CHINA COMMODITIES

China commodity trip (2H26): The stranded copper scrap, the revamp of coal supply, and uncertainties from ODI and El Niño

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We started our weeklong semi-annual China commodity trip with many big questions in mind - the moving parts would potentially impact the pricing trajectory of copper, coal, and aluminum in the coming months, and those will also have implications to long term commodity supply such as China's new ODI policy, and the ongoing anti-involution related supply work. The feedback point to more positive outlook in copper, but negative on Chinese coal, while risk is moderate in ODI impact as well as Yunnan hydro power in the year of super El Niño.

1. **More positive on copper price outlook** - Our visit to Jiangxi local copper scrap processors, and discussions with end users and traders through the trip suggest downside risk in copper supply, driven by prolonged contraction in domestic scrap supply in the order of 500kt per annum, potential production cut by smelters subject to the outcome of TCRC negotiation. Traders, fabricators, and end users are optimistic on copper price outlook, the most positive feedback we have received over the past years.
2. **Policy effort to revamp the coal production is faster than expected** - With coal price and supply security back in focus, policy effort to revamp the coal production is taking place at a faster pace than expected, amid the deep cuts due to safety enforcement. Based on the feedback, the swing of Shanxi SOE production provide much room to ease the tight coal markets in 4Q26, and potentially overshoot by 1H27, and there are early indications of the policy easing. We lower our benchmark QHD thermal coal price forecast to Rmb750/t from Rmb850/t for 2027E and Hebei met coal price assumption, leading to earnings revision and rating downgrade of Chinese coal stocks under our coverage.
3. **Broad demand remains weak, supply policy a setback -** Demand is poor including potential further decline in construction activities in 2027E, the struggling domestic EV sales, and uncertainties around ESS investment execution. Based on dealers' observation, local government financing situation remains challenging or has become more difficult than a year ago, and land sales are likely to further decline in 2027E on the back of the new property policy. The feedback also suggest a setback in industry supply policy versus a year ago, as the approaches are more focused on capacity upgrade and consolidation, rather

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than facilitating exits, including in sectors such as cement and steel.

4. **Limited risk in hydro power related aluminum supply cut, and ODI** - Feedback also suggest moderate risk in Yunnan hydro power supply in the context of El Niño, imposing limited risk in the local aluminum production. Discussions on ODI with specialists also suggests no changes in the regulatory requirement, but likely longer processing time versus before. Copper and aluminum may see less changes than others, based on the feedback.

We reiterate our Buy ratings on Chinese copper equities, including on Zijin and CMOC. We downgrade Yankuang-H to Sell from Neutral, and Chinacoal-H/A to Neutral from Buy.

For background, our week-long China Commodities trip included 23 meetings and site visits across Beijing, Jiangxi, Jiangsu and Shanghai. We met with key market participants, including: 1) local copper scrap processors, copper smelters; 2) steel and coal producers 3) iron ore and base-metals traders; 4) EV and construction machinery dealers; and 5) power equipment and cable manufacturers, an ESS battery producer and power stations. Meanwhile, we also met with number of industry specialists and associations covering copper and aluminum recycling, supply policy in aluminum and coal, safety and environment services in Shanxi, and Yunnan hydro power. On the macro and policy front, we engaged with senior economists and policy researchers, natural resources and mining specialists, an outbound investment regulation expert, and a national property consultant, focusing on China's macroeconomic outlook, supply policies, and resource related outbound investment regulations.

Weak demand, and setback in supply policy

Construction activities have been weak and likely to be weaker

Comments from the construction machinery dealers in Henan and Shandong suggest construction activities remained at 10-20% below the level a year ago, driven by a depressed property sector, lack of new projects in infrastructures, and safety efforts in mining industries. With a more challenging local government financing situation and faded vendor financing, construction pace of majority of the infrastructure (non-key projects) remains slow. New projects pipeline in Shandong has dried out, while it is 30% higher yoy in Henan, but execution is subject to local government financing, due to implicit debt resolution, and other income contraction including the land sales. The dealers expect infrastructure activities to further decline in 2027.

On the macro level, the macro speakers noted that the local government spending has been slower than budgeted, but held a more optimistic view for 2027, when the transition of the five-year plan in both projects and local officials is expected to complete.

All local and macro speakers expect the weakness in property sector to extend to 2027, including decline in land sales. A property industry consultant expects 30% decline in both land sales and property starts.

No seasonal pickup in domestic EV, improved clarity on returns in ESS power station

Seasonal demand pickup in EV sales remains absent, versus the typical 30-40% MoM increase in the past, according to an EV dealer in Jiangsu of a top brand. The local government subsidy that restarted in September at the regional levels have also failed to generate interests. The dealer noted the weakness is more prevailing in the high-end segments, than lower-ends. On the supply side, competition remains intense, yet selected product innovation has been impressive, including potential new models featuring over 1,000km in range, and product with distinct performance, such as Flash Charging, are seeing distinctive strong orderbook trend, with 2-3 months of backlog. Export is strong across all ex-China regions excluding the US.

ESS battery orderbook remains strong, while capacity utilization is tight at present, and production plan is full into 1Q27, according to select battery makers. A producer commented on strong demand, indirectly through the integrators. Nevertheless, the capacity expansion targets are aggressive for the battery maker we visited, from 52Gwh at present, to 100Gwh by 1Q27. Lithium price move is incorporated in the pricing mechanism since end of 2025.

For ESS power station investment, comparing to half a year ago, industry policy has become more clear in terms of compensation mechanisms on capacity remuneration, peak shaving and frequency regulation, according to an operator which invests in numbers of ESS power stations. The deregulation of the power spot market has led to more divergent performance and return among the ESS assets of the industry. Investment interest in ESS assets remains robust across the industry, but the detailed terms of the local government and oversupply in Chinese power sector may hinder or deter the pace of project installation, despite large numbers of land-grabbing activities (跑马圈地), according to the feedback.

Steel - very weak construction and CRC market, elevated met coal and coke costs

Steel demand is not as bad as industry participants earlier perceived, but the picture is exacerbated by the depressed steel margin, according to the steel mills. On a relative basis, sections related to infrastructure and factory buildings is weaker yoy, 20-30% lower based on number of customers. CRC demand is notably soft. Combined with more supply expansions, mills and traders highlighted higher than normal steel product inventory in the supply chain, and poor trend in spread versus HRC in the peak season. The high raw material costs, in particular met coal and coke, has led to depressed unit profit from negative Rmb100/t to positive Rmb30/t, but not deep enough to trigger meaningful supply response.

The supply policy setback

The discussion with the macro speaker suggests a setback in supply policy versus a year ago, as the deflationary pressure eases, and social impact comes more in discussion. The approaches are to be more relied on capacity upgrade and consolidation, rather than potential supply exits that was in focus a year ago, including sectors such as cement and steel. Carbon emission, with a 17% reduction target over the 15-5 year plan, is not likely to be coordinated with the supply work. On the other hand, there would be ongoing window guidance in price monitoring and capacity additions, when potential future supply based on planned and under construction capacity become too aggressive for an industry - the speaker noted battery, ESS power station, coal, and local AI related industrial base may fall into the category.

The bull case in copper - stranded scrap, non sustainable TC, and supportive end users

China domestic copper scrap supplies 2.8mnt of copper in scrap each year, meeting 14% of Chinese demand, but has seen major disruption since 2Q26. Our visit takeaways from Jiangxi suggest an estimated 500kt of annual copper in scrap would remain stranded for an extended period, given the enforcement of the VAT invoice regulation, as the bottleneck between collectors and processors persists, mostly due to lack of legitimate individual collectors (natural person). What surprised us is that the profitability in the domestic copper scrap collection implies the required Rmb5mn revenue limit for a natural person in copper scrap collection business cannot be met under the current regulatory framework. The potentially more depressed TC/RC for 2027E may also lead to additional downside risk in Chinese smelter production, based on the feedback.

