



中国神华能源股份有限公司
CHINA SHENHUA ENERGY COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 01088

2025

Annual Report



Serving National Strategy
Enhancing Core Function

Important Notice

- I. The Board and all directors and senior management of the Company warrant that this annual report does not contain any misrepresentations, misleading statements or material omissions, and are liable for the authenticity, accuracy and completeness of the information contained in this annual report.
- II. This report was approved at the seventeenth meeting of the sixth session of the Board of the Company. 6 out of 7 directors attended the meeting in person. Li Xinhua (Director) requested for leave due to business engagement and appointed Kang Fengwei (Director) to attend the meeting and vote on his behalf.
- III. KPMG has issued a standard unqualified independent auditor's report in accordance with the Hong Kong Standards on Auditing on the Company's financial statements for the year 2025 prepared under the IFRS Accounting Standards.
- IV. Zhang Changyan, the person-in-charge of the Company, Song Jinggang, Chief Financial Officer, and Yu Yanling, person-in-charge of the accounting department, warrant the authenticity, accuracy and completeness of the financial statements contained in this report.
- V. Given that the Company is currently carrying out the matters relating to the issuance of A Shares to raise supporting funds, the Board of the Company proposed the payment of a final dividend in cash of RMB1.03 per share (inclusive of tax) for the year 2025 based on the total registered share capital on the record date of the implementation of the 2025 profit distribution plan following the completion of the issuance of shares for the raising of supporting funds. The total cash dividend is expected to be RMB22,340 million (tax inclusive).
- VI. Disclaimer of forward-looking statements: the forward-looking statements in this report made on the basis of subjective assumptions and judgments on future policies and economic conditions, which are subject to risks, uncertainties and assumptions, may differ materially from the actual outcome. Such statements do not constitute actual commitments to investors. Investors should be aware that undue reliance on or use of such information may lead to risks of investment.
- VII. Any appropriation of funds by the controlling shareholder and other related parties for non-operating purposes: No
- VIII. Any provision of external guarantee that has violated the applicable decision-making procedures: No
- IX. Whether more than half of the directors cannot guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company: No
- X. Material risk alert: Due to the impact of factors such as supply and demand in the coal and power generation industries and adjustments in industrial policies, the Group is exposed to certain uncertainties as to the achievement of the business targets for the year 2026. In addition, the Company has explained in detail the risks faced by the Company, such as safety and environmental protection, investment, compliance, project management, market competition, integrated operation, policy and international operation, in the section headed "Management Discussion and Analysis", which investors should pay attention to.

Contents

Section I	Definitions	03
Section II	Company Profile and Major Financial Indicators	06
Section III	Board's Statement	11
Section IV	Directors' Report	16
Section V	Corporate Governance Report, Environment and Society	85
Section VI	Significant Events	159
Section VII	Changes in Shares and Particulars of Shareholders	216
Section VIII	Investor Relations	228
Section IX	Independent Auditor's Report and Financial Statements	237
Section X	Documents Available for Inspection	374
Section XI	Summary of Major Financial Information for the Recent Five Years	375

Section I Definitions

Unless the context otherwise requires, the following terms used in this report have the following meanings:

China Shenhua/the Company	China Shenhua Energy Company Limited
The Group	The Company and its subsidiaries
China Energy	China Energy Investment Corporation Limited (國家能源投資集團有限責任公司)
China Energy Group	China Energy and its subsidiaries (excluding the Group)
Shendong Coal	China Energy Shendong Coal Group Co., Ltd.
Shendong Coal Branch	Shendong Coal Branch of China Shenhua Energy Company Limited
Shendong Power	Shenhua Shendong Power Co., Ltd.
Zhunge'er Energy	Shenhua Zhunge'er Energy Co., Ltd.
Baorixile Energy	China Energy Baorixile Energy Co., Ltd.
Beidian Shengli	China Energy Beidian Shengli Energy Co., Ltd.
Baotou Energy	China Energy Baotou Energy Co., Ltd.
Yulin Energy	China Energy Yulin Energy Co., Ltd.
Trading Group	China Energy Trading Group Limited
Shuohuang Railway	China Energy Shuohuang Railway Development Co., Ltd.
Baoshen Railway	China Energy Baoshen Railway Group Co., Ltd.
Xinshuo Railway	China Energy Xinshuo Railway Co., Ltd.
Railway Equipment	China Energy Railway Equipment Co., Ltd.
Huanghua Port	China Energy Huanghua Harbour Administration Co., Ltd.
Tianjin Port	China Energy (Tianjin) Harbour Administration Co., Ltd.
Zhuhai Port	China Energy Zhuhai Harbour Administration Co., Ltd.
Shipping Corporation	Guoneng Yuanhai Shipping Co., Ltd.
Baotou Coal Chemical	China Energy Baotou Coal Chemical Co., Ltd.
Bayannur Energy	Shenhua Bayannur Energy Co., Ltd.
Sichuan Energy	China Energy Sichuan Energy Co., Ltd.
Fujian Energy	Shenhua (Fujian) Energy Co., Ltd.
EMM Indonesia	PT.GH EMM INDONESIA
Zhunge'er Power	Power-generating division controlled and operated by Zhunge'er Energy
Shenmu Power	China Energy Shaanxi Shenmu Power Co., Ltd.

Section I Definitions (Continued)

Taishan Power	China Energy Yudean Taishan Power Co., Ltd.
Cangdong Power	China Energy Hebei Cangdong Power Co., Ltd.
Jinjie Energy	China Energy Jinjie Energy Co., Ltd.
Dingzhou Power	China Energy Hebei Dingzhou Power Generation Co., Ltd.
Mengjin Power	China Energy Mengjin Thermal Power Co., Ltd.
Jiujiang Power	China Energy Shenhua Jiujiang Power Co., Ltd.
Huizhou Thermal	China Energy (Huizhou) Thermal Power Co., Ltd.
Beijing Gas-fired Power	China Energy Guohua (Beijing) Gas-fired Power Co., Ltd.
Shouguang Power	China Energy Shouguang Power Generation Company Limited
Liuzhou Power	China Energy Guangtou (Liuzhou) Power Generation Co., Ltd.
Pembangkitan Jawa	PT.Shenhua Guohua Pembangkitan Jawa Bali
Lion Power Indonesia	PT.Shenhua Guohua Lion Power Indonesia
Yongzhou Power	China Energy Group Yongzhou Power Co., Ltd.
Yueyang Power	China Energy Group Yueyang Power Generation Co., Ltd.
Beihai Power	China Energy Guangtou (Beihai) Power Generation Co., Ltd.
Qingyuan Power	China Energy Qingyuan Power Generation Co., Ltd.
Finance Company	China Energy Finance Co., Ltd.
Capital Holdings	China Energy Capital Holdings Co., Ltd.
Hangjin Energy	China Energy Hangjin Energy Co., Ltd.
Dayan Mining	Inner Mongolia Dayan Mining Industry Group Co., Ltd.
Western Energy	China Energy Western Energy Investment Co., Ltd.
Guoyuan Power	Guoneng Guoyuan Power (Beijing) Co., Ltd. (formerly known as China Energy Guoyuan Power Co., Ltd. (國家能源集團國源電力有限公司))
Xinjiang Energy	China Energy Xinjiang Energy & Chemical Co., Ltd. (formerly known as China Energy Group Xinjiang Energy & Chemical Co., Ltd. (國家能源集團新疆能源化工有限公司))
Chemical Company	China Shenhua Coal Liquefaction and Chemical Company Limited
Wuhai Energy	China Energy Wuhai Group Corporation Limited
Pingzhuang Coal	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd.
Inner Mongolia Construction Investment	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.
Shenyan Coal	China Energy Shaanxi Shenyan Coal Co., Ltd.

Section I Definitions (Continued)

Jinshen Energy	Shanxi Province Jinshen Energy Co., Ltd.
Baotou Mining	Guoneng (Baotou) Mining Co., Ltd. (formerly known as China Energy Baotou Mining Co., Ltd. (國家能源集團包頭礦業有限責任公司))
Shipping Company	Guoneng Shenhua Shipping (Beijing) Co., Ltd. (formerly known as China Energy Shipping Co., Ltd. (國家能源集團航運有限公司))
Coal Trading Company	Shenhua Coal Trading Co., Ltd.
Port Company	China Energy Port Co., Ltd.
JORC	Australasian Code for Reporting of Mineral Resources and Ore Reserves
SSE	Shanghai Stock Exchange
HKEx	The Stock Exchange of Hong Kong Limited
Shanghai Listing Rules	Rules Governing the Listing of Stocks on SSE
Hong Kong Listing Rules	Rules Governing the Listing of Securities on the HKEx
China Accounting Standards for Business Enterprises	The latest Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and the related application guidance, interpretations and other related requirements
IFRS Accounting Standards	IFRS Accounting Standards issued by the International Accounting Standards Board
Company Law	The Company Law of the People's Republic of China
Articles of Association	Articles of Association of China Shenhua Energy Company Limited
EBITDA	Profit for the year + net financial costs + income tax + depreciation and amortization – share of profits and losses of associates
Gearing ratio	Total liabilities/total assets
Total debt to total equity ratio	$\frac{[\text{Long-term interest-bearing debt} + \text{short-term interest-bearing debt (including notes payable)}]}{[\text{long-term interest-bearing debt} + \text{short-term interest-bearing debt (including notes payable)} + \text{total shareholder equity}]}$
Shanghai-Hong Kong Stock Connect	A mutual access and connect mechanism for transactions in stock markets between SSE and HKEx
Shenzhen-Hong Kong Stock Connect	A mutual access and connect mechanism for transactions in stock markets between Shenzhen Stock Exchange and HKEx
RMB	Renminbi unless otherwise specified
Reporting Period	January to December 2025
at the beginning of the period/at the end of the period	at the beginning of the Reporting Period/at the end of the Reporting Period

Section II Company Profile and Major Financial Indicators

I. INFORMATION OF THE COMPANY

Chinese Name of the Company	中國神華能源股份有限公司
Short Name of Chinese Name of the Company	中國神華
English Name of the Company	China Shenhua Energy Company Limited
Abbreviation/Short Name of English Name of the Company	CSEC/China Shenhua
Legal Representative of the Company	On 24 March 2025, Mr. Lv Zhiren resigned as Chairman of the Board and executive director of the Company. The election of the new Chairman of the Board is in progress.
Authorised Representative of the Company under the Hong Kong Listing Rules	Zhang Changyan, Song Jinggang

II. CONTACTS AND CONTACT DETAILS

	Secretary to the Board, Joint Company Secretary	Representative of Securities Affairs, Joint Company Secretary
Name	Song Jinggang	Zhuang Yuan
Address	22 Andingmen Xibinhe Road, Dongcheng District, Beijing (Postal Code: 100011)	22 Andingmen Xibinhe Road, Dongcheng District, Beijing (Postal Code: 100011)
Tel	(8610) 5813 1088	(8610) 5813 3355
Fax	(8610) 5813 1804/1814	(8610) 5813 1804/1814
E-mail	1088@csec.com	ir@csec.com
	Office of the Board of the Company	Hong Kong Office of the Company
Address	22 Andingmen Xibinhe Road, Dongcheng District, Beijing (Postal Code: 100011)	Room B, 54th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong
Tel	(8610) 5813 1088/3355	(852) 2578 1635
Fax	(8610) 5813 1804/1814	(852) 2915 0638

III. PARTICULARS

Registered Address of the Company	22 Andingmen Xibinhe Road, Dongcheng District, Beijing
Postal Code of Registered Address of the Company	100011
Change of Registered Address of the Company	N/A
Office Address of the Company	22 Andingmen Xibinhe Road, Dongcheng District, Beijing
Postal Code of Office Address of the Company	100011
Company Website	www.csec.com and www.shenhuachina.com
E-mail	ir@csec.com

Section II Company Profile and Major Financial Indicators (Continued)

IV. INFORMATION DISCLOSURE AND PLACE FOR DOCUMENT INSPECTION

Media for disclosure of annual report of the Company	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Stock exchange websites for disclosure of annual report of the Company	www.sse.com.cn and www.hkexnews.hk
Place where the Company's annual report is available for inspection	SSE, Office of the Board of the Company and Hong Kong Office of the Company

V. BASIC INFORMATION ON SHARES

Type	Stock Exchange	Abbreviation	Stock Code
A Share	SSE	China Shenhua	601088
H Share	HKEx	China Shenhua	01088

VI. OTHER RELEVANT INFORMATION

Accounting Firm Engaged by the Company (Chinese Mainland)	Name	KPMG Huazhen LLP
	Office Address	8th, Tower E2, Oriental Plaza, 1 East Chang An Avenue, Beijing
	Signing Auditors	Duan Yuhua, Zheng Ziyun
Accounting Firm Engaged by the Company (Hong Kong)	Name	KPMG (Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance)
	Office Address	8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
	Signing Auditors	Ho Ying Man
Share Registrar of the Company (A Share)	Name	China Securities Depository and Clearing Corporation Limited Shanghai Branch
	Office Address	188 Yanggao South Road, Pudong New Area, Shanghai
Share Registrar of the Company (H Share)	Name	Computershare Hong Kong Investor Services Limited
	Office Address	17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Section II Company Profile and Major Financial Indicators (Continued)

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

Unit: RMB million

Name of indicator	Unit	2025	2024		Year-on-year change (after restatement) %
			After restatement	Before restatement	
Revenue	RMB million	294,916	339,788	338,375	(13.2)
Profit for the year	RMB million	64,503	70,325	73,202	(8.3)
Profit for the year attributable to equity holders of the Company	RMB million	54,218	59,544	62,421	(8.9)
Basic earnings per share	RMB/share	2.729	2.997	3.142	(8.9)
Net cash generated from operating activities	RMB million	75,059	91,086	93,348	(17.6)
Return on total assets as at the end of the period	%	10.2	10.5	11.1	Decreased by 0.3 percentage point
Return on net assets as at the end of the period	%	13.1	14.1	14.5	Decreased by 1.0 percentage point
EBITDA	RMB million	102,166	108,168	110,228	(5.5)

Name of indicator	Unit	At the end of 2025	At the end of 2024		Year-on-year change (after restatement) %
			After restatement	Before restatement	
Total assets	RMB million	631,777	671,639	661,436	(5.9)
Total liabilities	RMB million	146,310	171,377	154,116	(14.6)
Total equity	RMB million	485,467	500,262	507,320	(3.0)
Equity attributable to equity holders of the Company	RMB million	412,576	422,595	429,653	(2.4)
Total share capital at the end of the period	RMB million	19,869	19,869	19,869	0.0
Equity attributable to equity holders per share	RMB/share	20.76	21.27	21.62	(2.4)
Gearing ratio	%	23.2	25.5	23.3	Decreased by 2.3 percentage points
Total debt to total equity ratio	%	6.8	8.9	6.1	Decreased by 2.1 percentage points

Reasons for restatement:

On 11 February 2025, the Company completed the acquisition of 100% equity interest in Hangjin Energy held by China Energy (for details, please refer to relevant announcements published by the Company on 21 January, 24 January and 12 February 2025 on the website of HKEx). Since then, Hangjin Energy has been included in the consolidated financial statements of the Company. The above acquisition falls under a business combination under common control. The Company has made retrospective adjustments to the consolidated financial statements for the comparative periods of the Reporting Period in accordance with the relevant provisions.

Section II Company Profile and Major Financial Indicators (Continued)

VIII. DIFFERENCE IN ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

Unit: RMB million

	Net profit attributable to equity holders of the Company			Net assets attributable to equity holders of the Company		
	2025	2024		At the end of 2025	At the end of 2024	
		After restatement	Before restatement		After restatement	Before restatement
Under China Accounting Standards for Business Enterprises	52,849	55,805	58,671	409,107	419,559	426,866
Adjustments for:						
Simple production maintenance, safety production and other related expenditures	1,369	3,739	3,750	3,469	3,036	2,787
Under IFRS Accounting Standards	54,218	59,544	62,421	412,576	422,595	429,653

Explanation on Differences in Domestic and Overseas Accounting Standards:

Pursuant to the relevant regulations of the related government authorities in the PRC, the Group accrued provisions for simple production maintenance, safety production and other related expenditures, recognised as expenses in profit or loss and separately recorded as a specific reserve in shareholders' equity. On utilisation of the specific reserve as fixed assets within the stipulated scope, the full amount of accumulated depreciation is recognised at the same time when the cost of the relevant assets is recorded. Under IFRS Accounting Standards, these expenses are recognised when incurred. Relevant capital expenditure is recognised as property, plant and equipment and depreciated according to the applicable depreciation method. The deferred tax effect arising from such differences has also been reflected.

Section II Company Profile and Major Financial Indicators (Continued)

IX. MAJOR FINANCIAL DATA OF EACH QUARTER OF 2025

Unit: RMB million

	First quarter (January – March)	Second quarter (April – June)	Third quarter (July – September)	Fourth quarter (October – December)
Revenue	69,585	68,524	75,042	81,765
Profit for the period attributable to equity holders of the Company	13,374	13,332	14,660	12,852
Net cash generated from operating activities	20,538	25,256	19,459	9,806

Subject to external factors such as climate change, supply-demand relationship in the coal and power markets, coal and electricity price fluctuations, as well as other factors including the Group's settlement cycle of cost and expense, asset impairment testing and non-operating expenditures, the Group's operating results varied from quarter to quarter.

Section III Board's Statement

Dear Shareholders, investors and all stakeholders who care about China Shenhua,

In 2025, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company endeavor to comprehensively implemented the spirit of the 20th National Congress of the Communist Party of China and the plenary sessions of the 20th Central Committee of the CPC, thoroughly studied and implemented General Secretary Xi Jinping's important instructions on the work of state-owned enterprises, and put into practice the new energy security strategy of "four revolutions and one cooperation" in depth. By firmly prioritizing high-quality development as its primary mission and focusing on the goal of sustainable growth, the Company proactively addressed coal and power market dynamics, overcame difficulties and forged ahead, and comprehensively completed all tasks for the year, thereby laying a solid foundation for embarking on a new journey of the "15th Five-Year Plan." In 2025, the Company achieved a profit for the year attributable to equity holders of the Company of RMB54.218 billion, basic earnings per share of RMB2.729/share, a gearing ratio at the end of the year of 23.2%, and a total market value at the end of the year of RMB786.3 billion.

Upholding the mission of ensuring energy supply security and strengthening the foundation for safe and stable supply. The Company deeply implemented the overall national security concept by coordinating development and safety, focused on the three-year action plan for addressing the root causes of production safety issues, comprehensively implemented the construction of a production safety management system and strengthened emergency response capabilities, so as to ensure a safe and stable energy supply. We resolutely shouldered the responsibility of ensuring energy supply, and successfully completed the task of ensuring energy supply during important periods and in key regions with our strong and normalized energy supply capabilities. The output of self-produced coal of the Company continuously maintained at a high level, and a high proportion of medium to long-term agreements for thermal coal have been signed and fulfilled. We have strengthened the guarantee of electricity and heat supply through a "one plant, one policy" approach, deepened the "linkage of the three power industry reforms (三改聯動)", and comprehensively improved the peak shaving and supply capacity. Through the smooth operation of major energy transportation channels, the production indicators of railways and ports remained stable with steady growth, with Huanghua Port maintaining its position as the top coal port in China in terms of throughput for seven consecutive years. The coal-to-olefins unit operated continuously and stably, with the annual production load reaching 100%.

Section III Board's Statement (Continued)

Deepening the campaign to improve quality and efficiency and comprehensively enhancing the quality and efficiency of our operations and development. We have formulated and issued a work plan for improving quality and efficiency, and organized and carried out a special action plan and the 100-Day Critical Mission to Enhance Production Efficiency (生產經營百日大會戰) to enhance the net profit attributable to equity holders of the parent company with a view to improving the quality and efficiency of our operations and development. By strengthening the whole process of coal quality control and stabilizing the quality of thermal coal, we enhanced the adaptability of coal products to meet the market demand. We also actively expanded external customer resources and explored innovative cooperation models such as coal replacement and collaborative sales to enhance our market competitiveness. We deepened the research on trading strategies in the electricity market to actively seek policy support such as increase in capacity charges for electricity and subsidies for ancillary services. With the vigorous development of non-coal transportation business, the annual transportation volume of non-coal transportation business reached record-high for the first time, becoming a new growth driver of the transportation business. By adhering to the cost leadership strategy, we have reasonably reduced production and operational costs, and by strictly controlling management costs, we have effectively reduced financing costs. Through continuing to prudently carry out internal financing facilities and optimize capital allocation efficiency to effectively reduce liabilities and save finance costs. By strengthening the management of existing funds and rationally allocating high-yield deposit projects, we further explored the potential for efficiency enhancement of capital management.

Strengthening the driving force of technological innovation and accelerating the pace of digital intelligence integration development. We continued to improve the scientific research management system, refined the management of the whole life cycle of technological projects, and improved the level of standardisation and institutionalisation. We focused on major issues in the development of the industry, stepped up efforts to tackle problems in key core technologies and explored strategic emerging industries for the future. The Company achieved historic breakthroughs in the research on heavy-haul railway transportation technologies and successfully launched the world's first 35,000-tonne heavy-haul grouped test train, bringing revolutionary transformation to the development of railways worldwide. Various achievements such as the research and application of the theory and technology system for emergency rescue regarding production safety in mines have reached the international leading level as appraised by the China National Coal Association. We accelerated the digital intelligence transformation to drive the upgrade of the entire industrial chain. Xinjie Energy successfully deployed the first "BIM+Beidou" intelligent infrastructure management system in the coal mine infrastructure sector in China; the unmanned driving system of Zhunge'er Energy was selected as one of the top ten technological innovation achievements in the energy industry; Dingzhou Power applied the autonomous and controllable intelligent power generation control system to improve the operating efficiency of units; the new intelligent heavy-haul railway model of Shuohuang Railway was selected as an excellent case of value creation by SASAC of the State Council; and Baotou Coal Chemical was successfully selected for the 2025 Excellent-Level Smart Factory list by the Ministry of Industry and Information Technology.

Section III Board's Statement (Continued)

Accelerating the construction of key projects and promoting the optimization and expansion of industrial layout. We stabilized the continuity of resources in the core coal areas and accelerated the construction of Xinjie No. 1 Mine and No. 2 Mine, and Tarangaole Coal Mine. Clean and highly efficient thermal power units, both domestic and abroad, were put into operation with high quality, with an installed capacity of 5.7 GW. We also added 259 thousand kW of installed renewable power generation capacity for external commercial operations. We promoted the enhancement of capacity and efficiency of major energy transportation channels. The 300 million-tonne capacity expansion and renovation project for Shenshuo Railway was fully completed, Dongyue Railway was included in the list of major national construction projects, and the construction of key projects such as Huanghua Port Phase V progressed in an orderly manner. The Baotou coal-to-olefin upgrade demonstration project entered the stage of full-scale construction. We invested and participated in five industry funds, including the New Energy Industry Investment Fund, which focused on strategic emerging industries such as new energy power generation and intelligent equipment manufacturing. As the average rate of return on exited projects reached 15.4%, a virtuous cycle of industrial synergy and capital appreciation was achieved. The development of the "15th Five-Year" strategic plan through scientific research has strategically positioned the Company for future industrial growth, project expansion, and asset enhancement.

Deepening the empowerment of capital operation and building a new pattern of sustainable development. We successfully completed the injection and integration of Hangjin Energy's assets, which further enhanced the Company's ability to ensure energy supply and level of synergetic operation. The Company efficiently promoted the acquisition of equity interests in 12 core companies under China Energy by issuing shares and payment in cash, and the project for raising counterpart funds with a new record for the largest asset purchase through A-share issuance. The completion of transactions will significantly increase the Company's resource reserves and asset size, basically solve the horizontal competition, and further enhance the Company's core competitiveness. We are committed to improving the modern enterprise system, optimizing the corporate governance structure, we completed the revision of the Articles of Association and the reform of the Supervisory Committee to ensure the standardized and efficient operation of the Company. By upholding integrity and compliance and protecting investors' right to know, the Company has been awarded the highest A grade in the evaluation of information disclosure by the SSE for 12 consecutive years, and various forms of investors' exchange activities have been carried out to effectively promote market recognition. Adhering to the philosophy of actively rewarding shareholders and sharing development achievements, we formulated the shareholders' return plan for 2025-2027 and increased the minimum annual dividend payout ratio for the relevant years to 65% of the net profit attributable to shareholders of the Company for the year. In implementing the 2025 interim dividend, the Board proposes to declare a final dividend for the year 2025. The total cash dividend for the year is expected to represent 79.1% of the net profit attributable to the Company's shareholders under the Chinese Accounting Standards for Business Enterprises.

Section III Board's Statement (Continued)

At present, the world is undergoing rapid changes unseen in a century, with technological revolution and competition among great powers intertwined, thereby deeply reshaping the global energy supply and demand landscape and continuously accelerating the pace of green and low-carbon energy transition. In the face of the new situation and new tasks, the Fourth Plenary Session of the 20th Central Committee of the CPC clearly stated that during the "15th Five-Year Plan" period, China will continue to increase the proportion of new energy supply, promote the safe, reliable and orderly replacement of fossil energy, and strive to establish a new type of power system in a bid to become a strong energy nation. 2026 marks the commencement of the "15th Five-Year Plan". The Company will continue to implement the overall development strategy, with an aim of building an innovative world-class energy listed company. We will remain committed to our mission of ensuring energy supply while striving to deliver on all annual production and operational targets. We will focus on advancing key initiatives including strengthening the fundamentals, expanding green development and reducing carbon emissions, leading innovation, capital operation and governance improvement, striving for a good start and contributing solid strength to the construction of a strong energy nation through high-quality development.

Firstly, we will strengthen our fundamentals and continue to consolidate and strengthen our integrated operational advantages. We will solidify our foundation of coal resources, further strengthen the acquisition and reserve of coal resources, and accelerate the construction of among others, Xinjie No. 1 Mine and No. 2 Mine, and Tarangaole Coal Mine. We will optimize the power layout of key areas, and promote the high-quality commissioning of Cangdong Power Phase III and Dingzhou Power Phase III within the year to serve the new-type power system. We will improve the transportation network layout and accelerate the construction of projects such as the capacity expansion and renovation project for Shuohuang Railway, Dongyue Railway and Huanghua Port Phase V to enhance logistics efficiency. We will make solid progress in the construction of the Baotou coal-to-olefin upgrade demonstration project to create a benchmark for modern coal chemical industry. Through advancing key projects within our core business sectors, the Company will further consolidate its integrated operational advantages while enhancing resource continuity and energy supply capabilities.

Secondly, we will expand green development and reduce carbon emissions to accelerate the transformation and upgrading of existing industrial sectors. We will comprehensively promote the construction of a green production system, driving the entire industrial chain towards low emissions and high efficiency. We will deepen the integrated development of coal and new energy, advancing the development and construction of new energy projects in an orderly manner, and explore models such as complementary power generation coupled with thermal power and other energy sources, and install green power generation facilities to support the chemical industry. We will strengthen our resource recycling and environmental protection governance so as to create a benchmark for "zero-waste enterprises".

Thirdly, we will take the lead in innovation and accelerate the cultivation and development of new quality productive forces through technological innovation. By closely following the national strategic plan for technological innovation during the "15th Five-Year Plan" period, we will seize the opportunities arising from the new round of technological revolution and promote the in-depth integration of technology and industry. We will improve the technological innovation mechanism and platform support, break through the key technical bottlenecks in the transformation of our main businesses, and promote the integration and innovation of "artificial intelligence +". We will research and explore, and make forward-looking layout for strategic emerging industrial clusters and accelerate the cultivation of new quality productive forces in the energy sector.

Section III Board's Statement (Continued)

Fourthly, we will further leverage the role of a listed company as an investment and financing platform through standardized operation. We are fully committed to the integration and consolidation of newly consolidated assets to strengthen business synergies and optimize capital structure, thereby enhancing operational efficiency. Focusing on the integrated industrial chain and strategic emerging industries, we will carry out mergers, acquisitions and restructuring to integrate business operations effectively and enhance our sustainable development capabilities. We will optimize the "11257" market value management system with China Shenhua's characteristics, and continuously enhance the brand influence and investment value of the Company. In line with our strategic planning and by staying attuned to market trends, we will proactively strengthen our financing capabilities to support high-quality development and value creation of the Company.

Fifthly, we will improve governance and continuously strengthen our value creation capabilities aligning with the world-class benchmark. Guided by the goal of enhancing our core competitiveness and functional mission, we will continue to benchmark against first-class domestic and international energy enterprises to identify weaknesses and make precise improvements. We will implement the requirements of the new round of state-owned asset and state-owned enterprise reform, improve the modern enterprise system with Chinese characteristics, enhance our corporate governance and market-oriented operating mechanism, and strengthen the construction of the board of directors, legal compliance and ESG governance to effectively enhance corporate competitiveness. By consistently enhancing internal control, audit functions and risk management capabilities, we are well-positioned to safeguard the healthy and sustainable growth of the Company.

With a long journey ahead and tailwinds, we are ready to shoulder huge responsibilities and forge ahead with renewed vigor. The board of directors of the Company will be dedicated to fulfilling its duties, operating prudently as well as fostering scientific development, delivering returns to all shareholders and all sectors of society with solid results for their trust, and striving to turn a new page for the high-quality development of China Shenhua following the "15th Five-Year Plan".

Board of Directors
China Shenhua Energy Company Limited
30 March 2026





Section IV

Directors' Report

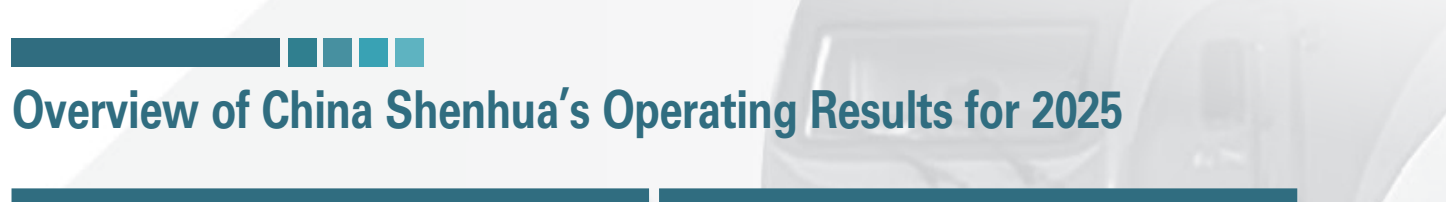


Table 1 Business Targets and Actual Amount

		Target for 2026	Actual amount in 2025	Change %
Commercial coal production	100 million tonnes	3,302	3,321	(0.6)
Coal sales	100 million tonnes	4,349	4,309	0.9
Power generation	100 million kWh	2,237	2,202.0	1.6
Revenue	RMB100 million	2,800	2,949.16	(5.1)
Cost of sales	RMB100 million	2,030	2,067.20	(1.8)
Selling, general and administrative expenses, R&D costs and net finance costs	RMB100 million	165	151.89	8.6
Changes in unit production costs of self-produced coal		Year-on-year increase of around 4%	Year-on-year decrease of 0.5%	

Table 2 Financial Indicators

		2025	2024 (restated)	Change %
Revenue	RMB million	294,916	339,788	(13.2)
Profit for the year	RMB million	64,503	70,325	(8.3)
EBITDA	RMB million	102,166	108,168	(5.5)
Profit for the year attributable to equity holders of the Company	RMB million	54,218	59,544	(8.9)
Basic earnings per share	RMB/share	2.729	2.997	(8.9)
Net cash generated from operating activities	RMB million	75,059	91,086	(17.6)

Table 3 Results of Each Segment

	Coal		Power		Railway		Port	
	2025 RMB million	2024 (restated) RMB million	2025 RMB million	2024 (restated) RMB million	2025 RMB million	2024 RMB million	2025 RMB million	2024 RMB million
Revenue from external customers	182,874	223,409	88,914	96,769	12,409	11,120	2,385	1,796
Inter-segment revenue	38,358	45,559	225	205	31,301	31,995	4,635	5,046
Sub-total of segment revenue	221,232	268,968	89,139	96,974	43,710	43,115	7,020	6,842
Segment cost of sales	(168,308)	(200,066)	(74,082)	(81,477)	(27,391)	(27,111)	(3,822)	(4,167)
Profit before income tax	48,026	55,662	12,783	11,353	13,012	12,604	2,659	2,115
	As at 31 December 2025 RMB million	As at 31 December 2024 (restated) RMB million	As at 31 December 2025 RMB million	As at 31 December 2024 (restated) RMB million	As at 31 December 2025 RMB million	As at 31 December 2024 RMB million	As at 31 December 2025 RMB million	As at 31 December 2024 RMB million
Segment total assets	292,905	323,963	194,390	187,714	136,306	123,595	21,440	19,740
Segment total liabilities	(151,343)	(145,311)	(140,486)	(145,695)	(48,830)	(46,605)	(6,283)	(6,445)

	Shipping		Coal chemical		Unallocated items		Eliminations		Total	
	2025 RMB million	2024 RMB million	2025 RMB million	2024 RMB million	2025 RMB million	2024 RMB million	2025 RMB million	2024 (restated) RMB million	2025 RMB million	2024 (restated) RMB million
	2,612	2,061	5,722	5,633	-	-	-	-	294,916	339,788
	1,377	2,935	-	-	794	894	(76,690)	(86,634)	-	-
	3,989	4,996	5,722	5,633	794	894	(76,690)	(86,634)	294,916	339,788
	(3,540)	(4,465)	(5,445)	(5,459)	(92)	(24)	75,960	85,039	(206,720)	(237,730)
	269	260	57	36	4,275	5,969	(19)	(669)	81,062	87,330
	As at 31 December 2025 RMB million	As at 31 December 2024 RMB million	As at 31 December 2025 RMB million	As at 31 December 2024 RMB million	As at 31 December 2025 RMB million	As at 31 December 2024 RMB million	As at 31 December 2025 RMB million	As at 31 December 2024 RMB million	As at 31 December 2025 RMB million	As at 31 December 2024 RMB million
	7,190	7,218	10,540	8,190	481,127	538,369	(512,421)	(537,140)	631,777	671,639
	(692)	(487)	(2,657)	(1,784)	(195,169)	(228,360)	399,150	403,910	(146,310)	(171,377)

Table 4 Operation Data

		2025	2024 (restated)	Change %
Commercial coal production	million tonnes	332.1	337.9	(1.7)
Coal sales	million tonnes	430.9	460.2	(6.4)
Transportation turnover of self-owned railway	billion tonne km	313.0	312.1	0.3
Loading volume at Huanghua Port	million tonnes	217.0	214.4	1.2
Loading volume at Tianjin Coal Dock	million tonnes	44.6	44.0	1.4
Shipping volume	million tonnes	111.3	129.9	(14.3)
Shipment turnover	billion tonne nm	114.9	149.4	(23.1)
Gross power generation	billion kWh	220.20	228.89	(3.8)
Total power output dispatch	billion kWh	207.00	215.41	(3.9)
Polyethylene sales	thousand tonnes	373.9	332.2	12.6
Polypropylene sales	thousand tonnes	349.8	313.6	11.5

Table 5 Commercial Coal Production Volume

	2025 Million tonnes	2024 (restated) Million tonnes	Change %
Total production	332.1	337.9	(1.7)
By mines			
Shendong Mines	189.0	190.7	(0.9)
Zhunge'er Mines	73.3	72.9	0.5
Baoxile Mines	30.4	34.0	(10.6)
Shengli Mines	26.8	28.0	(4.3)
Dayan Mines	11.3	10.8	4.6
Baotou Mines	1.3	1.5	(13.3)
By regions			
Inner Mongolia	235.6	239.9	(1.8)
Shaanxi Province	89.4	92.2	(3.0)
Shanxi Province	7.1	5.8	22.4

Table 9 Domestic Coal Sales Volume

		2025 Million tonnes	Proportion of domestic sales %	2024 (restated) Million tonnes	Change %
Domestic sales		425.6	100.0	449.4	(5.3)
By regions	Northern China	176.6	41.5	147.0	20.1
	Eastern China	113.7	26.7	154.1	(26.2)
	Central China and Southern China	56.6	13.3	72.9	(22.4)
	Northeast China	39.4	9.3	44.5	(11.5)
	Others	39.3	9.2	30.9	27.2
By usage	Thermal coal	325.0	76.4	348.7	(6.8)
	Metallurgy	12.9	3.0	13.5	(4.4)
	Chemical (including coal slurry)	49.1	11.5	53.4	(8.1)
	Others	38.6	9.1	33.8	14.2

Table 10 Capital Expenditure Plan

	Plan for 2026	Completion in 2025
	RMB100 million	RMB100 million
Coal segment	118.59	141.69
Power segment	125.48	193.08
Transportation segments	86.96	78.33
Including: Railway	67.38	55.07
Port	19.57	23.08
Shipping	0.01	0.18
Coal chemical segment	41.48	26.17
Others	7.72	8.59
Total	380.23	446.86

Table 12 Coal Sales Price

	2025			2024 (restated)			Change	
	Sales volume	Percentage to	Average price	Sales volume	Percentage to	Average price	Sales volume	Average price
	Million tonnes	total sales volume	(excluding tax)	Million tonnes	total sales volume	(excluding tax)	volume	price
		%	RMB/tonne		%	RMB/tonne	%	(excluding tax)
								%
Total sales volume/average price (excluding tax)	430.9	100.0	495	460.2	100.0	563	(6.4)	(12.1)
I. Classify by contract pricing mechanism								
(I) Sales through Trading Group	415.4	96.4	503	437.4	95.0	578	(5.0)	(13.0)
1. Annual long-term agreement	228.3	53.2	455	246.4	53.5	491	(6.9)	(7.3)
2. Monthly long-term agreement	169.8	39.4	569	154.8	33.6	705	9.7	(19.3)
3. Spot commodity	16.3	3.8	556	36.2	7.9	627	(55.0)	(11.3)
(II) Direct sales through coal mine pit	15.5	3.6	211	22.8	5.0	283	(32.0)	(25.4)
II. Classify by internal and external customers								
(I) Sales to external customers	352.7	81.8	506	381.5	82.9	573	(7.5)	(11.7)
(II) Sales to internal power segment	73.2	17.0	447	74.1	16.1	520	(1.2)	(14.0)
(III) Sales to internal coal chemical segment	5.0	1.2	405	4.6	1.0	424	8.7	(4.5)

Table 13 Coal Resources Reserve

Mines	Coal resources (under PRC standard)			Recoverable reserve (under PRC standard)			Recoverable reserve (under JORC standard)		
	As at	As at	Change	As at	As at	Change	As at	As at	Change
	31 December 2025	31 December 2024		31 December 2025	31 December 2024		31 December 2025	31 December 2024	
	100 million tonnes	100 million tonnes	%	100 million tonnes	100 million tonnes	%	100 million tonnes	100 million tonnes	%
Shandong Mines	156.7	158.0	(0.8)	88.8	89.7	(1.0)	64.7	65.4	(1.1)
Xinjie Taigemiao Mines	145.0	110.1	31.7	14.0	14.0	-	9.4	9.4	-
Zhunge'er Mines	39.6	40.3	(1.7)	28.6	29.2	(2.1)	21.2	21.3	(0.5)
Shengli Mines	22.0	22.3	(1.3)	9.9	10.2	(2.9)	1.6	1.9	(15.8)
Tarangaole Mines	20.5	/	/	14.2	/	/	6.5	/	/
Dayan Mines	17.7	/	/	10.1	/	/	1.2	/	/
Baotoule Mines	12.2	12.5	(2.4)	7.3	7.5	(2.7)	6.7	7.0	(4.3)
Baotou Mines	0.4	0.4	-	0.2	0.3	(33.3)	0.0	0.1	(100.0)
Total of China Shenhua	414.1	343.6	20.5	173.1	150.9	14.7	111.3	105.1	5.9

	2025 million tonnes	2024 million tonnes	Change %
Self-owned ports	202.0	214.6	(5.9)
Huanghua Port	160.0	175.0	(8.6)
Tianjin Coal Dock	42.0	39.6	6.1
Zhuhai Coal Dock	-	-	/
Third-party ports	37.3	32.1	16.2
Total seaborne coal sales	239.3	246.7	(3.0)

Table 15 Railway Transportation Turnover

	2023 billion tonne km	2024 billion tonne km	Change %
Self-owned railways	313.0	312.1	0.3
Baoshen Railway	8.4	8.7	(3.4)
Shenshuo Railway	54.6	56.4	(3.2)
Ganquan Railway	3.3	2.2	50.0
Dazhun Railway	29.9	31.1	(3.9)
Bazhun Railway	1.9	2.0	(5.0)
Zhunchi Railway	12.4	12.3	0.8
Shuohuang-Huangwan Railway	198.6	195.4	1.6
Huangda Railway	3.9	4.0	(2.5)
State-owned railways	65.0	63.8	1.9
Total railway turnover	378.0	375.9	0.6

Table 16 Shipping Volume

	2025 million tonnes	2024 million tonnes	Change %
The Group's internal customers	38.6	77.6	(50.3)
External customers	72.7	52.3	39.0
Total of shipping volume	111.3	129.9	(14.3)



中国神华能源股份有限公司
CHINA SHENHUA ENERGY COMPANY LIMITED



主要資產分佈圖 Assets Distribution Map

2025



煤礦 COAL MINE

A1. 神東礦區 Shendong Mines	A2. 准格爾礦區 Zhunge'er Mines	A3. 勝利礦區 Shengli Mines
A4. 大雁礦區 Dayan Mines	A5. 寶日希勒礦區 Baorixile Mines	A6. 包頭礦區 Baotou Mines
A7. 新街台格廟礦區 Xinjie Taigemiao Mining Area	A8. 塔然高勒礦區 Tarangaole Mines	



電廠 POWER

B1. 滄東電力 Cangdong Power	B2. 定州電力 Dingzhou Power	B3. 准能電力 Zhunge'er Power	B4. 神東電力 Shendong Power	B5. 北京燃氣 Beijing Gas Power
B6. 錦界能源 Jinjie Energy	B7. 台山電力 Taishan Power	B8. 惠州熱電 Huizhou Thermal	B9. 孟津電力 Mengjin Power	B10. 四川能源 Sichuan Energy
B11. 福建能源 Fujian Energy	B12. 南蘇EMM EMM Indonesia	B13. 壽光電力 Shouguang Power	B14. 柳州電力 Liuzhou Power	B15. 九江電力 Jiujiang Power
B16. 印尼爪哇 Indonesia Java	B17. 永州電力 Yongzhou Power	B18. 北電勝利 Beidian Shengli	B19. 北海電力 Beihai Power	B20. 岳陽電力 Yueyang Power
B21. 清遠電力 Qingyuan Power	B22. 杭錦能源鄂溫克電廠 Evenki Power Plant of Hangjin Energy	B23. 天健美朗 Lion Power		



鐵路 RAILWAY

C1. 神朔鐵路 Shenshuo Railway	C2. 朔黃鐵路 Shuohuang Railway	C3. 黃萬鐵路 Huangwan Railway
C4. 大准鐵路 Dazhun Railway	C5. 包神鐵路 Baoshen Railway	C6. 巴准鐵路 Bazhun Railway
C7. 甘泉鐵路 Ganquan Railway	C8. 准池鐵路 Zhunchi Railway	C9. 黃大鐵路 Huangda Railway
C10. 塔神鐵路 Tahan Railway	C11. 東月鐵路 (前期) Dongyue Railway (Preliminary)	



港口 PORT

- | |
|--------------------------------|
| D1. 黃驊港
Huanghua Port |
| D2. 天津煤碼頭
Tianjin Coal Dock |
| D3. 珠海煤碼頭
Zhuhai Coal Dock |



航運 SHIPPING

- | |
|------------------------------|
| E1. 航運公司
Shipping Company |
|------------------------------|



煤化工 COAL CHEMICAL

- | |
|-----------------------------------|
| F1. 包頭煤化工
Baotou Coal Chemical |
|-----------------------------------|

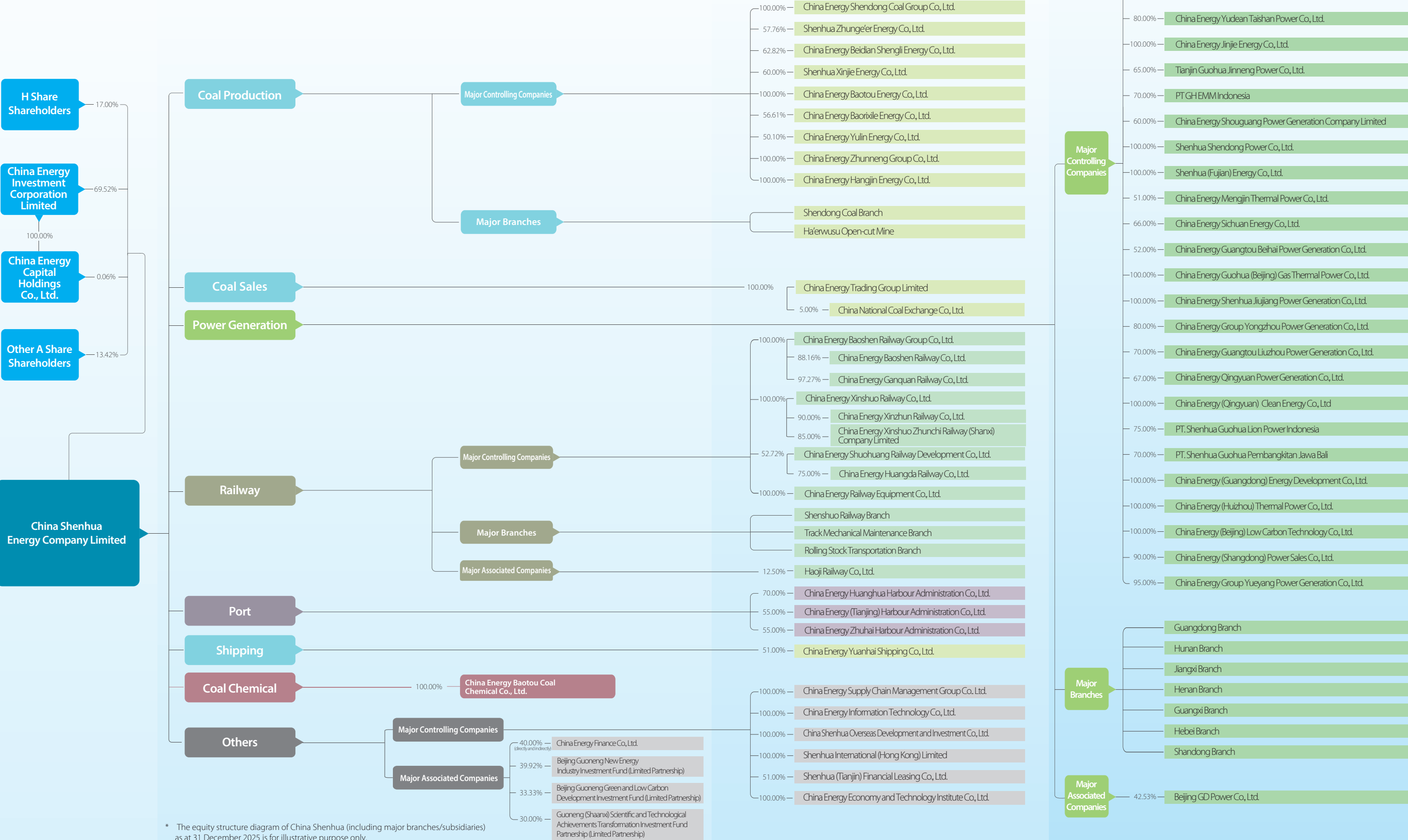
註： ① 於2025年12月31日之分佈圖，僅做示意
② 以審圖號GS(2019)1818號地圖為基礎編製
Note: ① This map as at 31 December 2025 is for illustrative purpose only.
② Prepared on the basis of the map with the approval number of GS(2019)1818.

圖例 Legend

- 省界線
Provincial Boundary
- 國有或地方鐵路線
State-owned or Local Railway
- 自有運營鐵路
Self-owned Railway (in operation)
- 自有礦區
Self-owned mines
- 主要航線
Main Shipping Route



Equity structure diagram



Section IV Directors' Report

I. BUSINESSES ENGAGED IN BY THE COMPANY DURING THE REPORTING PERIOD

The Company was established in Beijing in November 2004, and was listed on the HKEx in June 2005 and on the SSE in October 2007. The Group is principally engaged in the production and sale of coal and electricity, railway, port and shipping transportation, and coal-to-olefins businesses.

The Group owns high-quality coal resources located in Shendong Mines, Zhunge'er Mines, Shengli Mines, Baorixile Mines and Xinjie Taigemiao Mine, etc. In 2025, the Group realised commercial coal production of 332.1 million tonnes and the sales of coal of 430.9 million tonnes. The Group controls and operates clean coal-fired power generators with high capacity and advanced technical parameters. The Group controlled and operated power generators with an installed capacity of 52,676 MW by the end of 2025, with a total power output dispatch of 207.00 billion kWh in 2025. The Group controls and operates a network of concentric and radial transportation railways around the major coal production bases in western Shanxi, northern Shaanxi and southern Inner Mongolia and the "Shenshuo – Shuohuang Line", a major channel for coal transportation from western to eastern China, as well as Huangda Railway, a new energy channel in Bohai Rim, with total railway operating mileage reaching 2,408 km. The transportation turnover of the self-owned railway reached 313.0 billion tonne km for the year. The Group also controls and operates a number of ports and terminals (with a total ship loading capacity of approximately 270 million tonnes/year), such as Huanghua Port, owns the fleet of ships with approximately 2.24 million tonnes of deadweight capacity and conducts coal-to-olefins projects with approximately 0.6 million tonnes/year of production capacity. During the Reporting Period, there were no significant changes in the principal business scope of the Group.

The integrated operation mode of "production-transportation (railway, port and shipping)-conversion (power generation and coal chemical industry)" formed by the Group on the basis of coal products has the advantages of complete chain, high efficiency, safety and stability, and low-cost operation.

Explanation on Significant New Non-principal Business of the Company during the Reporting Period: ☐ Applicable ☒ Not applicable

Section IV Directors' Report (Continued)

II. INDUSTRY IN WHICH THE COMPANY OPERATED DURING THE REPORTING PERIOD¹

1. Macroeconomic Environment

In 2025, facing complex changes in the domestic and international economic environment, under the strong leadership of the CPC Central Committee with Xi Jinping at its core, all regions and departments thoroughly implemented the decisions and plans of the CPC Central Committee and the State Council, resolutely implemented the new development philosophy, promoted high-quality development, coordinated the domestic and international situations, balanced development and security, implemented more proactive and effective macro policies, and deepened the construction of a unified national market. The national economy operated under pressure and moved towards innovation and excellence, achieving new results in high-quality development. The main goals and tasks of economic and social development were successfully achieved, and the 14th Five-Year Plan was successfully concluded. Calculated at constant prices, the annual gross domestic product (GDP) increased by 5.0% as compared with the previous year.

2. Coal Market Environment

(1) China's thermal coal market

In 2025, China's energy supply guarantee capacity was effectively improved, the output of raw coal and the consumption of commercial coal remained stable, and the role of coal in providing insurance was further highlighted. Throughout the year, coal prices fluctuated widely, with the central price level declining. As at December 2025, the medium – and long-term contract execution price of the National Coal Seaborne Thermal-Coal Price Index (NCEI) (國煤下水動力煤價格指數) (5,500 kcal) was RMB694 per tonne, representing a decrease of RMB2 per tonne as compared with that at the end of the previous year; the annual average medium – and long-term contract price was approximately RMB680 per tonne, representing a decrease of RMB21 per tonne compared with that of last year. The average transaction price for thermal coal (5,500 kcal) at Qinhuangdao Port for the year was approximately RMB703 per tonne, representing a year-on-year decrease of approximately 18.4%.

¹ The macroeconomic and industry-related contents in this report are for reference only and do not constitute any investment advice. The Company has made every effort to ensure the accuracy and reliability of information in this section, but it does not assume any liability or provide any form of guarantee for the accuracy, completeness or validity of all or part of its content. The Company disclaims all responsibility for any error or omission. The content in this section may contain certain forward-looking statements based on subjective assumptions and judgments of future political and economic developments; therefore there may be uncertainties in these statements. The Company does not undertake any responsibility for updating the information or correcting any subsequent error that may appear. The opinions, estimates and other data set out herein can be amended or withdrawn without prior notice. The data contained in this section are mainly derived from sources such as the National Bureau of Statistics, National Energy Administration, China Coal Market Network, China Coal Resources Network, China Electricity Council, China Coal Transportation & Distribution Association, etc.

Section IV Directors' Report (Continued)

	2025	Year-on-year Change %
Industrial raw coal output above designated scale in China (100 million tonnes)	48.3	1.2
Coal import (100 million tonnes)	4.9	(9.6)
National coal transportation volume by railway (100 million tonnes)	27.7	(2.1)

In respect of the supply side, during the year, the industrial raw coal output above designated scale in China was 4,830 million tonnes, representing a year-on-year increase of 1.2%. The annual raw coal output in Inner Mongolia Autonomous Region, Shanxi Province, Shaanxi Province and Xinjiang Uygur Autonomous Region accounted for 81.7% of the industrial raw coal output above designated scale in China, maintaining a stable proportion. Under the guidance of regulatory policies, the coal supply was stable and orderly, and the industrial raw coal output above designated scale from July to December decreased compared with the same period of last year. The coal storage in major sectors of society fluctuated with the seasons and declined as a whole. During the year, the total imported coal was 490 million tonnes, representing a year-on-year decrease of 9.6%, mainly from Indonesia, Mongolia, Russia, Australia, etc., with the average cost of imported coal decreasing by approximately 23.2%.

In respect of the demand side, China's commercial coal consumption was 4,990 million tonnes in 2025, representing a year-on-year decrease of 0.7%. Among them, due to the decline in thermal power generation, the commercial coal consumption of power generation industry decreased by 2.1% year-on-year, accounting for approximately 58.3% of the total coal consumption, representing a year-on-year decrease of 0.4%; commercial coal consumption in the chemical industry increased by 10.2% year-on-year; coal consumption in the steel and building materials sector experienced year-on-year decreases.

Section IV Directors' Report (Continued)

(2) *International thermal coal market*

In 2025, the International Energy Agency predicted that the global coal demand will reach 8.85 billion tonnes in 2025, representing a 0.5% increase from 2024 and reaching another historic high. Coal consumption patterns and recent trends were diverging, with rising natural gas prices in the United States and policies slowing the retirement of coal-fired power plants driving up coal consumption, while demand in the European Union only declined slightly. The International Energy Agency predicted that global coal production in 2025 will remain basically unchanged from 2024, at approximately 9.1 billion tonnes. According to statistical data, the coal production in India in 2025 was 1.08 billion tonnes, representing a year-on-year decrease of 0.1%; the coal production in Indonesia reached 790 million tonnes, representing a year-on-year decrease of 5.5%; the coal production in the United States reached 480 million tonnes, representing a year-on-year increase of 4.0%; the coal production in Mongolia reached 95.45 million tonnes, representing a year-on-year increase of 0.4%. Coal production in Australia and Russia decreased.

According to the report of Banchemo Costa, a ship brokerage and service group, in 2025, the global shipment of coal through shipping (excluding domestic coastal cargo transportation) accumulated to 1.33 billion tonnes, representing a year-on-year decrease of 2.8%. The exported volume of coal from Indonesia amounted to approximately 520 million tonnes, representing a year-on-year decrease of 6.1%; the exported volume of coal from Australia amounted to approximately 350 million tonnes, representing a year-on-year decrease of 3.3%; the exported volume of coal from Russia amounted to approximately 210 million tonnes, representing a year-on-year increase of 7.0%; the exported volume of coal from Mongolia amounted to 90.02 million tonnes, representing a year-on-year increase of 7.5%. Among the global coal importing countries, the increase mainly came from India, Vietnam and Malaysia. The imported volume of coal of Turkey amounted to 45.22 million tonnes, representing a year-on-year increase of 11.0%. The global coal prices experienced overall fluctuations with downward trends in 2025. The spot price of Newcastle NEWC thermal coal decreased by approximately 12.8% as compared to the end of the previous year.

Section IV Directors' Report (Continued)

3. Power Market Environment

In 2025, the national power supply system operated safely and stably, power supply continued its green and low-carbon transformation, power consumption remained stable and improve, and the power supply and demand were generally balanced. China's national power consumption reached 10,368.2 billion kWh, representing a year-on-year increase of 5.0%. The power generation by power plants above designated scale in China was 9,715.9 billion kWh, representing a year-on-year increase of 2.2%. Among which, thermal power generation amounted to 6,294.5 billion kWh, representing a year-on-year decrease of 1.0%, accounting for 64.8% of the national power generation; hydropower, nuclear power, wind power and solar power generation increased year-on-year by 2.8%, 7.7%, 9.7% and 24.4%, respectively. The average utilisation hours of power generation equipment of power plants in China with the installed capacity of 6,000 kW and above were 3,119 hours, decreasing by 312 hours year-on-year. Among them, the average utilisation hours of thermal power equipment were 4,147 hours, decreasing by 232 hours year-on-year (the average utilization hours of coal power equipment were 4,346 hours, decreasing by 269 hours year-on-year).

The installed capacity of non-fossil power generation accounted for more than 60%, and the role of thermal power in supporting peak power generation was further highlighted. In the year of 2025, the combined newly added installed capacity of power generation for the year amounted to 550 GW. Among which, the combined newly added installed capacity of wind power and solar power generation for the year increased by 440 GW, accounting for 80.2% of the total newly added installed capacity of power generation. As of the end of 2025, the installed capacity of non-fossil power generation was 2,400 GW, representing a year-on-year increase of 23.0%, accounting for 61.7% of the total installed capacity of power generation, an increase of 3.5% as compared with the end of last year; coal power generation accounted for 32.4% of the total installed capacity, representing a decrease of 3.3% over the end of last year.

Newly added power generation from new energy became the main body of newly added power generation. The full-caliber non-fossil power generation reached 4,470 billion kWh, representing a year-on-year increase of 14.1%, accounting for 42.9% of the total power generation, an increase of 3.4% over last year. In 2025, newly added power generation of full-caliber wind, solar and biomass power accounted for 97.1% of newly added power consumption in the whole society, and became the main body of newly added power consumption.

The trading volume of the electricity market further expanded, and the amount of electricity transmitted across regions and provinces grew rapidly. In 2025, power trading centres across China organised and completed a total of 6,639.4 billion kWh of market transactions, representing a year-on-year increase of 7.4%, accounting for 64.0% of total power consumption in the whole society. Among them, the medium and long-term power direct trading volume in the national power market was 6,352.2 billion kWh. Power transmission cross regions nationwide reached 998.4 billion kWh, representing a year-on-year increase of 7.9%; and power transmission across provinces reached of 2,123.7 billion kWh, representing a year-on-year increase of 6.3%.

Section IV Directors' Report (Continued)

III. DISCUSSION AND ANALYSIS ON OPERATION RESULTS

In 2025, the Group implemented the new strategy of energy security, continued to consolidate the core advantages of integrated operation, and ensured the safe and stable supply of energy; deepened the improvement of quality and efficiency, strived to expand the market and increase revenue, strengthened cost control, and implemented lean management for all employees, the whole process and all the factors to continuously improve the quality and efficiency of development. Affected by factors such as market supply and demand and price changes, the Group's coal sales volume, revenue and some other indicators were below the annual operating targets.

In 2025, the Group recorded profit before income tax of RMB81,062 million (2024: RMB87,330 million, restated), representing a year-on-year decrease of 7.2%; profit for the year attributable to equity holders of the Company of RMB54,218 million (2024: RMB59,544 million, restated); and basic earnings per share of RMB2.729/share (2024: RMB2.997/share, restated), representing a year-on-year decrease of 8.9%.

		Actual amount for 2025	Target for 2025	Proportion of completion %	Actual amount for 2024 (restated)	Year-on-year change %
Commercial coal production	100 million tonnes	3.321	3.348	99.2	3.379	(1.7)
Coal sales	100 million tonnes	4.309	4.659	92.5	4.602	(6.4)
Gross power generation	100 million kWh	2,202.0	2,271	97.0	2,288.9	(3.8)
Revenue	RMB100 million	2,949.16	3,200	92.2	3,397.88	(13.2)
Cost of sales	RMB100 million	2,067.20	2,300	89.9	2,377.30	(13.0)
Selling expenses, general and administrative expenses, research and development costs and net finance costs	RMB100 million	151.89	145	104.8	146.02	4.0
Changes in unit production costs of / self-produced coal		Year-on year decrease of 0.5%	Year-on-year increase of approximately 6%	/	Year-on-year increase of approximately 3.7%	/

Section IV Directors' Report (Continued)

IV. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

The core competitiveness of the Group is mainly:

- (I) **Unique operation and profitability model:** the Group has large-scale, highly efficient coal and power generation operations, and possesses a large-scale integrated transportation network consisting of railways, ports and ships, which efficiently connects resource supply of western China with the energy demand of the southeast coast. Hence, we have formed a core competitive advantage of integrated development of coal, power, transportation and coal-to-chemical industry, one-stop operation of production, transportation and sales, in-depth cooperation and effective synergy among various industrial sectors, providing us with strong advantages in market sales and pricing power..
- (II) **Coal reserves:** the Group possesses an abundant pool of high-quality coal resources which are suitable for developing modern high-output and high-efficient coal mines. The Group ranks among the top-tier listed coal enterprises in China by coal reserves.
- (III) **Management team focusing on principal businesses and advanced business concepts:** the management team of the Group has profound knowledge and management experience in the industry, attaches great importance to enhancement of the Company's capabilities in value creation, conducts operation with a focus on the principal businesses of the Company, and persistently focuses on clean generation, clean transportation and clean conversion in the energy sector.
- (IV) **Industrial technology and innovation capabilities:** the Group strengthens its industrial technology and innovation capabilities continuously. The Group's technology in green coal exploitation and safety production has secured a leading position in the global market, and that of clean coal-fired power generation, heavy-haul railway transportation and smart port operation has secured a leading position in the domestic market. China Shenhua has basically established an integrated operation model for technological resources, which includes scientific decision-making, systematic management, research and development, and commercialisation of achievements and a technological innovation-driven development model.

Section IV Directors' Report (Continued)

V. MAJOR OPERATION RESULTS DURING THE REPORTING PERIOD

(I) Analysis on Principal Businesses

1. Analysis on Changes in the Major Items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Consolidated Statement of Cash Flows

Unit: RMB million

Items	2025	2024 (restated)	Change %
Revenue	294,916	339,788	(13.2)
Cost of sales	(206,720)	(237,730)	(13.0)
General and administrative expenses	(11,380)	(10,924)	4.2
Research and development costs	(2,854)	(2,740)	4.2
Other gains and losses	(32)	(677)	(95.3)
Other expenses	3,369	(4,801)	(170.2)
Interest income	2,287	2,773	(17.5)
Finance costs	(2,715)	(3,137)	(13.5)
Share of results of associates	3,762	4,345	(13.4)
Net cash generated from operating activities	75,059	91,086	(17.6)
Net cash used in investing activities	(21,794)	(86,095)	(74.7)
Net cash used in financing activities	(96,242)	(48,590)	98.1

Detailed explanation on material changes in the business type, composition of profit or source of profit of the Company during the Reporting Period: Not applicable

Section IV Directors' Report (Continued)

2. Analysis on Revenue and Costs

(1) Factors affecting the revenue

The revenue of the Group in 2025 recorded a year-on-year decrease of 13.2%. The main reasons for the decrease are:

- ① Affected by factors such as the supply-demand relationship in the coal market, sales volume and average sales price of coal of the Group decreased by 6.4% and 12.1% respectively, resulting in a year-on-year decrease in revenue from coal sales;
- ② Affected by factors such as the decline in utilisation hours of coal power equipment and the decrease in electricity price, electricity sales and average electricity sales price of the Group decreased by 3.9% and 4.0% respectively, resulting in a year-on-year decrease in revenue from power sales.

Major operating indicators	Unit	2025	2024 (restated)	Change %	2023 (restated)
(I) Coal					
1. Commercial coal production	Million tonnes	332.1	337.9	(1.7)	337.9
2. Coal sales	Million tonnes	430.9	460.2	(6.4)	454.6
Of which: Self-produced coal	Million tonnes	332.3	337.6	(1.6)	339.0
Purchased coal	Million tonnes	98.6	122.6	(19.6)	115.6
(II) Transportation					
1. Transportation turnover of self-owned railway	Billion tonne km	313.0	312.1	0.3	309.4
2. Loading volume at Huanghua Port	Million tonnes	217.0	214.4	1.2	209.5
3. Loading volume at Tianjin Coal Dock	Million tonnes	44.6	44.0	1.4	45.8
4. Shipping volume	Million tonnes	111.3	129.9	(14.3)	152.9
5. Shipment turnover	Billion tonne nautical miles	114.9	149.4	(23.1)	164.7
(III) Power					
1. Gross power generation	Billion kWh	220.20	228.89	(3.8)	218.30
2. Total power output dispatch	Billion kWh	207.00	215.41	(3.9)	205.17
(IV) Coal chemical					
1. Sales of polyethylene	Thousand tonnes	373.9	332.2	12.6	364.4
2. Sales of polypropylene	Thousand tonnes	349.8	313.6	11.5	341.5

Note: During the Reporting Period, the Company completed the acquisition of 100% equity interest in Hangjin Energy held by China Energy. The Group's major operating indicators for 2025 include the relevant data of Hangjin Energy. To ensure the comparability of business data, the Group has made retrospective adjustments to the major operating indicators for the comparable periods (the same applies hereinafter).

Section IV Directors' Report (Continued)

(2) Analysis of costs

Unit: RMB million

Breakdown of cost items	Amount for 2025	Percentage to cost of sales in 2025 %	Amount for 2024 (restated)	Percentage to cost of sales in 2024 %	Year-on year change in amount %
Cost of purchased coal	40,271	19.5	63,213	26.6	(36.3)
Raw materials, fuel and power	34,134	16.5	34,968	14.7	(2.4)
Personnel expenses	31,671	15.3	30,512	12.8	3.8
Repair and maintenance	8,621	4.2	10,056	4.2	(14.3)
Depreciation and amortisation	20,741	10.0	20,500	8.6	1.2
Transportation charges	18,635	9.0	19,977	8.4	(6.7)
Tax and surcharge	16,978	8.2	18,217	7.7	(6.8)
Others	35,669	17.3	40,287	17.0	(11.5)
Total cost of sales	206,720	100.0	237,730	100.0	(13.0)

The cost of sales of the Group in 2025 represented a year-on-year decrease of 13.0%, of which:

- ① the main reason for the year-on-year decrease in the cost of purchased coal: the decrease in the price and procurement cost of purchased coal leads to a decrease in procurement cost;
- ② the main reason for the year-on-year decrease in repair and maintenance costs: the decrease in repair and maintenance costs in segments including coal, power generation and railway business affected by the maintenance schedule;
- ③ the main reason for the year-on-year decrease in transportation charges: the decrease in external rail transportation charges, vessel leasing fees and others;
- ④ the main reason for the year-on-year decrease in tax and surcharges: the year-on-year decrease in resource taxes as a result of the decrease in income from the sale of self-produced coal;
- ⑤ the main reasons for the year-on-year decrease in other costs: the decrease in open-cut coal mines stripping fee, waterway dredging fee of ports and others fees.

