

HUAXIN BUILDING MATERIALS GROUP CO., LTD.

Announcement on Granting A-share Restricted Shares to Incentive Participants

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.

Important Notice:

- Date of grant of restricted shares: 9 December, 2025
- Amount of restricted shares granted: 2.578 million shares

The Board of Directors of Huaxin Building Materials Group Co., Ltd. (hereinafter referred to as the “Company”) held its 20th meeting of the 11th Board of Directors on December 9, 2025, and approved the Proposal on Granting A-Share Restricted Shares to Incentive Participants. The relevant matters are explained as follows:

I. Granting of the Company’s 2025 A-Share Restricted Share Incentive Scheme (hereinafter referred to as “this Incentive Scheme”)

(I) Decision-making procedures and information disclosure completed for this Incentive Scheme

1. On October 3, 2025, the Remuneration and Assessment Committee approved the Proposal on the Company’s 2025 A-Share Restricted Share Incentive Scheme (Draft) and its Summary and the Proposal on the Implementation and Assessment Management Measures of the 2025 A-Share Restricted Share Incentive Scheme. The Committee has issued its review opinions on the matters related to this Incentive Scheme.

2. On October 3, 2025, the Company held the 18th meeting of the 11th Board of Directors and approved the Proposal on the Company’s 2025 A-Share Restricted Share Incentive Scheme (Draft) and its Summary and the Proposal on the Implementation and Assessment Management Measures of the 2025 A-Share Restricted Share Incentive Scheme. On October 24, 2025, the Company held its 19th meeting of the 11th Board of Directors and approved Proposal on Requesting Shareholders' Meeting to Authorize the Board of Directors to Handle Matters Related to the 2025 A-Share Restricted Share Incentive Scheme.

3. From October 21 to October 30, 2025, the Company publicly disclosed the names and positions of the incentive participants of this Incentive Scheme through internal network. During the public comment period, the Company did not receive any objections regarding the incentive grantees. On November 5, 2025, the Company disclosed the Remuneration and Assessment Committee's Review and Public Announcement Regarding the List of Incentive Participants for the Company's 2025 A-share Restricted Share Incentive Scheme by the Remuneration and Assessment Committee to Board of Directors.

4. The Company conducted a self-check on the trading of the Company’s shares by insiders of the 2025 A-Share restricted share incentive scheme (draft) within 6 months before its announcement. No insider trading was found. On November 5, 2025, the Company disclosed the Self-examination Report on the Trading of Company Shares

by Insiders with Knowledge of Inside Information Regarding the 2025 A-share Restricted Share Incentive Scheme on the website of the Shanghai Stock Exchange (www.sse.com.cn).

5. On November 12, 2025, the Company held its 2025 4th Extraordinary Shareholders' Meeting, and approved the Proposal on 2025 A-Shares Restricted Share Incentive Scheme (Draft) and its Summary, the Proposal on the Implementation and Assessment Management Measures of the 2025 A-Shares Restricted Share Incentive Scheme and the Proposal on Requesting Shareholders' Meeting to Authorize the Board of Directors to Handle Matters Related to the 2025 A-Share Restricted Share Incentive Scheme.

6. On December 9, 2025, the Company held the 20th meeting of the 11th Board of Directors, and approved the Proposal on Adjusting Matters Related to the 2025 A-Shares Restricted Share Incentive Scheme and the Proposal on Granting A-Shares Restricted Shares to Incentive Participants. The Board of Directors' Remuneration and Assessment Committee verified the list of incentive participants on the date of grant and expressed its opinions.

(II) Differences between the equity incentive scheme implemented this time and the equity incentive scheme approved by the shareholders' meeting

On December 9, 2025, the Company held the 20th meeting of the 11th Board of Directors, and approved the Proposal on Adjusting Related Matters in the 2025 A-Share Restricted Share Incentive Scheme. Considering that the company has completed the profit distribution plan for the first three quarters of 2025 with a cash dividend of 0.34 yuan per share, according to the relevant provisions of the company's 2025 A-share Restricted Share Incentive Scheme, the grant price of the restricted shares in this Incentive Scheme shall be adjusted from 9.24 yuan per share to 8.90 yuan per share.

Except for the above adjustment, the other content of this grant is consistent with the relevant content of the incentive scheme approved by the 4th extraordinary shareholders' meeting in 2025.

