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WINSWAY COKING COAL HOLDINGS LIMITED

永暉焦煤股份有限公司

2010 Results Announcement

WINSWAY COKING COAL HOLDINGS LIMITED

7th March 2011



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WINSWAY COKING COAL HOLDINGS LIMITED

永晖焦煤股份有限公司

I. Company Overview

永晖

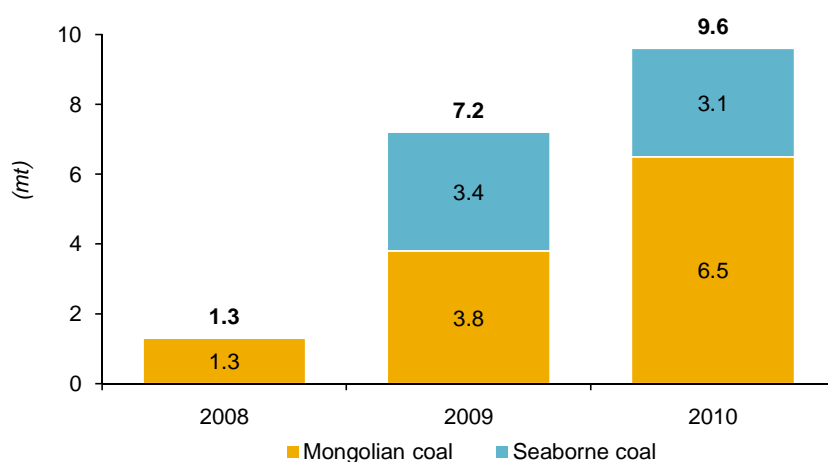


Integrated Coking Coal Supplier with Excellent Growth Track Record

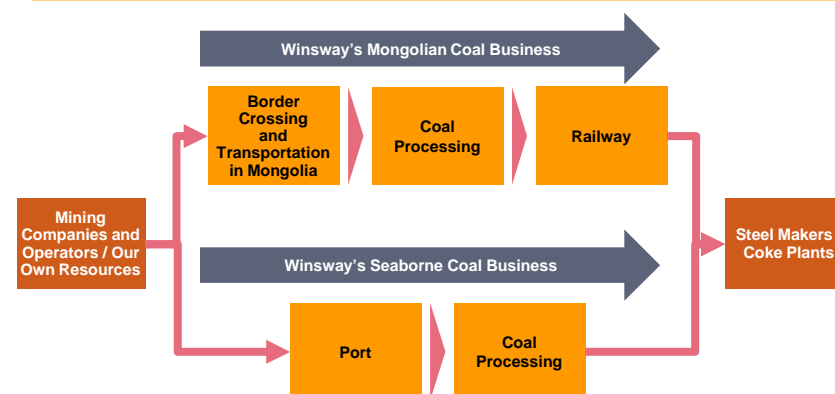
Winsway Overview

- An integrated supplier of imported coking coal into China, owning infrastructures at strategic Sino-Mongolian and Sino-Russian border crossings and Chinese sea ports
- A pioneer in the large-scale transportation of Mongolian coking coal into China, and one of the few companies with infrastructures to supply Mongolian coking coal to coastal areas of China profitably in a large-scale
- One of the leading suppliers in China of imported coking coal. Imported 6.5 mt of Mongolian coal and 2.9 mt of seaborne coal in 2010
- Listed on HKEx on 11 Oct 2010 (HK.1733) with a market capitalization of US\$2.1 billion as of 7 February 2011