Section IV Directors' Report (Continued)

Unit: RMB million

Cost of sales by business segment in 2025 (before elimination on consolidation)				
By business segment	Breakdown of cost items	2025	2024 (restated)	Change %
Coal	Cost of purchased coal, raw materials, fuel and power, personnel expenses, repairs and maintenance, depreciation and amortisation, transportation costs, taxes and surcharges, other costs and other operating costs	(168,308)	(200,066)	(15.9)
Power generation	Raw materials, fuel and power, personnel expenses, repairs and maintenance, depreciation and amortisation, taxes and surcharges, other costs and other operating costs	(74,082)	(81,477)	(9.1)
Railway	Cost of internal transportation business (raw materials, fuel and power, personnel expenses, repairs and maintenance, depreciation and amortisation, external transportation charges, and other expenses), cost of external transportation business, taxes and surcharges, and other operating costs	(27,391)	(27,111)	1.0
Port	Cost of internal transportation business (raw materials, fuel and power, personnel expenses, repairs and maintenance, depreciation and amortisation, and other expenses), cost of external transportation business, taxes and surcharges, and other operating costs	(3,822)	(4,167)	(8.3)
Shipping	Cost of internal transportation business (raw materials, fuel and power, personnel expenses, repairs and maintenance, depreciation and amortisation, external transportation charges, and other expenses), cost of external transportation business, taxes and surcharges, and other operating costs	(3,540)	(4,465)	(20.7)
Coal chemical	Raw materials, fuel and power, personnel expenses, repairs and maintenance, depreciation and amortisation, taxes and surcharges, other costs and other operating costs	(5,445)	(5,459)	(0.3)

Section IV Directors' Report (Continued)

(3) Principal businesses by business segment

The major business model of the Group is the integrated coal industry chain: i.e. coal production → coal transportation (railway, port and shipping) → conversion of coal (power generation and coal chemical), and there are business intercourses between each segment. The percentages of profit before income tax (before elimination on consolidation) of coal, power, transportation and coal chemical segments of the Group in 2025 were 62%, 17%, 21% and 0%, respectively (2024: 68%, 14%, 18% and 0%, restated).

The following revenue, cost of sales and others of business segments are the data before elimination on consolidation of each segment. For details of costs by business segment, please refer to "Operation Results by Business Segment" in this section and the table of operating results overview in this report.

Principal businesses by business segment in 2025 (before elimination on consolidation)

Business segment	Revenue <i>RMB million</i>	Cost of sales <i>RMB million</i>	Gross profit margin %	Increase/ decrease in revenue as compared with previous year (restated) %	Increase/ decrease in cost of sales as compared with previous year (restated) %	Increase/ decrease in gross profit margin as compared with previous year (restated)
Coal	221,232	(168,308)	23.9	(17.7)	(15.9)	Decreased by 1.7 percentage points
Power generation	89,139	(74,082)	16.9	(7.1)	(9.1)	Increased by 1.8 percentage points
Railway	43,710	(27,391)	37.3	1.4	1.0	Increased by 0.2 percentage point
Port	7,020	(3,822)	45.6	2.6	(8.3)	Increased by 6.5 percentage points
Shipping	3,989	(3,540)	11.3	(20.2)	(20.7)	Increased by 0.7 percentage point
Coal chemical	5,722	(5,445)	4.8	1.6	(0.3)	Increased by 1.7 percentage points

Section IV Directors' Report (Continued)

(4) Analysis of the production and sales volume of major products

Major products	Unit	Production	Sales volume	Inventory at the end of the period	Year-on-year increase/decrease in production (restated)	Year-on-year increase/decrease in sales volume (restated)	Increase/decrease in inventory as compared with the beginning of the period (restated)
					%	%	%
Coal	Million tonnes	332.1	430.9	23.4	(1.7)	(6.4)	(2.5)
Power	Billion kWh	220.20	207.00	/	(3.8)	(3.9)	/

(5) Performance of material purchase contracts and material sales contracts

☐ Applicable ☒ Not applicable

(6) Changes in the scope of consolidation due to changes in shareholding of major subsidiaries during the Reporting Period

☐ Applicable ☒ Not applicable

(7) Information related to significant changes or adjustment of businesses, products or services of the Company in the Reporting Period

☐ Applicable ☒ Not applicable

(8) Major sales customers

In 2025, the total revenue from the top five customers of the Group amounted to RMB175,471 million, accounting for 59.5% of the total revenue of the Group, including the revenue of the Group from its largest customer of RMB95,358 million, accounting for 32.3% of the total revenue of the Group.

During the Reporting Period, sales to a single customer accounted for more than 50% of the total amount, or there were new customers among the top five customers, or the Group was heavily reliant on a small number of customers: ☐ Applicable ☒ Not applicable

Except for the above, as far as the Board of the Company is aware, none of the directors of the Company, their close associates or shareholders holding more than 5% of issued shares (excluding treasury shares) of the Company has any interests in the top five customers of the Group. The Group has maintained long-term cooperative relationship with the top five customers. The Company is of the view that such cooperative relationships would not cause material risk to the business of the Group.

Section IV Directors' Report (Continued)

(9) Major suppliers

In 2025, the total procurement from the top five suppliers of the Group amounted to RMB46,351 million, accounting for 25.8% of the total procurement for the year (less than 30%), of which the procurement from its largest supplier amounted to RMB25,784 million, representing 14.4% of the total procurement for the year.

During the Reporting Period, the Group did not have any purchases from a single supplier that accounted for more than 50% of the total amount or that the Group relied heavily on a small number of suppliers. New suppliers among the Group's top five suppliers and the purchases are as follows:

No.	Name of the supplier	Purchase amount for the year <i>RMB million</i>	Percentage of total purchases for the year %
1	Inner Mongolia Mengdong Mining Construction Engineering Co., Ltd.	2,711	1.5

(10) Trading business revenue

Unit: RMB million

Trading business operation	Revenue from trading business for the year	Revenue from trading business for last year	Change %
Commercial coal trading	82	91	(9.9)
Other trading	110	126	(12.7)
Total	192	217	(11.5)

Note: Commercial coal trading refers to buying and selling of commercial coal conducted to earn a spread between purchase and sale prices, where both original procurement and final sales take place outside the Group, with revenue recognised on a net basis; other trading refers to agency of procurement and transportation for production equipment and spare parts related to the principal business of the Group, as well as trading of a small amount of oil products, with revenue recognised on a net basis.

Section IV Directors' Report (Continued)

In 2025, the Group's trading business generated revenue of RMB192 million, accounting for 0.07% of total revenue.

3. Expenses and other items of income statement

- (1) The main reason for year-on-year increase in general and administrative expenses: the increase in information service fees, personnel expenses, etc.
- (2) The main reason for the year-on-year increase in R&D costs: mainly affected by R&D investment and progress.
- (3) Other gains and losses were aggregated as losses during the Reporting Period, mainly because the Group made impairment provisions for assets such as part of power generation equipment and spare parts according to the results of impairment test. Asset impairment loss for last year was mainly due to the provision for asset impairment loss for the Yannan Mine of Hangjin Energy, and there was no similar impairment event during the Reporting Period.
- (4) The other expenses during the Reporting Period were positive in total, mainly due to certain subsidiaries and branches wrote off special expenses that were no longer required to be paid. Other expenses for the last year were mainly because in the same period of last year, certain coal subsidiaries and branches of the Group made donations to the Inner Mongolia Ecological Comprehensive Treatment Fund, which did not occur during the Reporting Period.
- (5) The main reason for the year-on-year decrease in interest income: the decrease in the Group's average deposit size and the impact from the downward interest rate.
- (6) The main reason for the year-on-year decrease in finance costs: the Group reduced the scale of interest-bearing liabilities and was affected by the downward interest rate.
- (7) The main reason for the year-on-year decrease of the share of results of associates: the decrease in the Group's investment income from power generation associates.

Section IV Directors' Report (Continued)

4. Research and Development Expenditure

(1) Research and development expenditure

Unit: RMB million

Expensed research and development expenditure in the period	2,854
Capitalised research and development expenditure in the period	2,036
Total research and development expenditure	4,890
Percentage of total research and development expenditure to revenue (%)	1.7
Ratio of capitalised research and development expenditure (%)	41.6

In 2025, the research and development expenditure of the Group amounted to RMB4,890 million (2024: RMB4,178 million (restated)), representing a year-on-year increase of 17.0%; research and development expenditure accounted for 1.7% of total revenue (2024: 1.2% (restated)), representing a year-on-year increase of 0.5 percentage point.

During the Reporting Period, the Group's research and development expenditure was mainly used for the research and development of technological innovation projects in various industries, including the safe, efficient and intelligent mining of coal, the clean and comprehensive utilization of coal, mixed ammonia combustion in coal-fired boilers, heavy-haul train group operation control system, and green methanol synthesis.

In 2025, the Group was granted 2 provincial-level awards, 25 prizes from important industry associations (societies), 11 prizes from the professional association; and 1,229 new patents authorizations were granted, including 560 invention patents.

Section IV Directors' Report (Continued)

(2) *Research and development personnel*

Number of research and development personnel in the Group (Person)	4,233
Ratio of research and development personnel to the number of total staff (%)	4.6

Educational structure of research and development personnel

Category of educational structure	Number (Person)
Doctoral degree	107
Master degree	668
Undergraduate	3,006
Junior college	432
High school and below	20

Age structure of research and development personnel

Category of age structure	Number (Person)
Under 30 years old (excluding 30 years old)	825
30-40 years old (including 30 years old, excluding 40 years old)	1,315
40-50 years old (including 40 years old, excluding 50 years old)	1,147
50-60 years old (including 50 years old, excluding 60 years old)	942
60 years old and above	4

Section IV Directors' Report (Continued)

(3) *Reasons for the significant changes in the composition of the research and development personnel and the impact on the future development of the Company*

☐Applicable ☒Not applicable

5. Cash Flow

The Group formulated safe, steady, and compliant capital management policies that aimed to achieve maximized interests for the shareholders, optimised capital structure while reducing the costs of capital under the premise of safeguarding the operation on an on-going basis, and carried out capital management and investments in accordance with the policy and regulations of the Company.

- (1) Net cash generated from operating activities: net cash inflow in 2025 was RMB75,059 million (net cash inflow in 2024: RMB91,086 million (restated)), representing a year-on-year decrease of 17.6%, mainly due to the decrease in revenue from coal and power generation operations of the Group.
- (2) Net cash used in investing activities: net outflow of RMB21,794 million in 2025, mainly for the acquisition of long-term assets such as fixed assets and intangible assets, representing a decrease of 74.7% compared to a net outflow of RMB86,095 million (restated) in 2024, mainly due to the Group's redemption of structured deposit products and the large increase in new time deposits in the same period last year.
- (3) Net cash used in financing activities: net outflow of RMB96,242 million in 2025, mainly for the payment of the Company's final dividend for 2024 and interim dividend for 2025, representing an increase of 98.1% from the net outflow of RMB48,590 million (restated) in 2024, mainly due to payments of dividends and higher repayment of borrowings by the Group.

(II) Explanation on Significant Change of Profit Caused by Non-principal Business

☐Applicable ☒Not applicable

Section IV Directors' Report (Continued)

(III) Analysis on Assets and Liabilities

1. Assets and Liabilities

Unit: RMB million

Items	As at 31 December 2025		As at 31 December 2024 (restated)		Change in amount %	Main reasons for changes
	Amount	Percentage of total assets %	Amount	Percentage of total assets %		
Property, plant and equipment	310,849	49.2	298,358	44.4	4.2	Part of power generation projects completed and put into operation
Construction in progress	32,700	5.2	27,899	4.2	17.2	Continued investment in coal and power generation projects under construction
Right-of-use assets	26,972	4.3	25,927	3.9	4.0	Increase in land use rights
Interests in associates	62,108	9.8	59,906	8.9	3.7	Recognition of investment income from associates
Other non-current assets	31,925	5.1	33,057	4.9	(3.4)	Decrease in prepayment for construction and equipment
Inventories	11,850	1.9	12,666	1.9	(6.4)	Decrease in coal inventories
Accounts and bills receivables	18,843	3.0	15,605	2.3	20.7	Increase in sales bills settlement; increase in receivables from sales of electricity
Current financial assets at fair value through profit or loss	0	0.0	17,302	2.6	(100.0)	Redemption of structured deposit products by the Company
Current financial assets at fair value through other comprehensive income	1,495	0.2	1,174	0.2	27.3	Increase in notes receivable scheduled for discount or endorsement

Section IV Directors' Report (Continued)

Unit: RMB million

Items	As at 31 December 2025		As at 31 December 2024 (restated)		Change in amount %	Main reasons for changes
	Amount	Percentage of total assets	Amount	Percentage of total assets		
		%		%		
Prepaid expenses and other current assets	18,009	2.9	16,547	2.5	8.8	Increase in deductible tax amount, etc.
Restricted bank deposits	17,637	2.8	14,280	2.1	23.5	Increase in the balance of the special account for the mine geographical environment treatment and restoration fund
Time deposits with original maturity over three months	55,847	8.8	63,152	9.4	(11.6)	Decrease in time deposits
Cash and cash equivalents	23,288	3.7	66,413	9.9	(64.9)	Increase in net cash used in financing activities
Short-term borrowings	6,632	1.0	14,021	2.1	(52.7)	Repayment of certain short-term borrowings; Maturity repayment of certain current portion of long-term borrowings
Accounts and bills payables	41,513	6.6	38,961	5.8	6.6	Increase in payables for coal and construction works
Accrued expenses and other payables	30,661	4.9	35,177	5.2	(12.8)	Payment of dividends by certain subsidiaries
Current portion of non-current liabilities	3,141	0.5	9,310	1.4	(66.3)	The USD debentures of the Group has matured in January 2025; certain subsidiaries and branches wrote off special expenses that were no longer required to be paid
Long-term borrowings	28,268	4.5	31,682	4.7	(10.8)	Reclassification of current portion of long-term borrowings to "short-term borrowings"
Long-term liabilities	14,656	2.3	21,075	3.1	(30.5)	Decrease in long-term payables for mining rights

Section IV Directors' Report (Continued)

2. Offshore Assets

As at 31 December 2025, the total offshore assets of the Group amounted to RMB28,896 million, representing 4.6% of total assets, which were mainly composed of the power generation assets in Indonesia, and equity interests in overseas enterprises held by the Group.

3. Restrictions on Main Assets

None of the Group's main assets are subject to judicial seizure or freezing orders. As at the end of the Reporting Period, the balance of the restricted assets of the Group was RMB17,841 million, of which, the fund in the bank deposit subject to restrictions amounted to RMB17,637 million, mainly consisting of the mine geographical environment treatment and restoration fund of coal mines, loan deposits, restoration development deposits, the security deposits for bank acceptance bills and litigation freezing deposits; other restricted assets were RMB204 million in aggregate, mainly consisted of fixed assets acquired through finance leases.

4. Distributable Reserves to Shareholders

As at 31 December 2025, the distributable reserves of the Company to shareholders were RMB197,003 million.

(IV) Operation Results by Business Segment

1. Coal Segment

(1) Production, operation and construction

The majority of the coal products produced and sold by the Group were thermal coal. The Group has independently operated railway transportation channels for collection and distribution. These channels concentrated in the vicinity of self-owned core mining areas, and can satisfy the transportation needs in the core mines. In 2025, the Group resolutely shouldered the responsibility of securing energy supply, further promoted the "safe, green, efficient and intelligent" coal mining model, organized production in a scientific manner and strengthened coordination and collaboration, thereby continuously improving production efficiency and maintaining stable and high-quality output of self-produced coal. The annual output of commercial coal was 332.1 million tonnes (2024: 337.9 million tonnes (restated)), representing a year-on-year decrease of 1.7%. The total footage of roadway development at underground mines for this year was 548 thousand meters (2024: 418 thousand meters (restated)), of which Shendong Mines recorded footage of advancing tunnels of 529 thousand meters (2024: 394 thousand meters).

Section IV Directors' Report (Continued)

The construction of coal mine projects has been accelerated. The Group spared no effort in promoting the construction of Xinjie No. 1 Mine and Xinjie No. 2 Mine, scientifically coordinated the engineering plan, and simultaneously promoted the excavation and lining of 8 shafts. Surface works such as mining area roads, power supply project and water supply project have been completed and put into operation, with the overall project progress advancing efficiently as planned. Preliminary work on the Xinjie No. 3 Mine and Xinjie No. 4 Mine is progressing in an orderly manner. The construction of air intake and return shafts in the northern side of the coal mine project of Tarangaole mine of Hangjin Energy has been completed, and the construction of roadways and other works is being carried out as planned.

The green and intelligent coal mining capabilities have continued to improve. Adhering to green development, the Group has vigorously promoted the construction of green mines. Fifteen coal mines of the Group have been included in the national green mine list, and eight in the provincial green mine list, accounting for 82% of the Group's total coal mines. Adhering to innovation-driven development, the Group has advanced the high-quality intelligent transformation and upgrading of coal mines. By the end of 2025, all underground mining faces of the Group have achieved intelligent operation; fixed posts such as underground substations, power distribution points, pump rooms, and main transportation systems have achieved unmanned operation; more than 350 sets of auxiliary operation robots have been developed and applied for inspection, monitoring and heavy physical labor replacement; more than 450 sets of unmanned trucks, unmanned electric shovels, and unmanned auxiliary equipment have been applied in open-pit mines; and all coal preparation plants have achieved intelligent operation.

(2) Sales of coal

The coal sold by the Group is primarily produced from its self-owned coal mines. In order to fulfil the needs of customers and adequately make use of railway transportation, the Group also purchases the coal from third parties in the surrounding area of the self-owned mines and along railway lines for blending into various types and grades of coal products, which are then centrally sold to external customers. The Group implemented specialised division management. In particular, production enterprises are responsible for production of coal, the railway, port and shipping companies of the Company are mainly responsible for transportation of coal, and the Trading Group of the Company is mainly responsible for sales of coal. Customers span across multiple industries including power, metallurgy, chemical engineering, and construction materials.

Section IV Directors' Report (Continued)

In 2025, the Group strictly implemented the medium – and long-term thermal coal contract mechanism, with the signing rate and fulfillment rate of medium – and long-term thermal coal contracts on both the purchase and sales sides significantly exceeding national requirements. The Group also continuously innovated the purchase and sales mechanism for purchased coal, promoted the coordinated development of integrated and non-integrated markets, and enhanced resource integration and market response capabilities. During the year, the coal sales volume of the Group reached 430.9 million tonnes (2024: 460.2 million tonnes (restated)), representing a year-on-year decrease of 6.4%. The sales volume for the top five external coal customers was 198.6 million tonnes, accounting for 46.1% of the total coal sales volume; in particular, the coal sold to China Energy Group, the largest customer, was 147.4 million tonnes, representing 34.2% of the total coal sales volume. The top five external coal customers primarily consist of companies in the power generation sector.

In 2025, due to the supply-demand relationship in the coal market, the average coal sales price of the Group was RMB495/tonne (exclusive of tax) (2024: RMB563/tonne), representing a year-on-year decrease of 12.1%.

The production and sales of each kind of coal of the Group in 2025 are set out below:

Types of coal	Production <i>Million tonnes</i>	Sales volume <i>Million tonnes</i>	Sales income <i>RMB million</i>	Sales cost <i>RMB million</i>	Gross profit <i>RMB million</i>
Thermal coal	332.1	430.9	213,112	(148,244)	64,868
Others	–	0.0	34	(35)	(1)
Total	332.1	430.9	213,146	(148,279)	64,867

Section IV Directors' Report (Continued)

The coal sales of the Group in 2025 are set out below:

① By types of coal source

Types of coal source	2025			2024 (restated)			Change	
	Percentage		Price	Percentage		Price	Price	
	Sales	to total sales		Sales	to total sales		Sales	(exclusive
	volume	volume	(exclusive	volume	volume	(exclusive	volume	of tax)
	Million		of tax)	Million		of tax)		(exclusive
	tonnes	%	RMB/	tonnes	%	RMB/	%	of tax)
			tonne			tonne		%
Self-produced coal	332.3	77.1	472	337.6	73.4	521	(1.6)	(9.4)
Purchased coal	98.6	22.9	570	122.6	26.6	679	(19.6)	(16.1)
Total sales volume/average price (exclusive of tax)	430.9	100.0	495	460.2	100.0	563	(6.4)	(12.1)

The purchased coal sold by the Company includes purchased coal in the surrounding area of the self-owned mines and along the railway lines, and coal sold through import and overseas trade.

② By contract pricing mechanism

	2025			2024 (restated)			Change	
	Percentage		Price	Percentage		Price	Price	
	Sales	to total sales		Sales	to total sales		Sales	(exclusive
	volume	volume	(exclusive	volume	volume	(exclusive	volume	of tax)
	Million		of tax)	Million		of tax)		(exclusive
	tonnes	%	RMB/	tonnes	%	RMB/	%	of tax)
			tonne			tonne		%
I. Sales through Trading Group	415.4	96.4	503	437.4	95.0	578	(5.0)	(13.0)
1. Annual long-term contract	229.3	53.2	455	246.4	53.5	491	(6.9)	(7.3)
2. Monthly long-term contract	169.8	39.4	569	154.8	33.6	705	9.7	(19.3)
3. Spot commodity	16.3	3.8	556	36.2	7.9	627	(55.0)	(11.3)
II. Direct sales at the coal mine pit	15.5	3.6	211	22.8	5.0	283	(32.0)	(25.4)
Total sales volume/average price (exclusive of tax)	430.9	100.0	495	460.2	100.0	563	(6.4)	(12.1)

Note: The above is a summary of the sales of the coal products with different calorific value of the Group, including thermal coal and other coals.

Section IV Directors' Report (Continued)

③ By internal and external customers

	2025			2024 (restated)			Change	
	Sales	Percentage	Price	Sales	Percentage	Price	Sales	Price
	volume	to total sales	(exclusive	volume	to total sales	(exclusive	volume	(exclusive
	Million	volume	of tax)	Million	volume	of tax)	volume	of tax)
	tonnes	%	RMB/ tonne	tonnes	%	RMB/ tonne	%	%
Sales to external customers	352.7	81.8	506	381.5	82.9	573	(7.5)	(11.7)
Sales to internal power segment	73.2	17.0	447	74.1	16.1	520	(1.2)	(14.0)
Sales to internal coal chemical segment	5.0	1.2	405	4.6	1.0	424	8.7	(4.5)
Total sales volume/average price (exclusive of tax)	430.9	100.0	495	460.2	100.0	563	(6.4)	(12.1)

④ By sales regions

	2025			2024 (restated)			Change	
	Sales	Percentage	Price	Sales	Percentage	Price	Sales	Price
	volume	to total sales	(exclusive	volume	to total sales	(exclusive	volume	(exclusive
	Million	volume	of tax)	Million	volume	of tax)	volume	of tax)
	tonnes	%	RMB/ tonne	tonnes	%	RMB/ tonne	%	%
I. Domestic sales	425.6	98.8	494	449.4	97.7	561	(5.3)	(11.9)
Of which: Sales of imported coal	3.5	0.8	458	6.9	1.5	622	(49.3)	(26.4)
II. Export and overseas sales	5.3	1.2	538	10.8	2.3	643	(50.9)	(16.3)
Total sales volume/average price (exclusive of tax)	430.9	100.0	495	460.2	100.0	563	(6.4)	(12.1)

Section IV Directors' Report (Continued)

(3) Coal resources

As at 31 December 2025, under the PRC Standard, the Group had coal reserves amounting to 41.41 billion tonnes, representing an increase of 7.05 billion tonnes as compared with that of the end of 2024, mainly due to the increase in resource reserve of 3.82 billion tonnes as a result of the acquisition of Hangjin Energy (including Dayan Mining Area and Tarangaole Mining Area), and the increase in the verified resource reserves of Xinjie Taigemiao South Mining Area of 3.49 billion tonnes. The recoverable coal reserve amounted to 17.31 billion tonnes, representing an increase of 2.22 billion tonnes as compared with that of the end of 2024. The Group's marketable coal reserve amounted to 11.13 billion tonnes under the JORC Standard, representing an increase of 0.62 billion tonnes as compared with that of the end of 2024.

In 2025, the Group's coal exploration expenses (which were incurred before the conclusion of feasibility study and represented the expenses related to exploration and evaluation of coal resources) amounted to RMB0.191 billion (2024: RMB0.225 billion), which consisted of the exploration expenses of Xinjie Taigemiao Mines; the Group's relevant capital expenditure of coal mine development and exploration amounted to RMB9.386 billion (2024: RMB11.457 billion), which mainly consisted of construction works of various mines, acquisition of land use rights, land requisition compensation and other expenditures.

Unit: 100 million tonnes

Mines	Coal reserve (under the PRC Standard)	Recoverable reserve (under the PRC Standard)	Proved reserve (under the PRC Standard)	Trusted reserve (under the PRC Standard)	Marketable coal reserve (under the JORC Standard)
Shendong Mines	156.7	88.8	18.4	36.1	64.7
Zhunge'er Mines	39.6	28.6	8.9	9.5	21.2
Shengli Mines	22.0	9.9	2.0	5.4	1.6
Dayan Mines	17.7	10.1	3.3	5.6	1.2
Baorixile Mines	12.2	7.3	1.4	3.9	6.7
Baotou Mines	0.4	0.2	0.0	0.0	0.0
Xinjie Taigemiao Mines	145.0	14.0	6.2	4.5	9.4
Tarangaole Mines	20.5	14.2	5.0	3.0	6.5
Total	414.1	173.1	45.2	68.0	111.3

- Notes:
1. Trusted reserve and proved reserve are calculated based on the Classifications for Mineral Resources and Mineral Reserves (GB/T 17766-2020).
 2. The proved reserve and trusted reserve of Baotou Mines under the PRC Standard are 4.91 million tonnes and 0.88 million tonnes respectively, and its marketable coal reserve under the JORC Standard is 4.62 million tonnes.

Section IV Directors' Report (Continued)

Characteristics of the commercial coal produced in the Group's major mines are as follows:

No.	Mines	Major types of coal	Calorific value of major commercial coal product kcal/kg	Sulphur content %	Ash content %
1	Shendong Mines	Long flame coal/ non-caking coal	4,679-5,867	0.2-0.8	8.1-22.5
2	Zhunge'er Mines	Long flame coal	4,475-4,808	0.5-0.6	25.1-29.0
3	Shengli Mines	Lignite	3,046	1.3	22.4
4	Dayan Mines	Lignite	2,901-2,973	0.2-0.4	19.2-40.4
5	Baorixile Mines	Lignite	3,514	0.2	13.7
6	Baotou Mines	Long flame coal/ non-caking coal	4,018-4,505	0.4-0.6	13.6-19.9

Note: The average calorific value, sulphur content and ash content of major commercial coal products produced by coal mine in each mine site may be inconsistent with the characteristics of the commercial coal products produced by individual coal mine and those of the commercial coal products sold by the Company due to storage conditions and production process.

(4) Operating results

- ① The operating results of the coal segment of the Group before elimination on consolidation

		2025	2024 (restated)	Change %	Main reasons for changes
Revenue	RMB million	221,232	268,968	(17.7)	Decrease in sales volume and average sales price of coal
Cost of sales	RMB million	(168,308)	(200,066)	(15.9)	Decrease in sales volume and purchase cost of purchased coal; decrease in sales volume and unit production cost of self-produced coal
Gross profit margin	%	23.9	25.6	Decreased by 1.7 percentage points	
Profit before income tax	RMB million	48,026	55,662	(13.7)	

Section IV Directors' Report (Continued)

- ② The gross profit from the sales of coal products of the Group by regions before elimination on consolidation

Regions	2025				2024 (restated)			
	Sales	Sales	Gross	Gross	Sales	Sales	Gross	Gross
	revenue	cost	profit	profit	revenue	cost	profit	profit
	RMB	RMB	RMB	margin	RMB	RMB	RMB	margin
	million	million	million	%	million	million	million	%
Domestic	210,311	(145,465)	64,846	30.8	252,083	(169,140)	82,943	32.9
Export and overseas	2,835	(2,814)	21	0.7	6,956	(6,896)	60	0.9
Total	213,146	(148,279)	64,867	30.4	259,039	(176,036)	83,003	32.0

- ③ The gross profit from sales of coal products of the Group by types of coal source before elimination on consolidation

Types of coal source	2025				2024 (restated)			
	Sales	Sales	Gross	Gross	Sales	Sales	Gross	Gross
	revenue	cost	profit	profit	revenue	cost	profit	profit
	RMB	RMB	RMB	margin	RMB	RMB	RMB	margin
	million	million	million	%	million	million	million	%
Self-produced coal	156,907	(92,658)	64,249	40.9	175,733	(94,453)	81,280	46.3
Purchased coal	56,239	(55,621)	618	1.1	83,306	(81,583)	1,723	2.1
Total	213,146	(148,279)	64,867	30.4	259,039	(176,036)	83,003	32.0

Note: The sales cost of purchased coal includes the purchase cost of purchased coal, as well as the transportation and port charges incurred to realise the sales.

Section IV Directors' Report (Continued)

④ Unit production cost of self-produced coal

Unit: RMB/tonne

	2025	2024 (restated)	Change %	Main reasons for changes
Unit production cost of self-produced coal	167.3	168.1	(0.5)	
Raw materials, fuel and power	27.7	27.1	2.2	
Personnel expenses	51.9	49.2	5.5	
Repair and maintenance	8.3	9.2	(9.8)	Affected by the overhaul plan
Depreciation and amortisation	21.1	20.6	2.4	
Other costs	58.3	62.0	(6.0)	Decrease in open-cut coal mines stripping fee

Other costs consist of the following three components: (1) expenses directly related to production, including expenses for coal washing, selecting and processing, and mining engineering expenses, etc., accounting for 65%; (2) auxiliary production expenses, accounting for 23%; and (3) land requisition and surface subsidence compensation, environmental protection expenses, tax, etc., accounting for 12%.

Section IV Directors' Report (Continued)

2. Power Segment

(1) *Production and operation*

In 2025, the Group strengthened its equipment reliability management, enhanced its ability to maintain the peak supply of electricity and gave full play to the core guarantee role of coal-fired power as “ballast” and “regulator”. In active response to the severe situation represented by decrease in both volume and price of coal-fired power, the Group adopted various measures to strive to generate electricity in a cost-effective manner, so as to achieve high coverage of medium and long-term contracts and balance between volume and price in spot trading. The Group realised a total power output dispatch of 207.00 billion kWh throughout the year, accounting for 2.0% of 10,368.2 billion kWh¹ of the total power consumption of the society in the corresponding period. The average electricity selling price was RMB386/MWh (2024: RMB402/MWh, restated), representing a year-on-year decrease of 4.0%. In 2025, the Group generated total revenue from capacity tariffs of RMB5.12 billion (inclusive of tax), representing an average acquisition rate of 99.1% for capacity tariffs. The Group realised revenue from ancillary services (including peak shaving and frequency modulation) of RMB640 million in total (inclusive of tax).

The Group optimized the layout of coal-fired power generation in key regions to serve the construction of new-type power system. In 2025, the Group put seven clean and efficient thermal power units including Jiujiang Power Phase II, Beihai Power Phase II, Qingyuan Power Phase II and Indonesia Lion into high-quality operation, promoted the construction of domestic coal-fired projects including Dingzhou Power Phase III and Cangdong Power Phase III in an orderly manner and accelerated the efficient regulation capacity and low-carbon transformation of coal-fired power mainly by the “linkage of the three power industry reforms (三改聯動)”. The standard coal consumption for power supply of the Group’s coal-fired generating units (excluding coal gangue) for the year was 294 g/kWh.

The Group made great efforts in the development of new energy business and continued to promote investment in industry funds. Moreover, the Group actively seized the investment opportunities in new energy and fully leveraged its existing land resources to promote the integrated development of coal and new energy and coal power and new energy. The increased installed capacity of photovoltaic power generation for external commercial operation was 259 MW in 2025. Beijing Guoneng New Energy Industry Investment Fund and Beijing Guoneng Green and Low-Carbon Development Investment Fund, which were established with the participation of the Company, have been operating smoothly. As of the end of 2025, these two funds had accumulative investments in and acquisitions of renewable energy such as photovoltaic and wind power generation with a total installed capacity of 6.80 million kW. The Company has made a cumulative capital contribution of RMB2,156 million and RMB973 million to these two funds, respectively, with the cumulative recovered principal and gains of RMB767 million and RMB546 million, respectively.

¹ Source: National Energy Administration

Section IV Directors' Report (Continued)

(2) Power output dispatch and price of electricity sold

Operation location/ power type	Gross power generation (billion kWh)			Total power output dispatch (billion kWh)			Price of electricity sold (RMB/MWh)		
	2024			2024			2024		
	2025	(restated)	Change %	2025	(restated)	Change %	2025	(restated)	Change %
(I) Coal-fired power	212.21	223.13	(4.9)	199.17	209.79	(5.1)	380	400	(5.0)
Guangdong	41.99	45.99	(8.7)	39.58	43.49	(9.0)	348	388	(10.3)
Shaanxi	31.61	31.74	(0.4)	29.00	29.15	(0.5)	317	335	(5.4)
Fujian	26.29	27.91	(5.8)	25.14	26.72	(5.9)	387	419	(7.6)
Hebei	22.97	24.09	(4.6)	21.65	22.63	(4.3)	395	404	(2.2)
Inner Mongolia	19.13	19.69	(2.8)	17.43	17.93	(2.8)	332	321	3.4
Sichuan	14.17	16.42	(13.7)	13.40	15.56	(13.9)	419	462	(9.3)
Jiangxi	13.49	9.91	36.1	12.76	9.44	35.2	410	434	(5.5)
Hunan	13.03	13.73	(5.1)	12.46	13.15	(5.2)	480	481	(0.2)
Chongqing	9.80	10.52	(6.8)	9.35	10.04	(6.9)	420	422	(0.5)
Shandong	8.50	9.96	(14.7)	7.99	9.41	(15.1)	407	404	0.7
Guangxi	5.49	7.29	(24.7)	5.19	6.90	(24.8)	459	458	0.2
Henan	4.36	4.51	(3.3)	4.04	4.19	(3.6)	406	404	0.5
Indonesia (overseas)	1.38	1.37	0.7	1.18	1.18	0.0	486	482	0.8
(II) Gas-fired power	6.28	4.32	45.4	6.14	4.22	45.5	599	557	7.5
Beijing	3.79	3.73	1.6	3.70	3.64	1.6	553	551	0.4
Guangdong	2.49	0.59	322.0	2.44	0.58	320.7	669	592	13.0
(III) Hydropower	0.44	0.64	(31.3)	0.43	0.62	(30.6)	233	227	2.6
Sichuan	0.44	0.64	(31.3)	0.43	0.62	(30.6)	233	227	2.6
(IV) Photovoltaic power	1.27	0.80	58.8	1.26	0.78	61.5	334	320	4.4
Fujian	0.29	0.13	123.1	0.29	0.13	123.1	395	428	(7.7)
Inner Mongolia	0.26	0.27	(3.7)	0.25	0.26	(3.8)	192	222	(13.5)
Guangdong	0.25	0.07	257.1	0.25	0.07	257.1	430	473	(9.1)
Jiangxi	0.21	0.11	90.9	0.21	0.10	110.0	351	397	(11.6)
Shaanxi	0.17	0.18	(5.6)	0.17	0.18	(5.6)	284	266	6.8
Shandong	0.08	0.03	166.7	0.08	0.03	166.7	331	376	(12.0)
Hebei	0.01	0.01	0.0	0.01	0.01	0.0	302	300	0.7
Henan	0.00	0.00	/	0.00	0.00	/	389	550	(29.3)
Sichuan	0.00	/	/	0.00	/	/	494	/	/
Total	220.20	228.89	(3.8)	207.00	215.41	(3.9)	386	402	(4.0)

Note: In 2025, both the power generation and output dispatch of the photovoltaic power stations of the Group in Henan Province were 4.84 million kWh (2024, both the power generation and output were 4.01 million kWh), representing a year-on-year increase of 20.7%, while both the power generation and output dispatch of the photovoltaic power stations in Sichuan Province were 1.01 million kWh in 2025.

Section IV Directors' Report (Continued)

(3) Installed capacity

At the end of the Reporting Period, the total installed capacity of the Group's power generating units reached 52,676 MW, of which the total installed capacity of coal-fired power generating units was 49,384 MW, accounting for approximately 3.9% of the total installed capacity of thermal power generating units in the PRC (being 1.26 billion kW¹).

Unit: MW

Power type	Total installed capacity as at 31 December 2024 (restated)	Installed capacity increased/ (decreased) during the Reporting Period	Total installed capacity as at 31 December 2025
Coal-fired power	44,384	5,000	49,384
Gas-fired power	2,194	–	2,194
Photovoltaic power	761	259	1,020
Hydropower	125	(47)	78
Total	47,464	5,212	52,676

Note: During the Reporting Period, the Group completed the acquisition of 100% equity interests in Hangjin Energy, and the Group's installed capacity of coal-fired power generating units increased by 1,200 MW accordingly. In order to maintain the comparability of business data, the total installed capacity of the Group as at 31 December 2024 has been retrospectively adjusted to include the installed capacity of Hangjin Energy.

In 2025, the total newly added installed capacity of the Group reached 5,212 MW, of which the installed capacity of coal-fired power generating units increased by 5,000 MW, which was mainly due to commencement of operation of Units 3 and 4 of Jiujiang Power, Units 3 and 4 of Beihai Power and Unit 3 of Qingyuan Power; the installed capacity of hydropower decreased by 47 MW, which was due to shutdown and transfer of certain hydropower stations of Sichuan Energy, a subsidiary of the Company; and the installed capacity of photovoltaic power generation for external commercial operation increased by 259 MW, which was mainly due to commencement of operation of the photovoltaic projects of the Group located in provinces such as Guangdong and Fujian.

¹ Source: China Electricity Council

Section IV Directors' Report (Continued)

(4) Utilisation rate of power generation equipment

The average utilisation hours of coal-fired generators of the Group reached 4,682 hours for the year 2025, representing a decrease of 340 hours as compared with last year (restated) and 336 hours higher than the national average utilisation hours of 4,346 hours¹ for coal-fired generating units with the installed capacity of 6,000 KW and above.

Power type	Average utilisation hours (Hours)			Power consumption ratio of power plant (%)		
	2025	2024 (restated)	Change %	2025	2024 (restated)	Change
Coal-fired power (including gangue-fired power plants)	4,682	5,022	(6.8)	5.22	5.21	Increased by 0.01 percentage point
Gas-fired power	2,954	4,151	(28.8)	1.77	1.66	Increased by 0.11 percentage point
Hydropower	5,663	5,097	11.1	0.34	0.63	Decreased by 0.29 percentage point
Photovoltaic power	1,403	1,317	6.5	0.61	1.03	Decreased by 0.42 percentage point
Weighted average	4,546	4,954	(8.2)	5.09	5.09	Remained flat year-on-year

(5) Market transaction of power

	2025	2024 (restated)	Change %
Total volume of power in market-based transactions (<i>billion kWh</i>)	201.97	210.33	(4.0)
Total volume of on-grid power (<i>billion kWh</i>)	207.00	215.41	(3.9)
Percentage of the power in market-based transactions (%)	97.6	97.6	Remained flat year-on-year

¹ Source: China Electricity Council

Section IV Directors' Report (Continued)

(6) Operation results of the power sales business

The principal operation model of the Group's subsidiary, Shandong Power Sales Company, is to earn profit through the price difference between the purchase and sales of electricity; it mainly engages in providing value-added services such as procurement and sales of power, cross-province transactions, power equipment management, green power trading and power demand-side response agency. In 2025, the agent power output dispatch from Shandong Power Sales Company (excluding those from the Group's self-owned power plants) was 7.56 billion kWh, with the corresponding revenue from power sales and power purchase cost amounting to RMB3,040 million and RMB3,023 million, respectively.

No.	Province	Power output dispatch		Average price of electricity sold (exclusive of tax)		Unit cost of power purchase (exclusive of tax)	
		<i>Billion kWh</i>		<i>RMB/MWh</i>		<i>RMB/MWh</i>	
		2025	2024	2025	2024	2025	2024
1	Shandong	7.56	11.41	402	409	400	407

(7) Capital expenditure

In 2025, the total capital expenditure of the power generation segment was RMB19,308 million, with a breakdown of capital expenditure of major power generation projects set out as below:

No.	Name of project	Contribution	Percentage of	Phase of projects at the end of the Reporting Period
		amount	accumulated investment in project to the total budget as at the end of the Reporting Period	
		for the Reporting Period <i>RMB million</i>	at the end of the Reporting Period <i>%</i>	
1	Jiangxi Jiujiang Power Plant Phase II Expansion Project (2×1,000MW)	3,297	92	Put into operation
2	Guangxi Beihai Power Plant Phase II Expansion Project (2×1,000MW)	1,222	85	Put into operation
3	Guangdong Qingyuan Power Plant Phase II Expansion Project (2×1,000MW)	4,278	77	Under construction
4	Hebei Cangdong Power Plant Phase III Expansion Project (2×660MW)	1,911	40	Under construction
5	Hebei Dingzhou Power Plant Phase III Expansion and Thermal Power Project (2×660MW)	860	19	Under construction
6	Chongqing Wanzhou Power Plant Phase II Expansion Project (2×1,000MW)	350	0	Under construction

Note: As of the date of this report, units of the Guangdong Qingyuan Power Plant Phase II Expansion Project (2×1,000MW) have been put into operation.

Section IV Directors' Report (Continued)

(8) Operation results

- ① The operation results of the power generation segment of the Group before elimination on consolidation

		2025	2024 (restated)	Change %	Main reasons for changes
Revenue	RMB million	89,139	95,974	(7.1)	Decrease in power output dispatch and the average price of power sales
Cost of sales	RMB million	(74,082)	(81,477)	(9.1)	Decrease in purchase cost of coal as a result of decline in power output dispatch and average coal purchase cost
Gross profit margin	%	16.9	15.1	Increased by 1.8 percentage points	
Profit before income tax	RMB million	12,783	11,353	12.6	

- ② Revenue from and cost of the power sales of the Group before elimination on consolidation

Unit: RMB million

Power type	Revenue from power sales (including heat sales)			Cost of power sales (including heat sales)				
	2025	2024 (restated)	Change %	2025	Percentage to total costs of power sales in 2025 %	2024 (restated)	Percentage to total costs of power sales in 2024 %	Change in 2025 over 2024 %
Coal-fired power	78,505	86,747	(9.5)	65,105	94.1	73,813	96.4	(11.8)
Gas-fired power	3,886	2,637	47.4	3,723	5.4	2,492	3.3	49.4
Hydropower	101	142	(28.9)	110	0.2	111	0.1	(0.9)
Photovoltaic power	421	251	67.7	193	0.3	126	0.2	53.2
Total	82,913	89,777	(7.6)	69,131	100.0	76,542	100.0	(9.7)

Section IV Directors' Report (Continued)

The Group's cost of power sales is mainly comprised of raw materials, fuel and power, personnel expenses, repair and maintenance, depreciation and amortisation and other costs. The unit cost of power sales of the Group in 2025 was RMB334.0/MWh (2024: RMB355.3/MWh, restated), representing a year-on-year decrease of 6.0%, mainly due to the decline of average coal purchase price.

In 2025, the power segment consumed a total of 77.7 million tonnes (2024: 76.9 million tonnes, restated) of coal sold within the Group (including self-produced coal and purchased coal of the Group), representing a year-on-year increase of 1.0%. The coal sold within the Group that was consumed by the power segment accounted for 79.5% of the total coal consumption of power segment, which was 97.7 million tonnes.

- ③ Cost of power sales of coal-fired power plant of the Group before elimination on consolidation (including heat sales)

	2025		2024 (restated)		Change in costs
	Costs RMB million	Percentage %	Costs RMB million	Percentage %	
Raw material, fuel and power	47,702	73.3	56,421	76.4	(15.5)
Personnel expenses	4,656	7.2	4,650	6.3	0.1
Repair and maintenance	1,399	2.1	1,776	2.4	(21.2)
Depreciation and amortisation	7,030	10.8	6,814	9.2	3.2
Others	4,318	6.6	4,152	5.7	4.0
Total cost of power sales of coal-fired power plant	65,105	100.0	73,813	100.0	(11.8)

In 2025, the cost of power sales of coal-fired power plant decreased by 11.8% year-on-year. Among them, the year-on-year decrease of cost of raw materials, fuel and power was mainly due to a decrease in purchase cost of coal as a result of decline in power output dispatch and average coal purchase cost; the year-on-year decrease in repair and maintenance costs was mainly due to the overhaul plan.

Section IV Directors' Report (Continued)

3. Railway Segment

(1) *Production and operation*

The railway segment of the Group fully leveraged its integrated operational advantages, closely aligning with the core development needs of the industry chain to achieve efficient and seamless transportation system. Positioned within the non-coal transportation business development landscape, it activated the potential of corridor transportation and steadily expanded the service radius of its transportation network. In 2025, the transportation turnover of self-owned railway of the Group reached 313.0 billion tonnes km (2024: 312.1 billion tonnes km), representing a year-on-year growth of 0.3%; the transportation volume of non-coal goods such as metal ores and chemicals was 26.1 million tonnes (2024: 24.5 million tonnes), representing a year-on-year growth of 6.5%, of which the reverse direction transportation of non-coal goods reached 19.0 million tonnes during the year.

We will continue to promote the expansion and efficiency of railway transportation and accelerate the transformation of modern logistics. Shuohuang Railway has empowered its transportation organization with digital intelligence, realized the management and control of the whole process of production and operation, and improved the all-rounded organizational effectiveness; based on the development pattern of non-coal transportation business, we will closely match the market demand, and develop the multimodal joint-transport model rapidly. Baoshen Railway continued to promote the in-depth integration of heavy haul transportation and digital technology, and successfully organized the world's first 35,000-ton-class heavy haul group train running test, providing "China's solution" for the development of the world's heavy haul railways. The 300 million tonnes capacity expansion and transformation project of Shenshuo Railway was fully completed and put into operation. The 10,000 tons loading and marshalling capacity was significantly improved, achieving a historic leap in transportation capacity from 220 million tons to 300 million tons. Xinshuo Railway will promote the expansion and transformation of special lines and stations, optimize the layout of special lines, enhance the ability to obtain resources, expand the pendulum transportation of non-coal goods transportation, and accelerate the transformation from "traditional transportation" to "modern logistics".

Section IV Directors' Report (Continued)

(2) Operation results

The operation results of the railway segment of the Group before elimination on consolidation are as follows:

		2025	2024	Change %	Main reasons for changes
Revenue	RMB million	43,710	43,115	1.4	Increase in transportation turnover of self-owned railway
Cost of sales	RMB million	(27,391)	(27,111)	1.0	Increase in transportation turnover of self-owned railway
Gross profit margin	%	37.3	37.1	Increased by 0.2 percentage point	
Profit before income tax	RMB million	13,012	12,604	3.2	

In 2025, the unit transportation cost in the railway segment was RMB0.082/tonne km (2024: RMB0.081/tonne km), representing a year-on-year increase of 1.2%.

4. Port Segment

(1) Production and operation

The port segment of the Group efficiently coordinated production organisation and dispatch management, fully ensuring the smooth and stable operation of the integrated logistics chain. In 2025, the completed loading volume at Huanghua Port was 217.0 million tonnes (2024: 214.4 million tonnes), representing a year-on-year increase of 1.2%, ranking first among coal ports in China for seven consecutive years; multiple indicators reached record highs since the commencement of port operations, including coal import and export volume, the proportion of coal shipped under the "North-to-South Coal Transportation" and non-coal throughput. Completed loading volume at Tianjin Coal Dock was 44.6 million tonnes (2024: 44.0 million tonnes), representing a year-on-year increase of 1.4%.

Section IV Directors' Report (Continued)

The Group continuously innovated its operational and management models and strengthened port capacity building. Huanghua Port vigorously developed an efficient and coordinated data platform, breaking down data barriers across the upstream and downstream coal operation. Huanghua Port became the world's first dry bulk port to achieve full-process intelligent operations and the first intelligent coal port in China to realise fully unmanned on-site operations. Tianjin Port advanced high-quality upgrades of large-scale equipment, power supply transformation and landside capacity expansion in line with its capacity enhancement needs. Zhuhai Port achieved significant results in its market-oriented transformation, and actively expanding into new high value-added cargo sources. Throughput of its non-integrated business reached record highs for both import and export volumes.

(2) Operation results

The operation results of the port segment of the Group before eliminations on consolidation are as follows:

		2025	2024	Change %	Main reasons for changes
Revenue	RMB million	7,020	6,842	2.6	Increase in loading volume on port
Cost of sales	RMB million	(3,822)	(4,167)	(8.3)	Decrease in fees for waterway dredging, repair and maintenance and others
Gross profit margin	%	45.6	39.1	Increased by 6.5 percentage points	
Profit before income tax	RMB million	2,659	2,115	25.7	

The unit transportation cost in the port segment was RMB11.4/tonne in 2025 (2024: RMB13.2/tonne), representing a year-on-year decrease of 13.6%, which was mainly due to the increase in loading volume on port and the decrease in fees for waterway dredging, repair and maintenance and others.

Section IV Directors' Report (Continued)

5. Shipping Segment

(1) Production and operation

In 2025, the Group's shipping segment enhanced the internal synergy across industries and actively expanded into external markets, ensuring a stable and orderly integrated energy supply and significant improving non-coal freight transport. The shipping volume for 2025 was 111.3 million tonnes (2024: 129.9 million tonnes), representing a year-on-year decrease of 14.3% while shipment turnover amounted to 114.9 billion tonnes nautical miles (2024: 149.4 billion tonnes nautical miles), representing a year-on-year decrease of 23.1%. The shipping volume for non-coal transportation was 5.8 million tonnes (2024: 4.4 million tonnes), representing a year-on-year increase of 31.8%.

(2) Operation results

The operation results of the shipping segment of the Group before eliminations on consolidation are as follows:

		2025	2024	Change %	Main reasons for changes
Revenue	RMB million	3,989	4,996	(20.2)	Decrease in shipment turnover as a result of the adjustment of business structure; decrease in average shipping price
Cost of sales	RMB million	(3,540)	(4,465)	(20.7)	Decrease in shipment turnover as a result of the adjustment of business structure; decrease in vessel leasing fee
Gross profit margin	%	11.3	10.6	Increased by 0.7 percentage point	
Profit before income tax	RMB million	269	260	3.5	

In 2025, the unit transportation cost of the shipping segment was RMB0.030/tonne nautical mile (2024: RMB0.030/tonne nautical mile), remaining flat year on year.

Section IV Directors' Report (Continued)

6. Coal Chemical Segment

(1) Production and operation

The coal chemical segment of the Group comprises the coal-to-olefins project operated by Baotou Coal Chemical, the main products of which include polyethylene (with production capacity of approximately 300,000 tonnes/year), polypropylene (with production capacity of approximately 300,000 tonnes/year) and a small amount of by-products (including industrial sulphur, mixed C5, industrial propane, mixed C4, industrial methanol, refined methanol, etc.). In 2025, the construction of Baotou Coal Chemical Coal-to-Olefins Upgrading Demonstration Project (with production capacity of 750,000 tonnes/year) advanced in an orderly manner.

In 2025, the coal chemical segment innovatively implemented an “integrated” safety management model combining production and operations with project construction. Throughout the year, the premium-grade yield rates of polypropylene and polyethylene products both reached historical highs. It continued to advance product certification efforts, with 16 grades of polypropylene resin and polyethylene resin meeting the testing standards of SGS, and obtaining international mutual recognition status. Major pollutants were discharged in compliance with standards, and energy efficiency reached an industry-leading level.

The sales of polyethylene and polypropylene products of the Group in 2025 are as follows:

	2025		2024		Change	
	Sales volume	Price	Sales volume	Price	Sales volume	Price
	Thousand tonnes	RMB/ tonne	Thousand tonnes	RMB/ tonne	%	%
Polyethylene	373.9	5,849	332.2	6,645	12.6	(12.0)
Polypropylene	349.8	5,428	313.6	5,896	11.5	(7.9)

Section IV Directors' Report (Continued)

(2) Operation results

The operation results of the coal chemical segment of the Group before elimination on consolidation are as follows:

		2025	2024	Change %	Main reasons for changes
Revenue	RMB million	5,722	5,633	1.6	The output and sales volume of polyolefin products were lower due to maintenance of coal-to-olefins production equipment as planned during 2024
Cost of sales	RMB million	(5,445)	(5,459)	(0.3)	
Gross profit margin	%	4.8	3.1	Increased by 1.7 percentage points	
Profit before income tax	RMB million	57	36	58.3	

(3) Unit production cost of main products

	2025		2024		Change	
	Output Thousand tonnes	Unit production cost RMB/ tonne	Output Thousand tonnes	Unit production cost RMB/ tonne	Output %	Unit production cost %
Polyethylene	370.8	5,223	336.5	5,901	10.2	(11.5)
Polypropylene	346.9	5,078	313.7	5,703	10.6	(11.0)

In 2025, a total of 5.1 million tonnes of coal (2024: 4.6 million tonnes) was consumed by the coal chemical segment, representing a year-on-year increase of 10.9%. All of the coal was sold within the Group (including self-produced coal and purchased coal of the Group).

Section IV Directors' Report (Continued)

(V) Operations by Region

Unit: RMB million

	2025	2024 (Restated)	Change %
Revenue from external transactions in domestic markets	286,561	326,745	(12.3)
Revenue from external transactions in overseas markets	8,355	13,043	(35.9)
Total	294,916	339,788	(13.2)

Note: The revenue from external transactions is divided by the location of customers receiving services and purchasing products.

The Group is mainly engaged in the production and sales of coal and power, railway, port and shipping transportation as well as coal-to-olefins businesses in the PRC. In 2025, the revenue from external transactions in domestic markets was RMB286,561 million, accounting for 97.2% of the Group's revenue. The revenue from external transactions in overseas markets was RMB8,355 million, accounting for 2.8% of the Group's revenue. The decrease compared to 2024 was mainly attributable to a year-on-year decline in overseas coal sales income.

In 2025, the Group's overseas operations ran smoothly and efficiently. The power generation assets in Indonesia maintained a secure and stable operational trend, with steady improvement in operational quality and efficiency. The two 350 MW units at Indonesia Lion were successfully completed and put into operation, providing strong support for regional power supply. For the Pennsylvania shale gas project in the United States, the equity gas volume attributable to the Group in 2025 was 106 million cubic meters.

(VI) Analysis on Investments

In 2025, the increase in equity investments in subsidiaries of the Company amounted to RMB18,645 million, of which, the Company's acquisition of 100% equity interest in Hangjin Energy held by China Energy and the increase of capital in Hangjin Energy resulted in an increase in equity investments of RMB13,018 million; the increase in other additional equity investments amounted to RMB5,627 million, which primarily financed the Company's capital increase in relevant power generation and coal chemical subsidiaries to advance project construction. The Group's increase in equity investments in associated companies amounted to RMB1,069 million, mainly representing the contribution to the investment funds established by the Company in accordance with the agreement, as well as the contribution to certain associates.

For details of the principal business of the Company's significant subsidiaries and the proportion of equity in the Company, please refer to the "Subsidiaries" in the notes to the financial statements in this report.

Section IV Directors' Report (Continued)

1. Material Investment in Equity Interest

☐ Applicable ☒ Not applicable

2. Material Investment in Non-equity Interest

☐ Applicable ☒ Not applicable

3. Financial Assets at Fair Value

During the Reporting Period, the financial assets at fair value held by the Group were mainly structured deposit products held by the Company, non-trading equity investments that have no significant impact on the investees, bills receivable that are planned to be discounted or endorsed and contribution to the investment fund jointly established by the Group. For details, please refer to the "Financial Assets at Fair Value" in the notes to the financial statements in this report.

Unit: RMB million

Category of assets	At the beginning of the Reporting Period	Gains and losses from fair value changes for the Reporting Period	Cumulative changes in fair value included in equity	Impairment provided for the Reporting Period	Amount of purchase for the Reporting Period	Amount of disposal/redemption for the Reporting Period	Other changes	At the end of the Reporting Period
Financial assets at fair value through profit and loss (structured deposit products)	17,302	8	/	/	30,400	(47,710)	/	0
Investments in equity instruments at fair value through other comprehensive income (unlisted equity investments)	2,787	/	388	/	/	/	/	3,175
Financial assets at fair value through other comprehensive income (accounts and bills receivables)	1,174	/	/	/	/	/	321	1,495
Other non-current financial assets	60	(7)	/	/	60	/	/	113
Total	21,323	1	388	/	30,460	(47,710)	321	4,783

Section IV Directors' Report (Continued)

(VII) Disposal of Material Assets and Equity Interest

☐ Applicable ☒ Not applicable

(VIII) Analysis of Major Holding and Associated Companies

1. Major Subsidiaries

Unit: RMB million

No.	Company	Principal activities	Registered capital	Total assets	Net assets	Net profit attributable to the equity holders of the parent company			
			As at 31 December 2025			2025	2024	Change %	Main reasons for changes
1	Shendong Coal	Coal mining, processing and sales	4,989	28,575	21,474	7,610	12,673	(40.0)	Decrease in sales price of coal
2	Shuohuang Railway	Railway transportation	15,231	48,238	37,667	6,499	6,580	(1.2)	
3	Zhunge'er Energy	Coal mining, processing and sales	7,102	29,489	20,602	6,496	2,722	138.6	Increase in gains from assets disposal as a result of the disposal of mining rights
4	Jinjie Energy	Coal mining, processing and sales, power generation business	3,802	25,983	24,113	3,711	4,235	(12.4)	Decrease in sales volume and sales price of coal
5	Baorixile Energy	Coal mining, processing and sales	1,169	16,517	11,523	2,797	3,977	(29.7)	Decrease in sales volume and sales price of coal
6	Beidian Shengli	Coal mining, processing and sales, power generation business	2,925	16,816	11,923	1,951	2,207	(11.6)	Decrease in sales price of coal
7	Huanghua Port	Harbour operation	8,504	13,734	12,355	1,683	1,336	26.0	Increase in coal shipment
8	Sichuan Energy	Power generation business	3,101	10,703	6,125	1,290	1,309	(1.5)	

Section IV Directors' Report (Continued)

No.	Company	Principal activities	Registered capital	Total assets	Net assets	Net profit attributable to the equity holders of the parent company			
			As at 31 December 2025			2025	2024	Change %	Main reasons for changes
9	Railway Equipment	Locomotive and vehicle maintenance for railway, railway transportation	6,300	20,575	11,680	935	1,078	(13.3)	Increase in income tax expense as a result of changes in applicable tax rates
10	Yulin Energy	Coal mining, processing and sales	2,420	8,474	5,304	867	1,261	(31.2)	Decrease in sales price of coal
11	Baotou Energy	Coal mining, processing and sales	2,633	15,965	10,022	846	338	150.3	Write off non-payable special expenses
12	Shendong Power	Power generation business	3,024	29,831	24,353	833	545	52.8	Decrease in coal purchase price
13	Trading Group	Wholesale operation and shipping agency services for coal	7,789	28,971	14,721	796	1,737	(54.2)	Decrease in sales volume and sales prices of coal
14	Fujian Energy	Power generation business	5,388	18,019	9,593	729	616	18.3	Decrease in coal purchase price
15	Xinshuo Railway	Railway transportation	10,888	26,058	15,136	502	434	15.7	Decrease in repair and maintenance costs

Notes:

- (1) The financial information of the major subsidiaries disclosed in the above table was prepared in accordance with the China Accounting Standards for Business Enterprises.
- (2) In 2025, the revenue of Shendong Coal was RMB67,918 million and the operating profit was RMB9,253 million.
- (3) In 2025, the revenue of Shuohuang Railway was RMB23,061 million and the operating profit was RMB9,073 million.
- (4) In 2025, the revenue of Zhunge'er Energy was RMB13,016 million and the operating profit was RMB7,822 million.

Section IV Directors' Report (Continued)

2. Major Companies in Which the Company has Invested

The Company did not have investment income from a single investee company with an amount exceeding 10% of the Company's profit for the year attributable to the owners of the Company.

Please refer to the section headed "Material Related Party/Connected Transactions" of this report for details of Finance Company.

3. Acquisition and Disposal of Subsidiaries during the Reporting Period

Name of subsidiary	Ways of acquiring and disposing subsidiaries during the Reporting Period	Impacts on production, operation and results as a whole
Hangjin Energy	The subsidiary was acquired by way of business combination under common control. In February 2025, the Company completed the acquisition of 100% equity interest in Hangjin Energy held by China Energy at a consideration of RMB853 million. Hangjin Energy was included in the financial statements of the Company.	The Group's capabilities in ensuring energy supply and enhancing coordinated operation level in east Inner Mongolia were improved by promoting reduced competition among peers and increasing coal resources, thereby consolidating integrated core competitiveness and long-term profitability. Such event has no significant impact on the overall production, operation and results of the Group.
China Energy (Mianzhu) Hydropower Co., Ltd.(國能(綿竹)水電有限公司)	The subsidiary was disposed of by way of equity transfer. In April 2025, the equity transfer of the equity interests in China Energy (Mianzhu) Hydropower Co., Ltd. (國能(綿竹)水電有限公司) held by Sichuan Energy, a subsidiary of the Company, was completed, with a gain of RMB237 million recognized for the equity transfer. China Energy (Mianzhu) Hydropower Co., Ltd. (國能(綿竹)水電有限公司) was no longer included in the consolidated financial statements of the Company.	Such event has no significant impact on the overall production, operation and results of the Group.

(IX) Structured Entities Controlled by the Company

☐ Applicable ☒ Not applicable

Section IV Directors' Report (Continued)

(X) Compliance with Relevant Laws and Regulations

So far as the Board and management of the Company are aware, during the Reporting Period, the Group has fully complied in all material aspects with the relevant laws and regulations that are related to the business and operation of the Group, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

(XI) Relationship with Stakeholders

For details of remuneration and training of the Group's employees, please refer to the "Employees" under Section V of this report.

The Group attaches great emphasis on good relationships with stakeholders such as customers, suppliers and other business partners to achieve its long-term goals. For details, please refer to the 2025 Environmental, Social and Corporate Governance Report of the Company.

In 2025, there was no material dispute between the Group and its stakeholders

(XII) Donations

During the Reporting Period, the expense on external donations of the Group was RMB271 million.

(XIII) Contingent Liabilities

Details of the Group's contingent liabilities are set out in the "Commitments and Contingent Liabilities" in the notes to the financial statements in this report.

(XIV) Pension Plan

Details of the pension plan for the Group's employees are set out in the "Material Accounting Policies" in the notes to the financial statements in this report in relation to the retirement benefit costs. There are no forfeited contributions under the defined contribution pension plans that may be used by the Group, being the contributions processed by employers on behalf of employees who withdrew from such plans prior to vesting fully in such contributions.

(XV) Subsequent Matters

In August 2025, the Company had commenced the transactions in relation to the acquisition of equity interest in 11 Target Companies held by its controlling shareholder, China Energy, by way of issuance of A Shares and payment in cash and the acquisition of equity interest in a Target Company held by Western Energy by way of payment in cash, and the issuance of A Shares to no more than 35 specific investors to raise supporting funds (the "Transactions"). As of the date of this report, the transfer of equity interests related to the Transactions has been completed and the additional A shares of the Company newly acquired by China Energy have been listed. Work regarding the issuance of A shares for raising supporting funds is currently ongoing. (Please refer to the Company's H-share announcements dated 15 August, 19 December 2025, 22 January, 28 January, 30 January, 5 February, 12 February, 17 March 2026; and A-share announcements dated 16 August, 20 December 2025, 23 January, 29 January, 31 January, 6 February, 13 February and 18 March 2026)

Section IV Directors' Report (Continued)

VI. THE COMPANY'S OUTLOOK FOR FUTURE DEVELOPMENT

(I) Industry Structure and Trend

In 2026, under the guidance of Xi Jinping's Thoughts on Socialism with Chinese Characteristics for a New Era, China's economy will thoroughly implement the spirit of the 20th National Congress of the Communist Party of China and the plenary sessions of the 20th CPC Central Committee to fully and accurately implement the new development philosophy, accelerate the construction of a new development pattern and focus on promoting high-quality development. It will adhere to the general principle of pursuing progress while ensuring stability, better coordinate domestic economic work and international economic and trade struggles. While further keeping a balance between development and security, it will implement more proactive and impactful macroeconomic policies and enhance the foresight, pertinence, and synergy of policies. These efforts will be carried out by continuously expanding domestic demand and optimizing supply; by improving the quality of incremental growth while unlocking value from existing resources; by fostering new quality productive forces tailored to local conditions; by advancing the development of a unified national market; by consistently preventing and mitigating risks in key areas; and by strengthening efforts to stabilize employment, businesses, markets, and expectations. These combined measures aim to drive both qualitative improvements and reasonable quantitative growth in the economy, preserve social harmony and stability, and secure a strong start to the 15th Five-Year Plan period.

With respect to the coal industry, China's coal demand is expected to remain broadly stable, and coal demand for power generation and coking is expected to remain largely stable, while coal used in chemical production has further growth potential. Guided by coordinated supply security and capacity verification policies, overall coal output is set to remain stable, ensuring an orderly release of supply. Imported coal volumes are likely to remain stable or edge slightly lower. In general, the coal market is expected to see a basic balance between supply and demand in 2026, with prices fluctuating within a reasonable range. However, due to seasonal fluctuations, unexpected events, extreme weather conditions, and other factors, localized or periodic supply tightness may still occur.

With respect to the power industry, sustained macroeconomic growth in China will continue to drive a steady and rapid increase in electricity demand. According to projections by the China Electricity Council, the country's total electricity consumption is expected to grow by 5% to 6% year-on-year in 2026. New energy will maintain its large-scale development momentum, with newly installed power generation capacity anticipated to exceed 300 GW. Nationwide, the overall balance between electricity supply and demand is expected to remain stable. However, localized supply tightness during peak hours can generally be addressed through inter-provincial and inter-regional surplus-sharing mechanisms.

Section IV Directors' Report (Continued)

(II) Development Strategy of the Company

The year 2025 marks the decisive conclusion of the 14th Five-Year Plan and a crucial year for drawing up the development blueprint for the 15th Five-Year Plan. The energy industry thoroughly implemented the decisions and arrangements of the CPC Central Committee and the State Council, adhered to the overall planning of development and security, and achieved a synchronous leap in energy security capability and green and low-carbon transformation providing a stronger support for the sustainable and healthy economic development and the improvement of people's livelihood. At present, the energy supply system has been further improved, the role of coal as a safety net is further strengthened, the fundamental support and flexible regulation function of coal-fired power in the new power system continues to be enhanced, the large-scale development of renewable energy has reached a new level, and new breakthroughs have been achieved in optimizing the energy structure. In the past year, the Group resolutely implemented the decisions and arrangements of the CPC Central Committee, firmly grasped the primary task of high-quality development, and anchored the goal of sustainable growth. With a fighting spirit of "leading the way under the flag, working diligently, and striving for excellence," the Group overcame difficulties and forged ahead, therefore successfully completed all annual targets and tasks, laying a solid foundation for embarking on a new journey of the 15th Five-Year Plan.

