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HUAXIN BUILDING MATERIALS GROUP CO., LTD.*

華新建材集團股份有限公司

(A joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 6655)

DISCLOSEABLE TRANSACTION AND ACQUISITION OF THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that on 7 November 2026, the Purchaser (the Company) and the Vendor (Independent Third Parties) entered into a Share Purchase Agreement pursuant to which, on the basis of the agreed enterprise value of BRL 12.700 billion (equivalent to approximately USD 2.3085 billion), the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, 99.99% of the shares of Target Company at the total consideration of approximately BRL 9.0337 billion (equivalent to about USD 1.642 billion, subject to adjustment based on the net debt and working capital in the financial statements at the closing date).

Upon completion of the Acquisition, Target Company will become a controlled subsidiary of the Company and therefore the financial results of the Target Company will be consolidated into those of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Acquisition will only be completed subject to the fulfillment or waiver (if applicable) of the conditions precedent to Closing stated in the Share Purchase Agreement; the Acquisition may or may not proceed. Therefore, the shareholders and potential investors should be cautious when investing in the securities of the Company.

Introduction

The Board is pleased to announce that on 7 November 2026, the Purchaser (the Company) and the Vendor (Independent Third Parties) entered into a Share Purchase Agreement pursuant to which, on the basis of the agreed enterprise value of BRL 12.700 billion (equivalent to approximately USD 2.3085 billion), the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, 99.99% of the shares of Target Company at the total consideration of approximately BRL 9.0337 billion (equivalent to about USD 1.642 billion, subject to adjustment based on the net debt and working capital in the financial statements at the closing date).

Upon completion of the Acquisition, Target Company will become a controlled subsidiary of the Company and therefore the financial results of the Target Company will be consolidated into those of the Group.

The principal terms of the Share Purchase Agreement are set out below.

Key terms of the Share Purchase Agreement

Date

7 November 2026

Parties

a. Vendor: COMPANHIA SIDERÚRGICA NACIONAL; and

b. Purchaser: HUAXIN BUILDING MATERIALS GROUP CO., LTD., The Company may also designate a wholly-owned subsidiary to act as the direct purchaser to take up the transfer of the shares in the Target Company upon closing.

Target

The Vendor holds 269,283 ordinary shares of the Target Company, representing 99.99% of the issued share capital of the Target Company. The Vendor has conditionally agreed to sell 99.99% and the Purchaser has conditionally agreed to acquire 99.99% of shares of the Target Company, subject to the terms and conditions of the Share Purchase Agreement.

The Target Company mainly engages in the production and sale of cement, aggregate and concrete products in Brazil. Details are set out below in the section headed *Information on the Target Company.*

Upon completion of the Acquisition, the Target Company will become a controlled subsidiary of the Company. Therefore, its financial results will be consolidated into those of the Group.

Consideration

As disclosed in the Company's announcement dated 30 October 2026 (the "Announcement on the Signing of Exclusive Agreement on the Overseas Acquisition Project"), the parties have agreed that the enterprise value corresponding to 100% equity interest in the Target Company is BRL 12.700 billion.

Pursuant to the Share Purchase Agreement, the consideration payable at Closing shall be calculated by reference to the net debt and working capital set out in the Estimated Closing Statement established shortly before Closing, such that the Consideration payable at Closing = Agreed Enterprise Value − (Closing Date Working Capital − Target Working Capital) + (Closing Date Net Debt − Target Net Debt).

Based on the formulas set out in the Share Purchase Agreement and the financial statements of the Target Company as at 30 June 2026, the Target Net Debt amounts to BRL 3.666 billion and the Target Working Capital amounts to BRL -279 million.

After Closing, the actual equity value of the Target Company as at the Closing Date shall be calculated and determined by reference to the difference between the actual net debt at the Closing Date, and the difference between the actual working capital at the Closing Date and the Target Working Capital of the Target Company as at the Closing Date, and the parties shall arrive at the actual equity value of the Target Company as at the Closing Date.

Basis of the Consideration

The consideration was determined based on the following factors:

(a) the enterprise value of the Target Company negotiated and agreed by the Purchaser and the Vendor on an arm's length basis; and

(b) the unaudited financial statements of the Target Company for the period ended June 2026.

The Purchaser negotiated the enterprise value by reference to the valuation range established using market-standard valuation methods set out below.

In view of the above, the Directors (including the independent non-executive Directors) believe that the consideration is fair and reasonable, and the agreement was entered into on normal commercial terms or better, and concluded in the overall interests of the Company and Shareholders.

