purchase Confirmation and/or Sales and Purchase Contract, must comply with the terms of the Winsway Master Supply Agreement. In particular, any Winsway Products to be supplied under any Sales Transaction must comply with the following basis:

- (a) on normal commercial terms comparable to those applicable to other independent third-party customers of the Group;
- (b) pricing determined through arm's length negotiations by reference to the prevailing market prices;
- (c) the total value of the Winsway Products to be supplied by the Group to the Marubeni Group for the relevant financial year/period during the term of the Winsway Master Supply Agreement shall not exceed the respective Supply Annual Caps set out in the section headed "Annual Caps" below; and
- (d) payments for any Winsway Products purchased shall be settled by way of commercial letter of credit at sight or other methods mutually agreed in writing between the parties to the relevant Sales Transaction.

Conditions precedent:

The arrangement contemplated under the Winsway Master Supply Agreement are conditional upon:

- (a) the Company having obtained all necessary approvals, whether corporate or regulatory or otherwise, required for the Winsway Master Supply Agreement and the transactions contemplated thereunder, including approval by the Independent Shareholders of the terms of the Winsway Master Supply Agreement and the Supply Annual Caps; and
- (b) Marubeni having obtained all necessary corporate approvals for the Winsway Master Supply Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

If the above conditions are not fulfilled on or before 30 June 2012 (or such later date as may be agreed between the Company and Marubeni), the Winsway Master Supply Agreement will automatically terminate and neither the Company nor Marubeni shall have any rights to claim against the other under the Winsway Master Supply Agreement.

Term of the agreement:

The Winsway Master Supply Agreement shall be deemed to have commenced on 1 March 2012 and shall expire on 31 December 2014. It may be renewed for a further period of up to a maximum of 3 years by agreement between the Company and Marubeni in compliance with the Listing Rules.

ANNUAL CAPS

Marubeni Master Supply Agreement

The prices at which the Group has been purchasing Marubeni Products from the Marubeni Group in the past were determined through arm's length negotiations between the Marubeni Group and the Group, based on the prevailing market prices of such Marubeni Products. The total value of Marubeni Products purchased by the Group from the Marubeni Group under the then existing purchase arrangements for the three financial years of the Company ended 31 December 2009, 2010 and 2011 were approximately HK\$1,114 million, HK\$467 million and HK\$455 million, respectively. The decrease in the value of purchases from the Marubeni Group in 2010 and 2011 was primarily due to the sharp increase in the purchase prices of seaborne coal over the period, leading to a decrease in the Group's overall seaborne procurement volume and an increase in the Group's Mongolian coal procurement volume in 2010 and 2011 in response to that. While the Group's overall seaborne procurement value increased over the period, the value of purchases from the Marubeni Group, being one of the Group's many seaborne coal suppliers, during the same period did not increase correspondingly due to a greater decrease in volume of purchases from the Marubeni Group relative to the decrease in volume of purchases from the Group's other seaborne coal suppliers in 2010 and 2011. The payments for Marubeni Products purchased from the Marubeni Group under the then existing arrangements have been settled by way of commercial letter of credit at sight or 90 days credit which is similar to the terms offered to the relevant member(s) of the Group by independent third parties.

It is expected that the total value of the Marubeni Products to be supplied by the Marubeni Group to the Group for the relevant financial year/period during the term of the Marubeni Master Supply Agreement will not exceed the amounts set out below (the "Purchase Annual Caps"):

Relevant financial year/period during the term of the Marubeni Master Supply Agreement	Purchase Annual Caps
1 March 2012–31 December 2012	HK\$1,364 million
1 January 2013–31 December 2013	HK\$1,801 million
1 January 2014–31 December 2014	HK\$1,981 million

LETTER FROM THE BOARD

The Purchase Annual Caps were arrived at based upon (a) the estimated volume of Marubeni Products required by the Group, taking into account the projected growth in the demand for Marubeni Products in line with the general expected growth in the Group's business in the next three years; and (b) the expected prevailing market prices of such Marubeni Products. Notwithstanding the decrease in volume of purchases from the Marubeni Group in 2010 and 2011, in view of the variety of seaborne coal products in terms of type and geographical source which the Marubeni Group can offer, the established strategic cooperation with the Marubeni Group for the supply of coal products and the Company's outlook for the seaborne coal market and the future demand for Marubeni Products, the Company expects that the volume of purchases from the Marubeni Group in the next three years will at least be commensurate with the general expected growth of the Group's business over the period. For the above reason, the Company believes the Purchase Annual Caps are fair and reasonable.

Winsway Master Supply Agreement

The prices at which the Group (including but not limited to GCC) have been supplying Winsway Products to the Marubeni Group under their respective supply arrangements in the past were determined through arm's length negotiations between the Group or GCC (as the case may be) and the Marubeni Group, based on the prevailing market prices of such Winsway Products. The total value of Winsway Products that the Group (including but not limited to GCC) supplied to the Marubeni Group under the then existing supply arrangements for the three financial years of the Company ended 31 December 2009, 2010 and 2011 were approximately nil, nil and HK\$828 million, respectively. The payments for Winsway Products supplied to the Marubeni Group under the then existing arrangements have been settled by way of commercial letter of credit at sight or telegraphic transfer which is similar to the terms offered by the relevant member(s) of the Group to independent third parties.

It is expected that the total value of the Winsway Products to be supplied by the Group to the Marubeni Group for the relevant financial year/period during the term of the Winsway Master Supply Agreement will not exceed the amounts set out below (the "Supply Annual Caps"):

Relevant financial year/period during the term of the Winsway Master Supply Agreement	Supply Annual Caps
1 March 2012–31 December 2012	HK\$1,588 million
1 January 2013–31 December 2013	HK\$3,095 million
1 January 2014–31 December 2014	HK\$3,673 million

The Supply Annual Caps were arrived at based upon (a) the estimated volume of Winsway Products to be supplied by the Group to the Marubeni Group, taking into account the increase in the estimated volume of the Winsway Products in line with the general expected growth in the Group's business in the next three years especially following the completion of the Arrangement, and the plans for developing the business of GCC; and (b) the expected prevailing market prices of such Winsway Products.

REASONS FOR ENTERING INTO THE AGREEMENTS

Immediately prior to the establishment of JV Co, the Group and GCC were supplying certain products to the Marubeni Group under their then respective existing supply arrangements to satisfy the needs of the Marubeni Group for different types of coal, and the Group was purchasing certain products from the Marubeni Group under the then existing purchase arrangements to secure the supply of seaborne coal.

LETTER FROM THE BOARD

There is a great variety of coal products that the Group purchases from or sells to the Marubeni Group to meet the needs of their respective customers. As one of the largest trading houses in Japan, Marubeni buys and sells coal products in response to the market demand in Japan as well as the changing international coal market conditions, whereas the Group procures and processes coal to serve its customers in the PRC market and buys and sells coal products as part of its coal trading business. While these coal products are under the broad category of “coking coal, pulverized coal injection (PCI) grade coal, thermal coal and other coal products”, they vary largely in terms of physical characteristics and specifications by moisture, ash, volatility, carbon, sulphur and other natural elements, and the purchases made by the Group and the Marubeni Group are driven by the specific needs of their respective customers. For this reason, the Marubeni Products which the Group will be purchasing from the Marubeni Group under the Marubeni Master Supply Agreement will generally be different from the Winsway Products which the Group will be selling to the Marubeni Group under the Winsway Master Supply Agreement. With the completion of the acquisition of GCC, the Company expects that there will be a significant growth in the sales volume of the Group’s seaborne coal, whether to the Marubeni Group or other seaborne coal customers.