In 2026, the Group will adhere to the guidance of Xi Jinping's Thoughts on Socialism with Chinese Characteristics for a New Era, and fully implement the spirit of the 20th National Congress of the Communist Party of China and the plenary sessions of the 20th CPC Central Committee. The Group will put in place the new strategy of "Four Revolutions and One Cooperation" for energy security, and the goals of carbon peaking and carbon neutrality. The Group will earnestly implement its overall development strategy, aiming to build an innovative, world-class listed energy company, and will fully promote five key areas of work: adhering to strengthening the foundation and consolidating the advantages of integrated coal-power-transportation-chemical operations; accelerating green development and carbon reduction, and promoting the rapid transformation and upgrading of existing industrial sectors; adhering to innovation-driven development, and accelerating technological innovation to cultivate and develop new productive forces; strengthening capital operations, and further leveraging the role of the listed company as an investment and financing platform; promoting governance improvement, benchmarking against world-class standards to continuously strengthen value creation capabilities, and leveraging the exemplary and guiding role of Party building throughout the entire process. We will accelerate the transformation from "large and comprehensive" to "strong and excellent" and from traditional energy to green and low-carbon, and the transformation of management model towards market-oriented operation. We will fight "five major battles": value creation, technological innovation, safety and environmental protection, deepening reform, and improving Party building. We will comprehensively build an industrial chain system characterized by "innovation-driven, coal-based, electricity-based, oil-chemical complementary, logistics-coordinated, green and low-carbon, and digitally empowered" to achieve high-quality development for the Group.

Section IV Directors' Report (Continued)

(III) Business Plan

1. Business Targets for 2026

Item	Unit	Target for 2026	Actual amount in 2025	Change %
Commercial coal production	100 million tonnes	3.302	3.321	(0.6)
Coal sales	100 million tonnes	4.349	4.309	0.9
Gross power generation	100 million kWh	2,237	2,202.0	1.6
Revenue	RMB100 million	2,800	2,949.16	(5.1)
Cost of sales	RMB100 million	2,030	2,067.20	(1.8)
Total of selling expenses, general and administrative expenses, research and development costs and net finance costs	RMB100 million	165	151.89	8.6
Percentage change of unit production cost of the self-produced coal	/	Year-on-year increase of approximately 4%	Year-on-year decrease of 0.5%	/

The above business targets are formulated based on the Group's operations as of the end of 2025 and subject to factors including changes in the scope of consolidated financial statements, risks, uncertainties and assumptions and other factors. The annual actual outcome may differ materially from the targets. Such statements do not constitute actual commitments to investors. Investors should be aware that undue reliance on or use of such information may lead to investment risks.

2. Capital Expenditure Plan for 2026

Unit: RMB100 million

	Plan for 2026	Completion in 2025
Coal segment	118.59	141.69
Power segment	125.48	193.08
Transportation segments	86.96	78.33
Of which: Railway	67.38	55.07
Port	19.57	23.08
Shipping	0.01	0.18
Coal chemical segment	41.48	25.17
Others	7.72	8.59
Total	380.23	446.86

Note: Capital expenditure of the coal segment in the table above does not include mining rights expenditure.

Section IV Directors' Report (Continued)

Total capital expenditure of the Group in 2025 amounted to RMB44.686 billion (excluding mining rights expenditure), which was mainly used for the construction of Xinjie No. 1 Mine and No. 2 Mine and Tarangaole Mine of Hangjin Energy, the purchase of coal mine equipment and technological upgrades, the construction of power projects such as Jiujiang Power Phase II, Beihai Power Phase II and Qingyuan Power Phase II, the construction of Dongyue Railway and the capacity expansion and renovation of railway lines and the purchase of railway locomotives, the construction of the Huanghua Port (coal port area) Phase V Project, Zhuhai Port Gaolan Port Area Guoneng Bulk Cargo Terminal Project and others, and the construction of the Coal-to-Olefins Upgrading Demonstration Project.

The capital expenditure of the Group in relation to the related expenditure for the mining rights in 2025 amounted to RMB1.893 billion, which was mainly used for the change of mining rights of Baotou Energy Wanli First Colliery and other purposes.

The Board of the Company approved a total planned capital expenditure of 2026 of RMB38.023 billion (excluding mining rights expenditure), including:

- (1) Among the capital expenditure of the coal segment, RMB3.858 billion will be used in new construction as well as renovation and expansion projects (including the purchase of infrastructure-related equipment); RMB2.842 billion will be used for equipment purchase; RMB5.159 billion will be used for other expenditure. The major investment projects include: the construction of Xinjie No. 1 Mine and No. 2 Mine in Taigemiao Area of Xinjie Mining Area, the construction of Tarangaole Mine of Hangjin Energy, and the construction of green and intelligent mines, etc.
 - (2) Among the capital expenditure of the power generation segment, RMB9.583 billion will be used in new construction projects (including the purchase of related equipment); RMB326 million will be used in technical renovation in environmental protection; RMB1.414 billion will be used in technical renovation in non-environmental protection, and RMB80 million will be used for other expenditure. The major investment projects include: the ongoing thermal power projects such as Hebei Cangdong Power Plant Phase III, Hebei Dingzhou Power Plant Phase III, Chongqing Wanzhou Power Plant Phase II, Fujian Shishi Hongshan Thermal Power Plant Phase III.
- The capital expenditure of the new energy business of RMB1.145 billion will be mainly used for the construction of photovoltaic power generation projects.
- (3) The capital expenditure of the railway segment will be mainly used for the construction of Dongyue Railway, the purchase of railway locomotives and others.
 - (4) The capital expenditure of the port segment will be mainly used for the construction of the Huanghua Port (coal port area) Phase V Project, Zhuhai Port Gaolan Port Area Guoneng Bulk Cargo Terminal Project and others.
 - (5) The capital expenditure of the coal chemical segment will be mainly used for the Coal-to-Olefins Upgrading Demonstration Project and others.
 - (6) Other capital expenditures, which were mainly used for the construction of information technology projects and others.

Section IV Directors' Report (Continued)

The Group's capital expenditure plan for 2026 of major investment project is as follows:

Name of project	Expected production capacity	Expected total investment of project RMB100 million	Capital expenditure plan for 2026 RMB100 million	Shareholdings of the Company %
(I) Coal projects				
1. Xinjie No. 1 Mine in Taigemiao Area of Xinjie Mining Area	8 million tonnes/year	150.4	13.0	60
2. Xinjie No. 2 Mine in Taigemiao Area of Xinjie Mining Area	8 million tonnes/year	146.7	12.0	60
3. Tarangaole Mine of Hangjin Energy	10 million tonnes/year	91.7	6.0	100
(II) Power generation projects				
1. Hebei Cangdong Power Plant Phase III Expansion Project	Installed capacity 2×660 MW	54.7	23.0	51
2. Hebei Dingzhou Power Plant Phase III Expansion Project	Installed capacity 2×660 MW	54.2	22.0	51
3. Chongqing Wanzhou Power Plant Phase II Expansion Project	Installed capacity 2×1,000 MW	62.2	20.0	100
4. Fujian Shishi Hongshan Thermal Power Plant Phase III Expansion Project	Installed capacity 1×1,000 MW	37.8	8.0	51
5. Guangdong Qingyuan Power Plant Phase II Expansion Project	Installed capacity 2×1,000 MW	71.7	8.0	67
(III) Transportation projects				
1. Dongyue Railway (Dongshengdong to Taigemiao Railway Project)	Total length of 128.655 kilometres of main line; the near-to-forward shipment volume of 65.80 million tonnes per year	156.6	6.0	65
2. Huanghua Port (coal port area) Phase V Project	Designed annual port capacity of 50 million tonnes	49.0	10.0	70
3. Zhuhai Port Gaolan Port Area Guoneng Bulk Cargo Terminal Project	Designed annual port capacity of 17.50 million tonnes	11.6	3.7	55
(IV) Coal chemical projects				
1. Baotou Coal Chemical Coal-to-Olefin Upgrade Demonstration Project	750,000 tonnes/year	171.5	38.0	100

The capital expenditure plans of the Group in 2026 are subject to the development of business plans (including potential acquisitions), the progress of capital projects, market conditions, the outlook for future operation environment and the obtaining of the requisite permits and approval documents. Unless required by law, the Company shall not assume any responsibilities for updating the data of its capital expenditure plans. The Company intends to finance its capital expenditures by cash generated from operating activities, short-term and long-term borrowings, and other debt and equity financing.

Section IV Directors' Report (Continued)

(IV) Major Risks and Countermeasures

Investors should be aware that although the Company has reviewed and listed the major risks, and adopted relevant countermeasures, there is no absolute guarantee that all adverse impacts could be eliminated due to the limitation of various factors.

1. Risk of Safety and Environmental Protection

The overall safety production performance of the Group's coal mines remained stable. However, due to industry-specific characteristics, project distribution, extreme weather conditions, and other factors, there are many safety risks intertwined and the landscape for energy supply remains challenging. Against the backdrop of increasingly stringent national requirements on ecological and environmental protection and the "dual carbon goals," the Group faces greater constraints on energy conservation, emissions reduction and environmental protection.

The Group has established the safety production target of preventing major and more severe safety production accidents to achieve "zero death". To cope with the risks of safety production, the Group will continue to firmly establish the awareness of red lines by cementing the accountability for safety production, further improving the dual prevention mechanism for graded safety risk control and the investigation and management of hidden dangers. With in-depth improvement from the root in safety production, the Group will reinforce the development of emergency management system and safety production training, take effective approaches to improve emergency response ability, take advantage of information, develop new ways to formulate safety supervision mechanism, adhere to a people-oriented approach and comprehensively enhance the safety management standards.

To cope with the risks of environmental protection, the Group will intensify efforts in the battle against pollution prevention and control, continuously strengthen environmental monitoring, strictly adhere to the ecological red line, vigorously promote the construction of green mines, green smart heavy-haul railways, green ports and green shipping. Additionally, we will advance the high-quality development of renewable energy, implement green, low-carbon, and energy-saving upgrades, and continue to build the brand of "Ultra-low Emissions" for coal-fired power. The Group will further improve the environmental management system and strengthen the remediation of potential issues and environmental emergency management, actively adapt to requirements of "Dual Control" of total energy consumption and energy intensity in order to achieve energy-saving and emission reduction targets as well as to prevent severe environmental pollution incidents.

Section IV Directors' Report (Continued)

2. Investment Risk

Since the fourth plenary session of the 20th Central Committee of the Communist Party of China, the nation has vigorously promoted the “two major initiatives” and “two new initiatives” construction, encouraged and optimized the direction of investment, and provided valuable opportunities for the upgrading and transformation of energy infrastructure and the development of strategic emerging industries. The Company has large-scale investments and various types of projects in both domestic and outbound markets, and facing the complex and volatile internal and external environment, uncertainties in market policies, investment planning directions and investment returns, which superimpose risks such as project construction management and quality progress.

To cope with investment risks, the Group will strengthen its planning, leading and directing control efforts, closely monitor policy changes and market opportunities, and optimise investment strategies. We will improve the investment management system, strengthen preliminary research and feasibility studies for projects, and strictly adhere to the “four checks” in the whole investment process, and implement the “revenue check, cost check, progress check and compliance check” of investment throughout the whole process, and promote project construction with excellence, with a particular focus on risk control for major projects. We will continue to focus on investment plans, expand effective investment, reasonably control the pace of project investment. Additionally, we will strengthen research and supervision of investment plan execution, conduct post-project evaluations actively, orderly and in compliance with regulations, and continuously refine the investment risk prevention and control system to improve the efficiency and returns of investment.

3. Compliance Risk

The shift of the 100-year-old global layout is evolving at an accelerated rate. The external environment is becoming more complex and uncertain, and the legal compliance regulation situation at home and abroad is becoming more severe, with the pressure on compliance regulation continuing to tighten. The Group is facing increasing risks of compliance regulation and administrative punishment in areas such as safety and environmental protection, project compliance, corporate governance, fair market competition. At the same time, given the Group's large asset scale and extensive industrial chain, the identification and prevention of risks are challenging, which may lead to legal disputes over contracts and regulatory penalties, among other issues.

To address compliance risks, the Group will spare no effort in promoting the development of a “world-class enterprise under the rule of law”, and give full play to the leading and guaranteeing role of legal compliance in corporate operations, improve its compliance scheme management system, and continue to promote the “improvement, reform and abolition” of systems to effectively enhance the compliance with regulations and policies; strengthen the prevention, control and governance of the source of potential compliance risks, conduct comprehensive and in-depth implementation of risk elimination, and establish records of risks in legal disputes and penalties, research and formulate major risk mitigation and prevention measures, clarify the responsible leaders and personnel, and strengthen communication and coordination.

Section IV Directors' Report (Continued)

4. Risk of Project Management

The overall progress of the Group's existing projects is stable. However, there are certain uncertainties in the construction of specific projects. For example, insufficient project risk prediction, insufficient capacity of the design unit and other factors, which may lead to the risks of prolongation of construction period, delay in construction time and increase in investment. The failure to fully implement safety responsibility, weak safety awareness of part of the construction workers, and failure to effectively implement the project safety management system may lead to the risk of safety accidents.

To cope with the risk of project management, the Group will further improve its infrastructure management system and carry out management work at key steps, such as project design, commencement of construction, implementation, completion and acceptance, and handover and commissioning of projects, in a graded manner. The Group will continue to strengthen the unified management of the construction plan, technology, technical economics, safety and quality of projects, improve the functional management of construction, project early management and construction team management and strictly control project design, budget and settlement. The Group will also enhance the project cost control, track and monitor project construction in real time, and timely formulate effective measures to reduce or eliminate the impact of extension of time. The Group will strengthen its construction safety management, establish and improve the management mechanism of the project safety committees covering all participating construction units and the safety control mechanism for the entire lifecycle of projects, strengthen the remediation of hidden safety risks and hazards of construction projects, enforce its administration in safety emergency plans and eliminate major and more severe safety incidents. The Group will also put into practice the quality supervision system for projects under construction, strengthen the supervision and management of the quality behaviours of the participating construction units and the quality of the project entities, and properly carry out the in-process supervision of project quality as well as the quality accreditation work for individual units and constructions, so as to avoid the risk of construction quality accidents.

Section IV Directors' Report (Continued)

5. Risk of Market Competition

At present, the impact of changes in the external environment is deepening, the international economic and trade order is facing severe challenges, the internal effective demand is insufficient, the task of replacing old drivers with new ones is arduous, and the competition in the energy industry is becoming increasingly fierce. The integrated operation of the Company is affected by the squeeze from both the resources and demand sides. Seasonal and structural conflicts are prominent, the coal industry is facing the double pressure of peaked demand and the policy of "guaranteeing supply and stabilizing the price"; in terms of electricity demand, there is a trend of "adding facilities without increasing capacity"; and the market competition in the chemical and transportation industries became fiercer.

In response to the risks of market competition, the Group will optimize the system and operation strategies for comprehensive analysis and judgment of the market, construct a closed-loop mechanism that drives production and operation decision-making by market analysis, enhance the collaborative operation capability, optimise coal sales system and operation mechanism, enhance the transportation capacity guarantee, strengthen synergy among various industries, and enhance integrated ability to respond to market changes. The Company will strengthen the refined cost control and enhance the "effective volume and price" management. Adhering to the principle of increasing optimization through incremental development and increasing efficiency from existing resources, the Company will strive for progress while maintaining stability, improve quality and efficiency, and optimize the allocation of resources, and control costs from the perspective of the whole industry chain, so as to increase market competitiveness.

6. Risk of Integrated Operations

The Group's advantages in integrated operation of coal, power, transportation and coal chemicals come along with the risks arising from the interruption of individual parts of the entire integrated chain. In case of poor organisation or coordination or discontinuation of any part, the balance and high efficiency of integrated operations will be affected and the impact may adversely affect the Group's business results.

To cope with the risk of integrated operations, the Group will continue to strengthen its core advantage of integrated operations. The Group will take an array of measures based on safety production, including focusing on the comprehensive coordination and balance of integrated operations, optimising the layout of coal and power industries, strengthening scientific scheduling and plan management, improving railway collection and distribution system, strengthening the coordination of power grid, and strengthening the production and operation management. Additionally, the Group will actively develop new energy sources, expand the coverage of integrated operations as much as possible, and optimise the allocation of resources across the entire industry and multiple factors, with the aim to continuously enhance the resilience of integrated industrial chain, value chain and supply chain.

Section IV Directors' Report (Continued)

7. Policy Risk

The business activities of the Group are affected by the national industrial control policies. The nation has put forward a number of policies and measures in relation to the energy industry for accelerating the building of a new energy system to undergo profound changes in energy supply and demand, structure, and technology, the environmental protection policies of the coal industry are becoming increasingly stringent, and the control of energy consumption and emission indicators is tightening. The energy enterprises are bound by the policies and this bind will continue to be tightened in long term, and will objectively affect the Group's industrial layout, the approval of new and expansion projects, and the reform of the operation and management mode.

To cope with the policy risks, the Group will strengthen the research on the latest national industrial policies and regulations, enhance policy coordination, seize the resource continuation policies window period, promote resource continuity, increase in reserves and production, license application and the increase of authorised production capacity. The Group will also focus on its principal business, and prudently advance the goal of carbon peak and carbon neutrality. The Group will reasonably match the investment scale of each segment, and firmly promote the clean and efficient utilisation of coal by adhering to the direction of green, clean and low-carbon development, accelerating the industrial arrangement of renewable energy, and pushing forward industrial upgrading and green and low-carbon transformation. The Group will also strengthen the management of carbon assets, so as to promote green electricity and green certificate trading in a well-coordinated way. Additionally, we will improve the policy risk assessment mechanism, establish a policy monitoring and early warning system, and capture policy trends in real time to enhance our ability to withstand policy risks.

8. Risks of International Operations

The acceleration of global geopolitical multi-polarization trend and the continuous escalation of trade wars and technology monopolies have increased the uncertainty of international business. The global public safety situation is complex, which may directly threaten the normal operation of the projects. Frequent fluctuations in exchange rates may lead to exchange losses. Geopolitical conflicts, policy changes and other factors may result in lower-than-expected revenue from overseas projects and decline in return on assets. The Group's international operations are subject to certain uncertainties.

Section IV Directors' Report (Continued)

To cope with the risk of international operations, the Group will continue to enhance its study and judgement on international situation, especially on the policy directions of major powers, the Russia-Ukraine conflict, changes in investment policies of host countries, new energy markets and public security risks. We will diversify our overseas business operations, actively and prudently explore development and cooperation opportunities in coal resources and new energy projects, and expand cooperation across the entire international energy industry chain. We will further carry out resource evaluation, operation performance evaluation and technology assessment for overseas projects based on sound information collection, analysis and research prior to making any decision on overseas projects investment so as to ensure economic and technological feasibility. The Group will strengthen overseas risk screening, regularly monitor overseas political, economic, and legal compliance risks, and take multiple measures to prevent and resolve risks. Furthermore, the Group will strengthen the cultivation and introduction of interdisciplinary talents, actively and steadily implement the "Going Global" strategy in accordance with the requirements of coordinating the overall domestic and international situations.

The exchange rate risk confronted by the Group mainly comes from overseas operations and recognised assets and liabilities that are denominated in foreign currencies. The major foreign currencies are US dollars, Indonesian rupees, etc. For details, please refer to the information in Note "Financial Risk Management Objectives and Policies" to the financial statements of this report. The Group actively monitors exchange rate changes to strike a balance between capital and currencies, reducing the risk of exchange rate fluctuations.

No material change has occurred to the nature and severity of the above significant risks, particularly those environmental, social and governance-related risks, as compared to the previous reporting period, and the Group will further improve its risk assessment and control mechanism, enhance its risk prediction, assessment and control capabilities, and effectively mitigate the influence of such risks.

VII. PERFORMANCE OF THE BOARD AND ITS SPECIAL COMMITTEES

Please refer to the section headed "Corporate Governance Report, Environment and Society".

VIII. OTHERS

Please see the section headed "Significant Event" of this report for management contracts; please see the section headed "Corporate Governance Report, Environment and Society" of this report for permitted indemnity provision, interests of directors and supervisors in significant transactions, arrangements or contracts and dividends; please see the section headed "Changes in Shares and Particulars of Shareholders" of this report for issuance and listing of securities, and repurchase of listed securities.

Section V Corporate Governance Report, Environment and Society

I. CORPORATE GOVERNANCE

The Company has established a relatively sound corporate governance structure and a smooth operating mechanism, and there are no material differences from the laws, administrative regulations and requirements of the China Securities Regulatory Commission (the “CSRC”) regarding the governance of listed companies. The Board is responsible for implementing good corporate governance of the Company. The Company has been in compliance with the requirements of corporate governance policies under the Corporate Governance Code as set out in Appendix C1 of the Hong Kong Listing Rules (the “Corporate Governance Code”) to establish its own system of corporate governance.

The Company resolutely implements the overall requirements on Party construction in the new era, and strengthens the overall leadership of the Party. The Company has improved the Articles of Association and rules and regulations of the Company, institutionalised the Party Committee research and discussion as a prerequisite procedure of major decision-making, and organically integrated the Party leadership with the improvement of corporate governance.

The convening, voting and disclosure procedures of Board meetings of the Company, rules of procedure of the Board and procedures for nomination and election of directors are in compliance with relevant requirements. Being a standing decision-making body of the Company, the Board is accountable to the general meeting, and exercises functions and powers in accordance with the requirements of Article 126 of the Articles of Association and relevant applicable regulatory requirements. Being a standing executive body of the Company, the operating management, comprised of senior management including the chief executive officer, is accountable to the Board and exercises functions and powers in accordance with the requirements of Article 160 of the Articles of Association and relevant applicable regulatory requirements. The Articles of Association set out the respective duties of the chairman of the Board and the chief executive officer in detail. The chairman of the Board and the chief executive officer of the Company are held by different personnel.

On 24 March 2025, Mr. Lv Zhiren, the chairman of the Board, resigned as chairman of the Board and executive director due to his retirement. His positions as the Chairman and a member of the Strategy and Investment Committee, a member of the Nomination Committee, and a member of the Remuneration and Assessment Committee of the Board have also ceased at the same time. Upon recommendation from the directors in office, Mr. Zhang Changyan, the executive director and Chief Executive Officer, was responsible for convening the board meeting. The convening of the Board meeting by Mr. Zhang Changyan was a temporary arrangement under the relevant regulations of the Company. All major decisions within the terms of reference of the Board were still made after collective negotiation and consideration of the Board. The Company has commenced the relevant work actively and will fill the vacancy of Chairman of the Board as soon as practicable. Upon his resignation, Mr. Lv Zhiren ceased to be the authorised representative of the Company (the “Authorised Representative”) under Rule 3.05 of the Hong Kong Listing Rules. Mr. Zhang Changyan, the executive director, has been appointed as the new Authorised Representative of the Company with effect from 24 March 2025.

Section V Corporate Governance Report, Environment and Society (Continued)

During the Reporting Period, non-executive directors and independent non-executive directors of the Company actively attended Board meetings and general meetings so far as practicable. Mr. Kang Fengwei and Mr. Li Xinhua, non-executive directors, were unable to attend the Board meetings and general meetings in person for two consecutive times due to business trips, but they both took necessary and effective measures to ensure that they complied with the code of conduct for directors, contributed to the affairs of the Board, and had a comprehensive and fair understanding of the opinions of the Company's shareholders.

Mr. Song Jinggang and Mr. Zhuang Yuan, our joint company secretaries, have attended trainings for a total of more than 15 hours in 2025 as required.

Upon the approval of the first extraordinary general meeting of the Company in 2025, the Company officially abolished the Supervisory Committee. Prior to the abolition of the Supervisory Committee, the Supervisors of the Company carried out their work in accordance with the responsibilities as stipulated in the Articles of Association of the Company and the Rules of Procedure for the Supervisory Committee, attended all general meetings held during their terms of office, and acted as scrutineers at such meetings.

Save as disclosed above, the Company has been in compliance with various principles and the provisions of the Corporate Governance Code and most of the recommended best practices as specified therein during the year ended 31 December 2025. For the terms of functions and powers of the Board and the Board committees under the Corporate Governance Code, please refer to the Articles of Association, rules of procedure of the Board and the Board committees, which have been published on the websites of the stock exchanges where the Company is listed and on the Company's website.

Section V Corporate Governance Report, Environment and Society (Continued)

II. ENSURANCE OF INDEPENDENCE OF LISTED COMPANY BY CONTROLLING SHAREHOLDERS

(I) Measures by the Controlling Shareholder to Ensure the Independence of the Company

China Energy, the controlling shareholder of the Company, complies with the principles of good faith and credibility, exercises shareholder rights and fulfills shareholder obligations in accordance with the law. When China Energy nominates candidates for directors, it shall follow the conditions and procedures stipulated in laws and regulations and the Articles of Association. In the event of consideration of the related transactions with the controlling shareholder at the Board and general meeting, the interested directors and the controlling shareholder and its concerted parties shall abstain from voting. The Company maintains an independent, complete integrated industrial chain. There are potential peer competitions between the coal business and other businesses of China Energy and the major business of the Company, and China Energy has taken measures to avoid peer competitions with the Company. For more information, please refer to "Avoidance of Competition" below.

Save as disclosed above, China Shenhua has an independent and complete business system from its controlling shareholder, as well as a market-oriented self-operation capability. The Company is independent from its controlling shareholders in terms of business, personnel, assets, organisation, finance and other aspects.

(II) Avoidance of Competition

There are potential peer competitions between the coal and other businesses of China Energy and the main businesses of the Company. On 24 May 2005, the former Shenhua Group Corporation Limited entered into the Non-competition Agreement with the Company.

The Resolution on the Performance of Non-competition Undertaking was approved at the 45th meeting of the second session of the Board on 27 June 2014 and the Announcement on the Performance of Non-competition Undertaking was disclosed to the public. The Company disclosed that it will gradually commence the acquisition of 14 assets of the former Shenhua Group Corporation Limited and its subsidiaries as planned ("Original Undertaking Assets") (For details, please refer to the H share announcement of the Company dated 27 June 2014 and the A share announcement of the Company dated 28 June 2014). The Company completed acquisitions of 100% equity interest of Ningdong Power, 100% equity interest of Xuzhou Power and 51% equity interest of Zhoushan Power in 2015.

Section V Corporate Governance Report, Environment and Society (Continued)

Being the parent company subsequent to the restructuring, China Energy merged with China Guodian Corporation by the way of absorption. As approved by the first extraordinary general meeting of the Company in 2018, the Company entered into the Supplemental Agreement to the Existing Non-Competition Agreement with China Energy. It is agreed by both parties that other than the amendments in the Supplemental Agreement to the Existing Non-competition Agreement, the clauses of the Existing Non-competition Agreement will continue to be performed. Pursuant to the Supplemental Agreement to the Existing Non-competition Agreement, within five years after the completion of China Energy merging with China Guodian Corporation by the way of absorption, the Company will discretionally exercise the options and the preemptive rights to acquire the assets within the retained businesses of China Energy, and will no longer implement the 2014 Non-competition Undertakings. The retained businesses refer to (1) original undertaking assets (excluding the acquisition of three equity assets by the Company completed in 2015) other than the assets of conventional power generation business, and (2) the unlisted businesses held by former China Guodian Corporation which directly or indirectly compete with the main businesses of the Company (excluding the relevant assets that former China Guodian Corporation undertook to inject into its listed subsidiary, former Inner Mongolia Pingzhuang Energy Co., Ltd., in 2007). For details, please refer to the H share announcement of the Company dated 1 March 2018 and the A share announcement of the Company dated 2 March 2018.

On 16 June 2023, the Supplemental Agreement II to the Existing Non-Competition Agreement entered into between the Company and China Energy was approved at the 2022 annual general meeting of the Company, pursuant to which, the period for the Company to seize the opportune moment to exercise the options and pre-emptive rights to acquire the assets involved in the retained businesses of China Energy was extended to 27 August 2028. For details, please refer to the H share announcement of the Company dated 28 April 2023 and the A share announcement of the Company dated 29 April 2023.

Section V Corporate Governance Report, Environment and Society (Continued)

As a coal business integration platform under China Energy, in 2025, the Company exercised its right of pre-emptive acquisition over business opportunities and assets that may constitute potential horizontal competition in accordance with the Existing Non-Competition Agreement and its relevant supplementary agreements signed by both parties, thereby promoting the gradual reduction of horizontal competition. In February 2025, the Company completed the acquisition of 100% equity interest in Hangjin Energy. For details, please refer to the H share announcements of the Company dated 21 January, 24 January, 12 February and 25 February 2025, and A-share announcements dated 22 January, 25 January, 13 February and 24 February 2025. In August 2025, the Company had commenced the transactions in relation to the acquisition of equity interest in 11 Target Companies held by its controlling shareholder, China Energy, by way of issuance of A Shares and payment in cash and the acquisition of equity interest in a Target Company held by Western Energy by way of payment in cash, and the issuance of A Shares to no more than 35 specific investors to raise supporting funds (the “Transactions”). As of the date of this report, the transfer of equity interests related to the Transactions has been completed and the additional A shares of the Company newly acquired by China Energy have been listed. Work regarding the issuance of A shares for raising supporting funds is currently ongoing (please refer to the Company’s H-share announcements dated 15 August, 19 December 2025, 22 January, 28 January, 30 January, 5 February, 12 February, 17 March 2026 and A-share announcements dated 16 August, 20 December 2025, 23 January, 29 January, 31 January, 6 February, 13 February and 18 March 2026). The Transactions have effectively reduced the competition between China Energy and the Company in respect of coal, pithead power plants and coal chemical businesses.

III. GENERAL MEETINGS

(I) Shareholders’ Rights

As owners of the Company, the shareholders of the Company are entitled to the rights as stipulated in laws, administrative regulations and the Articles of Association. The general meeting is the supreme authority of the Company, through which shareholders can exercise their rights. The controlling shareholder takes part in the Company’s operations and decision-making through general meetings and the Board.

Pursuant to Articles 51, 56, 61 and 107 of the Articles of Association, the shareholders may submit written request to the Board for the convening of extraordinary general meetings or class meetings and submit proposals at general meetings. Upon providing the Company with written evidence of the class and number of shares of the Company held by the shareholders, and following verification of the shareholders’ identity by the Company, the shareholders are entitled to inspect the relevant information of the Company or obtain the Articles of Association, the register of shareholders, minutes of general meetings, resolutions of meetings of the Board, and financial and accounting reports, etc.

Section V Corporate Governance Report, Environment and Society (Continued)

(II) Investor Relations

In 2025, the Company revised the Articles of Association in accordance with the Company Law of the PRC, the Guidelines on the Bylaws of Listed Companies, and other laws and regulations. For details, please refer to the H share announcements of the Company dated 20 June, 11 August and 29 August 2025, and the A share announcements of the Company dated 21 June and 30 August 2025.

The Company has formulated an effective shareholder communication policy. The Company has formulated the Measures on the Administration of Investor Relations of China Shenhua Energy Company Limited to clarify the shareholder communication methods and the organisation and implementation of investor relations activities; through a multi-dimensional shareholder communication system, the Company has set up multiple channels for shareholders to express their opinions (including regular communication channels such as investor hotline, email and the e-interactive platform of the Shanghai Stock Exchange), and shareholders can give feedback, suggestions or appeals on matters such as the Company's operations and development strategies; through activities such as regular results briefings, investor visits and reverse roadshows on a regular basis, the Company has created opportunities for direct communication with shareholders. For details of the Company's interactions with shareholders in 2025, please see the section headed "Investor Relations" of this report.

The Company has reviewed the implementation and effectiveness of the shareholders' communication policy and believes that the Company has established smooth and effective communication channels with its shareholders. In 2025, the Company reviewed the effectiveness of the implementation of the shareholders' communication policy by taking into account the quality of information disclosure, the level of participation of shareholders and the efficiency of responding to demands. By analysing data such as the frequency of shareholders' interaction, the resolution rate of appeals, and the feedback from the capital market, the Company has effectively protected the shareholders' rights to know and to participate. Through various forms of communication with investors, the Company has regularly summarized the key issues and reasonable suggestions of the shareholders, and reported them to the Board and the management for decision-making reference, so as to ensure the effective results of the interaction.

Section V Corporate Governance Report, Environment and Society (Continued)

(III) Convening of General Meetings during the Reporting Period

Meetings	Date	The designated website for publishing the poll results	Date of disclosure of the poll results	Resolutions
2024 Annual General Meeting				All the 8 resolutions were considered and approved at the 2024 Annual General Meeting by a combination of on-site voting by poll and internet voting.
2025 First A Shareholders Class Meeting	20 June 2025	The website of the SSE The website of the HKEx	21 June 2025 20 June 2025	Resolution on Granting the Board the General Mandate to Repurchase H Shares was considered and approved at the 2025 First A Shareholders Class Meeting by a combination of on-site voting by poll and internet voting.
2025 First H Shareholders Class Meeting				Resolution on Granting the Board the General Mandate to Repurchase H Shares was considered and approved at the 2025 First H Shareholders Class Meeting by way of on-site voting by poll.
2025 First Extraordinary General Meeting	29 August 2025	The website of the SSE The website of the HKEx	30 August 2025 29 August 2025	All the 3 resolutions were considered and approved at this extraordinary general meeting by a combination of on-site voting by poll and internet voting.
2025 Second Extraordinary General Meeting	24 October 2025	The website of the SSE The website of the HKEx	25 October 2025 24 October 2025	All the 2 resolutions were considered and approved at this extraordinary general meeting by a combination of on-site voting by poll and internet voting.

All the resolutions tabled at the general meetings above were passed.

The Company accepted registration for shareholders to attend the meetings, and arranged a dedicated session to facilitate effective deliberation on proposals at the meetings. Shareholders actively participated in the meetings and were entitled to exercise their various rights, such as the right to know, the right to speak, the right to raise inquiries and the right to vote. Directors, and senior management of the Company attended the meetings. Shareholders interacted with the management through special Q&A sessions at the meetings.

The Company's shareholders' representative, witness lawyers and the representative of Hong Kong Share Registrar acted as scrutineers at the general meetings. The PRC legal advisor of the Company issued a legal opinion. Representatives of the auditors attended the annual general meeting in a non-voting capacity.

Section V Corporate Governance Report, Environment and Society (Continued)

IV. DIRECTORS AND SENIOR MANAGEMENT

(I) Changes in Shareholding and Remuneration of Directors and Senior Management

1. Directors and Senior Management in office as at the end of the Reporting Period

Unit: RMB ten thousand

Name	Position	Gender	Age	Date of appointment (from the first appointment date)	Scheduled expiration of term of office	Pre-tax remuneration received in the Company during the Reporting Period (including the performance-based remuneration paid for the previous term of office(1))	Social insurance, housing funds and corporate annuities paid by the Company(2)	Other monetary income(3)	Total (1)+(2)+(3)	Whether to receive compensation from related parties of the Company
Zhang Changyan	Executive Director	Male	55	20 December 2024	29 September 2027	76.24	25.59	-	101.83	No
	Chief Executive Officer			29 November 2024	-					
	Deputy Secretary of the Party Committee			22 November 2024	-					
Kang Fengwei	Non-executive Director	Male	57	30 September 2024	29 September 2027	-	-	-	-	Yes
Li Xinhua	Non-executive Director	Male	53	30 September 2024	29 September 2027	-	-	-	-	Yes
Yuen Kwok Keung	Independent Non-executive Director	Male	61	29 May 2020	29 September 2027	30.00	-	-	30.00	No
Chen Hanwen	Independent Non-executive Director	Male	57	29 May 2020	29 September 2027	30.00	-	-	30.00	No
Wang Hong	Independent Non-executive Director	Male	66	30 September 2024	29 September 2027	30.00	-	-	30.00	No
Jiao Lei	Employee Director	Female	44	30 September 2024	29 September 2027	77.85	22.31	-	100.16	No
Wang Xingzhong	Member of the Party Committee	Male	57	5 December 2019	-	100.78	27.21	-	127.99	No
	Executive Vice President			30 December 2019	-					

Section V Corporate Governance Report, Environment and Society (Continued)

Name	Position	Gender	Age	Date of appointment (from the first appointment date)	Scheduled expiration of term of office	Pre-tax remuneration received in the Company during the Reporting Period (including the performance-based remuneration paid for the previous term of office(1))	Social insurance, housing funds and corporate annuities paid by the Company(2)	Other monetary income(3)	Total (1)+(2)+(3)	Whether to receive compensation from related parties of the Company
Li Zhiming	Member of the Party Committee	Male	57	3 February 2021	-	105.63	27.07	-	132.70	No
	Executive Vice President			26 March 2021	-					
Song Jinggang	Member of the Party Committee	Male	51	9 June 2022	-	108.06	26.90	-	134.96	No
	Chief Financial Officer			26 August 2022	-					
	Secretary to the Board			28 April 2023	-					
Total						558.56	129.08	-	687.64	-

Notes:

- (1) The remuneration received by the directors and senior management listed in the above table from the Company covers the period during which they held their respective positions in the Company in 2025. The remuneration calculation period of Mr. Zhang Changyan is 12 months in 2025, including the performance-based remuneration for his 1 month of service in 2024.
- (2) The remuneration package of directors for 2025 is subject to approval by the general meeting of the Company; the remuneration package of the senior management has been approved by the Board of the Company.
- (3) None of the personnel mentioned above held or traded any shares in the Company during the term of service in 2025.
- (4) It was approved by the 2024 first extraordinary general meeting of the Company that the term of service of the sixth session of the Board shall be three years (30 September 2024 to 29 September 2027). The terms of office in the above table are determined by the dates of appointment by the general meeting or the Board.
- (5) The ages were calculated as at 31 December 2025.

Section V Corporate Governance Report, Environment and Society (Continued)

2. Directors, Supervisors and Senior Management Who Left Office During the Reporting Period

Unit: RMB ten thousand

Name	Position	Gender	Age	Date of appointment of directors, supervisors and senior management (from the first appointment date)	Expiration of term of office	Pre-tax remuneration received in the Company during the Reporting Period (including the performance-based remuneration paid for the previous term of office(1))	Social insurance, housing funds and corporate annuities paid by the Company(2)	Other monetary income(3)	Total (1)+(2)+(3)	Whether to receive compensation from related parties of the Company
Lv Zhiren	Chairman	Male	61	30 May 2024	24 March 2025	71.94	9.75		81.69	No
	Executive Director			24 June 2022	24 March 2025					
	Secretary of the Party Committee			20 May 2024	16 March 2025					
Tang Chaoxiong	Chairman of the Supervisory Committee	Male	57	24 June 2022	29 August 2025	-	-	-	-	Yes
Yuan Rui	Supervisor	Male	42	30 September 2024	29 August 2025	-	-	-	-	Yes
Zhang Feng	Employee Supervisor	Male	50	5 July 2022	29 August 2025	59.46	15.35	-	74.81	No
Total						131.40	25.10	-	156.50	

Notes:

- (1) The remuneration received by the directors and supervisors listed in the above table from the Company covers the period during which they held their respective positions in the Company in 2025. The salary calculation period of Mr. Lv Zhiren is from January to March 2025, including the performance-based compensation for his 12 months of service in 2024.
- (2) The remuneration package of directors and supervisors for 2025 is subject to approval by the general meeting of the Company.
- (3) None of the personnel mentioned above held or traded any shares in the Company during the term of service in 2025.
- (4) The ages were calculated as at 31 December 2025.

Section V Corporate Governance Report, Environment and Society (Continued)

(II) Details of Current Directors and Members of Senior Management of the Company, and Those Who Left Office during the Reporting Period

1. Key Career Experience

(1) Directors in office as at the end of the Reporting Period

Name	Biographical details
 Zhang Changyan Executive Director, Chief Executive Officer, Deputy Secretary of the Party Committee	Male, born in August 1970, Chinese, a member of the Communist Party and a senior economist. Mr. Zhang graduated from Xi'an Jiaotong University in 1993, majoring in electrical engineering and received a master's degree of Business Administration from Tsinghua University in 2001. Mr. Zhang has been serving as the deputy secretary of the Party Committee and Chief Executive Officer of the Company since November 2024 and as an executive director of the Company since December 2024. Mr. Zhang served as the chairman (legal representative) and secretary of the Party Committee of China Energy Group Media Center Co., Ltd. from February 2022 to November 2024. He served as the chairman (legal representative) and secretary of the Party Committee of China Energy Fujian Energy Co., Ltd. and Shenhua Fujian Energy Co., Ltd. from December 2020 to February 2022. He served as the employees' representative supervisor of the Company from December 2019 to July 2022, the deputy secretary of the Party Committee of the Company from August 2019 to December 2020 and general counsel of the Company from December 2019 to January 2021. From May 2018 to August 2019, he served as the secretary and a deputy director of the coal industry operations and management center of China Energy Investment Corporation Limited. From January 2012 to May 2018, he served as the director of the coal and chemical management department of the former China Guodian Corporation. Prior to the foregoing, Mr. Zhang successively served as the general manager and deputy secretary of the leading Party members group of Guodian Anhui Power Co., Ltd., a group leader of the preparatory team of Guodian Anhui Power Co., Ltd., the deputy general manager and member of the Party Leadership Group of the East China Branch of former China Guodian Corporation, and the deputy general manager of Guodian East China New Energy Investment Co., Ltd.

Section V Corporate Governance Report, Environment and Society (Continued)

Name	Biographical details
 Kang Fengwei Non-executive Director	Male, born in July 1968, Chinese, a member of the Communist Party and a professorate senior engineer. Mr. Kang has been engaged in railway transportation, production and management for a long time. He graduated from the Mechanical Engineering Department of Beijing Jiaotong University in 1991, majoring in railway vehicles and obtained a master's degree in vehicle engineering from the School of Mechanical Engineering of Southwest Jiaotong University in 2004, and obtained a PhD degree in applied economics from Beijing Jiaotong University in 2023. Mr. Kang has served as a non-executive director of the Company since September 2024 and as assistant to the general manager and chief engineer of China Energy since May 2023. Mr. Kang served as deputy chief engineer of China Energy from November 2022 to May 2023, secretary of the Party Committee and chairman (legal representative) of China Energy Railway Equipment Co., Ltd. from March 2021 to April 2023, secretary of the Party Committee and chairman (legal representative) of Shenhua Railway Equipment Co., Ltd. from November 2019 to March 2021, and deputy secretary of the Party Committee, standing deputy general manager (in charge), executive director, general manager, deputy secretary of the Party Committee, secretary of the Party Committee, executive director (legal representative) and general manager of Rolling Stock Branch of the Company from March 2015 to November 2019. Prior to the foregoing, Mr. Kang had successively held the posts of deputy secretary of the Party Committee and the section head of Xi'an Passenger Vehicle Section of Xi'an Railway Bureau, deputy secretary of the Party Committee and general manager of Shaanxi Guotie Investment and Development Group Corporation (陝西國鐵投資發展集團公司) under Xi'an Railway Bureau, head of the supporting centre and director of the diversified operation and management division of Xi'an Railway Bureau, director of the vehicle division of Xi'an Railway Bureau, and deputy director of Xi'an Regulatory Bureau under the National Railway Administration.

Section V Corporate Governance Report, Environment and Society (Continued)

Name	Biographical details
	Male, born in October 1972, Chinese, a member of the Communist Party and a professorate senior engineer. Mr. Li has been engaged in coal enterprise management for a long time. He graduated from the Mine Construction Department of Fuxin Mining Institute in 1994, majoring in mine construction, and obtained a master's degree in business administration from Northwest University in 2004 and a doctorate degree in geotechnical engineering from Liaoning Technical University in 2017.
Li Xinhua	
Non-executive Director	Mr. Li has served as a non-executive director of the Company since September 2024 and the director of the coal and transportation industry management department of China Energy since March 2023. Mr. Li served as secretary of the Party Committee and chairman (legal representative) of China Energy Shendong Coal Group Co., Ltd. from March 2021 to March 2023, secretary of the Party Committee and chairman (legal representative) of Shenhua Shendong Coal Group Co., Ltd. from December 2020 to March 2021, general manager, deputy secretary of the Party Committee, director, secretary of the Party Committee and chairman (legal representative) of Shenhua Group Baotou Mining Co., Ltd. and Shenhua Baotou Energy Co., Ltd. from November 2019 to December 2020, and deputy general manager of Shenhua Xinjiang Energy Company Limited from May 2013 to November 2019. Prior to the foregoing, Mr. Li had successively held the posts of director of the planning and construction division of Maiduoshan Mine of Shenhua Ningxia Coal Industry Group Co., Ltd., deputy secretary of the Party Committee and head of Baijigou Mine, and deputy secretary of the Party Committee and manager of Jinneng Coal Industry Branch.

Section V Corporate Governance Report, Environment and Society (Continued)

Name	Biographical details
	Male, born in June 1964, Chinese, Senior Counsel, Hong Kong Grand Bauhinia Medalist, and Justice of the Peace. Dr. Yuen received a master's degree in laws from City University of Hong Kong in 1997 and an honorary doctor degree in laws from Hong Kong Shue Yan University and City University of Hong Kong in 2018 and 2021, respectively. Dr. Yuen has extensive legal experience.
Yuen Kwok Keung	Dr. Yuen has served as an independent non-executive director of the Company since May 2020. Dr. Yuen is a Senior Counsel with Temple Chambers. Dr. Yuen is also a committee member of the International Commercial Expert Committee of the International Commercial Court of the Supreme People's Court of the People's Republic of China, a co-chairperson of the Hong Kong International Arbitration Centre, and chairman of the council of Hong Kong Mediation Accreditation Association Limited.
Independent Non-executive Director	Dr. Yuen had served as an independent non-executive director of Hong Kong Aerospace Technology Group Limited (2022 to 2023), Secretary for Justice of the Hong Kong Special Administrative Region (2012 to 2018), Recorder of the High Court (2006 to 2012), a member of the Judicial Officers Recommendation Commission (2009 to 2018), chairman of the Hong Kong Bar Association (2007 to 2009), a non-official member of the Advisory Committee on Corruption of the Independent Commission Against Corruption (2009 to 2012), a non-executive director of Mandatory Provident Fund Schemes Authority (2010 to 2012), and a member of the Hong Kong Exchange Fund Advisory Committee (2018 to 2024).

Section V Corporate Governance Report, Environment and Society (Continued)

Name	Biographical details
	Male, born in January 1968, Chinese and a member of the Communist Party. Dr. Chen graduated from Accounting Department of School of Economics of Xiamen University in 1997 with a doctorate degree in economics. Dr. Chen has extensive experience in accounting, auditing theory and practice, corporate governance, internal control and risk management.
Chen Hanwen	Dr. Chen has served as an independent non-executive director of the Company since May 2020. Dr. Chen is an honorary dean and a professor of the School of Internal Audit in Nanjing Audit University, and he serves as a standing director of China Audit Society concurrently. Dr. Chen serves as an independent director of Shenwan Hongyuan Group Co., Ltd. and Bank of Suzhou Co., Ltd.
Independent Non-executive Director	Prior to the foregoing, Dr. Chen had served as an external supervisor of Bank of Communications Co., Ltd., an independent director of Beijing Tri-Prime Gene Pharmaceutical Co., Ltd., a distinguished professor of Huiyuan, a first-level professor at the International Business School, a professor and a doctoral tutor of the Accounting Department of the International Business School, and a National Level II Professor of University of International Business and Economics, and the deputy dean of the Graduate School, the deputy dean of the School of Management, the director, professor, and doctoral tutor of the Accounting Department of Xiamen University.

Section V Corporate Governance Report, Environment and Society (Continued)

Name	Biographical details
 Wang Hong Independent Non-executive Director	Male, born in August 1959, Chinese, a member of the Communist Party, a doctoral tutor and a researcher. Mr. Wang has extensive corporate management experience in strategic planning for state-owned enterprises, investment management and technological innovation. He obtained a bachelor's degree in mechanical design from China University of Mining and Technology in 1982 and a master's degree in business administration from Wright State University in the United States in 2009, respectively, and completed the directorship duty training for listed company directors at Shanghai National Accounting Institute in 2014. Mr. Wang is a reputable expert in the mine tunnelling field in China, and was awarded three second prizes of National Science and Technology Progress Award, more than ten special and first prizes of provincial and ministerial-level science and technology awards, Sun Yueqi Energy Award, and National Outstanding Engineer Award, etc. Mr. Wang has served as an independent non-executive director of the Company since September 2024 and a first-level chief scientist of China Coal Technology & Engineering Group Corporation since December 2019, and deputy secretary of the Party Committee and standing director of the China Coal Society since October 2024. Prior to the foregoing, Mr. Wang had successively held the posts of deputy general manager of China Coal Technology & Engineering Group Corporation, director of Tiandi Science & Technology Co., Ltd., deputy dean and dean of China Coal Research Institute and director of the National Engineering Laboratory of Coal Mining Equipment.

Section V Corporate Governance Report, Environment and Society (Continued)

Name	Biographical details
 Jiao Lei Employee Director	Female, born in March 1981, Chinese, a member of the Communist Party of China and a senior economist. She graduated from Nankai University majoring in Monetary and Banking in 2005, and received her MBA degree from Purdue University in 2010. Ms. Jiao has served as an employee director of the Company since September 2024 and the manager of the capital operation division of the capital operation department of the Company since April 2022. From June 2018 to April 2022, she served as a staff member of the capital operation department and deputy manager of the capital operation division of the department. From December 2010 to June 2018, she served as the head of capital operation of the capital operation division of the capital operation department of the former Shenhua Group Corporation Limited and the Company. Prior to the foregoing, Ms. Jiao worked as the manager of credit business in the head office of Agricultural Bank of China.

Section V Corporate Governance Report, Environment and Society (Continued)

(2) Senior management in office as at the end of the Reporting Period

For the biographical details of Zhang Changyan, our Chief Executive Officer, please refer to the biographical details of directors. The biographical details of other senior management are as follows:

Name	Biographical details
 Wang Xingzhong	Male, born in April 1968, Chinese, a member of the Communist Party and a professor-level senior engineer. Mr. Wang has long experience in railway transport, operation and management. He graduated from the Shanghai Railway Institute (上海鐵道學院) in 1989, majoring in railway engineering and completed postgraduate studies and obtained a Ph.D. degree in engineering from China Academy of Railway Sciences (中國鐵道科學研究院) in 2011.
Member of the Party Committee, Executive Vice President	Mr. Wang has served as executive vice president and a member of the Party Committee of the Company since December 2019, a director of China Energy Xinshuo Railway Co., Ltd. since January 2020, and a director of Beijing GD Power Co., Ltd. since February 2023. Mr. Wang has served as a director and vice chairman of Haoji Railway Co., Ltd. since March 2023, a director and vice chairman of China Energy Shuohuang Railway Co., Ltd. since October 2025, and the employee director of the fifth session of the Board of the Company from May 2020 to July 2022. Mr. Wang served as the director general and deputy secretary of operating management center of transport segment of China Energy and the Company from May 2018 to December 2019, and the general manager of transport management department of the former Shenhua Group Corporation and the Company from February 2015 to May 2018. Prior to the foregoing, Mr. Wang had successively served as deputy secretary of the Party Committee and chairman of Shenhua Baoshen Railway Group Co., Ltd., deputy secretary of the Party Committee, chairman and general manager of Shenhua Baoshen Railway Co., Ltd., chairman of Shenhua Ganquan Railway Co., Ltd., deputy general manager of Shenhua Zhunge'er Energy Co., Ltd. and general manager of Dazhun Railway Company.

Section V Corporate Governance Report, Environment and Society (Continued)

Name	Biographical details
	Male, born in January 1968, Chinese, a member of the Communist Party and a professorate senior engineer. Mr. Li has extensive experience in management of coal enterprises. He graduated from Heilongjiang Institute of Mining and Technology in 1990, majoring in industrial and civil construction and obtained a master's degree of Engineering from China University of Mining and Technology in 2002.
Li Zhiming	
Member of the Party Committee, Executive Vice President	Mr. Li has served as a member of the Party Committee of the Company since February 2021 and executive vice president of the Company since March 2021, as well as a director of the China Energy Shendong Coal Group Co., Ltd. and China Energy Baotou Energy Co., Ltd. since October 2025. He served as the director of Inner Mongolia Branch of China Energy and the Company from October 2022 to August 2024. From December 2015 to December 2020, he successively served as president, deputy secretary of the Party Committee, chairman (legal representative) and secretary of the Party Committee of Shenhua Beidian Shengli Energy Co., Ltd., and executive vice president, president, secretary of the Party Committee and executive director of Shengli Energy Branch of the Company. Prior to the foregoing, Mr. Li had served as deputy general manager of engineering management department of the former Shenhua Group Corporation and the Company, deputy general manager of Shenhua Zhunge'er Energy Co., Ltd. and other positions.

Section V Corporate Governance Report, Environment and Society (Continued)

Name	Biographical details
Song Jinggang Member of the Party Committee, Chief Financial Officer, Secretary to the Board	Male, born in November 1974, Chinese, a member of the Communist Party and a senior accountant. Mr. Song has extensive experience in financial management and corporate governance. He graduated from Chongqing Institute of Industrial Management in 1997, majoring in accounting, and completed postgraduate studies in business administration from Sichuan College of Business Administration in 2005. Mr. Song served as a member of the Party Committee of the Company since June 2022, the Chief Financial Officer of the Company since August 2022 and secretary to the Board of the Company since April 2023, and the joint company secretary of the Company since March 2024. From October 2020 to June 2022, Mr. Song served as a director, general manager and deputy secretary of the Party Committee of China Energy Capital Holdings Co., Ltd. From April 2020 to October 2020, he served as the director, general manager and deputy secretary of the Party Committee of China Energy Finance Company Limited. From December 2019 to April 2020, he served as the first-level business director of China Energy Capital Holdings Co., Ltd. and the former Guodian Finance Co., Ltd. From April 2017 to December 2019, he served as the deputy secretary of the Party Committee, director and first-level business director of Changjiang Property Insurance Co., Ltd. Prior to the foregoing, Mr. Song had served as the deputy director of the financial management department of the former China Guodian Corporation, the chief accountant and member of the Party Leadership Group of Guodian Changyuan Electric Power Co., Ltd. and member of the Party Leadership Group of Guodian Hubei Electric Power Co., Ltd., deputy chief accountant and head of financial assets management department of Guodian Dadu River Basin Hydropower Development Co., Ltd.

Mr. Gao Ning has ceased to be the secretary of the commission for discipline inspection and a member of the Party Committee of the Company with effect from May 2025.

Section V Corporate Governance Report, Environment and Society (Continued)

2. Positions Held in the Shareholders' Companies

Category	Name	Name of shareholders' company	Position	Commencement of term of office	Expiry of term of office
Directors of China Shenhua	Kang Fengwei	China Energy	Assistant to General Manager, Chief Engineer	2023-05	–
	Li Xinhua	China Energy	Director of the Coal and Transportation Industry Management Department	2023-03	–
Senior management of China Shenhua	Wang Xingzhong	Beijing GD Power Co., Ltd.	Director	2023-02	–

3. Positions Held in Other Entities

Name	Name of other entity	Position	Commencement of term of office	Expiry of term of office
Yuen Kwok Keung	Temple Chambers	Senior Counsel	2018-05	–
	International Commercial Court of the Supreme People's Court of the People's Republic of China	Member of the International Commercial Expert Committee	2018-08	–
	Hong Kong Exchange Fund Advisory Committee	Member	2018-09	–
	Hong Kong International Arbitration Centre	Co-Chairman	2020-06	–
Chen Hanwen	China Audit Society	Standing Director	2005-07	–
	China Business Executives Academy, Dalian	Chair Professor	2013-01	–
	Bank of Communications Co., Ltd.	External Supervisor	2019-06	2025-06
	Shenwan Hongyuan Group Co., Ltd.	Independent Director	2021-05	–
	Nanjing Audit University	Professor and Doctoral Supervisor	2021-07	–
Wang Hong	Bank of Suzhou Co., Ltd.	Independent Director	2023-02	–
	China Coal Technology & Engineering Group Corporation	First-level Scientist	2019-12	–
	China Coal Society	Deputy Secretary of the Party Committee, Standing Director	2024-10	–

Section V Corporate Governance Report, Environment and Society (Continued)

(III) Remuneration of Directors and Senior Management

Decision-making procedures for the remuneration of the directors and senior management	The remuneration package of directors of the Company was submitted to the general meeting for approval after consideration and approval by the Remuneration and Assessment Committee of the Board and the Board, and the remuneration package of senior management was submitted to the Board for approval after consideration and approval by the Remuneration and Assessment Committee of the Board.
Whether the directors should abstain from discussing their own remuneration matters at the Board	Yes
Details of the recommendations made by the Remuneration and Assessment Committee or the special meeting of independent directors regarding the remuneration of the directors and senior management	The Remuneration and Assessment Committee of the Board convened meetings to consider and approve the proposal on the remuneration of the directors and senior management of the Company, and agreed to submit the matters related to the remuneration of the directors and senior management to the Board for consideration.
Basis for remuneration determination of the directors and senior management	The remuneration package for relevant directors was formulated by the Company in accordance with international and local practices, with reference to the remuneration levels of directors at large-scale listed companies in China, and by considering the Company's scale and industry-specific factors. The remuneration package for senior management was formulated in compliance with the annual remuneration regulations and the annual and tenure-based performance evaluation results.
Actual payment of remuneration of the directors and senior management	Please refer to "Changes in Shareholding and Remuneration of Directors and Senior Management" in this section
Total remuneration actually received by all the directors and senior management as at the end of the Reporting Period	Please refer to "Changes in Shareholding and Remuneration of Directors and Senior Management" in this section

Section V Corporate Governance Report, Environment and Society (Continued)

Performance evaluation rationale and completion status of actual remuneration received by all directors and senior management at the end of the Reporting Period

Pursuant to the Articles of Association and other relevant requirements, the Company has entered into service contracts, appointment contracts, performance responsibility letters and other agreements with its directors and senior management, clarifying their rights and obligations, job responsibilities, assessment contents, remuneration and benefits and other matters requiring agreement. Directors and senior management shall report on their work as required or be assessed by the Company.

1. The Company conducts performance evaluations based on the classification of directors.
 - (1) Mr. Zhang Changyan, the executive director and Chief Executive Officer, is assessed in accordance with the Chief Executive Officer's performance evaluation criteria. His performance is assessed according to the Management Measures for Performance Evaluation of Management Members (Trial) of China Shenhua Energy Company Limited and his salary is distributed according to the Management Measures for Salary Distribution of Management Members (Trial) of China Shenhua Energy Company Limited, and his salary structure mainly includes a basic annual salary, a performance-based annual salary, and tenure-based incentives.
 - (2) For the non-executive directors, Mr. Kang Fengwei and Mr. Li Xinhua, who do not receive remuneration from the Company, the assessment will be conducted based on 14 key points in two aspects: conduct (loyalty and diligence and strict self-discipline) and performance of duties (scientific decision-making, supervision and evaluation, and suggestions).
 - (3) For the independent non-executive directors, Mr. Yuen Kwok Keung, Mr. Chen Hanwen, and Mr. Wang Hong, conduct self-evaluation in their annual performance reports and are subject to supervision by the general meeting. Their remuneration is a fixed amount of allowances.
 - (4) Ms. Jiao Lei, the employee director, is subject to supervision and evaluation by all employees. Her remuneration structure mainly includes base salary, performance-based salary, and comprehensive allowances and subsidies.
2. The Company conducts performance assessments of senior management personnel in accordance with the Management Measures for Performance Appraisal of Management Members (Trial) of China Shenhua Energy Company Limited and distributes salaries in accordance with the Management Measures for Salary Distribution of Management Members (Trial) of China Shenhua Energy Company Limited. The remuneration structure mainly includes basic annual salary, performance-based annual salary and tenure incentives.

Section V Corporate Governance Report, Environment and Society (Continued)

Deferred payment arrangements for the actual remuneration received by all directors and senior management at the end of the Reporting Period	The Company has established a deferred payment mechanism for the annual performance-based remuneration. The deferred payment ratio is generally no less than 5% of the annual performance-based salary, and the deferred payment period is generally no less than 3 years.
Status of withholding or pursuing of remuneration received by all directors and senior management at the end of the Reporting Period	During the Reporting Period, there were no cases of withholding or pursuing remuneration for directors or senior management.

(IV) Changes of Directors and Senior Management of the Company

Name	Position	Particulars of changes	Reason for the change
Lv Zhiren	Chairman, Executive Director	Ceased to serve	Retirement

On 29 August 2025, the first extraordinary general meeting of the Company for 2025 approved the abolition of the Supervisory Committee, and Tang Chaoxiong, Yuan Rui and Zhang Feng ceased to serve as Supervisors of the Company.

(V) Securities Transaction of Directors, Supervisors and Senior Management

During the Reporting Period, none of the directors, supervisors (during their term of office) and senior management of the Company held shares of the Company, and no changes in shareholding of the Company requiring disclosure under the Administrative Rules Concerning the Holding and Change of Shares held by Directors and Senior Management of a Listed Company promulgated by the CSRC were identified.

As at 31 December 2025, none of the directors or chief executives of the Company held any shares of the Company, nor did they have any interest or short position in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) which were required, pursuant to section 352 of the Securities and Futures Ordinance, to be recorded in the register referred therein, or to be notified to the Company and the HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Hong Kong Listing Rules. In accordance with the latest securities regulatory requirements of the places where the Company is listed, the Company amended the Administrative Measures for the Trading of Shares of the Company by Employees of China Shenhua Energy Company Limited to regulate the trading of Shares of the Company by all employees of the Group, including directors, and to ensure that the relevant standards are no less exacting than those under the Model Code.

Section V Corporate Governance Report, Environment and Society (Continued)

The securities transactions of the directors of the Company have been carried out in accordance with the Model Code which is complied with by the Company. The Model Code is also applicable to the supervisors (during their term of office) and senior management of the Company. After making specific enquiries to all directors, supervisors and senior management, the directors, supervisors and senior management of the Company have confirmed that they have fully complied with the relevant standards specified in the Model Code and the code of conduct regarding securities transactions by directors during their respective terms of office in 2025.

(VI) Penalties Imposed by Securities Regulatory Authorities in the Past Three Years

☐Applicable ☒Not applicable

(VII) Other Issues

When considering any matters or transactions at any Board meeting, the directors are required to declare any direct or indirect interests and abstain from voting where appropriate. Saved for ① their own service contracts, ② the acquisition of 100% equity interest in Hangjin Energy, ③ the acquisition of equity interest in 11 Target Companies held by its controlling shareholder, China Energy, by way of issuance of A Shares and payment in cash and the acquisition of 100% of equity interest in a Target Company held by Western Energy by way of payment in cash, and ④ other related party/connected transactions between the Company, and China Energy, the controlling shareholder, and its subsidiaries, none of the directors and supervisors (during their term of office) of the Company have any material personal interests, directly or indirectly, in material contracts, transactions or arrangements entered into by the Company or any of its subsidiaries in 2025 and subsisting during or at the end of the year; the directors and supervisors of the Company have confirmed that they and their associates have not entered into any connected transaction with the Company and its subsidiaries.

The Company has entered into service contracts with all of its directors and supervisors. None of the directors or supervisors has entered into or proposed to enter into any service contract with members of the Group which cannot be terminated by the Group within one year without any compensation (other than statutory compensation). The Company has maintained appropriate liability insurance for its directors, supervisors and senior management. The directors of the Company are entitled to be indemnified for the verification and inspection costs, individual investigation costs, corporate verification and inspection expenses, corporate investigation expenses, losses arising from negotiable securities compensation claims incurred by or related to the execution and performance of their duties subject to the applicable laws and under the coverage of directors' liability insurance taken out by the Company for its directors. These provisions are valid during the year ended 31 December 2025 and remain valid as at the date of this report.

Section V Corporate Governance Report, Environment and Society (Continued)

Other than their working relationships in the Company, none of the directors, supervisors (during their terms of office) or senior management has any financial, business or family relationship or any relationship in other material aspects with each other. As at 31 December 2025, the Company had not granted any equity securities or warrants to its directors, senior management and former supervisors or their respective spouses or children under the age of 18.

V. BOARD OF DIRECTORS

(I) Functions and Powers of the Board

The Board of the Company shall be accountable to the shareholders at general meetings, and please refer to Article 126 of the Articles of Association for its functions and powers. The directors of the Company performed their duties in accordance with the Articles of Association and the Rules of Procedures of the Board of Directors. Zhang Changyan, the Chief Executive Officer and the Deputy Secretary of the Party Committee, is accountable to the Board and exercises the functions and powers of the Chief Executive Officer in accordance with the Articles of Association. Other senior management are responsible for the operation of the Company according to the decisions and authorizations of the Board.

The Board of the Company has fulfilled its responsibilities in respect of corporate governance in accordance with Rule A.2.1 of Appendix C1 to the Hong Kong Listing Rules: (1) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (2) to review and monitor the training and continuous professional development of the directors and senior management; (3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and (5) to review the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report.

During the Reporting Period, the Board of the Company reviewed and revised the Rules of Procedures of the Board of Directors, the rules of procedure of the five special committees, the Management Measures for the Authorization of the Board of Directors (Trial), the Investment Management Measures and various other relevant corporate governance systems; actively organized the directors and senior management to participate in various trainings that are conducive to their continuous professional development; reviewed the Company's compliance management and compliance with the Corporate Governance Code, and approved the disclosure of these findings in the "the Corporate Governance Report" of this report.

Section V Corporate Governance Report, Environment and Society (Continued)

The 14th meeting of the sixth session of the Board of the Company considered and approved the Management Measures for the Authorization of the Board (the Appendix sets out the list of decision-making matters authorized by the Board), which regulate the matters authorized by the Board, the relevant amount and the decision-making process, and clarifies that major operation and management matters shall be considered by the Board of Directors, while statutory functions and powers of the Board and matters requiring decision of the general meeting shall not be delegated. These measures also clarify the division of authority between the Board and the management. In accordance with the classification principles of basic authorization and special authorization, combined with other aspects such as quota standards, part of the authority over 13 types of general matters (including corporate governance and strategic planning) was delegated to the Chairman and the Chief Executive Officer, respectively. The Board authorized the setting of the quota based on the Company's financial indicators to meet the principles of compliance with laws and regulations and controllable risks. The Board has been insisting on retaining its authority, but this does not constitute a waiver of liability. Through regular tracking and evaluation of the effectiveness of delegated powers and the dynamic adjustment of delegated matters, the Board reviewed and confirmed that such delegations met the Company's needs for improving the efficiency of operational decision-making and strengthening risk management and control.

The Board of the Company is responsible for the preparation of the accounts. The Company's accounting firm has stated its reporting responsibilities in its audit report on the financial statements for the year 2025.

(II) Board Meetings

Number of Board meetings held during the year	10
Including: Number of meetings held on-site	2
Number of meetings held by correspondence	2
Number of meetings held on-site with correspondence	6

Note: Number of meetings held by correspondence includes Board meetings held by way of written resolutions (same below).

Section V Corporate Governance Report, Environment and Society (Continued)

(III) Attendance of Directors at Board Meetings and General Meetings

1. Duty performance of Directors in Office at the end of the period

Name of director	Independent director or not	Required attendance at Board meetings this year	Attendance at Board meetings					Attendance at general meetings		
			Attendance in person	Attendance by correspondence	Attendance by proxy	Absence	Two consecutive absences without personal attendance	In-person attendance rate	Attendance	Attendance rate
Zhang Changyan	No	10	10	2	0	0	No	10/10	5	5/5
Kang Fengwei	No	10	5	2	5	0	Yes	5/10	3	3/5
Li Xinhua	No	10	4	2	6	0	Yes	4/10	0	0/5
Yuen Kwok Keung	Yes	10	8	7	2	0	No	8/10	4	4/5
Chen Hanwen	Yes	10	10	6	0	0	No	10/10	5	5/5
Wang Hong	Yes	10	10	3	0	0	No	10/10	5	5/5
Jiao Lei	No	10	10	2	0	0	No	10/10	5	5/5

Note: In the above table, in-person attendance rate = attendance at Board meetings in person/required attendance at Board meetings; and attendance rate of general meetings = attendance at general meetings in person/required attendance at general meetings. Directors who participate in a meeting by means of communication such as telephone or video shall be deemed to have attended the meeting in person (same below).