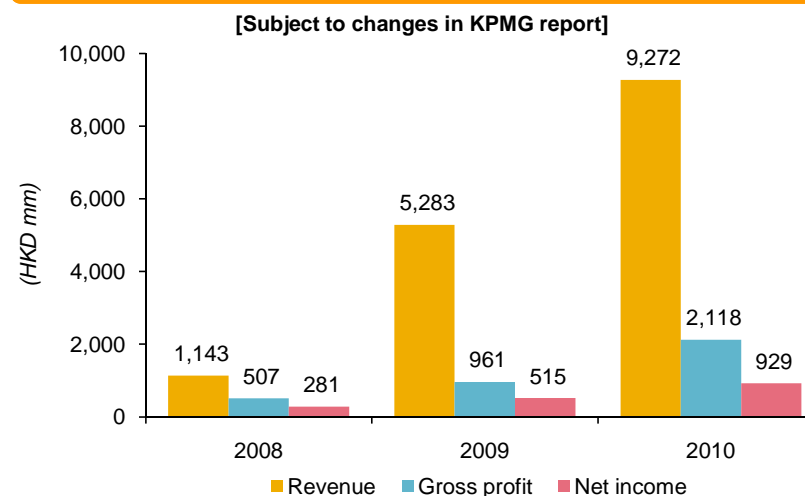
Strong Growth in Procurement Volume



Integrated Business Model Across the Value Chain



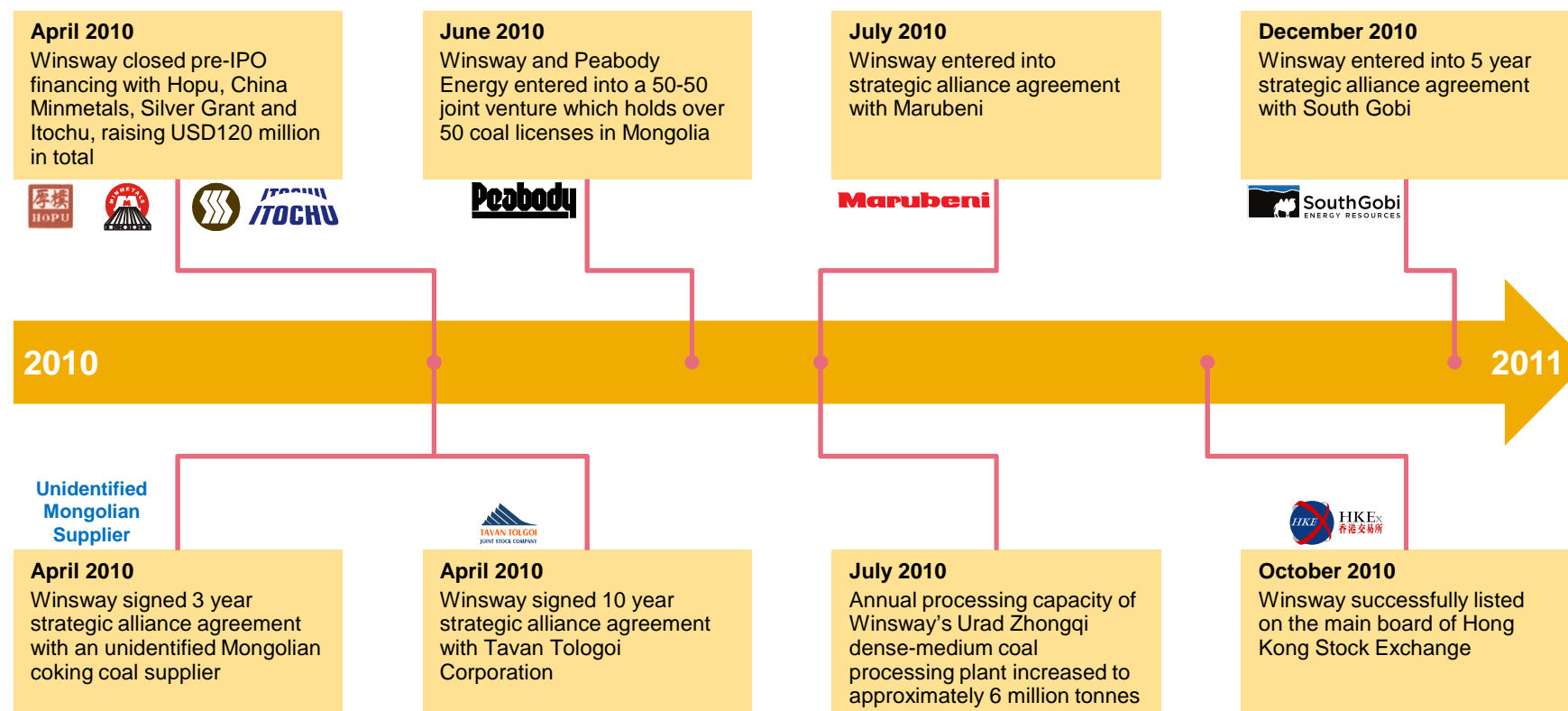
Solid Financial Performance



Connecting Global Coking Coal Resources to China



Major Events in 2010



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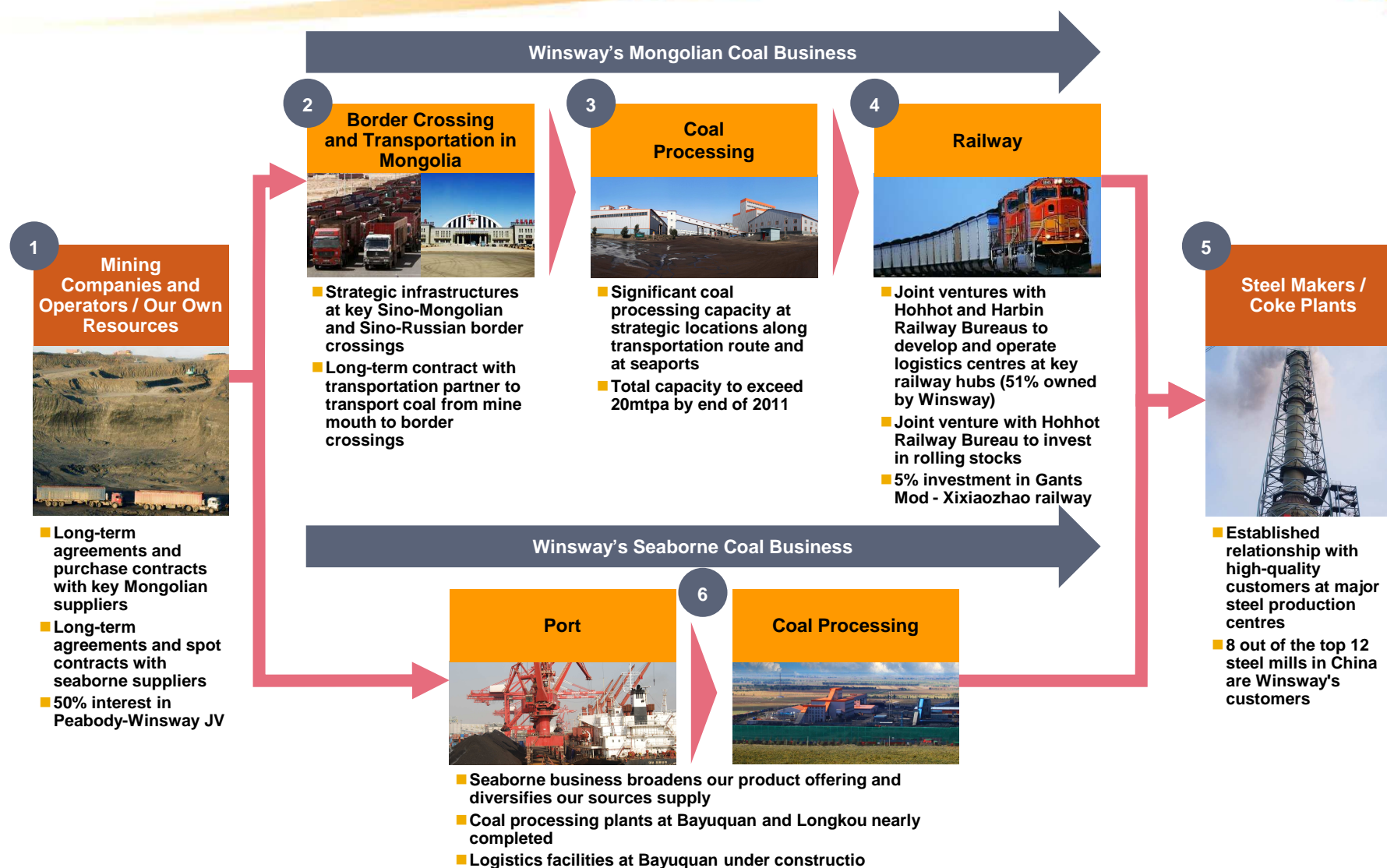
永晖焦煤股份有限公司

II. Business Model

永晖



Overview of Winsway's Integrated Business Model



1 Long Term Agreements and Purchase Contracts with Key Suppliers Ensure a Stable Source of Coking Coal Supply

Mongolian Coal Suppliers		Unidentified Mongolian Supplier			Others
	<u>Long term agreement</u>	<u>Long term agreement</u>	<u>Long term agreement</u>	<u>Long term agreement</u>	<u>Purchase contract</u>
	10 years	3 years	5 years		
	5.0mt/year or 50% output	Up to 2.0mt/year	Min. 2.0mt/year	1.0mt/year	0.2mt (Q4 2010)
			2011 3.2mt/year		
Seaborne Coal Suppliers					Others
A combination of long-term agreements and spot contracts					

1 Sustainable Supply of Coking Coal Upstream Investment

The Joint Venture Acquisition

- On 29 June 2010, we acquired 50% interest in Peabody-Winsway JV from Polo Resources with a total consideration of
 - US\$15mm in cash
 - US\$20mm in Winsway shares upon IPO
 - 1% royalty based on revenue of coal sold at the mine-mouth price
- The JV holds approx. 50 coal-related mineral licenses in Mongolia with a total area of approx. 7,210 sqkm