As disclosed in the section headed “Implications under the Listing Rules” below, Marubeni became a connected person of the Company at the subsidiary level after the establishment of JV Co. In addition, GCC became a non wholly-owned subsidiary of the Company after the completion of the Arrangement on 1 March 2012. Therefore, any supply of products by the Group (including GCC) to the Marubeni Group and any purchase of products by the Group from the Marubeni Group will constitute a continuing connected transaction for the Company. In order for the Group (including GCC) to continue supplying products to and purchasing products from the Marubeni Group after the completion of the Arrangement, the Company has entered into the Winsway Master Supply Agreement and the Marubeni Master Supply Agreement with Marubeni in compliance with the relevant requirements under the Listing Rules.

INFORMATION OF THE GROUP

The Group is one of the leading suppliers of imported coking coal and particularly, one of the largest offtakers of Mongolian coking coal into China. The Group’s principal business includes procurement, transportation, storage, processing and marketing of coking coal, servicing the Chinese steel industry at large.

INFORMATION ON MARUBENI

Marubeni is a publicly traded company with a market capitalization in excess of US\$12.5 billion as of 29 February 2012 and annual total revenues of US\$44,384 million as of 31 March 2011. It is one of the largest trading houses in Japan and is involved in metal, minerals and energy resources, food products and materials, paper and pulp, chemicals, textiles, transportation machinery, electric power and other infrastructure projects, among others. It traded 14 million tonnes of coal in the 2010 Japanese fiscal year.

IMPLICATIONS UNDER THE LISTING RULES

Following the completion of the Arrangement on 1 March 2012, GCC became an indirect subsidiary of the Company held through JV Co, an indirect 60%-owned subsidiary of the Company. By virtue of its indirect 40% interest in JV Co, Marubeni is a substantial shareholder of JV Co and hence a connected person of the Company at the subsidiary level. As a result of the establishment of JV Co and the completion of the Arrangement, certain ongoing transactions between the Group (including GCC) and Marubeni constitute continuing connected transactions for the Company.

LETTER FROM THE BOARD

As it is expected that the aggregate value of the transactions contemplated under each of the Agreements on an annual basis will exceed 5% under one or more of the applicable percentage ratios (other than profit ratio) and the annual consideration will exceed HK\$10,000,000, the transactions contemplated under each of the Agreements constitute non-exempt continuing connected transactions for the Company under Rule 14A.35 of the Listing Rules and are subject to reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

None of the Directors has a material interest in the Agreements and none of them therefore was required to abstain from voting on the resolutions passed by the Board approving the Agreements and the transactions contemplated thereunder (including the Annual Caps).

EGM

The notice convening the EGM is set out on pages 34 to 35 of this circular. At the EGM, resolution(s) will be proposed to the Independent Shareholders to consider and, if thought fit, to approve the Agreements and the Annual Caps. As at the Latest Practicable Date, Marubeni holds 10,000,000 Shares, representing approximately 0.27% of the total issued Shares. Accordingly, Marubeni, which has a material interest in the transactions contemplated under each of the Agreements, will be required to abstain from voting at the EGM. At the EGM, votes will be taken by way of a poll.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

An announcement will be made by the Company following the conclusion of the EGM to inform the Shareholders the results of the EGM.

RECOMMENDATIONS

The Independent Board Committee comprising all independent non-executive Directors has been established by the Board to advise the Independent Shareholders on the terms of the Agreements and the Annual Caps. The Company has appointed First Shanghai as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of Agreements and the Annual Caps.

Having taken into account the recommendation and advice from the Independent Financial Adviser in relation to the terms of, and the transactions contemplated under, the Agreements and the Annual Caps (as contained in the letter from First Shanghai set out on pages 16 to 28 of this circular), the Independent Board Committee is of the view that the Agreements are on normal commercial terms, and the terms of the Agreements and the Annual Caps are fair and reasonable and the entering into of the Agreements is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) consider that the Agreements are on normal commercial terms, and the terms of the Agreements and the Annual Caps are fair and reasonable and the entering into of the Agreements is in the interests of the Company and the Shareholders as a whole, and recommend the Independent Shareholders to vote in favour of the resolutions of members of the Company set out in the notice of EGM enclosed in this circular.

LETTER FROM THE BOARD

Your attention is drawn to the letter from the Independent Board Committee set out on pages 14 to 15 of this circular, which contains its recommendation to the Shareholders, and the letter from First Shanghai set out on pages 16 to 28 of this circular, which contains its recommendation and advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of, and the transactions contemplated thereunder, the Agreements and the Annual Caps.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix of this circular.

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



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)

Independent Board Committee

James Downing

Ng Yuk Keung

Wang Wenfu

George Jay Hambro

25 April 2012

To the Independent Shareholders

Dear Shareholder,

**CONTINUING CONNECTED TRANSACTIONS
WITH MARUBENI CORPORATION**

We refer to the circular dated 25 April 2012 issued by the Company to its Shareholders ("Circular") of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We, being the independent non-executive Directors, have been appointed as members of the Independent Board Committee to advise you as an Independent Shareholder as to whether, in our opinion, the terms of the Agreements and the Annual Caps are fair and reasonable and whether the entering into of the Agreements is in the interests of the Company and the Shareholders as a whole. First Shanghai has been appointed as the Independent Financial Adviser to advise us, the Independent Board Committee, and the Independent Shareholders in relation to the terms of the Agreements and the Annual Caps.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 13 of the Circular, and the letter from First Shanghai to us, the Independent Board Committee, and the Independent Shareholders containing its recommendation and advice in respect of the term of the Agreements and the Annual Caps, as set out on pages 16 to 28 of the Circular.

Having taken into account of the principal factors and reasons considered by First Shanghai and its conclusion and advice, we consider that the Agreements were entered into in the ordinary and usual course of business of the Company and are on normal commercial terms, and the terms of the Agreements and Annual Caps are fair and reasonable and the entering into of the Agreements is in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions of members of the Company to be proposed at the EGM to approve the Agreements and the Annual Caps.

The Independent Board Committee of
Winsway Coking Coal Holdings Limited

James Downing

Ng Yuk Keung

Wang Wenfu

George Jay Hambro

Independent Non-executive Directors

LETTER FROM FIRST SHANGHAI

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from First Shanghai regarding the continuing connected transactions pursuant to the Agreements and the Annual Caps comprising (i) the Marubeni Master Supply Agreement and the Purchase Annual Caps; and (ii) the Winsway Master Supply Agreement and the Supply Annual Caps, for the purpose of incorporation into this circular.



19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

25 April 2012

*To the Independent Board Committee
and the Independent Shareholders*

Winsway Coking Coal Holdings Limited
Suite 4602A
Cheung Kong Center
2 Queen's Road Central
Hong Kong

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS WITH MARUBENI CORPORATION

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the continuing connected transactions pursuant to the Agreements and the Annual Caps comprising (i) the Marubeni Master Supply Agreement and the Purchase Annual Caps; and (ii) the Winsway Master Supply Agreement and the Supply Annual Caps, details of which are set out in the circular of the Company to the Shareholders dated 25 April 2012 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

As mentioned in the “Letter from the Board” of the Circular, following the completion of the Arrangement on 1 March 2012, GCC became an indirect subsidiary of the Company held through JV Co, an indirect 60%-owned subsidiary of the Company. By virtue of its indirect 40% interest in JV Co, Marubeni is a substantial shareholder of JV Co and hence a connected person of the Company at the subsidiary level. As a result of the establishment of JV Co and the completion of the Arrangement, certain ongoing transactions between the Group (including GCC) and the Marubeni Group constitute continuing connected transactions for the Company.