During the Reporting Period, non-executive directors Kang Fengwei and Li Xinhua were unable to attend the Board meetings in person for two consecutive times due to business trips. However, before each Board meeting, they thoroughly studied the resolutions and materials, fully considered the legality and compliance of the matters under consideration, the impact on the Company and the existing risks, and appointed other directors in writing to attend the meeting and vote on their behalf, so as to express their clear personal opinions on the matters under consideration.

Section V Corporate Governance Report, Environment and Society (Continued)

2. Performance of Duties of the Directors Who Left Office during the Reporting Period

Name of director	Independent director or not	Required attendance at Board meetings this year	Attendance at Board meetings					Attendance at general meetings		
			Attendance in person	Attendance by correspondence	Attendance by proxy	Absence	Two consecutive absences without personal attendance	In-person attendance rate	Attendance	Attendance rate
Lv Zhiren	No	2	2	0	0	0	No	2/2	N/A	N/A

The Company ensures the necessary conditions for directors to carry out their work and actively adopts the suggestions and opinions put forward by the directors. The Company's "Rules of Procedure of the Board" and "Working Rules for Independent Directors" provide policy guarantees for directors to perform their duties; the departments are designated to handle the affairs of the Board, the affairs of independent directors and the work of the independent board committee, assist directors in carrying out research, attending meetings and expressing opinions.

In 2025, the Board of the Company held 10 meetings and considered 105 resolutions, all of which had been considered and approved. If any director or any associate of the director is interested in the resolution of the Board meeting, or the director has a related party/connected relationship with the enterprise involved in the resolution of the Board meeting, the related/connected director abstained from voting. All directors acted in good faith, prudently and diligently in the interest of the Company as a whole in the performance of their duties and duly exercised their powers of management, operation, and decision-making over the Company.

(IV) Objections raised by directors to relevant matters of the Company

☐ Applicable ☒ Not applicable

Section V Corporate Governance Report, Environment and Society (Continued)

(V) Independence of the Board and Performance of Duties of Independent Directors

The Company has developed and implemented various systems to ensure that the Board receives independent views and opinions. These include engaging independent financial advisers to advise the independent board committee on the resolution of material related party/connected transactions; conducting various forms of research activities for independent directors, such as on-site visits to production and operation sites; accessing relevant information through the Company's internal office system; regularly receiving digitalised information submitted by the Company such as special reports of directors and supervisors and weekly stock market updates to obtain reference information for decision-making. The address book of the management of the Company is open to the independent directors to facilitate the communication of information between the independent directors and the management at any time.

During the Reporting Period, the sixth session of the Board of the Company had three independent non-executive directors: Yuen Kwok Keung, Chen Hanwen and Wang Hong, among whom Chen Hanwen is a professional in audit and accounting. He is an honorary dean and a professor of the School of Internal Audit of Nanjing Audit University, and he also serves in a number of auditing and accounting academic research institutions in China. He is a member of the Institute of Internal Auditors, focusing on auditing and accounting theory and practice, internal control, risk management and corporate governance. He has published many papers in international accounting journals and authoritative journals in the field of economic management in China.

The independent directors of the Company conduct self-assessments on their independence annually and submit the findings to the Board. The Board assessed the independence of current independent directors during the Reporting Period and issued special opinions. The Company has received annual written confirmation from each of the independent non-executive directors confirming their independence. The Company is of the view that all of the independent non-executive directors are independent. The number and background of the independent directors are in compliance with the requirements of the listing rules of the places of listing.

Section V Corporate Governance Report, Environment and Society (Continued)

During the Reporting Period, the independent directors of the Company strictly complied with the requirements of relevant laws and regulations, the Articles of Association, relevant rules of procedure of meetings and the independent director's system of the Company. They maintained their independence as independent directors, performed their functions of supervision. They also participated in major decision-making and the review of periodic reports, financial reports and related/connected transactions of the Company through the meetings of various Board committees and independent board committees. Therefore, the independent directors of the Company play an important role in the regulated operation of the Company and protect the legitimate interests of minority shareholders. The Company has formulated the "Working Rules for Independent Directors", which provides an institutional guarantee for independent directors to perform their duties; provides various conditions and support to the independent directors to ensure that they can carry out their work; actively adopts the suggestions and opinions from independent directors, and continues to follow up on their implementation. The Company has designated a department to undertake the affairs of independent directors and the work of the independent board committee to assist independent directors in conducting research, convening meetings, expressing independent opinions, etc.

For the attendance of independent directors at Board meetings and shareholders' general meetings, please refer to the section of "Performance of Duties of the Directors". For details of the work of independent directors, please refer to the 2025 Work Report of Independent Directors disclosed together with this report.

The Company is planning to revise the Working Rules for Independent Directors so as to add provisions concerning the chief independent non-executive director and his/her duties, and will conduct the election of the chief independent non-executive director in due course.

(VI) Diversity of the Board

The Board of the Company has established the board diversity policy for members of the Board, which mainly includes policy statements, measurable objectives, monitoring and reporting, which were set out and disclosed in the rules of procedure of the nomination committee of the Board of the Company.

When selecting the candidates in accordance with the board diversity policy of the Company, the Board will use a series of diversified terms, including but not limited to gender, age, culture and educational background, ethnicity, skills, knowledge and professional experience, and will determine taking both the characteristics and role of the personnel into account. The objectives of the board diversity policy of the Company include but are not limited to no less than half of the members of the Board shall be external directors (i.e. those who do not hold any positions other than directors in the Company); at least one female director and at least one director who is familiar with the production and operation of the Company's main business segments, such as coal, electricity or transportation; the proportion of independent directors on the Board shall not be less than one-third, with a minimum of three independent directors, including at least one accounting professional and at least one independent director who is ordinarily resident in Hong Kong, China.

Section V Corporate Governance Report, Environment and Society (Continued)

As at the end of the Reporting Period, the Board of the Company comprised a total of 7 directors, including 1 executive director, 2 non-executive directors, 3 independent non-executive directors and 1 employee director. There were 6 male directors and 1 female director, 6 directors from the PRC and 1 director from Hong Kong Special Administrative Region; and 1 female director appointed as a member of the Nomination Committee. The directors are from various domestic and overseas industries, and the composition of the members features diversity. They are professional and complementary in the overall Board structure, which guarantees the scientific decision making of the Board. At least the current level of female members on the Board is expected. The Board will continue to seek opportunities to increase the proportion of female members if suitable candidates become available in the future.

The following directors' skills matrix graphically illustrates the professional skills or knowledge and experience of the members of the Board.

Directors' skills matrix

Skills and experience		Number of directors <i>person</i>
Energy	Possessing many years of experience in the operation and management of large-scale coal and power generation enterprises, assets or projects.	3
Transportation	Possessing many years of experience in the operation and management of domestic railways, ports and shipping enterprises.	1
Strategic management	Responsible for or participated in the formulation and implementation of the long-term development direction, objectives, tasks and strategies of enterprises.	2
Economics and finance	Being an expert or veteran in the field of economics or finance who has been responsible for or involved in relevant research or internal management in enterprises.	2
Finance and audit	Possessing experience in corporate financial management and auditing, or being a professional in these fields.	1
Risk management	Possessing experience in corporate risk and internal control management or being a professional in this field.	2
Law	Legal professionals, or possessing experience in corporate legal affairs management.	1
ESG management	Possessing experience in enterprise ESG management or ESG risk management.	2

Section V Corporate Governance Report, Environment and Society (Continued)

(VII) Continuous Professional Development of Directors

In 2025, all directors of the Company have actively participated in the continuous professional development, actively developing and refreshing their knowledge and skills to ensure that they had comprehensive information and could contribute to the Board as needed.

All directors have provided their relevant training records for the year of 2025 to the Company, and all directors have attended relevant training programs organised by regulatory authorities or industry associations as required. During the year, the total duration spent by all directors on attending various training programs such as special training programs for directors and supervisors, training programs for independent directors and training programs on compliance management of listed companies, together with the duration spent by them on reading materials in relation to the performance of duties of directors such as the operational and financial information of the Company and industry information regularly provided by the Company to the directors, accumulated to approximately 198.5 hours.

No.	Name	Position	Training content	Training sponsor	Cumulative training time <i>hours</i>
1	Zhang Changyan	Executive Director, Chief Executive Officer	Specialised training for directors on fulfilling their duties (mergers and acquisitions, internal control and compliance, information disclosure, AI technology application, ESG and sustainable development, etc.), the 15th Five-Year Plan, and relevant reference materials on the Group's operations and capital market operations that the Company regularly sends to directors to assist them in fulfilling their duties	Beijing Bureau of the CSRC, the Listed Companies Association of Beijing, the Company	35.4
2	Kang Fengwei	Non-executive Director	Specialised training for directors on fulfilling their duties (compliance and market value management, shareholding change rules, information disclosure, AI technology application, etc.), the 15th Five-Year Plan, and relevant reference materials on the Group's operations and capital market operations that the Company regularly sends to directors to assist them in fulfilling their duties	Beijing Bureau of the CSRC, the Listed Companies Association of Beijing, the Company	21.1

Section V Corporate Governance Report, Environment and Society (Continued)

No.	Name	Position	Training content	Training sponsor	Cumulative training time <i>hours</i>
3	Li Xinhua	Non-executive Director	Relevant reference materials on the Group's operations and capital market operations that the Company regularly sends to directors to assist them in fulfilling their duties	The Company	15.4
4	Yuen Kwok Keung	Independent Non-executive Director	Specialised training for directors on fulfilling their duties (duty performance practice of independent directors, compliant market value management, information disclosure, investor relationship management, internal control and compliance, AI technology application, ESG governance, etc.), the 15th Five-Year Plan, and relevant reference materials on the Group's operations and capital market operations that the Company regularly sends to directors to assist them in fulfilling their duties	Beijing Bureau of the CSRC, the Listed Companies Association of Beijing, the Company	35.4
5	Chen Hanwen	Independent Non-executive Director	Relevant reference materials on the Group's operations and capital market operations that the Company regularly sends to directors to assist them in fulfilling their duties	The Company	16.4
6	Wang Hong	Independent Non-executive Director	Specialised training for directors on fulfilling their duties (duty performance practice of independent directors, compliant market value management, internal control and compliance, ESG governance, AI technology application, etc.), the 15th Five-Year Plan, and relevant reference materials on the Group's operations and capital market operations that the Company regularly sends to directors to assist them in fulfilling their duties	Beijing Bureau of the CSRC, the Listed Companies Association of Beijing, the Company	44.2

Section V Corporate Governance Report, Environment and Society (Continued)

No.	Name	Position	Training content	Training sponsor	Cumulative training time <i>hours</i>
7	Jiao Lei	Employee Director	Specialised training for directors on fulfilling their duties (mergers and acquisitions, internal control and compliance, shareholding change rules, investor relations management, AI technology application, etc.), the 15th Five-Year Plan, and relevant reference materials on the Group's operations and capital market operations that the Company regularly sends to directors to assist them in fulfilling their duties	Beijing Bureau of the CSRC, the Listed Companies Association of Beijing, the Company	30.6

During the Reporting Period, Mr. Lv Zhiren, the director who left the office, has completed sufficient length of continuous professional development training in accordance with the Listing Rules of the Hong Kong Stock Exchange during his term of office.

(VIII) Assessment of the Board

In 2025, the Company has commenced the development of the assessment process and criteria of the Board and will conduct a formal assessment in 2026.

Section V Corporate Governance Report, Environment and Society (Continued)

VI. THE PERFORMANCE OF DUTIES OF THE COMMITTEES UNDER THE BOARD DURING THE REPORTING PERIOD

(I) Composition of the Committees

As at the end of the Reporting Period, the Company has established five special committees under the Board, and the details are as follows:

Special committees under the sixth session of the Board

Strategy and Investment Committee	Zhang Changyan (Chairman), Kang Fengwei, Li Xinhua, Jiao Lei
Audit and Risk Management Committee	Chen Hanwen (Chairman), Yuen Kwok Keung, Wang Hong
Remuneration and Assessment Committee	Yuen Kwok Keung (Chairman), Chen Hanwen, Wang Hong
Nomination Committee	Wang Hong (Chairman), Chen Hanwen, Jiao Lei
Safety, Health, Environment and ESG Working Committee	Kang Fengwei (Chairman), Zhang Changyan, Li Xinhua

(II) The Duties and Performance of Duties of the Special Committees

During the Reporting Period, each special committee under the Board did not express any dissenting views in performing their duties. The performance of duties of each special committee is set out as follows:

1. Strategy and Investment Committee

(1) Major duties of the Strategy and Investment Committee

Studying the Company's long-term development strategic planning and annual comprehensive plan; studying the adjustment of the principal business, negative list of investment projects, major investment and financing, asset restructuring, transfer of property rights, capital operation, reform and restructuring and other major issues that require decisions by the Board, and providing consideration opinions to the Board; and other authorities as conferred by the Board.

(2) Work summary for the year

In 2025, the Strategy and Investment Committee held 4 meetings by way of written resolutions and passed 18 proposals.

Section V Corporate Governance Report, Environment and Society (Continued)

(3) Attendance of committee meetings by each committee member

Name of director	Independent director or not	Number of required attendance at the committee meeting	Number of attendance in person	Number of attendance by correspondence	Number of attendance by proxy	Number of absence
Zhang Changyan	No	4	4	4	0	0
Kang Fengwei	No	4	4	4	0	0
Li Xinhua	No	4	4	4	0	0
Jiao Lei	No	3	3	3	0	0

(4) Convening of committee meetings

Convening date	Meeting content	Key opinions and suggestions
15 March 2025	To consider the Proposal on the Implementation of the 2024 Comprehensive Plan of China Shenhua and the Comprehensive Plan Arrangement for 2025.	Agreed.
13 August 2025	To review 7 proposals, including amendments to the Rules of Procedure for the Strategy and Investment Committee.	Agreed.
22 October 2025	To consider the Proposal Regarding Amendments to the Investment Management Measures of China Shenhua Energy Company Limited.	Agreed.
12 December 2025	To consider 8 relevant proposals on the Company's issuance of shares and cash payment for assets and the raising of supporting funds and related party transactions.	Agreed.

Section V Corporate Governance Report, Environment and Society (Continued)

2. Audit and Risk Management Committee

(1) *Major duties of the Audit and Risk Management Committee*

Reviewing and overseeing the Company's financial reporting process and internal control procedures; reviewing the Company's financial reporting, financial controls, internal control and risk management systems; effectively overseeing the work of the external auditor; providing guidance on the Company's internal audit function and promoting the establishment of effective internal controls to ensure the preparation of true, accurate and complete financial reports; supervising and assessing the work of the external auditors; proposing to engage or replace the external auditors; supervising and evaluating the internal audit work; coordinating the internal audit and the external audit; reviewing the financial information of the Company and its disclosure; supervising and evaluating the internal control of the Company; exercising the powers and duties of the supervisory committee as prescribed under the Company Law and other matters authorised by laws and regulations, the Articles of Association and the Board.

(2) *Work summary for the year*

In 2025, the Audit and Risk Management Committee performed its duties in strict compliance with the Rules of Procedures of the Audit and Risk Management Committee of the Board, the Rules on Work of the Audit and Risk Management Committee of the Board and the Rules on Work of the Annual Report of the Audit and Risk Management Committee of the Board. The Audit and Risk Management Committee held a total of 10 meetings for the consideration and approval of 64 proposals, listened to 9 reports and conducted one separate communication with our auditor, KPMG. All proposals were approved.

Section V Corporate Governance Report, Environment and Society (Continued)

① Financial reporting

The Audit and Risk Management Committee fulfilled its necessary duties to review the 2024 financial report. Before conducting formal review, the Audit and Risk Management Committee conducted a preliminary review of the 2024 financial report (draft) at a meeting and approved the 2024 Financial Report of China Shenhua Energy Company Limited (Draft) by way of written resolutions on 10 March 2025. On 17 March 2025, the Audit and Risk Management Committee listened to the report of annual audit work by the Company's auditors, KPMG Huazhen LLP ("KPMG Huazhen") and KPMG (collectively known as "KPMG"), reviewed the audit report on internal control, confirmed the effectiveness of internal control on the annual financial report, and convened separate meetings with KPMG to further discuss audit independence, fraud risk, audit scope, whether any material internal control deficiencies existed and other matters. The Audit and Risk Management Committee considered and unanimously approved the Proposal of the 2024 Financial Report of China Shenhua Energy Company Limited fully based on sufficient consideration of the opinions on the annual audit from KPMG.

The Audit and Risk Management Committee conducted the necessary procedures to review the interim financial report of 2025. On 25 June 2025, the Audit and Risk Management Committee considered and unanimously approved the 2025 Interim Review Plan of China Shenhua Energy Company Limited, approved KPMG, auditor of the Company, to conduct the interim review in accordance with such review plan. On 21 August 2025, the Audit and Risk Management Committee listened to KPMG's work report on the 2025 interim review of China Shenhua and had communication with them on noteworthy items thereof. The Audit and Risk Management Committee considered and approved the Proposal of the Interim Financial Report of 2025 of China Shenhua Energy Company Limited fully based on sufficient consideration of the review opinions from KPMG.

The Audit and Risk Management Committee carefully considered the first and third quarterly financial reports of 2025 of the Company, and the financial information in the first and third quarterly reports of 2025, and approved the relevant proposals.

In addition, on 20 October 2025, the Audit and Risk Management Committee received KPMG's report on the Company's 2025 audit work plan and issued corresponding work directives.

Section V Corporate Governance Report, Environment and Society (Continued)

② Selection and appointment of accounting firm and the supervision over its performance of duties

On 22 April 2025, the Audit and Risk Management Committee considered the resolution in relation to the re-appointment of the Company's external auditor for 2025. It reviewed the proposed annual audit fees and examined KPMG's relevant integrity records and professional qualifications, and was of the opinion that KPMG possessed the professional competence, experience and qualifications required to provide audit services to the Company, and maintained the requisite independence and investor protection capability. KPMG has maintained a good integrity record in the past three years and was capable of meeting the Company's audit requirements for 2025. The proposed re-appointment is in the interests of the Company and its shareholders as a whole. Accordingly, it recommended the re-appointment of KPMG as the Company's domestic and international auditor for 2025.

The Audit and Risk Management Committee duly discharged its oversight responsibilities in respect of the external auditor. It reviewed KPMG's relevant qualifications and professional capabilities, and maintained sufficient discussion and communication with KPMG during the audit of the 2024 annual report, urging it to issue the audit report in an objective and impartial manner. On 17 March 2025, the Audit and Risk Management Committee considered and approved the resolutions in relation to the "Evaluation Report on the Performance of the Auditor for 2024 of China Shenhua Energy Company Limited" and the "Report of the Audit and Risk Management Committee of the Board of China Shenhua Energy Company Limited on the Performance of Its Oversight Responsibilities over the Auditor in 2024."

③ Review of the effectiveness of the internal audit of the Company

On 17 March 2025, the Audit and Risk Management Committee considered and approved the proposals including the Company's internal audit work report for 2024 and the main points of internal audit work for 2025, and put forward requirements for the implementation of internal audit work in 2025. On 21 August 2025, the Audit and Risk Management Committee considered and approved the Company's internal audit work report for the first half of 2025 and required the management of the Company to attach greater importance to internal audit, enhance the standards and requirements of such work, and strengthen resource support for internal audit.

Section V Corporate Governance Report, Environment and Society (Continued)

④ Review of the operation of risk management and internal control system of the Company

During the Reporting Period, the Audit and Risk Management Committee diligently discharged its oversight and guidance responsibilities in respect of risk management and internal control. It reviewed and approved the Company's annual internal control evaluation work plan and the internal control evaluation report, and made decisions on other significant matters relating to internal control and risk management, thereby completing its oversight and guidance duties in respect of the relevant work. In addition, the Audit and Risk Management Committee maintained smooth communication with the Company's management and provided constructive recommendations on the continuous enhancement of the Company's internal control and risk management systems, effectively promoting the enhancement of the Company's compliance management standards.

In performing its review responsibilities over the internal control evaluation report, the Audit and Risk Management Committee conducted a preliminary review and subsequently approved the Company's 2024 internal control evaluation report in March 2025. In August 2025, it further considered and approved the resolutions in relation to the "2024 Internal Control System Work Report of China Shenhua Energy Company Limited" and the "2025 Internal Control Evaluation Work Plan of China Shenhua Energy Company Limited". In terms of financial monitoring, the Audit and Risk Management Committee reviewed and unanimously approved, by way of resolutions, matters including the implementation of 2024 business plan and the 2025 business plan arrangements, the financial information in financial reports and periodic reports, and the 2024 profit distribution. In terms of operational monitoring, the Audit and Risk Management Committee reviewed and approved resolutions in relation to the budget for external donations for 2025, the continuing risk assessment report of the Finance Company, the continuing connected transactions relating to factoring services, and the proposal for the issuance of shares and payment of cash for the acquisition of assets and the raising of supporting funds, which constituted connected transactions, thereby effectively performing its supervisory responsibilities. In terms of compliance monitoring, the Audit and Risk Management Committee implemented the requirements of the Company Law and the relevant requirements of the China Securities Regulatory Commission, completed the revision of the "Rules of Procedure of the Audit and Risk Management Committee of the Board of China Shenhua Energy Company Limited", reviewed and approved the internal control evaluation work plan, the internal control evaluation report and other significant matters relating to internal control and risk management, and fulfilled the oversight and guidance responsibilities on internal control and risk management as delegated by the Board, thereby effectively enhancing the Company's compliance management.

Section V Corporate Governance Report, Environment and Society (Continued)

In 2025, the Audit and Risk Management Committee did not receive any reports or complaints through any means from the Company's employees or other stakeholders (such as customers and suppliers) regarding any misconduct by the Company.

(3) Attendance of committee meetings by each committee member

Name of director	Independent director or not	Number of required attendance at the committee meeting	Number of attendance in person	Number of attendance by correspondence	Number of attendance by proxy	Number of absence	Attendance
Chen Hanwen	Yes	10	10	9	0	0	10/10
Yuen Kwok Keung	Yes	10	9	9	1	0	9/10
Wang Hong	Yes	10	10	7	0	0	10/10

(4) Convening of committee meetings

On 26 March 2026, the Audit and Risk Management Committee received KPMG's briefing on the audit work in 2025, and held discussions with them on the scope of their audit work and audit procedures, key audit matters and critical matters requiring attention, auditors' independence and other matters that required the management's attention; listened to the report on the execution of the agreements on continuing connected transactions; reviewed the financial information in the financial report for the year 2025 and the 2025 annual report and internal control audit report, and assessed the effectiveness of internal control on financial reporting; reviewed the internal control evaluation report and other relevant proposals, and agreed to submit such reports to the Board for consideration.

Section V Corporate Governance Report, Environment and Society (Continued)

Convening date	Meeting content	Key opinions and suggestions
20 January 2025	To consider the Proposal on the Acquisition of 100% Equity Interests of Hangjin Energy, the Proposal on the Company's Shareholder Return Plan for the 2025-2027 and the Proposal on the Establishment of Guoneng Yishang E-Commerce (Beijing) Co., Ltd.	① to strengthen management during the integration stage of Hangjin Energy, improve the institutional framework, and ensure the implementation of all control measures; ② to enhance staffing arrangements and institutional development for Guoneng Yishang E-Commerce (Beijing) Co., Ltd. going forward.
10 March 2025	To consider the proposal in respect of the 2024 financial report (draft) and the 2024 internal control evaluation report (draft) of the Company; to listen to a report on the implementation of the opinions of the Audit and Risk Management Committee of the fifth session of the Board of the Company at the meeting in 2024.	Agreed.
17 March 2025	To listen to the report of KPMG's audit work; to consider 17 proposals, including the Proposal on Internal Control Audit Report for 2024 of China Shenhua Energy Company Limited and the Proposal on the Financial Report for 2024 of China Shenhua Energy Company Limited.	Agreed. ① to provide a report on the outcomes of donations made; ② to enhance information exchange with the Finance Company and maintain continuous attention to its risk exposure; ③ to strengthen the assessment and analysis of the impact of artificial intelligence on costs and profitability; ④ to strictly comply with the relevant national laws and regulations and the Company's internal policies governing connected transactions; ⑤ to ensure proper compliance management at all stages of investment projects.

Section V Corporate Governance Report, Environment and Society (Continued)

Convening date	Meeting content	Key opinions and suggestions
22 April 2025	To consider 8 proposals, including the Proposal of the First Quarter 2025 Financial Report of China Shenhua Energy Company Limited and Proposal of the Reappointment of the Company's External Auditor for 2025.	Agreed.
25 June 2025	To consider 2025 Interim Review Work Plan of the Company; to hear the report on the implementation of the review recommendation of the Audit and Risk Management Committee in the first half of 2025.	Agreed.
22 July 2025	To consider the Proposal on Adjusting the Transaction Cap Limit of the Framework Agreement on Continuing Connected Transactions with China State Railway Group Co., Ltd.	Agreed.
15 August 2025	To consider 7 proposals including the Proposal on the Compliance with Relevant Laws and Regulations for the Company's Issuance of Shares and Payment of Cash for Acquisition of Assets and Raising of Supporting Funds.	Agreed. ① to maintain thorough communication with SASAC, the stock exchanges, regulatory authorities and intermediaries of both listing places. ② to ensure proper execution of information disclosures. ③ to strictly adhere to legal and regulatory compliance throughout the entire merger and acquisition process.
21 August 2025	To listen to the report on the 2025 interim review of the Company; to consider 10 proposals including the Proposal on the 2025 Interim Financial Report of China Shenhua Energy Company Limited and the Proposal on the 2025 Interim Profit Distribution of China Shenhua Energy Company Limited	Agreed. ① the management of the Company to attach great importance to changes in financial indicators and make proper arrangements for the work in the second half of the year; ② in the 2025 internal control evaluation, to focus on the review on Hangjin Energy, and its subsidiary, Inner Mongolia Dayan Mining Industry Group Co., Ltd., acquired in 2025, and to submit a specific report to the Audit and Risk Management Committee.

Section V Corporate Governance Report, Environment and Society (Continued)

Convening date	Meeting content	Key opinions and suggestions
20 October 2025	To listen to the report of KPMG on the annual audit work plan for 2025; to consider 3 proposals including the Proposal on the 2025 Third Quarter Financial Report of China Shenhua Energy Company Limited.	Agreed. ① KPMG to perform the annual audit plan in an objective and prudent manner and report promptly any issues to the Audit and Risk Management Committee; ② To be fully prepared to respond to potential market concerns regarding the restatements of financial statements; ③ To conduct related party transactions following the fair pricing principle.
16 December 2025	To consider 15 proposals including the Proposal on the Purchase of Structured Deposits by China Shenhua Energy Company Limited with its Own Funds and the Proposal on the Selection and Appointment of the Company's External Auditor for 2026-2028.	Agreed.

(5) ***Explanation on risks identified by the Audit and Risk Management Committee of the Company***

☐Applicable ☒Not applicable

Having performed its relevant duties, the Audit and Risk Management Committee did not identify any material risks facing the Company and had no comments or objections to the supervisory matters carried out during the Reporting Period.

Section V Corporate Governance Report, Environment and Society (Continued)

3. Remuneration and Assessment Committee

(1) *The principal duties of the Remuneration and Assessment Committee*

To make recommendations to the Board on formulation of the remuneration plan or proposal for directors, chief executive officer and other senior management, including but not limited to the criteria, procedures and the major systems of performance assessment, key incentive and punishment plans and systems; to study the assessment standards for directors, general manager and other senior management, and examine the performance of duties by directors, chief executive officer and other senior management of the Company and carry out annual assessment of their performance of duties; to supervise the implementation of the remuneration system of the Company, review and approve the remuneration determined by performance in accordance with the Company's objectives determined by the Board; to exercise the following duties as authorised by the Board: to determine the specific remuneration of all the executive directors, chief executive officer and other senior management, including non-monetary benefits, pension rights and compensation (including the compensation for the loss or termination of their duties or appointment); to review and approve the payment of compensation to executive directors, chief executive officer and other senior management in relation to the loss or termination of their duties or appointment, so as to ensure that such compensation is determined in accordance with the related terms of the contract; or otherwise, such compensation shall be fair and reasonable and does not impose an undue burden on the Company; to review and approve the compensation arrangements involved in the dismissal or removal of directors due to their improper conduct, so as to ensure that such arrangements are determined in accordance with the related terms of the contract; or otherwise, such compensation shall be reasonable and appropriate; to make recommendations to the Board on the remuneration of the non-executive directors (factors to be considered include remuneration packages offered by comparable companies, time commitment and responsibilities of each director, employment conditions for other positions of the Group and whether the remuneration should be based on performance, etc.); to ensure that none of the directors or any of their associates determines their own remunerations; to communicate with China Energy Investment Corporation Limited (國家能源投資集團有限責任公司) regarding the company's compensation appraisal work; to review and/or approve matters related to share schemes under Chapter 17 of the Hong Kong Listing Rules, and to execute other matters as authorised by the Board.

Section V Corporate Governance Report, Environment and Society (Continued)

(2) *Work summary for the year*

In 2025, the Remuneration and Assessment Committee held 2 meetings by way of written resolutions, at which all proposals were approved.

In terms of director's annual remuneration for 2025, the Remuneration and Assessment Committee assessed the performance of executive directors who hold management position in the Company based on the remuneration policy for management and made recommendations on remuneration. Non-executive directors were not remunerated, and a remuneration of RMB300,000 per annum was proposed for independent non-executive directors. The Remuneration and Assessment Committee adopted the mode (ii) as set out under the Code Provision E.1.2(c) of the Corporate Governance Code, which is to make recommendations to the Board on the remuneration packages for individual executive director and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment).

(3) *Attendance of committee meetings by each committee member*

- ① Attendance of incumbent committee members as at the end of the Reporting Period

Name of director	Independent director or not	Number of required attendance at the committee meeting	Number of attendance in person	Number of attendance by correspondence	Number of attendance by proxy	Number of absence	Attendance
Yuen Kwok							
Keung	Yes	2	2	2	0	0	2/2
Chen Hanwen	Yes	2	2	2	0	0	2/2
Wang Hong	Yes	1	1	1	0	0	1/1

Section V Corporate Governance Report, Environment and Society (Continued)

- ② Attendance of committee members who left office during the Reporting Period

Name of director	Independent director or not	Number of required attendance at the committee meeting	Number of attendance in person	Number of attendance by correspondence	Number of attendance by proxy	Number of absence	Attendance
Lv Zhiren	No	1	1	1	0	0	1/1

(4) *Particulars of committee meetings convened*

Convening date	Meeting content	Key opinions and suggestions
17 March 2025	To consider the Proposal on 2024 Remuneration of the Directors and Supervisors of China Shenhua Energy Company Limited and the Proposal on 2024 Remuneration of the Senior Management Personnel of China Shenhua Energy Company Limited.	Agreed.
22 August 2025	To consider the Proposal on Amending the Rules of Procedure of the Remuneration and Assessment Committee of the Board of China Shenhua Energy Company Limited, the Proposal on the Proposed Values for the 2025 Performance Evaluation Indicators of the Management of China Shenhua Energy Company Limited, Proposal on Signing the Appointment Agreements and Business Results Responsibility Agreements for Management Members.	Agreed.

Section V Corporate Governance Report, Environment and Society (Continued)

4. Nomination Committee

(1) *The principal duties of the Nomination Committee*

To formulate the Board diversity policy, regularly review the structure, size and diversity of the Board, including but not limited to gender, age, cultural and educational background, ethnicity, skills, knowledge, and professional experience, to assist the Board in the development of the Board Skills Matrix, and to make recommendations to the Board with regard to any proposed changes. Details of the Company's board diversity policy are set out in the appendix. To assess and verify the independence of independent non-executive directors; to develop standards, procedures and systems for selection of directors, chief executive officer and other senior management, and make recommendations to the Board, taking into account the Company's corporate strategy and the combination of skills, knowledge, experience and diversity needed in the future; to expand search for qualified candidates of directors, chief executive officer and other senior management; to examine the candidates of directors, chief executive officer and other senior management and make recommendations; in identifying suitable candidates, to consider the merits of each candidate and apply objective criteria to ensure that the benefits of Board diversity are appropriately reflected; to nominate candidates for members of the Board committees (other than members of the Nomination Committee and the chairman of any Board committee); to draft development plans for chief executive officer, other senior management and key backup talents taking into account the Company's corporate strategy and the combination of skills, knowledge, experience and diversity needed in the future; to review the board diversity policy where appropriate, and review the quantitative objectives set up by the Board to implement the Board diversity policy and the achievement progress thereof, as well as to disclose the review results in the corporate governance report annually; to make recommendations to the Board on the appointment or re-appointment of directors, chief executive officer and other senior management and succession planning; to assist the Company in conducting regular assessments of the Board's performance; and to carry out any other matters as authorised by the Board.

Section V Corporate Governance Report, Environment and Society (Continued)

(2) Work summary for the year

In 2025, the Nomination Committee held 2 meetings by way of written resolutions, at which all proposals were approved.

The Nomination Committee selected director candidates with reference to the Company's development strategy, scientific decision-making, and Board diversity policy. The selection and recommendation criteria include, but are not limited to, candidates with professional expertise in accounting, risk management, law, and related fields, ordinarily residing in Hong Kong, as well as female candidates. Once the Nomination Committee identifies potential candidates, it evaluates, in accordance with applicable domestic and overseas regulatory requirements, whether any circumstances exist that would render the candidate ineligible to serve as a director of the Company (particularly as an independent director). Following regulatory filings, where applicable, the Nomination Committee formally nominates the candidate for appointment as a director.

During the Reporting Period, the Nomination Committee assessed the performance of each director. Each director actively participates in general meetings, board meetings, and meetings of relevant specialized committees. Zhang Changyan, executive director and Chief Executive Officer, diligently performed his duties in accordance with the Company Law, the Articles of Association, and other applicable regulations, acting with integrity and diligence, and efficiently implementing the resolutions of the shareholders' meetings. Attendance at Board and shareholders' meetings during the period was 100%. Kang Fengwei and Li Xinhua, non-executive directors, each possess extensive industry management experience, respectively, enabling them to conscientiously review proposals, and participate in Board decision-making. Yuen Kwok Keung, Chen Hanwen and Wang Hong, independent non-executive directors, with each contributing no less than 15 hours of service throughout the year, effectively performing supervisory and balancing functions and safeguarding the legitimate interests of minority shareholders. Jiao Lei, Employee Director, focused on the formulation and revision of fundamental management systems involving employees' vital interests, represented employees' reasonable demands, and protected their lawful rights. Each director effectively leveraged their professional knowledge and experience and duly fulfilled their responsibilities.

Section V Corporate Governance Report, Environment and Society (Continued)

Having evaluated the Board's structure, size, composition, and performance, and monitored the implementation of the Board diversity policy during the Reporting Period, the Nomination Committee concluded that: ① the Company's board diversity policy complies with the relevant listing rules and meets the Company's sustainable development needs; ② the current Board structure under the diversity policy is reasonable and conducive to achieving the Company's strategic objectives and facilitating scientific Board decision-making; ③ all Board members conscientiously performed their duties, effectively fulfilling their role in "setting strategy, making decisions, and preventing risks"; and ④ the independent directors lawfully exercised their powers and there were no circumstances compromising their independence.

(3) Attendance of committee meetings by each committee member

- ① Attendance of incumbent committee members as at the end of the Reporting Period

Name of director	Independent director or not	Number of required attendance at the committee meeting	Number of attendance in person	Number of attendance by correspondence	Number of attendance by proxy	Number of absence	Attendance
Wang Hong	Yes	2	2	2	0	0	2/2
Chen Hanwen	Yes	2	2	2	0	0	2/2
Jiao Lei	No	1	1	1	0	0	1/1

- ② Attendance of committee members who left office during the Reporting Period

Name of director	Independent director or not	Number of required attendance at the committee meeting	Number of attendance in person	Number of attendance by correspondence	Number of attendance by proxy	Number of absence	Attendance
Lv Zhiren	No	1	1	1	0	0	1/1

Section V Corporate Governance Report, Environment and Society (Continued)

(4) Particulars of committee meetings convened

Convening date	Meeting content	Key opinions and suggestions
20 January 2025	To consider the Proposal on Assessing the Effectiveness of the Diversity Policy of the Board of China Shenhua	Agreed.
22 August 2025	To consider the Proposal on Amending the Rules of Procedure of the Nomination Committee of the Board of China Shenhua	Agreed.

5. Safety, Health, Environment and ESG Working Committee

(1) The principal duties of the Safety, Health, Environment and ESG Working Committee

To supervise the implementation of safety, health, environmental protection and ESG working plans of the Company; to make recommendations to the Board or the chief executive officer on material issues in respect of safety, health, environmental protection and ESG working of the Company, including but not limited to climate change, biodiversity and water resources management, as well as employee development and other relevant risks and opportunities; to give adequate consideration and assessment of the sustainable risks and opportunities in respect of strategy formulation, material transactions, investment decision-making and other matters; to inquire into the material incidents and responsibilities regarding the Company's production, operations, property assets, staff or other facilities, as well as to review and supervise the handling of such incidents; to review the Company's annual ESG report; to review the Statement of the Board disclosed in the Company's annual ESG report; to supervise and review the identification, evaluation and management process of the matters related to the Company's ESG governance activities and the progress of related objectives, including but not limited to climate change, biodiversity and water resources management and employee development; and other issues as authorised by the Board.

(2) Work summary for the year

In 2025, the Safety, Health, Environment and ESG Working Committee held 4 meetings by way of written resolutions, at which all proposals were approved.

Section V Corporate Governance Report, Environment and Society (Continued)

(3) Attendance of committee meetings by each committee member

- ① Attendance of incumbent committee members as at the end of the Reporting Period

Name of director	Independent director or not	Number of required attendance at the committee meeting	Number of attendance in person	Number of attendance by correspondence	Number of attendance by proxy	Number of absence	Attendance
Kang Fengwei	No	1	1	1	0	0	1/1
Zhang Changyan	No	4	4	4	0	0	4/4
Li Xinhua	No	4	4	4	0	0	4/4

- ② Attendance of committee members who left office during the Reporting Period

Name of director	Independent director or not	Number of required attendance at the committee meeting	Number of attendance in person	Number of attendance by correspondence	Number of attendance by proxy	Number of absence	Attendance
Jiao Lei	No	3	3	3	0	0	3/3

Section V Corporate Governance Report, Environment and Society (Continued)

(4) *Particulars of committee meetings convened*

Convening date	Meeting content	Key opinions and suggestions
5 March 2025	To consider the Proposal on 2024 Environmental, Society and Corporate Governance Work and 2025 Work Highlights of China Shenhua	Agreed.
17 March 2025	To consider the Proposal on the 2024 Environmental, Social and Corporate Governance Report of China Shenhua Energy Company Limited	Agreed.
14 April 2025	To consider the Proposal on the Identification Results of China Shenhua ESG Issues with Dual Materiality	Agreed.
22 July 2025	To consider the Proposal on the Rules of Procedure of the Safety, Health, Environment and ESG Working Committee of the Board of China Shenhua	Agreed.

VII. RISK MANAGEMENT AND INTERNAL CONTROL

(I) **Establishment and Implementation of the Risk Management and Internal Control System**

During the Reporting Period, the Company complied with the relevant regulations and code of conduct of risk management and internal control in a satisfactory manner.

1. The Board is responsible for the risk management and internal control system

In accordance with the relevant laws and regulations of the PRC as well as the corporate regulatory system on internal control of the Company, the Board is responsible for the risk management and internal control system as well as reviewing the effectiveness of such system and faithfully disclosing the internal control evaluation report.

Section V Corporate Governance Report, Environment and Society (Continued)

The Board considers that, for the Reporting Period, effective internal control systems were established and implemented for the Company's material businesses and matters, and that these systems have met the objectives as set out in Principle D.2 of the Corporate Governance Code. However, due to the inherent limitations of its internal control, the Company aims to manage rather than eliminate the risk of failure to achieve business goals and may only provide reasonable rather than absolute assurance against material misstatement or loss. In addition, there are certain risks in inferring the effectiveness of future internal control based on the result of internal control evaluation as changes in the circumstances may cause internal control to become inappropriate or the degree of compliance with control policies and procedures to be reduced.

The Company reports to the Board and the Audit and Risk Management Committee on the annual internal control evaluation and presents the Internal Control Evaluation Report on an annual basis, and timely reports on material matters and management plans related to internal control risks of the Company based on actual circumstances, so as to help the Board to assess the monitoring and effectiveness of risk management of the Company.

2. The Main Characteristics of Risk Management and Internal Control System of the Company

The Company has established a risk-oriented internal control system which is characterised by the establishment of a closed-loop management mechanism integrating regular material risk assessment and monitoring, annual internal control evaluation, daily risk audit and special supervision and inspection of internal control, and the establishment of an organisational structure with hierarchical responsibilities of the Board and its Audit and Risk Management Committee, various functional departments of the headquarters and the subsidiaries (branches) of the Company to ensure effective operation of risk management and internal control. The objectives of the Company's internal control are to reasonably ensure compliance of its operation and management with laws and regulations, safety of assets, authenticity and completeness of its financial reports and related information, so as to improve operational efficiency and effectiveness, and facilitate the accomplishment of its development strategies.

Section V Corporate Governance Report, Environment and Society (Continued)

The Company's procedures for identifying, evaluating and managing material risks include: risk assessment and reporting at the beginning of the year, quarterly material risk monitoring and warning, special supervision and inspection on risk management and internal control, and annual evaluation of its internal control. At the end of each year, the Company will organise a comprehensive risk assessment for the following year, collect various types of risk-related information in a timely manner in accordance with the strategic objectives and the operational and management objectives, effectively identify various types of risks affecting such strategies and operational and management objectives in conjunction with the internal and external environment of the Company, analyse the likelihood and conditions of the occurrence of risks, evaluate their impact on the Company's achievement of its objectives and determine the results of risk assessment. The Company will formulate risk response strategies based on risk preference and risk tolerance, take appropriate control measures after review by the Board, as well as follow up and monitor significant risks on a quarterly basis. The Company will supervise the management and control of significant risks through annual evaluation of internal control.

To ensure the timely, accurate and complete disclosure of required information and mitigate related risks, the Company has established relatively comprehensive working procedures. It has formulated internal rules and procedures, including the "Management Measures for Information Disclosure and Internal Reporting of Significant Matters" and the "Management Measures for the Collection and Reporting of Information for Disclosures", to ensure that material information is promptly reported to the Company Secretary or the department responsible for information disclosures. Announcements prepared based on such information are subject to multi-level reviews and internal approval procedures, and are then disclosed in a timely, accurate and complete manner on designated websites or media in accordance with the listing rules of both places of listing. The Company has also adopted internal policies, including the "Regulations on Registration of Inside Information and Insiders" and the "Management Measures for the Trading of the Company's Shares by Employees", which set out confidentiality requirements for insider information and specify the circumstances under which all employees, including directors and senior management, are prohibited from dealing in the Company's shares, so as to strictly prevent the leakage of insider information and insider dealing.

Section V Corporate Governance Report, Environment and Society (Continued)

The Company has sufficient internal and external resources for the design, implementation and monitoring of its risk management system, as well as resources relating to ESG performance and reporting. The Audit Department of the Company is staffed with internal control and risk management personnel who possess relevant professional qualifications and backgrounds in auditing, accounting and management. Each department of the Company has designated internal control risk management personnel who are responsible for internal control and special risk management in different business areas. Each subsidiary and branch has set up internal control risk management department and internal control risk personnel who are responsible for the internal control risk management of each subsidiary. The Company conducts professional training for internal control risk management personnel every year and organises occasional trainings for the management and all employees in relation to internal control risk management. The Company engages experienced intermediaries to jointly implement the annual internal control evaluation work to ensure the quality of the annual internal control evaluation work.

3. The Company's Management Continuously Monitors the Risks (Especially Environmental, Social and Governance Risks), and the Scope and Quality of the Internal Control System

The person in charge of the Company is responsible for leading the establishment of a sound and effective operating internal control risk management system. The management of the Company is responsible for the internal control risk management. It is responsible for the implementation of internal control risk management, studying and reviewing internal control risk management related matters, organizing the formulation of special systems, work plans and countermeasures for internal control risk management in various fields and supervising the implementation thereof. It is responsible for organizing and promoting the Environmental, Social and Corporate Governance (ESG) management tasks, considering the Company's medium and long-term ESG planning and annual work plan, approving the implementation rules of the Company's ESG management work, organizing and promoting the identification, assessment, management process and achievement of related objectives of ESG activities of the Company.

The management of the Company studies and reviews important matters such as internal audit work plan and work systems, listens to and reviews annual and semiannual internal audit work reports on a regular basis, monitors the operation of internal audit work, and confirms to the Board and the Audit and Risk Management Committee the effectiveness of the risk management and internal control system.

The Company has engaged an accounting firm to carry out third-party independent verification of the ESG report.

Section V Corporate Governance Report, Environment and Society (Continued)

4. Internal Audit Function of the Company

The Company has established an audit department to perform internal control and risk management functions. The audit department is responsible for formulating the Company's audit development plan, preparing and issuing the annual audit work plan and organising the implementation of audit projects, monitoring and supervising the rectification of issues identified in audits, taking the lead in accountability investigations in respect of non-compliant operation and investment activities, and overseeing the Company's internal control and risk management as well as the annual internal control evaluation.

The audit department conducts an annual assessment of the effectiveness of the Company's internal controls. The procedures for evaluation of internal control include: formulation of internal control evaluation plan, formation of a working group for internal control inspection; commencement of self-evaluation, inspection and evaluation of internal control; communication, identification and rectification of internal control deficiencies; preparation of internal control evaluation report for the Board's review. In addition, the Company engages an accounting firm each year to conduct an audit of its internal controls, and the accounting firm issues an internal control audit report accordingly.

5. Review Scope and Findings

The Company conducts annual review and evaluation on the risk management and internal control system during the Reporting Period.

Since the last annual review, there have been no material changes in the nature and severity of the Company's principal risks or in the Company's risk management and internal control systems. The Company's capability to respond to changes in its business and external environment has continued to improve. During the Reporting Period, the Company did not have any material control failures or significant control weaknesses. The Board considers that the Company's risk management and internal control systems are appropriate and effective.

The Company's report on the internal control evaluation for 2025 has been reviewed and approved by the Board, and an internal control audit report has been issued by the accounting firm. The Board and the Audit and Risk Management Committee of the Company consider that the existing inspection and supervision mechanism is adequate to evaluate the effectiveness of the Company's internal control and risk management operations. According to the evaluation, during the Reporting Period, the Company has included all the businesses and matters involving significant risks (including the financial, operational and compliance aspects) in the scope of evaluation, and the internal control system has been established and effectively implemented for all significant businesses and matters, and the objectives of the Company's internal control have been achieved.

Section V Corporate Governance Report, Environment and Society (Continued)

According to the 2025 Report on Internal Control Evaluation reviewed and approved by the Board, no material defects were found in the internal control of financial reporting as at the reference date of the Report on Internal Control Evaluation, pursuant to the identification of material defects in the internal control over the financial reporting of the Company. The Board is of the opinion that the Company has maintained effective internal control over its financial reporting in all material aspects in accordance with the requirements under the Enterprise Internal Control Normative System and relevant regulations. Based on the identification of material defects in the internal control over non-financial reporting of the Company, no material defects were identified by the Company in the internal control over non-financial reporting as at the reference date of the Report on Internal Control Evaluation. Nothing that would affect the evaluation result of the effectiveness of internal control has occurred from the reference date of the Report on Internal Control Evaluation to the date of issuance of the Report on Internal Control Evaluation.

Material defects in the internal control during the Reporting Period:

☐Applicable ☒ Not applicable

(II) Management Control over Subsidiaries

The Company exercises effective control over its subsidiaries in major areas and key areas through the establishment of rules and regulations, supervision and evaluation, and information technology application. In terms of control system, according to the provisions of the articles of association of its subsidiaries, the Company reviews resolutions involving the appointment and removal and appraisal of personnel, the appointment of directors, supervisors and senior management and the establishment of organisation for submission to the general meeting, the board and the supervisory committee of the subsidiaries for consideration, and exercises nomination rights and voting rights in accordance with the provisions of the articles of association of the subsidiaries. In terms of finance, the Company has established an integrated and efficient financial information system and formulated relevant financial accounting system, fund management, guarantee and other related systems to standardise the accounting and fund supervision and control of its subsidiaries and branches. In terms of internal control, the Company inspects and evaluates the effectiveness of the internal control of its subsidiaries, supervises and inspects the rectification of internal control deficiencies. In terms of connected party transactions, the Company formulates the management system for connected party transactions, defines the procedures of management, review and approval, supervision and inspection of connected party transactions of its subsidiaries. In terms of material matters, the Company formulates a system in relation to information disclosure, internal reporting of material matters and inside information management to standardise the confidentiality and transmission of material information, and the review and disclosure process of material matters. The resolutions of the meetings of the subsidiaries' board meetings and general meetings, together with other documents of importance, shall be submitted to the Company by the subsidiaries in a timely manner.

Section V Corporate Governance Report, Environment and Society (Continued)

The Company has carried out integration of Hangjin Energy, which was acquired during the Reporting Period, in terms of assets, personnel, finance, organisational structure and business operations. As at the end of the Reporting Period, integration across all aspects had been completed, and the Company does not face any risk of losing control over Hangjin Energy.

Risk warning in relation to any irregularities in the management and control over subsidiaries:

☐ Applicable ☒ Not applicable

(III) Description of Self-Assessment Report on Internal Control and Audit Report on Internal Control

KPMG Huazhen LLP, engaged by the Company, has issued the standard unqualified Audit Report on Internal Control. The Audit Report on Internal Control is of the opinion that: as at 31 December 2025, China Shenhua had maintained effective internal control over its financial reporting in all material aspects in accordance with the Basic Standard for Enterprise Internal Control and the relevant requirements. The above audit opinions are in line with the opinions set out in the Self-assessment Report of the Board.

Please refer to the relevant report disclosed on the website of the SSE at the same time as this report for the 2025 Report on Internal Control Evaluation and Audit Report on Internal Control.

VIII. CORPORATE CULTURE

The Company adheres to taking the exemplary leadership of party building as the fundamental guarantee and remains committed to its goal of “building an innovative, world-class energy listed company”. It spared no effort in advancing the five key priorities in strengthening core capabilities, expanding green development, driving innovation, optimising capital operations, and enhancing quality and efficiency. Guided by its corporate philosophy of “Empowering Social Development, Boosting Economic Growth”, the Company embraces the spirit of “diligence, dedication, innovation, and ambition”, serves the mission of the “ballast for energy supply, pioneer in energy revolution”, and adheres to its core values of “promoting green development and pursuing excellence”. The Company safeguards national energy security while actively leading the green and low-carbon transformation and upgrading of the energy industry, contributing to the sustainable development of the economy and society.

The Company operates under a long-term and sustainable business model, and its development and operational strategies are in line with the corporate culture of the Company.

Section V Corporate Governance Report, Environment and Society (Continued)

IX. AUDITORS' REMUNERATION AND RELATED MATTERS

Please refer to "APPOINTMENT AND REMOVAL OF AUDITORS" in the "Significant Events" section of this report.

X. EMPLOYEES

(I) Employees as at the end of 2025

Number of current employees of the headquarters of the Company (<i>number of persons</i>)	172
Number of current employees of the subsidiaries and branches of the Company (<i>number of persons</i>)	91,220
Total number of current employees of the Group (<i>number of persons</i>)	91,392
Number of retired employees in respect of which the Company and subsidiaries bear cost (<i>number of persons</i>)	32,987

Function

Category of function	Number of persons
Operation and repair	55,925
Management and administration	15,674
Finance	1,575
Research and development	4,233
Technical support	8,931
Sales and marketing	669
Others	4,385
Total	91,392

Education Level

Category of education level	Number of persons
Postgraduate and above	5,507
University graduate	42,421
College graduate	20,577
Specialised secondary school graduate	8,139
Graduate of technical school, high school and below	14,748
Total	91,392

Section V Corporate Governance Report, Environment and Society (Continued)

(II) Remuneration Policy

The Company adheres to a remuneration distribution mechanism linked to economic performance, and has formulated a competitive remuneration policy that combines basic salary and performance assessment and is tilted in favour of front-line employees. In 2025, the Company continued to deepen the reform of its remuneration system, continuously optimised the income distribution structure, and gave full play to the incentive and guiding role of remuneration, thereby further stimulating the vitality of its workforce. Details of the remuneration of the Group's employees in 2025 are set out in the notes to the financial statements under "Employee Benefits Payable" in this report.

(III) Training Program

The Company has established a training system with different levels and channels to provide the employees with appropriate training in job skills, production safety and work team management, etc. In 2025, the cumulative training expenditure totaled approximately RMB375 million. The number of attendances in training was approximately 1.1593 million with training hours of approximately 10.1414 million hours in aggregate. For details, please refer to the 2025 Environment, Social and Governance Report of the Company.

(IV) Outsourced Work in 2025

Total number of working hours of outsourced work	114.30 million hours
Total remuneration paid for outsourced work	RMB6,448 million

(V) Diversity of Employees

The Company places emphasis on recruiting talents with different genders, ethnicities, educational backgrounds, cultural backgrounds and professional experiences based on role requirements, and continuously promotes workforce diversity. The Company is committed to fostering an inclusive workplace and a friendly and equal working environment, and attaches importance to providing equal opportunities and rights for female employees. The Company will steadfastly implement its strategy of strengthening the enterprise through talent development, and will continue to enhance the identification, cultivation and utilisation of outstanding talents, nurturing strong human capital support for accelerating the development of an innovative, world-class energy listed company. For further details about the diversity of employees, please refer to the 2025 Environment, Social and Governance Report of the Company.

As of the end of 2025, among all employees (including senior management) of the Group, 12,963 were female employees, accounting for 14.2%, and 78,429 were male employees, accounting for 85.8%.

Section V Corporate Governance Report, Environment and Society (Continued)

XI. PROFIT DISTRIBUTION POLICY DURING THE REPORTING PERIOD

(I) Formulation, Implementation or Adjustment of Cash Dividend Policy

In accordance with the requirements of the relevant laws and regulations and the Articles of Association, the profit distribution policy of the Company shall maintain continuity and stability, while taking into account the long-term interests of the Company, the overall interests of all shareholders, and the Company's sustainable development. The Company shall give priority to profit distribution in cash dividends. The profit distribution policy of the Company complies with the Opinions of the State Council on Further Improving the Quality of Listed Companies (《國務院關於進一步提高上市公司質量的意見》) and the Guidelines on Encouragement of Cash Dividend Distribution of Listed Companies promulgated by the CSRC.

Pursuant to the Articles of Association, the profit distribution of the Company shall be made based on the net profit for the relevant accounting year attributable to shareholders of the Company in the consolidated financial statements prepared under the China Accounting Standards for Business Enterprises and the International Financial Reporting Standards, whichever is lower ("Distribution Base"). Annual profit distribution in cash shall be no less than 35% of the Distribution Base subject to the relevant conditions.

In order to implement the Securities Law of the PRC, strengthen the protection of investors' legitimate rights and interests, and respond to the demands of investors, especially minority shareholders, as approved at the 2022 first extraordinary general meeting of the Company and in line with the Articles of Association, the profit distributed by the Company in cash for each year from 2022 to 2024 shall not be less than 60% of the net profit attributable to shareholders of the Company realised in that year (i.e. Distribution Base).

In order to proactively implement securities regulatory requirements, respond to shareholders' demand, further strengthen the Company's close ties with its long-term and patient shareholders, a plan for shareholders' return for 2025-2027 was approved at the Company's 2024 annual general meeting, that is, subject to the provisions of the Articles of Association, the profit to be distributed in cash annually from 2025 to 2027 shall be no less than 65% of the Company's net profit attributable to the equity holders of the Company realised in the corresponding year (i.e. Distribution Base) and the Company may also implement interim profit distribution during such period after taking into comprehensive consideration of its operational performance and capital needs.

Section V Corporate Governance Report, Environment and Society (Continued)

(II) Special Description for Cash Dividend Policy

Whether it complies with the provisions of the Articles of Association or the requirements of the proposals of the general meeting

Yes

Whether the criteria and percentage of dividends are clear and unambiguous

Yes

Whether the relevant decision procedures and mechanism are complete

Yes

Whether independent directors have performed their duties and responsibilities and played their full role

Yes

Whether minority shareholders have adequate opportunities to express opinions and concerns, and whether their legitimate rights are fully protected

Yes

(III) If the Company recorded profits and the parent company has profits available to shareholders for distribution during the Reporting Period, but no cash profit distribution plan or proposal has been made

☐Applicable ☒Not Applicable

Section V Corporate Governance Report, Environment and Society (Continued)

(IV) Profit Distribution Plan during the Reporting Period

1. Cash Dividend Plan for 2025

The Group's net profit attributable to equity holders of the Company for 2025 under the China Accounting Standards for Business Enterprises amounted to RMB52,849 million, with basic earnings per share of RMB2.660/share; profit for the year attributable to equity holders of the Company under the IFRS Accounting Standards amounted to RMB54,218 million, with basic earnings per share of RMB2.729/share. As at 31 December 2025, the profit available for distribution to shareholders of the Company under the China Accounting Standards for Business Enterprises amounted to RMB197,003 million.

Given that the Company is currently raising supporting funds by issuing A Shares, the Board of the Company proposed the payment of a final dividend in cash of RMB1.03 per share (inclusive of tax) for the year 2025 based on the total share capital of the Company registered on the record date of the 2025 profit distribution plan implemented after the completion of issues of shares for raising supporting funds. It is expected that a total cash dividend of RMB22,340 million (inclusive of tax) will be paid. If the total share capital of the Company changes before the record date for the implementation of the profit distribution, the Company intends to maintain the distribution ratio per share unchanged and adjust the total distribution amount accordingly, details of which will be announced separately.

In 2025, the Company distributed an interim dividend of RMB19,471 million (tax included), together with the final dividend for 2025 of RMB22,340 million (tax included) proposed by the Board, the total cash dividend expected to be distributed for 2025 will amount to RMB41,811 million (tax included), representing 77.1% of the profit attributable to owners of the Company for 2025 under the IFRS Accounting Standards, and 79.1% of the net profit attributable to the shareholders of the Company for 2025 under the PRC Accounting Standards.

Section V Corporate Governance Report, Environment and Society (Continued)

2. Dividend Distribution in the Last Three Years

Profit distribution plan of the Company for the recent three years (including the Reporting Period)				
	Dividend per 10 shares (inclusive of tax) <i>RMB</i>	Total amount of cash dividend (inclusive of tax) <i>RMB million</i>	Net profit attributable to equity holders of the Company in the consolidated financial statements of the respective dividend year in accordance with China Accounting Standards for Business Enterprises <i>RMB million</i>	Percentage to the net profit attributable to equity holders of the Company in the consolidated financial statements %
Final dividend for the year 2025 (subject to approval of the general meeting)	10.3	41,811	52,849	79.1
Interim dividend for the year 2025	9.8			
Final dividend for the year 2024	22.6	44,903	58,671	76.5
Final dividend for the year 2023	22.6	44,903	59,694	75.2

Unit: RMB million

Accumulated cash dividends (tax inclusive) in the last three fiscal years(1)	131,617
Accumulated amount of shares repurchased and cancelled in the last three fiscal years(2)	0
Accumulated amount of cash dividends and shares repurchased and cancelled in the last three fiscal years (3)=(1)+(2)	131,617
Average annual net profit attributable to equity holders of the Company in the last three fiscal years(4)	57,071
Cash dividend ratio in the last three fiscal years (%) (5)=(3)/(4)	230.6
Net profit attributable to equity holders of the Company for the latest fiscal year	52,849
Retained profit at the end of the period in the financial statement of the Company for the latest fiscal year	197,003

Section V Corporate Governance Report, Environment and Society (Continued)

Note:

- (1) The financial information in the above table is prepared in accordance with the China Accounting Standards for Business Enterprises.
 - (2) The cash dividend amount for the latest accounting year shown in the above table represents the sum of interim dividend and final dividend of the Company for 2025.
- 3.** The aforementioned final dividend plan for the year 2025 was in compliance with the requirement of the Articles of Association, and there were no circumstances under which the cash dividend plan may prejudice the interests of the listed company or minority shareholders as stipulated in No. 3 Guideline for the Supervision of Listed Companies – Cash Dividend Distribution of Listed Companies. Such final dividend plan has been approved by the Board. When proposing the final dividend plan for the year 2025, the Board has attended to and considered the opinions and concerns of the shareholders of the Company. The Company will hold the 2025 annual general meeting on Friday, 26 June 2026 to consider the relevant proposals, including the above dividend plan as proposed by the Board.
- 4.** The final dividend for the year 2025, which is denominated and declared in RMB, will be paid in RMB to holders of the Company's A shares (including holders of the Company's A shares through the Northbound Trading Link of the Shanghai-Hong Kong Stock Connect, hereinafter referred to as the "Northbound Shareholders"), and holders of the Company's H shares through the Southbound Trading Link (including Shanghai and Shenzhen markets, hereinafter referred to as the "Southbound Shareholders"). Dividends to holders of the Company's H shares, except the Southbound Shareholders, will be paid in HKD. The exchange rate for calculating dividend payments in HKD shall be the benchmark exchange rate between RMB and HKD announced by the Bank of China on the first business day following the date of the general meeting approving the final dividend plan for the year 2025.

In accordance with the preliminary arrangement of profit distribution plan for year 2025 and the annual general meeting of the Company, the final dividend for the year 2025 for the Company's H shareholders is estimated to be distributed on or about 26 August 2026.

Section V Corporate Governance Report, Environment and Society (Continued)

5. Pursuant to the Articles of Association:

- (1) After the SSE is closed in the afternoon on Tuesday, 23 June 2026, the shareholders of A shares of the Company and their proxies as registered in the China Securities Depository and Clearing Corporation Limited Shanghai Branch are entitled to attend and vote at the 2025 annual general meeting of the Company;
- (2) According to the relevant regulations of China Securities Depository and Clearing Corporation Limited Shanghai Branch and market practice adopted for final dividend distribution for A shares, the Company will publish a separate announcement on implementation of profit distribution in respect of the distribution of final dividend for the year 2025 to holders of A shares after the 2025 annual general meeting to determine the record date, ex-rights date and dividend distribution date for the distribution of final dividend for the year 2025 to holders of A shares.

6. The Arrangement of Temporary Closure of the Register of Members of H Shares of the Company:

No.	Corresponding rights	Temporary closure of the register of members and record date			
		First day (inclusive)	Last day (inclusive)/ record date	The last day for registering members	The Company's share registrar for H shares
1	Attending and voting at the 2025 annual general meeting	Tuesday, 23 June 2026	Friday, 26 June 2026	4:30pm on Monday, 22 June 2026	Computershare Hong Kong Investor Services Limited
2	Entitled to the final dividend for the year 2025	Saturday, 4 July 2026	Friday, 10 July 2026	4:30pm on Friday, 3 July 2026	Computershare Hong Kong Investor Services Limited

7. In accordance with the provision of Enterprise Income Tax Law of the PRC and its implementation regulations and the State Taxation Administration of the PRC (Guo Shui Han [2008] No. 897), the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company when distributing final dividends. The Company shall withhold and pay enterprise income tax in respect of the final dividend for the year 2025 of the Company for the non-resident enterprise shareholders whose name would appear on the register of members for H shares of the Company on 10 July 2026.

Section V Corporate Governance Report, Environment and Society (Continued)

8. According to Guo Shui Han [2011] No. 348 issued by the State Taxation Administration, the Company shall distribute cash dividends to the individual shareholders whose names appear on the register of members for H shares, and has obligations to withhold and pay individual income tax for dividend payable. The individual shareholders of H shares are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements entered into between their countries of residence and China and the tax arrangements between China's mainland and Hong Kong (Macau).

If the individual shareholders of the H shares who are residents of Hong Kong or Macau, China or residents of the countries which have an agreed tax rate of 10% with China, the Company shall withhold individual income tax at a rate of 10%. If the individual shareholders of the H shares are residents of countries which have an agreed tax rate of less than 10% with China, the Company shall withhold individual income tax on behalf of them in accordance with relevant provisions required by the Announcement of the State Taxation Administration in relation to the Administrative Measures on Preferential Treatment Entitled by Non-resident Taxpayers under Tax Treaties (No. 35 Announcement of the State Taxation Administration in 2019). If the individual shareholders of the H shares are residents of countries which have an agreed tax rate of over 10% but less than 20% with China, the Company shall withhold the individual income tax on behalf of them at the agreed actual rate. In case the individual shareholders of the H shares are residents of countries which have not entered into any tax agreement with China, or the agreed tax rate with China is 20% or otherwise, the Company shall withhold the individual income tax at a rate of 20%.

The Company shall use the registered address ("registered address") as recorded in the register of members of H shares on 10 July 2026 as the criterion in determining the residence of the individual shareholders of H shares who are entitled to receive the final dividend for the year 2025 of the Company, and withhold and pay individual income tax accordingly. If the residence of the individual shareholders of H shares is inconsistent with the registered address, such shareholders shall notify the Company's share registrar for H shares at or before 4:30 p.m. on 3 July 2026 with the relevant evidence at Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, telephone (852) 2862 8555.

Section V Corporate Governance Report, Environment and Society (Continued)

9. With respect to the Southbound Shareholders, according to the relevant requirements of China Securities Depository and Clearing Corporation Limited, China Securities Depository and Clearing Corporation Limited Shanghai Branch and Shenzhen Branch shall receive cash dividends distributed by the Company as the nominees of the Southbound Shareholders for Shanghai market and Shenzhen market, respectively, and distribute such cash dividends to the relevant Southbound Shareholders through their depository and clearing system.

According to the relevant provisions under the “Notice of MOF, SAT and CSRC on the Tax Policies for Shanghai-Hong Kong Stock Connect Pilot Programme” (Cai Shui [2014] No. 81) and the “Notice of MOF, SAT and CSRC on the Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Programme” (Cai Shui [2016] No. 127) under the Ministry of Finance, State Administration of Taxation of China and CSRC, the Company shall withhold individual income tax at the rate of 20% with respect to dividends received by individual investors in China’s mainland for investing in H-shares listed on the HKEx through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. The dividends and bonuses earned by securities investment funds in China’s mainland investing in shares listed on the HKEx through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect shall be withheld on an individual income tax basis. The Company is not required to withhold income tax on dividends derived by enterprise investors in China’s mainland, and such enterprises shall report the income and make tax payment by themselves. The record date and the relevant arrangements of dividend distribution for Southbound Shareholders are the same as those of the Company’s shareholders of H shares.

