

HUAXIN BUILDING MATERIALS GROUP CO., LTD.

Announcement on Foreign Exchange Derivatives Trading

To the best of our knowledge, the Board of Directors of the Company and its members confirm that there is no material false or misleading statement or material omission in this announcement and shall be severally and jointly liable for the truthfulness, accuracy and completeness of its content.

I. Important contents:

● Main Details of the Transaction

Transaction purpose	☐ Generating investment returns ☒ Hedging (Contract type: ☐ Commodity; ☒ Foreign exchange; ☐ Other: _____)	
Transaction Types	The foreign exchange derivative products to be traded include, but are not limited to, forwards, swaps, options and related combination products	
Transaction amount	Estimated maximum amount of trading margin and premiums to be used (Unit: USD 10,000)	1,500
	Estimated maximum value of contracts held on any trading day (Unit: USD 10,000)	1,500
Source of Funds	☒ self-owned funds ☐ Borrowed funds ☐ Other: Self-raised funds	
Transaction Period	Within 12 months from the date of approval at the 28th Meeting of the Eleventh Board of Directors of Huaxin Building Materials Group Co., Ltd. (hereinafter referred to as "the Company")	

- The "Proposal on Subsidiary's Foreign Exchange Derivatives Trading Business" has been reviewed and approved at the Twenty Eighth Meeting of the Eleventh Board of Directors of the Company. This matter does not need to be submitted for approval by the shareholders' general meeting.
- Special risk reminder: Foreign exchange derivatives trading business is subject to exchange rate fluctuation risk, liquidity risk, counterparty performance risk, internal operational risk and other associated risks. Investors are advised to pay attention to investment risks.

I. Overview of the transaction

(1) Business Purpose

Affected by exchange rate fluctuations and foreign exchange market liquidity, the Company's subsidiaries intend to carry out foreign exchange derivatives trading business as appropriate, based on their respective actual circumstances and daily operational needs.

(2) Transaction Amount

Based on business requirements, the Company's subsidiaries plan to carry out foreign exchange derivatives trading business with an aggregate amount not exceeding USD 75 million equivalent. The expected maximum trading margin to be used will not exceed USD 15 million equivalent. The expected maximum value of contracts held on any trading day will not exceed USD 15 million equivalent. Within the above limits, the management of the Company (including its subsidiaries) is authorized to make specific decisions, implement and sign the relevant legal documents.

(3) Source of Funds

Funds for the foreign exchange derivatives trading business proposed by the Company's subsidiaries shall be sourced from their own funds, with no proceeds from raised funds.

(4) Transaction Methods and Counterparties

The foreign exchange derivative products to be traded by the Company's subsidiaries include forwards, swaps, options and related combination products. Counterparties shall be financial institutions with qualified foreign exchange derivatives trading licenses, sound operations and good credit standing.

(5) Transaction Period

The term of a single transaction shall not exceed one year.

II. Approval Procedures

The *Proposal on Subsidiary's Foreign Exchange Derivatives Trading Business* was reviewed and approved by the Twenty Eighth Meeting of the Eleventh Board of Directors. The proposed foreign exchange derivatives trading business falls within the decision-making authority of the Company's Board of Directors, does not need to be submitted to the shareholders' general meeting for approval and does not involve a related party transaction.

III. Risk Analysis and Risk Control Measures

(1) Risk analysis

1. Exchange Rate Fluctuation Risk:

Unpredictable changes in domestic and international economic conditions may cause exchange rate movements to deviate significantly from expectations, exposing the relevant business to certain risks of price fluctuations and errors in market assessment.

2. Liquidity Risk:

The risk of being unable to complete transactions due to insufficient market liquidity.

3. Performance Risk:

Inappropriate selection of counterparties may give rise to performance risk in relation to the foreign exchange derivatives purchased by the Company.

4. Operational Risk:

Operational risk may arise if personnel fail to follow prescribed procedures when conducting foreign exchange derivatives transactions or fail to fully understand information relating to the derivatives.

(2) Risk control measures

1. All foreign exchange derivatives transactions conducted by the Company's subsidiaries are based on normal production and operations and supported by specific business activities. Hedging is used to avoid and mitigate exchange rate risks. Speculative foreign exchange derivatives trading solely for profit is prohibited.
2. Counterparties and foreign exchange derivative products shall be selected prudently. Counterparties shall be financial institutions with the requisite legal qualifications, sound operations and good credit standing.
3. The expected amount of foreign exchange derivatives trading by the Company's subsidiaries is matched with their foreign exchange receipts and payments arising from operating activities in recent years. Applications for all foreign exchange derivatives transactions shall be made based on actual needs and shall be reviewed and approved in strict accordance with the Company's internal control procedures.

IV. Impact of Transactions on the Company and Relevant Accounting Treatment

The foreign exchange derivatives trading business conducted by the Company's subsidiaries is based on specific business activities and aims to hedge against and mitigate exchange rate risks, reduce the impact of market volatility on the Company's operating performance, and enhance financial stability. Such business does not harm the interests of the Company or all shareholders.

The Company will determine the fair value of foreign exchange derivatives and conduct corresponding accounting treatment for foreign exchange derivatives transactions in accordance with Accounting Standard for Business Enterprises No.22 — Recognition and Measurement of Financial Instruments, Accounting Standard for Business Enterprises No.37 — Presentation of Financial Instruments and other relevant regulations issued by the Ministry of Finance, together with their respective application guidelines. The relevant amounts will be reflected in the corresponding items in the Company's balance sheet and income statement.

Whether the hedging business meets the qualifying criteria under Accounting Standard for Business Enterprises No.24 — Hedge Accounting	☐ yes ☒ no
Whether hedge accounting is intended to be applied for recognition and measurement	☐ yes ☒ no

It is herewith announced.

Board of Directors of Huaxin Building Materials Group Co., Ltd.
1 October 2026