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To ensure compliance with Chapter 14A of the Listing Rules, on 2 March 2012, the Company and Marubeni entered into the Marubeni Master Supply Agreement and the Winsway Master Supply Agreement. The transactions contemplated under each of the Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As it is expected that the aggregate value of the transactions contemplated under each of the Agreements on an annual basis will exceed 5% under one or more of the applicable percentage ratios (other than profit ratio) and the annual consideration will exceed HK\$10,000,000, the transactions contemplated under each of the Agreements constitute non-exempt continuing connected transactions for the Company under Rule 14A.35 of the Listing Rules and are subject to reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

An EGM will be convened at which resolution(s) will be proposed to seek the Independent Shareholders' approval for the Agreements and the Annual Caps. As at the Latest Practicable Date, Marubeni holds 10,000,000 Shares, representing approximately 0.27% of the total issued Shares. Accordingly, Marubeni, which has a material interest in the transactions contemplated under each of the Agreements, will be required to abstain from voting at the EGM. At the EGM, votes will be taken by way of a poll.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising Messrs. James Downing, Ng Yuk Keung, Wang Wenfu and George Jay Hambro, all being independent non-executive Directors, has been established by the Board to advise the Independent Shareholders as to whether the terms of the Agreements and the Annual Caps are fair and reasonable and whether the entering into of these agreements is in the interests of the Company; and the Shareholders as a whole. We, First Shanghai, being the Independent Financial Adviser, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

BASIS OF OUR OPINION

In putting forth our opinion and recommendation, we have relied on the accuracy of the information and representations made or referred to in the Circular and/or provided to us by the management of the Group (the "**Management**"), and have assumed that all such information and representations made or referred to in the Circular and/or provided to us by the Management were true at the time they were made and will continue to be true up to the time of the holding of the EGM. We have also assumed that all statements of belief, opinion and intention made in the Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Management and have been advised that no material facts have been withheld or omitted from the information provided and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have not, however, conducted any independent verification of the information included in the Circular and/or provided to us by the Management nor have we conducted any form of investigation into the business, affairs or future prospects of the Group or Marubeni Group.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the terms of the continuing connected transactions pursuant to the Agreements and the Annual Caps comprising (i) the Marubeni Master Supply Agreement and the Purchase Annual Caps; and (ii) the Winsway Master Supply Agreement and the Supply Annual Caps, we have taken into account the following principal factors and reasons:

1. Background of the Group

The Group is one of the leading suppliers of imported coking coal and particularly, one of the largest offtakers of Mongolian coking coal into China. The Group's principal business includes procurement, transportation, storage, processing and marketing of coking coal, servicing the Chinese steel industry at large.

Based on the Company's annual report for the financial year (the "**FY(s)**") ended 31 December 2010 (the "**2010 Annual Report**") and the annual results announcement for the FY 2011 (the "**2011 Annual Results Announcement**"), the Group had recorded (i) turnover relating to the processing and trading of coking coals (i.e. comprising hard coals, cleaned coking coals, raw coking coals and other related commodities) of approximately HK\$5,283.2 million, HK\$9,271.7 million and HK\$11,610.4 million; (ii) a relatively stable gross profit margins relating to its core business of approximately 18.2%, 22.8% and 18.9% of its overall turnover; and (iii) profit attributable to equity shareholders of the Company of approximately HK\$515.3 million, HK\$928.8 million and HK\$1,051.0 million, for each of the three FYs 2009, 2010 and 2011, respectively. The Group's customer base is basically diversified, and it has continuously diversified its customer base through exporting coking coals to Japan, Korea and Taiwan.

Based on the 2010 Annual Report and the 2011 Annual Results Announcement respectively, we also noted that Marubeni had been the Group's (i) second and third largest seaborne supplier with respective purchasing amount of approximately HK\$467 million and HK\$455 million for each of the two FYs 2010 and 2011, representing approximately 13.6% and 11.3% of the Group's total seaborne procurement amount for the two FYs respectively; and (ii) the third largest customer with sales amount of approximately HK\$828 million for the FY 2011, representing approximately 7.1% of the Group's total turnover for the FY.

Based on the prospectus of the Company dated 27 September 2010 (the "**Prospectus**"), the Group has been aiming to maintain and further develop its position as a leading coking coal supplier in China; and to achieve this by continuing the Group's enhancement and development of the various components of its integrated service platform. Given the fact that Marubeni is one of the largest trading houses in Japan and is involved in, among others, metal, minerals and energy resources with trading volume of 14 million tonnes of coal in the 2010 Japanese fiscal year, we consider that the entering into of the Agreements comprising the Marubeni Master Supply Agreement and the Winsway Master Supply Agreement between the Company and Marubeni could further strengthen the business strategy of the Group for the implementation of its future business plans.

2. Background of Marubeni

Marubeni is a publicly traded company with a market capitalisation in excess of US\$12.5 billion as of 29 February 2012 and annual total revenues of US\$44,384 million as of 31 March 2011. It is one of the largest trading houses in Japan and is involved in metal, minerals and energy resources, food products and materials, paper and pulp, chemicals, textiles, transportation machinery, electric power and other infrastructure projects, among others. It traded 14 million tonnes of coal in the 2010 Japanese fiscal year.

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Marubeni has also invested in various Australian coal mines and its equity coal output during the 2010 Japanese fiscal year was 5.8 million tonnes. Marubeni Corporation has been involved in the Canadian coal industry since the 1960s and has a long trading history with GCC.

3. Background of GCC

GCC is a coal-mining corporation incorporated in Alberta, Canada, whose shares were previously listed and traded on the Toronto Stock Exchange. GCC currently operates a mine that produces metallurgical coal for the steel industry from its 14 coal leases covering approximately 22,700 hectares in the Smoky River Coalfield located in West Central Alberta, Canada. Following the completion of the Arrangement, GCC became an indirect subsidiary of the Company held through JV Co, an indirect 60% owned subsidiary of the Company. By virtue of its indirect 40% interest in JV Co, Marubeni is a substantial shareholder of JV Co and hence a connected person of the Company at the subsidiary level. As a result of the establishment of JV Co and the completion of the Arrangement, certain ongoing transactions between the Group and the Marubeni Group constitute continuing connected transactions for the Company.

4. Reasons for entering into the Agreements

Immediately prior to the establishment of JV Co, the Group and GCC have been supplying certain products to the Marubeni Group under their then respective existing supply arrangements to satisfy the needs of the Marubeni Group for different types of coal, and the Group was purchasing certain products from the Marubeni Group under the then existing purchase arrangements to secure the supply of seaborne coal.