Valuation Method of the Target Company

The Purchaser established the Enterprise Value range based on financial projections, taking into consideration:

(a) the audited financial statements of the Target Company for 2024 and 2025 and the unaudited financial statements for the period up to June 2026;

(b) the Purchaser's due diligence of the Target Company;

(c) the Purchaser's analysis and evaluation of the market in which the Target Company operates,

(d) the Target Company's position in the market and its growth potential, and

(e) the synergy potential between the Target Company and the Purchaser.

Comparable Transactions

For comparison purposes, the Purchaser used completed M&A transactions in the Brazilian cement industry over the past ten years for which transaction consideration, and target financial data are publicly available.

Comparison of the agreed Enterprise Value with comparable transactions

EV/EBITDA multiples

For comparable transactions, the EV/EBITDA multiples range is from 7.1x to 11.9x, with a median of 9.4x.

Based on most recent financial information, the agreed enterprise value of BRL 12.700 billion corresponds to an EV/EBITDA multiple that is below the market median.

Equity Value and Net Assets of the Target Company

The equity value of the Target Company of BRL 9.0337 billion (as calculated based on the agreed Enterprise Value of BRL 12.700 billion) differs from its net assets of BRL 6.721 billion as at 31 December 2025. However, the valuation of the Target Company reflects its strength and potential:

- Strong position in the market
- Positive market outlook
- Locations and quality of the assets; substantial raw material reserves
- Skilled and experienced staff and management
- Growth potential based on developed greenfield and brownfield expansion opportunities

The Target Company has significant growth potential, and there is considerable synergy potential between the Target Company and the Purchaser.

The Board is of the view that the agreed Enterprise Value of BRL12.700 billion is a fair reflection of the value of the Target Company, that the comparison with EV/TTM EBITDA multiples is a relevant cross-check, and that the sample of comparable transactions adopted is appropriate and sufficient. The Board also considers that the acquisition consideration was determined on normal commercial terms, is fair and reasonable, and is in the interests of the Company and its Shareholders.

Consideration adjustment and payment

Pursuant to the Share Purchase Agreement, the Total Consideration shall be paid in one installment by wire transfer at closing. Within 90 days after closing, a closing balance sheet shall be prepared, and the purchase price shall be adjusted based on the net debt and working capital of the Target Company as reflected in the financial statements as at the closing date, as described in the "Consideration" section above.

The Total Consideration shall be paid by the Purchaser to the Vendor in cash in Brazilian real, and will be funded by the Company's internal resources, bank loans, bond issuances and other external financing sources.

Conditions to closing

Closing shall be conditional on the following Conditions having been fulfilled on or before the closing date and remaining in full force and effect on the closing date:

(a) Obtaining approval from the Administrative Council for Economic Defense of the Federative Republic of Brazil (antitrust approval)(CADE);

(b) Obtaining approval from the National Electricity Agency of the Federative Republic of Brazil (ANEEL) ;

(c) Obtaining the overseas investment filing with the Ministry of Commerce of the PRC;

(d) Obtaining the overseas investment filing with the National Development and Reform Commission of the PRC; and

(e) Obtaining the overseas direct investment foreign exchange registration with the State Administration of Foreign Exchange of the PRC;

As at the date of this announcement, the Company has submitted the transaction for filing with the Ministry of Commerce of the PRC and the National Development and Reform Commission of the PRC. Applications for approval will also shortly be submitted to the National Electricity Agency of the Federative Republic of Brazil and the Administrative Council for Economic Defense of the Federative Republic of Brazil. The above conditions precedent to closing are expected to be satisfied in the first quarter of 2027.

Closing

Completion of the closing shall occur on the last business day of the month in which all conditions precedent to closing have been satisfied or waived (as applicable) (or, if fewer than 10 days remain

in that month following the date of satisfaction or waiver, on the last business day of the following month), or on such other date as the parties may agree in writing, to be held in São Paulo, Brazil, or effected by electronic signature.

Break-up fee

In the event that the Closing fails to occur by 8 November 2027 due to fault of the Purchaser, the Purchaser shall pay to the Vendor a break-up fee of BRL750 million.

In the event that the Closing fails to occur by 8 November 2027 due to fault of the Vendor, the Vendor shall pay to the Purchaser a break-up fee of BRL750 million.