Domestic copper scrap - the stranded issue due to specialization

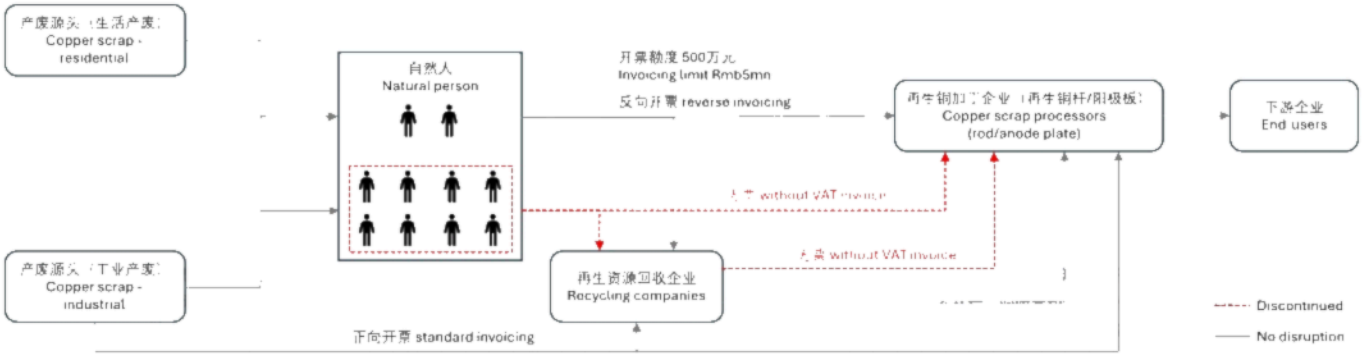
Tightening inspections to reverse invoicing and elimination of local government subsidy since 2Q26 has led to disruptions to the normal flow of domestic copper scrap. One major metal consultant expects copper scrap processing volume to decline by 400-500kt in 2026E, and conditions may stabilize in 2027E with rising compliance rate of invoiced scrap.

Strict invoicing requirements have led to bottlenecks between individual collectors and traders and copper processors. The rising price spread between refined copper and scrap has indicated escalating compliance cost are being passed to upstream including individual collectors and other scrap collectors. Nevertheless, this price adjustment cannot fully resolve the bottlenecks the scrap supply chain is facing:

1. Scrap supply chain cannot absorb the cost increase to meet compliance requirement, which in most cases would imply tax equivalent to 40% of the copper price,
2. Potential retroactive tax investigations into historical non-compliant records that many small to medium companies may face once moving to invoiced system,
3. The annual reverse invoicing quota of Rmb5mn per individual collector inherently caps the copper scrap collection volume at 45t under the current copper price, generating less than Rmb10k profit a year for each natural person, not a viable business size for small businesses.

Resolving these structural bottlenecks will likely take a multi-year restructure of domestic scrap supply chain, shifting from current small-scale, highly fragmented and single-product model towards large-scale, multi-commodity, and comprehensive recycling platforms.

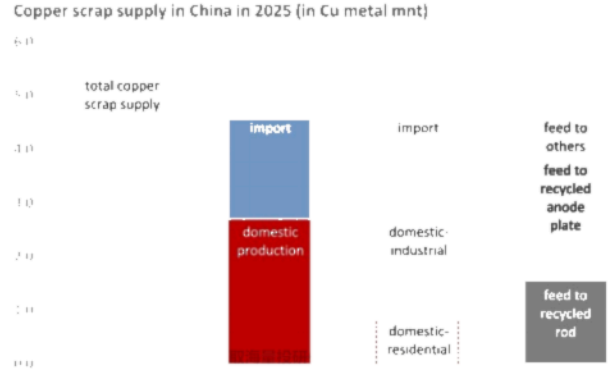
Exhibit 1: Copper scrap recycling supply chain - the change in the tax system has led to bottlenecks between individual collectors (natural person) and processors



Source: Fubao, Goldman Sachs Global Investment Research

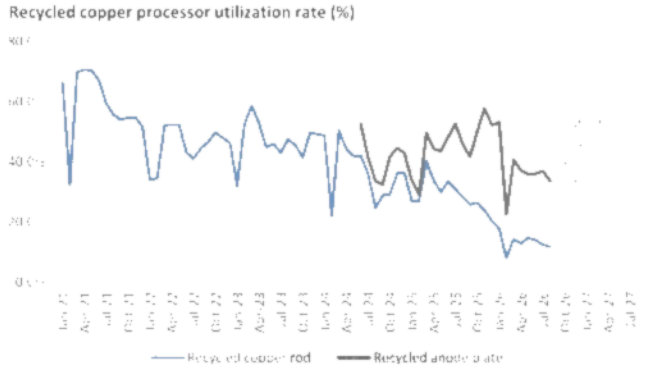
The operating conditions of the scrap processing companies we visited varied. There are producers struggling with less scrap purchase due to scrap invoicing bottlenecks, thus seeing large reduction of their production by nearly 1/3 and potentially further lower to 1/2 in the coming months; there are also producers who were able to maintain the production, yet with poor profitability, as the companies switched to invoiced scrap purchase with 13% VAT. On the other hand, diversified scrap processing is usually in better operating condition, as the upstream collectors handle multiple scrap including aluminium, steel and minor metals - a much more viable business model, and potential long term solution for Chinese copper scrap. However, the number of operator as such remain very limited at present.

Exhibit 2: In 2025, 41% of China's copper scrap supply came from imports, and the majority of copper scrap was consumed in the production of recycled copper rod and copper anode plates



Source: SMM, Fubao, Goldman Sachs Global Investment Research

Exhibit 3: Recycled copper processor utilization rate - copper rod and anode plate output declined 31-67% in volume versus the prior normal levels



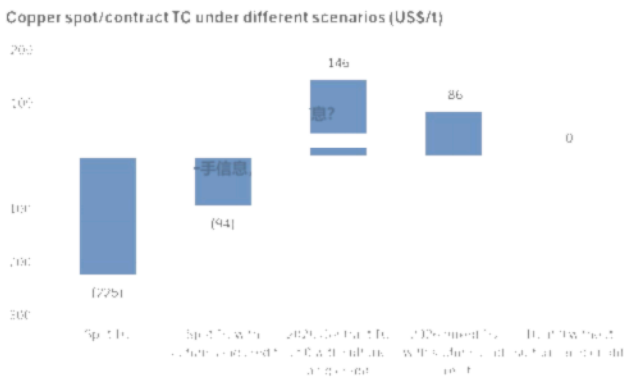
Source: SMM, Goldman Sachs Global Investment Research

Risk at smelter - TC negotiation

Our discussion with a domestic copper smelter suggests under current TC of negative at US$-200/t, unit loss for Chinese smelters have exceeded Rmb10k/t, partly offset by Rmb3k/t credit income from sulfuric acid. Return of copper smelter from maintenance will be further delayed under the current deep loss and raw material tightness in both copper concentrate and scrap supply - domestic refined copper production is likely to decline in 4Q26E and 2027E. Additionally, the ongoing declining and negative spot TC poses risk of lower contract TC in 2027E, could lead to deeper production cuts by

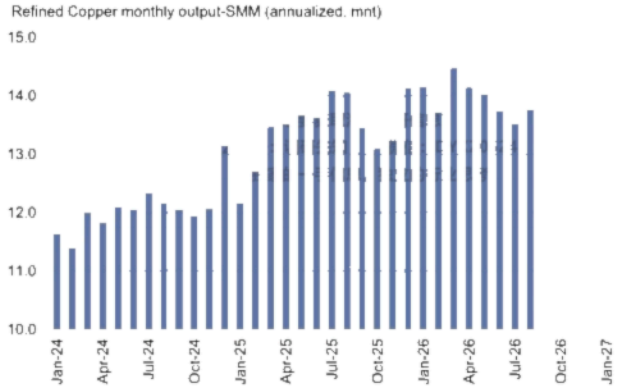
domestic and overseas smelters next year. We estimate spot TC is negative at US$-225/t to US$-94/t while contract TC is still profitable at US$146/t if including credit from sulfuric acid. Therefore, the speaker remains bullish on SHFE copper price outlook.

Exhibit 4: Smelters are in deep loss at spot TC, but profitable under contract TC, thus will see worse profitability if at TC of zero with no sulfuric acid credit



Source: SMM, Goldman Sachs Global Investment Research

Exhibit 5: China refined copper monthly output declined 2-4% yoy in July-August 2026, or 290-570kt decline in annualized terms



Source: SMM, Goldman Sachs Global Investment Research

Demand and trader's view

A major copper cable manufacturer's orderbook was up 10% yoy in 9M26 but copper consumption was down 9% yoy in the same period. Positive demand growth was observed in datacenter, shipbuilding, wind and export, while demand was negative in high-voltage power cable used by grid, mid-voltage power cable mostly used in infrastructure, and low voltage power cable mostly used in property. Grid orderbook is yet to see any improvement in September likely due to elevated copper price. Its aluminium consumption growth is likely to slow down to 10% yoy in 2026E, from 50% yoy in 2025 due to declining solar orderbook and limited room for further aluminium substitution of copper. Downstream user accepted copper price is around Rmb105k/t.