There is a great variety of coal products that the Group purchases from or sells to the Marubeni Group to meet the needs of their respective customers. As one of the largest trading houses in Japan, Marubeni buys and sells coal products in response to the market demand in Japan as well as the changing international coal market conditions, whereas the Group procures and processes coal to serve its customers in the PRC market and buys and sells coal products as part of its coal trading business. While these coal products are under the broad category of “coking coal, pulverized coal injection (PCI) grade coal, thermal coal and other coal products”, they vary largely in terms of physical characteristics and specifications by moisture, ash, volatility, carbon, sulphur and other natural elements, and the purchases made by the Group and the Marubeni Group are driven by the specific needs of their respective customers. For this reason, the Marubeni Products which the Group will be purchasing from the Marubeni Group under the Marubeni Master Supply Agreement will generally be different from the Winsway Products which the Group will be selling to the Marubeni Group under the Winsway Master Supply Agreement. With the completion of the acquisition of GCC, the Company expects that there will be a significant growth in the sales volume of the Group’s seaborne coal, whether to the Marubeni Group or other seaborne coal customers.

Marubeni became a connected person of the Company at the subsidiary level after the establishment of JV Co. In addition, GCC became a non wholly-owned subsidiary of the Company after the completion of the Arrangement on 1 March 2012. Therefore, any supply of products by the Group (including GCC) to the Marubeni Group and any purchase of products by the Group from the Marubeni Group will constitute a continuing connected transaction for the Company. In order for the Group (including GCC) to continue the business relationship with the Marubeni Group and to supply products to, and purchase products from, the Marubeni Group after the completion of the Arrangement, the Company has entered into the Winsway Master Supply Agreement and the Marubeni Master Supply Agreement with Marubeni in compliance with the relevant requirements under the Listing Rules.

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Having considered the established history of cooperation between the Group and the Marubeni Group and the trading functions or services mutually provided between the two parties over the past few years, the entering into of the Marubeni Master Supply Agreement and the Winsway Master Supply Agreement is consistent with the Group's established business relationship with the Marubeni Group and will facilitate the smooth operation of the Group's business in the coming three FYs. The Agreements strengthen the well-established cooperation relationship between the Group and the Marubeni Group and set out, among others, the basis for pricing and the terms of the Purchase Transactions and the Sales Transactions in the coming three FYs in view of Marubeni having become a connected person of the Company at the subsidiary level. Subject to the approval by the Independent Shareholders at the forthcoming EGM, each of the Marubeni Master Supply Agreement and the Winsway Master Supply Agreement will be for a term of almost three FYs, commencing from 1 March 2012 and ending on 31 December 2014.

Having considered, in particular that, (i) the main purpose of the Agreements is to ensure the ongoing Purchase Transactions and Sales Transactions between the Group and the Marubeni Group will operate smoothly, and will be in compliance with the requirements under the Listing Rules relating to non-exempted continuing connected transactions for the period from 1 March 2012 up to 31 December 2014; (ii) the Purchase Transactions and the Sales Transactions have been and will be conducted in the ordinary and usual course of business of the Group as concluded below; (iii) the Purchase Transactions and the Sales Transactions are of revenue in nature and will be on normal commercial terms comparable to those applicable to other independent third-party customers of the Group and/or the Marubeni Group, as the case may be; and (iv) the terms of each of the Marubeni Master Supply Agreement and the Winsway Master Supply Agreement are fair and reasonable as concluded below, we are of the view that the transactions contemplated under the Agreements are in the ordinary and usual course of business of the Group and the entering into of each of the Agreements is in the interests of the Company and the Shareholders as a whole, and in so far as the Independent Shareholders are concerned.

5. Principal terms of the Agreements

The principal terms of the Agreements comprising the Marubeni Master Supply Agreement and the Winsway Master Supply Agreement are summarised below, further details of which are set out in the "Letter from the Board" of the Circular:

	Marubeni Master Supply Agreement	Winsway Master Supply Agreement
Date:	2 March 2012	2 March 2012
Parties:	(1) the Company as the purchaser; and (2) Marubeni as the supplier	(1) Marubeni as the purchaser; and (2) the Company as the supplier
Supply of goods:	The Group may from time to time during the term thereof purchase the Marubeni Products from the Marubeni Group (the " Purchase Transaction(s) ").	The Marubeni Group may from time to time during the term thereof purchase the Winsway Products from the Group, including but not limited to GCC (the " Sales Transaction(s) ").
Basis for the supply of the relevant products:	Any Marubeni Products to be supplied under any Purchase Transaction(s) must comply with the following basis:	Any Winsway Products to be supplied under any Sales Transaction(s) must comply with the following basis:

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Marubeni Master Supply Agreement

- (a) on normal commercial terms comparable to those applicable to other independent third-party customers of the Marubeni Group;
- (b) pricing determined through arm's length negotiations by reference to the prevailing market prices;
- (c) the total value of the Marubeni Products to be supplied by the Marubeni Group to the Group for the relevant financial year/period during the term of the Marubeni Master Supply Agreement shall not exceed the respective Purchase Annual Caps; and
- (d) payments for any Marubeni Products purchased shall be settled by way of commercial letter of credit at sight or other methods mutually agreed in writing between the parties to the relevant Purchase Transaction.

Winsway Master Supply Agreement

- (a) on normal commercial terms comparable to those applicable to other independent third-party customers of the Group;
- (b) pricing determined through arm's length negotiations by reference to the prevailing market prices;
- (c) the total value of the Winsway Products to be supplied by the Group to the Marubeni Group for the relevant financial year/period during the term of the Winsway Master Supply Agreement shall not exceed the respective Supply Annual Caps; and
- (d) payments for any Winsway Products purchased shall be settled by way of commercial letter of credit at sight or other methods mutually agreed in writing between the parties to the relevant Sales Transaction.

Conditions precedent:

The arrangement contemplated thereunder are conditional upon, among others, the Company having obtained the approval by the Independent Shareholders of the terms of the Marubeni Master Supply Agreement and the Purchase Annual Caps.

If the requisite conditions are not fulfilled on or before 30 June 2012 (or such later date as may be agreed between the Company and Marubeni), the Marubeni Master Supply Agreement will automatically terminate.

The arrangement contemplated thereunder are conditional upon, among others, the Company having obtained the approval by the Independent Shareholders of the terms of the Winsway Master Supply Agreement and the Supply Annual Caps.

If the requisite conditions are not fulfilled on or before 30 June 2012 (or such later date as may be agreed between the Company and Marubeni), the Winsway Master Supply Agreement will automatically terminate.

Term of the agreement:

Commencing from 1 March 2012 and shall be expiring on 31 December 2014, which may be renewed for a further period of up to a maximum of three years by agreement between the Company and Marubeni in compliance with the Listing Rules.

Commencing from 1 March 2012 and shall be expiring on 31 December 2014, which may be renewed for a further period of up to a maximum of three years by agreement between the Company and Marubeni in compliance with the Listing Rules.

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In order to understand the general practice of the Purchase Transactions previously conducted between the Group and the Marubeni Group, we have reviewed the Group's recent purchasing records in respect of the purchase of hard coals under the category of Marubeni Products for each of the two FYs 2011 and 2012 and made comparison between the Group's (i) purchase transactions with the Marubeni Group; and (ii) comparable purchase transactions with its other suppliers who were independent third parties of the Group. We noted that the Group's purchase transactions conducted with the Marubeni Group were made on terms (including the pricing and payment terms) no less favourable than those offered to the Group by its independent third party suppliers.