Reasons for, and Benefits of the Acquisition

For more than 10 years, overseas expansion (including greenfield construction or acquisition) has been one of the key strategies of the Company. The Company has established a track record in successfully integrating and developing acquired companies, achieving post-acquisition performance improvements of acquired companies, and achieving targeted returns on overseas investments. The benefits of the overseas expansion are two-fold. First, this strategy allows the Company to pursue growth based on its talent base and on the accumulated know-how and abilities with regard to industrial technology and production chain integration. Second, it effectively counter balances the decline in the domestic market.

Today, the Company has an operational presence in 14 countries, the Company's overseas clinker capacity has reached 27.50 million tons per year, and the cement grinding capacity has reached 36.80 million tons per year. In 2026, the overseas business has become a strong contributor to the performance of the Company when the domestic cement business is facing severe headwinds.

The Target Company is located in Brazil, the largest economy in Latin America and the fifth-largest country in the world by area. Its GDP reached USD 2.28 trillion in 2025, ranking eleventh globally. Brazil has abundant natural resources and a population of 215 million. It offers a favourable environment for foreign investment and has considerable potential for economic development. It was the first Latin American country to establish a comprehensive strategic partnership with China. Since 2022, as Brazil's economy has gradually recovered, cement demand has remained broadly stable, generally exceeding 62 million tons per year.

The Target Company is Brazil's second-largest cement producer. It operates seven integrated cement plants and six grinding plants, with a total annual cement production capacity of 17 million tons (approximately 21% market share) and limestone reserves of approximately 2.2 billion tons. Its products primarily serve two key markets, northeastern and southeastern Brazil. Its capacity, technology and operating performance are above the industry average.

The project is a key step in the Company's strategy to expand its overseas businesses and enter promising emerging markets. It marks a milestone in the Company's expansion into the South American building materials market. It marks the first entry into the Brazilian cement market by the Company or any Chinese cement producer. The Company will draw on its successful track record of integrating acquired businesses and on its industrial, technical and management capabilities to improve the Target Company's performance and increase returns on investment.

Information about the Parties

Purchaser

The Company is a joint stock company incorporated in the People's Republic of China. The Company's A shares and H shares are listed and traded on the main board of the Shanghai Stock Exchange and the Hong Kong Stock Exchange respectively. The Group has nearly 300 subsidiaries across 14 provinces and municipalities in China and 14 overseas countries: Tajikistan, Kyrgyzstan, Uzbekistan, Cambodia, Nepal, Oman, Tanzania, Zambia, South Africa, Mozambique, Malawi, Zimbabwe, Brazil and Nigeria. It is a global building materials corporation with integrated development of the entire industry chain in the fields of cement, concrete, aggregates, environmental protection, equipment manufacturing and engineering, and new building materials. The Company may designate one of its wholly-owned subsidiaries as the Purchaser for this transaction.

Vendor

Companhia Siderúrgica Nacional is a publicly listed corporation duly incorporated and validly existing under the laws of the Federative Republic of Brazil. Its registered office is at Avenida Brigadeiro Faria Lima, No. 3,400, 20th floor, Itaim Bibi, São Paulo, State of São Paulo, Brazil, postal code 04538-132. Its Brazilian corporate taxpayer registration number (CNPJ/MF) is 33.042.730/0001-04. It is principally engaged in steel, mining, cement, logistics and energy. Its ultimate beneficial owner is the Steinbruch family.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Companhia Siderúrgica Nacional and its ultimate beneficial owners are Independent Third Parties.

Target Company

CSN CIMENTOS BRASIL S.A. is a privately held corporation duly incorporated and validly existing under the laws of the Federative Republic of Brazil. Its registered office is at 2150 Avenida Aterrado do Leme, Santa Cruz, Rio de Janeiro, State of Rio de Janeiro, postal code 23575-330. Its Brazilian corporate taxpayer registration number (CNPJ/MF) is 60.869.336/0001-17. It is principally engaged in the manufacture, distribution and sale of cement, aggregates and concrete and is Brazil's second-largest cement producer. The direct shareholders of the Target Company are the Vendor (99.99%) and BR Equity (0.01%).