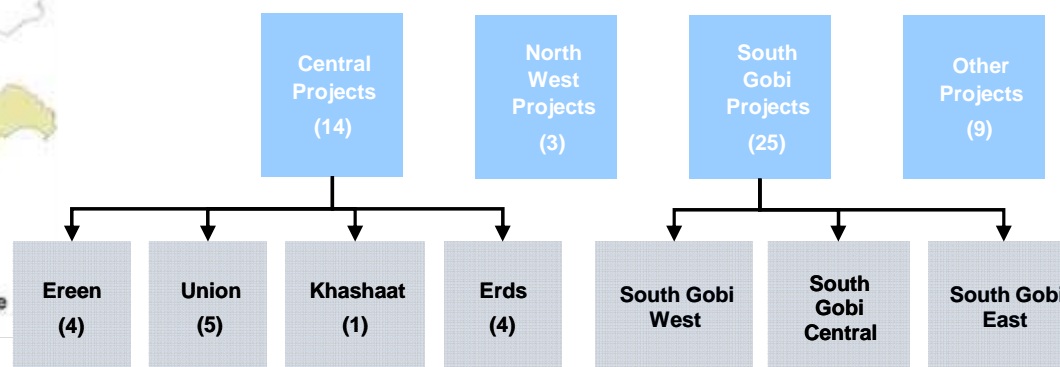
Coal Resources

- The JV mainly has 3 coal projects:
 - Central projects
 - North West projects
 - South Gobi projects
- Central and North West projects contain mostly thermal coal and are at a relatively advanced stage of exploration
- South Gobi projects are at a preliminary stage of exploration and contain both thermal and coking coal deposits located in South Gobi Coal Basin known for its rich coking coal resources

Locations of JV's Coal Resources and Licenses



Overview of License Areas in Mongolia (# of Licenses Held)



2

Invested in Infrastructure and Transportation at Key Sino-Mongolian and Sino-Russian Border Crossings



6 Tier-1 Sino-Mongolian Border Crossings

Winsway's infrastructure

Gants Mod	√
Ceke	√
Erlianhaote	Under construction
Zhu'engadabuqi	Under construction
Mandula	Under construction
Takeshiken	Under construction

2 Tier-1 Sino-Russia Border Crossings

Winsway's infrastructure

Manzhouli	Under construction
Suifenhe	Under construction

Ceke Border Crossing

Commencement of Construction & Land Area

Commenced : 2008
Area: 679,100 sqm

Major Facilities in the Logistics Park

Loading facilities, stockpile area, and a coal processing plant

Transportation arrangement from mine mouth

Closest coal deposit being Ovoot Tolgoi, Nariin Sukhait (40km) serviced by trucking company Moveday with 950 trucks dedicated excluding for our use

Gants Mod Border Crossing

Commenced : 2007
Area: 666,600 sqm

Loading facilities, stockpile area, coal testing centre, wind shield, and a designated access road connecting our logistics park to Chinese customs

Closest coal deposit being Tavan Tolgoi (270km) serviced by trucking company Moveday with 950 trucks dedicated excluding for our use

3

Significant Coal Processing Capacity at Strategic Locations Well-Positioned to Meet Future Demand

Strategic Locations of Coal Processing Plants



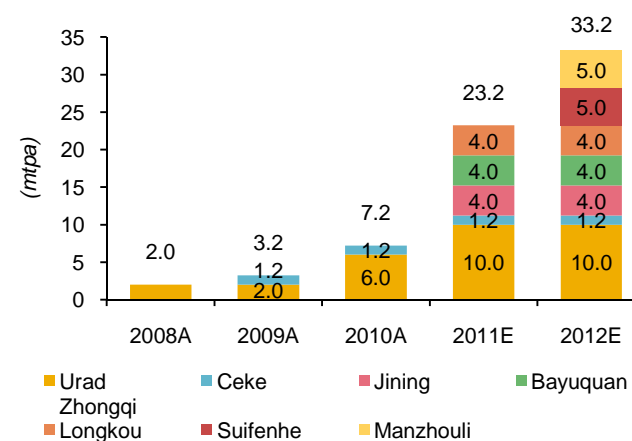
Legend

- ★ Winsway
- ⊙ Winsway's border-crossing facilities
- Ⓛ Winsway's docking facilities
- Ⓜ Winsway's coal processing plants
- Ⓜ Winsway's logistics centres and coal loading stations
- ★ Capital
- City
- ✕ Coal mine / coal basin
- ⊙ Major steel production centers
- Coking coal deposits
- Coal deposits
- National boundary (China)
- National boundary
- Road
- Railway (in operation)
- Railway (in planning)
- ④ Xixiaozhao-Gants Mod line
- ⑤ Baotou-Mandula line
- ⑥ Jining-Erlanhaote line
- ⑦ Beijing-Baotou line
- ⑧ Jining-Tongliao line
- ⑨ Datong-Qinhuangdao line
- ⑩ Bayan Ula-Zhu'engadabuqi line
- ⑪ Jinin-Zhangjiakou-Caofeidian line
- ① Jiayuguan-Ceke line
- ② Linhe-Ceke line
- ③ Baotou-Lanzhou line

Serving Different Target Markets

Main Raw Coal Source	Target Markets
Ceke, Urad Zhongqi and Jining	Mongolia Inner Mongolia, Hebei, and Shandong Provinces
Bayuquan and Longkou	Russia seaborne, Australia seaborne coal and other origins Coastal regions of China

Coal Processing Capacity



4 Joint Ventures with Railway Bureaus to Ensure Sufficient Railway Transportation Capacity

JVs with Hohhot and Harbin Railway Bureaus




呼和浩特铁路局
Hohhot Railway Bureau

哈尔滨铁路局
Harbin Railway Bureau



Logistics Centres

Winsway – Hohhot Railway Bureau JV

- Jointly develop and operate railway logistics centers at border crossings including Ceke, Gants Mod, Mandula, Erlianhaote, Zhu'engadabuqi and inland logistics centers at Jinin and Urad Zhongqi
- Coal loading stations within the railway logistics centers
- Winsway owns 51% in the joint venture

Winsway – Harbin Railway Bureau JV

- Jointly develop and operate railway logistics centers at Manzhouli
- Coal loading stations within the railway logistics centers
- Winsway owns 51% in the joint venture

Rolling stocks

Huayuan Logistics

- Hohhot Railway Bureau is Huayuan's largest shareholder. Winsway is the second largest shareholder with 9% ownership
- Huayuan to invest in 3,300 rolling stocks
- Winsway's railway transportation capacity will increase approximately by 1.2 million tons per year

Railway Investments

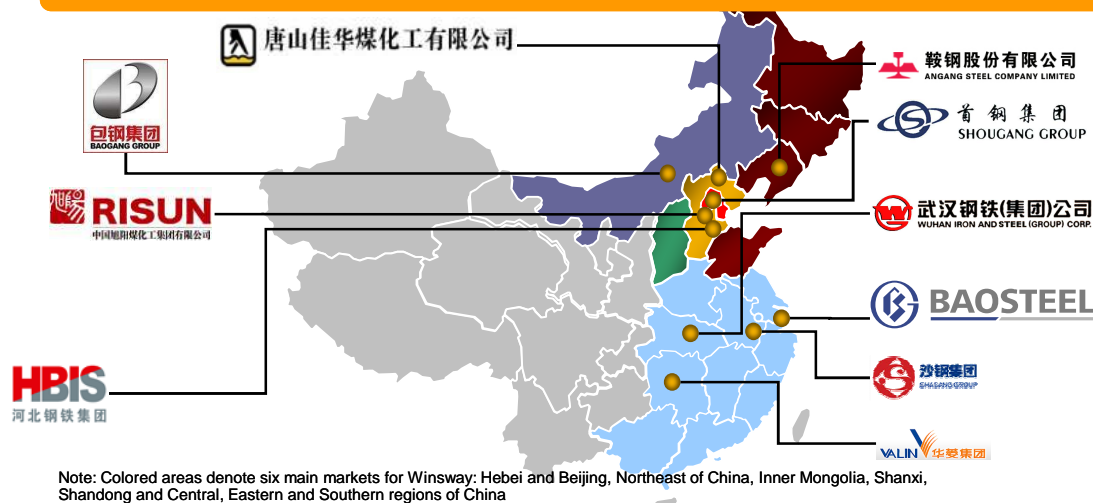
- "Registered user" status for railways administrated by the Hohhot Railway Bureau
- Invested in 5% of the Gants Mod – Xixiaozhao railway