According to the Management, it was not feasible to conduct similar reviewing procedures on the Group's sales transactions with the Marubeni Group in respect of the sales of coal products under the category of Winsway Products due to a lack of comparable sales transactions between the Group and its other independent third party customers because of the facts that (i) the Group has only commenced its sales relationship with the Marubeni Group since 2011 with a very limited number of sales transactions; and (ii) the coal products sold by the Group to its different customers vary largely in terms of physical characteristics and specifications by moisture, ash, volatility, carbon, sulphur and other natural elements, etc.. Direct comparison is not practicable and might even be misleading. In view of such incomparability, the Group had generally determined the then selling prices based on its past experience by roughly estimating the cost of sales of that relevant batches of products, and then further imposing a reasonable mark-up thereon which was basically comparable with the Group's overall profit margin of seaborne coal products selling to its other independent third party customers at that time. However, as confirmed by the Management, the pricing and payment terms for all sales transactions between the Group and the Marubeni Group since the commencement of their sales transactions in 2011 have been on arm's length basis taking into account (i) the prevailing benchmark market prices quoted in the open market; and (ii) the selling prices of similar products selling to its other independent third party customers throughout such period, even though they were not directly comparable in terms of physical characteristics and quality. We noted that the then selling prices for most of the sales transactions to the Marubeni Group were comparable to, or slightly higher than, the Group's average selling price (per tonne) of seaborne coal during such period. On such basis, we are of the view that such alternative basis for determination of the then selling prices was justifiable, fair and reasonable.

With respect to the payment terms, we have reviewed certain sales/purchases contracts regarding the Purchase Transactions and the Sales Transactions for the two FYs 2011 and 2012 entered into between the Group and the Marubeni Group. They were generally to be settled via commercial letter of credit at sight, telegraphic transfer, or in certain cases, with a credit period within 15 days upon delivery of the relevant goods/products or of the bill of lading date, which is similar to those offered to/by the Group to/by other independent third party customers/suppliers. Based on our understanding from the Management, the credit period previously allowed to either party to the Agreements under the then existing arrangement could be up to 90 days mainly because both the Group and the Marubeni Group engage in trading activities in the coal product market, and the credit period to be determined for each shipment was largely dependent on the requirements of their own customers or suppliers and both parties' own working capital management consideration; while a maximum of 90-day credit period is to provide some degree of flexibility for negotiation with their respective customers or suppliers. Based on our review of the Prospectus, the 2010 Annual Report and the 2011 Annual Results Announcement, the Group's credit terms offered to its trade debtors have generally been within 90 days; while the trade and bills payable to the Group's import agents are mostly to be settled within one to three months or on demand. We consider that the payment terms under each of the Agreements, being commercial letter of credit at sight or such other methods mutually agreed between the parties, reflect the stricter mutual payment terms and hence the arm's length nature of the transactions while preserving the flexibility, which are basically consistent with the past practice between the Group and the Marubeni Group, and are on normal commercial terms comparable to those offered to/by other independent third party customers/suppliers of the Group.

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In addition, we also understand that the Group has no contractual obligations under each of the Agreements to exclusively purchase the Marubeni Products or supply the Winsway Products from/to the Marubeni Group. Therefore, the entering into of each of the Agreements would not restrict the Group from serving other customers and/or procuring products from other suppliers should the terms with such other customers and/or suppliers be more favourable to the Group.

Having taken into account, in particular, (i) the principal pricing basis under the Agreements will be on normal commercial terms comparable to those offered by the Group (in respect of the Sales Transactions) or the Marubeni Group (in respect of the Purchase Transactions), as the case may be, to its independent third-party customers, based on arm's length negotiations by reference to the prevailing market prices; (ii) the payment terms under the Agreements will be comparable to those offered by the Group (in respect of the Sales Transactions) or the Marubeni Group (in respect of the Purchase Transactions), as the case may be, to its independent third-party customers; (iii) the Group has the sole discretion to decide whether to utilise its resources to purchase from or supply to the Marubeni Group or other customers/suppliers, whichever is considered to be more favourable to the Group itself; and (iv) measures will be in place as required under the Listing Rules to govern the internal control of the Group and to monitor the transactions contemplated under the Agreements as detailed in the paragraph headed "Measures to ensure compliance with the Listing Rules" below, we are of the view that the terms of each of the Marubeni Master Supply Agreement and the Winsway Master Supply Agreement are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned.

6. The Annual Caps under the Agreements

Marubeni Master Supply Agreement

As mentioned in the "Letter from the Board" of the Circular, the prices at which the Group has been purchasing Marubeni Products from the Marubeni Group in the past were determined through arm's length negotiations between the Marubeni Group and the Group, based on the prevailing market prices of such Marubeni Products. The total value of Marubeni Products purchased by the Group from the Marubeni Group under the then existing purchase arrangements for the three FYs 2009, 2010 and 2011 were approximately HK\$1,114 million, HK\$467 million and HK\$455 million, respectively. The decrease in the value of purchases from the Marubeni Group in 2010 and 2011 was primarily due to the sharp increase in the purchase prices of seaborne coal over the period, leading to a decrease in the Group's overall seaborne procurement volume and an increase in the Group's Mongolian coal procurement volume in 2010 and 2011 in response to that. While the Group's overall seaborne procurement value increased over the period, the value of purchases from the Marubeni Group, being one of the Group's many seaborne coal suppliers, during the same period did not increase correspondingly due to a greater decrease in volume of purchases from the Marubeni Group relative to the decrease in volume of purchases from the Group's other seaborne coal suppliers in 2010 and 2011. The payments for Marubeni Products purchased from the Marubeni Group under the then existing arrangements have been settled by way of commercial letter of credit at sight or 90 days credit which is similar to the terms offered to the Group by independent third parties.

Winsway Master Supply Agreement

The prices at which the Group (including but not limited to GCC) have been supplying the Winsway Products to the Marubeni Group under their respective supply arrangements in the past were determined through arm's length negotiations between the Group or GCC (as the case may be) and the Marubeni Group, based on the prevailing market prices of such Winsway Products. The total value of

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Winsway Products that the Group (including but not limited to GCC) supplied to the Marubeni Group under the then existing supply arrangements for the FY 2011 were approximately HK\$828 million, which was the first FY in which sales transactions from the Group to the Marubeni Group commenced. The payments for the Winsway Products supplied to the Marubeni Group under the then existing arrangements have been settled by way of commercial letter of credit at sight or telegraphic transfer which is similar to the terms offered by the Group to independent third parties.

According to the “Letter from the Board” of the Circular, the Purchase Annual Caps were arrived at based upon (i) the estimated volume of Marubeni Products required by the Group, taking into account the projected growth in the demand for Marubeni Products in line with the general expected growth in the Group’s business in the next three years; and (ii) the expected prevailing market prices of such Marubeni Products. Notwithstanding the decrease in volume of purchases from the Marubeni Group in 2010 and 2011, in view of the variety of seaborne coal products in terms of type and geographical source which the Marubeni Group can offer, the established strategic cooperation with the Marubeni Group for the supply of coal products and the Company’s outlook for the seaborne coal market and the future demand for Marubeni Products, the Company expects that the volume of purchases from the Marubeni Group in the next three years will at least be commensurate with the general expected growth of the Group’s business over the period. For the above reasons, the Company believes the Purchase Annual Caps are fair and reasonable.