Historical Financial Information of the Target Company

Based on the audited consolidated financial statements of Target Company for the two financial years ended 31 December 2024 and 31 December 2025, prepared in accordance with Brazilian accounting standards, and its unaudited financial information for the six months ended 30 June 2026, the major financial information of Target Company is set out below:

USD million

	For the Financial Years Ended 31 December (audited)		For the Six Months ended 30 June (unaudited)
	2024	2025	2026
Revenue	769.72	891.61	510.32
EBITDA	219.80	234.46	159.03
EBITDA%	28.3%	26.3%	31.1%
Net Profit Before Taxation	-24.58	26.90	-24.39
Net Profit After Taxation	8.83	24.14	-11.81

Due to financial difficulties of its controlling group, the Target Company incurs high financing costs, resulting in relatively low net profit. The Company intends to replace high-interest bank loans in an orderly manner, thereby improving its net profit after closing.

The audited net asset value of Target Company as at 31 December 2025 was USD 1.2215 billion.

Note: The exchange rates as at 31 December 2024, 31 December 2025 and 30 June 2026 were BRL 6.1923, BRL 5.5024 and BRL 5.1766 per USD 1, respectively (Source: Central Bank of Brazil).

Listing Rules Implications

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under that Chapter.

The Acquisition will only be completed subject to the fulfillment or waiver (if applicable) of the conditions precedent to Closing stated in the Share Purchase Agreement; the Acquisition may or may not proceed. Therefore, the shareholders and potential investors should be cautious when investing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

"A share(s)"	means	The Company issued ordinary shares with a par value of RMB 1.00 per share in China, listed on the Shanghai Stock Exchange and traded in RMB
"A shareholder(s)"	means	Any person who holds one or more A shares
"Board"	means	The Board of Directors of the Company
"BRL"	means	the lawful currency of the Federative Republic of Brazil
"China" or "PRC"	means	The People's Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"The Company" or "Company" or "Huaxin"	means	Huaxin Building Materials Group Co., Ltd. (stock code: 6655), a joint stock company registered in China, whose H shares and A shares are listed on the Main Board of the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
"Total Consideration"	means	The total consideration for acquiring the equity interest in the Target Company, being approximately BRL 9.034 billion (equivalent to approximately USD 1.642 billion), subject to adjustment for net debt and working capital as shown in the financial statements at closing
"Director(s)"	means	The directors of the Company
"EBITDA"	means	Earnings before interest, taxes, depreciation and amortisation
"The Group"	means	The Company and its subsidiaries
"H share(s)"	means	The Company issued foreign share(s), with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in HKD
"HKD"	means	Hong Kong Dollar, the lawful currency of Hong Kong
"Hong Kong"	means	Hong Kong Special Administrative Region of PRC

"Hong Kong Stock Exchange"	means	The Stock Exchange of Hong Kong Limited
"Listing Rules"	means	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, which could be amended, supplemented or altered in time or ways
"Purchaser"	means	The purchaser under the Share Purchase Agreement, being the Company or one of its wholly-owned subsidiaries designated by the Company
"Net Debt"	means	The net amount of an enterprise's total debt after deducting cash and cash equivalents
"RMB"	means	Renminbi, the lawful currency of the PRC
"SSE"	means	Shanghai Stock Exchange
"Share"	means	The ordinary share(s) of RMB1.00 each in the share capital of the Company, A share and H share included.
"Shareholder(s)"	means	The shareholders of the Company, including any A shareholders and H shareholders
"Share Purchase Agreement"	means	The share purchase agreement entered into between the Purchaser and the Vendor on 7 November 2026 in respect of the acquisition by the Purchaser of an equity interest in the Target Company
"Target Company"	means	CSN Cimentos Brasil S.A., a privately held corporation duly incorporated and validly existing under the laws of the Federative Republic of Brazil
"USD"	means	U.S. Dollar, the lawful currency of the United States of America
"Vendor"	means	The vendor under the Share Purchase Agreement, being Companhia Siderúrgica Nacional, a publicly listed corporation duly incorporated and validly existing under the laws of the Federative Republic of Brazil
"Working Capital"	means	The net amount of an enterprise's total current assets less its total current liabilities
"%"	means	per cent

By Order of the Board

Huaxin Building Materials Group Co., Ltd.

Xu Yongmo

Chairman

Wuhan, Hubei Province, the PRC

8 November 2026

As of the date of this announcement, the Board of Directors of the Company comprises Mr. Li Yeqing (President), as executive Director; Mr. Xu Yongmo (Chairman), Mr. Martin Kriegner, Mr. Olivier Milhaud, Ms. Tan Then Hwee and Mr. Ming Jinhua, as non-executive Directors; Mr. Wong Kun Kau, Mr. Zhang Jiping and Mr. Jiang Hong, as independent non-executive Directors.

** For identification purpose only*