Wide-ranging cooperation with Railway Bureaus built on 15 years of mutually beneficial working relationship

5

Established Relationship with High-Quality Customers at Major Steel Production Centres

Winsway's Major Customers



China's Top Steel Producer (2010)

Steel producer	Production volume (mt)	Winsway's customer?
Hebei Steel	52.9	√
Baosteel	44.5	√
Ansteel	40.3	√
Wuhan Iron and Steel	36.6	√
Shasteel	30.1	√
Shougang	25.8	√
Shandong Steel	23.2	
Xiwuan Steel	18.6	
Bohai Steel	17.4	
Magang	15.4	
Hunan Valin	15.1	√
Baotou Steel	10.1	√

Source: mysteel.com

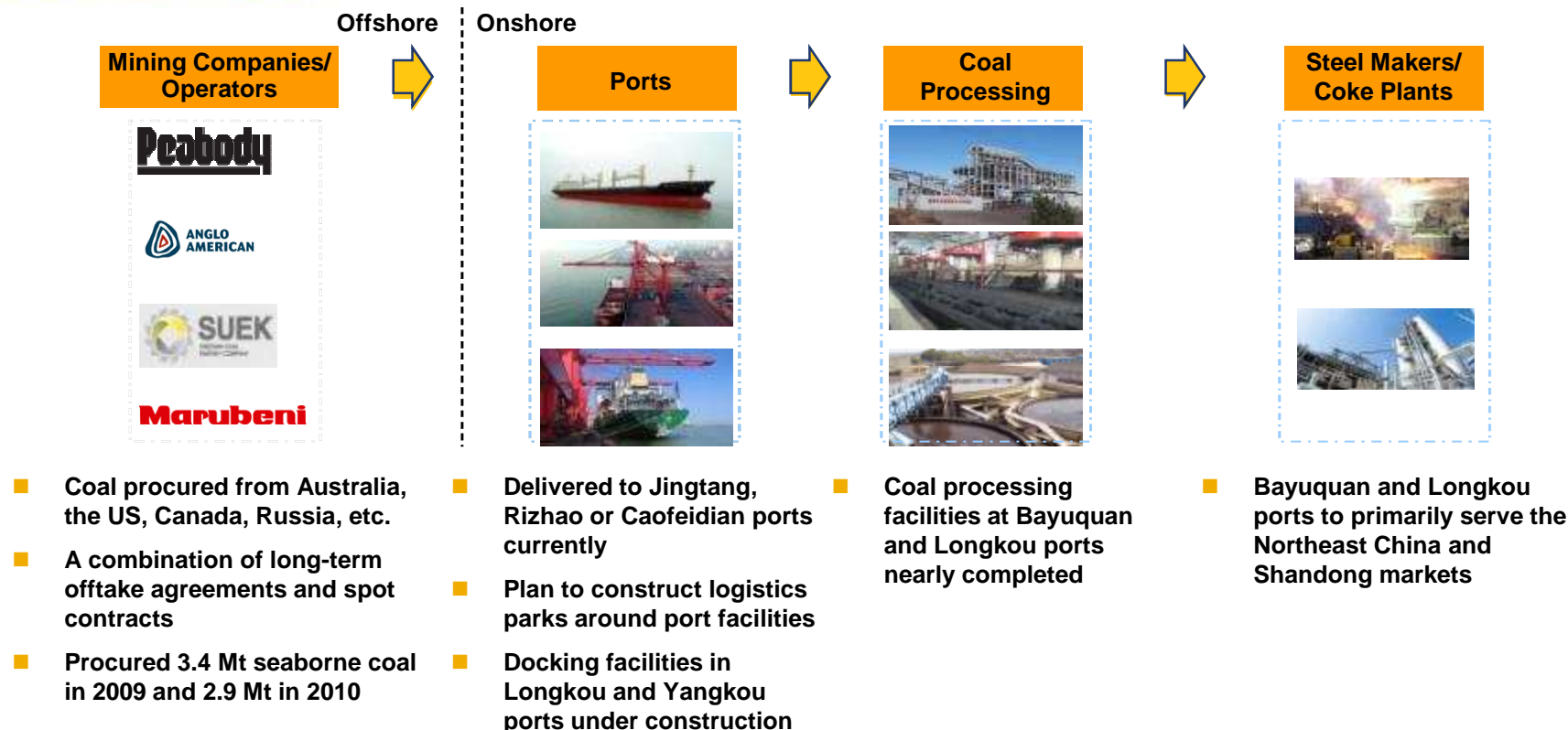
Winsway's Long Term Partnership with Customers

Name	Type	Location	Comments
Baosteel	Steel Producer	Shanghai	■ Strategic partnership to supply up to 2.6mtpa of coking coal
Wugang	Steel Producer	Wuhan	■ 10 years long term strategic cooperation agreement to supply 1.2 mtpa coking coal
Jiujiang Coke	Coke Plant	Hebei	■ 30 years long term strategic cooperation agreement
Tangshan Jiahua	Coke Plant	Hebei	■ 30 years long term strategic cooperation agreement

We have built a network of premium clients through consistent delivery of high quality products and value-added services

6

Seaborne Coal Business Broadens Our Product Offering as well as Diversifies Our Sources of Coal Supply



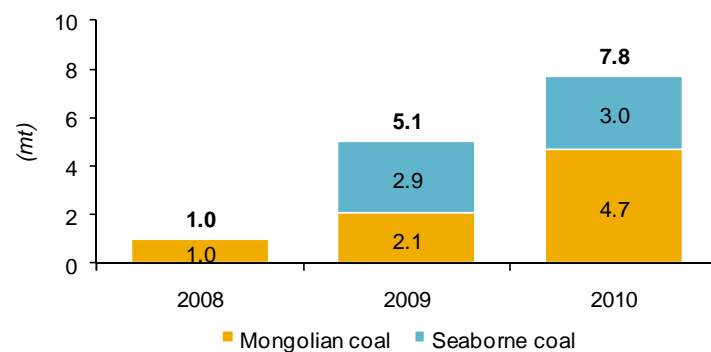
Significant processing capacity at seaports improves our flexibility in terms of procurement and ability for coal upgrade

