

Baotou 500,000 Tons/Year Water Slag and 500,000 Tons/Year Steel Slag Solid Waste Resource Utilization Project

Bank Financing Roadshow Materials

Inner Mongolia Huajun Xiyuan Circular Industry Co., Ltd. | August 2026

Project Financing Supporting Materials | Based on Feasibility Study Report and Bank Prudent Model

Closed-Loop Project of Solid Waste Resource Utilization and Green Building Materials

1 Million Tons	880,000 Tons	98 mu	12 Months
Annual Steel Solid Waste Processing	Cementitious Material Design Output	Planned Land Area	Feasibility Study Construction Period

Annual Processing of 1 Million Tons of Steel Solid Waste: 500,000 tons of water slag, 500,000 tons of steel slag, large-scale absorption forms a stable treatment foundation.

Multi-Product Business Structure: Cementitious materials, iron concentrate, rare earth concentrate, other valuable metal concentrates, and treatment services.

Bank Financing Main Line: Raw material supply, product sales, technical verification, capital and cash flow collection form a verifiable closed loop.

Data Source: User-provided feasibility study report; project scale, output and construction period follow feasibility study caliber.

Project Direction Aligns with Solid Waste Comprehensive Treatment Policy

Large-Scale Steel Slag Utilization	Valuable Component Recovery from Smelting Slag	Comprehensive Absorption in Industrial Parks
National policy proposes expanding steel slag utilization scale, promoting steel slag micropowder as concrete admixture in construction engineering and other fields.	Policy encourages recovery of rare, scattered metals and precious metals and other valuable components from smelting slag, improving resource utilization efficiency.	Action plan emphasizes solid waste source control, green design, equipment improvement and comprehensive solid waste absorption in industrial parks.
Financing Explanation: Supports policy adaptability and green building materials narrative of cementitious material products.	Financing Explanation: Supports value-added logic of rare earth and other valuable metals.	Financing Explanation: Supports policy background of project location, process equipment and park coordination.

Prudent Disclosure: Policy adaptability does not equate to fiscal subsidies, land procedures, environmental approvals, customer orders or credit approvals having been implemented.

Source: Solid Waste Comprehensive Treatment Action Plan; [2] "14th Five-Year" Guidance on Comprehensive Utilization of Bulk Solid Waste; [3]

Close-Proximity Raw Material End Forms Regional Coordination Foundation

Baogang Plant Area ■?Project Base: Approximately 5-10 km

Short Transportation Radius	Raw Material Scale Can Support Design	Need Contractualization Before Financing
Conducive to reducing bulk solid waste transportation and organization costs.	Annual processing 1 million tons; design processing volume respectively accounts for part of regionally disclosed resources.	Minimum supply volume, quality standards, price and transportation responsibilities need to be formally locked in.

Feasibility Study Disclosure: Regional steel slag approximately 2 million tons/year, water slag approximately 3 million tons/year.

Prudent Disclosure: Regional raw material foundation does not equate to the project having obtained exclusive supply rights; needs to be verified through supply agreements, metering and quality clauses.

Source: User-provided feasibility study report Chapters 2, 3.

Dual-Line Parallel, End Convergence Achieves Full Utilization

Blast Furnace Water Slag Line (500,000 tons/year):

Water Slag ■?Magnetic Separation ■?Drying ■?Vertical Mill ■?Ultra-fine Classification ■?S105 Ultra-fine Slag Powder Cementitious Component

Steel Slag Line (500,000 tons/year):

Steel Slag ■?Crushing ■?Iron Concentrate / Valuable Concentrate ■?600-mesh Grinding ■?High-Intensity Magnetic Separation ■?Gravity Separation ■?Dielectric Enrichment ■?Recycled Products + Tailings

End Convergence:

Tailings automatic proportioning and mixing ■?All-solid-walk alkali-activated low-carbon cementitious material

Financing Review Focus: Pilot testing, continuous operation, product grade and equipment performance guarantee of DC RF dielectric separation are key preconditions for subsequent loan disbursement and reaching full production.

Source: User-provided feasibility study report process chapter.

Operating Revenue Concentrated in Three Verifiable Sources

Full Production Year Operating Revenue: RMB 221.035 million

Revenue Source	Amount (RMB 10,000)	Percentage	Bank Interpretation
Cementitious Materials	14,080	63.7%	Core revenue, requires customer certification and orders
Iron Concentrate	4,000	18.1%	Requires grade, price and sales channel verification
Solid Waste Treatment Income	4,000	18.1%	Need to distinguish service fees from policy subsidies
Other Concentrates and Iron Scrap	23.5	0.1%	Currently low contribution, as technical upside space

Credit Priority: First verify cementitious material and iron concentrate orders, then verify treatment income attributes; rare earth products are not used as the main repayment source.

Source: Feasibility study report Appendix 4; Bank version financial model. Amount unit: RMB 10,000.