A domestic metal trader estimates DRC copper production cut reached 0.2mnt on an annualized basis due to rising sulfur prices post middle-east conflict, mostly from non-integrated SXEW refiners under deteriorating margin. Copper production growth in DRC has decelerated this year and failed to fully offset weaker production in other major producing countries. Combined with a tightening scrap supply, this has led to tighter global copper supply. Therefore, the trader is more bullish on copper price outlook versus aluminium given the different supply profile - aluminium supply is accelerating and will impact the market either in 2027E or 2028E. The trader expects copper price to reach US$15k/t in 2027E with potential upside risk in the event of further supply-side disruptions.

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The return of the coal supply

Coal production has been depressed since the Shanxi accident took place in May (link), due to more stringent safety controls, with monthly coal output sitting at 11% below the levels in earlier part of year. However, with end user thermal coal price reaching above Rmb1,000/t in QHD5500, the security of coal production to ensure safe and stable coal supply has come back to focus. Our discussion with local coal mines in Shanxi, and the coal association, suggests the policy effort in revamp the coal production is underway, faster than expected.

Based on the discussion, we estimate while the contribution from the restart of suspended capacity maybe limited, swing in the output of local SOEs, in particular Shanxi, and the rampup of mines completing construction could boost current production by over 500mnt (11% of the market), with additional 8% room to further stretch the coal production when needed. In the near term, local small coal mines/washing plants have started destocking on the back of policy release of "ensure safe and stable coal production and supply" circular by NEA and NDRC on Sep 18th, and selected local counties in Shanxi have issued new policy permitting producers to return to 1/12 of the capacity on monthly basis. The move would impact both thermal and met coal supplies.

Imported coal would also be encouraged in the period. However, room for higher thermal coal import from Indonesia is limited, based on our discussions. On met coal imports, China and Mongolia have stepped up to improve the cross-border logistics. While trucking costs in Mongolia have risen alongside diesel prices, both parties have introduced several measures, including 1) higher adoption of electric heavy-duty trucks, and 2) expanded access for Chinese trucks to operate directly within designated transport corridors inside Mongolia. According to the association, met coal imports from Mongolia are likely to exceed 100mnt in 2026E, versus current level of 53mnt in 8M26A.

All speakers were cautious on coal prices, expecting thermal coal price to correct to Rmb800-850/t from the current level, while expected correction in met coal price could be deeper.

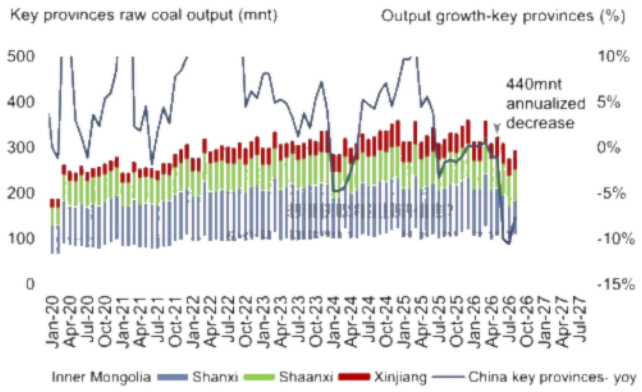
Exhibit 6: Incremantal capacity changes could boost 11% capacity addition from the current level, with additional 8% room to further stretch the coal production when needed

Changes in capacity (annualized)

	Probable	Potential	Details
	mnt	mnt	
4Q26	182	273	Potentially granting return of 100%-130% of capacity, leading to significant changes of SOE production
4Q26	60	-	Accelerating restart of suspended mines, on the back of recent NDRC circular
Subtotal-4Q26	**242**	**273**	
1H27	280	-	Coal mines completing construction with 280mnt in total capacity, in joint trial commissioning in 1H27E
1H27	-	120	Up to 30% increase as reserve capacity to the new 400mnt capacity, if needed
Subtotal-1H27	280	120	
Total	522	393	
as % of total CN	11%	8%	

Source: Coal Association, Company data, Goldman Sachs Global Investment Research

Exhibit 7: Coal output in key provinces in recent two months decreased by 11% or 440mnt (annualized) compared to normal level



Source: CEIC, Goldman Sachs Global Investment Research

Our discussion with an expert in Shanxi environment service suggests regulatory oversight remains elevated, with enhanced monitoring, third-party inspections and internal compliance reviews limiting broad-based capacity releases. While private coal mine owners remain cautious on exceeding approved production levels, SOEs (accounting for c.70% of Shanxi coal capacity) would likely shoulder the majority of supply-security related production increase. By 9M26, SOE mines have reached around 70% of their annual approved production targets and subject to regulatory approval, selected mines could operate at up to 130% of approved capacity to fulfill supply-security obligations.

A local Shanxi met coal washing plant saw market sentiment shift sharply following the release of "ensure safe and stable coal production and supply" circular by NEA and NDRC on Sep 18th. Based on the plant's observations, nearby coal mines have modestly increased capacity utilization from 40-50% previously to around 50-60% currently, driven by expectations that authorities may allow higher production under upcoming supply-security measures.

Our discussion with industry association indicates that around 280mnt of coal capacity currently in the joint trial commissioning stage could gradually ramp up in 1H27E. In addition, capacity recertification could contribute a further 120mnt of reserve capacity, assuming a 30% capacity increase on approximately 400mnt of projects under construction. In the longer run, expansion from Xinjiang and associated rail transport would add a further of 120mnt potential capacity.

Aluminum supply - capacity policy, Yunnan hydropower and El Niño

Our discussions with the association reviewed the formulation of Chinese capacity-cap policy nearly 10 years ago, and suggest the cap to remain intact. Metal traders commented on minor delays at new Indonesia expansions, and uncertainty led by recent ODI changes. However, timing aside, supply risk will persist in traders' view.

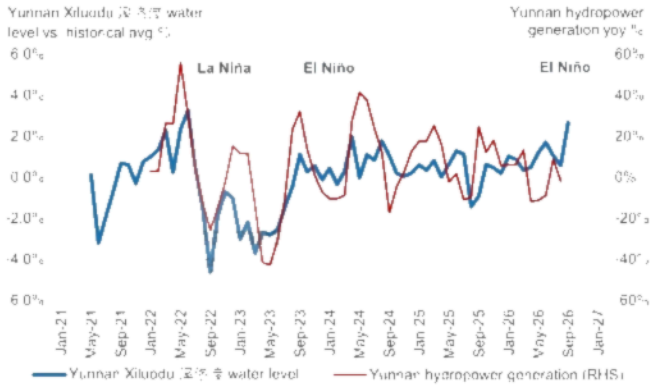
In the near-term, with a super El Niño in the making, we also discussed potential risk to Yunnan hydro power and its potential impact on local aluminium production - the feedback from the local power expert suggests a moderate risk in 1Q27E, with weaker hydro and water resources in 4Q26 under El Niño, partly offset by more contribution of solar/wind power generation. The shortfall is unlikely to be as severe as in 2023, when a more severe drought took place due to La Niña.

Yunnan hydro and aluminum production

We met with a Yunnan power expert to discuss the potential impact of El Niño to Yunnan hydropower in coming winter and low hydro season. The expert expects the peak risk window of El Niño impact on Yunnan's hydropower generation could be in 1Q27E, but pending on several other factors including water level by end of Oct-26. As El Niño typically brings more water in the summer but drier in the winter, healthy water storage level through September to October period would lower the risk of severe winter power shortage. According to the expert, current hydrological conditions remain weaker than last year, with the latest Nuozhadu (糯扎渡) inflow at around 3,700 m^3/s (vs. c.7,000 m^3/s during the same period in 2025), although the water level is still in the range of normal year at present.