III. Financial Overview

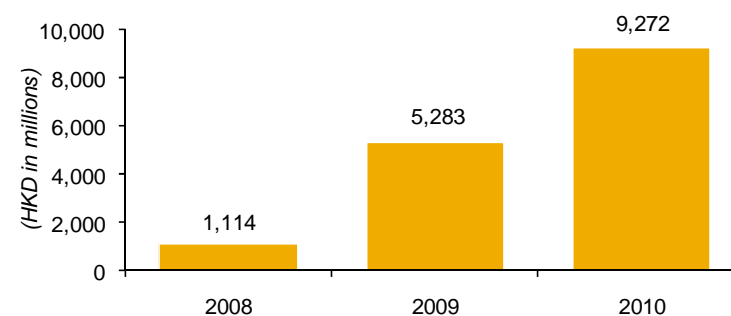


Our Scale and Growth

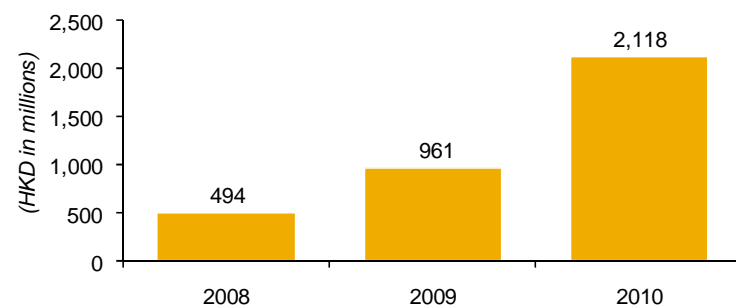
Total sales volume



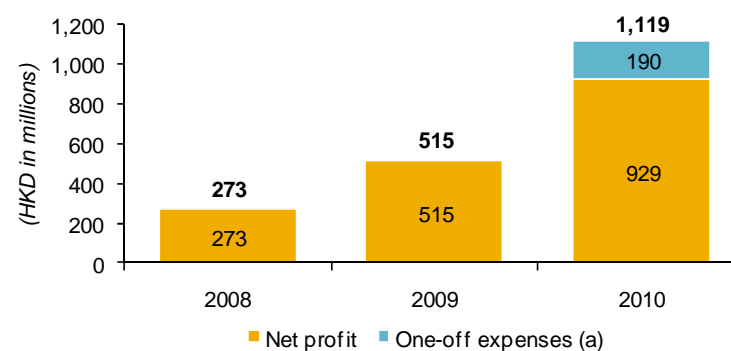
Total revenue



Gross profit

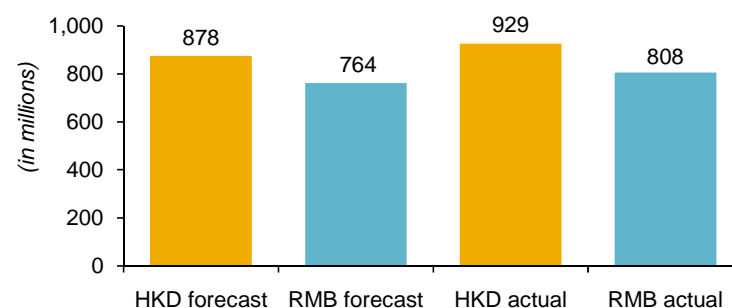


Net profit

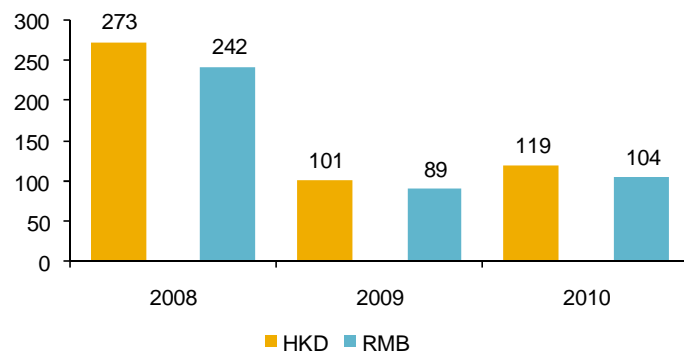


Net Income

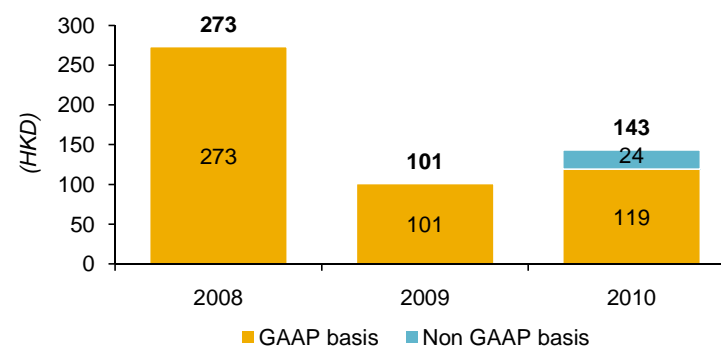
Forecast vs actual net income



Net profit per ton (RMB vs. HKD)

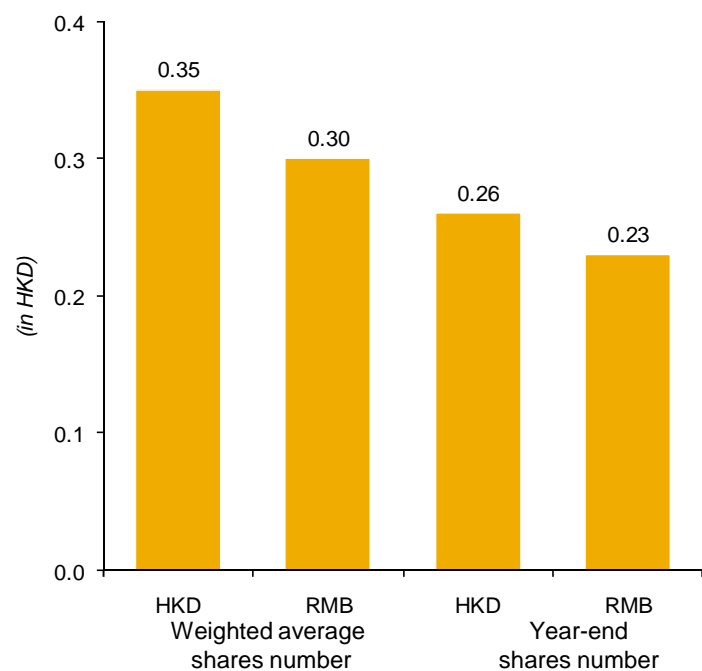


Net profit per ton (GAAP vs. Non-GAAP)

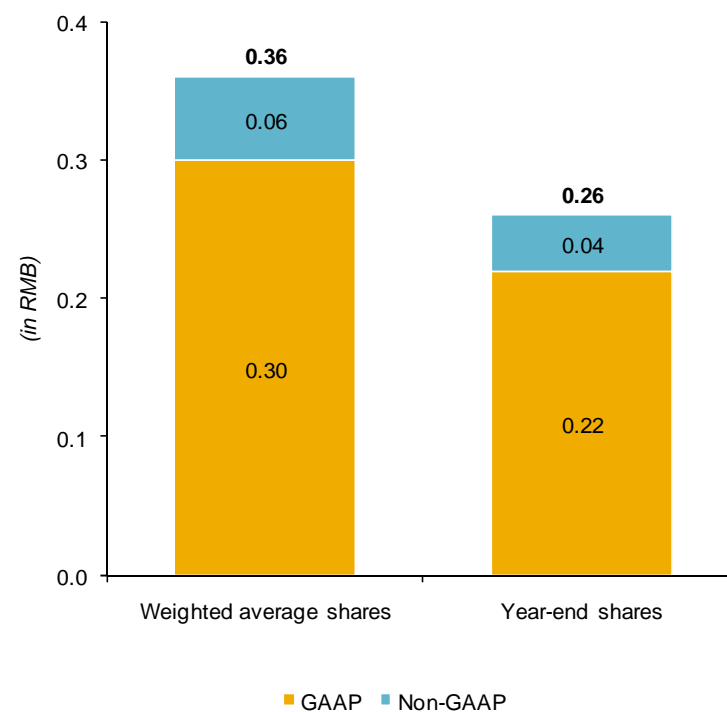


Earnings Per Share

EPS (HKD vs. RMB)