(III) Explanation by the Board of Directors on the Achievement of Grant Conditions and the Clear Opinions Issued by the Remuneration and Assessment Committee

1. The Board of Directors' explanation regarding whether the current grant meets the conditions

According to the provisions of this Incentive Scheme regarding the grant conditions, the incentive participants must meet the following conditions simultaneously to be granted restricted shares:

(1) The Company has not encountered any of the following circumstances:

- ① The financial accounting report for the most recent fiscal year received an adverse opinion or a disclaimer of opinion from a certified public accountant;
- ② The internal control of the financial report for the most recent fiscal year has been issued an adverse opinion or a disclaimer of opinion by a certified public accountant;
- ③ In the 36 months following the listing, there has been an instance where profit distribution was not conducted in compliance with laws, regulations, the Company's Articles of Association, or public Commitments;
- ④ Where laws and regulations prohibit the implementation of equity incentives;
- ⑤ Other circumstances as determined by the China Securities Regulatory Commission.

(2) The Participant has not been involved in any of the following circumstances:

- ① In the past 12 months, having been deemed unsuitable by the stock exchange;
- ② In the past 12 months, having been deemed unsuitable by the China Securities Regulatory Commission and its local offices;
- ③ In the past 12 months, having been subject to administrative penalties or market entry bans imposed by the China Securities Regulatory Commission and its local offices due to significant violations of laws and regulations;
- ④ Having circumstances stipulated by the Company Law that prohibit serving as a company director or senior management personnel;
- ⑤ Where laws and regulations prohibit participation in equity incentives of listed companies;
- ⑥ Other circumstances as determined by the China Securities Regulatory Commission.

In summary, after careful review, the company's board of directors determines that neither the company has encountered nor the incentive participants has been involved in any of the aforementioned circumstances, nor are there any other circumstances that prevent the grant or disqualify them from being incentive participants. The board believes that the proposed grant of restricted shares to the incentive participants meets the conditions specified in this incentive scheme, and the conditions for the grant have been met. Therefore, the board agrees to grant 2,578,000 restricted shares to 11 incentive participants

2. The Remuneration and Assessment Committee's opinion on whether the grant conditions are met

The Remuneration and Assessment Committee believes that the incentive participants granted under this incentive scheme meet the conditions stipulated by relevant laws, regulations, and normative documents, and are within the scope of incentive participants determined by this incentive scheme. They are legally and effectively qualified as incentive grantees. Furthermore, the conditions for the grant have been met, and the Remuneration and Assessment Committee agrees to grant 2,578,000 shares of restricted shares to 11 incentive participants on December 9, 2025, with a grant price of 8.90 yuan per share.

(IV) Details of the Grant of Restricted Shares

1. Date of Grant: December 9, 2025
2. Number of Shares Granted: 2,578,000 shares
3. Number of Participants: 11 individuals
4. Grant Price: 8.90 yuan per share
5. Source of Shares: The shares involved in this incentive scheme are ordinary A-shares of the company repurchased from the secondary market.
6. The Validity Period, Lock-up Period and Unlocking Arrangement of This Scheme

(1) Validity period of this Scheme

The validity period of this Scheme shall commence on the date of completion of the registration of the granted A-share restricted shares and shall continue until the date on which all the A-share restricted shares granted to the Incentive Participants is unlocked or repurchased and canceled, with a maximum duration not exceeding 60 months.

(2) The lock-up period and unlocking arrangements under this Scheme

The lock-up period for the A-share restricted shares granted under this Scheme shall be 36 months and 48 months respectively from the date of registration completion for the corresponding portion of the grant. The Incentive Participants shall not transfer, use as

collateral, or repay debts with the A-share restricted shares granted under this Incentive Scheme before unlocking.

During the lock-up period, the cash dividends received by the Incentive Participants in respect of the granted A-share restricted shares shall be held by the Company and paid to the Incentive Participants as payable dividends upon the unlocking; if the unlocking cannot be done in accordance with this Incentive Scheme, the cash dividends corresponding to the restricted shares that cannot be unlocked shall be reclaimed by the Company.

The shares obtained by the Incentive Participants from the granted A-share restricted shares due to capitalisation of capital reserves, bonus issue, or stock splits shall also be subject to the lock-up, and shall not be traded on the secondary market or otherwise transferred, and shall be subject to the same lock-up period as the corresponding restricted shares. If the Company repurchases the restricted shares that have not yet been unlocked, such shares shall also be repurchased together with the restricted shares.