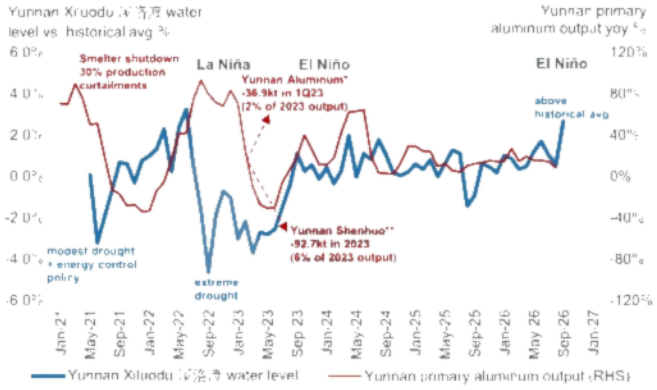
Unlike severe shortages in 2022-23, the overall impact on Yunnan's total power supply is expected to be manageable due to substantial new capacity addition of wind and solar capacity. In a power shortage scenario in 2022-23, Yunnan would prioritize local residential power demand, West-to-East power transmission commitment and high value added industries such as poly-silicon.

Exhibit 8: Yunnan hydropower generation vs. Xiluodu (溪洛渡) water level during recent La Niña and El Niño events – more prevailing impact during La Niña than El Niño



Source: NBS, Changjiang Hydrology, Goldman Sachs Global Investment Research

Exhibit 9: Yunnan primary aluminum output vs. Xiluodu (溪洛渡) water level – major cuts in 2021 (mostly on energy control policy) and 2023 (extreme drought in La Niña)



Note: *Yunnan Aluminum: 36.9kt below the original plan in 1Q23, equivalent to 2% of 2023 total output.; **Yunnan Shenhuo: 92.7kt output decline in 2023 represents 6% of Shenhuo Group's 2023 aluminum output.

Source: NBS, Changjiang Hydrometry, SMM, Goldman Sachs Global Investment Research

Discussions about aluminum capacity

On the broader supply side, the speaker from the Association who took a lead role in formulating the capacity cap policy in 2017 believes the policy cap remains intact at 45mnt, based on aggregated approval of production lines. Nevertheless, the speaker would not be too surprised to see higher numbers, given aluminium production can be boosted by 5-10% above designed capacity by increasing the current, at the expense of shortening servicing life of electrolytic cells and rising usage of anode. In addition, domestic recycled aluminium supply is expected to accelerate in 5 years and could potentially exceed 30mnt output per year, from current 17mnt (including import).

A domestic major metal trader observed a minor delay in launching new aluminium projects in Indonesia, with 550kt capacity pushed from 4Q26E to 1Q27E due to China's new ODI policy and power equipment delivery delays - likely reducing Indonesia's aluminium output growth by 0.13mnt in 2026E and 0.43mnt in 2027E versus our estimates of 1.1-1.8mnt output growth in 2026-27E for Indonesia aluminium expansions.

ODI - same regulation, stricter compliance

We met with two specialists on the potential impact of recent changes in regulations on overseas investments by Chinese resource companies. The change took place on July 1, 2026 with the publication of State Council Order No. 837, imposing uncertainties in both timing and constrains for Chinese overseas projects in the sector.

The discussion with the experts suggests the approval process at MOFCOM will remain largely unchanged, while timelines at the NDRC may be extended due to the requirement for more comprehensive project assessments. One speaker observed a pause in process recently for applications, while the other speaker commented stricter compliance to the regulations, amid the same regulation, may lead to changes in the approvals for selected projects.

For the mining and resource sectors, the new ODI regulation remains largely supportive, particularly for strategic resources. The discussion pointed to less disruption in copper, aluminum, uranium; however, lithium conversion processing and rare earth mining are subject to regulatory export control, while rare earth separation and refining are strictly prohibited from being transferred overseas.

Both specialists commented the new ODI regulation is not intended for the government to restrict Chinese enterprises' outbound investment, but rather to introduce a more effective mechanism to manage and safeguard Chinese outbound investment. Specifically, both specialists commented on the rationale behind the regulatory changes:

- China's outbound investment has ranked third globally for nine consecutive years, while overseas mining M&A reached US$22bn in 2025, or 25% of the global total, per the expert.
- The previous ODI regulations were largely issued at the ministerial level, whereas the new ODI regulation has been elevated to the level of an administrative regulation issued by the State Council.
- Against a backdrop of rising geopolitical risks, as well as some newly issued restrictive mining policies by various countries, the new ODI regulation aims to safeguard stable operations and foster a more predictable investment environment. The new ODI regulation is designed to give Chinese enterprises a channel to escalate overseas project issues to the government, enabling the government to assist them and reduce potential discrimination against Chinese companies.

The speaker also commented key areas for more comprehensive approvals, including removal of the US$300mn threshold, with all projects involving sensitive countries or sectors subject to approval regardless of size; a new pre-investment reporting requirement for overseas investments above US$100mn; introduction of national security reviews, particularly for strategic mineral projects; enhanced ongoing supervision through annual reporting, project completion/termination filings and reporting of major adverse events; strengthened enforcement measures, including financial penalties and executive accountability; regulatory oversight of cross-border transfers of related data; extension of the regulatory framework to individual residents, commented by one speaker.

Exhibit 10: Examples of high-risk countries based on Sinosure's assessment of political stability, economic and financial conditions, and social development

Country risk level*	Country list
Highest risk	**Afghanistan**, Central African Republic, Somalia, Yemen, Syria, Haiti
Very high risk	**DRC**, **Mali**, **Zambia**, **Zimbabwe**, **Sudan**, Chad, **Niger**, South Sudan, Libya, Guinea-Bissau, Ukraine, Burundi, North Korea
High risk	**Guinea**, **Myanmar**, **Eritrea**, **Mozambique**, **Uganda**, Ethiopia, Gabon, **Côte d'Ivoire**, Mauritania, Iraq, Iran, **Papua New Guinea**, Venezuela, **Ecuador**, Madagascar, **Kyrgyzstan**, Saint Lucia, Equatorial Guinea, **Sierra Leone**

***Quoted from Sinosure's 2025 Country Risk Analysis Report (中国出口信用保险公司-2025国家风险分析报告)**

Note: 1) Red highlights example countries where Chinese companies have mining project exposure (list is not exhaustive); 2) Country risk represents the potential for losses and uncertainty arising from host-country events that lead actual economic outcomes to differ from expected outcomes. Key determinants of country risk include political stability, economic and financial conditions, social development, and the business environment, etc. (from Sinosure's 2025 Country Risk Analysis Report)

Source: Sinosure, Company data, Data compiled by Goldman Sachs Global Investment Research

Exhibit 11: Selected mining-related resources and technologies subject to export prohibitions or regulatory controls - based on MOFCOM official announcements

Relevant mining resources/technologies	Official documents
Prohibited	
1) Rare earth extraction and separation technologies *稀土萃取分离工艺技术* 2) Rare earth metals and alloy materials production technologies *稀土金属及合金材料的生产技术* 3) Samarium-cobalt, NdFeB and cerium magnets manufaturing technologies *钐钴、钕铁硼、铈磁体制备技术* 4) Rare earth calcium oxyborate manufaturing technology *稀土硼酸氧钙制备技术*	MOFCOM MOST - Catalogue of technologies prohibited or restricted from export (2023) *商务部 科技部《中国禁止出口限制出口技术目录》(2023)*
Constrained	
Rare earth mining, benefication and refining technologies (excluding technologies already classified as prohibited for export) *稀土的采矿、选矿、冶炼技术（已列入禁止出口的技术除外）*	MOFCOM MOST - Catalogue of technologies prohibited or restricted from export (2023) *商务部 科技部《中国禁止出口限制出口技术目录》(2023)*
1) Spodumene conversion technology to lithium carbonate/hydroxide *锂辉石提锂生产碳酸锂/氢氧化锂技术* 2) Lithium metal, alloys and materials manufaturing technologies *金属锂（合金）及锂材制备技术* 3) Lithium extraction technologies from brine and the preparation of purified lithium-bearing solutions *卤水提锂技术, 含锂净化液制备技术*	MOFCOM - Revision to Catalogue of technologies prohibited or restricted from export (2025) *商务部 关于调整发布《中国禁止出口限制出口技术目录》的公告 (2025)*
1) Rare earth elements (samarium, gadolinium, terbium, dysprosium, lutetium, scandium, yttrium) related items *稀土(钐、钆、铽、镝、镥、钪、钇)相关物项* 2) Selected Tungsten and Molybdenum-related materials and manufaturing technologies *部分钨/钼相关材料及生产技术* 3) Lithium isotope separation facilities, plants, systems and equipment *锂同位素分离设施、工厂、系统和设备*	MOFCOM, China Customs - China's 2026 Dual-Use Export Control Catalogue *商务部 海关总署 2026年度《两用物项和技术进出口许可证管理目录》*

Source: Ministry of Commerce of the People's Republic of China, Data compiled by Goldman Sachs Global Investment Research

Earnings revision and downgrading coal

With coal price and supply security back to focus, policy effort to revamp the coal production is taking place at faster pace than expected, amid the deep cuts due to safety enforcement. The swing in Shanxi SOE production provides much room to ease the tight coal markets in 4Q26, and potentially overshoot by 1H27, and there are early indications of the policy easing. We now forecast benchmark Chinese thermal coal price, spot QHD5500kCal to average at Rmb750/t in 2027E versus our prior assumptions of Rmb850/t.