10. **The Company assumes no responsibility arising from any delayed or inaccurate determination of the tax status of the shareholders or any dispute over the withholding and collection arrangements. Shareholders should consult their tax advisers regarding Hong Kong, China and other tax implications of owning and disposing of the Company’s H shares.**
11. **Pursuant to the Articles of Association, the Company is entitled to forfeit the dividends which have been declared for more than six years but yet to be claimed, subject to compliance with relevant Chinese laws and administrative regulations. Shareholders are advised to collect the dividends distributed by the Company in a timely manner.**

Section V Corporate Governance Report, Environment and Society (Continued)

XII. THE SHARE OPTIONS INCENTIVE PLAN, EMPLOYMENT STOCK OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVE SITUATION OF THE COMPANY AND THEIR IMPACTS

☐ Applicable ☒ Not applicable

XIII. APPRAISAL MECHANISM FOR SENIOR MANAGEMENT, AND THE ESTABLISHMENT AND IMPLEMENTATION OF THE INCENTIVE MECHANISM DURING THE REPORTING PERIOD

The Company adheres to strategic guidance for the evaluation mechanism of senior executives, and continuously strengthens evaluation of operating performance in respect of the strategic guidance and strategy promotion functions; insists on classified evaluation by selecting core competitive indicators to reflect differentiated evaluation; insists on precision and effectiveness to ensure scientific and objective evaluation results, and reasonably reflects operating performance and contribution; adheres to incentives and constraints and the unity of responsibilities, rights and interests, with strong incentives and rigid constraints based on both annual evaluation and tenure evaluation.

Evaluation indicators include quantitative indicators such as the key production indicators of each business segment, total profit, full labour productivity, market value growth rate, as well as constraint indicators in terms of safety, health and environmental protection, highlighting quality and efficiency, emphasizing sustainable development, and fully mobilizing the enthusiasm of senior management. The annual and tenure performance evaluation of senior management is conducted based on the completion of relevant metrics, and the remuneration will be paid in accordance with the evaluation results.

Section V Corporate Governance Report, Environment and Society (Continued)

XIV. ENVIRONMENTAL INFORMATION OF THE COMPANY AND ITS MAJOR SUBSIDIARIES INCLUDED ON THE LIST OF ENTERPRISES TO DISCLOSE ENVIRONMENTAL INFORMATION ACCORDING TO LAW

As at 31 December 2025, there were a total of 45 enterprises in the Group which belonged to the key units for environmental supervision (the “Key Unit(s)”) published by the environmental protection authorities (including key pollutant-discharging units for atmospheric environment, key pollutant – discharging units for water environment, key units under supervision for soil pollution and key units under control for environmental risks), of which 44 were included in the list of enterprises to disclose environmental information according to law. Although Plant II of Equipment Maintenance Center of Shendong Coal Branch is a Key Unit, it was not included in the List of Enterprises in Ordos City to Disclose Environmental Information According to Law (2025), and therefore was not required to issue a report on disclosing environmental information according to law.

No. of enterprises included in the list of enterprises to disclose
environmental information according to law

44

No.	Name of enterprise	Reference index for the report on disclosure of environmental information according to law
1	China Energy Baotou Coal Chemical Co., Ltd.	
2	Shuiquan Open-cut Mine of China Energy Baotou Energy Co., Ltd.	
3	Explosive Plant of Shenhua Zhunge'er Energy Co., Ltd.	
4	Ha'erwusu Open-cut Mine of China Shenhua Energy Company Limited	
5	Shenhua Zhunge'er Energy Co., Ltd.	
6	Bu'ertai Colliery of China Energy Shendong Coal	
7	Shangwan Coal Mine of China Energy Shendong Coal	
8	Bulianta Coal Mine of China Energy Shendong Coal	http://111.56.142.62:40010/support-yfpl-web/web/viewRunner.html?viewId=http://111.56.142.62:40010/support-yfpl-web/sps/views/yfpl/views/yfplHomeNew/index.js&cantonCode=150000
9	Power Plant of Guoneng Yili Energy Co., Ltd.	
10	Wanli First Colliery of China Energy Baotou Energy Co., Ltd.	
11	Gangue Power Generation Branch of Shenhua Zhunge'er Energy Co., Ltd.	
12	Shenhua Bayannur Energy Co., Ltd.	
13	Shengli Power Plant of China Energy Beidian Shengli Energy Co., Ltd.	
14	China Energy Baorixile Energy Co., Ltd.	
15	Zani River Open-Pit Mine of Inner Mongolia Dayan Mining Industry Group Co., Ltd.	
16	Inner Mongolia Mengdong Energy Co., Ltd.	

Section V Corporate Governance Report, Environment and Society (Continued)

No.	Name of enterprise	Reference index for the report on disclosure of environmental information according to law
17	China Energy Shaanxi Shenmu Power Co., Ltd.	
18	China Energy Jinjie Energy Co., Ltd.	
19	Daliuta Thermal Power Plant of Shenhua Shendong Power Co., Ltd.	
20	Dianta Power Plant of Shenhua Shendong Power Co., Ltd.	
21	Guojiawan Power Plant of Shenhua Shendong Power Co., Ltd.	http://113.140.66.227:11077/#/noLogin/index
22	Daliuta Colliery of Shendong Coal Branch of China Shenhua Energy Company Limited	
23	Jinjie Coal Mine of Shendong Coal Branch of China Shenhua Energy Company Limited	
24	Yulin Vehicle Maintenance Branch of China Energy Railway Equipment Co., Ltd.	
25	China Energy Yudean Taishan Power Co., Ltd.	https://gdee.gd.gov.cn/gdeepub/front/dal/dal/newindex
26	China Energy (Huizhou) Thermal Power Co., Ltd.	
27	China Energy Qingyuan Power Generation Co., Ltd.	
28	China Energy Guangtou Liuzhou Power Generation Co., Ltd.	http://bqfq.sthjt.gxzf.gov.cn/GXHJXXPLQYD/frontal/index.html#/home/overview
29	China Energy Guangtou Beihai Power Generation Co., Ltd.	
30	China Energy Group Yongzhou Power Generation Co., Ltd.	https://222.244.103.251:8181/hnyfpl/frontal/index.html#/home/index
31	China Energy Group Yueyang Power Generation Co., Ltd.	
32	China Energy Shenfu (Shishi) Power Generation Co., Ltd.	http://220.160.52.213:10053/idp-province/#/home
33	China Energy Shenfu (Jinjiang) Thermal Power Co., Ltd.	
34	China Energy Shenfu (Longyan) Power Generation Co., Ltd.	
35	China Energy (Lianjiang) Gangdian Co., Ltd.	
36	China Energy Shenhua Jiujiang Power Generation Co., Ltd.	http://qyhjxxyfpl.sthjt.jiangxi.gov.cn:15004/information
37	China Energy Chongqing Wanzhou Electric Power Co., Ltd.	http://183.66.66.47:10001/eps/index/enterprise-search
38	China Energy Jiangyou Thermal Power Co., Ltd.	https://103.203.219.138:8082/eps/index/enterprise-search
39	China Energy Sichuan Tianming Power Generation Co., Ltd.	
40	China Energy Mengjin Thermal Power Co., Ltd.	http://222.143.24.250:8247/
41	China Energy Shouguang Power Generation Company Limited	http://221.214.62.226:8090/EnvironmentDisclosure/
42	China Energy Hebei Dingzhou Power Generation Co., Ltd.	http://121.29.48.71:8080/
43	China Energy Hebei Cangdong Power Generation Co., Ltd.	
44	Cangzhou Locomotive and Vehicle Maintenance Branch of China Energy Railway Equipment Co., Ltd.	

Section V Corporate Governance Report, Environment and Society (Continued)

XV. SOCIAL RESPONSIBILITY

For details on the Group's social responsibility initiatives, please refer to the Company's separately published 2025 Environmental, Social and Corporate Governance Report.

XVI. DETAILS OF THE COMPANY'S EFFORTS TO EXPAND POVERTY ALLEVIATION ACHIEVEMENTS AND RURAL REVITALISATION

In 2025, the Group thoroughly implemented the national requirements for rural revitalisation. In line with the annual rural revitalisation work plan, the Group ensured the allocation of designated annual support funds, steadily advanced all targeted support initiatives, and solidly consolidated and expanded the achievements of poverty alleviation, making every effort to promote comprehensive rural revitalisation.

In 2025, the Group contributed RMB89.45 million to assistance funds and secured external assistance funds of RMB0.7 million for three targeted counties, namely Mizhi County and Wubu County in Shaanxi Province and Butuo County in Sichuan Province. The Group implemented 33 assistance projects in key areas such as education, healthcare, industry, and infrastructure construction, benefiting approximately 65,000 people. Additionally, the Group provided training for 22,500 skilled professionals and grassroots cadres and facilitated the purchase and sales of agricultural products amounting to RMB30.926 million. For further details, please refer to the Company's 2025 Environmental, Social and Corporate Governance Report, published concurrently with this report.

Apart from the targeted counties, the Group carried out 177 projects focusing on partnerships with local communities, rural revitalisation, and assistance offered to targeted regions, with a total investment of RMB146 million.

I. PERFORMANCE OF COMMITMENTS

(II) Undertakings made by relevant parties such as the Company's de facto controller, shareholders, related parties and acquirers as well as the Company during the Reporting Period or subsisting during the Reporting Period.

No.	Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of commitment	Any deadline for performance	Duration of commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated		In case of failure to perform in time, future plans shall be described	
1	Undertaking made in connection with initial public offering	Non-competition undertaking	China Energy	According to the "Non-competition Agreement" entered into by the two parties on 24 May 2005, the "Supplemental Agreement to the Existing Non-Competition Agreement" on 1 March 2018 and the "Supplemental Agreement II to the Existing Non-Competition Agreement" on 28 April 2023, the Company being an integrated platform for coal business affiliated to China Energy, China Energy has undertaken not to compete with the Company in respect of the Company's principal businesses (coal exploration, mining, washing, processing, sales; production and sales of coal products for comprehensive utilization; development and management of mineral products; railway transportation; port transportation; the industries and ancillary services related to the businesses aforementioned) whether in any domestic or international regions, and has granted the Company prior transaction rights and options, and pre-emptive purchase and acquisition rights over any business opportunities and assets which may pose potential peer competition. For details of the commitments, please refer to "Avoidance of Competition" of Section V of this report.	24 May 2005, 1 March 2018, 28 April 2023	Yes	Long-term, 27 August 2028	Yes, in progress	N/A	N/A	N/A	N/A

Section VI Significant Events (Continued)

No.	Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of commitment	Any deadline for performance	Duration of commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated		In case of failure to perform in time, future plans shall be described
2	Undertaking in connection with major asset restructuring	Share lock-up	China Energy	Undertaking on Share Lock-up and Lock-up Period: 1. The shares of the Listed Company (referring to China Shenhua, the same below) acquired by China Energy pursuant to the Transaction (referring to the transactions in which China Shenhua issued shares and paid cash to purchase the equities of 12 target companies held by China Energy and West Energy and raised ancillary funds, the same below) shall not be transferred within 36 months from the date of completion of the share issuance. In the event of any increase in such shares as a result of bonus issue, capitalization issue or rights issue by the Listed Company, the additional shares shall also be subject to the aforesaid lock-up period. Notwithstanding the foregoing, transfers permitted under applicable laws, regulations and normative documents shall not be subject to such restriction. If, within six months after completion of the Transaction, the closing price of the shares of the Listed Company is lower than the issue price for 20 consecutive trading days, or the closing price at the end of the six-month period after completion of the Transaction is lower than the issue price, the lock-up period for the shares of the Listed Company held by China Energy shall be automatically extended by six months. 2. The shares of the Listed Company already held by China Energy prior to the Transaction shall not be transferred within 18 months from the date of completion of the Transaction. In the event of any increase in such shares as a result of bonus issue, capitalization issue or rights issue by the Listed Company, the additional shares shall also be subject to the aforesaid lock-up period. Notwithstanding the foregoing, transfers permitted under applicable laws, regulations and normative documents shall not be subject to such restriction. 3. In the event that the undertakings made by China Energy in respect of the share lock-up and lock-up period pursuant to this transaction are inconsistent with the latest regulatory opinions of the securities regulatory authorities, China Energy shall make corresponding adjustments in accordance with the regulatory requirements of the relevant securities regulatory authorities. Upon expiry of the abovementioned lock-up period, China Energy shall comply with the relevant regulations of the CSRC and the SSE.	December 2025	Yes	From 19 December 2025, to 36 months after the date of completion of the share issuance	Yes	N/A	N/A	N/A
3	Undertaking in connection with major asset restructuring	Other	China Energy	Undertaking of Non-Disposal of Shares: From the date of the first public disclosure by the Listed Company of information relating to the Transaction up to the completion of the Transaction, China Energy and the companies under its control have no plan to dispose of any shares of the Listed Company and shall not engage in any disposal of shares of the Listed Company. The aforesaid shares include the shares of the Listed Company held prior to the Transaction and any derivative shares arising during the above period as a result of bonus issue, capitalization of capital reserve or other similar actions by the Listed Company.	December 2025	Yes	From 19 December 2025, until the completion of the transaction	Yes	N/A	N/A	N/A

Section VI Significant Events (Continued)

No.	Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of commitment	Any deadline for performance	Duration of commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated	In case of failure to perform in time, future plans shall be described
4	Undertaking in connection with major asset restructuring	Other	China Energy	Undertaking on Maintaining the Independence of the Listed Company: - China Energy and other companies under its control shall, in accordance with the requirements of relevant laws, regulations and normative documents, maintain independence from the Listed Company in respect of personnel, finance, assets, business operations and organization. - China Energy shall faithfully perform the above undertakings and assume corresponding legal liabilities. In the event of any failure to perform the obligations and responsibilities under this undertaking, China Energy shall assume the corresponding legal liabilities in accordance with the relevant laws, regulations, rules and normative documents.	December 2025	No	long-term	Yes	N/A	N/A
5	Undertaking in connection with major asset restructuring	Addressing connected transactions	China Energy	Undertaking on Reducing and Regulating Connected Transactions: - Upon completion of the Transaction, in respect of connected transactions between the parties, market principles shall be strictly observed and unnecessary connected transactions shall be avoided. Where connected transactions are unavoidable or arise for reasonable reasons, as well as other necessary connected transactions arising in the ordinary and continuous course of business, China Energy undertakes, to the extent within its authority and subject to compliance with applicable laws and regulations, to adhere to the principles of fairness, equity and openness and to determine pricing on normal commercial terms. Relevant agreements shall be entered into in accordance with the law, requisite approval procedures shall be complied with, and disclosure obligations and approval procedures shall be fulfilled in accordance with the articles of association of the Listed Company and applicable laws and regulations, so as to ensure that no connected transaction will prejudice the lawful interests of the Listed Company and its other shareholders. - China Energy shall not enter into any transaction with the Listed Company or its subsidiaries on terms that are manifestly unfair as compared with prevailing market prices, nor shall it use its controlling position to engage in any conduct that would prejudice the lawful interests of the Listed Company or its other shareholders. - China Energy shall exercise its shareholders' rights in strict compliance with the requirements of the Company Law of the PRC, the Code of Corporate Governance for Listed Companies and other applicable laws and regulations, as well as the articles of association of the Listed Company. Where the general meeting considers any connected transaction in which China Energy has an interest, China Energy shall abstain from voting in accordance with the relevant requirements. China Energy further undertakes to prevent any unlawful appropriation of funds or assets of the Listed Company and shall not, under any circumstances, require the Listed Company to provide any form of guarantee in violation of applicable laws and regulations.	December 2025	No	long-term	Yes	N/A	N/A

Section VI Significant Events (Continued)

No.	Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of commitment	Any deadline for performance	Duration of commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated	In case of failure to perform in time, future plans shall be described
6	Undertaking in connection with major asset restructuring	Other	China Energy	Undertaking on Measures to Safeguard Returns: 4. The undertakings made by China Energy in relation to the regulation of connected transactions shall equally apply to other companies controlled by China Energy, (other than the Listed Company and its subsidiaries). China Energy shall procure, in accordance with applicable laws and the articles of association, that such controlled companies perform their obligations to regulate existing or potential connected transactions with the Listed Company. 5. The above undertakings shall remain valid for so long as China Energy remains the controlling shareholder of the Listed Company. In the event that any loss is caused to the Listed Company as a result of China Energy's failure to perform the above undertakings, China Energy shall be liable to compensate the Listed Company for such loss. Undertaking on Measures to Safeguard Returns: 1. China Energy undertakes not to exercise any powers beyond its authority to interfere with the operational and management activities of the Listed Company, and not to misappropriate the interests of the Listed Company; 2. China Energy undertakes not to transfer benefits to any other entity or individual without consideration or on unfair terms, nor to prejudice the interests of the Listed Company in any other way; 3. In the event that China Energy breaches or refuses to perform the above undertakings, China Energy shall publicly explain and apologize at the general meeting of the Listed Company and in the newspapers designated by the CSRC. China Energy voluntarily agrees to accept the corresponding supervisory or regulatory measures imposed by regulatory authorities, including the SSE and the CSRC. Where any loss is caused to the Listed Company or its shareholders as a result of China Energy's breach of the above undertakings, China Energy shall assume legal liability in accordance with applicable laws.	December 2025	No	long-term	Yes	N/A	N/A

Section VI Significant Events (Continued)

No.	Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of commitment	Any deadline for performance	Duration of commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated		In case of failure to perform in time, future plans shall be described
7	Undertaking in connection with major asset restructuring	Addressing defects in lands and properties	China Energy	Undertaking on Defects in the Target Assets of the Transaction: 1. Defects in historical evolution of the target companies In respect of any defects or missing documentation relating to historical equity charges of the target companies or their controlling subsidiaries in connection with the Transaction, China Energy, as the state-owned assets supervisory authority of the target companies and the counterparty to the Transaction, confirm and undertake as follows: The equity interests held by China Energy in the target companies have clear ownership rights, and are free from any disputes or potential disputes. The establishment of the target companies and their controlling subsidiaries and all historical changes in their registered capital and state-owned equity interests were authentic, clear, lawful and valid. Any defects in its historical evolution do not affect the authenticity or validity of the relevant economic activities, and there has been no loss of state-owned assets. In the event that the Listed Company suffers any loss as a result of such historical evolution defects, China Energy shall bear the corresponding compensation liability. 2. Defects in business qualifications Certain subsidiaries of the target companies in the Transaction have not obtained the necessary business qualifications. These include: Jinshen Energy's subsidiary Jinshen Railway, which has not obtained a Railway Transportation Permit; Wuhai Energy's subsidiary Habovun Mining and Xinjiang Energy's subsidiary Xinjiang Mining, which have not applied for Work Safety Permits; and Guoyuan Power's subsidiary Fugu Energy, which has not obtained a Water Drawing Permit. In respect of the above matters, China Energy undertakes that it will proactively procure or assist the relevant entities in obtaining the necessary business qualifications. If, as a result of the failure of the target companies to obtain the requisite business qualifications, China Shenhua or the target companies suffer any loss after completion of the Transaction (including fines arising from administrative penalties, but excluding ordinary expenses incurred in the application for such certificates), China Energy shall compensate China Shenhua in proportion to the equity interests in the target companies transferred under the Transaction.	December 2025	No	long-term	Yes	N/A	N/A	

Section VI Significant Events (Continued)

No.	Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of commitment	Any deadline for performance	Duration of commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated	In case of failure to perform in time, future plans shall be described
				3. Defects in Self-owned Land and Properties The target companies in the Transaction have certain parcels of land and properties without title certificates, and certain allocated land parcels for which no approval has yet been issued by the competent land authorities permitting the continued use of such allocated land by way of allocation after completion of the Transaction. In respect of the above matters, China Energy undertakes that it shall proactively procure or assist the target companies in obtaining from the competent land authorities the requisite approval documents permitting the continued use of the allocated land by way of allocation after completion of the Transaction, and in completing the relevant real estate title registration procedures for such land and properties. In the event that, due to pre-existing defects in the land and properties of the target companies prior to completion of the Transaction which were not reflected in the consideration for the Transaction, China Shenhua or the target companies suffer any loss after completion of the Transaction (including fines arising from administrative penalties and relocation costs incurred due to the inability to continue normal use of the relevant land and properties, but excluding ordinary registration fees incurred in the application for real estate title registration), China Energy shall compensate China Shenhua in proportion to the equity interests in the target companies transferred under the Transaction.						

Section VI Significant Events (Continued)

No.	Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of commitment	Any deadline for performance	Duration of commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated	In case of failure to perform in time, future plans shall be described
				4. Defects in Leased Land and Properties Certain leased land parcels and properties of the target companies have expired lease terms and have not yet been renewed, while the relevant leased land and properties are still in actual use. In respect of the above matters, China Energy undertakes that, if any loss is suffered by China Shenhua or the target companies after completion of the Transaction as a result of pre-existing defects in the leased land and properties of the target companies prior to completion of the Transaction which were not reflected in the consideration for the Transaction (including claims made by lessors or third parties; relocation costs incurred due to the inability to continue normal use of the leased land and properties, etc.), China Energy shall compensate China Shenhua in proportion to the equity interests in the target companies transferred under the Transaction. 5. Inconsistency between Mining Right Holder and Actual Operator The target companies in the Transaction – Xinjiang Energy, Wuhai Energy, and Pingzhuang Coal – have a total of 10 coal mines where the mining rights holder and the actual mining operator do not align. In addition, Renjiazhuang Coal Mine, in which Guoyuan Power holds a stake, also exhibits a discrepancy between the mining rights holder and the actual mining entity. In respect of the above matters, China Energy undertakes that it will proactively procure or assist the target companies in communicating with the competent mining authorities and seek to resolve, in a lawful and compliant manner, the inconsistency between the mining right holder and the actual operating entity. In the event that China Shenhua or the target companies suffer any penalties or losses after completion of the Transaction as a result of the aforesaid inconsistency between the mining right holder and the actual operating entity, China Energy shall compensate China Shenhua in proportion to the equity interests in the target companies transferred under the Transaction.						

Section VI Significant Events (Continued)

No.	Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of commitment	Any deadline for performance	Duration of commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated	In case of failure to perform in time, future plans shall be described
				6. Three Exploration Right Assets of Baotou Mining Pending Change Registration The target company Baotou Mining holds three exploration right assets which were transferred to it without consideration from Dayan Mining and Hulunbeier Dayan Surveying, Planning and Design Co., Ltd. 呼倫貝爾市大雁勘測規劃設計有限公司 on 30 August 2024. Up to now, the requisite approval procedures and transfer registration in respect of such exploration right assets have not yet been completed. In respect of the above matters, China Energy undertakes that it shall proactively procure or assist Dayan Mining, Hulunbeier Dayan Surveying, Planning and Design Co., Ltd. 呼倫貝爾市大雁勘測規劃設計有限公司 and Baotou Mining in completing the relevant approval and transfer registration procedures for the transfer of the aforesaid exploration rights to Baotou Mining. In the event that China Shenhua or Baotou Mining is subject to any penalties or suffers any loss after completion of the Transaction as a result of the failure to complete the aforesaid procedures in a timely manner, China Energy shall compensate China Shenhua in proportion to the equity interests in Baotou Mining transferred under the Transaction. 7. The target companies revoked branches or controlled subsidiaries that have not been deregistered The target companies involved in the Transaction have branches and directly held controlled subsidiaries that have not yet been deregistered after being revoked by market regulatory authorities. In respect of the above matters, China Energy undertakes to provide full assistance to the target companies to facilitate and expedite it in completing the deregistration formalities of the revoked subsidiaries/branches. If China Shenhua or the target companies is held liable, subject to administrative punishment or suffers any losses due to abnormal operation of such subsidiaries/branches or failure to complete the deregistration procedures in time, China Energy shall compensate China Shenhua in proportion to the equity interest in the target companies transferred under the Transaction.						

Section VI Significant Events (Continued)

No.	Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of commitment	Any deadline for performance	Duration of commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated	In case of failure to perform in time, future plans shall be described
8.	Registration of changes for the divestment of assets during the pre-restructuring phase has not been completed			Among the equities and assets divested during the pre-restructuring phase, some equities and assets have not yet completed registration of changes procedures, including the industrial and commercial registration of changes, the registration of changes of mining rights holder and the land transfer registration.						
9.	Proceeds from the transfer of mining rights at Chahasu of Inner Mongolia Construction Investment			In respect of the above matters, China Energy undertakes to actively procure relevant entities to promptly complete the registration of changes procedures. From the date of completion of the divestment of assets, all expenses and liabilities related to such divested assets (including but not limited to administrative penalties, claims from third parties, any expenditures incurred to complete formalities for the proper use of assets, government fees or taxes) shall be borne solely by the transferee of the divested assets. China Energy shall not claim any compensation or indemnification from the target companies or China Shenhua for any reason whatsoever. If the target companies or China Shenhua suffers losses due to the failure to complete the registration procedures for the divested assets in a timely manner, China Energy shall compensate China Shenhua in proportion to the equity interest in the target companies transferred under this transaction.						
10.	Illegal occupation of lands (including basic agricultural land) for gangue discharge			If Inner Mongolia Construction Investment is required to make up the proceeds from the transfer of mining rights of Chahasu Coal Mine (License No. C1500002024071210157148) in the future, the part of the proceeds from the transfer of mining rights will be settled by China Energy, in order to ensure that the interests of the Listed Company and minority shareholders remain unaffected.						
				Shanxi Jinshen Shaping Coal Mining Co., Ltd., a wholly-owned subsidiary of Jinshen Energy, was involved in criminal cases for illegal occupation of lands (including basic agricultural land) for gangue discharge.						
				If China Shenhua suffers losses due to the illegal occupation of lands of Shanxi Jinshen Shaping Coal Mining Co., Ltd., China Energy shall compensate China Shenhua in proportion to the equity interest in Jinshen Energy transferred under the Transaction. (i.e. 49%).						

Section VI Significant Events (Continued)

No.	Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of commitment	Any deadline for performance	Duration of commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated	In case of failure to perform in time, future plans shall be described
8	Undertaking in connection with major asset restructuring	Value Guarantee and Compensation for Transferred Assets	China Energy and West Energy	Undertakings on the Impairment Compensation of Certain Assets such as Buildings Valued Using the Market Approach Involved in the Transaction: Given that certain assets of the target companies were valued using the market approach under the asset-based valuation method (the "Underlying Test Assets"), the transaction counterparties, China Energy and West Energy undertake to make impairment compensation for certain assets such as buildings valued using the market approach involved in the Transaction. The impairment compensation period comprises the year in which the transaction is completed and the subsequent two accounting years. China Energy and West Energy agreed that China Shenhua may, at the end of each accounting year during the impairment compensation period, conduct an impairment test on the Underlying Test Assets for each asset group and engage a qualified intermediary to issue an impairment test report. The impairment test results shall be determined based on the impairment test reports. Impairment amount of each asset group of the Underlying Test Assets at the end of the period shall be equal to the transaction consideration of each asset group minus appraisal value of each asset group during the compensation period. The impairment amount at the end of the period shall represent the aggregate impairment amount at the end of the period for each asset group of the Underlying Test Assets. The above impairment amount at the end of the period shall be adjusted by reference to the relevant shareholding proportion, net of the impact of any capital increase, capital reduction, capital contribution by way of gift, profit distribution, as well as the natural decrease in value resulting from the passage of time over the useful life of the Underlying Test Assets.	December 2025	Yes	From 19 December, 2025 to the year in which the transaction is completed and the subsequent two accounting years	Yes	N/A	N/A

Section VI Significant Events (Continued)

No.	Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of commitment	Any deadline for performance	Duration of commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated	In case of failure to perform in time, future plans shall be described
				Where there is an impairment amount at the end of the period in respect of the asset group within the Underlying Test Assets transferred by China Energy and West Energy (for the avoidance of doubt, impairment amount of assets within any single asset group shall be aggregated), China Energy and West Energy shall compensate China Shenhua accordingly. The compensation amount payable for the relevant year shall be equal to the impairment amount at the end of the relevant period (after taking into account the relevant shareholding proportion) minus the amount already compensated during the impairment compensation period. The aggregate compensation amount payable in respect of the Underlying Test Assets shall not exceed the transaction consideration of the Underlying Test Assets obtained by China Energy and West Energy under the Transaction. China Energy shall primarily compensate by way of shares issued by the China Shenhua to China Energy under the Transaction, with any shortfall to be settled in cash. West Energy shall make compensation in cash. Where compensation is made by way of shares, the number of shares to be compensated by China Energy for the relevant year shall be equal to the compensation amount payable for that year divided by the issue price of the shares under the Transaction. If any ex-rights or ex-dividend events occur to China Shenhua during the undertaking period, the number of compensation shares or the relevant issue price shall be adjusted accordingly. Where compensation is made by way of shares, China Shenhua shall be entitled, subject to approval by its board of directors and/or general meeting, to repurchase and cancel such compensation shares at a consideration of RMB1. If such repurchase and cancellation cannot be implemented due to the failure to obtain approval from its board of directors and/or general meeting, China Shenhua shall be entitled to require China Energy to transfer such compensation shares to other shareholders of China Shenhua by way of gift or to adopt other compensation methods.						

Section VI Significant Events (Continued)

No.	Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of commitment	Any deadline for performance	Duration of commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated		In case of failure to perform in time, future plans shall be described
									to perform in time, the specific reasons for the incomplete performance shall be stated	to perform in time, future plans shall be described	
9	Undertaking in connection with major asset restructuring	Value Guarantee and Compensation for Transferred Assets	China Energy	Undertaking on the Impairment Compensation for Western Exploration Mining Right: - Scope of assets subject to impairment compensation The assets subject to impairment compensation shall be exploration right held by Nikka County Ruan Coal Co., Ltd., an indirect wholly-owned subsidiary of Pingzhuang Coal, being the exploration right known as the "Western Exploration of Jientai Bituminous Coal Mine, Nikka County" (the "Western Exploration Mining Right" or "Underlying Test Assets"). As of 31 July 2025, the book value of such asset was RMB81.5926 million, and the Transaction consideration for such asset under the Transaction was also RMB81.5926 million. - Committing party for impairment compensation China Energy is the committing party for impairment compensation. - Impairment compensation period The impairment compensation period comprises the year in which the transaction is completed and the subsequent two accounting years. - Amount of impairment compensation China Energy agreed that China Shenhua may, at the end of each accounting year during the impairment compensation period, conduct an impairment test on the Underlying Test Assets and engage a qualified intermediary to issue an impairment test report. The impairment test results shall be determined based on the impairment test reports. Impairment amount of the Underlying Test Assets at the end of the period shall be equal to the transaction consideration of the Underlying Test Assets less appraisal value of the Underlying Test Assets during the compensation period. The impairment amount at the end of the period shall represent the aggregate impairment amount of the Underlying Test Assets at the end of the period. The above impairment amount at the end of the period shall be adjusted by reference to the relevant shareholding proportion, net of the impact of any capital increase, capital reduction, capital contribution by way of gift, profit distribution of the company, as well as the natural decrease in value resulting from the passage of time over the useful life of the Underlying Test Assets. Where there is an impairment amount at the end of the period in respect of the Underlying Test Assets transferred by China Energy, China Energy shall compensate the Company accordingly. The compensation amount for the relevant year shall be equal to the impairment amount at the end of the relevant period (after taking into account the relevant shareholding proportion) minus the amount already compensated during the impairment compensation period. The aggregate compensation amount payable in respect of the Underlying Test Assets shall not exceed the transaction consideration of the Underlying Test Assets obtained by China Energy under the Transaction.	January 2026	Yes	From 28 January 2026 to the year of completion of the transaction and the subsequent two accounting years	Yes	N/A	N/A	N/A

Section VI Significant Events (Continued)

No.	Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of commitment	Any deadline for performance	Duration of commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated	In case of failure to perform in time, future plans shall be described
				5. Methods of making impairment compensation China Energy shall primarily compensate by way of shares issued by the China Shenhua to China Energy under the Transaction, with any shortfall to be settled in cash. Where compensation is made by way of shares, the number of shares to be compensated by China Energy for the relevant year shall be equal to the compensation amount payable for that year divided by the issue price of the shares under the transaction. If any ex-rights or ex-dividend events occur to China Shenhua during the undertaking period, the number of compensation shares or the relevant issue price shall be adjusted accordingly. Where compensation is made by way of shares, China Shenhua shall be entitled, subject to approval by its board of directors and/or shareholders' general meeting, to repurchase and cancel such compensation shares at a consideration of RMB1. If such repurchase and cancellation cannot be implemented due to the failure to obtain approval from its board of directors and/or shareholders' general meeting, China Shenhua shall be entitled to require China Energy to transfer such compensation shares to other shareholders of China Shenhua by way of gift or to adopt other compensation methods.						

Section VI Significant Events (Continued)

No.	Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of commitment	Any deadline for performance	Duration of commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated	In case of failure to perform in time, future plans shall be described
10	Undertaking in connection with major asset restructuring	Value Guarantee and Compensation for Transferred Assets	China Energy	Undertaking on the Impairment Compensation for Heidaigou Exploration Mining Right: 1. Following completion of the Transaction, China Energy undertakes to actively assist China Shenhua in advancing the subsequent development of the Heidaigou Exploration Mining Right, including the handling of relevant preliminary work and approval procedures in compliance with applicable laws and regulations, and the provision of necessary resource coordination and support. China Energy further undertakes that, on or before 31 December 2028, it shall complete the conversion of the exploration mining right into a mining right, obtain the mining license, complete the commencement procedures and obtain the relevant commencement filing. 2. China Energy undertakes to agree that China Shenhua may, at the end of year 2028, conduct an impairment test on the Heidaigou Exploration Mining Right for the corresponding mining right, collectively the "Heidaigou Exploration Mining Right" and engage a qualified intermediary to issue an impairment testing report based on an income approach valuation. The results of the impairment test shall be determined with reference to the impairment testing report. The impairment amount shall be equal to the Transaction consideration attributable to the Heidaigou Exploration Mining Right under the Transaction – the income-approach-based appraised value of the Heidaigou Exploration Mining Right. Where an impairment is identified, China Energy shall compensate China Shenhua. The amount payable shall be equal to the impairment amount. The amount payable by China Energy shall not exceed the consideration of the Heidaigou Exploration Mining Right under the transaction. China Energy shall primarily compensate by way of shares issued by China Shenhua to China Energy under the Transaction in order to obtain 100% equity interest in Pingzhuang Coal, with any shortfall to be settled in cash.	January 2026	Yes	From 28 January 2026 to 31 December 2028	Yes	N/A	N/A

Section VI Significant Events (Continued)

No.	Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of commitment	Any deadline for performance	Duration of commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated	In case of failure to perform in time, future plans shall be described
				3. If, before 31 December 2028, the Hedaiqiu project fails to obtain the mining license and complete the commencement procedures, China Energy undertakes to repurchase the Hedaiqiu Exploration Mining Right. Repurchase price shall be equal to the Transaction consideration attributable to the Hedaiqiu Exploration Mining Right plus the development costs incurred by China Shenhua by that time and the corresponding interest calculated at the prevailing bank lending rate of the same period. 4. The commitment is irrevocable and cannot be changed.						
11	Undertaking in connection with major asset restructuring	Other	China Energy	Undertakings on the Relevant Arrangements for the Pre-Restructuring of the Transaction: 1. Regarding the transfer of 45% equity interest in Wuhai Shenhua Junzheng Industrial Co., Ltd., a subsidiary of Wuhai Energy, and the transfer of 49% equity interest in Shanxi Coal Sales Guodian Energy Co., Ltd., a subsidiary of Baotou Mining, it is expected that it will be difficult to pass a resolution in shareholders' general meeting and complete the industrial and commercial registration of changes for such transfers in the short term due to special circumstances. In this regard, China Energy undertakes to continuously and actively procure relevant parties to promptly and appropriately resolve related issues, and to coordinate both parties to complete the industrial and commercial registration of changes for the transfer of 45% equity interest in Wuhai Shenhua Junzheng Industrial Co., Ltd. and the transfer of 49% equity interest in Shanxi Coal Sales Guodian Energy Co., Ltd. by 31 December 2026. 2. In respect of the other divested assets involved in this pre-restructuring, China Energy undertakes to assist both parties to complete the industrial and commercial registration of changes for the transfer of equity-related assets and the delivery of non-equity-related assets by 30 June, 2026.	January 2026	Yes	From 27 January 2026 to 31 December 2026	Yes	N/A	N/A
12	Undertaking in connection with major asset restructuring	Profit Forecast and Compensation	China Energy and West Energy	For details, please refer to "(III) Undertakings on results performance"	December 2025, January 2026	Yes	For details, please refer to "(III) Undertakings on results performance"	N/A	N/A	N/A

Section VI Significant Events (Continued)

No.	Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of commitment	Any deadline for performance	Duration of commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated	In case of failure to perform in time, future plans shall be described
13	Undertaking in connection with major asset restructuring	Share lock-up	Capital Holdings	Undertaking on Share Lock-up and Lock-up Period: 1. The shares of the Listed Company already held by Capital Holdings prior to the Transaction shall not be transferred within 18 months from the date of completion of the Transaction. In the event of any increase in such shares as a result of bonus issue, capitalization issue or rights issue by the Listed Company, the additional shares shall also be subject to the aforesaid lock-up period. Notwithstanding the foregoing, transfers permitted under applicable laws, regulations, and normative documents shall not be subject to such restriction. 2. In the event that the undertakings made by Capital Holdings in respect of the share lock-up and lock-up period pursuant to the Transaction are inconsistent with the latest regulatory opinions of the securities regulatory authorities, Capital Holdings shall make corresponding adjustments in accordance with the regulatory requirements of the relevant securities regulatory authorities. Upon expiry of the abovementioned lock-up period, Capital Holdings shall comply with the relevant regulations of the CSRC and the SSE.	December 2025	Yes	From 19 December, 2025 to 18 months after the completion of the transaction	Yes	N/A	N/A
14	Undertaking in connection with major asset restructuring	Other	Capital Holdings	Undertaking on Non-Disposal of Shares: From the date of the first public disclosure by the Listed Company of information relating to the Transaction up to the completion of the Transaction, Capital Holdings and the companies under its control have no plan to dispose of any shares of the Listed Company, and shall not engage in any disposal of shares of the Listed Company. The aforesaid shares include the shares of the Listed Company held prior to the Transaction and the derivative shares arising during the above period as a result of bonus issue and capitalization of capital reserve or other similar actions by the Listed Company.	December 2025	Yes	From 19 December, 2025 to the completion of the transaction	Yes	N/A	N/A

Section VI Significant Events (Continued)

No.	Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of commitment	Any deadline for performance	Duration of commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated	In case of failure to perform in time, future plans shall be described
15	Undertaking in connection with major asset restructuring	Other	Capital Holdings	Undertaking on Maintaining the Independence of the Listed Company: - Capital Holdings and other companies under its control shall, in accordance with the requirements of relevant laws, regulations and normative documents, maintain independence from the Listed Company in respect of personnel, finance, assets, business operations and organization. - Capital Holdings shall faithfully perform the above undertakings and assume corresponding legal liabilities. In the event of any failure to perform the obligations and responsibilities under this undertaking, Capital Holdings shall assume corresponding legal liabilities in accordance with relevant laws, regulations, rules and normative documents.	December 2025	No	long-term	Yes	N/A	N/A
16	Undertaking in connection with major asset restructuring	Resolve connected transactions	Capital Holdings	Undertaking on Reducing and Regulating Connected Transactions: - Upon the completion of the Transaction, in respect of connected transactions between the parties, market principles shall be strictly observed and unnecessary connected transactions shall be avoided. Where connected transactions are unavoidable or arise for reasonable reasons, as well as other necessary connected transactions arising in the ordinary and continuous course of business, Capital Holdings undertakes, to the extent within its authority and subject to compliance with applicable laws and regulations, to adhere to the principles of fairness, equity and openness and to determine pricing on normal commercial terms. Relevant agreements shall be entered into in accordance with the law, requisite approval procedures shall be complied with, and disclosure obligations and approval procedures shall be fulfilled in accordance with the articles of association of the Listed Company and applicable laws and regulations, so as to that ensure that no connected transaction will prejudice the lawful interests of the Listed Company and its other shareholders. - Capital Holdings shall not enter into any transaction on the terms that are manifestly unfair as compared with prevailing market prices, nor shall it use its controlling position to engage in any conduct that would prejudice the lawful interests of the Listed Company or its other shareholders.	December 2025	No	long-term	Yes	N/A	N/A

Section VI Significant Events (Continued)

No.	Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of commitment	Any deadline for performance	Duration of commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated	In case of failure to perform in time, future plans shall be described
17	Undertaking in connection with major asset restructuring	Other	Capital Holdings	Undertakings on Measures to Safeguard Returns: 1. Capital Holdings undertakes not to exercise any powers beyond its authority to interfere with the operational and management activities of the Listed Company, and not to misappropriate the interests of the Listed Company; 2. Capital Holdings undertakes not to transfer benefits to any other entity or individual without consideration or on unfair terms, nor to prejudice the interests of the Listed Company in any other way; 3. In the event that Capital Holdings breaches or refuses to perform the above undertakings, Capital Holdings shall publicly explain and apologize at the general meeting of the Listed Company and in the newspapers designated by the CSRC. Capital Holdings voluntarily agrees to accept the corresponding supervisory or regulatory actions imposed by regulatory authorities, including the SSE and CSRC. Where any loss is caused to the Listed Company or its shareholders as a result of Capital Holdings' breach of the above undertakings, Capital Holdings shall assume legal liability in accordance with applicable law.	December 2025	No	long-term	Yes	N/A	N/A

Section VI Significant Events (Continued)

No.	Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of commitment	Any deadline for performance	Duration of commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated	In case of failure to perform in time, future plans shall be described
18	Undertaking in connection with major asset restructuring	Resolve defects in property rights such as land ownership	West Energy	Undertakings on Defects in the Target Assets of the Transaction: The target companies involved in the Transaction have lands and real estates without license, and have not obtained documentation from the competent land authority permitting continued use of the land through allocation after the Transaction. In respect of the above matters, West Energy undertakes to actively procure or assist the target companies to obtain documentation from the competent land authority permitting the target companies to continue to use the allocated land through allocation after the Transaction, and to complete the formalities of real estate ownership registration of the relevant land and properties. If China Shenhua or the target companies suffer losses after the Transaction due to defects in land and real estate of the target companies that existed prior to the completion of the Transaction but not reflected in the Transaction consideration (including fines resulting from administrative penalties, relocation expenses incurred due to the inability to continue to properly use the land and real estate, etc., but excluding registration fees incurred during the normal processing of real estate ownership registration), West Energy shall compensate China Shenhua in proportion to the equity interest in the target companies transferred under the Transaction.	December 2025	No	long-term	Yes	N/A	N/A

(III) For assets or projects of the Company with profit forecast, and the Reporting Period is still within the profit forecast period, the Company provides explanation on whether the assets or projects have achieved the original profit forecast and the reasons thereof.

☐ Achieved ☐ Not achieved ☒ Not applicable

Section VI Significant Events (Continued)

(III) Undertakings on results performance

Background of the undertaking	Undertaking party	Duration of commitment	Indicator of commitment	Cumulative amount of commitment during the results performance undertaking period RMB0'000	Amount of commitment for the reporting period RMB0'000	Actual amount completed for the reporting period RMB0'000	Completion rate for the reporting period %	Cumulative amount of commitment as at the end of the reporting period RMB0'000	Cumulative amount completed as at the end of the reporting period RMB0'000
Undertaking in connection with the results of Hangjin Energy	China Energy	September to December 2024 and the years of 2025 to 2029	Cumulative amount of audited net profit after extraordinary profits and losses attributable to shareholders of the parent under the China Accounting Standards for Business Enterprises	38,310.27	/	/	/	/	/
Undertaking in connection with the results of Guoyuan Power mining rights asset group	China Energy	The years of 2026 to 2028	Net profit excluding non-recurring gains and losses under China Accounting Standards for Business Enterprises	466,996.08	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Undertaking in connection with the results of Xinjiang Energy mining rights asset group	China Energy	The years of 2026 to 2031	Net profit excluding non-recurring gains and losses under China Accounting Standards for Business Enterprises	525,889.02	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Undertaking in connection with the results of Chemical Company mining rights asset	China Energy	The years of 2026 to 2028	Net profit excluding non-recurring gains and losses under China Accounting Standards for Business Enterprises	19,732.03	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Undertaking in connection with the results of Wuhai Energy mining rights asset group	China Energy	The years of 2026 to 2031	Net profit excluding non-recurring gains and losses under China Accounting Standards for Business Enterprises	262,457.18	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Undertaking in connection with the results of Pingzhuang Coal mining rights asset group	China Energy	The years of 2026 to 2028	Net profit excluding non-recurring gains and losses under China Accounting Standards for Business Enterprises	322,471.62	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Section VI Significant Events (Continued)

Background of the undertaking	Undertaking party	Duration of commitment	Indicator of commitment	Cumulative amount of commitment during the results performance undertaking period	Amount of commitment for the reporting period	Actual amount completed for the reporting period	Completion rate for the reporting period	Cumulative amount of commitment as at the end of the reporting period	Cumulative amount completed as at the end of the reporting period
				RMB0'000	RMB0'000	RMB0'000	%	RMB0'000	RMB0'000
Undertaking in connection with the results of Inner Mongolia Construction Investment mining rights asset	Western Energy	The years of 2026 to 2028	Net profit excluding non-recurring gains and losses under China Accounting Standards for Business Enterprises	244,324.82	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Undertaking in connection with the results of Shenyang Coal mining rights asset	China Energy	The years of 2026 to 2028	Net profit excluding non-recurring gains and losses under China Accounting Standards for Business Enterprises	168,885.15	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Undertaking in connection with the results of Jinshen Energy mining rights asset group	China Energy	The years of 2026 to 2031	Net profit excluding non-recurring gains and losses under China Accounting Standards for Business Enterprises	115,574.06	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Undertaking in connection with the performance for 30% equity interest in Shaanxi Energy Liangshuijing Mining Co., Ltd. (陕西能源凉水井礦業有限公司) held by Chemical Company	China Energy	The years of 2026 to 2028	Net profit excluding non-recurring gains and losses under China Accounting Standards for Business Enterprises	88,337.26	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Undertaking in connection with the performance for 30% equity interest in Shaanxi Hongqi Shenyang Chemical Engineering Co., Ltd. (陕西红旗神延化工程有限公司) held by Shenyang Coal	China Energy	The years of 2026 to 2028	Net profit excluding non-recurring gains and losses under China Accounting Standards for Business Enterprises	476.49	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Undertaking in connection with the performance for 100% equity interest in Baotou Mining	China Energy	The years of 2026 to 2028	Net profit excluding non-recurring gains and losses under China Accounting Standards for Business Enterprises	10,919.12	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Section VI Significant Events (Continued)

Background of the undertaking	Undertaking party	Duration of commitment	Indicator of commitment	Cumulative amount of commitment during the results performance undertaking period	Amount of commitment for the reporting period	Actual amount completed for the reporting period	Completion rate for the reporting period	Cumulative amount of commitment as at the end of the reporting period	Cumulative amount completed as at the end of the reporting period
				RMB0'000	RMB0'000	RMB0'000	%	RMB0'000	RMB0'000
Undertaking in connection with the performance for 100% equity interest in Port Company	China Energy	The years of 2026 to 2028	Net profit excluding non-recurring gains and losses under China Accounting Standards for Business Enterprises	10,026.38	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Undertaking in connection with the performance for intangible assets of Chemical Company	China Energy	The years of 2026 to 2028	Intangible assets corresponding to committed net profit	7,350.80	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Notes:

- Regarding the performance undertaking in respect of the mining rights asset groups set out in the table above, the committed net profit for the current period of the mining rights asset group for the current period = Σ (the forecast net profit for the current year of the mining rights asset within the scope of the performance commitment assets (being the net profit after deducting non-recurring gains and losses) $\times$ the percentage of equity interest to be injected into the company to which such mining rights asset belongs under the Transaction)
- Regarding the performance undertaking in respect of the equity assets set out in the table above, the committed net profit amount for the equity assets for the current year = the forecast net profit for the current year of the company within the scope of the performance commitment assets (being the net profit after deducting non-recurring gains and losses) $\times$ the equity interest percentage injected into such company under the Transaction
- Regarding the performance undertaking in respect of the intangible assets set out in the table above, the committed net profit = net profit generated from the services of the intangible assets valued using the income approach $\times$ profit-sharing ratio $\times$ (1 – iteration rate).

Change in undertaking on results performance: ☐ Applicable ☒ Not applicable

Section VI Significant Events (Continued)

II. APPROPRIATION OF FUNDS BY ITS CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES FOR NON-OPERATIONAL PURPOSES DURING THE REPORTING PERIOD

☐ Applicable ☒ Not applicable

III. GUARANTEES IN VIOLATION OF REGULATIONS

☐ Applicable ☒ Not applicable

IV. EXPLANATION FROM THE BOARD FOR THE “NON-STANDARD AUDIT REPORT” ISSUED BY THE ACCOUNTING FIRM

☐ Applicable ☒ Not applicable

V. THE COMPANY’S ANALYSIS AND EXPLANATION ABOUT THE REASONS FOR AND IMPACT OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR CORRECTION TO MATERIAL ACCOUNTING ERRORS

(I) The Company’s analysis and explanation about the reasons for and impact of changes in accounting policies and accounting estimates

☐ Applicable ☒ Not applicable

(II) The Company’s analysis and explanation about the reasons for and impact of correction to material accounting errors

☐ Applicable ☒ Not applicable

(III) Communication with previous accounting firm

☐ Applicable ☒ Not applicable

Section VI Significant Events (Continued)

VI. APPOINTMENT AND REMOVAL OF AUDITORS

Name of Domestic Auditors of the Company	KPMG Huazhen LLP
Name of Audit Partner of Audit Project of the Domestic Auditors of the Company	Duan Yuhua
Remuneration of the Domestic Auditors of the Company (RMB million)	9.64
Term of Auditing of the Domestic Auditors of the Company (years)	7
Names of Signing Certified Public Accountants of the Domestic Auditors of the Company	Duan Yuhua, Zheng Ziyun
Cumulative Term of Audit Services of Signing Certified Public Accountants of the Domestic Auditors of the Company (years)	2
Name of International Auditors of the Company	KPMG
Remuneration of the International Auditors of the Company (RMB million)	1.88
Term of auditing of the International Auditors of the Company (year)	7

On 20 June 2025, KPMG Huazhen LLP and KPMG were appointed as the domestic and international (Hong Kong) auditors of the Company respectively for 2025 at the Company's 2024 annual general meeting. The Company has not dismissed or changed its auditors in any year of the last three years.

	Name	Remuneration
Internal Control Auditor	KPMG Huazhen LLP	RMB 1.28 million

The total audit fees of the Company amounted to RMB12.8 million in 2025, which remained the same as the previous year. In 2025, the two accounting firms mentioned above did not serve as external auditors of any subsidiaries controlled by the Company.

VII. INSOLVENCY AND RESTRUCTURING RELATED MATTERS

☐ Applicable ☒ Not applicable

Section VI Significant Events (Continued)

VIII. MATERIAL LITIGATION AND ARBITRATION

☐ Applicable ☒ Not applicable

During the Reporting Period, the Group did not have any material litigation or arbitration.

As at 31 December 2025, the Group was the plaintiff, defendant or the party to certain immaterial litigations and arbitrations. The management believes that any possible legal liabilities which may be incurred from such cases will not have any material impact on the financial position of the Group.

IX. SUSPECTED VIOLATIONS OF LAWS AND REGULATIONS, PENALTIES AND RECTIFICATION STATUS OF THE LISTED COMPANY AND ITS DIRECTORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

☐ Applicable ☒ Not applicable

X. EXPLANATION ON THE INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

☐ Applicable ☒ Not applicable

After enquiring the National Enterprise Credit Information Publicity System, neither the Company nor China Energy, the controlling shareholder of the Company, was listed as an enterprise in serious violation of the law and lacking in credibility during the Reporting Period.

XI. MATERIAL RELATED PARTY/CONNECTED TRANSACTIONS

(I) Related Party/Connected Transactions During the Daily Operations

The Company has a related party/connected transaction team led directly by the Chief Financial Officer, which is responsible for the management of related party/connected transactions; and the Company has established a business process, which properly delineates the responsibilities of the Company, its subsidiaries and branches in the management of related party/connected transactions. The Company has also established routine examinations, reporting systems and accountability systems in the subsidiaries and branches of the Company, as to ensure the related party/connected transactions be conducted in accordance with the terms of framework agreements.

As at the end of the Reporting Period and during the Reporting Period, the continuing related party/connected transaction agreements entered into by the Company included:

Section VI Significant Events (Continued)

1. **Non-Exempt Continuing Related Party/Connected Transactions Between the Group and China Energy Group**

China Energy directly holds 69.52% equity interest in the Company, and it is a related party of the Company as defined under the Shanghai Listing Rules and a connected person of the Company as defined under the Hong Kong Listing Rules. On 16 June 2023, the Company's 2022 annual general meeting approved the 2024-2026 Mutual Coal Supply Agreement and the 2024-2026 Mutual Supplies and Services Agreement with China Energy on 28 April 2023 and determined the annual transaction caps of each year from 2024 to 2026 for such related party/connected transactions during the daily operation with the validity period of the agreements from 1 January 2024 to 31 December 2026. (Please refer to the Company's H share announcement on 28 April 2023 and the A share announcement on 29 April 2023, as well as the circular in relation to the general meeting on 17 May 2023)

Finance Company is 60% owned by China Energy, the Company's controlling shareholder. Therefore, it is a related party of the Company as defined under the Shanghai Listing Rules and a connected person of the Company as defined under the Hong Kong Listing Rules. Within its business scope, Finance Company provides the members of the Group with financial services. On 16 June 2023, the Company's 2022 annual general meeting approved the 2024-2026 Financial Services Agreement entered into between the Company and Finance Company on 28 April 2023 and determined the annual transaction caps of each year from 2024 to 2026 for such related party/connected transactions during the daily operation with the validity period of the agreement from 1 January 2024 to 31 December 2026. (Please refer to the Company's H share announcement on 28 April 2023 and the A share announcement on 29 April 2023, as well as the circular in relation to the general meeting on 17 May 2023)

Section VI Significant Events (Continued)

Guoneng (Beijing) Commercial Factoring Co., Ltd. (“Guoneng Factoring”) is an indirect wholly-owned subsidiary of China Energy, the controlling shareholder of the Company. Accordingly, Guoneng Factoring is a related party of the Company as defined under the Shanghai Listing Rules and a connected person of the Company as defined under the Hong Kong Listing Rules. On 28 April 2023, the Company and Guoneng Factoring entered into the Factoring Services Agreement between China Shenhua Energy Company Limited and Guoneng (Beijing) Commercial Factoring Co., Ltd. (the “Original Factoring Services Agreement”) and agreed on the annual caps for the transactions for the years from 2023 to 2025 thereunder with a validity period from 1 January 2023 to 31 December 2025. In order to further meet the Group’s phased, lump-sum, large-scale funding requirements and leverage on the service advantages of Guoneng Factoring more fully, on 22 March 2024, the twenty-seventh meeting of the fifth session of the Board of the Company approved the Factoring Services Agreement between China Shenhua Energy Company Limited and Guoneng (Beijing) Commercial Factoring Co., Ltd. for the years from 2024 to 2025 (the “New Factoring Services Agreement”) entered into between the Company and Guoneng Factoring and the annual transaction caps from 2024 to 2025 thereunder with the validity period from 1 January 2024 to 31 December 2025, and the Original Factoring Services Agreement was terminated. (Please refer to the Company’s H share announcements on 28 April 2023 and 22 March 2024 and the A share announcements on 29 April 2023 and 23 March 2024)

To satisfy the Group’s continuing demand for factoring services, and considering the demand for factoring services from the 12 target assets held by China Energy, our controlling shareholder, and Western Energy to be acquired by the Company by way of issuance of A shares and cash payment, the fifteenth meeting of the sixth session of the Board of the Company, held on 19 December 2025, approved the 2026 Factoring Services Agreement between China Shenhua Energy Company Limited and Guoneng (Beijing) Commercial Factoring Co., Ltd. entered into between the Company and Guoneng Factoring and the annual caps of 2026 daily connected transactions thereunder with the validity period from 1 January 2026 to 31 December 2026. (Please refer to the Company’s H share announcement on 19 December 2025 and the A share announcement on 20 December 2025)

Section VI Significant Events (Continued)

A. *The Mutual Coal Supply Agreement entered into between the Company and China Energy*

On 28 April 2023, the Company entered into the Mutual Coal Supply Agreement with China Energy. The Mutual Coal Supply Agreement is effective from 1 January 2024 to 31 December 2026. Pursuant to the Mutual Coal Supply Agreement, the Group and China Energy Group mutually supply coal.

The pricing principles for mutual coal supply under the Mutual Coal Supply Agreement are set out below: the price of the mutual supply of coal under this agreement is calculated by the unit price in RMB/tonne multiplied by the actual weight. The unit price of coal shall be determined by both parties after arm's length negotiations with reference to the prevailing market price and conditions and the following factors, provided that the transaction terms shall not be less favourable than those provided by independent third parties:

- (1) The national industrial policy as well as industry and market conditions in the PRC;
- (2) The specified guidelines issued by National Development and Reform Commission of the People's Republic of China (NDRC) in relation to the coal purchase prices (if any);
- (3) The current trading coal prices of the local coal exchange or market in the PRC, i.e., the price of coal with comparable quality that is sold to or by independent third parties under normal market conditions and on normal commercial terms in the same or nearby regions. For local spot coal price, reference is generally made to (i) the spot price index of the local coal exchange or market in Bohai-rim region or nearby provinces as published on China Coal Market Website (www.cctd.com.cn) operated by China Coal Transportation and Distribution Association in the PRC; (ii) the selling price of local large-scale coal enterprises as published by each coal industry website (if any); and/or (iii) the price quotations of a number of enterprises with comparable quality, quantity and location;
- (4) The quality of coal (including the estimated calorific value of coal as required by different coal-fired power generating units);
- (5) The quantity of coal; and
- (6) The transportation fees.

Where the price of mutual coal supplies between both parties is not applicable under the pricing principles of this agreement due to any changes in laws and regulations, policies and market of China, both parties may adjust the pricing principles based on aforesaid changes.

Section VI Significant Events (Continued)

B. *The Mutual Supplies and Services Agreement entered into between the Company and China Energy*

On 28 April 2023, the Company entered into the Mutual Supplies and Services Agreement with China Energy. The Mutual Supplies and Services Agreement is effective from 1 January 2024 to 31 December 2026. Pursuant to the Mutual Supplies and Services Agreement, the Group and China Energy Group mutually supply products and provide services.

The pricing principles for the products and services provided under the Mutual Supplies and Services Agreement are set out below:

(1) General pricing principles

- a. Government-prescribed price and government-guided price: If at any time, the government-prescribed price is applicable to any particular product or service, such product or service shall be supplied at the applicable government-prescribed price. Where a government-guided fee standard is available, the price shall be agreed within the range of the government-guided price.
- b. Tender and bidding price: Where tender and bidding process is necessary under applicable laws and regulations, the price shall be ultimately determined in accordance with the tender and bidding process.
- c. Market price: the price shall be determined in accordance with normal commercial terms and on the following basis: The price of the same or similar products or services provided by an independent third party during its ordinary course of business on normal commercial terms. The management shall consider at least two comparable transactions with independent third parties for the same period when determining whether the price for any product or service transaction under this agreement is the market price.
- d. Agreed price: The price shall be determined by adding a reasonable profit margin over a reasonable cost. The management shall consider at least two comparable transactions with independent third parties for the same period when determining the reasonable profit of any product or service transaction under this agreement.

Section VI Significant Events (Continued)

- (2) On the basis mentioned above, the parties have further agreed on the pricing principles in respect of the following products and services as set out below:
- a. Railway transportation service: The price approved by the National Development and Reform Commission of the People's Republic of China (NDRC) and other relevant competent government authorities shall be implemented.
 - b. Construction project: Where tender and bidding process is necessary under applicable laws and regulations, the tender and bidding process will be implemented to determine the price; where tender and bidding process is not necessary under applicable laws and regulations, the market price will be enforced.
 - c. Refined oil products: The government-guided price will be implemented.
 - d. Power transaction: The government-guided price shall prevail if there is available government-guided price; the uniform market settlement price shall prevail in centralised price bidding transaction; the independent negotiated transaction shall refer to transaction price of the recent comparable market transactions.
 - e. Software and hardware equipment and related services: The market price (including tender and bidding price) shall be implemented.
 - f. Chemical products: The market price shall be implemented.
 - g. Production equipment and spare parts, office products: The market price shall be implemented.
 - h. Tender and bidding agency services: The price prescribed by National Development and Reform Commission of the People's Republic of China (NDRC) shall be charged.
 - i. Technical consulting services: The agreed price with a profit margin of approximately 10% shall be implemented.

Section VI Significant Events (Continued)

- j. Information technology services: The service price shall be negotiated and agreed by both parties within the scope of budget, and such budget shall have been reviewed and confirmed by professional institution(s) with pricing reviewing qualification, according to relevant national and industrial rules and regulations on construction pricing, pricing mechanisms and fee standards, with reference to the market customs of the information technology industry, actual standards and market price, taking into account the actual condition of the Company's information technology construction.
- k. Logistics and support services and training services: The agreed price (cost plus a profit margin of approximately 5%) shall be implemented.
- l. Basic pension insurance management services and staff data files management services: The agreed price (cost plus a profit margin of approximately 5%) shall be implemented.
- m. Provision of various daily administrative and management services to China Energy Group (excluding financial management and services): The agreed price (cost plus a profit margin of approximately 5%) shall be implemented.

Where the pricing principles of this agreement are not applicable to the price of mutual supplies and services between the Group and China Energy Group due to the changes in laws and regulations, policies and the market of China, both parties may adjust the pricing principles of respective supplies and services based on aforesaid changes.

Section VI Significant Events (Continued)

C. The Financial Services Agreement entered into between the Company and Finance Company

On 28 April 2023, the Company entered into the Financial Services Agreement with Finance Company, which is effective from 1 January 2024 to 31 December 2026. Pursuant to the Financial Services Agreement, Finance Company would provide comprehensive credit (without any pledge or guarantee provided by the members of the Group) approved by regulatory authorities and other financial services to the members of the Group, and the members of the Group may place deposits in Finance Company.

The pricing policy of the Financial Services Agreement is as follows:

- (1) In respect of deposits and loans or similar services provided by Finance Company to the members of the Group, subject to compliance with the relevant rules and regulations of the People's Bank of China (the "PBOC") and other relevant regulatory authorities:
 - a. The interest rates for deposits placed by the members of the Group with Finance Company shall be no less than the benchmark deposit interest rate for the same period published by the PBOC and the interest rates paid by major commercial banks in the PRC for comparable deposits services provided to the members of the Group and shall be determined on normal commercial terms.
 - b. The interest rates for loans granted by Finance Company to the members of the Group shall be no more than the Loan Prime Rate (LPR) for the corresponding period stipulated by the PBOC and no more than the interest rates stipulated by major commercial banks in the PRC for the same type of loans services provided to the members of the Company and shall be determined on normal commercial terms.

With respect to the interest rates for deposits placed by the members of the Group with Finance Company, Finance Company will pay close attention to changes in the benchmark deposit interest rates for the same period published by the PBOC on a regular basis and keep up with the deposit interest rates of major commercial banks in the PRC (i.e. the five major commercial banks, namely Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank and Bank of Communications), to ensure that the interest rates for deposits placed by the members of the Company with Finance Company shall be no less than the interest rates determined by major commercial banks in the PRC for the same type of deposit services provided to the members of the Group. Furthermore, the Company will exercise strict supervision on the deposit pricing of Finance Company and will enforce the Company's corresponding internal approval procedures.

Section VI Significant Events (Continued)

- (2) In respect of paid services provided by Finance Company to the members of the Group:
- a. Finance Company may provide paid consultation, agency, settlement, transfer, online banking, entrusted loans, non-financial letters of guarantee, bill acceptance and other related services to the members of the Group.
 - b. Subject to compliance with the relevant laws and regulations and relevant requirements of the relevant regulatory authorities such as the PBOC, the service fees charged by Finance Company for the provision of the above financial services to the members of the Group shall be no more than the service fees charged by major commercial banks and other financial institutions in the PRC for the same type of financial services provided to the members of the Group and shall be determined on normal commercial terms.

With respect to the service fees charged by Finance Company for the provision of financial services to the members of the Group, Finance Company will keep up with the service fee rates charged by major commercial banks on a regular basis to ensure that the service fees charged by Finance Company for the provision of financial services to the members of the Group will not be more than the service fees charged by major commercial banks in the PRC for the same type of financial services provided to the members of the Group. In addition, the Company will also exercise strict supervision on the pricing of service fees charged by Finance Company and will enforce the Company's corresponding internal approval procedures.

Section VI Significant Events (Continued)

D. The New Factoring Services Agreement entered into between the Company and Guoneng Factoring

On 22 March 2024, the Company entered into the New Factoring Services Agreement with Guoneng Factoring, which is effective from 1 January 2024 to 31 December 2025. Pursuant to the New Factoring Services Agreement, Guoneng Factoring provides factoring services and related consulting, agency, asset management and other services to the members of the Group.

The pricing principles for the provision of factoring services by Guoneng Factoring to the members of the Group are as follows:

- (1) For the provision of factoring services by Guoneng Factoring to the members of the Group, subject to compliance with the laws, regulations and relevant rules of relevant regulatory authorities, the financing cost shall not be higher than that determined by an independent third-party factoring company for providing the same type of services to the members of the Group, and it should be determined on normal commercial terms. Where it is difficult to obtain the financing cost determined by the independent third-party factoring company for providing the same type of services, it shall not be higher than the financing cost calculated based on the Loan Prime Rate (LPR) of the PBOC for the same period;
- (2) For the service fee charged by Guoneng Factoring for the provision of other relevant services to the members of the Group, the service fee shall not be higher than that charged by an independent third-party factoring company for providing the same type of services to the members of the Group, and should be determined on normal commercial terms. Where it is difficult to obtain the service fee charged by the independent third-party factoring company for providing the same type of services, it shall be determined at the cost plus a reasonable profit (with a profit margin of approximately 10%).