If the conditions for unlocking are not met in the current period, the restricted shares shall not be unlocked or the unlocking of which shall be deferred to the next period. After the expiry of the lock-up period, the Company shall process the unlocking for the Incentive Participants who meet the unlocking conditions, and the restricted shares held by those who do not meet the conditions shall be repurchased by the Company.

The unlocking period and unlocking schedule for each phase of the A-share restricted shares granted under this Incentive Scheme are as follows:

Unlocking Arrangement	Unlocking Schedule	Maximum proportion of restricted shares eligible for unlocking in the restricted shares granted under this Scheme
First Unlocking Period	From the first trading day after 36 months from the completion of the registration of the granted restricted shares to the last trading day within 48 months from the completion of the registration of the granted restricted shares	50%
Second Unlocking Period	From the first trading day after 48 months from the completion of the registration of the granted restricted shares to the last trading day within 60 months from the completion of the registration of the granted restricted shares	50%

7. List of the Incentive Participants and the Granting

Name	Position	Number of restricted	Proportion of the total	Proportion of the Company's
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		shares granted (in 10,000 shares)	number of restricted shares granted under this Scheme	total share capital as of the grant date
Li Yeqing #	Executive Director and CEO	91.59	35.53%	0.044%
Chen Qian	Chief Financial Officer and Vice President	17.86	6.93%	0.009%
Liu Fengshan #	Executive Director and Vice President	16.77	6.51%	0.008%
Du Ping	Vice President	17.05	6.61%	0.008%
Mei Xiangfu	Vice President	17.05	6.61%	0.008%
Yang Hongbing	Vice President	16.50	6.40%	0.008%
Xu Gang	Vice President	17.86	6.93%	0.009%
Wang Jiajun	Vice President	16.77	6.51%	0.008%
Ye Jiaying	Board Secretary and Vice President	16.77	6.51%	0.008%
Lu Guobing	Vice President	14.07	5.46%	0.007%
Tang Jun	Vice President	15.51	6.02%	0.007%
Total		257.80	100%	0.1240%

Notes:

1. # are the Company's executive directors, all of whom are involved in the Company's daily operations. When the Board of Directors deliberates on this Scheme and related proposals, the director(s) concerned shall abstain from voting; during the implementation of this Scheme, the director(s) shall not participate in administration of the Scheme.
2. None of the Incentive Participants mentioned above has been granted company shares exceeding 1.00% of the Company's total share capital as at the grant date of this Scheme under all valid equity incentive Scheme. The total number of underlying shares involved in all valid incentive schemes of the Company shall not exceed 10.00% of the Company's total share capital as at the grant date of this Scheme.
3. Any mismatch between the total value in the above table and the sum of the individual values, if any, will be due to rounding.

II. Verification of the List of Incentive Participants by the Board of Directors' Remuneration and Assessment Committee

According to the provisions of the Measures for the Administration of Equity Incentives of Listed Companies (hereinafter referred to as the Administrative Measures), the Remuneration and Assessment Committee of the company has verified the list of incentive participants of this incentive scheme (on the grant date) and issued the following verification opinions:

1. The list of incentive participants of the company's 2025 A-share Restricted Share Incentive Scheme is consistent with the incentive participants stipulated in the Company's 2025 A-share Restricted Share Incentive Scheme (hereinafter referred to as the Incentive Scheme) approved by the company's 4th extraordinary shareholders' meeting in 2025.

2. The personnel in the list of incentive participants of the Incentive Scheme possess the qualifications for appointment and the conditions for incentive participants as stipulated by the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Measures, and other relevant laws, regulations, departmental rules, and normative documents.

3. The Incentive Participants have not been involved in any of the circumstances that prohibit them from becoming incentive participants as stipulated in the Article 8 of the Administrative Measures:

- (1) In the past 12 months, having been deemed unsuitable by the stock exchange;
- (2) In the past 12 months, having been deemed unsuitable by the China Securities Regulatory Commission and its local offices;
- (3) In the past 12 months, having been subject to administrative penalties or market entry bans imposed by the China Securities Regulatory Commission and its local offices due to significant violations of laws and regulations;
- (4) Having circumstances stipulated by the Company Law that prohibit serving as a company director or senior management personnel;
- (5) Where laws and regulations prohibit participation in equity incentives of listed companies;
- (6) Other circumstances as determined by the China Securities Regulatory Commission.

4. The incentive participants of this incentive scheme are incumbent executive directors and senior management, excluding independent directors, supervisors, shareholders or de facto controllers holding 5% or more of the company's shares individually or in aggregate, or their spouses, parents, and children, and are in line with the scope of incentive participants determined by the Incentive Scheme.