We cut Chinacoal earnings estimates by 8%-19% for 2027-2028E mainly to reflect our lower coal prices assumptions for QHD5500 and Hebei met coal. Our revised 12M TPs for Chinacoal-H/A are HK$12.5/sh and Rmb16.0/sh (from HK$17.5/sh and Rmb22.0/sh) as we roll our valuation base from 2026E to 2027E. We downgrade Chinacoal-H/A to Neutral from Buy as we view valuation for Chinacoal-H/A as fair in the context of its historical trading range. Chinacoal-H/A are currently trading at 7.8x/11.7x PE for 2027E versus its historical average level of 2.0x-10.0x/5.0x-15.0x. Our new TPs for Chinacoal-H/A imply 17%/13% upside vs 11% average upside for our commodities coverage. Our earnings forecasts are 10-11% below LSEG Data & Analytics consensus for 2027E-2028E, likely driven by our lower coal price assumptions. At 37% payout assumption, we expect dividend yield at 4.8% for Chinacoal-H and 3.2% for Chinacoal-A on 2027E.

Since adding Chinacoal-H to our Buy list on Jan 5th, 2026, the share price has increased 7.5% vs. Hang Seng Index down by 6.5%. Since adding Chinacoal-A to our Buy list on Jan 5th, 2026, the share price has increased 13% vs. Shanghai Composite Index down by 5%.

Key risks for Chinacoal-H/A: 1) Higher/lower-than-expected coal prices, driven by changes in coal supply-demand fundamentals and government price-control measures, which could materially affect the company's revenue, earnings, and cash flow generation; 2) A faster/slower-than-expected pace of renewable energy substitution, which could result in stronger/weaker-than-expected coal demand and affect the long-term utilization and profitability of the company's coal operations; 3) Higher/lower oil prices, which could affect margins and earnings contribution from the coal chemical segment through their impact on chemical product pricing and profitability; 4) More/less production disruptions related to safety and environmental inspections, which could affect production volumes, cost performance, and the company's ability to meet its production targets; 5) Faster/slower-than-expected project ramp-up of new mines, including the Libi and Weizigou mines, which are key drivers of the company's production growth strategy and could materially affect future sales volume expansion and earnings growth.

We cut Yankuang earnings estimates by 15%-17% for 2027-2028E mainly to reflect our lower coal prices assumptions for QHD5500 and China PCI. Our revised 12M TPs for Yankuang-H/A are HK$10.0/sh and Rmb14.0/sh (from HK$14.0/sh and Rmb18.0/sh) as we roll our valuation base from 2026E to 2027E. We downgrade Yankuang-H to Sell from Neutral given weakness in fundamentals relative to valuation (with -14% downside vs. 11% average upside for our commodities coverage). We keep Yankuang-A at Sell. Our earnings forecasts are 34-39% below LSEG Data & Analytics consensus for 2027E-2028E, likely driven by our lower coal price assumptions. At 59% payout

assumption, we expect dividend yield at 5.3% for Yankuang-H and 2.7% for Yankuang-A on 2027E.

Upside risks/What could make us more turn more positive on Yankuang-H/A: 1) Higher-than-expected coal prices in domestic and international markets, resulting from a tighter-than-expected supply demand balance, which could drive stronger realized coal prices and lead to higher-than-expected margins and earnings; 2) Slower-than-expected renewable energy replacement in the domestic market, which could support stronger coal power generation demand and result in higher-than-expected coal consumption and profitability; 3) Higher oil prices, driven by persistent supply disruptions or tighter energy market conditions, which could support chemical product prices and lead to higher-than-expected margins and earnings from the coal chemical segment; 4) Supply disruptions at domestic coal mines due to safety or environmental inspections, which could tighten market fundamentals, support coal prices and enhance company's profitability; 5) Faster-than-expected project ramp-up of new mining, as well as potential asset injections from the parent company, which could accelerate production growth, expand sales volumes, and provide upside to earnings expectations.

We cut Shenhua earnings estimates by 8%-9% for 2027-2028E after incorporating our lower coal prices assumptions. Our revised 12M TPs for Shenhua-H/A are HK$42.0/sh and Rmb45.0/sh (from HK$43.0/sh and Rmb46.0/sh) as we roll our valuation base from 2026E to 2027E. We maintain Shenhua-H/A at Neutral/Neutral.

Exhibit 12: Earnings and TP changes summary - China coal coverage

Company	Ticker	Price	Target Price New	Target Price Old	Chgs	Rating New	Rating Old	Upside	Mkt cap	EPS (rpt ccy/sh)			EPS vs Prior			EPS vs Consensus		
Price as of 28-Sep-2026		Tccy	Tccy	Tccy	%				US$ bn	26E	27E	28E	26E	27E	28E	26E	27E	28E
Coal																		
Shenhua-H	1088.HK	45.08	42.00	[illegible]	-2%	NEUTRAL	[illegible]	-7%	115.9	2.974	2.582	2.633	0%	-9%	-8%	3%	-9%	-7%
Shenhua-A	601088.SS	48.39	45.00	[illegible]	-2%	NEUTRAL	[illegible]	-7%	148.7	2.974	2.582	2.633	0%	-9%	-8%	2%	-11%	-9%
Chinacoal-H	1898.HK	10.66	12.50	[illegible]	-29%	NEUTRAL	[illegible]	17%	17.6	1.411	1.210	1.259	-2%	-19%	-8%	3%	-11%	-10%
Chinacoal-A	601898.SS	14.18	16.00	[illegible]	-27%	NEUTRAL	[illegible]	13%	27.7	1.411	1.210	1.259	-2%	-19%	-8%	0%	-16%	-15%
Yankuang-H	1171.HK	11.68	10.00	[illegible]	-29%	SELL	[illegible]	-14%	14.8	1.391	0.906	0.844	0%	-17%	-15%	-14%	-34%	-40%
Yankuang-A	600188.SS	19.66	14.00	[illegible]	-22%	SELL	[illegible]	-29%	29.6	1.391	0.906	0.844	0%	-17%	-15%	-12%	-40%	-50%

Source: Company data, LSEG Data & Analytics, Goldman Sachs Global Investment Research

Exhibit 13: Financial summary - Chinacoal

Profit model (Rmb mn)	12/25	12/26E	12/27E	12/28E
Total revenue	148,056.7	153,869.0	149,423.1	150,417.9
Cost of goods sold	(118,224.5)	(119,602.2)	(118,997.4)	(119,499.0)
SG&A	(7,840.8)	(6,920.3)	(7,005.9)	(7,046.8)
R&D				
Other operating profit/(expense)	262.8	262.8	262.8	262.8
EBITDA	33,167.5	39,415.8	35,506.2	36,038.5
Depreciation & amortization	(10,913.4)	(11,806.5)	(11,823.6)	(11,903.6)
EBIT	22,254.2	27,609.4	23,682.6	24,134.9
Interest income	146.4	146.8	156.3	160.0
Interest expense	(2,149.1)	(1,972.2)	(1,784.3)	(1,341.5)
Income/(loss) from uncons. subs.	2,029.8	2,538.9	2,496.8	2,453.2
Others	0.0	0.0	0.0	0.0
Pretax profits	22,281.3	28,322.9	24,551.4	25,406.6
Income tax	(4,407.4)	(6,530.2)	(5,660.6)	(5,857.8)
Minorities	(3,376.8)	(3,080.7)	(2,847.5)	(2,862.6)
Net income pre-preferred dividends	14,497.1	18,712.0	16,043.3	16,686.2
Preferred dividends				
Net income (pre-exceptionals)	14,497.1	18,712.0	16,043.3	16,686.2
Post-tax exceptionals				
Net income	14,497.1	18,712.0	16,043.3	16,686.2
EPS (basic, pre-except) (Rmb)	1.09	1.41	1.21	1.26
EPS (basic, post-except) (Rmb)	1.09	1.41	1.21	1.26
EPS (diluted, post-except) (Rmb)	1.09	1.41	1.21	1.26
DPS (Rmb)	0.38	0.52	0.45	0.47
Dividend payout ratio (%)	35%	37%	37%	37%
Free cash flow yield (%)	6%	8%	14%	15%