Section VI Significant Events (Continued)

2. Non-exempt continuing connected transactions between the Group and other parties

E. Continuing Connected Transactions Framework Agreement between the Company and China State Railway Group Co., Ltd. (“China Railway”)

China Railway Taiyuan Group Co., Ltd. (“Taiyuan Railway Bureau”) is the controlling shareholder of Daqin Railway Co., Ltd., which is a substantial shareholder of Shuohuang Railway, a significant subsidiary of the Company. China Railway is the controlling shareholder of Taiyuan Railway Bureau. Therefore, China Railway constitutes a connected person of the Company as defined under the Hong Kong Listing Rules. On 28 October 2022, the Company and Taiyuan Railway Bureau which acted for and on behalf of China Railway entered into the 2023-2025 Continuing Connected Transactions Framework Agreement, effective from 1 January 2023 to 31 December 2025. On 25 July 2025, the eleventh meeting of the sixth session of the Board of the Company reviewed and approved the Resolution on Adjustment to Transaction Caps Under the Continuing Connected Transactions Framework Agreement Entered Into With China State Railway Group Co., Ltd., which was agreed to adjust the annual caps for the provision of various products and services by the Group to China Railway Group for the year ended 31 December 2025, under the 2023-2025 Continuing Connected Transactions Framework Agreement, from RMB7.4 billion to RMB15 billion. Among these, the annual cap for the Group’s supply of coal to China Railway Group remains unchanged at RMB7 billion. The annual cap for the Group’s provision of transportation services to China Railway Group is increased from RMB200 million to RMB6 billion. The annual cap for the Group’s provision of other products and services to China Railway Group is increased from RMB200 million to RMB2 billion. The annual cap for China Railway Group’s provision of various products and services to the Group remains unchanged at RMB20 billion. (For details, please refer to the Company’s H share announcement on 25 July 2025 and the A share announcement on 26 July 2025). Except for the aforementioned revised annual caps, all other terms of the 2023-2025 Continuing Connected Transactions Framework Agreement remain unchanged. Pursuant to the Continuing Connected Transactions Framework Agreement, the Group and China Railway Group (China Railway and its subsidiaries, including Taiyuan Railway Bureau Group (including Taiyuan Railway Bureau and its subsidiaries)) have agreed to provide transportation service, supply coal and provide other products and services to each other. (For details, please refer to the Company’s H share announcement on 28 October 2022 and the A share announcement on 29 October 2022)

Section VI Significant Events (Continued)

The prices of the transactions under the Continuing Connected Transactions Framework Agreement shall be agreed in the specific implementation agreements in accordance with the following pricing principles:

- (1) The prices of transportation services mutually provided by China Railway Group and the Group shall be determined in the following priority:
 - a. The prices as prescribed by the government;
 - b. If the prices are not specified by the government, the prices shall be determined in accordance with the pricing standards and rules of national railways within the guided-prices set by the government;
 - c. If no government-prescribed prices and government-guided prices are available, the prices shall be determined in accordance with the applicable industry price settlement rules;
 - d. In addition to applying government-prescribed prices or government-guided prices and the industry settlement rules, if there are comparable market prices or pricing standards, priority shall be given to such market prices or pricing standards as reference to determine the prices upon negotiation;
 - e. If none of the above-mentioned pricing standards is available, the prices shall be determined through negotiations with reference to the prices of non-connected transactions between the connected persons and independent third parties;
 - f. If neither comparable market prices nor prices of non-connected transactions are available for reference, the pricing standard shall be determined through negotiation according to the actual total costs for providing the relevant services plus reasonable profit and the taxes and surcharges actually paid.

Section VI Significant Events (Continued)

- (2) The price of coal mutually supplied by China Railway Group and the Group is calculated by multiplying the unit price in RMB/tonne with the actual weight. The unit price of coal shall be determined by both parties after arm's length negotiations according to the prevailing market price and conditions and with reference to the following factors, provided that the transaction terms shall not be less favourable than those provided by independent third parties:

- a. The national industrial policy as well as industry and market conditions in the PRC;
- b. The specified guidelines issued by National Development and Reform Commission of the People's Republic of China (NDRC) in relation to the coal purchase prices (if any);
- c. The current coal trading market prices of the local coal exchange or market in the PRC, i.e. the price of coal of the same grade sold to or purchased from independent third parties on normal commercial terms under usual commercial trading conditions in the same or nearby region.

For local market spot price of coal, reference is generally made to (i) the spot price index of the local coal exchange or market in Bohai-rim region or nearby provinces as published on China Coal Market Website (www.cctd.com.cn) operated by China Coal Transportation and Distribution Association in the PRC; (ii) the selling price of large-scale local coal enterprises as published by each coal industry website (if any); and/or (iii) the price quotations of a number of enterprises with comparable quality, quantity and location (if any);

- d. The quality of the coal (including the estimated calorific value of coal as required by different coal-fired power generating units);
- e. The quantity of coal; and
- f. The transportation fees.

Section VI Significant Events (Continued)

- (3) The price of other products and services mutually provided by China Railway Group and the Group shall be determined in accordance with the following general principles and order:
- a. Government-prescribed price and government-guided price: If at any time, the government-prescribed price is applicable to any particular product or service, such product or service shall be supplied at the applicable government-prescribed price. Where a government-guided fee standard is available, the price shall be agreed within the range of the government-guided price;
 - b. Tender and bidding price: Where tender and bidding process is necessary under applicable laws and regulations, the price shall be ultimately determined in accordance with the tender and bidding process;
 - c. Market price: The price shall be determined on normal commercial terms and based on the following method. The price of the same or similar products or services provided by an independent third party during its ordinary course of business on normal commercial terms. The management shall consider at least two comparable transactions with independent third parties for the same period when determining whether the price for any product or service transaction under this agreement is the market price; and
 - d. Agreed price: The price is determined by adding a reasonable profit over a reasonable cost. The management shall consider at least two comparable transactions with independent third parties for the same period when determining the reasonable profit of the relevant products or services under this agreement.

On the basis mentioned above, the following pricing policy is adopted for certain types of products and services:

- a. Truck usage: The agreed price shall be implemented.
- b. Overhaul services and railway track maintenance services on a large or medium scale: The agreed price or the tender and bidding price shall be implemented.
- c. Equipment supply: The tender and bidding price shall be implemented.
- d. Business consulting and technical services: The agreed price or tender and bidding price shall be implemented.

Section VI Significant Events (Continued)

If the above pricing principles cannot be applied by China Railway Group and the Group due to changes in national laws, regulations, policies and other circumstances, China Railway Group and the Group may adjust the pricing principles of respective services based on aforesaid changes.

On 24 October 2025, the fourteenth meeting of the sixth session of the Board of the Company approved the 2026-2028 Continuing Connected Transactions Framework Agreement between the Company and Taiyuan Railway Bureau which acts for and on behalf of China Railway and the annual caps of transactions thereunder effective from 1 January 2026 to 31 December 2028 (For details, please refer to the Company's H share announcement on 24 October 2025 and the A share announcement on 25 October 2025). On 27 November 2025, the Company entered into the 2026-2028 Continuing Connected Transactions Framework Agreement with Taiyuan Railway Bureau (For details, please refer to the Company's H share announcement on 28 November 2025 and the A share announcement on 29 November 2025). In respect of the information stated by the Company in these announcements relating to (1) the Group's provision of transportation service to China Railway Group and (2) the sale of coal sold to the Group by China Railway Group, including the factors for determining the annual caps thereof, and the necessity and reasonableness thereof, the Company elaborates further as set out below.

Section VI Significant Events (Continued)

- (1) In 2026-2028, the annual cap amount for the provision of transportation services by the Group to China Railway Group is anticipated to be RMB6 billion, representing a significant increase as compared with the actual amount of 2023, 2024 and the first three quarters of 2025. In determining the proposed annual cap for the provision of transportation services by the Group to China Railway Group, the Company has mainly made reference to the following key factors:
 - a. Since the second half of 2025, the Group and China Railway Group began to implement the logistics general contracting project. The project integrates the organization and management of loading and unloading, station operation and transportation segment in the designated railway zone and section, representing a significant expansion in the mode of cooperation between the parties, which is conducive to the Group in responding to the new situation arising from changes in the supply and demand of the energy market, giving full play to the operational advantages and operational potential of self-owned railway, expanding the external market, and the transportation business volume of the Group increased significantly. It is anticipated that in the second half of 2025, the Group will be able to complete a transportation volume of approximately 40 million tonnes to 45 million tonnes under the logistics general contracting project.
 - b. Pursuant to the project implementation plan jointly compiled by the Group and China Railway Group, after the logistics general contracting project is fully implemented, it is expected to generate new transportation volume of approximately 100 million tonnes per year from 2026 onwards. Such new transportation volume is mainly attributable to new transportation routes, integration of station operating capabilities and enhancement in the efforts of coordinating transportation resources.
 - c. Transportation service fees will be implemented strictly in accordance with government-prescribed price or government-guided price, including the relevant provisions of the Public List of Operating Service Charges of the Inner Mongolia Autonomous Region (《內蒙古自治區經營服務性收費公示清單》) and the Notice of the State Planning Commission on Issues concerning Passenger and Freight Transportation Prices of the Datong-Zhungeer Railway (《國家計委關於大准鐵路客貨運價有關問題的通知》). Based on transportation distance and station conditions, the applicable range of railway freight rates is RMB30/tonne to RMB80/tonne.

Section VI Significant Events (Continued)

- d. Based on the range of fees mentioned above to give an estimate on the anticipated new transportation volume, the logistics general contracting project is expected to generate a maximum transportation service revenue of approximately RMB5 billion per year. Together with the revenue generated from the daily transportation services operating under the existing mode of cooperation between the Group and China Railway Group, the Group's total annual revenue of providing transportation services to China Railway Group is expected to be not more than RMB6 billion.
- (2) In 2026-2028, the annual cap amount for the supply of coal to the Group by China Railway Group is anticipated to be RMB2 billion. In determining the proposed annual cap for the supply of coal to the Group by China Railway Group, the Company has mainly made reference to the following key factors:

- a. The actual demand for steady coal supply from the coal-fired power plants of the Group.

The safe and continuous operation of the coal-fired power plants of the Group depends on steady and reliable supply of coal. The Group and China Railway Group have their respective advantages in organizing and dispatching coal resources, both parties have been maintaining comprehensive cooperation relationship in the aspects of railway transportation, coal supply and other products and services over the years.

- b. History of cooperation

China Railway Group has been one of the important sources of coal supply of the Group. The Group's power plants procured coal through China Railway Group in the past to satisfy operational needs, and the procurement amount was approximately RMB812 million and RMB1,026 million respectively in 2017 and 2018. The above procurement was conducted through some power generating units then belonging to the Group. With integration of power generating assets in the industry and the corresponding adjustment to the allocation of internal power generating assets by the controlling shareholder of the Company, the aforesaid power generating units no longer belong to the Group. Therefore, the Group has not procured coal from China Railway Group in recent years. Given the power plants of the Group are distributed in different regions, and some of these power plants are located in the areas covered by or within the coverage of railway routes operated by China Railway Group, the supply of coal from China Railway Group is still an important backup source to ensure the steady operation of the power generation business of the Group.

Section VI Significant Events (Continued)

c. Basis for the quantity of the proposed annual cap

Based on the estimate of an average annual coal consumption of approximately 4 million tonnes for a power plant with two gigawatt coal-fired generation units, and made reference to the Group's average selling price of coal of approximately RMB493/tonne for the first half of 2025, the annual amounts of coal procured by the Group from China Railway Group is anticipated to be approximately RMB2 billion. Such amount is also in line with the annual cap set by the Group for procurement of coal from China Railway Group since 2020 and has not increased significantly compared to previous years.

d. The necessity and reasonableness of setting the annual caps for the years of 2026 to 2028

After considering (i) the historical transaction amount, (ii) the continuous existence of the need for external coal procurement as required by coal-fired power plants of the Group, and (iii) the role of China Railway Group as an important backup source of coal supply, the Group and China Railway Group have reached consensus on the potential annual transactions for the period from 2026 to 2028 and the pricing principles of coal supply. The arrangement of annual transaction helps to ensure that the continuing connected transactions of both parties will be conducted within the scope of annual caps approved by the Board to avoid incurring excessive amount, and reserve room for flexibly adjusting the coal procurement strategy by the Group according to market conditions and operational needs. In the opinions of the Company, the annual caps for expenses incurred in the procurement of coal by the Group from China Railway Group are reasonable and necessary, in line with the Group's daily and ordinary operations.

The aforesaid transactions under agreements A to D are ordinary related party transactions as defined under the Shanghai Listing Rules, and the aforesaid transactions under agreements A to E are continuing connected transactions as defined under the Hong Kong Listing Rules.

Section VI Significant Events (Continued)

3. Implementation of and Review Opinions on Non-exempt Continuing Related Party/Connected Transactions

In 2025, the implementation of the abovementioned agreements A to E is set out in the table below. In particular, the total amount of related party/connected transactions for sale of products and provision of services by the Group to China Energy Group under the Mutual Coal Supply Agreement and the Mutual Supplies and Services Agreement amounted to RMB95,230 million, representing 32.3% of the revenue of the Group during the Reporting Period.

Name of agreement	Provision of products and services by the Group to related parties/connected persons and other inflows			Purchase of products and services from related parties/connected persons by the Group and other outflows		
	Transaction			Transaction		
	Existing effective transaction cap	amount during the Reporting Period	Proportion in the same type of transactions	Existing effective transaction cap	amount during the Reporting Period	Proportion in the same type of transactions
	RMB million	RMB million	%	RMB million	RMB million	%
(1) Mutual Coal Supply Agreement between the Company and China Energy	110,000	75,884	42.5	27,000	15,289	38.0
(2) Mutual Supplies and Services Agreement between the Company and China Energy	35,000	19,346	/	17,000	10,283	/
Including: ① Products		6,498	7.4		2,639	3.8
② Services		12,848	45.4		7,644	28.0
(3) Continuing Connected Transactions Framework Agreement between the Company and China Railway	15,000	3,531	1.8	20,000	10,751	7.9

Section VI Significant Events (Continued)

Name of agreement	Transaction items	Existing effective transaction cap	Transaction amount during the Reporting Period
		RMB million	RMB million
(4) Financial Services Agreement between the Company and Finance Company	① Maximum daily balance of comprehensive credit facilities provided by Finance Company to the members of the Group (including loans, credits, bill acceptance and discount, non-financial letters of guarantee, overdrafts, issuance of letters of credit, etc., including interest accrued thereon)	100,000	17,106
	② Maximum daily balance (including interest accrued thereon) of deposits placed by the members of the Group with Finance Company	75,000	74,887
	③ Total fees including agency fee, handling fee, consulting fee or other service fees charged by Finance Company for providing the members of the Group with financial services, including but not limited to consultation, agency, settlement, transfer, letters of credit, online banking, entrusted loans, non-financial letters of guarantee, bill acceptance and other services.	300	5
(5) New Factoring Services Agreement between the Company and Guoneng Factoring	① Maximum daily balance for providing factoring services by Guoneng Factoring to the members of the Group (including interest, factoring service fees and other related financing fees)	5,000	3,448
	② Total service fees (including but not limited to consulting fee, agency fee, handling fee or other service fees) charged by Guoneng Factoring per annum for providing the members of the Group with other related services, including but not limited to providing consulting, agency, management and other services.	20	0

Section VI Significant Events (Continued)

The above continuing related party/connected transactions were in the ordinary course of business of the Company, and they were strictly in compliance with procedures of review and approval by independent directors and independent shareholders as well as disclosure requirements. The Company confirms that the execution and implementation of the specific agreements under the above continuing connected transactions during the Reporting Period have followed the pricing principles of such continuing connected transactions.

The independent non-executive directors of the Company have confirmed to the Board of the Company that they have reviewed the transactions contemplated under the abovementioned agreements A to E and are of the view that (1) those transactions were entered into in the ordinary course of business of the Group; (2) those transactions were on normal commercial terms or better terms; and (3) those transactions were conducted according to the agreements governing them on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

KPMG, the international auditors of the Company, have reviewed the continuing connected transactions under the abovementioned agreements A to E and issued a letter to the Board, indicating that they were not aware of any matters for which they would consider that the abovementioned continuing connected transactions (1) were not approved by the Board of the Company; (2) were not conducted according to the Company's pricing policy in terms of all material aspects; (3) were not conducted according to the terms of the relevant agreements of transactions in terms of all material aspects; and (4) exceeded the caps.

20 types of related party transactions were disclosed in Note 42 to the financial statements for the year 2025 prepared by the Company according to the International Financial Reporting Standards. According to the Hong Kong Listing Rules, except for the transactions under item ii "income from entrusted loans", the purchase of coal from affiliated companies of the Group under item ix "purchase of coal" and certain transactions under item xiv "other income", all of the other related party transactions disclosed in Note 42 constituted connected transactions under the Hong Kong Listing Rules and were required to be disclosed in accordance with Chapter 14A of the Hong Kong Listing Rules. The Company has complied with the disclosure requirements of Chapter 14A of the Hong Kong Listing Rules in respect of disclosure of the above connected transactions and continuing connected transactions.

Section VI Significant Events (Continued)

(II) Related Party Transactions in Relation to Acquisition or Disposal of Assets or Equity Interests

1. In order to fulfill the non-competition undertakings and reduce competition issues, expand the Group's resource reserves, consolidate the Group's integrated operational advantages, and enhance long-term profitability. On 21 January 2025, sixth meeting of the sixth session of the Board of the Company reviewed and approved the Proposal on the Acquisition of 100% Equity Interests in Hangjin Energy. It approved the signing of the Equity Transfer Agreement Regarding China Energy Hangjin Energy Co., Ltd. ("Hangjin Energy Equity Transfer Agreement") between the Company and China Energy, its controlling shareholder, in relation to the acquisition of 100% equity interest in Hangjin Energy held by China Energy by China Shenhua with a consideration of RMB852.6495 million. The aforementioned transaction was completed in February 2025, and the Company has been registered as the shareholder holding 100% equity interest in Hangjin Energy.

On January 21, 2025, China Energy was the controlling shareholder of the Company. Therefore, China Energy constitutes a connected person of the Company as defined under the Hong Kong Listing Rules. Pursuant to Chapter 14A of the Hong Kong Listing Rules, the acquisition conducted by the Company with China Energy under the Hangjin Energy Equity Transfer Agreement constitutes a connected transaction for the Company. Since one or more of the applicable percentage ratios (calculated under Rule 14.07 of the Hong Kong Listing Rules) for the transactions under the Hangjin Energy Equity Transfer Agreement exceed 0.1%, but all of them are less than 5%, the transaction under the Hangjin Energy Equity Transfer Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

For further details, please refer to the H shares announcements dated on 21 January, 24 January, 12 February, and 25 February 2025, on the HKEx website (www.hkexnews.hk), as well as the A shares announcements dated on 22 January, 25 January, 13 February, and 24 February 2025, on the SSE website (www.sse.com.cn).

Section VI Significant Events (Continued)

2. To further optimize the Group's full industrial chain layout, enhance operational capacity and resource reserves, strengthen core competitiveness, and effectively resolve intra-industry competition, on 15 August 2025, the Company entered into the Asset Purchase Agreement with China Energy and its wholly-owned subsidiary Western Energy, pursuant to which, the Company conditionally agreed to (i) acquire 100% equity interest in Guoyuan Power, 100% equity interest in Xinjiang Energy, 100% equity interest in Chemical Company, 100% equity interest in Wuhai Energy, 100% equity interest in Pingzhuang Coal, 41% equity interest in Shenyang Coal, 49% equity interest in Jinshen Energy, 100% equity interest in Baotou Mining, 100% equity interest in Shipping Company, 100% equity interest in Coal Trading Company, 100% equity interest in China Energy E-commerce Co., Ltd. and 100% equity interest in Port Company held by China Energy by way of issuance of Consideration Shares and payment in cash; and (ii) acquire 100% equity interest in Inner Mongolia Construction Investment held by Western Energy by way of payment in cash (the "Acquisition Transaction").

On 19 December 2025, the Company entered into the Supplemental Asset Purchase Agreement with China Energy and Western Energy, pursuant to which (i) the Target Assets under the Transaction were revised to exclude the 100% equity interest in China Energy E-commerce Co., Ltd. held by China Energy, while all other Target Assets remained unchanged; and (ii) certain terms of the Transaction, including the transaction consideration and payment arrangements, were further amended and supplemented.

The transaction price payable by the Company to China Energy for the acquisition of 100% equity in Guoyuan Power, 100% equity in Xinjiang Energy, 100% equity in Chemical Company, 100% equity in Wuhai Energy, 100% equity in Pingzhuang Coal, 41% equity in Shenyang Coal, 49% equity in Jinshen Energy, 100% equity in Baotou Mining, 100% equity in Shipping Company, 100% equity in Coal Trading Company, and 100% equity in Port Company has been set to be satisfied by way of issuance of Consideration Shares and payment in cash. Accordingly, the Company will pay in aggregate RMB40,080 million by way of issuing A shares ("Consideration Shares") and RMB85,791 million in cash. The Company will pay the transaction consideration of RMB7,728 million in cash for its acquisition of 100% equity in Inner Mongolia Construction Investment from Western Energy. The number of Consideration Shares to be issued for the Acquisition Transaction is 1,363,248,446 A shares. Due to the Company's implementation of the 2025 interim profit distribution plan, pursuant to the agreements for the Acquisition Transaction, the issue price of the Consideration Shares was adjusted from RMB30.38 per share to RMB29.40 per share on 19 December 2025.

Section VI Significant Events (Continued)

The Company proposes to issue new A shares ("Proposed Issuance of A Shares") to no more than 35 qualified specific investors. The total amount of supporting funds to be raised shall not exceed 100% of the consideration to be paid by way of issuance of A shares under the Acquisition Transaction and the number of new A shares to be issued shall not exceed 30% of the total share capital of the Company upon completion of the issuance of Consideration Shares. All target subscribers shall subscribe for new A shares to be issued under the Proposed Issuance of A Shares at the same price in cash. After review by the SSE and registration approval by the CSRC, the number of A Shares to be issued will be determined based on the results of price inquiry.

Immediately prior to the completion of the Acquisition Transaction, China Energy was the controlling shareholder of the Company, and Western Energy was a wholly-owned subsidiary of China Energy, and therefore an associate of China Energy. Accordingly, China Energy and Western Energy are connected persons of the Company. The Acquisition Transaction constitutes a connected transaction of the Company under the Hong Kong Listing Rules and is subject to the reporting, announcement, and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. Pursuant to Rule 14.22 of the Hong Kong Listing Rules, where a series of transactions are conducted or completed within the same twelve-month period or are interrelated, such transactions shall be aggregated and treated as a single transaction. Having considered transactions of a similar nature conducted between the Company and its subsidiaries and China Energy and its associates within the twelve months preceding the date of signing of the agreement for this Acquisition Transaction, and as one or more of the applicable percentage ratios taken on a combined basis are higher than 25% but lower than 100%, the Acquisition Transaction constitutes a major transaction of the Company and is subject to the reporting, announcement, and shareholder approval requirements under Chapter 14 of the Hong Kong Listing Rules. The Company held its first extraordinary general meeting of 2026 on 23 January 2026, during which the relevant resolutions concerning the Acquisition Transaction and the proposed issuance of A shares were officially adopted.

As of 30 March 2026, the Company has completed the transfer of equity interests related to the issuance of A shares and cash payment for the acquisition of 12 target equity interests held by its controlling shareholder, China Energy, and Western Energy. The newly acquired A shares of the Company held by China Energy have been listed. As of the Latest Practicable Date, work regarding the Proposed Issuance of A shares is currently in progress.

Section VI Significant Events (Continued)

Immediately before the completion of the Acquisition Transaction, China Energy and its wholly-owned subsidiary Capital Holdings held an aggregate of 13,824,302,724 A shares of the Company (including 11,593,528 A shares of the Company held by Capital Holdings); upon the completion of the Acquisition Transaction, China Energy and its wholly-owned subsidiary Capital Holdings will hold an aggregate of 15,187,551,170 A shares of the Company (including 11,593,528 A shares of the Company held by Capital Holdings); representing approximately 71.53% of the total issued shares upon issue of the Consideration Shares (assuming there is no other change in the issued share capital of the Company).

For further details, please refer to the H shares announcements dated 15 August, 19 December 2025, 22 January, 28 January, 30 January, 5 February, 12 February, 12 March and 17 March 2026 on the HKEx website (www.hkexnews.hk), as well as the A shares announcements dated 16 August, 20 December 2025 and 23 January, 29 January, 31 January, 6 February, 13 February, 13 March and 18 March 2026 on the SSE website (www.sse.com.cn).

For status of realization of results commitments involved in the above transactions, please refer to this section “Performance of Commitments”.

(III) Material Related Party/Connected Transactions Regarding Joint External Investments

To enhance the capital strength of the Finance Company, improve the Group’s financing and fund management efficiency, and increase investment returns, on 19 December 2025, the fifteenth meeting of the sixth session of the Board of the Company approved the signing of the Capital Increase Agreement for China Energy Finance Co., Ltd. between the Company, China Energy, and the Finance Company. The agreement stipulates that the Company will contribute RMB6 billion in capital to the Finance Company from its own funds at the same ratio, and that the China Energy shall contribute RMB9 billion to the Financial Company on a pro rata basis, with the total capital increase amounting to RMB15 billion.

For further details, please refer to the H shares announcement dated 19 December 2025 on the HKEx website (www.hkexnews.hk), and the A shares announcement dated 20 December 2025 on the SSE website (www.sse.com.cn).

The counterparties in the above transactions of joint external investment include related parties of China Energy, the controlling shareholder of the Company, and related parties/connected persons of the Company, such transactions constitute related party/connected person transactions of the Company. Pursuant to Chapter 14A of the Hong Kong Listing Rules, as one or more of the applicable percentage ratios for such transactions exceeds 0.1% but all are below 5%, the Company is required to comply with the reporting and announcement requirements under the Hong Kong Listing Rules, but is exempt from the independent shareholders’ approval requirement.

Section VI Significant Events (Continued)

(IV) Debts and Liabilities Between Related Parties

Unit: RMB million

Related parties	Related party relationship	Funds provided to related parties			Funds offered by related parties to the Group		
		Opening balance	Amount incurred	Closing balance	Opening balance	Amount incurred	Closing balance
China Energy	Controlling shareholder	-	-	-	701	(701)	-
Finance Company	Subsidiary of controlling shareholder	74,919	(33,672)	41,247	11,642	1,263	12,905
Other related parties	Others	395	-	395	1,460	(1,271)	189
Total		75,314	(33,672)	41,642	13,803	(709)	13,094

Reasons for debts and liabilities between related parties	(1)	The long-term and short-term borrowings provided by China Energy to the Group.
	(2)	The Group's deposits in/loans with Finance Company
	(3)	The entrusted loans provided by the Group to the associates of the subsidiaries of the Company through banks.

Internal decision-making procedures have been performed in respect of the above debts and liabilities between related parties in accordance with relevant regulations.

Repayment of debts and liabilities between related parties	Currently, the principal and interest of the above borrowings, entrusted loans and finance lease receivables are being repaid normally according to the repayment plan.

Undertakings related to debts and liabilities between related parties	N/A

Impact of debts and liabilities between related parties on the operating results and financial position of the Company	The above debts and liabilities are beneficial to the normal commencement of relevant project construction and production operation of the Group and have no material impact on the operating results and financial position of the Company.

Section VI Significant Events (Continued)

(V) Financial Business Between the Company and Finance Company Which is a Related Party of the Company

1. Major financial indicators of Finance Company

	Unit	2025	2024	Change %
Revenue	RMB million	4,251	4,964	(14.4)
Total profit	RMB million	5,453	4,485	21.6
Net profit	RMB million	4,206	3,500	20.2

	Unit	31 December 2025	31 December 2024	Change %
Total assets	RMB million	210,926	291,035	(27.5)
Total liabilities	RMB million	169,681	253,682	(33.1)
Owners' equity	RMB million	41,245	37,354	10.4

Note: The above financial data was prepared in accordance with the China Accounting Standards for Business Enterprises.

2. Major risk indicators of Finance Company

No.	Monitoring indicators	Indicator requirement	As at 31 December 2025
1	Capital adequacy ratio not lower than the lowest regulatory requirement	≥10.5%	19.55%
2	Liquidity ratio not lower than 25%	≥25%	59.69%
3	Loan balance not higher than 80% of the sum of deposit balance and the paid-in capital	≤80%	75.74%
4	Total external liabilities not higher than net capital	≤100%	0.00%
5	Balance of bills acceptance not higher than 15% of total assets	≤15%	2.20%
6	Balance of bills acceptance no more than 3 times of balance of interbank deposits	≤300%	31.31%
7	Total amount of bills acceptance and rediscounting not higher than net capital	≤100%	10.58%
8	Security deposits for bank acceptance bills not higher than 10% of total deposits	≤10%	0.00%
9	Total amount of investment not higher than 70% of net capital	≤70%	62.17%
10	Net amount of fixed assets not higher than 20% of net capital	≤20%	0.01%

The above monitoring indicators of Finance Company meet the regulatory requirements.

Section VI Significant Events (Continued)

3. Deposit business

Unit: RMB million

Related party	Related party relationship	Maximum daily deposit limit	Deposit interest rate range	Opening balance	Amount for the period		Closing balance
					Total amount deposited for the period	Total amount withdrawn for the period	
Finance Company	Subsidiary of controlling shareholder	75,000	0.1%-3.20%	74,919	971,917	1,005,589	41,247
Total	/	/	/	74,919	971,917	1,005,589	41,247

Note: "Maximum daily deposit limit" refers to the maximum daily deposit balance (including accrued interest) of the Group in Finance Company during the Reporting Period

4. Loan business

Unit: RMB million

Related party	Related party relationship	Loan limit	Loan interest rate range	Opening balance	Amount for the period		Closing balance
					Total amount of loan for the period	Total amount of repayment for the period	
Finance Company	Subsidiary of controlling shareholder	100,000	1.85%-3.30%	11,642	5,005	3,742	12,905
Total	/	/	/	11,642	5,005	3,742	12,905

Note: "Loan limit" refers to the maximum daily balance (including accrued interest) of loans provided by Finance Company to the Group during the Reporting Period.

5. Credit facilities or other financial business

Unit: RMB million

Related party	Related party relationship	Business type	Quota	Amount for the period
Finance Company	Subsidiary of controlling shareholder	bills discounting	100,000	388
Finance Company	Subsidiary of controlling shareholder	Issue of acceptance bills	100,000	2,550
Finance Company	Subsidiary of controlling shareholder	Intermediary business	300	5

Notes: (1) The amount for the period of bills discounting and issue of acceptance bills business refers to accumulated amount of relevant services provided by Finance Company to the Group during the Reporting Period.

(2) The amount of intermediary business for the period refers to accumulated amount of various service fees charged by Finance Company for provision of financial services to the Group.

Section VI Significant Events (Continued)

XII. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) Trust, Contracting and Leasing

During the Reporting Period, the Company did not enter into or have any management and administration contracts in respect of the whole or any material part of the business of the Company.

(II) Guarantees

Unit: RMB million

I. Guarantee provided by the Company to external parties (excluding the guarantee granted to its subsidiaries)

Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Amount guaranteed	Date of provision of guarantee		Expiry date of guarantee	Type of guarantee	Whether performance has been completed		Whether guarantee is overdue	Whether Amount of counter guarantee is provided		Whether guarantee is for the benefit of Related parties	
				(execution date of agreement)	Beginning date of guarantee									
Baorixile Energy	Controlled subsidiary	Hulunbeier Liangyi Railway Company Limited	33.67	2008.08.30	2008.08.30	2029.08.29	Joint and several liability guarantee	No	No	0	No	No	No	N/A

Total amount of guarantee provided during the Reporting Period (excluding guarantee provided to its subsidiaries)	(12.52)
Total balance of guarantee at the end of the Reporting Period (A) (excluding guarantee provided to its subsidiaries)	33.67

II. Guarantee provided by the Company and its subsidiaries to subsidiaries

Total amount of guarantee provided to its subsidiaries during the Reporting Period	(2,971.15)
Total balance of guarantee provided to its subsidiaries at the end of the Reporting Period (B)	0

Section VI Significant Events (Continued)

III. Total amount of guarantee (including guarantee provided to its subsidiaries)

Total amount of guarantee(A+B)	33.67
Proportion of total amount of guarantee to the net assets attributable to shareholders of the Company under China Accounting Standards for Business Enterprises at the end of the Reporting Period (%)	0.01
Including:	
Amount of guarantee provided to its shareholders, de facto controller and their related parties(C)	0
Amount of debt guarantee directly or indirectly provided to guaranteed parties with a gearing ratio in excess of 70%(D)	33.67
Portion of the total amount of guarantee in excess of 50% of net assets(E)	0
Aggregated amount of the above three amounts of guarantee(C+D+E)	33.67
Description of the potential joint and several repayment liabilities for outstanding guarantee	Please see below
Description of guarantee	Please see below

Note: The balance of guarantee provided by the subsidiary to external parties of the total amount of guarantee at the end of the Reporting Period equals to the amount of external guarantee of the subsidiary multiplied by the shareholding of the Company in the subsidiary.

As at the end of the Reporting Period, the total balance of the amount of guarantee provided by the Group amounted to RMB33.67 million, including:

- As at the end of the Reporting Period, the guarantee provided by Baorixile Energy, a subsidiary of which the Company owns 56.61% equity interests, to external parties was as follows: prior to the acquisition of Baorixile Energy by the Company in 2011 and pursuant to the Guarantee Agreement on the Syndicated Renminbi Loan for the Cooperative Railway Project Connecting Yimin and Yiershi Newly Constructed by Hulunbei'er Liangyi Railway Company Limited, in 2008, Baorixile Energy, as one of the guarantors, provided joint and several liability guarantee to Hulunbei'er Liangyi Railway Company Limited (hereinafter referred to as the "Liangyi Railway Company", of which Baorixile Energy owns 14.22% equity interests) for the syndicated loans. The major liability guaranteed was the debts due to the lender with a maximum balance of RMB207.47 million from 2008 to 2027, regardless of whether the debt is due when the above period expires. The above syndicated loan will fall due by tranches between 2011 and 2026. The guarantee agreement provides that the guarantee period of the debts borne by the guarantor shall be calculated from the due date of each tranche to two years after the due date of the last tranche, i.e. 2029.

Section VI Significant Events (Continued)

Given that Liangyi Railway Company failed to pay the loan interest on time due to its deteriorating business operation, as resolved by the shareholders' general meeting of Liangyi Railway Company, additional capital was injected into Liangyi Railway Company by its shareholders (including Baorixile Energy). Baorixile Energy has cumulatively injected additional capital of RMB11.82 million into Liangyi Railway Company.

As at the end of the Reporting Period, Baorixile Energy has repaid the loan principal on behalf of Liangyi Railway Company in proportion to its shareholding, amounting to a total of RMB144.33 million. Baorixile Energy has made full impairment provisions for both its 14.22% equity interests in Liangyi Railway Company and the repayment amount. Together with other shareholders, Baorixile Energy will continue to urge improvement of business operation of Liangyi Railway Company. As at 31 December 2025, Liangyi Railway Company had a gearing ratio of 200%.

- (2) As at the end of the Reporting Period, USD500 million bonds issued by China Shenhua Overseas Capital Company Limited, a wholly-owned subsidiary of the Company have been fully repaid, and the guarantee provided by Shenhua Hong Kong Limited was terminated.

(III) Entrusted Cash Asset Management

1. Status of entrusted wealth management

Unit: RMB million

Type of product	Source of fund	Risk characteristics	Amount for the Reporting Period	Outstanding balance at the end of the Reporting Period	Unrecovered amount overdue
Structured deposits	Self-own fund	Principal and minimum income guaranteed	30,400	0	0

Note: Amount for the Reporting Period refers to the daily maximum principal balance of such entrusted wealth management of the Group during the Reporting Period.

Section VI Significant Events (Continued)

During the Reporting Period, in order to improve fund allocation efficiency and fund deposit income, to the extent authorized by the Board of the Company, self-owned funds were used to purchase structured deposits of banks in a timely manner, such structured deposits have relatively low risks and better liquidity (with a maximum maturity of not more than 3 months), so far there was no incident of non-realization or non-recovery of principal at maturity. The structured deposits purchased by the Company in 2024 and matured during the Reporting Period were repaid with the entire principal at maturity and realized a total income of RMB59.3 million. The structured deposits purchased in 2025 and matured during the Reporting Period were repaid with the entire principal at maturity and realized a total income of RMB55.6 million.

2. Entrusted loans

(1) General status of entrusted loans

Unit: RMB million

Type of product	Source of fund	Amount for the Reporting Period	Outstanding balance at the end of the Reporting Period	Unrecovered amount overdue
Entrusted loans	Self-owned fund	395.4	0	395.4

Note: Amount for the Reporting Period refers to the daily maximum principal balance of such entrusted loans of the Group during the Reporting Period.

Section VI Significant Events (Continued)

(2) Individual entrusted loans

Unit: RMB million

Name of borrower	Relationship between the borrower and the Group	Trustee	Amount of entrusted loans	Initial date of loans	Expiry date of loans	Duration of loans	Source of funds	Investment of funds	Determination of compensation	Loan interest rate	Actual return for the Reporting Period	Principal recovered for the Reporting Period	Whether it has been through legal procedures
Elion Chemical	Investee company	Bank of China	400.0	2020/12/24	2023/12/23	3 years	Self-owned funds	Replacement of loans	Interest to be paid quarterly	4.75%	0	0	Yes

The entrusted loan of RMB400.0 million provided to Elion Chemical Industry Co., Ltd. ("Elion Chemical") by Shendong Power, a wholly-owned subsidiary of the Company, matured on 23 December 2023. As at the end of the Reporting Period, Elion Chemical has repaid the principal of RMB4.6 million. For the remaining amount of the entrusted loan, Elion Chemical has implemented corresponding guarantee measures through asset mortgages and other means. Both parties have been actively negotiating the subsequent events of the remaining entrusted loan. In January 2026, Shendong Power received from Elion Clean Energy Co., Ltd., the major shareholder of Elion Chemical, a sum of bonus distribution received by it from Guoneng Elion Energy Co., Ltd. for repayment of the aforesaid principal of entrusted loan in the amount of RMB105.37 million and interest of RMB38.60 million. The entrusted loan will not have a significant effect on the financial position of the Group. The Group has not made any provision for impairment for such entrusted loan.

As at 31 December 2025, the Group had no entrusted loans granted to any single party exceeding 5% of the Group's latest audited net assets attributable to equity holders of the Company. The Company did not utilize the proceeds raised to grant entrusted loans, and there was no entrusted loan involved in litigation. Under centralized capital management of the Group, the entrusted loans between the Company and its subsidiaries were used for meeting operating and development needs. Such entrusted loans have been eliminated in the consolidated financial statements of the Group. The Group will provide entrusted loans within the Group according to actual production needs.

Section VII Changes in Shares and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Changes in the Number of Shares

1. Changes in the Number of Shares

	As at 31 December 2024		Change		As at 31 December 2025	
	Number of Shares	Percentage %	Number of Shares	Percentage %	Number of Shares	Percentage %
I. Shares with selling restrictions	0	0.00	0	0.00	0	0.00
II. Tradable shares without selling restrictions	19,868,519,955	100.00	0	0.00	19,868,519,955	100.00
1. RMB ordinary shares	16,491,037,955	83.00	0	0.00	16,491,037,955	83.00
2. Overseas listed foreign shares	3,377,482,000	17.00	0	0.00	3,377,482,000	17.00
III. Total number of shares	19,868,519,955	100.00	0	0.00	19,868,519,955	100.00

During the Reporting Period, there was no change in the total number of shares and share capital structure of the Company.

2. Other information

During the twelve months ended 31 December 2025, the Group did not repurchase, sell or redeem any of the Company's listed securities (including sale of treasury shares) under the Hong Kong Listing Rules. As at 31 December 2025, the Company did not hold any treasury shares.

As at the disclosure date of this report, so far as the Company's Directors are aware, the Company has satisfied the minimum public float requirement under the Hong Kong Listing Rules.

(II) Changes in Shares with Selling Restrictions

☐ Applicable ☒ Not applicable

Section VII Changes in Shares and Particulars of Shareholders (Continued)

II. ISSUANCE AND LISTING OF SECURITIES

(I) Issuance of Securities During the Reporting Period

☐ Applicable ☒ Not applicable

The Company did not issue any ordinary share, convertible corporate bond, warrant bond, corporate bond or other derivative securities, nor did it enter into any equity-linked agreement during the Reporting Period.

(II) Changes in the Total Number of Shares, the Shareholding Structure and the Asset and Liability Structure of the Company

☐ Applicable ☒ Not applicable

(III) Shares held by Internal Employees

☐ Applicable ☒ Not applicable

(IV) Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association and the PRC laws which would entitle the existing shareholders to have priority to subscribe for new shares on a pro rata basis in the event of new share issuance by the Company.

(V) Subsequent Issuance and Listing of Shares

The Company was in the process of acquiring equity interests in 12 target companies held by China Energy, its controlling shareholder, and Western Energy, a wholly-owned subsidiary of China Energy, by way of issuance of shares and payment in cash, with an aim to raise supporting funds. The registration procedures for the additional 1,363,248,446 A-Shares issued in respect of the share issuance and cash payment for the assets acquisition (the "Additional Issued Shares") were completed with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 16 March 2026. By then, China Energy directly held 15,175,957,642 A Shares in the Company, representing 71.48% of the total number of issued Shares of the Company (i.e. 21,231,768,401 Shares). The total number of A Shares of the Company held by China Energy directly and indirectly through its wholly-owned subsidiary Capital Holdings amounted to 15,187,551,170 Shares, representing 71.53% of the total number of issued Shares of the Company. The Additional Issued Shares are tradable Shares subject to selling restrictions. Please refer to "Performance of Commitments" in section VI of this report for the details of the arrangement regarding the lock-up period.

Section VII Changes in Shares and Particulars of Shareholders (Continued)

III. SHAREHOLDERS

(I) Total Number of Shareholders

Total number of shareholders of ordinary shares as at the end of the Reporting Period (<i>accounts</i>)	181,870
Including: Holders of A shares (<i>including China Energy</i>)	180,198
Registered holders of H shares	1,672
Total number of ordinary shareholders at the end of last month prior to the disclosure date of this annual report (<i>accounts</i>)	178,833
Including: Holders of A shares (<i>including China Energy</i>)	177,175
Registered holders of H shares	1,658

(II) Shareholdings of Top Ten Shareholders and Top Ten Holders of Tradable Shares (or Shareholders without Selling Restrictions) as at the End of the Reporting Period

1. Shareholdings of Top Ten Shareholders and Top Ten Holders of Tradable Shares (or Shareholders without Selling Restrictions) as at the End of the Reporting Period

Unit: share

Shareholdings of top ten shareholders (excluding lending of shares by way of refinancing)							
Name of shareholder (Full name)	Increase/ decrease during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage %	Number of shares with selling restrictions	Shares subject to pledge, tag or lock-up Status	Number	Nature of shareholder
China Energy Investment Corporation Limited (國家能源投資集團有限責任公司)	0	13,812,709,196	69.52	0	Nil	N/A	State-owned corporation
HKSCC NOMINEES LIMITED	+339,000	3,370,480,628	16.96	0	Unknown	N/A	Overseas corporation
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	0	594,718,004	2.99	0	Nil	N/A	Others
Central Huijin Asset Management Ltd. (中央匯金資產管理有限責任公司)	0	106,077,400	0.53	0	Nil	N/A	State-owned corporation
Hong Kong Securities Clearing Company Limited	-69,817,654	102,737,765	0.52	0	Nil	N/A	Overseas corporation

Section VII Changes in Shares and Particulars of Shareholders (Continued)

Shareholdings of top ten shareholders (excluding lending of shares by way of refinancing)

Name of shareholder (Full name)	Increase/ decrease during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage %	Number of shares with selling restrictions	Shares subject to pledge, tag or lock-up Status	Number	Nature of shareholder
China Reform Investment Co., Ltd. (國新投資有限公司)	+16,862,951	92,146,857	0.46	0	Nil	N/A	State-owned corporation
China Life Insurance Company Limited – Traditional – General Insurance Products – 005LCT001 Shanghai (中 國人壽保險股份有限公司－傳 統－普通保險產品－005L－ CT001滬)	+58,405,015	67,499,538	0.34	0	Nil	N/A	Others
Industrial and Commercial Bank of China – SSE 50 Exchange Traded Open-End Index Securities Investment Fund (中國工商銀行－上證50交易 型開放式指數證券投資基金)	-977,440	60,993,924	0.31	0	Nil	N/A	Others
Guofeng Xinghua (Beijing) Private Equity Fund Management Co., Ltd. – Honghu Zhiyuan (Shanghai) Private Investment Fund Co., Ltd. (國豐興華(北京)私 募基金管理有限公司－鴻鵠志 遠(上海)私募投資基金有限公 司)	+36,270,447	55,987,298	0.28	0	Nil	N/A	Others
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange Traded Open-End Index Securities Investment Fund (中國工商銀行股份有限 公司－華泰柏瑞滬深300交易 型開放式指數證券投資基金)	-2,489,326	54,411,058	0.27	0	Nil	N/A	Others

Section VII Changes in Shares and Particulars of Shareholders (Continued)

Name of shareholder	Shareholdings of top ten shareholders without selling restrictions Number of tradable shares without selling restrictions	Type and number of shares	
		Type	Number
China Energy Investment Corporation Limited (國家能源投資集團有限責任公司)	13,812,709,196	RMB ordinary shares	13,812,709,196
HKSCC NOMINEES LIMITED	3,370,480,628	Overseas listed foreign shares	3,370,480,628
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	594,718,004	RMB ordinary shares	594,718,004
Central Huijin Asset Management Ltd. (中央匯金資產管理有限責任公司)	106,077,400	RMB ordinary shares	106,077,400
Hong Kong Securities Clearing Company Limited	102,737,765	RMB ordinary shares	102,737,765
China Guoxin Investment Co., Ltd. (國新投資有限公司)	92,146,857	RMB ordinary shares	92,146,857
China Life Insurance Company Limited – Traditional – General Insurance Products – 005L-CT001 Shanghai (中國人壽保險股份有限公司－傳統－普通保險產品－005L－CT001滬)	67,499,538	RMB ordinary shares	67,499,538
Industrial and Commercial Bank of China – SSE 50 Exchange Traded Open-End Index Securities Investment Fund (中國工商銀行－上證50交易型開放式指數證券投資基金)	60,993,924	RMB ordinary shares	60,993,924
Guofeng Xinghua (Beijing) Private Equity Fund Management Co., Ltd. –Honghu Zhiyuan (Shanghai) Private Investment Fund Co., Ltd. (國豐興華(北京) 私募基金管理有限公司－鴻鵠志遠(上海)私募投資基金有限公司)	55,987,298	RMB ordinary shares	55,987,298
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange Traded Open-End Index Securities Investment Fund (中國工商銀行股份有限公司－華泰柏瑞滬深300交易型開放式指數證券投資基金)	54,411,058	RMB ordinary shares	54,411,058
Description of the special repurchase accounts of the top ten shareholders	N/A		
Description of the abovementioned shareholders' proxy voting rights, entrusted voting rights and waiver of voting rights	N/A		

Section VII Changes in Shares and Particulars of Shareholders (Continued)

Shareholdings of top ten shareholders without selling restrictions

Name of shareholder	Number of tradable shares without selling restrictions	Type and number of shares	
		Type	Number
Description of the related party relationships among the abovementioned shareholders or whether they are parties acting in concert	Both HKSCC NOMINEES LIMITED and Hong Kong Securities Clearing Company Limited are wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Limited; the custodian bank of both Industrial and Commercial Bank of China – SSE 50 Exchange Traded Open-End Index Securities Investment Fund (中國工商銀行－上證50交易型開放式指數證券投資基金) and Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange Traded Open-End Index Securities Investment Fund (中國工商銀行股份有限公司－華泰柏瑞滬深300交易型開放式指數證券投資基金) is Industrial and Commercial Bank of China. Save as disclosed above, the Company is not aware of any related party relationships between the top ten shareholders without selling restrictions and the top ten shareholders, and whether they are parties acting in concert as defined in the Measures for Administration of Acquisition of Listed Companies (上市公司收購管理辦法).		
Description of the holders of preference shares with voting rights restored and the number of shares held	N/A		

Notes:

1. The H shares held by HKSCC NOMINEES LIMITED are held on behalf of a number of its clients; and the A shares held by Hong Kong Securities Clearing Company Limited are held on behalf of a number of its clients.
2. As at the end of the Reporting Period, the controlling shareholder of the Company, China Energy, in addition to its direct shareholding, held 11,593,528 A shares of the Company through its wholly-owned subsidiary, Capital Holdings, representing 0.0584% of the total number of issued shares of the Company. China Energy directly and indirectly held a total of 13,824,302,724 A shares of the Company, representing 69.5789% of the total number of issued shares of the Company.

Section VII Changes in Shares and Particulars of Shareholders (Continued)

2. **Participation in Lending of Shares by way of Securities Lending and Refinancing by the Shareholders holding more than 5% of the Share Capital, the Top Ten Shareholders and the Top Ten Holders of Shares without Selling Restrictions as at the End of the Reporting Period**

☐ Applicable ☒ Not applicable

3. **Changes in Shareholdings of the Top Ten Shareholders and the Top Ten Holders of Tradable Shares without Selling Restrictions as at the End of the Reporting Period as Compared with the Previous Period due to Lending of Shares by way of Securities Lending and Refinancing/Share Return**

☐ Applicable ☒ Not applicable

4. **Shareholdings of Top Ten Shareholders with Selling Restrictions and their Selling Restrictions as at the End of the Reporting Period**

☐ Applicable ☒ Not applicable

(III) Strategic Investors or General Legal Persons Becoming Top Ten Shareholders as A Result of New Share Placing

☐ Applicable ☒ Not applicable

Section VII Changes in Shares and Particulars of Shareholders (Continued)

(IV) Interests and Short Positions in the Shares of The Company Held by Substantial Shareholders

As at 31 December 2025, according to the register of interests and/or short positions in the shares which was required to be kept under section 336 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), persons set out in the table below had an interest and/or short position in the shares or underlying shares of the Company:

No.	Name of shareholder	Capacity	H shares/ A shares	Nature of interest	Number of H shares/ A shares held	Percentage of H shares/ A shares held in the total issued	Percentage of total share capital of the Company
						H shares/ A shares %	%
1	China Energy	Beneficial owner	A shares	Long position	13,812,709,196	83.76	69.52
		Interest of corporation controlled by the substantial shareholder ^{Note}	A shares	Long position	11,593,528	0.07	0.06
2	BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	H shares	Long position	179,400,364	5.31	0.90
		Interest of corporation controlled by the substantial shareholder	H shares	Short position	85,000	0.06	0.0004
3	Rui Life Insurance Company Limited (瑞眾人壽保險有限公司)	Interest of corporation controlled by the substantial shareholder	H shares	Long position	203,502,000	6.03	1.02

Note: As at 31 December 2025, Capital Holdings, a wholly-owned subsidiary of China Energy, directly held 11,593,528 A shares of the Company.

As at 31 December 2025, save as disclosed above, there were no other persons who held interests and/or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register to be kept under section 336 of Part XV of the Securities and Futures Ordinance, or who were substantial shareholders of the Company.

Section VII Changes in Shares and Particulars of Shareholders (Continued)

IV. CHANGES OF CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

(I) Controlling Shareholder as at the End of the Reporting Period

1. Legal Person

Name	China Energy Investment Corporation Limited (國家能源投資集團有限責任公司)
Legal representative	Zou Lei
Date of incorporation	23 October 1995
Principal business	State-owned assets operating activities within the scope authorised by the State Council; investment and management activities in various sectors including resource products (e.g. coal), coal-to-liquids, chemical processing of coal, electricity, heat, ports, various kinds of transportation, finance, domestic and international trade and logistics, real estate, advanced technology and information consultation; planning, organising, coordinating and managing the production and operating activities of the members of China Energy in the above sectors; and sales of chemical materials and chemical products (excluding hazardous chemicals), textiles, construction materials, machinery, electronic equipment and office equipment. (Market entity is allowed to choose the business to be engaged in and carry out such business activities pursuant to the law; for businesses that are subject to approval pursuant to the law, business operations shall commence in accordance with the business scope as approved and upon receipt of such approval from relevant authorities; no business activities which are prohibited or restricted by national or Beijing industrial policies shall be carried out.)

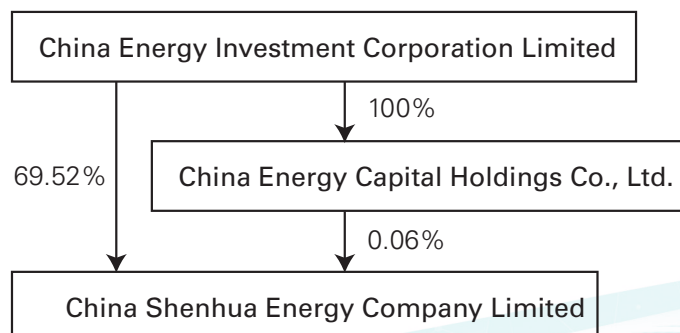
Section VII Changes in Shares and Particulars of Shareholders (Continued)

The shareholdings in other domestically or overseas listed companies in which it controls or participates during the Reporting Period	(1)	Directly and indirectly holding 51.32% shares of GD Power Development Co., Ltd. (國電電力發展股份有限公司)
	(2)	Directly and indirectly holding 58.72% shares of China Longyuan Power Group Corporation Limited (龍源電力集團股份有限公司)
	(3)	Directly holding 59.62% shares of CHN Energy Changyuan Electric Power Co., Ltd. (國家能源集團長源電力股份有限公司)
	(4)	Indirectly holding 41.79% shares of Yantai Longyuan Power Technology Co., Ltd. (煙台龍源電力技術股份有限公司)
	(5)	Indirectly holding 46.34% shares of Ningxia Yinglite Chemicals Co., Ltd. (寧夏英力特化工股份有限公司)
	(6)	Indirectly holding 17.19% shares of Ningxia Western Venture Industrial Co., Ltd. (寧夏西部創業實業股份有限公司)
	(7)	Indirectly holding 20.84% shares of Shenzhen Laibao Hi-Tech Co., Ltd. (深圳萊寶高科技股份有限公司)
	(8)	Indirectly holding 0.93% shares of TCL Zhonghuan Renewable Energy Technology Co., Ltd. (TCL中環新能源科技股份有限公司)
	(9)	Directly holding 3.27% shares of Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司)

2. Description of Changes of the Controlling Shareholder during the Reporting Period

There were no changes of the controlling shareholder of the Company during the Reporting Period.

3. Diagram of the Equity and Controlling Relation between the Company and Its Controlling Shareholder at the End of the Reporting Period



Section VII Changes in Shares and Particulars of Shareholders (Continued)

(II) De Facto Controller

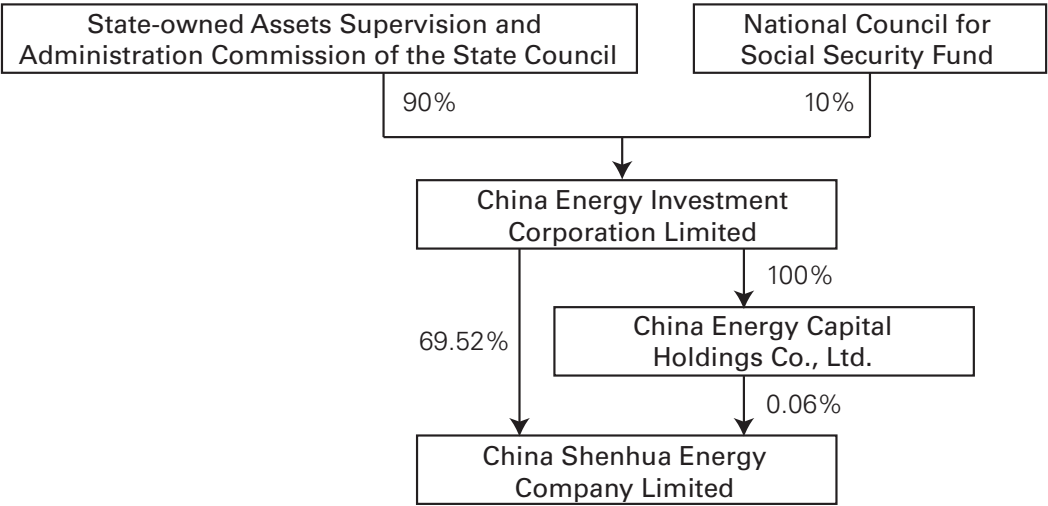
1. Legal Person

Name State-owned Assets Supervision and Administration Commission of the State Council

2. Description of Changes in the Control of the Company during the Reporting Period

There were no changes of the de facto controller of the Company during the Reporting Period.

3. Diagram of the Equity and Controlling Relation between the Company and its De Facto Controller at the End of the Reporting Period



Section VII Changes in Shares and Particulars of Shareholders (Continued)

V. ACCUMULATIVE NUMBER OF SHARES PLEDGED BY THE CONTROLLING SHAREHOLDER OR THE LARGEST SHAREHOLDER OF THE COMPANY AND ITS PERSONS ACTING IN CONCERT ACCOUNTS FOR MORE THAN 80% OF THE NUMBER OF SHARES OF THE COMPANY HELD BY THEM

☐ Applicable ☒ Not applicable

VI. OTHER CORPORATE SHAREHOLDERS WITH SHAREHOLDING OF MORE THAN 10% IN THE COMPANY

As at the end of the Reporting Period, there were no other corporate shareholders with shareholding of more than 10% in the Company.

VII. RESTRICTIONS ON THE REDUCTION IN SHAREHOLDING

☐ Applicable ☒ Not applicable

VIII. DETAILED IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD

☐ Applicable ☒ Not applicable

IX. INFORMATION ON PREFERENCE SHARES

☐ Applicable ☒ Not applicable

Section VIII Investor Relations

In 2025, China Shenhua firmly implemented the decisions and deployment of the CPC Central Committee and the State Council on the high-quality development of the capital market, and abided by the Company Law, the Securities Law of the PRC and the Work Guidelines for the Investor Relations Management of Listed Companies (《上市公司投資者關係管理工作指引》) and relevant laws, regulations and documents, in an effort to earnestly fulfill its primary responsibility as a listed company, promote industrial development, governance optimization, market capitalization management and communication innovation in a coordinated way, comprehensively enhance its value creation, value management and value delivery capabilities, and strive to build a long-term stable, mutually beneficial and win-win shareholder ecosystem, sharing the high-quality development achievements of the enterprise with investors.

I. ANCHORING VALUE CREATION AND CONSOLIDATING THE CORE SUPPORT FOR HIGH-QUALITY DEVELOPMENT

Restructuring and upgrading the industrial layout to open up new space for incremental development. A historic breakthrough was made in capital operation. Based on the successful completion of the acquisition of Hangjin Energy at the beginning of the year, the Company initiated a transaction involving the issuance of A shares and the payment of cash to acquire 12 high-quality assets held by its controlling shareholders covering multiple sectors including coal, pithead coal power and coal chemical industry. Upon the completion of the transaction, the Company's core indicators such as retained coal resources, recoverable coal reserves, power generation installed capacity and coal-to-olefins production capacity will achieve significant leaps, with the industrial layout further improved, the core competitiveness further enhanced, and the asset quality and profitability comprehensively improved, injecting strong impetus for sustainable development of the Company.

Improving the governance system and solidifying the foundation for standardized operation. In strict compliance with the revised requirements of the Company Law, the Company successfully completed the reform of the Supervisory Committee and optimized its supervisory functions and working mechanism. At the same time, the Articles of Association of the Company and relevant supporting policies were revised, and an internal control and decision-making system with clear powers and responsibilities, standardized procedures and effective supervision was established to ensure legal compliance, efficiency and transparency of corporate governance. The Board successfully held the 2025 strategy seminar to systematically review the development effectiveness of the "14th Five-Year Plan", analyze and judge the industry trend, and draw a blueprint for the development of the "15th Five-Year Plan", to lay a solid foundation for long-term steady development. The Company continued to strengthen the team building of directors and senior management, and organized 83 special trainings on compliance management, interpretation of new regulations, and investor relations practices throughout the year, so as to enhance the compliance awareness and professional duty performance capability of the "key minority".

Section VIII Investor Relations (Continued)

Refining market capitalization management and deepening alignment in value recognition.

We continued to consolidate and deepen the “11257” market capitalization management system with China Shenhua characteristics, i.e. establishing one market capitalization management philosophy of “governance, integrity, honesty, and win-win cooperation”; pursuing one goal of “unity of intrinsic value and market value”; grasping two links of value creation and value transmission; strengthening the five key safeguards of corporate governance, party building leadership, efficient working mechanism, intelligent working platform, and compliance and risk management; and solidly carrying out the seven tasks of strategic planning, corporate operation, capital operation, information disclosure, investor relations, brand empowerment, and public opinion management and control. We established a regular working mechanism and held regular market capitalization management meetings to track market capitalization operation, implemented precise policies and targeted improvements to ensure that the Company’s investment value continues to be enhanced and is fully conveyed.

Optimizing the shareholders’ return policy and fulfilling the commitment of shared development.

Adhering to the stable and sustainable high return policy, the Company has formulated a three-year shareholders’ return plan for 2025-2027, and undertook that the profit to be distributed in the form of cash shall not be less than 65% of the net profit attributable to shareholders of the Company for the year. In 2025, the Company implemented interim profit distribution for the first time and distributed a total cash dividend of RMB19.471 billion (tax inclusive), accounting for 79% of the net profit attributable to shareholders of the Company in the first half of 2025. Since its listing, the Company has distributed dividends of RMB511.4 billion in total (tax inclusive, excluding final dividend for the year 2025), fully fulfilling its commitment to sharing development results with shareholders.

II. DEEPENING THE PRACTICE OF INVESTOR RELATIONS AND BUILDING A TWO-WAY MUTUAL TRUST AND WIN-WIN ECOSYSTEM

Adhering to the bottom line of compliance and building a solid foundation for decision-making information.

The Company always adhered to the principles of “truthfulness, accuracy, completeness, timeliness and fairness” in information disclosure, responded to regulatory requirements in a timely manner, and formulated and implemented the 2025 corporate value and return enhancement action plan. The Company increased the number of voluntary announcements disclosed during the period of stock market turbulence affected by the external environment and proactively disclosed announcements on the Company’s recent operations, so as to effectively guide the reasonable expectations of the capital market. In 2025, a total of 388 periodic reports and interim announcements were published, and the Company’s information disclosure was awarded Grade A by the SSE for 12 consecutive years, providing reliable support for investors’ decision-making.

Section VIII Investor Relations (Continued)

Deepening performance interpretation and empowering value delivery through digital intelligence. The Company convened 4 regular results briefings and replied a total of 133 questions raised by investors online by text, answering core concerns in a timely manner. Combined with the information acquisition habits of investors, documents such as results interpretation documents, interpretation videos, presentation photos, and cloud-based broadcast of production scenarios were simultaneously released at the SSE Roadshow Center to help investors comprehensively and deeply understand the Company's operation and development strategy in an intuitive and lively manner. The "China Shenhua Smart and Intelligent Investor Relations" (中國神華數智投關) system was officially put into use in 2025, which has covered functions such as investor information management, communication data traceability, intelligent demand analysis, and efficient organization of meetings, significantly improving the refinement level of investor relations work and the efficiency of response.

Expanding communication channels to protect investors' right to know. The Company built a comprehensive and multi-dimensional investor exchange platform, and successfully held featured activities including the spring investor visits themed "Strengthening Resilience + Focusing on Returns" and the autumn reverse roadshow of "Power in a Stable Period – Exploring Shenhua Power's Location Advantages and Guarantee Mission", enriching effective communication with investors. The Company proactively participated in industry exchanges and investor relations activities organized by the SSE, the China Association for Public Companies and the China National Coal Association, to discuss a high-quality development paths with peers and boost investor confidence. In 2025, the Company organized more than 220 investor exchange activities through regular reception of research, participation in securities companies' strategy meetings and door-to-door visits, and communicated with over 4,200 investors, effectively facilitating the communication of the Company's value to the market and the accurate collection of feedback, while maintaining smooth communication between the Company and the capital market.

Focusing on responding to demands and improving the long-term communication mechanism. The Company attached great importance to the protection of the rights and interests of minority investors and continued to maintain diversified communication channels such as investor hotline, email and SSE e-interactive platform, and responded to 29 questions raised by investors in a timely manner on the SSE e-interactive platform to ensure prompt responses and proper handling of their concerns. The Company deepened publicity and education on investor protection by dispatching periodic reports, ESG reports and other materials according to shareholders' needs to expand the service coverage and accessibility. The Company improved its closed-loop response mechanism, regularly submitted key issues and reasonable suggestions of investors to the Board and the management, promoted the normalization and institutionalization of two-way communication, effectively protected investors' rights to know, participate and supervise, and consolidated long-term mutual trust relationships with investors.