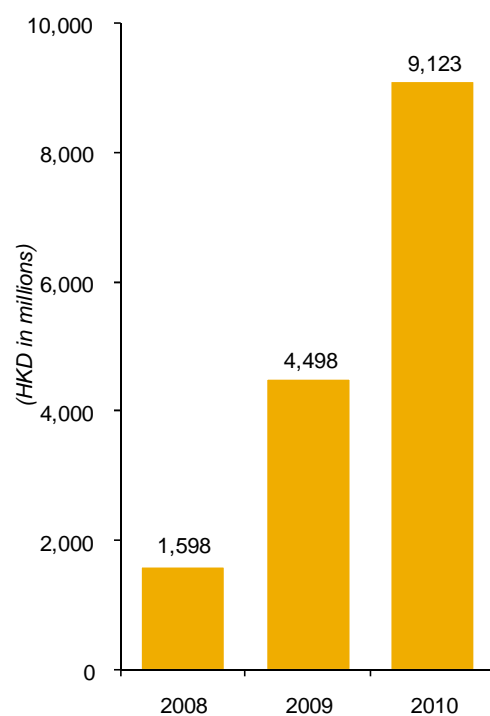


EPS (GAAP vs. Non-GAAP)

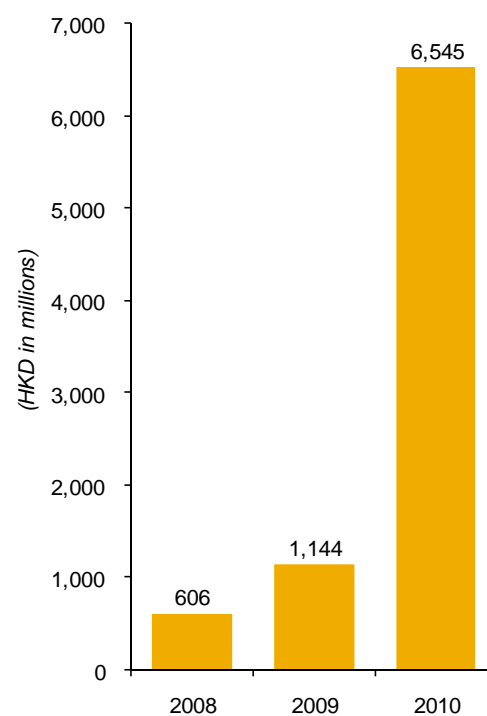


Balance Sheet

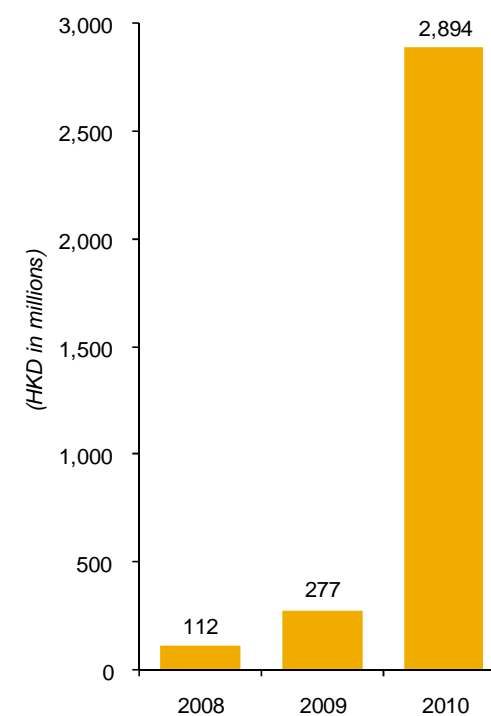
Total asset



Total equity

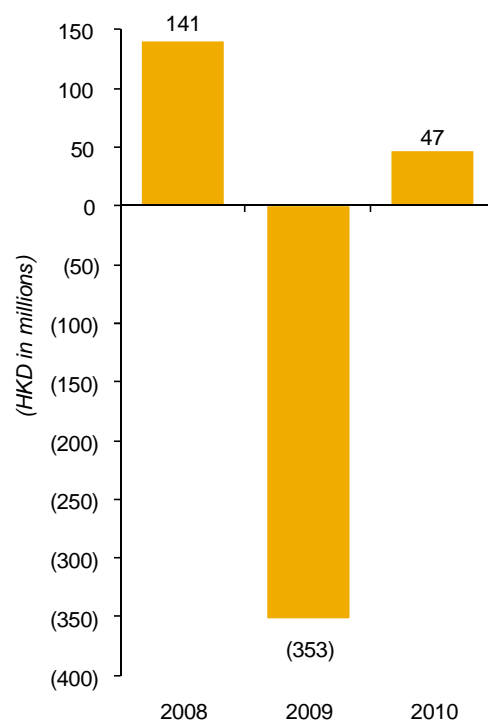


Cash balance

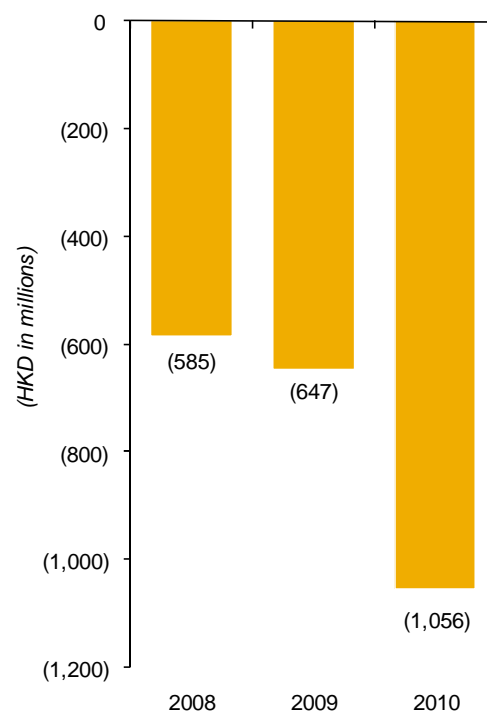


Cash Flow

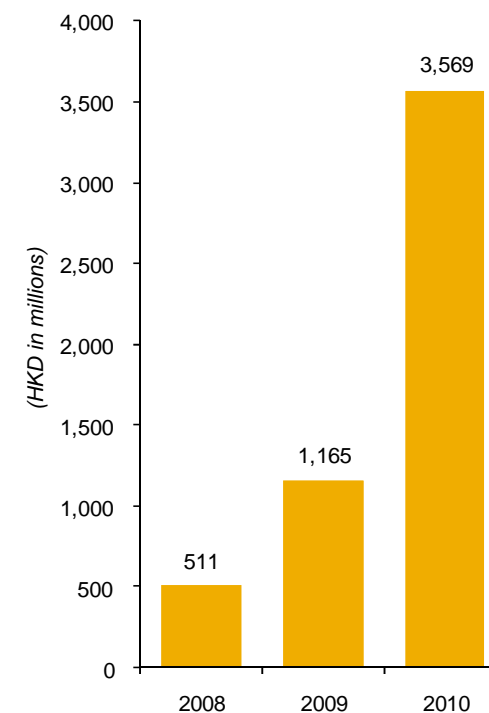
Operating cash flow



Investing cash flow

