

# Jonestown Research

*Urging Investors Not to Drink the Kool-Aid*

## More Untruths from Winsway

1733 (HK), Winsway Coking Coal Holdings Ltd.  
January 20, 2011

### Important disclaimer on last page

1. Jonestown Research understands that Winsway held a conference call yesterday (January 19, 2012) to address our report showing fraud at Winsway. During the call, Winsway CFO Jerry Xie directly stated that:
  - a) Moveday was sold pre-IPO to a friend of the chairman who is not a related party and is not affiliated with any of the chairman's private companies. **When Mr. Xie was asked directly if the owner of Moveday is an employee or shareholder of any company owned by the chairman, Xie said "No".**
  - b) The two employees who bought Sanhe are no longer involved with Winsway in any way. Xie went out of his way to reiterate clearly that these people are all independent third parties, as if reading verbatim from the prospectus.

Both of the above statements are false, and we call upon Winsway to immediately correct the record.

2. Jonestown Research has posted video of a dialogue with a Winsway employee who says that Moveday is a Winsway subsidiary. It's on YouTube at:

<http://www.youtube.com/watch?v=FmOZX-2jzBw>

### Moveday / Winsway Affiliation

The truth is that Moveday's owner Ng Pui Heng is the Administrator (Assistant President) of Macau Winsway International Petrochemical Co. Ltd. Macau Winsway International Petrochemical Co Ltd is controlled by Winsway's chairman, Mr. Wang Xingchun. Mr. Xie's statement about the owner of Moveday not working for Chairman Wang is therefore untrue.

Two articles on a Chinese government website make clear Mr. Ng's role at Macau Winsway:

- <http://www.fengshun.gov.cn/zwgk/zwdt/xzbm/2011-10-12/1318410766d15221.html> This article refers to Mr. Ng as the Administrator (Assistant President) of Macau Winsway International Petrochemical Co.,Ltd, Honorary Chairman of the County Federation of Returned Overseas Chinese, and a Standing Committee member of the 9th CPPCC of Fengshun County

- <http://www.fengshun.gov.cn/zwgk/zwdt/xzbm/2011-10-31/1320048249d15465.html> This article describes Mr. Ng as a Standing Committee member of the CPPCC (China People's Political Consultative Committee) for Fungshun County and Administrator (Assistant President) of Macau Winsway International Petrochemical Co., Ltd,

## Sanhe

Sun Hongzhou was one of the two supposed “third party” purchasers of Sanhe. However, in an article from November 27<sup>th</sup>, 2009 (7 months after his apparent purchase of Sanhe), Sun is referenced as Deputy General Manager of Urad Zhongqi Yiteng Mining LLC, which is a direct subsidiary of Winsway. Mr. Xie's statement with respect to Sanhe is also untrue.

This article was also published on a government website:

[http://www.witzq.gov.cn/EC\\_Showarticle.asp?EC\\_ArticleID=247](http://www.witzq.gov.cn/EC_Showarticle.asp?EC_ArticleID=247)

Sun Hongzhou is also listed as the contact person for Tianjin Winsway Chemical Storage and Transportation Company which appears to be a Winsway company due to its name and the legal representative of the company being referenced as Wang Xing Chun, the same name as the 49% owner of Winsway.

<http://www.socom.cn/company/4698042.html>  
[http://www.soqi.cn/detail/id\\_760A673VEGIX.html](http://www.soqi.cn/detail/id_760A673VEGIX.html)

As is apparent from the above, either Jerry Xie, who only joined the company in 2010 from his previous career in the Principal Investing Division (i.e. the prop desk) at Lehman Brothers and Nomura, either is not aware that the company transacts with related parties and that the material in the prospectus is false, or he is lying. To be fair, he has not been at the company very long and might not be aware of this history or know these people.

## **Disclaimer**

You should assume that Jonestown Research is short the securities of Winsway and Grande Cache Coal Corp. We have every reason to want the securities to go down in price because we'll make money when they do so. After we publish this report, we may short more, cover, or trade in any manner we see fit. Jonestown Research isn't registered in any jurisdiction as an investment advisor, broker, or anybody who'd need a license to discuss investments. This isn't

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