Balance sheet (Rmb mn)	12/25	12/26E	12/27E	12/28E
Cash & equivalents	77,234.9	87,481.2	87,941.9	91,535.7
Accounts receivable	8,287.0	8,612.4	8,363.5	8,213.2
Inventory	6,995.0	7,076.5	7,040.7	6,743.0
Other current assets	22,327.7	22,774.2	23,229.7	23,694.3
Total current assets	114,844.7	125,944.3	126,575.8	130,186.2
Net PP&E	149,543.9	159,063.5	153,239.9	147,336.3
Net intangibles	45,948.5	45,910.0	45,872.2	45,835.1
Total investments	34,360.1	34,360.1	34,360.1	34,360.1
Other long-term assets	25,820.5	25,820.5	25,820.5	25,820.5
Total assets	370,517.7	391,098.3	385,868.5	383,538.2
Accounts payable	24,275.5	26,071.6	25,727.6	26,311.0
Short-term debt	25,492.1	26,430.3	20,545.9	14,772.3
Other current liabilities	57,555.7	56,692.4	55,842.0	55,004.4
Total current liabilities	107,441.8	109,312.7	102,234.0	96,206.2
Long-term debt	45,270.1	46,936.2	36,486.4	26,233.3
Other long-term liabilities	16,241.6	16,566.4	16,897.7	17,235.7
Total long-term liabilities	62,234.0	64,224.9	54,106.5	44,191.4
Total liabilities	169,675.8	173,537.7	156,340.5	140,397.5
Preferred shares				
Total common equity	160,365.8	174,003.8	183,123.7	193,873.8
Minority interest	40,476.1	43,556.8	46,404.3	49,266.8
Total liabilities & equity	370,517.7	391,098.3	385,868.5	383,538.2
BVPS (Rmb)	12.1	13.1	13.8	14.6

Growth & margins (%)	12/25	12/26E	12/27E	12/28E
Sales growth	-22%	4%	-3%	1%
EBITDA growth	-18%	19%	-10%	1%
EBIT growth	-26%	24%	-14%	2%
Net income growth	-20%	29%	-14%	4%
EPS growth	-20%	29%	-14%	4%
Gross margin	20%	22%	20%	21%
EBITDA margin	22%	26%	24%	24%
EBIT margin	15%	18%	16%	16%

Ratios	12/25	12/26E	12/27E	12/28E
CROCI (%)	11%	11%	10%	10%
ROE (%)	9%	11%	9%	9%
ROA (%)	4%	5%	4%	4%
ROACE (%)	10%	12%	10%	10%
Inventory days	22.8	21.5	21.7	21.1
Receivables days	24.3	20.0	20.7	20.1
Payable days	79.3	76.8	79.4	79.5
Net debt/equity (%)	-3%	-6%	-13%	-20%
Interest cover - EBIT (X)	11.1	15.1	14.5	20.4

Cash flow statement (Rmb mn)	12/25	12/26E	12/27E	12/28E
Net income pre-preferred dividends	14,497.1	18,712.0	16,043.3	16,686.2
D&A add-back	10,913.4	11,806.5	11,823.6	11,903.6
Minorities interests add-back	3,376.8	3,080.7	2,847.5	2,862.6
Net (inc)/dec working capital	(904.3)	79.4	(1,365.2)	(270.7)
Other operating cash flow	1,908.9			
Cash flow from operations	29,791.9	33,678.6	29,349.2	31,181.6
Capital expenditures	(19,921.0)	(21,326.0)	(6,000.0)	(6,000.0)
Acquisitions				
Divestitures				
Others	(1,993.9)	363.4	369.1	375.0
Cash flow from investments	(30,925.4)	(20,962.6)	(5,630.9)	(5,625.0)
Dividends paid (common & pref)	(6,354.6)	(5,074.0)	(6,923.4)	(5,936.0)
Inc/(dec) in debt	7,189.1	2,604.2	(16,334.1)	(16,026.7)
Common stock issuance (repurchase)				
Other financing cash flows	3,819.7	90.1	90.1	90.1
Cash flow from financing	(4,046.1)	(2,469.7)	(23,257.6)	(21,962.7)
Total cash flow	3,430.7	10,246.2	460.7	3,593.8

Valuation	12/25	12/26E	12/27E	12/28E
P/E (analyst) (X)	7.9	6.3	7.4	7.1
P/B (X)	0.7	0.7	0.6	0.6
EV/EBITDA (X)	4.5	3.8	3.8	3.3
EV/GCI (X)	0.5	0.5	0.4	0.4
Dividend yield (%)	4%	6%	5%	5%

Note: Last actual year may include reported and estimated data.

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 14: Financial summary - Yankuang

Profit model (Rmb mn)	12/25	12/26E	12/27E	12/28E
Total revenue	133,339.5	147,578.5	141,418.9	139,128.7
Cost of goods sold	(99,696.5)	(107,820.9)	(106,665.9)	(106,215.9)
SG&A	(18,221.0)	(15,160.4)	(15,588.5)	(15,588.5)
R&D				
Other operating profit/(expense)	5,556.0	4,584.1	2,415.6	2,249.5
EBITDA	33,473.9	43,506.5	38,337.1	36,393.0
Depreciation & amortization	(15,385.1)	(15,837.8)	(16,101.2)	(15,997.3)
EBIT	23,404.3	32,012.4	24,411.1	22,404.8
Interest income	1,482.2	846.5	854.1	687.9
Interest expense	(5,577.9)	(4,964.7)	(4,654.5)	(3,905.6)
Income/(loss) from uncons. subs.	2,426.5	2,831.0	2,831.0	2,831.0
Others	0.0	0.0	0.0	0.0
Pretax profits	19,308.7	27,894.2	20,610.7	19,187.1
Income tax	(4,419.8)	(5,500.6)	(4,800.0)	(4,372.5)
Minorities	(6,365.6)	(8,432.7)	(6,731.3)	(6,352.7)
Net income pre-preferred dividends	8,523.3	13,961.0	9,079.5	8,461.9
Preferred dividends				
Net income (pre-exceptionals)	8,523.3	13,961.0	9,079.5	8,461.9
Post-tax exceptionals				
Net income	8,523.3	13,961.0	9,079.5	8,461.9
EPS (basic, pre-except) (Rmb)	0.85	1.39	0.91	0.84
EPS (basic, post-except) (Rmb)	0.85	1.39	0.91	0.84
EPS (diluted, post-except) (Rmb)	0.85	1.39	0.91	0.84
DPS (Rmb)	0.50	0.82	0.53	0.50
Dividend payout ratio (%)	59%	59%	59%	59%
Free cash flow yield (%)	1%	10%	9%	9%

Balance sheet (Rmb mn)	12/25	12/26E	12/27E	12/28E
Cash & equivalents	26,676.6	36,477.0	27,435.0	19,860.2
Accounts receivable	12,355.3	13,674.6	13,103.9	12,891.7
Inventory	7,564.6	8,181.1	8,093.4	8,059.3
Other current assets	79,849.2	79,849.2	79,849.2	79,849.2
Total current assets	126,445.6	138,181.9	128,481.5	120,660.4
Net PP&E	166,606.3	173,824.6	170,841.0	167,857.4
Net intangibles	97,647.3	94,422.2	91,304.7	88,291.0
Total investments	53,993.7	53,993.7	53,993.7	53,993.7
Other long-term assets	7,279.4	7,279.4	7,279.4	7,279.4
Total assets	451,972.4	467,701.8	451,900.3	438,081.9
Accounts payable	87,479.3	91,244.1	87,435.8	86,019.8
Short-term debt	50,751.9	50,751.9	50,751.9	50,751.9
Other current liabilities	10,845.0	10,845.0	10,845.0	10,845.0
Total current liabilities	149,318.2	153,083.0	149,274.7	147,858.7
Long-term debt	80,559.8	77,688.0	60,516.1	40,936.4
Other long-term liabilities	50,770.1	48,231.6	45,820.0	43,529.0
Total long-term liabilities	131,755.5	126,345.2	106,761.8	84,891.0
Total liabilities	281,073.6	279,428.2	256,036.5	232,749.7
Preferred shares				
Total common equity	71,288.7	80,230.9	81,089.8	84,205.4
Minority interest	99,610.1	108,042.7	114,774.0	121,126.7
Total liabilities & equity	451,972.4	467,701.8	451,900.3	438,081.9
BVPS (Rmb)	7.1	8.0	8.1	8.4