5. Neither the company has encountered nor the incentive participants of this incentive scheme have been involved in any circumstances that prevent the grant or disqualify them from receipt of restricted shares, and the conditions for the grant of this incentive scheme have been met.

The Remuneration and Assessment Committee believes that the incentive participants granted under this incentive scheme meet the conditions stipulated by relevant laws, regulations, and normative documents, and are within the scope of incentive participants determined by this incentive scheme. They are legally and effectively qualified as incentive participants. Furthermore, the conditions for the grant have been met, and the Remuneration and Assessment Committee agrees to grant 2,578,000 restricted shares to the 11 incentive participants on December 9, 2025 (as the grant date for the restricted shares), with a grant price of 8.90 yuan per share.

III. For directors and senior management who are the incentive participants, a statement on the trading of the company's shares six months before the grant of the restricted shares.

After a self-review by the company, it was found that the following directors and senior managers, optimistic about the company's performance and future prospects, purchased the company's A-shares in the six months before the grant date of restricted shares. Here are the details:

Unit: share

Name	Position	Trading time/period	Buy	Sell	Balance of shares as of 9 December 2025
Li Yeqing	Executive Director, CEO	2 September 2025	54,600 A share	0	508,634 A share
Chen Qian	Vice President, CFO	12 November 2025	3,000 A share	0	43,000 A share
Du Ping	Vice President	12 November to 8 December 2025	24,500 A share	0	101,100 A share
Mei Xiangfu	Vice President	2 September 2025	5,000 A share	0	177,040 A share
Xu Gang	Vice President	14 November to 17 November 2025	15,000 A share	0	96,200 A share
Wang Jiajun	Vice President	2 September 2025	43,800 A share	0	134,700 A share
Ye Jiaying	Vice President, Secretary to the Board	12 November 2025	2,000 A share	0	52,620 A share

The company's self-review didn't find any instances where the incentive participants in this incentive scheme used inside information to trade the company's shares or disclosed such insider information related to the incentive scheme.

IV. The impact on the company's financial situation after the grant

According to the provisions of Accounting Standard for Business Enterprises No. 11 - Share Payment and Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, the company will, on each balance sheet date during the restricted period, revise the estimated number of restricted shares that can be unlocked based on the latest information such as changes in the number of participants for the unlocking and the completion of performance indicators, and according to the fair value of the restricted shares on the grant date, the service obtained in the current period will be included in the relevant costs or expenses and capital reserves.

Based on calculations, the impact of the A-share restricted shares granted by this incentive scheme on the accounting costs of each period is as shown in the table below (update the calculation according to the closing price on the grant date):

Year	2025	2026	2027	2028	2029
Expenses to be amortized (10,000 RMB)	61.86	1,026.37	1,026.37	991.02	413.36

Remark:

1. The expenses above are not necessarily the final word on accounting costs. The actual costs will depend on the grant date, grant price, market price at the grant date, and the number of shares granted, as well as the actual number of shares that become effective or ineffective. Also, shareholders should be aware of the potential dilution.

2. The final impact on the business results of the company will depend on the annual audit reports issued by the accounting firm for the respective years, combined with any adjustments (if any) calculated in accordance with the mechanisms specified in the incentive scheme.

Based on the preliminary information, it is estimated that the amortization of expenses related to this incentive scheme, without considering its stimulative effect on the company's performance, will have a moderate impact on annual net profits during the validity period, though the extent of this impact is not significant. Considering the positive impact of this incentive scheme on the company's operational development, it is expected to stimulate the core team's motivation, enhance operational efficiency, and cut down on agency costs, ultimately contributing positively to the company's long-term performance improvement.

V. Conclusive opinions of the Legal Opinion Letter

Hubei Sunshine Law Firm has rendered its legal opinion, stating that as of the date of this opinion, the company has obtained the requisite approvals and authorizations for this incentive scheme. The incentive participants, the number of shares granted, and the grant price under this incentive scheme are all in compliance with the Measures, various laws, regulations, normative documents, and the provisions outlined in the 2025 A-Share Restricted Share Incentive Plan (Draft). The conditions for the incentive participants to obtain the shares have been met. The company still needs to follow the relevant regulations to complete the registration procedure for the grant and fulfill the subsequent information disclosure obligations legally.

It is herewith announced.

Board of Directors of Huaxin Building Materials Group Co., Ltd.
10 December 2025