On the other hand, the Supply Annual Caps were arrived at based upon (a) the estimated volume of the Winsway Products to be supplied by the Group to the Marubeni Group, taking into account the increase in the estimated volume of the Winsway Products in line with the general expected growth in the Group’s business in the next three years especially following the completion of the Arrangement, and the plans for developing the business of GCC; and (b) the expected prevailing market prices of such Winsway Products. The following table sets out the proposed Annual Caps comprising the Purchase Annual Caps and the Supply Annual Caps under the Agreements:

	For the FY ended/ending 31 December						
	Ten months ending 31 December		Increase between		Increase between		Increase between
	2011	2012	2011 and	2013	2012 and	2014	
	(Actual)	(Forecast)	2012) (Note)	(Forecast)	2013 (Note)	(Forecast)	2013 and 2014
	(HK\$ million)	(HK\$ million)	%	(HK\$ million)	%	(HK\$ million)	%
Purchase Annual Caps	455	1,364	259.7	1,801	10.0	1,981	10.0
Supply Annual Caps	828	1,588	130.1	3,095	62.4	3,673	18.7

Note: Calculated by using annualised figures for the FY 2012, based on the Purchase Annual Cap or Supply Annual Cap (as the case may be) for the ten months ending 31 December 2012.

To assess the reasonableness for setting the Purchase Annual Caps and the Supply Annual Caps, we have reviewed the historical figures of turnover and cost of sales of the Group. Based on the Prospectus, the 2010 Annual Report and the 2011 Annual Results Announcement, we noted that the Group’s total turnover from the processing and trading business of coking coals had drastically increased from approximately (i) HK\$1,127.5 million for the FY 2008 to HK\$11,610.4 million for the FY 2011; or (ii) HK\$5,283.2 million for the FY 2009 to HK\$11,610.4 million for the FY 2011,

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representing a strong compound annual growth rate of approximately 2.2 times or 1.5 times during the four or three FYs respectively; while its total cost of sales also accounted for a similar respective strong growth of approximately 2.5 times and 1.5 times during the same period.

According to the 2011 Annual Results Announcement, the significant growth in the Group's business was mainly attributable to the establishment of new logistics facilities, increase of the Group's processing capacity, improvement of its service platform and diversification of its business to meet the continuing strong demand for coking coal from its customers in China, together with the Group's improved ability to offtake and transport more coal from around the world. In view of such encouraging performance, the Management remains positive on the growth potential of the coking coal business of the Group in the foreseeable future, and will continue to dedicate more resources to expand its business, broaden its customer base and enhance its product offerings of this core profitable business. We understand from the Management that, prior to the setting of the Annual Caps, they have also considered (i) the historical turnover of the trading business of coking coals between the Group and the Marubeni Group; (ii) the sales growth rate of coking coals forecasted by the Group for the three FYs ending 31 December 2014 in view of the Group's effort to continuously broaden its customer base and expand into new markets, especially following the completion of the Arrangement; and (iii) the expectation of increasing global demand for coking coals.

Further, we have reviewed a purchase and sales schedule in relation to the projected amounts of each of the Purchase Transactions and the Sales Transactions in arriving at the transaction cap amounts for each of the ten months ending FY 2012 and the FYs 2013 and 2014. We understand that the purchase and sales schedule was prepared by the management of the Group and the Marubeni Group with reference to, among others, (i) the types of the Marubeni Products expected to be purchased by the Group during the relevant periods; (ii) the types of the Winsway Products expected to be sold by the Group to the Marubeni Group during the relevant periods; (iii) the projection of demand from existing customers of the Group for each type of the Marubeni Products; (iv) the projection of demand from existing customers of the Marubeni Group for each type of the Winsway Products; and (v) the expected prices of each type of the Marubeni Products and/or Winsway Products to be charged by the Marubeni Group and/or the Group, as the case maybe. We noted that the Purchase Annual Caps for the Marubeni Products and the Supply Annual Caps for the Winsway Products are based on the projected transaction amounts as contained in the purchase and sales schedule.

We also noted from the circular of the Company dated 13 February 2012 in relation to the Group's acquisition of the majority shareholding interest in GCC. The major objectives of this acquisition as stated in that circular are, among others, (i) to line up with Marubeni as a strong investment and business partner in view of its international sales network; (ii) to create significant synergy potential between the Group and the Marubeni Group by leveraging their experience in the world's two largest destinations for coking coal (the PRC and Japan) to improve their marketing efficiency; and (iii) to widen the Group's existing product offering by the provision of low-volatility coking coal (i.e. an excellent blending stock coal) from GCC so as to build up a strong market position and ability to supply various types of coking coal products with different characteristics, from around the world, to meet the requirements of its customers. The Group also takes the view that China's coal resources lack low-to-medium volatility hard coking coal, while low-volatility hard coking coal is becoming increasingly scarce worldwide, and GCC's operations produce high-quality, low-ash, low-volatile hard coking coal suitable for blending to meet customer requirements. Having considered the objectives above, we are of the view that there are concrete reasons for the Group's seemingly

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aggressive setting of the Purchase Annual Caps and the Supply Annual Caps for the ten months ending 31 December 2012, at approximately HK\$1,364 million and HK\$1,588 million, respectively, which will represent an respective significant increase of approximately 259.7% and 130.1% (based on annualised figures for 2012) over the actual transaction amounts for the FY 2011. Subsequently, in the FY 2013, the Purchase Annual Caps and Supply Annual Caps will further increase by approximately 10.0% and 62.4% when compared to those for the FY 2012 (based on annualised figures for 2012) on the grounds that both the Group and the Marubeni Group expect that the Purchase Transactions and the Sales Transactions will considerably increase in the coming two FYs, because GCC will bring in significant increase in the trading volume following the completion of the Arrangement and the inclusion of GCC into the Group. For the FY 2014, the respective growth for the Purchase Annual Caps and the Supply Annual Caps will be more stable at approximately 10.0% and 18.7% respectively.

Based on our understanding from the Management, other than Mongolian coal, the Group also started to procure seaborne coal since 2009 because it considered that the seaborne coal market forms an integral part of its business strategy and provides synergy to its business by enhancing its ability to offer a range of coal products with customised specifications at competitive pricing to suit the needs of its different customers, which is critical for maintaining a solid and stable business relationship with customers. The Marubeni Products and the Winsway Products are classified as seaborne coal of the Group's business operations. Further, the Group has recognised that the opportunity in the seaborne coal market will not only allow the Group to supply coal with various different characteristics, but will also contribute to its total turnover. The Group has been sourcing its seaborne coals from countries such as Australia, the United States of America (the "US"), Canada and Russia by securing supply from international coal mining companies and operators including but not limited to Marubeni in 2010. Under the strategic co-operation between the Group and Marubeni, the Marubeni Group has supplied the Group with various types of coal, including coal produced in Australia, Canada, New Zealand, the US, Russia, and has purchased from the Group coal produced in China, Mongolia and Russia.