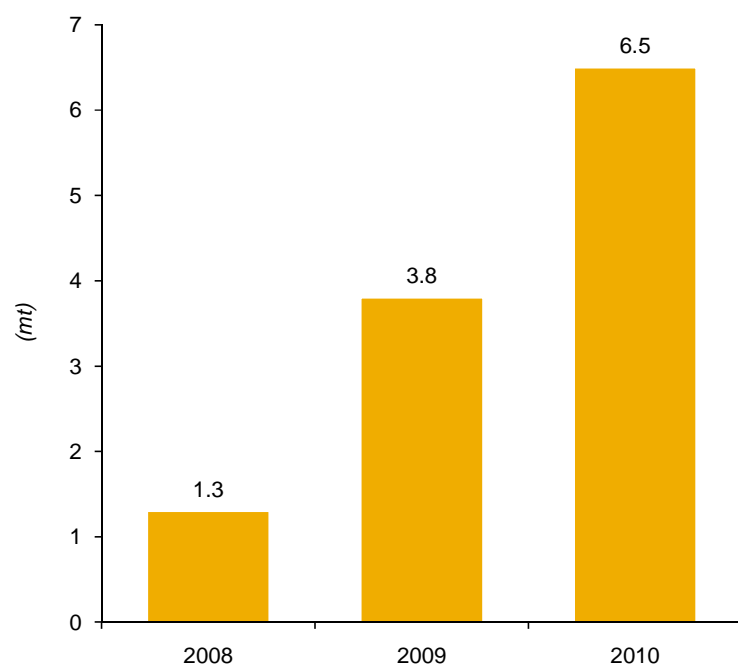


Financing cash flow

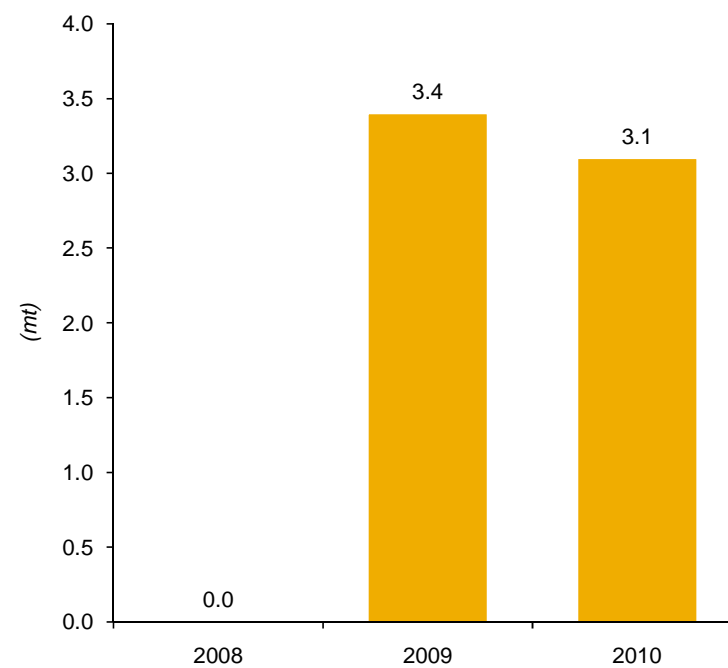


Coal Procurement

Mongolian coal volume (mt)



Seaborne procurement volume (mt)

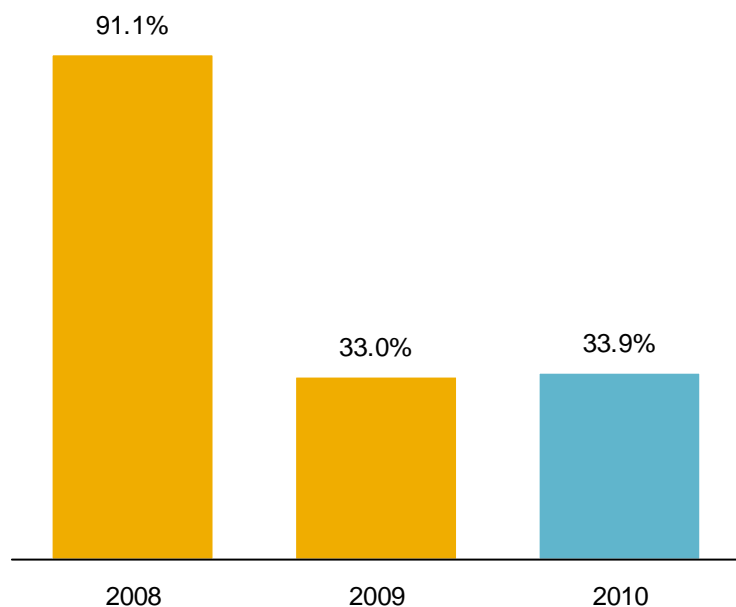


Diversified Customer Base Reduces Winsway's Customer Concentration

Top Customer Revenue Contribution

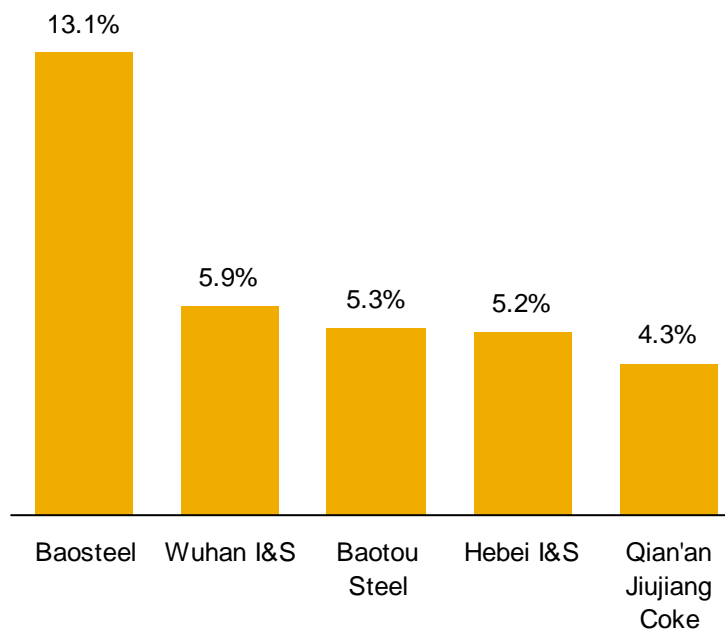
Five Largest Total

(% of Total Revenue)