Growth & margins (%)	12/25	12/26E	12/27E	12/28E
Sales growth	-6%	11%	-4%	-2%
EBITDA growth	-26%	30%	-12%	-5%
EBIT growth	-29%	37%	-24%	-8%
Net income growth	-42%	64%	-35%	-7%
EPS growth	-42%	64%	-35%	-7%
Gross margin	25%	27%	25%	24%
EBITDA margin	25%	29%	27%	26%
EBIT margin	18%	22%	17%	16%

Ratios	12/25	12/26E	12/27E	12/28E
CROCI (%)	10%	9%	7%	7%
ROE (%)	13%	18%	11%	10%
ROA (%)	2%	3%	2%	2%
ROACE (%)	7%	9%	7%	6%
Inventory days	28.3	26.7	27.8	27.8
Receivables days	35.8	32.2	34.6	34.1
Payable days	315.7	302.5	305.7	298.0
Net debt/equity (%)	55%	43%	38%	30%
Interest cover - EBIT (X)	5.7	7.8	6.4	7.0

Cash flow statement (Rmb mn)	12/25	12/26E	12/27E	12/28E
Net income pre-preferred dividends	8,523.3	13,961.0	9,079.5	8,461.9
D&A add-back	15,385.1	15,837.8	16,101.2	15,997.3
Minorities interests add-back	6,365.6	8,432.7	6,731.3	6,352.7
Net (inc)/dec working capital	(22,146.6)	1,829.0	(3,149.9)	(1,169.6)
Other operating cash flow	2,147.2	(8,432.7)	(6,731.3)	(6,352.7)
Cash flow from operations	16,640.3	40,060.5	28,762.0	29,642.2
Capital expenditures	(13,419.1)	(19,831.0)	(10,000.0)	(10,000.0)
Acquisitions				
Divestitures				
Others	(5,070.6)			
Cash flow from investments	(18,489.8)	(19,831.0)	(10,000.0)	(10,000.0)
Dividends paid (common & pref)	(6,964.9)	(5,018.7)	(8,220.6)	(5,346.2)
Inc/(dec) in debt	4,012.1	(2,871.8)	(17,171.8)	(19,579.8)
Common stock issuance (repurchase)				
Other financing cash flows	9,114.9	(2,025.2)	(1,898.3)	(1,777.7)
Cash flow from financing	5,648.9	(10,429.0)	(27,804.0)	(27,217.0)
Total cash flow	(3,639.2)	9,800.4	(9,042.0)	(7,574.8)

Valuation	12/25	12/26E	12/27E	12/28E
P/E (analyst) (X)	9.9	7.1	10.9	11.7
P/B (X)	1.2	1.2	1.2	1.2
EV/EBITDA (X)	8.3	6.7	7.5	7.8
EV/GCI (X)	0.6	0.6	0.6	0.6
Dividend yield (%)	6%	8%	5%	5%

Note: Last actual year may include reported and estimated data.

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 15: TP methodologies and risks - coal

Company	Ticker	Rating	Price (Tccy)	12m TP (Tccy)	12m target methodology	Old 12m target methodology
Shenhua-H	1088.HK	NEUTRAL	45.08	42.00	Based on a historical P/B vs. ROE correlation – with a P/B of 1.66x on ROE of 11.7% on 2027E.	Based on a historical P/B vs. ROE correlation – with a P/B of 1.74x on ROE of 12.7% on 2026E.
Shenhua-A	601088.SS	NEUTRAL	48.39	45.00	Based on a historical P/B vs. ROE correlation – with a P/B of 2.05x on ROE of 11.7% on 2027E.	Based on a historical P/B vs. ROE correlation – with a P/B of 2.13x on ROE of 12.7% on 2026E.
Key upside/downside risks include: 1) higher/lower than-expected coal prices, which are driven by coal supply/demand and price controls imposed by the NDRC; 2) a slower/faster-than-expected pace of renewable energy replacement; 3) an increase/decrease in oil price that could lead to higher/lower coal chemical segment profit; 4) more/less production disruptions due to safety or environmental inspections; 5) faster/slower-than-expected project execution for new mines such as Xinjie mine.						
Chinacoal-H	1898.HK	NEUTRAL	10.66	12.50	Based on a historical P/B vs. ROE correlation – with a P/B of 0.81x on ROE of 8.8% on 2027E.	Based on a historical P/B vs. ROE correlation – with a P/B of 1.17x on ROE of 11.0% on 2026E.
Chinacoal-A	601898.SS	NEUTRAL	14.18	16.00	Based on a historical P/B vs. ROE correlation – with a P/B of 1.18x on ROE of 8.8% on 2027E.	Based on a historical P/B vs. ROE correlation – with a P/B of 1.67x on ROE of 11.0% on 2026E.
Key upside/downside risks include: 1) higher/lower than-expected coal prices; 2) a faster/lower-than-expected pace of renewable energy replacement; 3) an decrease/increase in oil price that could lead to lower/higher coal chemical segment profit; 4) more production disruptions due to safety or environmental inspections; 5) slower/higher-than-expected project execution for new mines such as the Libi mine and Dahaize mine.						
Yankuang-H	1171.HK	SELL	11.68	10.00	Based on a historical P/B vs. ROE correlation – with a P/B of 1.20x on ROE of 11.3% on 2027E.	Based on a historical P/B vs. ROE correlation – with a P/B of 1.61x on ROE of 16.3% on 2026E.
Yankuang-A	600188.SS	SELL	19.66	14.00	Based on a historical P/B vs. ROE correlation – with a P/B of 1.70x on ROE of 11.3% on 2027E.	Based on a historical P/B vs. ROE correlation – with a P/B of 2.25x on ROE of 16.3% on 2026E.
Key upside risks: 1) higher-than-expected coal prices in domestic and international markets; 2) a slower-than-expected pace of renewable energy replacement; 3) an increase in oil price that could lead to higher coal chemical segment profit; 4) less production disruptions due to safety or environmental inspections; 5) faster-than-expected project execution for new mines and assets injection from the parent company.						

Close price as of Sep 28, 2026.