The Group generally sources coal primarily through direct contact with coal mining companies and operators and formulates its procurement policy for seaborne coal based on the pricing of coal in the international markets, taking into consideration various factors including (a) current market demand and supply and the anticipated market trends in the PRC market; and (b) characteristics and specifications of the coal to be supplied. The purchase price will typically be determined based on the prevailing international coal price and after taking into account the delivery schedule, its acceptable profit margin and other relevant costs, such as import agent's fees and transportation costs. The Group's usual practice is to place orders for seaborne coal in accordance with orders or requests from its customers. Upon receipt of orders or requests from its customers, the Group will approach its various suppliers from several countries for sourcing the required seaborne coal at an acceptable prevailing purchase price. As the international coking coal market is a mature and established market, the Group has been able to find alternative suppliers to satisfy its own customers' requirements should the need arise. As such, the Group has not been, and would not be, relying on one single supplier for sourcing seaborne coal to meet its customers' requirements. Based on our understanding from the Management, the Group has been able to carry out its seaborne coal trade by committing to the purchase price and amount with its suppliers and meeting the coal possessing characteristics required by its customers in the quantity required after receipt of orders or requests from them. As such, the historical total purchase value of Marubeni Products from the Marubeni Group under the then existing purchase arrangements had been fluctuating considerably during the past three FYs 2009, 2010 and 2011, which amounted to approximately HK\$1,114 million, HK\$467 million and HK\$455

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million, respectively. In view of such past practice and having considered the rapid growth of the Group's scale of business operations in terms of overall turnover in the recent FYs, we are of the view that the initial Purchase Annual Caps being set for the ten months ending 31 December 2012 and FY 2013 at approximately HK\$1,364 million and HK\$1,801 million respectively are justifiable for the Group's operating requirements, and the Purchase Annual Caps for the ten months ending 31 December 2012 are basically comparable to the record-high amount of purchases from the Marubeni Group of approximately HK\$1,114 million for the full FY 2009, even though the historical Purchase Transactions for the FY 2011 amounted to a relatively lower level of approximately HK\$455 million.

Having considered, in particular, (i) the comparison between the Annual Caps for the ten months ending 31 December 2012 with the Group's historical turnover amounts as well as the growth rates of the cost of sales over the past four FYs respectively; (ii) the historical compounded annual growth rate and the growth potential of the Group's coking coal trading business as expected by the Group; and (iii) the fact that the Purchase Annual Caps and the Supply Annual Caps are based on the projected figures as contained in the purchase and sales schedule and the reasons for such projection as stated in the preceding paragraphs, we are of the view that the Purchase Annual Caps for the Marubeni Products and the Supply Annual Caps for the Winsway Products are appropriate and justifiable for the Group's business operating requirements in the coming three FYs, and are fair and reasonable so far as the Independent Shareholders are concerned.

7. Measures to ensure compliance with the Listing Rules

In compliance with the annual review requirements under Chapter 14A of the Listing Rules, the Company will comply with the following requirements during the term of each of the Marubeni Master Supply Agreement and the Winsway Master Supply Agreement in relation to the Purchase Transactions and the Sales Transactions, respectively:

- (i) each year the independent non-executive Directors must review the Purchase Transactions and the Sales Transactions and confirm in the annual report and accounts of the Company that the Purchase Transactions and the Sales Transactions have been entered into (a) in the ordinary and usual course of business of the Company; (b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (c) in accordance with each of the Marubeni Master Supply Agreement and the Winsway Master Supply Agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (ii) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the annual report of the Company) confirming that the Purchase Transactions and the Sales Transactions (a) have received the approval of the Board; (b) are in accordance with the pricing policies of the Company if the Purchase Transactions and the Sales Transactions involve provision of goods or services by the Company; (c) have been entered into in accordance with the relevant agreement governing the transactions; and (d) have not exceeded the Annual Caps;
- (iii) the Company will allow, and will procure that the counterparties (i.e. Marubeni Group) will allow, the auditors of the Company with sufficient access to the relevant records of the Purchase Transactions and the Sales Transactions for the purpose of reporting on the Purchase Transactions and the Sales Transactions. The Board must state in the annual report whether its auditors have confirmed the matters stated in paragraph (ii) above; and

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- (iv) the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in paragraphs (i) and/or (ii) above respectively.

In light of the requisite reporting requirements attached to the Purchase Transactions and the Sales Transactions, and having considered, in particular, (i) the restriction on the value of the Purchase Transactions and the Sales Transactions by way of the Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the Purchase Transactions and the Sales Transactions and the Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern and monitor the conduct of the Purchase Transactions and the Sales Transactions and safeguard the interests of the Independent Shareholders.

RECOMMENDATION

Having taken into account the above principal factors, we are of the view that (i) the transactions contemplated under the Agreements comprising the Marubeni Master Supply Agreement and the Winsway Master Supply Agreement are in the ordinary and usual course of business of the Group; (ii) the entering into of the Agreements is in the interests of the Company and the Shareholders as a whole; and (iii) the terms of the Agreements are on normal commercial terms, and together with the Annual Caps comprising the Purchase Annual Caps and the Supply Annual Caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Agreements and the transactions contemplated thereunder, and the related Annual Caps.

Yours faithfully,

For and on behalf of

First Shanghai Capital Limited

Eric Lee

Managing Director

Fanny Lee

Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTEREST**(a) Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures**

As of the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Name of Directors	Name of corporation	Nature of interest	Aggregate number of Shares or underlying Shares	Approximate percentage of interest in the corporation
Wang Xingchun ⁽¹⁾	The Company	Personal interest and interest of controlled corporation	1,852,484,109	49.10%
	Winsway Mongolian Transportation Pte. Ltd.	Beneficial owner	1	10%
Zhu Hongchan ⁽³⁾	The Company	Personal interest	10,345,000	0.27%
Cui Yong ⁽²⁾	The Company	Personal interest and interest of controlled corporation	34,232,000	0.91%
Yasuhisa Yamamoto ⁽⁴⁾	The Company	Personal Interest	8,469,000	0.22%
Apolonius Struijk ⁽³⁾	The Company	Personal Interest	8,115,000	0.22%
Liu Qingchun	The Company	Personal interest and interest of spouse	179,000	0.005%
James Downing	The Company	Personal Interest	329,000	0.01%
George Jay Hambro	The Company	Personal Interest	129,000	0.003%

Note:

- (1) Wang Xingchun (“Mr. Wang”) indirectly holds the entire issued share capital of Winsway International Petroleum & Chemicals Limited (“Winsway International Petroleum & Chemicals”) and Winsway Resources Holdings Limited (“Winsway Resources Holdings”) and is deemed to be interested in the 208,106,421 Shares and 1,627,043,688 Shares held by Winsway International Petroleum & Chemicals and Winsway Resources Holdings, respectively. In addition, Mr. Wang holds an option to subscribe for 17,334,000 Shares under the Pre-IPO Option Scheme.
- (2) Mr. Cui Yong holds the entire issued share capital of Ray Splendid Limited and is deemed to be interested in the 26,002,000 Shares held by Ray Splendid Limited. In addition, Mr. Cui holds an option to subscribe for 8,230,000 Shares under the Pre-IPO Option Scheme.
- (3) Options to subscribe for 10,345,000 Shares and 8,115,000 Shares are held by Ms. Zhu Hongchan and Mr. Apolonius Struijk respectively under the Pre-IPO Option Scheme.
- (4) Mr. Yasuhisa Yamamoto holds 400,000 Shares and an option to subscribe for 8,069,000 Shares under the Pre-IPO Option Scheme.