Total Investment RMB 304.725 Million, Capital Ratio 31.1%

Fund Use	Amount (RMB 10,000)	% of Total Investment	Financing Review Points
Construction Investment	28,500	93.5%	Engineering metering and equipment contracts
Construction Period Interest	472.5	1.6%	Disbursement rhythm and interest rate conditions
Initial Working Capital	1,500	4.9%	Initial operation turnover and special account management
Total Project Investment	30,472.5	100.0%	Feasibility study investment estimate pending approval

Project Capital	Proposed Loan
RMB 94.73 million	RMB 210 million

Recommended Financing Structure: Fixed asset loans as main, special account management, entrusted payment, phased disbursement; technical verification, raw material contracts, sales orders and compliance procedures as milestones. Capital should be verified in place before first disbursement.

Source: Feasibility study report Appendix 1, Appendix 3, 13.3 Financing Plan; Amount unit: RMB 10,000.

Feasibility Study Returns and Debt Solvency Indicators Provide Initial Coverage Foundation

2.90 years	59.46%	RMB 375.73 million	2.77x
After-tax Static Payback Period	After-tax Project IRR	After-tax NPV	Comprehensive DSCR

Multi-Year Operating Data:

Indicator	Year 1	Year 2	Year 3	Year 4	Year 5
Production Load	20%	40%	60%	70%	80%
Operating Revenue (RMB 10,000)	4,421	8,841	13,262	17,683	22,104
Net Profit (RMB 10,000)	—	7,248	10,938	13,377	15,491
DSCR / ICR	—	1.59x / 7.45x	2.37x / 15.83x	2.76x / 24.83x	3.15x / 71.23x

Note: Base is feasibility study appendix caliber restoration; Bank version model separately sets Downside stress scenario, IRR does not replace cash flow coverage analysis.

Source: Feasibility study report Appendix 8-10; Bank version financial model. Amount unit: RMB 10,000.

Still Has Basic Debt Solvency Under Downside Scenario

Bank Internal Stress Assumptions:

- ?Not counting policy subsidy income
- ?Cementitious material price down 10%, iron concentrate down 15%, treatment fee down 10%
- ?Capacity load adjusted to 15% / 35% / 55% / 65% / 75%
- ?Operating costs and construction investment up 10%, loan interest rate up 100bp

Indicator	Base	Downside	Financing Interpretation
After-tax Project IRR	59.5%	29.4%	Still positive, but return safety margin narrows
Static Payback Period	2.90 years	4.06 years	Payback period extends under stress
Minimum DSCR	1.59x	1.10x	Need to set coverage constraints and warnings
Full Production Year DSCR	3.15x	2.48x	Coverage ability still strong after reaching full production
Break-even Point	20.5%	27.8%	Need to control ramp-up and price risks

Credit Conclusion: Not advisable to disburse full amount at once; should use contracts, technical verification, capital and trial production with materials as milestones for subsequent disbursement.

Source: Bank version financial model; Downside is internal prudent stress assumption, not feasibility study report fact.

Valuation Reflects Project Value, Also Indicates Terminal Value Dependence

Scenario	Enterprise Value (EV) (RMB 10,000)	Shareholder Equity (RMB 10,000)
Base with Policy Subsidy	135,478	114,478
Base without Policy Subsidy	127,602	106,602
Downside with Subsidy	90,585	69,585
Downside without Subsidy	90,585	69,585

DCF Shareholder Equity RMB 695.85 million; still positive under stress.

Prudent Reminder: Perpetual growth method terminal value accounts for approximately 88% of EV. Bank credit should focus on cash flow coverage and collateral value, not use high DCF value to replace approval.

Source: Bank version valuation model; WACC 11.5%, terminal growth rate 2.5%, exit multiple 5.0x are internal valuation assumptions.

Financing Risks Can Be Managed Through Milestones and Contract Closed-Loop

Risk Category	Risk Description	Bank Actions
Technology	Dielectric separation needs to complete pilot testing on porous appearance and product grade certification	Equipment purchase agreement, product grade certification
Raw Materials	Regional supply foundation is good, but current materials show supply chain supply standards, price mechanism and	Book materials, show supply chain supply standards, price mechanism and
Sales	Cementitious materials need customer certification	Obtain initial reports, frame work grade and price, chain collection verification
Subsidies and Income	Contract service fees and policy subsidies need to be separately split	Identify separate parts, not counted as basic repayment source; obtain p

Contract Locking + Technical Verification + Cash Flow Collection = Conditional, Phased Project Financing

Source: User-provided feasibility study report; Bank version investment value analysis and financial model.

Recommend Adopting Conditional, Phased Project Financing

Phase	Milestone Content
01	Compliance procedures, capital and special account preparation: Land, environmental assessment, energy asse
02	Raw material and sales contract closed loop: Minimum supply volume, product orders, payment collection and p
03	Pilot testing, equipment performance and trial production with materials: Dielectric separation, product grade, co
04	Phased disbursement and post-loan cash flow monitoring: Output, selling price, inventory, payment collection, D

Proposed Project Financing

Fixed Asset Loans as Main | Capital RMB 94.725 Million First

Financing Judgment: The project has a foundation for further credit due diligence. It is recommended to release credit through verifiable milestones rather than one-time unconditional full disbursement.