Coal Gasification Slag Comprehensive Utilization Project

Financial Model Analysis Report

Investment Institution Project Initial Review Financial Analysis Report

Construction Entity: Inner Mongolia Lvbaoxin Environmental Technology Co., Ltd.

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01 Core Financial Indicator Summary

Total Project Investment	Average Annual Revenue	Average Annual Net Profit
RMB 681.8924 million	**RMB 1,260.00 million**	**RMB 323.7413 million**

After-tax IRR	After-tax NPV	Payback Period (excl. construction)
51.19%	**RMB 744.7774 million**	**3.05 years**

02 Investment Estimation and Fund Raising

Total Investment Composition Analysis

Item	Amount (RMB 10,000)	Proportion	Description
Construction Investment	59,995.00	87.98%	Engineering fees / other fees / reserve funds
Construction Period Interest	4,325.33	6.34%	Calculated according to financing conditions
Initial Working Capital	3,868.91	5.67%	Working capital needs at the beginning of operation
Total Investment	**68,189.24**	**100.00%**	—

Fund Raising Plan

<table>
<tr><th>Source</th><th>Amount (RMB 10,000)</th><th>Proportion</th><th>Terms</th></tr>
<tr><td>External Financing</td><td>48,059.20</td><td>70.48%</td><td>Loan term: 5 years | Interest rate: 6% | Repayment: Equal principa</td></tr>
<tr><td>Enterprise Self-financing</td><td>20,130.04</td><td>29.52%</td><td>Project capital</td></tr>
<tr><td>Total</td><td>68,189.24</td><td>100.00%</td><td>—</td></tr>
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Note: The financing plan has passed preliminary feasibility assessment, and the loan conditions are market competitive.

03 Cost and Revenue Analysis

Revenue Forecast (Full Production Year)

Estimated Average Annual Revenue

RMB 1,260.00 million

Main Products: Liquid Polyaluminum Chloride, Solid Polyaluminum Chloride, White Carbon Black, Glass-Ceramic

Total Cost Estimation (Full Production Year)

Estimated Average Annual Total Cost

RMB 818.3058 million

Average annual operating cost approximately RMB 700 million. Includes raw materials, fuel and power, wages and benefits, repair costs, depreciation and amortization, and other expenses.

Income Statement Summary

Total Profit

RMB 423.7313 million

Net Profit

RMB 317.7985 million

EBITDA

RMB 550.00 million

Item	Full Production Year Amount (RMB 10,000)
Operating Revenue	126,000.00
Less: Total Cost and Expenses	81,830.58

Less: Taxes and Surcharges	1,796.29
Less: Income Tax (25%)	10,593.28
Earnings Before Interest and Tax (EBIT)	**46,698.46**

04 Cash Flow Statement Analysis

Total Investment Outflow During Construction Period

-RMB 681.8924 million

Cumulative Net Cash Flow Turns Positive

Year 4 of Operation

Net Cash Flow at End of Operation Period

RMB 450 million (incl. recovery)

05 Key Financial Indicator Details

After-tax Financial Internal Rate of Return (IRR): 51.19%

Indicator Meaning: The actual rate of return on project investment, reflecting the project's profitability.

Analysis Conclusion: IRR is far higher than the benchmark discount rate (13%), indicating the project has extremely strong profitability and significant investment returns.

After-tax Financial Net Present Value (NPV): RMB 744.7774 million

Indicator Meaning: The sum of present values of project future cash flows discounted to the beginning of the construction period (discount rate 13%).

Analysis Conclusion: NPV is far greater than zero, indicating the project is financially feasible and can bring excess returns to investors.

Investment Payback Period (excluding construction period): 3.05 years

Indicator Meaning: The time required to recover the initial investment (including construction period 4.05 years).

Analysis Conclusion: The investment payback period is relatively short, indicating fast project capital turnover and relatively small investment risk.

06 Sensitivity Analysis

Assessing Project Anti-risk Capability

Analysis Conclusions and Key Findings

Most Sensitive Factor: Product Price

Product price fluctuations have the greatest impact on IRR. However, even if prices drop by 20%, IRR remains positive, and the project remains feasible.

Strong Anti-risk Capability

The sensitivity of construction investment and operating costs is relatively low, indicating the project has strong resilience when facing cost fluctuations.

Risk Threshold Reminder

The price critical point is approximately -20.44%, within which the project can maintain profitability.

Break-even Analysis

Production Capacity Utilization Rate (BEP)

23.30%

Calculation Formula: BEP = Annual Fixed Cost / (Annual Operating Revenue - Annual Variable Cost - Taxes)

Basic Data (Full Production Year):

• Fixed Cost: Approximately RMB 200 million

• Variable Cost: Approximately RMB 550 million

Anti-risk Capability Assessment

Indicator Meaning: The production capacity utilization rate when the project reaches break-even status. The lower the value, the lower the project's break-even threshold.

Core Conclusion: Extremely Strong Anti-risk Capability

The project's break-even point is only 23.30%, meaning the project can achieve break-even as long as it reaches 23.30% of designed capacity. This fully demonstrates the project has an extremely strong safety margin. Even under unfavorable market conditions and low capacity utilization rates, it can maintain basic operations, with extremely high financial stability.

07 Financial Conclusions and Investment Recommendations

Core Financial Conclusions

Strong Profitability

After-tax IRR reaches 51.19%, average annual net profit RMB 324 million, investment return rate far exceeds the industry average.

High Financial Feasibility

After-tax NPV is RMB 745 million, far greater than zero, and the project shows extremely high feasibility in the financial model.

Short Investment Payback Period

The payback period excluding construction period is only 3.05 years, with high capital turnover efficiency, effectively reducing investment recovery risk.

Strong Anti-risk Capability

The break-even point is as low as 23.30%, and sensitivity analysis shows the project has good buffering capacity against market fluctuations.

Strategic Investment Recommendations

Strongly Recommend Investment

Based on the project's excellent financial performance and low risk level, this project is a high-quality target with extremely high investment value. It is recommended to advance as soon as possible.

Continuously Monitor Market Dynamics

Although the project has strong anti-risk capability, during the operation period it is still necessary to closely monitor the fluctuation trend of product market prices and timely adjust business strategies.

Optimize Full-cycle Cost Control

At all stages of project implementation and operation, it is necessary to continuously explore cost reduction and efficiency improvement space, further consolidating the project's profit advantage and market competitiveness.

Thank You

Comments and Corrections Welcome

Construction Entity: Inner Mongolia Lvbaoxin Environmental Technology Co., Ltd.