Source: Goldman Sachs Global Investment Research

Sector summary

Exhibit 16: China basic materials - coverage summary

Company	Ticker	Price	Target	Trading	Rating	Upside	Mkt cap	EPS(rpt ccy/sh)		PE		ROE		PB		Div yield		Perf.	ADTV
Price as of 28-Sep-2026		Tccy	Tccy	ccy		%	US$ bn	26E	27E	26E	27E	26E	27E	26E	27E	26E	27E	YTD	US$ mn
Steel																			
Angang-H	0347.HK	1.10	1.00	HKD	Sell	-9%	1.3	(0.478)	(0.203)	n.a.	n.a.	-11%	-5%	0.2	0.2	0.0%	0.0%	-44%	0.8
Angang-A	000898.SZ	1.97	1.40	CNY	Sell	-29%	2.8	(0.478)	(0.203)	n.a.	n.a.	-11%	-5%	0.5	0.5	0.0%	0.0%	-22%	11.4
Baosteel	600019.SS	5.80	6.10	CNY	Neutral	5%	18.5	0.364	0.554	15.9	10.5	4%	6%	0.6	0.6	3.9%	5.9%	-22%	81.8
Maanshan-H	0323.HK	1.59	2.20	HKD	Neutral	38%	1.6	0.044	0.138	31.1	9.9	1%	5%	0.5	0.4	1.6%	5.1%	-39%	1.0
Maanshan-A	600808.SS	2.39	2.50	CNY	Sell	5%	2.7	0.044	0.138	54.7	17.3	1%	5%	0.8	0.8	0.9%	2.9%	-43%	24.8
Coal																			
Shenhua-H	1088.HK	45.08	42.00	HKD	Neutral	-7%	119.4	2.974	2.582	13.0	14.9	13%	12%	1.8	1.8	5.7%	5.2%	14%	57.3
Shenhua-A	601088.SS	48.39	45.00	CNY	Neutral	-7%	149.8	2.974	2.582	16.3	18.7	13%	12%	2.2	2.2	4.5%	4.1%	19%	212.2
Chinacoal-H	1898.HK	10.66	12.50	HKD	Neutral	17%	18.0	1.411	1.210	6.5	7.5	11%	9%	0.7	0.7	5.7%	4.9%	6%	22.5
Chinacoal-A	601898.SS	14.18	16.00	CNY	Neutral	13%	28.0	1.411	1.210	10.0	11.7	11%	9%	1.1	1.0	3.7%	3.2%	14%	100.7
Yankuang-H	1171.HK	11.68	10.00	HKD	Sell	-14%	14.9	1.391	0.906	7.2	11.0	18%	11%	1.3	1.2	8.2%	5.3%	20%	47.3
Yankuang-A	600188.SS	19.66	14.00	CNY	Sell	-29%	29.4	1.391	0.906	14.1	21.7	18%	11%	2.5	2.4	4.2%	2.7%	50%	170.8
Cement																			
Conch-H	0914.HK	15.75	23.00	HKD	Buy	46%	10.6	1.170	1.319	11.5	10.2	3%	4%	0.4	0.4	6.7%	6.7%	-31%	14.7
Conch-A	600585.SS	16.77	23.00	CNY	Buy	37%	13.2	1.170	1.319	14.3	12.7	3%	4%	0.5	0.5	5.4%	5.4%	-23%	70.0
BBMG-H	2009.HK	0.61	0.70	HKD	Neutral	16%	0.8	(0.332)	(0.338)	n.a.	n.a.	-5%	-6%	0.1	0.1	9.7%	9.7%	-18%	0.7
BBMG-A	601992.SS	1.38	1.00	CNY	Sell	-28%	2.2	(0.332)	(0.338)	n.a.	n.a.	-5%	-6%	0.2	0.2	3.6%	3.6%	-17%	9.6
CNBM	3323.HK	3.08	3.20	HKD	Neutral	4%	3.0	0.014	0.156	n.a.	16.9	0%	1%	0.2	0.2	0.3%	3.0%	-40%	29.8
CRBMT	1313.HK	0.92	0.80	HKD	Sell	-13%	0.8	(0.093)	(0.012)	n.a.	n.a.	-1%	0%	0.1	0.1	4.2%	4.2%	-43%	1.2
WCC	2233.HK	1.75	1.10	HKD	Sell	-37%	1.2	0.126	0.135	11.8	11.1	5%	6%	0.6	0.6	2.5%	2.7%	-44%	4.0
Metals																			
Chalco-H	2600.HK	7.61	6.80	HKD	Sell	-11%	16.6	1.291	0.490	5.0	13.3	26%	9%	1.2	1.2	8.3%	3.5%	-40%	45.7
Chalco-A	601600.SS	8.68	7.00	CNY	Sell	-19%	22.2	1.291	0.490	6.7	17.7	26%	9%	1.6	1.6	6.2%	2.6%	-29%	313.4
Hongqiao	1378.HK	20.80	23.00	HKD	Neutral	11%	26.2	3.517	1.855	5.1	9.6	24%	12%	1.1	1.2	13.2%	7.0%	-39%	110.2
JXC-H	0358.HK	31.84	50.00	HKD	Buy	57%	14.1	4.977	4.866	5.5	5.6	20%	17%	1.0	0.9	8.6%	8.4%	-27%	57.3
JXC-A	600362.SS	40.92	65.00	CNY	Buy	59%	21.1	4.977	4.866	8.2	8.4	20%	17%	1.5	1.4	5.7%	5.6%	-25%	411.1
MMG	1208.HK	8.33	12.50	HKD	Buy	50%	13.3	0.148	0.146	7.2	7.3	35%	25%	2.1	1.6	0.0%	1.4%	-9%	54.7
CMOC-H	3993.HK	14.88	23.50	HKD	Buy	58%	40.6	1.568	1.617	8.1	7.9	35%	28%	2.5	2.0	3.7%	3.8%	-26%	82.4
CMOC-A	603993.SS	16.83	25.00	CNY	Buy	49%	53.6	1.568	1.617	10.7	10.4	35%	28%	3.3	2.7	2.8%	2.9%	-16%	635.4
Zijin-H	2899.HK	31.64	51.00	HKD	Buy	61%	107.2	3.046	3.410	8.9	7.9	37%	32%	2.9	2.3	3.9%	4.4%	-14%	230.7
Zijin-A	601899.SS	29.42	49.00	CNY	Buy	67%	116.5	3.046	3.410	9.7	8.6	37%	32%	3.1	2.5	3.6%	4.1%	-15%	1,241.1
Zhaojin	1818.HK	17.27	21.50	HKD	Neutral	24%	7.8	0.822	1.278	18.0	11.6	11%	15%	1.9	1.7	0.5%	0.8%	-46%	55.8
Ganfeng-H	1772.HK	29.82	46.00	HKD	Neutral	54%	8.0	2.253	0.773	11.3	33.0	10%	3%	1.1	1.1	1.7%	0.6%	-45%	59.5
Ganfeng-A	002460.SZ	41.90	45.00	CNY	Sell	7%	13.1	2.253	0.773	18.6	54.2	10%	3%	1.8	1.7	1.0%	0.4%	-33%	317.0
Tianqi-H	9696.HK	28.50	33.00	HKD	Sell	16%	6.1	3.158	1.322	7.7	18.5	11%	4%	0.6	0.6	2.6%	1.1%	-46%	22.7
Tianqi-A	002466.SZ	39.41	32.00	CNY	Sell	-19%	9.8	3.158	1.322	12.5	29.8	11%	4%	1.0	1.0	1.6%	0.7%	-29%	345.6
Yahua	002497.SZ	15.44	15.50	CNY	Sell	0%	2.7	1.426	1.066	10.8	14.5	14%	10%	1.4	1.3	1.0%	0.7%	-38%	121.0
Yongxing	002756.SZ	37.87	36.00	CNY	Sell	-5%	3.0	2.685	1.736	14.1	21.8	11%	7%	1.5	1.4	2.3%	1.5%	-30%	96.6
Huayou	603799.SS	34.14	42.00	CNY	Neutral	23%	9.6	3.063	3.315	11.1	10.3	11%	11%	1.2	1.1	1.4%	1.5%	-50%	351.5
GEM	002340.SZ	5.99	5.00	CNY	Sell	-17%	4.6	0.286	0.259	20.9	23.2	7%	6%	1.4	1.3	1.5%	1.3%	-28%	87.5
Paper																			
NDPaper	2689.HK	5.70	4.30	HKD	Sell	-24%	3.4	0.606	0.487	8.0	10.0	5%	4%	0.5	0.4	1.8%	1.4%	-5%	13.3
Sunpaper	002078.SZ	13.54	12.50	CNY	Sell	-8%	5.6	1.284	1.166	10.5	11.6	11%	9%	1.1	1.1	2.4%	2.2%	-14%	45.7

Source: Company data, Goldman Sachs Global Investment Research

Investment Thesis - Chinacoal

Chinacoal is one of the largest coal producers in China with 136mnt sales (self mined) in 2025A. The company mostly produces thermal coal, supplying end markets including power, building materials, steel, coal chemical. With coal price and supply security back to focus, policy effort to revamp the coal production, amid the deep cuts due to safety enforcement. The swing in Shanxi SOE production provides much room to ease the tight coal markets in 4Q26, and potentially overshoot supply by 1H27, and there are early indications of the policy easing. Our benchmark coal price is Rmb750/t in 2027E. We see risk reward as balanced for Chinacoal in the context of its historical trading range. We are Neutral rated on Chinacoal-H/A.

Investment Thesis - Yankuang Energy

Yankuang is one of the largest coal producers in China and Australia, with 165mnt of

sales (self mined) in 2025A. The company mostly produces thermal coal as well as coking coal, supplying end markets including power, steel, and coal chemical. With coal price and supply security back to focus, policy effort to revamp the coal production, amid the deep cuts due to safety enforcement. The swing in Shanxi SOE production provides much room to ease the tight coal markets in 4Q26, and potentially overshoot supply by 1H27, and there are early indications of the policy easing. Our benchmark coal price is Rmb750/t in 2027E. We see risk reward as unattractive for Yankuang in the context of its historical trading range. We are Sell rated on Yankuang-H/A.