Save as disclosed above, as of the Latest Practicable Date, so far as is known to any Directors or chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the Shares or underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to sections 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO

As of the Latest Practicable Date, Shareholders who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Name of Corporation	Nature of interest	Aggregate number of Shares	Approximate percentage of interest in the corporation
Mr. Wang	The Company	Personal interest and interest of controlled corporation	1,852,484,109	49.10%
Winsway Group Holdings Limited	The Company	Interest of controlled corporation	1,835,150,109	48.64%
Winsway Petroleum Holdings Limited	The Company	Interest of controlled corporation	208,106,421	5.52%

Name of Shareholder	Name of Corporation	Nature of interest	Aggregate number of Shares	Approximate percentage of interest in the corporation
Winsway International Petroleum & Chemicals	The Company	Beneficial owner	208,106,421	5.52%
Winsway Resources Holdings	The Company	Beneficial owner	1,627,043,688	43.12%
Peabody Energy Corporation (“Peabody Energy”)	The Company	Beneficial owner	193,363,378	5.12%

Note:

- (1) Mr. Wang indirectly holds the entire issued share capital of Winsway International Petroleum & Chemicals and Winsway Resources Holdings and is deemed to be interested in the 208,106,421 Shares and 1,627,043,688 Shares held by Winsway International Petroleum & Chemicals and Winsway Resources Holdings, respectively. In addition, Mr. Wang holds an option to subscribe for 17,334,000 Shares under the Pre-IPO Option Scheme.
- (2) Winsway Group Holdings Limited indirectly holds the entire issued share capital of Winsway International Petroleum & Chemicals and directly holds the entire issued share capital of Winsway Resources Holdings and is deemed to be interested in the 208,106,421 Shares and 1,627,043,688 Shares held by Winsway International Petroleum & Chemicals and Winsway Resources Holdings, respectively.
- (3) Winsway Petroleum Holdings Limited holds the entire issued share capital of Winsway International Petroleum & Chemicals Limited and is deemed to be interested in the 208,106,421 Shares held by Winsway International Petroleum & Chemicals Limited.

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

3. SHARE OPTIONS

The Company adopted a Pre-IPO option scheme (“Pre-IPO Option Scheme”) before its listing on the Stock Exchange, on 30 June 2010, to recognise the contribution of certain of the Directors and employees of the Company and of its parent company group whom the Board considers to have contributed to the growth of the Group and/or to the listing of Shares of the Company on the Stock Exchange.

According to the rules of the Pre-IPO Option Scheme (the “Scheme Rules”), the Pre-IPO Option Scheme shall be valid and effective for a period of 5 years from 30 June 2010 (the “Adoption Date”). Options granted under the Pre-IPO Option Scheme will vest every three months over a period of five years commencing from 1 April 2010 (the “Initial Vesting Date”) in equal portions (5% each) on the first day of each three-month period (a “Vesting Date”) after the Initial Vesting Date.

Pursuant to the Pre-IPO Option Scheme, options to subscribe for 107,945,000 Shares were granted on 30 June 2010, representing approximately 2.86% of the issued share capital of the Company as of the Latest Practicable Date. Among these options, options to subscribe for 52,093,000 Shares were granted to the Directors. A summary of the movements of the outstanding options up to the Latest Practicable Date were as follows:

Grantee	Options granted as at 30 June 2010	Options exercised during the period	Options lapsed/ cancelled during the period	Options held as of the Latest Practicable Date
Directors				
Wang Xingchun	17,334,000	—	—	17,334,000
Zhu Hongchan	10,345,000	—	—	10,345,000
Cui Yong	8,230,000	—	—	8,230,000
Yasuhisa Yamamoto	8,069,000	—	—	8,069,000
Apolonius Struijk	8,115,000	—	—	8,115,000
Others				
Employees	55,852,000	2,760,337	—	53,091,663
Total	<u>107,945,000</u>	<u>2,760,337</u>	<u>—</u>	<u>105,184,663</u>

Save as disclosed above, as of the Latest Practicable Date, the Company, its holding companies or any of its subsidiaries or fellow subsidiaries, was not a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. INTEREST IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As of the Latest Practicable Date:

- (a) none of the Directors and First Shanghai, directly or indirectly, had any interest in any assets which have since 31 December 2010 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this circular which is significant to the business of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates had any interest in any business which competes or likely to compete, either directly or indirectly, with our Group.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advice which are contained in this circular:

Name	Qualification
First Shanghai Capital Limited	A corporation licensed under the SFO to carry out type 6 regulated activity (advising on corporate finance)

First Shanghai has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, First Shanghai was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

8. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Company since 31 December 2010, the date to which the latest published audited accounts of the Company were made up.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during business hours at the Company's principal place of the business in Hong Kong at Suite 4602A, Cheung Kong Center, 2 Queen's Road Central, Hong Kong from the date of this circular for a period of 14 days:

- (a) the Marubeni Master Supply Agreement;
- (b) the Winsway Master Supply Agreement;
- (c) the letter from the Independent Board Committee dated 25 April 2012, the text of which is set out on pages 14 to 15 of this circular;
- (d) the letter from First Shanghai dated 25 April 2012, the text of which is set out on pages 16 to 28 of this circular; and
- (e) the written consent given by First Shanghai referred to in section 7 of this Appendix.



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Winsway Coking Coal Holdings Limited (the “Company”) will be held at Statue Square, 2/F, Mandarin Oriental Hong Kong, No. 5 Connaught Road, Central, Hong Kong on 17 May 2012 at 10 a.m. to consider and, if thought fit, approve the following resolutions as resolutions of members of the Company, with or without amendments:

RESOLUTIONS OF MEMBERS

1. “THAT:

- (a) the Marubeni Master Supply Agreement (as defined in the circular of the Company dated 25 April 2012 (the “Circular”) of which this notice forms a part) entered into between the Company and Marubeni Corporation (a copy of which has been produced to this meeting and marked “A” and initialled by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the proposed caps of HK\$1,364 million, HK\$1,801 million and HK\$1,981 million in respect of the aggregate value of the transactions under the Marubeni Master Supply Agreement for each of the ten months ending 31 December 2012 and the two financial years ending 31 December 2013 and 31 December 2014, respectively, be and are hereby approved; and
- (c) the Directors be and are hereby authorised to execute such other documents, do all other acts and things and take such action as they may consider necessary, desirable or expedient to implement and/or give effect to or otherwise in connection with the Marubeni Master Supply Agreement and any or all the matters contemplated in the Marubeni Master Supply Agreement and this resolution.”

2. “THAT:

- (a) the Winsway Master Supply Agreement (as defined in the Circular of which this notice forms a part) entered into between the Company and Marubeni Corporation (a copy of which has been produced to this meeting and marked “B” and initialled by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the proposed caps of HK\$1,588 million, HK\$3,095 million and HK\$3,673 million in respect of the aggregate value of the transactions under the Winsway Master Supply Agreement for each of the ten months ending 31 December 2012 and the two financial years ending 31 December 2013 and 31 December 2014, respectively, be and are hereby approved; and

NOTICE OF EGM

- (c) the Directors be and are hereby authorised to execute such other documents, do all other acts and things and take such action as they may consider necessary, desirable or expedient to implement and/or give effect to or otherwise in connection with the Winsway Master Supply Agreement and any or all the matters contemplated in the Winsway Master Supply Agreement and this resolution.”

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

Hong Kong, 25 April 2012

Principal place of business in Hong Kong:
Suite 4602A, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Registered Office:
Akara Bldg.
24 De Castro Street
Wickhams Cay 1
Road Town, Tortola
British Virgin Islands

Notes:

1. Any member of the Company entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend and vote in his stead.
2. A form of proxy is enclosed. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be duly completed and signed in accordance with the instructions printed thereon and deposited with the Company's registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting or any adjournment thereof and in such event, that form of proxy shall be deemed to be revoked.
3. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the Company's register of members in respect of the relevant joint holding.
4. As at the date of this notice, 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 Lee Lobb, Jr., Mr. Liu Qingchun and Mr. Lu Chuan and the independent non-executive directors of the Company are Mr. James Downing, Mr. Ng Yuk Keung, Mr. Wang Wenfu and Mr. George Jay Hambro.