Section VIII Investor Relations (Continued)

In 2025, the Company's reception of investors' surveys was as follows:

No.	Date	Location	Way of Communication	Name of Institution	Main Content of Communication
1	2 January	Company conference room	Oral	Huayuan Securities	Interpretation of the Company's fundamental information and disclosures
2	7 January	Company conference room	Oral	CICC	Interpretation of the Company's fundamental information and disclosures
3	7 January	Company conference room	Oral	Kaiyuan Securities	Interpretation of the Company's fundamental information and disclosures
4	10 January	Company conference room	Oral	Ping An Securities	Interpretation of the Company's fundamental information and disclosures
5	10 February	Company conference room	Oral	GF Securities	Interpretation of the Company's fundamental information and disclosures
6	19 February	Company conference room	Oral	Industrial Securities	Interpretation of the Company's fundamental information and disclosures
7	24 February	Company conference room	Oral	Eastmoney Securities	Interpretation of the Company's fundamental information and disclosures
8	27 February	Company conference room	Oral	CICC	Interpretation of the Company's fundamental information and disclosures
9	3 March	Company conference room	Oral	Eastmoney Securities	Interpretation of the Company's fundamental information and disclosures
10	17 March	Company conference room	Oral	Goldman Sachs Group	Interpretation of the Company's fundamental information and disclosures
11	7 April	Company conference room	Oral	Morgan Stanley	Interpretation of the annual results and disclosures
12	12 May	Company conference room	Oral	Huayuan Securities	Interpretation of the information disclosed in the annual report and the first quarterly report
13	28 May	Company conference room	Oral	Changjiang Securities	Interpretation of the information disclosed in the annual report and the first quarterly report

Section VIII Investor Relations (Continued)

No.	Date	Location	Way of Communication	Name of Institution	Main Content of Communication
14	17 June	Company conference room	Oral	CICC	Interpretation of the information disclosed in the annual report and the first quarterly report
15	1 July	Company conference room	Oral	Changjiang Securities	Interpretation of the Company's fundamental information and disclosures
16	2 July	Company conference room	Oral	GF Securities	Interpretation of the Company's fundamental information and disclosures
17	7 July	Company conference room	Oral	BofA Securities	Interpretation of the Company's fundamental information and disclosures
18	9 July	Company conference room	Oral	CITIC Securities	Interpretation of the Company's fundamental information and disclosures
19	9 July	Company conference room	Oral	Eastmoney Securities	Interpretation of the Company's fundamental information and disclosures
20	10 July	Company conference room	Oral	Changjiang Securities	Interpretation of the Company's fundamental information and disclosures
21	15 July	Company conference room	Oral	CICC	Interpretation of the Company's fundamental information and disclosures
22	29 July	Company conference room	Oral	Guosheng Securities	Interpretation of the Company's fundamental information and disclosures
23	5 September	Company conference room	Oral	Morgan Stanley	Interpretation of the information disclosed in the half-yearly results
24	10 September	Company conference room	Oral	GF Securities	Interpretation of the information disclosed in the half-yearly results

Section VIII Investor Relations (Continued)

No.	Date	Location	Way of Communication	Name of Institution	Main Content of Communication
25	16 September	Company conference room	Oral	Guosen Securities	Interpretation of the information disclosed in the half-yearly results
26	15 October	Company conference room	Oral	TF Securities	Interpretation of the information disclosed in the half-yearly results
27	31 October	Company conference room	Oral	GF Securities	Interpretation of the information disclosed in the half-yearly results
28	4 November	Company conference room	Oral	Goldman Sachs Group	Interpretation of the information disclosed in the third quarter results
29	4 November	Company conference room	Oral	Huayuan Securities	Interpretation of the information disclosed in the third quarter results
30	18 November	Company conference room	Oral	Changjiang Securities	Interpretation of the information disclosed in the third quarter results
31	19 November	Company conference room	Oral	Changjiang Securities	Interpretation of the information disclosed in the third quarter results
32	20 November	Company conference room	Oral	Citibank	Interpretation of the information disclosed in the third quarter results
33	17 December	Company conference room	Oral	Minsheng Securities	Interpretation of the Company's fundamental information and disclosures

Section VIII Investor Relations (Continued)

III. AWARDS OF CHINA SHENHUA IN 2025

No.	Time of Award	Name of the Major Award	Awarded by
1	March 2025	Included in the 2024 A-share Coal Industry Business Communication List (2024年A股煤炭行業業務傳播榜單)	Economic Media Association of China
2	May 2025	Best Listed Company, Best Hong Kong Listed Company (最佳上市公司、最佳港股公司)	<i>New Fortune Magazine</i> (《新財富》雜誌)
3	May 2025	Included in the China ESG Impact List (中國ESG影響力榜單)	<i>Fortune Magazine</i>
4	June 2025	The 16th Tianma Award for Investor Relations Management — Shareholder Return Award, Tianma Award for Investor Relations Management of Hong Kong Listed Companies (第十六屆上市公司天馬獎投資者關係管理股東回報獎、港股投資者關係管理天馬獎)	Securities Times
5	August 2025	Outstanding Enterprises in Publication of Social Responsibility Reports in the China Coal Industry, Top 10 Cases of Developing Social Responsibility (中國煤炭工業社會責任報告發佈優秀企業、社會責任建設十佳案例)	China National Coal Association (中國煤炭工業協會)
6	September 2025	Best IR Team for Hong Kong Listed Companies of New Fortune, Best Sustainability Disclosure Award, Best Secretary to the Board (新財富港股最佳IR團隊、最佳可持續發展信披獎、最佳董秘)	<i>New Fortune Magazine</i> (《新財富》雜誌)
7	September 2025	Included in the Best Practice Cases of Internal Control of Listed Companies in 2025 (2025年上市公司內部控制最佳實踐案例)	China Association for Public Companies

Section VIII Investor Relations (Continued)

No.	Time of Award	Name of the Major Award	Awarded by
8	October 2025	2024-2025 A-level Information Disclosure Work of Listed Companies (2024-2025年上市公司信息披露工作評價A級)	SSE
9	October 2025	2024 Golden Bull Award for Dividend Return of Listed Companies, Best Investment Value Award (2024年度金牛獎上市公司分紅回報獎、最具投資價值獎)	China Securities Journal
10	October 2025	Included in the List of China's Top 100 ESG Pioneer Listed Companies (2025) (中國ESG上市公司先鋒100 (2025)榜單)	China Media Group
11	November 2025	Best Practice Cases of Sustainable Development, Best Practice Cases of Board of Directors of Listed Companies in 2025 (2025年度上市公司可持續發展最佳實踐案例、董事會最佳實踐案例)	China Association for Public Companies
12	November 2025	Included in the 12 th Top 100 Hong Kong Listed Companies with Comprehensive Strength (第十二屆港股100強榜單綜合實力100強)	Top 100 Hong Kong Listed Companies Research Centre, Finet
13	December 2025	Best ESG Practice Case Award at the 2025 Hong Kong International ESG Forum (2025香港國際ESG論壇最佳ESG實踐案例獎)	Hong Kong Ta Kung Wen Wei Media Group
14	December 2024	Best Practice Case of Board Office of Listed Company in 2025 (2025年度上市公司董辦最佳實踐案例)	China Association for Public Companies
15	December 2025	5A Rating in the Performance Evaluation of Secretary to the Board of Listed Companies in 2025 (2025年上市公司董事會秘書履職評價5A評級)	China Association for Public Companies

Section VIII Investor Relations (Continued)

No.	Time of Award	Name of the Major Award	Awarded by
16	December 2024	Top 100 Listed Companies in Beijing in 2025 (2025年北京上市公司百強)	Beijing Enterprise Confederation
17	December 2024	Outstanding Listed Company for Long-term Value Return – China Securities Golden Bauhinia Award at the 15th Hong Kong International Finance Forum (第十五屆香港國際金融論壇暨中國證券“金紫荊獎”卓越長期價值回報上市公司)	Hong Kong Ta Kung Wen Wei Media Group
18	December 2025	Included in the 2025 China Corporate ESG100 Index List (2025中國企業ESG100指數名單)	The 3rd China Brand Image Overseas Communication Forum (第三屆中國品牌形象海外傳播論壇)

Section IX Independent Auditor's Report and Financial Statements



Independent auditor's report to the shareholders of China Shenhua Energy Company Limited

(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of China Shenhua Energy Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 244 to 373, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Section IX Independent Auditor's Report and Financial Statements (Continued)

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment on property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets and land use rights in right-of-use assets

Refer to Note 11(ii) to the consolidated financial statements and the accounting policies in Note 3.

Key audit matter

As at 31 December 2025, the Group's property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets and land use rights in right-of-use assets had a total carrying value of RMB379,458 million.

In accordance with the prevailing accounting standards, management performed assessment at the end of the reporting period to determine whether there was any indication that these non-current assets may be impaired. An asset is impaired when its recoverable amount, or the recoverable amount of the cash generating unit to which it belongs, is less than its carrying amount.

As at 31 December 2025, management performed an impairment assessment on assets or assets group with indications of impairment on the balance sheet date. The recoverable amounts of these non-current assets is determined based on the higher of value in use that based on future discounted cash flows on a cash generating unit basis and the net value of the assets or assets group's fair value minus disposal costs.

How our audit addressed the key audit matter

Our procedures in relation to impairment assessment on property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets and land use rights in right-of-use assets included:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls relating to impairment assessment on these non-current assets, understanding of the Group's procedures to identify impairment indicators of these non-current assets and evaluating management's identification of impairment indicators, if any, based on the internal sources and external sources of information;
- assessing the appropriateness of the methodologies used by management to estimate value in use with reference to the requirements of the prevailing accounting standards;
- challenging the reasonableness of significant judgements and estimates, such as sales growth rate related to future market supply and demand conditions, future sales price, future capital expenditure, future operating costs and discount rates used in management's calculation of value in use based on our knowledge of the business and industry;

Section IX Independent Auditor's Report and Financial Statements (Continued)

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment on property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets and land use rights in right-of-use assets (continued)

Refer to Note 11(ii) to the consolidated financial statements and the accounting policies in Note 3.

Key audit matter

When assessing the recoverable amounts, management is required to make a number of judgemental assumptions, particularly relating to the discount rates, the underlying cash flows projection based on the future market supply and demand conditions. Any changes in management's judgement may impact the results of the impairment assessment.

As set out in *Note 11(ii)* to the consolidated financial statements, management concluded that impairment provisions for property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets and land use rights in right-of-use assets of RMB139 million were required for the current year.

We identified impairment assessment on property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets and land use rights in right-of-use assets as a key audit matter due to these assets to the Group's consolidated financial statements, the significant judgement made by management in determining the recoverable amounts of the assets and considering the possibility of management bias in the selection of assumptions adopted.

How our audit addressed the key audit matter

- when the management determines the recoverable amount by using the value in use calculations that based on future discounted cash flows, engaging our internal valuation specialists to assess whether the discount rates applied in the value in use calculations were within the reasonable range;
- evaluating the historical accuracy of management's forecasts by comparing cash flow forecasts made in previous periods to the actual results in the current year;
- evaluating the sensitivity analysis on discount rates and considering the resulting impact on the impairment assessment for the year and whether there were any indicators of management bias; and
- assessing the relevant disclosures in the consolidated financial statements in respect of management's impairment assessment with reference to the requirements of the prevailing accounting standards.

Section IX Independent Auditor's Report and Financial Statements (Continued)

KEY AUDIT MATTERS (CONTINUED)

Timing of revenue recognition from sale of coal

Refer to Note 5 to the consolidated financial statements and the accounting policies in Note 3.

Key audit matter

Sale of coal accounted for 60% of the Group's revenue for the year ended 31 December 2025. Sale of coal is recognised when the control of the coal is transferred to the customer. Management evaluates the terms of individual contracts in order to determine the appropriate timing for revenue recognition, which varies amongst contracts.

Revenue is one of the key performance indicators of the Group. We identified the timing of coal revenue recognition as a key audit matter because of the different terms of trade of coal offered by the Group to its customers which increases the risk that revenue could be recorded in the incorrect period or could be subject to manipulation to meet targets or expectations.

How our audit addressed the key audit matter

Our audit procedures to assess the timing of revenue recognition from the sale of coal included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls over revenue recognition from the sale of coal;
- inspecting coal sale contracts on a sample basis, to identify terms and conditions relating to transfer of the control of the coal and assessing the Group's timing of revenue recognition with reference to the requirements of the prevailing accounting standards;
- inspecting, on a sample basis, the sales record with sales confirmation forms;
- obtaining confirmations, on a sample basis, from customers of the Group in relation to coal sales transactions during the year and balances of trade receivables of the year end and, for unreturned confirmations, performing alternative procedures by comparing the sales amount of the transactions with relevant underlying documentation or cash receipts subsequent to the financial year end relating to trade receivable balances;

Section IX Independent Auditor's Report and Financial Statements (Continued)

KEY AUDIT MATTERS (CONTINUED)

Timing of revenue recognition from sale of coal (continued)

Refer to Note 5 to the consolidated financial statements and the accounting policies in Note 3.

Key audit matter	How our audit addressed the key audit matter
	• comparing, on a sample basis, whether specific coal sales transactions recorded before and after the financial year end date with relevant underlying documentation, such as sales confirmation forms, as applicable under the respective sales transactions contracts, to determine whether the related revenue had been recognised in the appropriate financial period on the basis of the terms of sale as set out in the respective sales contracts; and • inspecting underlying documentation for journal entries relating to coal sales which were considered to meet specific risk-based criteria.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Section IX Independent Auditor's Report and Financial Statements (Continued)

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Section IX Independent Auditor's Report and Financial Statements (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Ho Ying Man Simon (practising certificate number: P04538).

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

(Expressed in RMB)

		Year ended 31 December	
		2025	2024
	Notes	RMB million	(Restated) RMB million
Revenue			
Goods and services	5	294,916	339,788
Cost of sales	7	(206,720)	(237,730)
Gross profit		88,196	102,058
Selling expenses		(527)	(574)
General and administrative expenses		(11,380)	(10,924)
Research and development costs		(2,854)	(2,740)
Other gains and losses	11	(32)	(677)
Loss allowances, net of reversal	11	(4)	(131)
Other income	8	960	1,138
Other expenses	8	3,369	(4,801)
Interest income	9	2,287	2,773
Finance costs	9	(2,715)	(3,137)
Share of results of associates		3,762	4,345
Profit before income tax		81,062	87,330
Income tax expense	10	(16,559)	(17,005)
Profit for the year	11	64,503	70,325
Profit for the year		64,503	70,325
Other comprehensive income for the year			
<i>Items that will not be reclassified to profit or loss, net of income tax:</i>			
Fair value changes on investments in equity instruments at fair value through other comprehensive income		296	229
Share of other comprehensive income of associates		121	(13)
<i>Items that may be reclassified subsequently to profit or loss, net of income tax:</i>			
Exchange differences		(270)	168
Share of other comprehensive income of associates		(131)	236
Other comprehensive income for the year, net of income tax		16	620
Total comprehensive income for the year		64,519	70,945

The attached notes form part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the year ended 31 December 2025
(Expressed in RMB)

	<i>Notes</i>	Year ended 31 December	
		2025	2024
		<i>RMB million</i>	<i>(Restated)</i> <i>RMB million</i>
Profit for the year attributable to:			
Equity holders of the Company		54,218	59,544
Non-controlling interests		10,285	10,781
		64,503	70,325
Total comprehensive income for the year attributable to:			
Equity holders of the Company		54,312	60,101
Non-controlling interests		10,207	10,844
		64,519	70,945
Earnings per share			
– Basic/diluted (RMB)	15	2.729	2.997

The attached notes form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2025

(Expressed in RMB)

		31 December 2025	31 December 2024 (Restated)
	Notes	RMB million	RMB million
Non-current assets			
Property, plant and equipment	16	310,849	298,358
Construction in progress	17	32,700	27,899
Exploration and evaluation assets	18	4,581	4,861
Intangible assets	19	5,904	5,487
Right-of-use assets	23	26,972	25,927
Interests in associates	20	62,108	59,906
Financial assets at fair value through other comprehensive income	21	3,175	2,787
Financial assets at fair value through profit or loss	21	113	60
Other non-current assets	22	31,925	33,057
Deferred tax assets	29	6,481	6,158
Total non-current assets		484,808	464,500
Current assets			
Inventories	24	11,850	12,666
Accounts and bills receivables	25	18,843	15,605
Financial assets at fair value through profit or loss	21	—*	17,302
Financial assets at fair value through other comprehensive income	21	1,495	1,174
Prepaid expenses and other current assets	26	18,009	16,547
Restricted bank deposits	27	17,637	14,280
Time deposits with original maturity over three months	28	55,847	63,152
Cash and cash equivalents	28	23,288	66,413
Total current assets		146,969	207,139
Current liabilities			
Borrowings	30	6,632	14,021
Accounts and bills payables	33	41,513	38,961
Accrued expenses and other payables	34	30,661	35,177
Current portion of non-current liabilities	32, 35	3,141	9,310
Income tax payable		3,505	3,646
Contract liabilities		3,810	4,001
Total current liabilities		89,262	105,116
Net current assets		57,707	102,023
Total assets less current liabilities		542,515	566,523

* Amount smaller than RMB500,000

The attached notes form part of these financial statements.

Consolidated Statement of Financial Position (Continued)

At 31 December 2025

(Expressed in RMB)

		31 December 2025	31 December 2024 (Restated)
	Notes	RMB million	RMB million
Non-current liabilities			
Borrowings	30	28,268	31,682
Long-term liabilities	35	14,656	21,075
Accrued reclamation obligations	36	9,554	9,668
Deferred tax liabilities	29	1,760	1,348
Lease liabilities	32	971	1,133
Other non-current liabilities		1,839	1,355
Total non-current liabilities		57,048	66,261
Net assets		485,467	500,262
Equity			
Share capital	37	19,869	19,869
Reserves		392,707	402,726
Equity attributable to equity holders of the Company		412,576	422,595
Non-controlling interests		72,891	77,667
Total equity		485,467	500,262

Approved and authorised for issue by the board of directors on 30 March 2026.

Zhang Changyan

Executive Director

The attached notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

(Expressed in RMB)

	Equity attributable to equity holders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserves	Other reserves	Retained earnings		
	RMB million (Note 37)	RMB million (Note (i))	RMB million (Note (iii))	RMB million	RMB million (Note (iii))	RMB million (Note (iv))	RMB million (Note (v))	RMB million	RMB million
At 31 December 2024	19,869	84,766	3,657	643	34,752	(19,436)	305,402	429,653	507,320
Add: Business Combinations under Common Control (Note 45)	-	-	12,980	-	573	(114)	(20,497)	(7,058)	(7,058)
At 1 January 2025 (restated)	19,869	84,766	16,637	643	35,325	(19,550)	284,905	422,595	500,262
Profit for the year	-	-	-	-	-	-	54,218	54,218	64,503
Other comprehensive income for the year	-	-	-	(198)	-	292	-	94	16
Total comprehensive income for the year	-	-	-	(198)	-	292	54,218	54,312	64,519
Dividend declared (Note 14)	-	-	-	-	-	-	(64,374)	(64,374)	(64,374)
Appropriation of maintenance and production funds (Note (iii))	-	-	-	-	6,360	-	(6,360)	-	-
Utilisation of maintenance and production funds (Note (iii))	-	-	-	-	(5,424)	-	5,424	-	-
Contributions from non-controlling shareholders	-	-	-	-	-	-	-	2,630	2,630
Distributions to non-controlling shareholders	-	-	-	-	-	-	-	(17,613)	(17,613)
Others	-	-	-	-	-	43	-	43	43
At 31 December 2025	19,869	84,766	16,637	445	36,261	(19,215)	273,813	412,576	485,467

The attached notes form part of these financial statements.

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

	Equity attributable to equity holders of the Company									
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	<i>RMB million (Note 37)</i>	<i>RMB million (Note (ii))</i>	<i>RMB million (Note (iii))</i>	<i>RMB million</i>	<i>RMB million (Note (iii))</i>	<i>RMB million (Note (iv))</i>	<i>RMB million (Note (vi))</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
At 31 December 2023	19,869	84,766	3,657	517	31,010	(19,981)	291,640	411,478	70,173	481,651
Add: Business Combinations under Common Control <i>(Note 45)</i>	–	–	12,980	–	557	(71)	(17,607)	(4,141)	–	(4,141)
At 1 January 2024 (restated)	19,869	84,766	16,637	517	31,567	(20,052)	274,033	407,337	70,173	477,510
Profit for the year	–	–	–	–	–	–	59,544	59,544	10,781	70,325
Other comprehensive income for the year	–	–	–	126	–	431	–	557	63	620
Total comprehensive income for the year	–	–	–	126	–	431	59,544	60,101	10,844	70,945
Dividend declared <i>(Note 14)</i>	–	–	–	–	–	–	(44,903)	(44,903)	–	(44,903)
Appropriation of maintenance and production funds <i>(Note (iii))</i>	–	–	–	–	8,718	–	(8,718)	–	–	–
Utilisation of maintenance and production funds <i>(Note (iii))</i>	–	–	–	–	(4,960)	–	4,960	–	–	–
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	1,015	1,015
Distributions to non-controlling shareholders	–	–	–	–	–	–	–	–	(4,356)	(4,356)
Others	–	–	–	–	–	71	(11)	60	(9)	51
At 31 December 2024 (restated)	19,869	84,766	16,637	643	35,325	(19,550)	284,905	422,595	77,667	500,262

The attached notes form part of these financial statements.

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

Notes:

- (i) Share premium represents the difference between the total amount of the par value of shares issued and the amount of the net proceeds received upon the global initial public offering of H shares in 2005 and the issuance of A shares in 2007.
- (ii) The capital reserve represents the difference between the total amount of the par value of shares issued and the amount of the net assets, net of other reserves, transferred from Shenhua Group Corporation Limited ("Shenhua Group") in connection with the Restructuring (as defined in Note 1).
- (iii) Statutory reserves

Statutory surplus reserve

According to the PRC Company Law and the Company's Articles of Association, the Company is required to transfer 10% of its net profit as determined in accordance with the China Accounting Standards for Business Enterprises ("China Accounting Standards") to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

The statutory surplus reserve has reached 50% of the registered capital in 2009. Accordingly, no appropriation of net profit to the statutory surplus reserve has been proposed since 1 January 2010.

Statutory surplus reserve can be used to make up losses, if any, or to expand the Company's business, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital of the Company. The statutory surplus reserve is not distributable.

Specific reserve for maintenance and production funds

Pursuant to the relevant PRC regulations, the Group is required to transfer production and maintenance funds at fixed rates based on relevant bases, such as production volume, to a specific reserve account. The production and maintenance funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of production and maintenance funds utilised would be transferred from the specific reserve account to retained earnings.

Discretionary surplus reserve

The appropriation to the discretionary surplus reserve is subject to the shareholders' approval. The utilisation of the reserve is similar to that of the statutory surplus reserve.

The directors of the Company (the "Directors") have not proposed any appropriation to the discretionary surplus reserve in 2025 and 2024.

- (iv) Other reserves

Other reserves mainly represents the consideration paid for acquisition of subsidiaries under common control, acquisition of non-controlling interests in subsidiaries and share of other reserves of associates.

- (v) Retained earnings

Included in the retained earnings of the Group were its share of the surplus reserve of its domestic subsidiaries amounted to RMB38,298 million as at 31 December 2025 (31 December 2024: RMB34,029 million).

The attached notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

(Expressed in RMB)

	Year ended 31 December	
	2025	2024
	RMB million	(Restated) RMB million
Operating activities		
Profit before income tax	81,062	87,330
Adjustments for:		
Depreciation of property, plant and equipment (Note 11)	21,692	21,791
Depreciation of right-of-use assets (Note 11)	1,101	932
Amortisation of intangible assets (Note 11)	490	437
Amortisation of long-term deferred expenses (Note 11)	1,155	1,659
Losses on disposal of property, plant and equipment, intangible assets and non-current assets (Note 11)	218	65
Gains on disposal of subsidiaries and associates (Note 11)	(116)	(517)
Gains on changes in fair value financial assets at FVTPL (Note 11)	(1)	(2)
Impairment losses on property, plant and equipment (Note 11)	133	726
Impairment losses on construction in progress (Note 11)	2	83
Impairment losses on intangible assets (Note 11)	4	12
Impairment losses on right-of-use assets (Note 11)	—	138
Impairment of interests in associates (Note 11)	—	11
Reversal of allowance for prepaid expenses (Note 11)	—	(4)
Write-down of inventories (Note 11)	52	166
Interest income (Note 9)	(2,287)	(2,773)
Share of results of associates	(3,762)	(4,345)
Loss allowances, net of reversal (Note 11)	4	131
Interest expenses	2,468	3,073
Exchange loss, net (Note 9)	221	15
Other income	(247)	(8)
Operating cash flows before movements in working capital	102,189	108,920
Changes in working capital:		
Decrease/(increase) in inventories	764	(1,022)
(Increase)/decrease in accounts and bills receivables	(4,281)	2,755
Increase in prepaid expenses and other assets	(1,050)	(2,807)
Increase in accounts and bills payables	1,649	63
(Decrease)/increase in accrued expenses and other liabilities	(7,318)	2,897
Decrease in contract liabilities	(191)	(980)
Cash generated from operations	91,762	109,826
Income tax paid	(16,703)	(18,740)
Net cash generated from operating activities	75,059	91,086

The attached notes form part of these financial statements.

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

	Year ended 31 December	
	2025	2024
	<i>RMB million</i>	<i>(Restated) RMB million</i>
Investing activities		
Additions of property, plant and equipment, intangible assets, exploration and evaluation assets, construction in progress and other non-current assets	(46,674)	(36,814)
Increase in right-of-use assets	(1,724)	(894)
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets	2,398	1,242
Investments in financial asset at fair value through profit or loss	(60)	(60)
Purchase of structured deposits	(30,400)	(17,300)
Investments in associates	(1,069)	(725)
Repayment of investment from associates	628	410
Proceeds from maturity of structured deposits	47,711	–
Net cash paid from disposal of subsidiaries	(186)	(14)
Cash paid for acquisition of a subsidiary	(853)	–
Dividend received from associates	1,978	601
Interest received	2,509	2,887
Increase in restricted bank deposits	(3,357)	(6,951)
Placing of time deposits with original maturity over three months	(15,259)	(53,257)
Maturity of time deposits with original maturity over three months	22,564	24,619
Collection of other current assets	–	161
Net cash used in investing activities	(21,794)	(86,095)

The attached notes form part of these financial statements

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

	Year ended 31 December	
	2025	2024
	RMB million	(Restated) RMB million
Financing activities		
Capital element of lease rentals paid (Note 28(b))	(573)	(646)
Interest element of lease rentals paid (Note 28(b))	(31)	(25)
Interest paid (Note 28(b))	(2,242)	(2,268)
Proceeds from borrowings (Note 28(b))	9,697	15,363
Repayments of borrowings (Note 28(b))	(19,892)	(13,024)
Redemption of bonds (Note 28(b))	(3,021)	(114)
Proceeds from commercial factoring	1,098	1,200
Proceeds from bills discounted	1,054	1,621
Contributions from non-controlling shareholders	2,630	1,015
Distributions to non-controlling shareholders	(20,588)	(6,809)
Dividend paid to equity holders of the Company (Note 14)	(64,374)	(44,903)
Net cash used in financing activities	(96,242)	(48,590)
Decrease in cash and cash equivalents	(42,977)	(43,599)
Cash and cash equivalents, at the beginning of the year	66,413	109,928
Effect of foreign exchange rate changes	(148)	84
Cash and cash equivalents, at the end of the year	23,288	66,413

The attached notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in RMB)

1. PRINCIPAL ACTIVITIES AND ORGANISATION

Principal activities

China Shenhua Energy Company Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in: (i) the production and sale of coal; and (ii) the generation and sale of coal-based power to provincial/regional electric grid companies in the People’s Republic of China (the “PRC”). The Group operates an integrated railway network and seaports that are primarily used to transport the Group’s coal sales from its mines. The primary customers of the Group’s coal sales include power plants, metallurgical and coal chemical producers in the PRC.

Organisation

The Company was established in the PRC on 8 November 2004 as a joint stock limited company as part of the Restructuring (as defined below) of Shenhua Group, a state-owned enterprise under the direct supervision of the State Council of the PRC.

Effective on 31 December 2003, the coal production and power generation operations previously operated by various entities wholly-owned or controlled by Shenhua Group were restructured and managed separately (the “Restructuring”), and those assets and liabilities related to the operations and businesses that were transferred to the Company were revalued by China Enterprise Appraisal Co., Ltd., an independent valuer registered in the PRC, as at 31 December 2003 as required by the PRC rules and regulations.

On 8 November 2004, in consideration for Shenhua Group transferring the coal mining and power generating assets and liabilities to the Company, the Company issued 15,000,000,000 domestic state-owned ordinary shares with a par value of RMB1.00 each to Shenhua Group. The shares issued to Shenhua Group represented the entire registered and paid-up share capital of the Company at that date.

In 2005, the Company issued 3,089,620,455 H shares with a par value of RMB1.00 each, at a price of Hong Kong Dollars (“HKD”) 7.50 per H share by way of a global initial public offering. In addition, 308,962,045 domestic state-owned ordinary shares of RMB1.00 each owned by Shenhua Group were converted into H shares. A total of 3,398,582,500 H shares were listed on The Stock Exchange of Hong Kong Limited.

In 2007, the Company issued 1,800,000,000 A shares with a par value of RMB1.00 each, at a price of RMB36.99 per A share in the PRC. The A shares were listed on the Shanghai Stock Exchange.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

1. PRINCIPAL ACTIVITIES AND ORGANISATION (CONTINUED)

Immediate parent and ultimate controlling party

On 28 August 2017, Shenhua Group received the Notice regarding the Restructuring of China Guodian Corporation and Shenhua Group Corporation Limited (Guo Zi Fa Gai Ge [2017] No. 146) from the State-owned Assets Supervision and Administration Commission of the State Council, which approves that China Guodian Corporation (the "China Guodian") and Shenhua Group shall implement the joint restructuring, China Guodian shall be merged into Shenhua Group, and the company name of Shenhua Group shall be changed to China Energy Investment Corporation Limited (the "China Energy Group"). China Energy Group will be the parent company after the completion of the restructuring.

On 27 November 2017, Shenhua Group has completed the industrial and commercial registration of changes in the business license. The Directors consider the immediate parent and ultimate holding company of the Group to be China Energy Group.

2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. MATERIAL ACCOUNTING POLICIES

3.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual IFRS Standards, IAS Standards and related interpretations issued by the International Accounting Standards Board (the "IASB"). They are presented in Renminbi ("RMB") and all values are rounded to the nearest million (RMB' million) except when otherwise indicated. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (Continued)

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments as disclosed in Note 39.3, which have been measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Group's consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 4.

Material accounting policies adopted by the Group are disclosed below.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to equity holders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3.3 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Business combinations

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee benefits* respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash – generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Goodwill (Continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

3.6 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate, after applying the expected credit losses (the "ECL") model to such other long-term interests where applicable), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Investments in associates (Continued)

On acquisition of the investment in an associate, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised when the recoverable amount is less than the carrying value of the investment in associates. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3.7 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Non-current assets held for sale (Continued)

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of IFRS 9, which continue to be measured in accordance with the accounting policies as set out in respective sections.

3.8 Revenue from contracts with customers

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Revenue from contracts with customers (Continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3.9 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than entity's functional currencies (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve, attributed to non-controlling interests as appropriate.

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.12 Retirement benefit costs

Payments to state-managed retirement benefit schemes and a supplemental defined contribution pension plan approved by the government are recognised as an expense when employees have rendered service entitling them to the contributions.

The contributions made by the Group to such insurance plans on behalf of employees are fully attributed to the employees at the time of payment, therefore the Group has no abandoned contributions that can be utilized.

3.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before income tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Taxation (Continued)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the OECD.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at the end of each reporting year and are recognised to the extent that it has become probable that future taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Taxation (Continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.14 Property, plant and equipment

Property, plant and equipment, which consists of freehold land and buildings, mining structures and mining rights, mining related machinery and equipment, and other items of plant and equipment, held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write-off the cost of items of property, plant and equipment (other than freehold land and construction in progress, which are subject to impairment assessment) less their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.14 Property, plant and equipment (Continued)

Property, plant and equipment, except for freehold land, and mining structures and mining rights, are depreciated on a straight-line basis at the following rates per annum:

<i>Categories</i>	<i>Term for depreciation (year)</i>
Buildings	10 – 55 years
Mining related machinery and equipment	5 – 40 years
Generators related machinery and equipment	8 – 35 years
Railway and port	6 – 45 years
Vessels	25 years
Coal chemical related machinery and equipment	8 – 20 years
Furniture, fixtures, motor vehicles and other equipment	5 – 35 years

The Directors reviewed the estimated useful lives of the assets annually based on the Group's historical experience with similar assets and taking into account anticipated technological changes.

Construction in progress intended to be used for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related cost are recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.14 Property, plant and equipment (Continued)

Mining structures and mining rights

The costs of mining structures and mining rights, which include the costs of acquiring and developing mining structures and mining rights, are firstly capitalised as “construction in progress” in the year in which they are incurred and then reclassified to “Mining structures and mining rights” under property, plant and equipment when they are ready for commercial production.

Mining structures and mining rights are depreciated on a units-of-production basis utilising only proved and probable coal reserves in the depletion base.

The Group’s mining rights are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules.

Stripping costs incurred to develop a mine (or pit) before the production commences or to improve access to the component of the ore body during the production stage are capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a units-of-production basis. Stripping costs and secondary development expenditure, mainly comprising costs on blasting, haulage, excavation, etc. incurred during the production stage of the ore body and does not providing any improved access to the ore body are charged to profit or loss as incurred.

Commercial reserves are proved and probable reserves. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Exploration and evaluation assets

Exploration and evaluation assets comprise costs which are directly attributable to the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.14 Property, plant and equipment (Continued)

Exploration and evaluation assets (Continued)

- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Expenditure during the initial exploration preparation stage of a project is charged to profit or loss as incurred. Exploration and evaluation costs, including the costs of acquiring licenses, are capitalised as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project.

Once the final feasibility study has been completed and a development decision has been taken, accumulated capitalised exploration and evaluation expenditures in respect of an area of interest are transferred to property, plant and equipment. In circumstances when an area of interest is abandoned or management decides it is not commercially viable, any accumulated costs in respect of that area are written off in the period the decision is made.

Obligations for land reclamation

The Group's obligations for land reclamation consist of spending estimates at both surface and underground mines in accordance with the PRC rules and regulations. The Group estimates its liabilities for land reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash flows for the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Group records a corresponding asset associated with the liability for final reclamation and mine closure. The obligation and corresponding asset are recognised in the period in which the liability is incurred. The asset is depreciated on the units-of-production method over its expected life and the liability is accreted to the projected spending date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation and the corresponding asset are recognised at the appropriate discount rate.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.15 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.15 Intangible assets (Continued)

Intangible assets acquired in a business combination not under common control

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.15 Intangible assets (Continued)

Impairment of tangible and intangible assets other than goodwill (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

3.16 Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.16 Leased assets (Continued)

(i) As a lessee (Continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.16 Leased assets (Continued)

(ii) As a lessor (Continued)

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption method, then the Group classifies the sub-lease as an operating lease.

3.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities measured at fair value through profit and loss (the “FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities FVTPL are recognised immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19 Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (the “FVTOCI”):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) *Amortised cost and interest income*

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19 Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the other reserves; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including accounts and bills receivables, other receivables, long-term receivables, loans to China Energy Group and fellow subsidiaries, entrusted loans and financial guarantee contracts). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19 Financial instruments (Continued)

Impairment of financial assets (Continued)

The Group always recognises lifetime ECL for accounts and bills receivables. The ECL on these assets are assessed individually for credit-impaired debtors or using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external credit rating (if available);
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19 Financial instruments (Continued)

Impairment of financial assets (Continued)

(i) *Significant increase in credit risk (Continued)*

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) *Definition of default*

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19 Financial instruments (Continued)

Impairment of financial assets (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concessions that the lenders would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19 Financial instruments (Continued)

Impairment of financial assets (Continued)

(v) *Measurement and recognition of ECL (Continued)*

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's accounts and bills receivables and other receivables are each assessed as a separate group. Loans receivable are assessed for ECL on an individual basis);
- Past-due status; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19 Financial instruments (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL (Continued)

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in other reserves is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19 Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19 Financial instruments (Continued)

Financial liabilities at amortised cost

Financial liabilities including borrowings, accounts and bills payables, other payables, long-term liabilities, medium-term notes and bonds are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9/IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Group's derivative financial instruments represent cross-currency exchange rate swaps, and are initially recognised at fair value at the date when the derivative contracts are entered into, and remeasured at fair value at the end of the reporting period, with any gains or losses recognised in profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.20 Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group.
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.21 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

The following are critical judgements, apart from those involving estimation (see Note 4.2 below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Control over China Energy Hebei Dingzhou Power Generation Co., Ltd. ("Dingzhou Power")

Note 44 describes that Dingzhou Power is a subsidiary of the Company although the Company has only 41% ownership interest and voting rights in Dingzhou Power. The remaining 59% of ownership interest and voting rights are owned by two shareholders that are unrelated to the Group as to 19% and 40%, respectively. Details of Dingzhou Power are set out in Note 44.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.1 Critical judgements in applying accounting policies (Continued)

Control over China Energy Hebei Dingzhou Power Generation Co., Ltd. (“Dingzhou Power”) (Continued)

The Directors evaluated whether the Company has the practical ability to lead the relevant activities of Dingzhou Power to determine whether the Company has actual control over Dingzhou Power. The Company is the largest equity owner of Dingzhou Power and no other equity owners individually or in aggregate had the power to control Dingzhou Power according to the articles of association. Historically, the Company controlled the operation of Dingzhou Power by appointing senior management, approving annual budget and determining the remuneration of employees etc. Considering above mentioned factors, the Directors are of the opinion that the Company has sufficiently dominant power over Dingzhou Power as the Company is the governing body of most of the relevant activities of it. Therefore the financial statements of Dingzhou Power are consolidated by the Company during the periods presented.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Coal reserves

Engineering estimates of the Group’s coal reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated coal reserves can be designated as “proved” and “probable”. Proved and probable coal reserve estimates are updated at regular basis and have taken into account recent production and technical information of each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable coal reserves also changes. This change is considered as a change in estimate for accounting purposes and is reflected on a prospective basis in related depreciation rates.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation expenses and impairment loss. Depreciation rates are determined based on estimated proved and probable coal reserve quantity (the denominator) and capitalised costs of mining structures and mining rights (the numerator). The capitalised cost of mining structures and mining rights are amortised based on the units of coal produced.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.2 Key sources of estimation uncertainty (Continued)

Impairment losses

In considering the impairment losses that may be required for certain of the Group's assets which mainly include property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets, right-of-use assets, interests in associates and other non-current assets, the recoverable amount of the asset need to be determined. The recoverable amount is the higher of its fair value less cost of disposal and value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, the Group uses all readily available information in determining expected cash flows generated by the cash-generating unit to which the asset belongs, and they are discounted to their present value, which requires significant judgement relating to cash flow items such as level of sale volume, selling price, amount of operating costs and future returns.

In considering the impairment losses that may be required for current receivables and other financial assets, future cash flows need to be determined. One of the key assumptions that has to be applied is about the ability of the debtors to settle the receivables.

Notwithstanding that the Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher or lower than the amount estimated.

Depreciation

Other than the freehold land and mining structures and mining rights, property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Group reviews the estimated useful lives and residual value of the assets regularly based on the Group's historical experience with similar assets and taking into account anticipated technological changes. Depreciation for future periods is adjusted if there is a significant change from previous estimates. The carrying amount of the property, plant and equipment is disclosed in Note 16.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.2 Key sources of estimation uncertainty (Continued)

Deferred tax assets

As at 31 December 2025, deferred tax assets of RMB6,481 million (2024: RMB6,158 million as restated) have been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of RMB8,608 million (2024: RMB9,873 million as restated) and deductible temporary differences of RMB13,950 million (2024: RMB14,483 million as restated) due to the unpredictability of future profit streams. The realisation of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less or more than expected, a material reversal or further provision of deferred tax assets may arise, which will be recognised in profit or loss in the period in which such a reversal or further provision takes place.

Fair value measurement of financial instruments

Certain of the Group's financial assets, other non-current financial assets, unquoted equity instruments and accounts and bills receivables amounting to RMB4,783 million as at 31 December 2025 (RMB4,021 million as at 31 December 2024) are measured at fair values with fair values being determined based on unobservable inputs using valuation techniques as set out in Note 39.3. Changes in assumptions relating to any key inputs may have a material impact on the reported fair values of these instruments.

Provision of ECL for accounts and bills receivables

The Group uses provision matrix to calculate ECL for accounts receivable. The provision rates are based on the aging of accounts receivable as groupings of receivables that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, accounts and bills receivables with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's accounts receivable are disclosed in Notes 25 and 39.2, respectively.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.2 Key sources of estimation uncertainty (Continued)

Obligations for land reclamation

The estimation of the liabilities for reclamation and mine closure involves the estimates of the amount and timing for the future cash spending as well as the discount rate used for reflecting current market assessments of the time value of money and the risks specific to the liability. The Group considers the factors including development plan of the mines, the geological structure of the mining regions and reserve volume to determine the scope, amount and timing of reclamation and mine closure works to be performed. Determination of the effect of these factors involves judgements from the Group and the estimated liabilities may turn out to be different from the actual expenditure to be incurred. The discount rate used by the Group may also be altered to reflect the changes in the market assessments of the time value of money and the risks specific to the liability, such as change of the borrowing rate and inflation rate in the market. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation will be recognised at the appropriate discount rate. The carrying amounts of the obligations are disclosed in Note 36.

5. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue of business lines is as follows:

	Year ended 31 December	
	2025	2024
		(Restated)
	RMB million	RMB million
Revenue from goods and services	281,239	325,764
– Coal	178,342	218,021
– Power	82,708	89,586
– Transportation and other services	15,102	13,096
– Coal chemical products	5,087	5,061
Others	13,677	14,024
	294,916	339,788

The Group's revenue from contracts with customers is RMB294,713 million for the year ended 31 December 2025 (2024: RMB339,580 million as restated).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

5. REVENUE FROM GOODS AND SERVICES (CONTINUED)

The Group produces and sells coal and coal chemical products to customers at spot market. For sales of coal and coal chemical products, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specific location. According to the Group's historical experiences, there was no significant exchange or return of coal and coal chemical products occurred. There is no sales-related warranties associated with coal and coal chemical products.

For sales of power, revenue is recognised upon the transmission of electric power to the power grid companies. Power could not be returned or exchanged and there is also no warranties associated with power sales.

The Group provides railway transportation services, shipment transportation services as well as port loading and storage services to customers. Such services are recognised as a performance obligation satisfied over time as the Group rendering the services. Revenue is recognised for these services based on the stage of completion of the performance obligation using output method.

All performance obligations of sales of coal, power and coal chemical products, railway and shipment transportation services, and port loading and storage services are part of contracts with an original expected duration of one year or less, and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. SEGMENT AND OTHER INFORMATION

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM"), including chief executive officer, executive vice president and chief financial officer, for the purposes of resource allocation and performance assessment, the Group has presented the following six (2024: six) reportable segments. No operating segments have been aggregated to form the following reportable segments.

- (1) Coal operations – which produce coal from surface and underground mines, and the sale of coal to external customers, the power operations segment and the coal chemical operations segment. The Group sells its coal under long-term supply contracts, which allow periodical price adjustments, and at spot market.
- (2) Power operations – which use coal from the coal operations segment and external suppliers, thermal power, water power, gas power and photovoltaic power to generate electric power for the sale to coal operations segment and external customers. Electric power is mainly sold to the power grid companies at the market price.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

6. SEGMENT AND OTHER INFORMATION (CONTINUED)

- (3) Railway operations – which provide railway transportation services to the coal operations segment, the power operations segment, the coal chemical operations segment and external customers. The rates of freight charges billed to the coal operations segment, the power operations segment, the coal chemical operations segment and external customers are consistent and do not exceed the maximum amounts approved by the relevant government authorities.
- (4) Port operations – which provide loading, transportation and storage services to the coal operations segment and external customers. The Group charges service fees and other expenses, which are reviewed and approved by the relevant government authorities.
- (5) Shipping operations – which provide shipment transportation services to the coal operations segment, the power operations segment and external customers. The Group charges different freight rates from the coal operations segment, the power operations segment and external customers by reference to the current index and historical index of the Shanghai Shipping Exchange.
- (6) Coal chemical operations – which use coal from the coal operations segment to first produce methanol and further process into polyethylene and polypropylene, together with other by-products, for sale to external customers. The Group sells its polyethylene at spot market.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

6. SEGMENT AND OTHER INFORMATION (CONTINUED)

(a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results attributable to each reportable segment based on profit before income tax ("reportable segment profit"). Reportable segment profit represents the profit earned by each segment without allocation of head office and corporate items. Intersegment sales are primarily charged at prevailing market rate which are the same as those charged to external customers.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 is set out below:

	Coal		Power		Railway		Port		Shipping		Coal chemical		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	(Restated)		(Restated)										(Restated)	
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	million	million	million	million	million	million	million	million	million	million	million	million	million	million
Revenue from external customers	182,874	223,409	88,914	95,769	12,409	11,120	2,385	1,796	2,612	2,061	5,722	5,633	294,916	339,788
Intersegment revenue	38,358	45,559	225	205	31,301	31,995	4,635	5,046	1,377	2,935	-	-	75,896	85,740
Reportable segment revenue	221,232	268,968	89,139	95,974	43,710	43,115	7,020	6,842	3,989	4,996	5,722	5,633	370,812	425,528
Reportable segment profit	48,026	55,662	12,783	11,353	13,012	12,604	2,659	2,115	269	260	57	36	76,806	82,030
Including:														
Interest expenses	1,450	1,564	1,649	1,887	271	412	52	111	1	1	-	-	3,423	3,975
Depreciation and amortisation	8,759	9,457	7,641	7,169	5,865	5,872	1,003	1,070	289	296	784	869	24,341	24,733
Share of results of associates	288	495	96	25	5	7	2	1	-	-	-	-	391	528
Loss allowances and impairment of assets	54	909	131	126	6	-	(3)	3	10	221	-	-	198	1,259

(b) Reconciliations of reportable segment revenue, segment profit and other items of profit or loss for the years ended 31 December 2025 and 2024 are set out below:

	Reportable segment amounts		Unallocated head office and corporate items		Elimination of intersegment amounts		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024
	(Restated)				(Restated)		(Restated)	
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	million	million	million	million	million	million	million	million
Revenue	370,812	425,528	794	894	(76,690)	(86,634)	294,916	339,788
Profit before income tax	76,806	82,030	4,275	5,989	(19)	(689)	81,062	87,330
Interest expenses	3,423	3,975	1,191	1,005	(2,229)	(2,027)	2,385	2,953
Depreciation and amortisation	24,341	24,733	97	86	-	-	24,438	24,819
Share of results of associates	391	528	3,369	3,825	2	(8)	3,762	4,345
Loss allowances and impairment of assets	198	1,259	(3)	4	-	-	195	1,263

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

6. SEGMENT AND OTHER INFORMATION (CONTINUED)

(c) Geographical information

The following table sets out information about geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets, right-of-use assets, interests in associates, certain non-current assets. The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, construction in progress and right-of-use assets, and the location of operations, in the case of exploration and evaluation assets, intangible assets, other non-current assets and interests in associates.

	Revenue from external customers		Specified non-current assets	
	Year ended 31 December		Year ended 31 December	
	2025	2024 (Restated)	2025	2024 (Restated)
	RMB million	RMB million	RMB million	RMB million
Domestic markets	286,561	326,745	455,069	435,013
Overseas markets	8,355	13,043	4,096	4,333
	294,916	339,788	459,165	439,346

(d) Major customers

Revenue from any individual customer of the Group does not exceed 10% of the Group's revenue. Certain of the Group's customers are entities, which controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities") and collectively considered as the Group's major customers. During the year ended 31 December 2025, revenue from the Group's top five major customers of coal and power segments amounted to RMB157,172 million (2024: RMB172,353 million as restated).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

6. SEGMENT AND OTHER INFORMATION (CONTINUED)

(e) Other information

Certain other information of the Group's segments for the years ended 31 December 2025 and 2024 is set out below:

	Coal		Power		Railway		Port		Shipping		Coal chemical		Unallocated items		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	(Restated)		(Restated)														(Restated)	
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	million	million	million	million	million	million	million	million	million	million	million	million	million	million	million	million	million	million
Capital expenditures (Note (i))	14,169	13,639	19,308	13,122	5,507	5,605	2,308	779	18	334	2,517	684	859	27	-	-	44,686	34,190
Total assets (Note (ii))	292,905	323,963	194,390	187,714	136,306	123,595	21,440	19,740	7,490	7,218	10,540	8,180	481,127	538,369	(512,421)	(537,140)	631,777	671,639
Total liabilities (Note (iii))	(151,343)	(145,911)	(140,486)	(145,695)	(48,830)	(46,605)	(6,283)	(6,445)	(692)	(487)	(2,657)	(1,784)	(195,169)	(228,360)	399,150	403,910	(146,310)	(171,377)

Notes:

- (i) Capital expenditures consist of addition in property, plant and equipment, construction in process, exploration and evaluation assets, intangible assets, long-term deferred expenses, land use rights and prepayment for mining projects.
- (ii) Unallocated items of total assets include deferred tax assets and other unallocated corporate assets. Unallocated items of total liabilities include deferred tax liabilities and other unallocated corporate liabilities.

7. COST OF SALES

	Year ended 31 December	
	2025	2024
	RMB million	(Restated) RMB million
Coal purchased	40,271	63,213
Materials, fuel and power	34,134	34,968
Personnel expenses	31,671	30,512
Depreciation and amortisation	20,741	20,500
Repairs and maintenance	8,621	10,056
Transportation charges	18,635	19,977
Taxes and surcharges	16,978	18,217
Other operating costs	35,669	40,287
	206,720	237,730

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

8. OTHER INCOME/OTHER EXPENSES

	Year ended 31 December	
	2025	2024 (Restated)
	RMB million	RMB million
Government grants	254	274
Fines and claims settlement income	348	145
Carbon emission quota income (Note)	133	328
Others	225	391
Total other income	960	1,138

	Year ended 31 December	
	2025	2024 (Restated)
	RMB million	RMB million
Donation	271	4,053
Fines and overdue charges	241	184
Reversal of coal-related specified rectification expenses	(4,118)	-
Carbon emission quota expense (Note)	228	360
Others	9	204
Total other expenses	(3,369)	4,801

Note:

During the year, trading of carbon emission rights recorded a net loss amounting to approximately RMB95 million. Details of carbon emission rights trading are listed below.

	2025		2024	
	Quantity million tonnes	Amount RMB million	Quantity million tonnes	Amount RMB million
1. Carbon emission quota at the beginning of the year	41		31	
2. Carbon emission quota increased for the current year				
(1) Allocated quota (free of charge)	172		168	
(2) Purchased quota/expense	3	228	4	360
3. Carbon emission quota reduced for the current year				
(1) Quota consumed	172		158	
(2) Quota sold/income	2	133	4	328
4. Carbon emission quota at the end of the year	42		41	

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

9. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December	
	2025	2024 (Restated)
	RMB million	RMB million
Interest income from:		
– bank deposits	2,270	2,755
– other loans and receivables	17	18
Total interest income	2,287	2,773
Interest on:		
– borrowings	2,100	2,019
– lease liabilities	32	26
– bonds	9	118
Total finance costs on financial liabilities not at FVTPL	2,141	2,163
Less: amount capitalised	(270)	(140)
	1,871	2,023
Others	109	169
Unwinding of discount	514	930
Exchange loss, net	221	15
Total finance costs	2,715	3,137
Net finance costs	428	364

Note:

Borrowing costs capitalised during the year arose on the general borrowing pools and were calculated by applying a capitalisation rate from 1.85% to 3.00% (2024: from 2.25% to 4.41% as restated) per annum to expenditure on qualifying assets.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

10. INCOME TAX EXPENSE

	Year ended 31 December	
	2025	2024 (Restated)
	RMB million	RMB million
Current tax, mainly PRC enterprise income tax	16,511	17,507
Under provision in respect of prior years	54	18
Deferred tax	(6)	(520)
	16,559	17,005

The tax charge for the year can be reconciled to the profit before income tax per consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2025	2024 (Restated)
	RMB million	RMB million
Profit before income tax	81,062	87,330
Tax at the PRC income tax rate of 25% (2024:25%)	20,266	21,833
Tax effects of:		
– different tax rates of branches and subsidiaries	(4,228)	(4,824)
– non-deductible expenses	143	229
– tax impact on non taxable revenue	–	14
– share of results of associates	(941)	(1,086)
– utilisation of tax losses and deductible temporary difference previously not recognised	(829)	(844)
– tax losses and deductible temporary difference not recognised	2,094	1,665
– under provision in respect of prior years	54	18
Income tax expense	16,559	17,005

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate applicable for the PRC group entities is 25% (2024: 25%) except for subsidiaries and branches operating in the western developing region of the PRC which are qualified to be entitled to a preferential tax rate of 15% from 2021 to 2030.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

10. INCOME TAX EXPENSE (CONTINUED)

The applicable tax rates of the Group's overseas subsidiaries are as follows:

	Year ended 31 December	
	2025	2024
	%	%
Indonesia	22.0	22.0
United States – Federal income tax rates	21.0	21.0
United States – Pennsylvania income tax rates	9.9	9.9
Hong Kong, China	8.25/16.5*	8.25/16.5*

During the years ended 31 December 2025 and 2024, there was no significant assessable profit and provision for income tax for the overseas subsidiaries.

* The two-tiered profits tax rates regime is applicable from the year of assessment 2018/19 onwards. The profits tax rate for the first HKD2,000,000 of profits of corporations will be lowered to 8.25%, and profits above that amount will continue to be subject to the tax rate of 16.5%.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting)

	Year ended 31 December	
	2025	2024
	<i>RMB million</i>	<i>(Restated) RMB million</i>
Personnel expenses, including	52,015	44,252
– Contributions to defined contribution plans	6,113	5,699
Depreciation of property, plant and equipment <i>(Note 16)</i>	21,705	21,806
Depreciation of right-of-use assets <i>(Note 23)</i>	1,127	947
Amortisation of intangible assets <i>(Note 19)</i>	490	437
Amortisation of long-term deferred expenses <i>(Note 22)</i>	1,155	1,659
Depreciation and amortisation charged for the year	24,477	24,849
Less: amount capitalised	39	30
Depreciation and amortisation <i>(Note i)</i>	24,438	24,819
Loss allowances		
– Trade receivables <i>(Note 39.2)</i>	(11)	17
– Other receivables and other loans <i>(Note 39.2)</i>	15	114
	4	131

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

11. PROFIT FOR THE YEAR (CONTINUED)

	Year ended 31 December	
	2025	2024
	RMB million	(Restated) RMB million
Other gains and losses, represent		
– losses on disposal of property, plant and equipment, intangible assets and non-current assets	218	56
– gains on disposal of subsidiaries and associates	(116)	(517)
– gains on changes in fair value of financial assets	(1)	(2)
– impairment losses on property, plant and equipment (Note 16)	133	726
– impairment losses on construction in progress (Note 17)	2	83
– impairment losses on intangible assets (Note 19)	4	12
– impairment losses on Interests in associates	–	11
– impairment losses on right-of-use assets (Note 23)	–	138
– reversal of allowance for prepaid expenses	–	(4)
– write-down of inventories	52	166
– others	(260)	8
	32	677
Carrying amount of inventories sold	148,301	174,997
Operating lease charges relating to short-term leases, leases of low-value assets and variable lease payments	1,101	435
Auditors' remuneration		
– audit service	37	35

Notes:

- (i) Cost of sales include an amount of depreciation and amortisation of RMB20,741 million for the year ended 31 December 2025 (2024: RMB20,500 million as restated).
- (ii) The Group has recorded impairment losses for certain long-term assets:

	Coal segment	Power segment	Transportation and other segments	Total
	RMB million	RMB million	RMB million	RMB million
Property, plant and equipment (Note 16)	2	121	10	133
Construction in progress (Note 17)	–	–	2	2
Intangible assets (Note 19)	4	–	–	4
Total	6	121	12	139

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

11. PROFIT FOR THE YEAR (CONTINUED)

Recoverable amount by calculating fair value less costs of disposal:

As of 31 December 2025, the Group had determined the recoverable amount by using fair value less cost of disposal. Certain assets had been valued via market method. The fair value was categorised into Level 3 measurement.

Recoverable amount by calculating present value of estimated future cash flow:

As of 31 December 2025, the Group had treated companies with impairment indicators as individual cash-generating units and had made relevant impairment assessment by calculating the present value of estimated future cash flow of each cash generating unit. The pre-tax discount rate used in the impairment assessment was based on the weighted average cost of capital, ranging from 6.95% to 13.06% (2024: 7.30% to 11.37%).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and CO, is as follows:

	Year ended 31 December 2025				
	Fee	Basic salaries, housing and other allowance and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB million	RMB million	RMB million	RMB million	RMB million
Executive directors					
Lv Zhiren (Note (iii))	-	0.09	0.66	0.07	0.82
Zhang Changyan (Note (ii))	-	0.41	0.45	0.16	1.02
Sub-total	-	0.50	1.11	0.23	1.84
Non-executive directors					
Kang Fengwei (Note (i) and Note (ii))	-	-	-	-	-
Li Xinhua (Note (i) and Note (ii))	-	-	-	-	-
Sub-total	-	-	-	-	-
Independent non-executive directors					
Chen Hanwen	0.30	-	-	-	0.30
Yuan Guoqiang	0.30	-	-	-	0.30
Wang Hong (Note (ii))	0.30	-	-	-	0.30
Sub-total	0.90	-	-	-	0.90

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

	Year ended 31 December 2025				
	Fee	Basic salaries, housing and other allowance and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB million	RMB million	RMB million	RMB million	RMB million
Employee director					
Jiao Lei <i>(Note (ii))</i>	–	0.39	0.49	0.13	1.01
Sub-total	–	0.39	0.49	0.13	1.01
Supervisors					
Tang Chaoxiong	–	–	–	–	–
Yuan Rui <i>(Note (ii))</i>	–	–	–	–	–
Zhang Feng	–	0.23	0.42	0.09	0.74
Sub-total	–	0.23	0.42	0.09	0.74
Total	0.90	1.12	2.02	0.45	4.49

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

	Year ended 31 December 2024				
	Fee RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Executive directors					
Lv Zhiren (Note (iii))	–	0.37	1.17	0.18	1.72
Zhang Changyan (Note (iii))	–	0.04	0.03	0.01	0.08
Xu Mingjun (Note (iii))	–	–	0.80	–	0.80
Sub-total	–	0.41	2.00	0.19	2.60
Non-executive directors					
Kang Fengwei (Note (i) and Note (ii))	–	–	–	–	–
Li Xinhua (Note (i) and Note (ii))	–	–	–	–	–
Jia Jinzhong (Note (i) and Note (iii))	–	–	–	–	–
Yang Rongming (Note (i) and Note (iii))	–	–	–	–	–
Sub-total	–	–	–	–	–
Independent non-executive directors					
Chen Hanwen	0.30	–	–	–	0.30
Yuan Guoqiang	0.30	–	–	–	0.30
Wang Hong (Note (iii))	0.05	–	–	–	0.05
Bai Chongen (Note (iii))	0.25	–	–	–	0.25
Sub-total	0.90	–	–	–	0.90
Employee director					
Jiao Lei (Note (iii))	–	0.08	0.11	0.03	0.22
Liu Xiaolei (Note (iii))	–	0.29	0.41	0.11	0.81
Sub-total	–	0.37	0.52	0.14	1.03
Supervisors					
Zhou Dayu (Note (i) and Note (iii))	–	–	–	–	–
Tang Chaoxiong	–	–	–	–	–
Yuan Rui (Note (iii))	–	–	–	–	–
Zhang Feng	–	0.35	0.60	0.13	1.08
Sub-total	–	0.35	0.60	0.13	1.08
Total	0.90	1.13	3.12	0.46	5.61

Discretionary bonuses were determined by the remuneration committee in accordance with the relevant human resources policies.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

Notes:

- (i) The emoluments of these directors and supervisors were borne by China Energy Group during the years ended 31 December 2025 and 2024.

- (ii) Mr. Zhang Changyan was elected and appointed as executive director on 20 December 2024, and appointed as the new authorized representative of the Company on 24 March 2025.

Mr. Kang Fengwei was elected and appointed as non-executive director on 30 September 2024.

Mr. Li Xinhua was elected and appointed as non-executive director on 30 September 2024.

Mr. Wang Hong was elected and appointed as independent non-executive directors on 30 September 2024.

Ms. Jiao Lei was elected and appointed as employee director on 30 September 2024.

Mr. Yuan Rui was elected and appointed as supervisor on 30 September 2024.

- (iii) Mr. Lv Zhiren ceased to serve as chairman and executive director of the Company on 24 March 2025.

Mr. Xu Mingjun ceased to serve as executive director on 30 September 2024.

Mr. Jia Jinzhong ceased to serve as non-executive director on 30 September 2024.

Mr. Yang Rongming ceased to serve as non-executive director on 30 September 2024.

Mr. Bai Chongen ceased to serve as independent non-executive director on 30 September 2024.

Ms. Liu Xiaolei ceased to serve as employee director on 30 September 2024.

Mr. Zhou Dayu ceased to serve as supervisor on 30 September 2024.

On 29 August 2025 the Board of Directors announced that, upon approval of the amendments to the Company's Articles of Association by the shareholders at the extraordinary general meeting, the Company will no longer establish a Board of Supervisors. All supervisors ceased to serve as supervisors since 29 August 2025.

Except for those emoluments of directors or supervisors whose emoluments were borne by China Energy Group, the executive directors' and supervisors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments within the Group, two (2024: three) were directors of the Company whose emoluments are disclosed in Note 12. The emoluments of other three (2024: two) highest paid individuals are as follows:

	Year ended 31 December	
	2025 RMB million	2024 RMB million
Basic salaries, housing and other allowances and benefits in kind	1.04	0.69
Discretionary bonuses	2.39	1.68
Retirement scheme contributions	0.52	0.30
	3.95	2.67

Their emoluments are within the following band:

	Year ended 31 December	
	2025	2024
HKD1,000,001 to HKD1,500,000	3	–
HKD1,500,001 to HKD2,000,000	–	2
	3	2

14. DIVIDENDS

	Year ended 31 December	
	2025 RMB million	2024 RMB million
Dividend approved and paid during the year:		
2024 final – RMB2.26, 2025 interim – RMB0.98 (2024: 2023 final – RMB2.26, 2024 interim – nil) per ordinary share	64,374	44,903

Subsequent to the end of the reporting period, a dividend in respect of the year ended 31 December 2025, which the estimated total amount is RMB22,340 million (inclusive of tax), at RMB1.03 (inclusive of tax) per ordinary share, has been proposed by the Board of Directors and is subject to approval by the shareholders in the following general meeting.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

15. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Company of RMB54,218 million (2024: RMB59,544 million as restated) and the weighted average of 19,869 million ordinary shares (2024: 19,869 million shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	Year ended 31 December	
	2025 <i>million</i>	2024 <i>million</i>
Number of shares in issue at 1 January and 31 December	19,869	19,869
Weighted average number of shares in issue	19,869	19,869

No diluted earnings per share for both 2025 and 2024 were presented as there were no potential ordinary shares in existence during both years.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

16. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Mining structures and mining rights	Mining related machinery and equipment	Generators related machinery and equipment	Railway and port	Vessels	Coal chemical related machinery and equipment	Furniture, fixtures, motor vehicles and other equipment	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Cost									
At 1 January 2024 (restated)	71,582	63,488	80,012	141,543	156,117	7,466	13,488	23,971	557,667
Additions	389	3,562	960	172	2,356	1	45	348	7,833
Transferred from construction in progress <i>(Note 17)</i>	3,197	267	5,606	4,763	2,609	542	68	1,775	18,827
Reclassification and other additions	129	–	105	(18)	(249)	–	8	25	–
Disposals or write-off	(799)	(132)	(3,775)	(894)	(795)	(161)	(127)	(408)	(7,091)
Exchange adjustment	24	–	–	29	–	–	–	3	56
Others	–	(598)	–	–	–	–	–	–	(598)
At 31 December 2024 (restated)	74,522	66,587	82,908	145,595	160,038	7,848	13,482	25,714	576,694
Additions	327	2,551	1,016	1,182	1,686	1	20	870	7,653
Transferred from construction in progress <i>(Note 17)</i>	3,825	847	6,851	15,639	1,318	14	226	618	29,338
Reclassification and other additions	(179)	–	247	(64)	168	–	(4)	(168)	–
Disposals or write-off	(896)	(73)	(3,593)	(960)	(1,388)	(2)	(44)	(107)	(7,063)
Exchange adjustment	(37)	–	–	(45)	–	–	–	(4)	(86)
At 31 December 2025	77,562	69,912	87,429	161,347	161,822	7,861	13,680	26,923	606,536

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings	Mining structures and mining rights	Mining related machinery and equipment	Generators related machinery and equipment	Railway and port	Vessels	Coal chemical related machinery and equipment	Furniture, fixtures, motor vehicles and other equipment	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Depreciation and impairment									
At 1 January 2024 (restated)	24,910	23,152	57,825	57,212	69,400	2,775	9,394	16,454	261,122
Charge for the year	2,267	1,925	3,908	6,055	5,665	322	722	942	21,806
Reclassification	84	-	(26)	(1)	(61)	-	-	4	-
Impairment losses	545	171	312	94	4	221	-	204	1,551
Disposals or write-off	(1,515)	(68)	(3,513)	(761)	(743)	(147)	(127)	(373)	(7,247)
Exchange adjustment	13	-	-	16	-	-	-	2	31
Impairment losses -transferred from construction	-	267	468	21	6	-	-	311	1,073
At 31 December 2024 (restated)	26,304	25,447	58,974	62,636	74,271	3,171	9,989	17,544	278,336
Charge for the year	1,509	1,860	4,209	6,454	5,823	314	715	821	21,705
Reclassification	(49)	-	70	(10)	28	-	-	(39)	-
Impairment losses	7	-	-	96	-	10	-	20	133
Disposals or write-off	(428)	(65)	(2,300)	(925)	(1,102)	(2)	(43)	(107)	(4,972)
Exchange adjustment	(21)	-	-	(26)	-	-	-	(3)	(50)
Impairment losses -transferred from construction	16	-	379	-	-	-	-	-	395
Others	-	-	140	-	-	-	-	-	140
At 31 December 2025	27,338	27,242	61,472	68,225	79,020	3,493	10,661	18,236	295,687
Carrying values									
At 31 December 2025	50,224	42,670	25,957	93,122	82,802	4,368	3,019	8,687	310,849
At 31 December 2024 (restated)	48,218	41,140	23,934	82,959	85,767	4,677	3,493	8,170	298,358

Notes:

- (i) As at 31 December 2025, the carrying amount of the Group's investment property included in the property, plant and equipment was RMB1,265 million (As at 31 December 2024: RMB1,320 million as restated).
- (ii) The Group was in the process of applying for the title certificates of certain of its properties with an aggregate carrying amount of RMB3,096 million as at 31 December 2025 (2024: RMB3,664 million as restated). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy or use the above mentioned properties.
- (iii) As at 31 December 2025, the property, plant and equipment with carrying amount of RMB204 million (2024: RMB86 million) have been pledged to the banks to secure the banking facilities granted to the Group.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

17. CONSTRUCTION IN PROGRESS

	Year ended 31 December	
	2025	2024 (Restated)
	RMB million	RMB million
At the beginning of the year	27,899	19,638
Additions	34,395	27,358
Transferred to property, plant and equipment (Note 16)	(29,338)	(18,827)
Transferred to intangible assets (Note 19)	(148)	(826)
Transferred to right-of-use assets (Note 23)	(345)	(199)
Transferred to other non-current assets	(157)	–
Disposal	(161)	–
Impairment losses (Note (iii))	(2)	(83)
Others (Note (iii))	557	838
At the end of the year	32,700	27,899

Notes:

- (i) As at 31 December 2025, the Group is in the process of obtaining requisite permits for certain of its power plants and railways from the relevant government authorities. The Directors are of the opinion that the Group will be able to obtain the requisite permits in due course.
- (ii) As a result of deferral of certain projects, management performed impairment assessment of the related construction in progress and concluded that impairment provision of RMB2 million was required and charged into profit or loss for the current year.
- (iii) It mainly represented the impairment provisions transferred to property, plant and equipment and other long-term assets.

18. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets represent the expenditures related to coal exploration and evaluation activities incurred by the Group. As at 31 December 2025, the carrying amount of the exploration and evaluation assets was RMB4,581 million (31 December 2024: RMB4,861 million).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

19. INTANGIBLE ASSETS

The movement of intangible assets, mainly licenses, software and franchises, is as follows:

	Year ended 31 December	
	2025	2024
	<i>RMB million</i>	<i>(Restated) RMB million</i>
At the beginning of the year	5,487	4,692
Additions	784	420
Transferred from construction in progress	148	826
Amortisation	(490)	(437)
Disposal	(21)	(2)
Impairment losses	(4)	(12)
At the end of the year	5,904	5,487

20. INTERESTS IN ASSOCIATES

	31 December 2025	31 December 2024
	<i>RMB million</i>	<i>(Restated) RMB million</i>
Unlisted shares, at cost	51,931	51,491
Share of post-acquisition profits and other comprehensive income, net of dividend received	10,177	8,415
	62,108	59,906

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

20. INTERESTS IN ASSOCIATES (CONTINUED)

The Group's associates are unlisted and established in the PRC. The following list contains only the particulars of associates, which principally affect the results or assets of the Group:

Name of associate	Proportion of ownership interest and voting power held by the Group		Principal activities
	31 December	31 December	
	2025	2024	
	%	%	
Beijing GD Power Co., Ltd. ("Beijing GD")	43	43	Generation and sale of electricity
China Energy Finance Co., Ltd. ("Finance Company")	40	40	Provision of comprehensive financial service
Haoji Railway Co., Ltd. ("Haoji Railway") (Note)	13	13	Provision of transportation service
Shendong Tianlong Group Co., Ltd. ("Shendong Tianlong")	20	20	Coal production and sale
Guohua (Hebei) Renewables Co., Ltd. ("Hebei Renewables")	25	25	Generation and sale of electricity
Suizhong Power Generation Co., Ltd. ("Suizhong Power") (Note)	15	15	Generation and sale of electricity

Note:

The Company has significant influence over Haoji Railway and Suizhong Power as the Company appointed a director in the respective board of directors of these companies.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

20. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	31 December 2025/ Year ended 31 December 2025			31 December 2024/ Year ended 31 December 2024		
	Beijing GD <i>RMB million</i>	Finance Company <i>RMB million</i>	Haoji Railway <i>RMB million</i>	Beijing GD <i>RMB million</i>	Finance Company <i>RMB million</i>	Haoji Railway <i>RMB million</i>
Current assets	27,539	37,529	11,038	33,327	41,027	8,524
Non-current assets	130,846	174,705	144,543	125,837	251,195	146,956
Total assets	158,385	212,234	155,581	159,164	292,222	155,480
Current liabilities	40,130	169,678	15,387	38,939	253,677	9,413
Non-current liabilities	21,725	1	86,457	24,012	5	92,890
Total liabilities	61,855	169,679	101,844	62,951	253,682	102,303
Non-controlling interests	30,421	–	–	30,031	–	–
Equity attributable to equity holders of the Company	66,109	42,555	53,737	66,182	38,540	53,177
Revenue	109,779	4,251	14,881	109,779	6,996	14,504
Profit for the year	3,623	4,338	544	4,867	3,500	635
Total comprehensive income for the year	3,623	4,023	544	4,866	3,500	635
Equity attributable to equity holders of the Company	66,109	42,555	53,737	66,182	38,540	53,177
Group's proportion of ownership interest	43%	40%	13%	43%	40%	13%
Carrying amount of equity investment in associates	28,116	17,022	6,718	28,147	15,416	6,647

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

20. INTERESTS IN ASSOCIATES (CONTINUED)

	31 December 2025/ Year ended 31 December 2025		31 December 2024/ Year ended 31 December 2024	
	Shendong Tianlong RMB million	Hebei Renewables RMB million	Shendong Tianlong RMB million	Hebei Renewables RMB million
Current assets	8,552	751	7,945	656
Non-current assets	11,456	2,405	10,145	2,613
Total assets	20,008	3,156	18,090	3,269
Current liabilities	4,819	292	4,420	237
Non-current liabilities	236	–	2	–
Total liabilities	5,055	292	4,422	237
Non-controlling interests	–	–	–	–
Equity attributable to equity holders of the Company	14,953	2,864	13,668	3,032
Revenue	11,041	428	12,776	392
Profit for the year	1,206	84	2,202	80
Total comprehensive income for the year	1,245	84	2,138	80
Equity attributable to equity holders of the Company	14,953	2,864	13,668	3,032
Group's proportion of ownership interest	20%	25%	20%	25%
Carrying amount of equity investment in associates	3,049	716	2,787	758

Note: As Suizhong Power is a subsidiary of Beijing GD and its financial information has been included in the consolidated financial statements of Beijing GD, the financial information of Suizhong Power is not listed separately.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

20. INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material:

	31 December 2025 RMB million	31 December 2024 RMB million
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	3,882	3,547
Aggregate amounts of the Group's share of those associates:		
– Profit for the year	126	186
– Total comprehensive income for the year	125	50

21. FINANCIAL ASSETS AT FAIR VALUE

(a) Financial assets at fair value through other comprehensive income

	31 December 2025 RMB million	31 December 2024 RMB million
Non-current asset		
Unlisted equity securities (Note (i))	3,175	2,787
Current asset		
Accounts and bills receivables (Note (ii))	1,495	1,174
	4,670	3,961

Notes:

- (i) The above unlisted equity investments represent the Group's equity interest in entities established in the PRC. The Directors of the Company have elected to designate these equity investments as FVTOCI as it is the Group's strategy to hold these investments for long-term purposes and realising their performance potential in the long run.
- (ii) As at 31 December 2025, certain accounts and bills receivables were classified as financial assets at FVTOCI, as certain subsidiaries' business model is achieved both by collecting contractual cash flows and selling of these assets.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

21. FINANCIAL ASSETS AT FAIR VALUE (CONTINUED)

(b) Financial assets at fair value through profit or loss

	31 December 2025 RMB million	31 December 2024 RMB million
Non-current asset		
Other non-current financial assets	113	60
Current asset		
Stock	—*	—*
Structural deposits	—	17,302
	113	17,362

* Amount smaller than RMB500,000

22. OTHER NON-CURRENT ASSETS

	31 December 2025 RMB million	31 December 2024 (Restated) RMB million
Prepayments in connection with construction work, equipment purchases and others (Note (i))	7,499	10,200
Prepayments for mining projects	2,000	2,000
Deductible VAT	590	420
Service concession receivables (Note (iii))	15,874	16,149
Goodwill	113	113
Long-term deferred expenses (Note (iii))	5,849	4,175
	31,925	33,057

Notes:

- (i) At 31 December 2025, the Group had prepayments to China Energy Group and fellow subsidiaries amounting to RMB332 million (2024: RMB271 million as restated).
- (ii) Pursuant to the Power Purchase Agreements entered between certain power plants of the Group and PT Perusahaan Listrik Negara (Persero) ("PLN"), an independent third party, certain power plants of the Group build power plants to supply electricity to PLN for a 25 – 30 years period from the power plant's commercial operation date under the service concession scheme. Service concession receivables represents service provided in connection with the service concession arrangement, for which a guaranteed minimum payments have been agreed. Due to the length of the payment plans, receivables are the present value of future guaranteed cash receipts discounted using effective interest rate.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

22. OTHER NON-CURRENT ASSETS (CONTINUED)

Notes: (continued)

(iii) The movement of long-term deferred expenses during the year is as follows:

	Year ended 31 December	
	2025 RMB million	2024 RMB million
At the beginning of the year	4,175	3,633
Additions	3,135	2,345
Amortisation	(1,155)	(1,659)
Disposal	(306)	(144)
At the end of the year	5,849	4,175

23. RIGHT-OF-USE ASSETS

The right-of-use assets represent land use rights paid to the PRC's government authorities and the leased assets. The Group is in the process of applying for the title certificates of certain land use rights certificates with an aggregate carrying amount of RMB922 million as at 31 December 2025 (2024: RMB469 million as restated). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy or use the above mentioned lands.

As at 31 December 2025, the Group has no bank loans secured by the Group's right-of-use assets (2024: Nil).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

23. RIGHT-OF-USE ASSETS (CONTINUED)

The Group leases assets including buildings, machinery, equipment and other properties, and land use rights. Information about leases for which the Group is a lessee is presented below.

	Buildings RMB million	Machinery, equipment and other properties RMB million	Land use rights RMB million	Total RMB million
Cost				
At 1 January 2024 (restated)	698	1,565	31,001	33,264
Additions	209	34	934	1,177
Transferred from construction in progress	–	–	199	199
Disposals	(50)	(1)	(114)	(165)
At 31 December 2024 (restated)	857	1,598	32,020	34,475
Additions	403	77	1,687	2,167
Transferred from construction in progress	–	–	345	345
Transferred to property, plant and equipment (<i>Note 16</i>)	–	(155)	–	(155)
Disposals	(187)	(231)	(185)	(603)
At 31 December 2025	1,073	1,289	33,867	36,229
Accumulated depreciation				
At 1 January 2024 (restated)	(212)	(324)	(6,553)	(7,089)
Depreciation	(123)	(135)	(689)	(947)
Disposals	44	1	56	101
At 31 December 2024 (restated)	(291)	(458)	(7,186)	(7,935)
Depreciation	(252)	(79)	(796)	(1,127)
Transferred to property, plant and equipment (<i>Note 16</i>)	–	15	–	15
Disposals	98	153	12	263
At 31 December 2025	(445)	(369)	(7,970)	(8,784)
Impairment losses				
At 1 January 2024 (restated)	–	–	(477)	(477)
Additions	–	(140)	4	(136)
At 31 December 2024 (restated)	–	(140)	(473)	(613)
Transferred to property, plant and equipment (<i>Note 16</i>)	–	140	–	140
At 31 December 2025	–	–	(473)	(473)
Net book value				
At 31 December 2025	628	920	25,424	26,972
At 31 December 2024 (restated)	566	1,000	24,361	25,927

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

24. INVENTORIES

	31 December 2025	31 December 2024 (Restated)
	<i>RMB million</i>	<i>RMB million</i>
Coal	5,659	6,664
Materials and supplies	8,488	8,382
	14,147	15,046
Less: write-down of inventories	(2,297)	(2,380)
	11,850	12,666

Movement in write-down of inventories during the year is as follows:

	Year ended 31 December	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
At the beginning of the year	2,380	2,631
Write-down of inventories	104	166
Write-off of inventories	(187)	(417)
At the end of the year	2,297	2,380

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

25. ACCOUNTS AND BILLS RECEIVABLES

	31 December 2025	31 December 2024 (Restated)
	RMB million	RMB million
Accounts receivable		
– China Energy Group and fellow subsidiaries	2,464	3,060
– Associates	20	11
– Third parties	11,953	10,726
	14,437	13,797
Less: allowance for credit losses	(1,212)	(1,228)
	13,225	12,569
Bills receivable		
– China Energy Group and fellow subsidiaries	5,121	2,876
– Associates	122	157
– Third parties	375	3
	5,618	3,036
	18,843	15,605

As at 31 December 2025 and 31 December 2024, accounts and bills receivables from contracts with customers amounted to RMB20,055 million and RMB16,833 million (as restated), respectively.

Bills receivables were mainly issued by PRC banks and are expiring within one year. As at 31 December 2025, no bills receivables was pledged to secure bills payables (2024: Nil).

As of the end of the reporting period, the ageing analysis of accounts receivables, based on the invoice date and net of loss allowance, is as follows:

	31 December 2025	31 December 2024 (Restated)
	RMB million	RMB million
Less than one year	12,883	12,252
One to two years	149	174
Two to three years	85	116
More than three years	108	27
	13,225	12,569

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

25. ACCOUNTS AND BILLS RECEIVABLES (CONTINUED)

As at 31 December 2025, included in the Group's accounts receivables are debtors with gross carrying amount of RMB4,075 million (2024: RMB3,452 million as restated) which are past due as at the reporting date. The past due balances are not considered as in default because the debtors are not in significant financial difficulty and the management expects that the debtor is able and likely to pay for the debts. The Group does not hold any collateral over these balances.

Details of credit risks of accounts and bills receivables for the year ended 31 December 2025 are set out in Note 39.2.

Included in accounts receivable, the following amounts are denominated in foreign currencies:

	31 December 2025 <i>RMB million</i>	31 December 2024 <i>RMB million</i>
United States Dollars ("USD")	736	430
Indonesian Rupiah ("IDR")	561	455
	1,297	885

Transfers of financial assets

As at 31 December 2025, the Group endorsed bills receivable amounting to RMB107 million (2024: RMB312 million) to suppliers to settle the accounts payable of same amounts and discounted bills receivable amounting to RMB1,054 million (2024: RMB1,621 million) to banks. In accordance to the relevant laws in the PRC, the holders of the bills receivable have a right of recourse against the Group if the issuing banks default payment (the "Continuing Involvement"). In the opinion of the Directors, the fair values of the Continuing Involvement are insignificant, and the Group has transferred substantially all the risks and rewards of ownership relating to these bills receivable, and accordingly derecognised the full carrying amounts of the bills receivable, in case of bills receivable endorsed to suppliers, derecognised the associated accounts payable.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

26. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	31 December 2025	31 December 2024 (Restated)
	RMB million	RMB million
Financial assets measured at amortised cost		
– Service concession receivables (Note 22(ii))	1,896	2,237
– Entrusted loan (Note (i))	734	395
– Other receivables due from associates	1,105	848
– Other receivables	3,209	2,885
– Other loans	4,500	4,500
	11,444	10,865
Less: impairment losses	5,414	5,439
	6,030	5,426
Prepaid expenses and deposits	6,601	6,671
Deductible VAT and other taxes	5,378	4,450
	18,009	16,547

Note:

- (i) As at 31 December 2025, the Group has a long-term entrusted loan of RMB395 million (as at 31 December 2024: RMB395 million) to an associate, Inner Mongolia YiLi Chemical Industry Limited Company (“YiLi Chemical”), through a PRC state-owned bank, with an interest rate of 4.75% per annum. The entrusted loan had a term of 3 years and expired on December 23, 2023, and YiLi Chemical failed to fully repay the principal on time; YiLi Chemical has implemented corresponding guarantee measures for the loan through asset mortgage. The Group collected the principal of the entrusted loan amounting to RMB105 million in 2026, the two parties are in the process of negotiating the follow-up of the entrusted loan.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

27. RESTRICTED BANK DEPOSITS

Restricted bank deposits mainly include the mine geographical environment governance recovery fund of coal mines, loan deposits, restoration development deposits, collaterals for bills payable and litigation freezing deposits.

The Group performed impairment assessment on restricted bank deposits and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

Details of impairment assessment of restricted bank deposits are set out in Note 39.2.

28. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows comprise cash at bank and in hand, and time deposits with original maturity within three months.

	31 December 2025	31 December 2024 (Restated)
	RMB million	RMB million
Deposits with banks and other financial institutions	96,772	143,845
Less: Restricted bank deposits	17,637	14,280
Less: Time deposits with original maturity over three months	55,847	63,152
Cash and cash equivalents in the consolidated cash flow statement	23,288	66,413

As at 31 December 2025, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided. Details of impairment assessment of bank deposits are set out in Note 39.2.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

28. CASH AND CASH EQUIVALENTS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

The table below shows the detailed changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings	Bonds	Lease liabilities	Accrued interest payable	Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(Note 30)</i>	<i>(Note 31)</i>	<i>(Note 32)</i>	<i>(Note 34)</i>	
At 1 January 2025 (restated)	45,703	3,020	1,523	39	50,285
Capital element of lease rentals paid	-	-	(573)	-	(573)
Interest element of lease rentals paid	-	-	(31)	-	(31)
Interest paid	-	-	-	(2,242)	(2,242)
Proceeds from borrowings	9,697	-	-	-	9,697
Repayments of borrowings	(19,892)	-	-	-	(19,892)
Redemption of bonds	-	(3,021)	-	-	(3,021)
Foreign exchange	(608)	(6)	-	-	(614)
Interest expenses	-	7	32	2,226	2,265
Increase in lease liabilities from entering into new leases during the year	-	-	326	-	326
At 31 December 2025	34,900	-	1,277	23	36,200
At 1 January 2024 (restated)	44,068	2,972	1,789	33	48,862
Capital element of lease rentals paid	-	-	(646)	-	(646)
Interest element of lease rentals paid	-	-	(25)	-	(25)
Interest paid	-	-	-	(2,268)	(2,268)
Proceeds from borrowings	15,363	-	-	-	15,363
Repayments of borrowings	(13,024)	-	-	-	(13,024)
Redemption of bonds	-	(114)	-	-	(114)
Foreign exchange	(704)	44	-	-	(660)
Amortisation of discount on bonds	-	-*	-	-	-*
Interest expenses	-	118	26	2,274	2,418
Increase in lease liabilities from entering into new leases during the year	-	-	379	-	379
At 31 December 2024 (restated)	45,703	3,020	1,523	39	50,285

* Amount smaller than RMB500,000

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

28. CASH AND CASH EQUIVALENTS (CONTINUED)

(c) Total cash outflow for leases

Amounts included in the consolidated cash flow statement for leases comprise the following:

	Year ended 31 December	
	2025	2024 (Restated)
	RMB million	RMB million
Within operating cash flows	362	435
Within financing cash flows	604	671
	966	1,106

These amounts relate to the following:

	Year ended 31 December	
	2025	2024 (Restated)
	RMB million	RMB million
Lease rental paid	966	1,106

29. DEFERRED TAXATION

For the purpose of the presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose.

	31 December 2025	31 December 2024 (Restated)
	RMB million	RMB million
Deferred tax assets	6,481	6,158
Deferred tax liabilities	(1,760)	(1,348)
	4,721	4,810

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

29. DEFERRED TAXATION (CONTINUED)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior year:

	At 1 January 2025 RMB million	Credited/ (charged) in profit or loss and other comprehensive income RMB million	31 December 2025 RMB million
Allowances, primarily for receivables and inventories	501	113	614
Property, plant and equipment	1,986	(8)	1,978
Tax allowable expenses not yet incurred	237	–	237
Unrealised profits from sales within the Group	1,279	488	1,767
Accrued salaries and other expenses not yet paid	182	–	182
Lease transactions	(56)	3	(53)
Others	681	(685)	(4)
Net deferred tax assets	4,810	(89)	4,721

	At 1 January 2024 (Restated) RMB million	Credited/ (charged) in profit or loss and other comprehensive income (Restated) RMB million	31 December 2024 (Restated) RMB million
Allowances, primarily for receivables and inventories	502	(1)	501
Property, plant and equipment	1,694	292	1,986
Tax allowable expenses not yet incurred	237	–	237
Unrealised profits from sales within the Group	1,265	14	1,279
Accrued salaries and other expenses not yet paid	167	15	182
Lease transactions	28	(84)	(56)
Others	474	207	681
Net deferred tax assets	4,367	443	4,810

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

29. DEFERRED TAXATION (CONTINUED)

At the end of the reporting period, the Group has unused tax losses of RMB8,608 million (2024: RMB9,873 million as restated) and unrecognised deductible temporary differences of RMB13,950 million (2024: RMB14,483 million as restated) available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining RMB8,608 million (2024: RMB9,873 million as restated) losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB3,498 million (2024: RMB967 million as restated) that will be expired in 2026.

30. BORROWINGS

An analysis of the Group's borrowings is as follows:

	31 December 2025	31 December 2024 (Restated)
	RMB million	RMB million
Current borrowings:		
Short-term bank and other borrowings	409	4,812
Current portion of long-term borrowings	6,223	9,209
	6,632	14,021
Non-current borrowings:		
Long-term borrowings, less current portion	28,268	31,682
	34,900	45,703
Secured	8,407	9,706
Unsecured	26,493	35,997
	34,900	45,703

The Group's short-term borrowings are unsecured and bear interest at rates ranging from 2.11% to 2.85% per annum (2024: 1.85% to 2.90% per annum), and long-term borrowings bear interest at rates ranging from 1.45% to 8.47% per annum (2024: 0% to 5.60% per annum as restated).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

30. BORROWINGS (CONTINUED)

	31 December 2025	31 December 2024 (Restated)
	RMB million	RMB million
The exposure of the long-term borrowings and the contractual maturity dates:		
Within one year	6,223	9,209
One to two years	3,337	4,875
Two to five years	5,987	1,772
More than five years	18,944	25,035
	34,491	40,891

The Group's long-term borrowings comprise:

	31 December 2025	31 December 2024 (Restated)
	RMB million	RMB million
Loans from banks and other institutions		
RMB denominated Interest rates ranging from 1.45% to 3.00% per annum with maturities through 27 December 2040	26,440	31,277
USD denominated Interest rates ranging from SOFR+2.40% to SOFR+4.43% per annum with maturities through 18 December 2035	7,815	9,224
Japanese Yen ("JPY") denominated Interest rates ranging from 1.80% to 2.30% per annum with maturities through 20 March 2031	236	390
	34,491	40,891
Less: current portion of long-term borrowings	6,223	9,209
	28,268	31,682

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

30. BORROWINGS (CONTINUED)

As at 31 December 2025, included in the above outstanding long-term borrowings, were long-term borrowings from China Energy Group and fellow subsidiaries amounting to RMB12,963 million (2024: RMB19,935 million as restated).

Certain borrowings are secured over certain property, plant and equipment with a carrying amount of RMB204 million (2024: RMB86 million) (see Note 16(iii)).

31. BONDS

The Group issued a dollar bond of a total USD500 million on 20 January 2015, and had redeemed a cumulative amount of the dollar bond of USD500 million as at 31 December 2025 (2024: USD87 million). The net proceeds of the dollar bond issued were mainly used for repayment of loans of subsidiaries. Details of the Group's bond are as follow:

	Effective interest rate %	Due date	31 December 2025 RMB million	31 December 2024 RMB million
10-year corporate bond	4.10	19/01/2025	–	3,020

The bonds have matured on 19 January 2025 and have been fully repaid.

32. LEASE LIABILITIES

The lease liabilities were repayable as follow:

	31 December 2025		31 December 2024 (Restated)	
	Present value of the minimum lease payments RMB million	Total minimum lease payments RMB million	Present value of the minimum lease payments RMB million	Total minimum lease payments RMB million
Within 1 year	306	324	390	469
After 1 year but within 2 years	165	211	263	329
After 2 years but within 5 years	215	250	324	459
After 5 years	591	711	546	716
	971	1,172	1,133	1,504
	1,277	1,496	1,523	1,973
Less: total future interest expenses		(219)		(450)
Present value of lease liabilities		1,277		1,523

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

33. ACCOUNTS AND BILLS PAYABLES

	31 December 2025	31 December 2024 (Restated)
	RMB million	RMB million
Accounts payable		
– China Energy Group, an associate of China Energy Group and fellow subsidiaries	3,049	2,245
– Associates	3,280	765
– Third parties	34,847	35,805
	41,176	38,815
Bills payable	337	146
	41,513	38,961

The following is an ageing analysis of accounts and bills payables, presented based on invoice date:

	31 December 2025	31 December 2024 (Restated)
	RMB million	RMB million
Less than one year	37,810	34,899
One to two years	2,084	2,161
Two to three years	767	1,127
More than three years	852	774
	41,513	38,961

Included in accounts and bills payables, the following amounts are denominated in foreign currencies:

	31 December 2025	31 December 2024
	RMB million	RMB million
USD	289	40
Others	581	364
	870	404

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

34. ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2025	31 December 2024 (Restated)
	RMB million	RMB million
Accrued staff wages and welfare benefits	8,199	8,253
Accrued interest payable	23	39
Taxes payable other than income tax	5,640	5,479
Dividends payable	1,474	4,449
Other accrued expenses and payables (Note)	15,325	16,957
	30,661	35,177

Note:

Other accrued expenses and payables of the Group included:

	31 December 2025	31 December 2024 (Restated)
	RMB million	RMB million
Amounts due to China Energy Group and fellow subsidiaries	1,841	1,364
Amounts due to associates	–	10
	1,841	1,374

The above balances are unsecured, interest-free and payable on demand.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

35. LONG-TERM LIABILITIES

	31 December 2025	31 December 2024 (Restated)
	RMB million	RMB million
Payables for acquisition of mining rights (Note (i))	13,348	17,329
Deferred income (Note (ii))	1,489	1,430
Defined benefit plans	1,141	1,426
Others	1,513	6,790
	17,491	26,975
Analysed for reporting purpose as:		
Current liabilities	2,835	5,900
Non-current liabilities	14,656	21,075
	17,491	26,975

Notes:

- (i) The payables for acquisition of mining rights is the present value of the payable mining rights. The mining rights payable shall be paid annually during the execution of the contract.
- (ii) Deferred income mainly represents grants provided by several local governments in the PRC to encourage the construction of non-current assets.

36. ACCRUED RECLAMATION OBLIGATIONS

	Year ended 31 December	
	2025	2024 (Restated)
	RMB million	RMB million
At the beginning of the year	9,668	8,780
Addition for the year	531	930
Accretion expense	348	285
Accrued reclamation obligations utilised	(993)	(327)
At the end of the year	9,554	9,668

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

37. SHARE CAPITAL

	31 December 2025 RMB million	31 December 2024 RMB million
Registered, issued and fully paid:		
16,491,037,955 domestic listed A shares of RMB1.00 each	16,491	16,491
3,377,482,000 H shares of RMB1.00 each	3,378	3,378
	19,869	19,869

All A shares and H shares rank pari passu in all material aspects.

38. CAPITAL RISK MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts.

The Group monitors capital using a gearing ratio which is total liabilities divided by total assets. The Group aims to maintain the gearing ratio at a reasonable level. The Group's gearing ratio as at 31 December 2025 was 23.2% (31 December 2024: 25.5% as restated).

There were no changes in the Group's approach to capital management compared with previous years.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

39. FINANCIAL INSTRUMENTS

39.1 Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are set out as follows:

	31 December 2025	31 December 2024 (Restated)
	RMB million	RMB million
Financial assets		
Financial assets at amortised cost	148,755	181,025
Equity instruments at FVTOCI (Note 21)	3,175	2,787
Accounts and bills receivables at FVTOCI (Note 21)	1,495	1,174
Financial assets measured at fair value through profit or loss (Note 21)	113	17,362
	153,538	202,348
Financial liabilities		
Amortised cost	104,603	126,144

39.2 Financial risk management objectives and policies

The Group's major financial instruments include accounts and bills receivables, loans and advances to/deposits from/amounts due to China Energy Group and fellow subsidiaries, amounts due from/to associates, other receivables, accounts and bills payables, borrowings, other payables, long-term liabilities and bonds. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate and currency risks), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The functional currency of most of the Group entities is RMB in which most of the transactions are denominated. However, certain of the Group's receivables, bank balances, borrowings and payables are denominated in foreign currencies other than the functional currency in which they are measured. The carrying amounts of the Group's receivables, bank balances, borrowings and payables denominated in foreign currencies are set out in Notes 25, 30 and 33, respectively.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	Year ended 31 December		Year ended 31 December	
	2025	2024	2025	2024
	RMB million	RMB million	RMB million	RMB million
USD	140	313	2,266	2,236
JPY	236	390	—	—
Other currencies	593	411	2,107	2,550

Sensitivity analysis

The following table details the Group's sensitivity to a 10% increase or decrease in exchange rate of each foreign currency against RMB, while all other variables are held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the end of the reporting period.

	USD		JPY		Other currencies	
	Year ended 31 December		Year ended 31 December		Year ended 31 December	
	2025	2024	2025	2024	2025	2024
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Increase/(decrease) in profit after tax for the year:						
– if RMB weakens against foreign currencies	168	101	(19)	(31)	120	171
– if RMB strengthens against foreign currencies	(168)	(101)	19	31	(120)	(171)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan, receivables and borrowings (see Notes 30 and 31).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate borrowings and variable-rate loans. Other than the concentration of interest rate risk related to the movements in Secured Overnight Financing Rate and the loan interest published by the PBOC, the Group has no significant concentration of interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate borrowings and variable-rate loans and receivables at the end of the reporting period. No sensitivity analysis has been presented for the exposure to interest rates for bank balances as the management of the Group considers that, taking into account that the fluctuation in interest rates on bank balances is minimal, the impact of profit or loss for the year is insignificant.

The analysis is prepared assuming variable-rate borrowings and variable-rate loans and receivables outstanding at the end of the reporting period were outstanding for the whole year.

If interest rates had been 100 basis points (2024: 100 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2025 would decrease/increase by RMB267 million (2024: decrease/increase by RMB274 million as restated).

Credit risk and impairment assessment

As at 31 December 2025, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of financial guarantees provided by the Group is disclosed in Note 40.2. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Accounts and bills receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Loan receivables

The credit risks on loan receivables are limited because the counterparties are mainly related parties, the Group assesses the recoverability by reviewing their financial positions and results periodically and considers that its exposure to credit risk arising from default of the counterparties is limited.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies, such as China Construction Bank, Industrial and Commercial Bank of China, Bank of China and Agricultural Bank of China.

Other receivables

Other receivables represent pledge and guarantee deposit, dividend receivables and interest receivables. The pledge and guarantee deposit is paid for regular businesses. The dividend receivables relate to the investments of the Company and the interest receivables mainly relate to related parties and stated owned entities. Thus, the credit risk on other receivables are limited.

Financial guarantee contracts

The credit risks on financial guarantee contracts are limited because the counterparties are state owned entities with good financial position.

The Group does not have any significant concentration of credit risk. Accounts and bills receivables consist of a large number of customers, spread across diverse industries and geographical areas.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets and financial guarantee contracts, which are subject to ECL assessment:

	Notes	External credit rating	12-month or lifetime ECL	31 December	
				2025	2024
				RMB million	(Restated) RMB million
Financial assets at amortised costs					
Loans receivables	26	N/A	12-month ECL	734	395
Restricted bank deposits	27	N/A	12-month ECL	17,637	14,280
Cash	28	N/A	12-month ECL	79,135	129,565
Other receivables	26	N/A		4,314	3,733
Service concession receivables	22, 26	N/A	12-month ECL	17,770	18,386
Other loans	26	N/A	Credit-impaired	4,500	4,500
Accounts receivable (Note (i))	25	N/A	Provision matrix	13,331	12,653
			Credit-impaired	1,106	1,144
Other items					
Financial guarantee contracts (Note (ii))		N/A		57	75

Notes:

- (i) For accounts receivable, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Group determines the ECL on these items by using a provision matrix, grouped by debtors' aging.
- (ii) For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Provision matrix – debtors' ageing

As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment for its receivables from customers in relation to its sales of coal, power, coal chemical products and transportation services because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for accounts receivables which are assessed based on provision matrix as at 31 December 2025 within lifetime ECL (not credit-impaired). Accounts receivable with credit-impaired with gross carrying amounts of RMB1,106 million (2024: RMB1,144 million as restated) as at 31 December 2025 were assessed individually.

Gross carrying amount

	Average loss rate 2025	Accounts receivable 2025	Average loss rate 2024 (Restated)	Accounts receivable 2024 (Restated)
		RMB million		RMB million
Current (not past due)	—*	9,256	—*	9,201
Less than one year past due	1%	3,684	1%	3,061
One to two years past due	6%	159	6%	187
Two to three years past due	10%	96	10%	130
More than three years past due	22%	136	22%	74
		13,331		12,653

* Ratio less than 0.05%

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2025, the Group provided RMB26 million (2024: RMB38 million as restated) impairment allowance for accounts receivable and reversed RMB38 million (2024: RMB21 million as restated), based on the provision matrix.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Gross carrying amount (Continued)

The following table shows the movement in lifetime ECL that has been recognised for accounts receivable under the simplified approach.

	Total <i>RMB million</i>
As at 1 January 2024 (restated)	1,278
Impairment losses recognised	38
Impairment losses reversed	(21)
Write-offs	(67)
As at 1 January 2025 (restated)	1,228
Impairment losses recognised	26
Impairment losses reversed	(38)
Write-offs	(4)
As at 31 December 2025	1,212

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Gross carrying amount (Continued)

The following tables show reconciliation of loss allowances that has been recognised for other receivables and other loans.

	Total <i>RMB million</i>
As at 1 January 2024 (restated)	5,358
– Impairment losses recognised	130
– Impairment losses reversed	(16)
– Write-offs	(33)
As at 1 January 2025 (restated)	5,439
– Impairment losses recognised	114
– Impairment losses reversed	(94)
– Write-offs	(45)
As at 31 December 2025	5,414

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligation as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Group's reputation.

The Group closely monitors cash flow requirements and optimising its cash return. The Group prepares cash flow forecasts and ensures it has sufficient cash for the servicing of operation, financial, and capital obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the remaining contractual maturity of the Group's financial liabilities at the end of the reporting period, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	31 December 2025						
	Weighted average interest rate	On demand or less than 1 year	1 – 2 years	2 – 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities		57,135	4,268	4,500	5,631	71,534	69,703
Borrowings variable interest rate	3.21	7,412	4,260	8,541	19,554	39,767	34,664
Borrowings fixed interest rate	2.01	91	65	79	13	248	236
		64,638	8,593	13,120	25,198	111,549	104,603

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

31 December 2024							
	Weighted average interest rate	On demand or less than 1 year (Restated) RMB million	1 – 2 years (Restated) RMB million	2 – 5 years (Restated) RMB million	More than 5 years (Restated) RMB million	Total undiscounted cash flows (Restated) RMB million	Total carrying amount (Restated) RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities		58,099	6,618	7,211	8,494	80,422	77,421
Borrowings variable interest rate	3.37	5,293	5,343	5,549	24,798	40,983	34,933
Borrowings fixed interest rate	1.62	9,178	1,095	288	268	10,829	10,770
Bonds	4.10	3,020	–	–	–	3,020	3,020
		75,590	13,056	13,048	33,560	135,254	126,144

Saved as discussed above, the Group also makes use of banks and financial institutions facilities as one of the effective sources of liquidity.

The maximum liability of financial guarantees issued by the Group is disclosed in Note 40.2.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.3 Fair value measurements

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

	31 December 2025 RMB million	31 December 2024 RMB million	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets:				
Financial assets at fair value through profit or loss (current)-stock	—*	—*	Level 1	Quoted prices in active market.
Financial assets at fair value through profit or loss (current)-structural deposits	—	17,302	Level 2	Observable inputs which fail to meet Level 1.
Financial assets at fair value through profit or loss (non-current)	113	60	Level 3	Market comparison approach. Fair value is estimated based on value of comparable listed companies, multiples and discount for lack of liquidity.
Unlisted equity securities	3,175	2,787	Level 3	Market comparison approach. Fair value is estimated based on value of comparable listed companies, multiples and discount for lack of liquidity.
Accounts and bills receivables	1,495	1,174	Level 3	Discounted cash flow method. The significant unobservable inputs used by the Group for the valuation are the expected rates of return.

* Amount smaller than RMB500,000

There were no transfer between Level 1, Level 2 and Level 3 during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.3 Fair value measurements (Continued)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values:

	31 December 2025		31 December 2024	
	Carrying amount	Fair value	Carrying amount (Restated)	Fair value (Restated)
	RMB million	RMB million	RMB million	RMB million
Financial liabilities:				
Fixed rate bank borrowings	236	234	10,770	10,398
Fixed rate bonds	—	—	3,020	3,010

The fair value of fixed rate bank borrowings above in the Level 2 category is measured using discounted cash flow method where the future cash flows are estimated based on the contract and discounted at a rate that reflects the credit risk of the issuers.

The fair values of bonds are included in the Level 1 category, which have been derived from the quoted prices (unadjusted) in an active market.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

40. COMMITMENTS AND CONTINGENT LIABILITIES

40.1 Capital commitments

As at 31 December, the Group had capital commitments for land, buildings and mining rights, exploration and evaluation assets, equipment and other as follows:

	31 December 2025	31 December 2024 (Restated)
	RMB million	RMB million
Contracted for but not provided		
– Land, buildings, mining rights and exploration and evaluation assets	41,105	37,480
– Equipment	33,401	37,063
– Other	2,919	3,555
	77,425	78,098

40.2 Financial guarantees issued

As at 31 December 2025, the Group had issued certain guarantees in respect of certain banking facilities granted to an entity which the Group held less than 20% equity interest. The maximum amount guaranteed was RMB57 million (2024: RMB75 million).

40.3 Legal contingencies

The Group is the defendant in certain lawsuits as well as the plaintiff in other proceedings arising in the ordinary course of business. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, management believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

40. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

40.4 Environmental contingencies

As of the date of this report, the Group has not incurred any significant expenditure for environmental remediation, is currently not involved in any environmental remediation, and apart from the provision for land reclamation costs, has not accrued any further amounts for environmental remediation relating to its operations. Under the existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The regulatory bodies, however, have moved, and may move further towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to coal mines and land development areas, whether operating, closed or sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under future environmental legislation cannot reasonably be estimated at present, and could be material.

41. EMPLOYEE BENEFITS PLAN

The Group participates, in line with the regulations of the PRC, mainly in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at a certain proportion of the salaries, bonuses and certain allowances of the employees. In addition, as approved by the government, the Group makes contribution to a supplemental defined contribution pension plan for its employees. The fund is managed by a qualified fund manager. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above. The Group's contributions for the year ended 31 December 2025 were RMB6,113 million (2024: RMB5,699 million as restated).

42. RELATED PARTY TRANSACTIONS

42.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group

The Group is controlled by China Energy Group and has significant transactions and relationships with China Energy Group, an associate of China Energy Group and subsidiaries of China Energy Group ("fellow subsidiaries"). Related parties refer to enterprises over which China Energy Group is able to exercise significant influence or control. The Group also has entered into transactions with its associates, over which the Group can exercise significant influence.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group (Continued)

The Group had the following transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group that were carried out in the normal course of business during both years:

	Notes	Year ended 31 December	
		2025	2024
		RMB million	(Restated) RMB million
Interest income	(i)	1,034	990
Income from entrusted loans	(ii)	17	18
Interest expense	(iii)	366	531
Purchases of ancillary materials and spare parts	(iv)	2,347	2,303
Ancillary and social services	(v)	3,147	2,733
Transportation service income	(vi)	10,285	8,082
Transportation service expense	(vii)	2,839	2,554
Sale of coal	(viii)	75,884	93,229
Purchase of coal	(ix)	10,221	17,270
Property leasing	(x)	83	12
Repairs and maintenance services expense	(xi)	12	9
Purchase of equipment and construction work	(xii)	1,166	1,462
Sale of coal chemical product	(xiii)	5,693	6,525
Other income	(xiv)	2,593	2,788
Net deposits placed with Finance Company	(xv)	(35,011)	284
Granting of loans from China Energy Group	(xvi)	5,005	10,628
Repayment of loans from China Energy Group	(xvii)	13,904	8,535
Bills receivables discounted from Finance Company	(xviii)	388	831
The issuance of bills by Finance Company	(xix)	2,550	15,375
Factoring services	(xx)	8,206	14,505

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group (Continued)

- (i) Interest income represents interest earned from deposits in fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.
- (ii) Income from an entrusted loan represents interest earned from an entrusted loan to an associate of the Group. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.
- (iii) Interest expense represents interest incurred from loans from China Energy Group and fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.
- (iv) Purchases of ancillary materials and spare parts represent purchase of materials and utility supplies related to the Group's operations from fellow subsidiaries and associates of China Energy Group.
- (v) Ancillary and social services represent expenditures for social welfare and support services such as property management, water and electricity supply, and canteen expense paid to China Energy Group, fellow subsidiaries and associates of China Energy Group.
- (vi) Transportation service income represents income earned from fellow subsidiaries in respect of coal transportation services.
- (vii) Transportation service expense represents expenses paid to fellow subsidiaries in respect of coal transportation services.
- (viii) Sale of coal represents income from sale of coal to fellow subsidiaries and associates of China Energy Group.
- (ix) Purchase of coal represents coal purchased from associates of the Group, associates of China Energy Group and fellow subsidiaries.
- (x) Property leasing expense represents rental paid or payable in respect of properties leased from fellow subsidiaries.
- (xi) Repairs and maintenance services expense represents expense related to machinery repairs and maintenance services provided by associates of China Energy Group and fellow subsidiaries.
- (xii) Purchase of equipment and construction work represents expenditure related to equipment and construction service provided by fellow subsidiaries.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group (Continued)

- (xiii) Sale of coal chemical product represents income from sale of coal chemical product to fellow subsidiaries.
- (xiv) Other income includes agency income, repairs and maintenance service income, sales of ancillary materials and spare parts, management fee income, sales of water and electricity, financial service income, lease income, etc. earned from China Energy Group, an associate of China Energy Group and fellow subsidiaries.
- (xv) Net deposits placed with Finance Company represents net deposits placed by the Group with Finance Company.
- (xvi) Granting of loans from China Energy Group and fellow subsidiaries.
- (xvii) Repayment of loans from China Energy Group and fellow subsidiaries.
- (xviii) Bills receivables discounted from Finance Company represents bill acceptance and discount services provided by Finance Company to the Group.
- (xix) The issuance of bills by Finance Company refers to the issuance of acceptance bills by Finance Company to the Group.
- (xx) Factoring services refer to receiving factoring services from China Energy Group and fellow subsidiaries.

The Directors are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and in accordance with the agreements governing such transactions.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group (Continued)

The Group entered into a number of agreements with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group. The terms of the principal agreements are summarised as follows:

- (i) The Company has entered into a mutual supply agreement for the mutual provision of production supplies and ancillary services with associates of China Energy Group and fellow subsidiaries. Pursuant to the agreement, associates of China Energy Group and fellow subsidiaries provide the Group with the production supplies and services, ancillary production services including the use of the information network system and ancillary administrative services. On the other hand, the Group provides fellow subsidiaries with water supplies, rolling stock management, railway management, railway transportation and other related or similar production supplies or services and use of the information network system.

The products and services provided under the agreement, other than the sharing of use of the information network system which is free of charge, are provided in accordance with the following pricing policy:

- price prescribed by the state (including any price prescribed by any relevant local government), if applicable;
 - where there is no state-prescribed price but where there is a state-guidance price, then the state-guidance price;
 - where there is neither a state-prescribed price nor a state-guidance price, the market price; or
 - where none of the above is applicable or where it is not practical to apply the above pricing policies in reality, the price to be agreed between the relevant parties shall be based on reasonable costs incurred in providing the goods or services plus a reasonable profit margin of such costs.
- (ii) The Company has entered into coal supply agreements with an associate of China Energy Group, fellow subsidiaries and associates of the Group. The coal supplied is charged at the prevailing market price.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group (Continued)

- (iii) The Company has entered into a financial services agreement with Finance Company. Pursuant to the agreement, Finance Company provides financial services to the Group. The interest rate for the deposits with Finance Company from the Group should not be lower than the lowest limit published by the PBOC for the same type of deposit. The interest rate for loans made by Finance Company to the Group should not be higher than the highest limit published by the PBOC for the same type of loan. The above interest rates should be determined by reference to the rate charged by normal commercial banks in the PRC for comparable deposits and loans on normal commercial terms. The fees charged by Finance Company for the provision of other financial services shall be determined according to the rates chargeable by the PBOC or the China Banking Regulatory Commission.
- (iv) The Group has entered into a property leasing agreement with fellow subsidiaries of China Energy Group for leasing of certain properties to each other. No rent is payable by the Group before fellow subsidiaries obtains the relevant property ownership certificate. The rental charges are based on comparable market rates. If fellow subsidiaries of China Energy Group negotiate to sell a leased property to a third party, the Company has a pre-emptive right to purchase such property under terms no less favorable than other third party.
- (v) The Group has entered into a land leasing agreement with fellow subsidiaries of China Energy Group. The annual rent is determined based on the local market rate. The Group is not allowed to sub-let the leased land.
- (vi) The Group has entered into an agency agreement for the export of coal with a fellow subsidiary of China Energy Group. The fellow subsidiary is appointed as a non – exclusive export agent of the Group and is entitled to receive an agency fee based on the relevant market rates or lower rates. Currently, the rate is 0.7% of the free on board sales price of coal exported. When obtaining export agent conditions from a third party that are equal to or inferior to those of the China Energy Group, the Company shall give preference to the China Energy Group as the export agent of coal products.
- (vii) The Group entered into an agency agreement for the sale of coal with fellow subsidiaries of China Energy Group. The Group is appointed as the exclusive sales agent of fellow subsidiaries of China Energy Group for thermal coal and non-exclusive sales agent for coking coal. The Group is entitled to receive an agency fee, which is based on its related costs incurred plus a profit margin of 5% for sales of coal outside the Inner Mongolia Autonomous Region. No agency fee is charged for sales of coal within the Inner Mongolia Autonomous Region.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group (Continued)

- (viii) The Group has entered into agreements with fellow subsidiaries of China Energy Group under which the Group has been granted the right to use certain trademarks. Fellow subsidiaries of China Energy Group bear its own cost for the registration of such trademarks during the term of the trademarks license agreement and expenses for enforcement against any infringement of the licensed trademarks by third parties.
- (ix) The Company has entered into a factoring service agreement with Guoneng (Beijing) Commercial Factoring Co., Ltd. ("Guoneng Factoring Company"). Pursuant to the agreement, Guoneng Factoring Company agreed to provide the Group with factoring services and factoring-related services. For the provision of factoring services by Guoneng Factoring Company to the Group, the financing cost shall not be higher than that determined by an independent third-party factoring company for providing the same kind of services to the Group, and it should be determined on normal commercial terms. When the financing fee determined by the independent third-party factoring company for providing the same kind of services is difficult to obtain, it shall not be higher than the financing fee calculated based on the Loan Prime Rate (LPR) of the PBOC for the same period. For the service fee charged from the provision of other relevant services by Guoneng Factoring Company to the Group, the service fee shall not be higher than that charged by an independent third-party factoring company for providing the same kind of services to the Group, and it should be determined on normal commercial terms. When the service fee charged by the independent third-party factoring company for providing the same kind of services is difficult to obtain, it shall be determined at the cost plus a reasonable profit margin (around 10%).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group (Continued)

Amounts due from/to China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group:

	31 December 2025	31 December 2024 (Restated)
	RMB million	RMB million
Cash and time deposits at bank	41,247	76,258
Accounts and bills receivables	7,460	5,837
Prepaid expenses and other current assets	3,600	1,816
Other non-current assets	332	271
Total amounts due from China Energy Group, an associate of China Energy Group, fellow subsidiaries and associates of the Group	52,639	84,182
Borrowings	13,093	25,253
Accounts payable	6,329	3,010
Accrued expenses and other payables	3,228	1,390
Contract liabilities	575	1,065
Total amounts due to China Energy Group, an associate of China Energy Group and fellow subsidiaries, and associates of the Group	23,225	30,718

Other than those disclosed in Notes 22, 25, 26, 30, 33 and 34, amounts due from/to China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group bear no interest, are unsecured and are repayable in accordance with normal commercial terms.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.2 Key management personnel emoluments

Key management personnel receive compensation in the form of fees, basic salaries, housing and other allowances, benefits in kind, discretionary bonuses and retirement scheme contributions.

Key management personnel compensation of the Group is summarised as follows:

	Year ended 31 December	
	2025 <i>RMB million</i>	2024 <i>RMB million</i>
Short-term employee benefits	7	11
Post-employment benefits	1	1
	8	12

Total remuneration is included in “personnel expenses” as disclosed in Note 11.

42.3 Contributions to post-employment benefit plans

The Group participates in various defined contribution post-employment benefit plans organised by municipal and provincial governments and a supplemental defined contribution pension plan approved by the government for its employees. Further details of the Group’s post-employment benefit plans are disclosed in Note 41.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.4 Transactions with other government-related entities in the PRC

The Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by government-related entities.

Other than those transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries and associates of the Group as disclosed above, the Group conducts business with other government-related entities which include but are not limited to the following:

- Power sales;
- Sales and purchases of coal;
- Transportation services;
- Construction work;
- Purchases of ancillary materials and spare parts;
- Ancillary and social services; and
- Financial services arrangements.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not government-related. The Group has established its pricing policies in respect of sale of goods and provision of services, and approval process for purchases of products and services. Such policies and approval process apply to all counterparties regardless of whether the counterparty is government-related or not.

Having considered the potential for transactions to be impacted by related party relationships, the Group's buying, pricing strategy and approval processes, and what information would be necessary for an understanding of the potential effect of the relationship on the financial statements, the Directors are of the opinion that the following transactions with other government-related entities require disclosure:

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.4 Transactions with other government-related entities in the PRC (Continued)

Transactions with other government-related entities, including state-controlled banks in the PRC

	Year ended 31 December	
	2025	2024 (Restated)
	RMB million	RMB million
Coal revenue	63,138	80,040
Power revenue	85,300	90,257
Transportation costs	9,414	9,830
Interest income	1,219	1,773
Interest expenses (including amount capitalised)	1,807	1,475

Balances with other government-related entities, including state-controlled banks in the PRC

	31 December 2025	31 December 2024 (Restated)
	RMB million	RMB million
Accounts and bills receivables	8,742	8,595
Prepaid expenses and other current assets	2,724	2,798
Cash and time deposits at banks	37,886	54,034
Restricted bank deposits	17,637	13,546
Borrowings	21,708	20,759
Accrued expenses and other payables	—	2,436
Contract liabilities	1,125	1,090

43. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the Board of Directors proposed a final dividend, the details of which are disclosed in Note 14.

In order to further implement the Non-Competition Agreement and its Supplemental Agreements entered into between China Energy Group and the Company, on 15 August 2025, the Company entered into the Asset Purchase Agreement with China Energy Group and its wholly-owned subsidiary China Energy Western Energy Investment Co., Ltd. ("Western Energy"), proposed that the Company will issue A shares and pay cash to acquire assets, such as coal, pithead coal power and coal chemicals, held by China Energy Group and Western Energy, and raise supporting funds. As of the date of this report, the transfer of equity interests related to the transactions has been completed and the additional A shares of the Company newly acquired by China Energy Group have been listed. Work regarding the issuance of A shares for raising supporting funds is currently ongoing.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

44. SUBSIDIARIES

Details of the Company's material subsidiaries

The Company's subsidiaries are unlisted. Details of the Company's material subsidiaries at the end of the reporting period are set out below:

Name of the subsidiary	Place of incorporation and operation	Type of legal entity	Particulars of registered capital	Proportion of ownership interest and voting rights held by the Group		Principal activities
				31 December 2025	31 December 2024	
				%	%	
China Energy Sales Group Co., Ltd.	PRC	Limited company	RMB7,789 million	100	100	Trading of coal
China Energy Shendong Coal Group Co., Ltd.	PRC	Limited company	RMB4,989 million	100	100	Trading of coal; provision of integrated services
Zhunge'er Energy	PRC	Limited company	RMB7,102 million	58	58	Coal mining and development; generation and sale of electricity
China Energy Baorixile Energy Industrial Co., Ltd.	PRC	Limited company	RMB1,169 million	57	57	Coal mining; provision of loading and transportation services
Beidian Shengli Company	PRC	Limited company	RMB2,925 million	63	63	Coal mining; provision of loading and transportation services
China Energy Jinjie Energy Co., Ltd.	PRC	Limited company	RMB3,802 million	100	100	Generation and sale of electricity; coal mining development
Shenhua Shendong Power Co., Ltd.	PRC	Limited company	RMB3,024 million	100	100	Generation and sale of electricity

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

44. SUBSIDIARIES (CONTINUED)

Details of the Company's material subsidiaries (Continued)

Name of the subsidiary	Place of incorporation and operation	Type of legal entity	Particulars of registered capital	Proportion of ownership interest and voting rights held by the Group		Principal activities
				31 December 2025	31 December 2024	
				%	%	
Hebei Guohua Cangdong Power Co., Ltd.	PRC	Limited company	RMB2,146 million	51	51	Generation and sale of electricity
Dingzhou Power*	PRC	Limited company	RMB1,561 million	41	41	Generation and sale of electricity
China Energy Sichuan Energy Co., Ltd.	PRC	Limited company	RMB3,101 million	66	66	Generation and sale of electricity; trading of coal
Shenhua (Fujian) Energy Co., Ltd.	PRC	Limited company	RMB5,420 million	100	100	Generation and sale of electricity
China Energy Shuohuang Railway Development Co., Ltd.	PRC	Limited company	RMB15,231 million	53	53	Provision of transportation services
China Energy Huanghua Harbour Administration Co., Ltd.	PRC	Limited company	RMB6,790 million	70	70	Provision of harbour and port services
China Energy Yuanhai Shipping Co., Ltd.	PRC	Limited company	RMB5,948 million	51	51	Provision of transportation services
China Energy Baotou Coal Chemical Co., Ltd.	PRC	Limited company	RMB6,010 million	100	100	Coal chemical
China Energy Railway Transportation Co., Ltd.	PRC	Limited company	RMB6,300 million	100	100	Provision of transportation

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

44. SUBSIDIARIES (CONTINUED)

Details of the Company's material subsidiaries (Continued)

Name of the subsidiary	Place of incorporation and operation	Type of legal entity	Particulars of registered capital	Proportion of ownership interest and voting rights held by the Group		Principal activities
				31 December 2025	31 December 2024	
				%	%	
China Shenhua Overseas Development and Investment Co., Ltd. ("Shenhua Oversea Capital")	Hong Kong, China	Limited company	HKD5,252 million	100	100	Investment holding
PT GH EMM Indonesia	Indonesia	Limited company	USD63 million	70	70	Coal mining and development; generation and sale of electricity
China Energy Baoshen Railway Group Co., Ltd.	PRC	Limited company	RMB13,961 million	100	100	Provision of transportation services
(Tianjin) Finance Lease Co., Ltd.	PRC	Limited company	RMB4,665 million	100	100	Provision of financial lease services
China Energy Xinshuo Railway Co., Ltd.	PRC	Limited company	RMB10,888 million	100	100	Provision of transportation services
China Energy Zhunneng Group Co., Ltd.	PRC	Limited company	RMB1,658 million	100	100	Coal mining and development

* The Company has the practical ability to lead and control the operations of Dingzhou Power, therefore, Dingzhou Power has been accounted for as a subsidiary (Note 4.1).

The above table lists subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

As at 31 December 2025, the bonds, issued by Shenhua Oversea Capital, have matured on January 19 2025 and have been fully repaid (Note 31). Other than Shenhua Oversea Capital, none of the subsidiaries had issued any debt securities at the end of the year.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

44. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		31 December	31 December	Year ended 31 December		31 December	31 December
		2025	2024	2025	2024	2025	2024
				RMB million	RMB million	RMB million	RMB million
Zhunge'er Energy	PRC	42	42	2,870	1,252	8,682	20,046
China Energy Baorixile Energy Industrial Co., Ltd.	PRC	43	43	1,311	1,808	5,240	5,140
Dingzhou Power	PRC	59	59	436	271	1,897	1,969
China Energy Shuohuang Railway Development Co., Ltd.	PRC	47	47	3,105	3,132	18,589	15,192
China Energy Yuanhai Shipping Co., Ltd.	PRC	49	49	100	101	3,358	3,319
China Energy Huanghua Harbour Administration Co., Ltd.	PRC	30	30	522	415	3,940	3,703
Beidian Shengli Company	PRC	37	37	750	895	4,568	4,270
Individually immaterial subsidiaries with non-controlling interests						26,617	24,028
						72,891	77,667

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

44. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

	Zhunge'er Energy		China Energy Baorixile Energy Industrial Co., Ltd.		Dingzhou Power	
	31 December	31 December	31 December	31 December	31 December	31 December
	2025	2024	2025	2024	2025	2024
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Current assets	14,060	41,150	7,833	7,383	864	804
Non-current assets	15,750	16,160	9,012	8,809	3,340	3,485
Current liabilities	7,479	8,543	2,592	2,083	760	976
Non-current liabilities	1,408	1,616	2,402	2,444	257	5
Total equity	20,923	47,151	11,851	11,665	3,187	3,308
	Year ended 31 December		Year ended 31 December		Year ended 31 December	
	2025	2024	2025	2024	2025	2024
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Revenue	13,016	13,742	8,183	9,335	4,423	4,731
Expenses	9,129	10,060	4,311	4,520	3,474	4,092
Profit and total comprehensive income for the year	6,675	2,870	2,938	4,096	733	456
Dividend paid to non-controlling interests	14,191	10	1,193	–	508	–
Net cash inflow from operating activities	34,794	954	3,379	2,696	751	1,017
Net cash outflow from investing activities	(1,190)	(969)	(297)	(641)	(170)	(198)
Net cash outflow from financing activities	(33,594)	(10)	(2,749)	(2,199)	(581)	(819)
Net cash inflow/(outflow)	10	(25)	333	(144)	–	–

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

44. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

	China Energy Shuohuang Railway Development Co., Ltd.		China Energy Yuanhai Shipping Co., Ltd.		China Energy Huanghua Harbour Administration Co., Ltd.	
	31 December 2025 RMB million	31 December 2024 RMB million	31 December 2025 RMB million	31 December 2024 RMB million	31 December 2025 RMB million	31 December 2024 RMB million
Current assets	12,926	8,564	3,223	2,689	2,435	1,857
Non-current assets	35,312	36,255	4,343	4,630	11,299	11,081
Current liabilities	5,987	10,713	672	495	1,006	1,023
Non-current liabilities	4,584	3,663	41	50	373	371
Total equity	37,667	30,443	6,853	6,774	12,355	11,544
	Year ended 31 December 2025 RMB million		Year ended 31 December 2025 RMB million		Year ended 31 December 2025 RMB million	
	2025 RMB million	2024 RMB million	2025 RMB million	2024 RMB million	2025 RMB million	2024 RMB million
Revenue	23,061	22,782	3,989	4,996	5,388	5,188
Expenses	13,920	13,788	3,731	4,591	3,040	3,372
Profit and total comprehensive income for the year	6,594	6,621	205	207	1,711	1,344
Dividend paid to non-controlling interests	–	2,796	62	20	387	57
Net cash inflow/(outflow) from operating activities	4,511	7,804	(15)	(530)	2,236	2,081
Net cash inflow/(outflow) from investing activities	18	(2,145)	187	417	(1,287)	(659)
Net cash (outflow)/inflow from financing activities	(4,555)	(5,658)	(186)	97	–	–
Net cash (outflow)/inflow	(26)	1	(14)	(16)	949	1,422

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

44. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

	Beidian Shengli Company	
	31 December	31 December
	2025	2024
	RMB million	RMB million
Current assets	3,099	3,930
Non-current assets	13,846	13,974
Current liabilities	1,451	2,769
Non-current liabilities	3,442	3,891
Total equity	12,052	11,244
	Year ended 31 December	
	2025	2024
	RMB million	RMB million
Revenue	6,677	7,925
Expenses	4,244	5,007
Profit and total comprehensive income for the year	2,005	2,329
Dividend paid to non-controlling interests	446	–
Net cash inflow from operating activities	3,561	4,555
Net cash outflow from investing activities	(781)	(1,590)
Net cash outflow from financing activities	(2,778)	(2,963)
Net cash inflow	2	2

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

45. BUSINESS COMBINATION

Business combination under common control

On 24 January 2025, the Company and China Energy Group entered into the equity transfer agreement in Beijing, to acquire 100% equity interest in China Energy Hangjin Energy Co., Ltd. ("Hangjin Energy") held by China Energy Group with a transaction price of RMB853 million. China Energy commits that, Hangjin Energy's net profit attributable to shareholders of the parent company after deducting non-recurring profit and loss for the period from September to December 2024 and for the years from 2025 to 2029, as audited in accordance with the Accounting Standards for Business Enterprises, shall be no less than RMB383 million. If the cumulative net profit realised by Hangjin Energy during the commitment period fails to reach the cumulative committed net profit, China Energy shall compensate the Company in cash. The business combination has been completed on 11 February 2025 and the principle of merger accounting for business combination involving entities under common control was applied.

As a result of the combination, the relevant line items of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024 has been restated as follows:

	The Group <i>(As previously reported)</i> <i>RMB million</i>	Effect of Combination <i>RMB million</i>	The Group <i>(Restated)</i> <i>RMB million</i>
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024			
Revenue			
Goods and services	338,375	1,413	339,788
Cost of sales	(236,555)	(1,175)	(237,730)
Gross profit	101,820	238	102,058
Selling expenses	(491)	(83)	(574)
General and administrative expenses	(10,340)	(584)	(10,924)
Research and development costs	(2,727)	(13)	(2,740)
Other gains and losses	(80)	(597)	(677)
Other income	1,115	23	1,138
Loss allowances, net of reversal	(128)	(3)	(131)
Other expenses	(3,196)	(1,605)	(4,801)
Interest income	2,768	5	2,773
Finance costs	(2,879)	(258)	(3,137)
Share of results of associates	4,344	1	4,345

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

45. BUSINESS COMBINATION (CONTINUED)

Business combination under common control (Continued)

	The Group <i>(As previously reported)</i> RMB million	Effect of Combination RMB million	The Group <i>(Restated)</i> RMB million
Profit before income tax	90,206	(2,876)	87,330
Income tax expense	(17,004)	(1)	(17,005)
Profit for the year	73,202	(2,877)	70,325
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss, net of income tax:			
Fair value changes on investments in equity instruments at fair value through other comprehensive income	229	—	229
Share of other comprehensive income of associates	(13)	—	(13)
Items that may be reclassified subsequently to profit or loss, net of income tax:			
Exchange differences	168	—	168
Share of other comprehensive income of associates	236	—	236
Other comprehensive income for the year, net of income tax	620	—	620
Total comprehensive income for the year	73,822	(2,877)	70,945

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

45. BUSINESS COMBINATION (CONTINUED)

Business combination under common control (Continued)

	The Group <i>(As previously reported)</i> <i>RMB million</i>	Effect of Combination <i>RMB million</i>	The Group <i>(Restated)</i> <i>RMB million</i>
Profit for the year attributable to:			
Equity holders of the Company	62,421	(2,877)	59,544
Non-controlling interests	10,781	–	10,781
	73,202	(2,877)	70,325
Total comprehensive income for the year attributable to:			
Equity holders of the Company	62,978	(2,877)	60,101
Non-controlling interests	10,844	–	10,844
	73,822	(2,877)	70,945
Earnings per share			
– Basic (RMB)	3.142	(0.145)	2.997

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

46. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE COMPANY

	31 December 2025 RMB million	31 December 2024 RMB million
Non-current assets		
Property, plant and equipment	51,592	45,815
Construction in progress	6,048	5,705
Intangible assets	901	1,053
Right-of-use assets	3,628	3,202
Investments in subsidiaries	188,880	170,235
Investments in associates	55,930	51,477
Equity investments at FVTOCI	3,017	2,631
Other non-current assets	62,203	58,718
Deferred tax assets	2,090	2,217
Total non-current assets	374,289	341,053
Current assets		
Inventories	2,306	2,212
Accounts and bills receivables	6,983	7,495
Financial assets at fair value through profit or loss	—	17,302
Financial assets at fair value through other comprehensive income	10	—
Prepaid expenses and other current assets	22,887	29,563
Restricted bank deposits	11,886	10,281
Time deposits with original maturity over three months	54,168	60,259
Cash and cash equivalents	17,293	58,593
Total current assets	115,533	185,705

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

46. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

		31 December 2025	31 December 2024
	Note	RMB million	RMB million
Current liabilities			
Borrowings		86	848
Accounts and bills payables		14,902	10,163
Accrued expenses and other payables		128,247	160,565
Current portion of lease liabilities		132	160
Current portion of long-term liabilities		1,240	3,801
Income tax payable		2,357	2,421
Contract liabilities		59	54
Total current liabilities		147,023	178,012
Net current assets		(31,490)	7,693
Total assets less current liabilities		342,799	348,746
Non-current liabilities			
Borrowings		150	244
Lease liabilities		38	54
Long-term liabilities		4,176	8,088
Accrued reclamation obligations		5,349	5,265
Deferred tax liabilities		198	102
Total non-current liabilities		9,911	13,753
Net assets		332,888	334,993
Equity			
Share capital	37	19,869	19,869
Reserves		313,019	315,124
Total equity		332,888	334,993

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

46. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

	Share premium <i>RMB million</i>	Statutory reserves <i>RMB million</i>	Other comprehensive income <i>RMB million</i>	Capital and other reserves <i>RMB million</i>	Retained earnings <i>RMB million</i>	Total <i>RMB million</i>
At 1 January 2024	84,766	25,399	817	1,206	202,580	314,768
Profit for the year	–	–	–	–	44,771	44,771
Other comprehensive income	–	–	420	–	–	420
Total comprehensive income for the year	–	–	420	–	44,771	45,191
Dividend declared (<i>Note 14</i>)	–	–	–	–	(44,903)	(44,903)
Appropriation of maintenance and production funds	–	5,125	–	–	(5,125)	–
Utilisation of maintenance and production funds	–	(2,963)	–	–	2,963	–
Others	–	–	–	68	–	68
At 1 January 2025	84,766	27,561	1,237	1,274	200,286	315,124
Profit for the year	–	–	–	–	62,938	62,938
Other comprehensive income	–	–	179	–	–	179
Total comprehensive income for the year	–	–	179	–	62,938	63,117
Dividend declared (<i>Note 14</i>)	–	–	–	–	(64,374)	(64,374)
Appropriation of maintenance and production funds	–	3,466	–	–	(3,466)	–
Utilisation of maintenance and production funds	–	(3,194)	–	–	3,194	–
Others	–	–	–	(848)	–	(848)
At 31 December 2025	84,766	27,833	1,416	426	198,578	313,019

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

46. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

According to the Company's Articles of Association, the amount of retained earnings available for distribution to equity holders of the Company is the lower of the amount determined in accordance with the Accounting Standards for Business Enterprise and the amount determined in accordance with IFRS Accounting Standards after the appropriation to reserves as detailed in Note (iii) to the consolidated statement of changes in equity.

At 31 December 2025, the aggregate amount of retained earnings determined in accordance with the Accounting Standards for Business Enterprise available for distribution to equity holders of the Company was RMB197,003 million (2024: RMB199,017 million).

47. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures – Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Expressed in RMB)

47. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

IFRS 18, *Presentation and disclosure in financial statements*

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and is still in the process of assessing the impact of the adoption.

Section X Documents Available for Inspection

Documents Available for Inspection	2025 annual report bearing the signature of the person-in-charge of the Company The financial statements signed by the person-in-charge of the Company, Chief Financial Officer and person-in-charge of the accounting department and chopped with the official chop of the Company The original auditor's report chopped with the official chop of the accounting firm and signed and chopped by the certified public accountant The original versions of all documents and announcements of the Company publicly disclosed on the newspapers designated by the CSRC during the Reporting Period The annual report for the year 2025 published on the websites of the SSE and HKEx

Approval date of the Board of Directors for submission: 30 March 2026

Section XI Summary of Major Financial Information for the Recent Five Years

The financial information below is extracted from the financial statements prepared by the Group in accordance with IFRS Accounting Standards:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December				
	2021 RMB million (restated)	2022 RMB million (restated)	2023 RMB million (restated)	2024 RMB million (restated)	2025 RMB million
Revenue	336,393	346,834	345,951	339,788	294,916
Operating costs	(240,095)	(227,679)	(234,287)	(237,730)	(206,720)
Gross profit	96,298	119,155	111,664	102,058	88,196
Selling expenses	(675)	(516)	(512)	(574)	(527)
General and administrative expenses	(9,400)	(10,341)	(11,121)	(10,924)	(11,380)
Research and development costs	(2,515)	(3,732)	(3,011)	(2,740)	(2,854)
Other gains and losses	(808)	(3,189)	(4,951)	(677)	(32)
Other income	1,020	1,129	1,290	1,138	960
Credit impairment losses	(2,576)	(1,385)	(517)	(131)	(4)
Other expenses	(1,115)	(2,400)	(5,073)	(4,801)	3,369
Interest income	2,497	3,077	2,639	2,773	2,287
Finance costs	(3,015)	(4,202)	(3,326)	(3,137)	(2,715)
Share of results of associates	(874)	2,223	3,565	4,345	3,762
Profit before income tax	78,837	99,819	90,647	87,330	81,062
Income tax expenses	(18,161)	(14,256)	(17,381)	(17,005)	(16,559)
Profit for the year	60,676	85,563	73,266	70,325	64,503
Profit for the year attributable to:					
Equity holders of the Company	51,314	73,090	62,699	59,544	54,218
Non-controlling interests	9,362	12,473	10,567	10,781	10,285
Earnings per share (RMB per share)					
— Basic	2.583	3.679	3.156	2.997	2.729

Section XI Summary of Major Financial Information for the Recent Five Years (Continued)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December				
	2021 <i>RMB million</i> <i>(restated)</i>	2022 <i>RMB million</i> <i>(restated)</i>	2023 <i>RMB million</i> <i>(restated)</i>	2024 <i>RMB million</i> <i>(restated)</i>	2025 <i>RMB million</i>
Total non-current assets	411,570	423,674	442,836	464,500	484,808
Total current assets	210,896	213,410	200,806	207,139	146,969
Total assets	622,466	637,084	643,642	671,639	631,777
Total current liabilities	100,309	102,546	95,012	105,116	89,262
Total non-current liabilities	75,619	73,959	71,118	66,261	57,048
Total liabilities	175,928	176,505	166,130	171,377	146,310
Net assets	446,538	460,579	477,512	500,262	485,467
Equity attributable to equity holders of the Company	377,395	394,766	407,339	422,595	412,576
Non-controlling interests	69,143	65,813	70,173	77,667	72,891
Total equity	446,538	460,579	477,512	500,262	485,467



中国神华能源股份有限公司
CHINA SHENHUA ENERGY COMPANY LIMITED



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