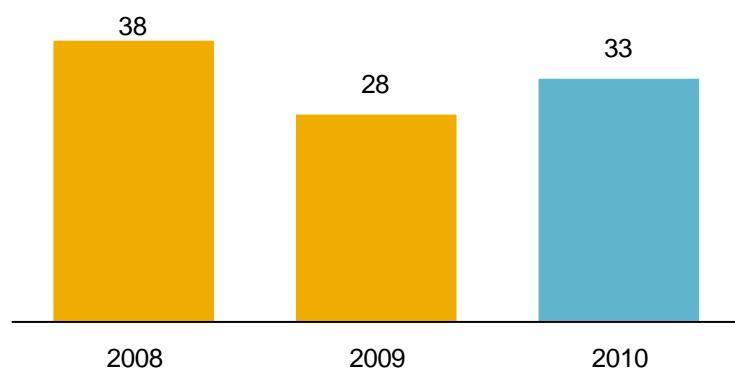
2010 Five Largest

Five Largest Total

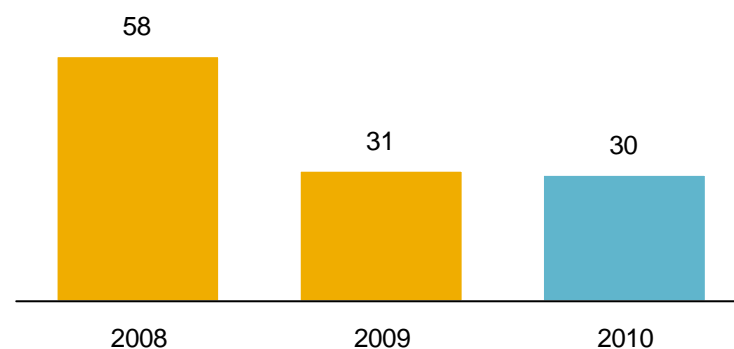


Strong Working Capital Management

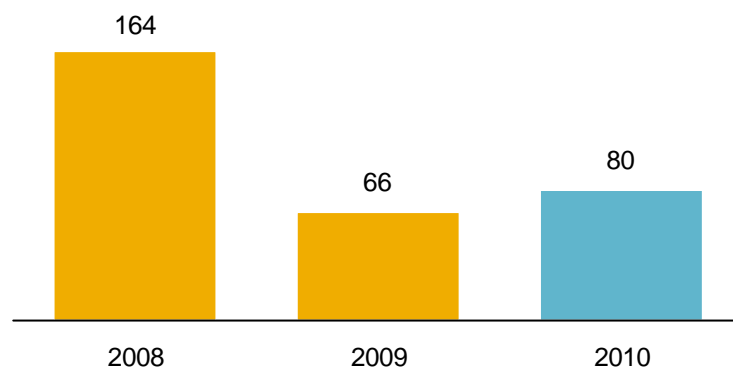
A/R Turnover Days



A/P Turnover Days

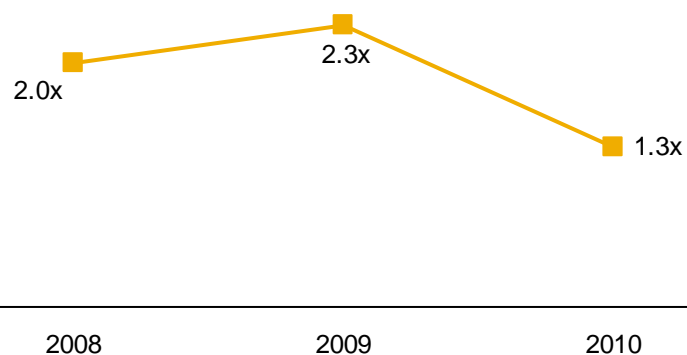


Inventory Turnover Days

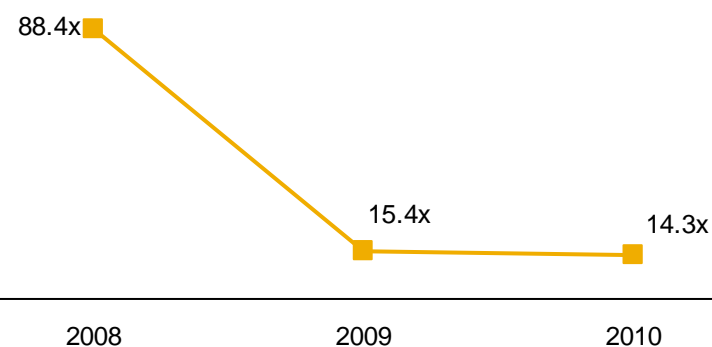


Healthy Credit Ratios

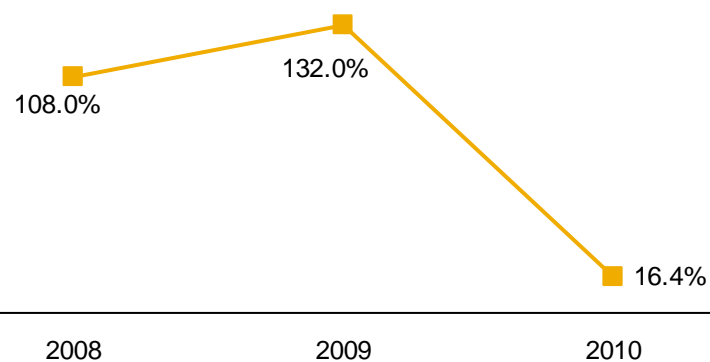
Total debt/EBITDA



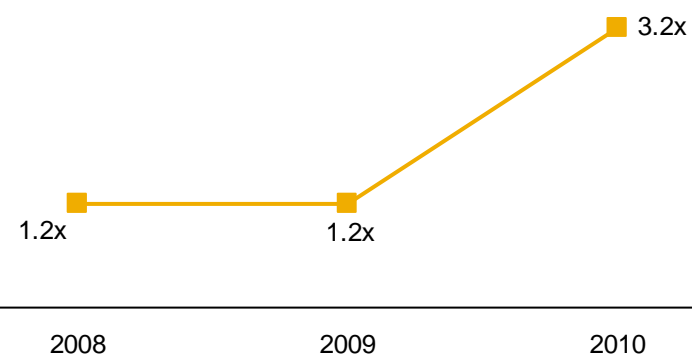
EBITDA/interest



Total debt/equity



Current ratio



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IV. 2011 Outlook

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2011 Winsway Development

Increase procurement volume from Mongolian suppliers

- Increase coking coal procurement volume from existing Mongolian suppliers
- Secure coking coal contracts from new suppliers coming online
- Potentially expand into iron ore logistical services in Mongolia

Develop Russian land borne coal business

- Finish construction of the phase-1 Manzhouli coal loading station to facilitate the import of Russian coal and iron ore through land route
- Start construction of Suifenhe/Hunchun border crossing near the Pacific coast

Diversify seaborne coal strategy

- Bayuquan and Longkou will bring 8 mtpa of washing capacity online before the middle of the year
- Processing will be the core of our sea-born business with trading as a compliment

Increase railway transportation allocation

- Continue to cooperate with MoR at all levels and take advantage of recent regulatory changes to purchase rolling stocks to increase our railway capacity and consequently our business volume

Upstream Strategy

- Continue exploration work with our JV partner Peabody Energy in Mongolia to plan for in-house coking coal production in Mongolia in the near future
- Opportunistically acquire upstream coking coal assets to further ensure upstream supply and to take advantage of the increasing value of coking coal

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V. Q&A Session

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