Befar Group Co., Ltd
濱化集團股份有限公司

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

(Stock Code: 6745)

ANNOUNCEMENT ON THE PROVISION FOR IMPAIRMENT

Befar Group Co., Ltd (the "**Company**") wishes to announce that provision for impairment on its assets has been made for the first half of 2026, the details are as follows:

I. DETAILS OF THE PROVISION FOR IMPAIRMENT

In order to fairly reflect the financial position and operating results of the Company for the first half of 2026, in accordance with the relevant provisions of the Accounting Standards for Business Enterprises and the accounting policies implemented by the Company, the Company and its subsidiaries conducted impairment testing on their assets, and made corresponding impairment provisions for assets where indications of impairment were identified. For the first half of 2026, the Company made provisions for various impairments totaling RMB40,410,500, and the specific details of the impairment provisions made are as follows:

Unit: RMB'0,000

Items		Amounts
Impairment losses on credits	Bills receivable	-0.22
	Accounts receivable	-219.30
	Other receivables	-13.14
Impairment losses on assets	Inventories	4,273.71
Total		4,041.05

1. Provision for bad debts

Pursuant to the provisions of the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments and the accounting policies of the Company, the amount of increase in or reversal of the loss allowance measured on the basis of expected credit losses is recognised in profit or loss for the current period as impairment losses or gains. For the first half of 2026, the Company reversed RMB2,193,000 of bad debt provisions for its accounts receivable, reversed RMB131,400 of bad debt provisions for its other receivables and reversed RMB2,200 of bad debt provisions for its bills receivable. The reversal of provision for bad debts resulted in an increase of RMB2,326,600 in total profit in the consolidated financial statements of the Company for the first half of 2026.

2. Provision for inventory write-downs

Pursuant to the provisions of the Accounting Standards for Business Enterprises No. 1 – Inventories and the accounting policies of the Company, as at the balance sheet date, inventories shall be measured at the lower of cost and net realizable value and a provision for inventory write-downs is made based on the excess of the cost of each individual inventory item over its net realizable value. For the first half of 2026, taking into comprehensive consideration factors such as inventory ageing, product selling prices and related costs and expenses, the Company made a provision for inventory write-downs of RMB42,737,100 based on the excess of the cost of each inventory item over its net realizable value.

II. IMPACT OF THE PROVISION FOR IMPAIRMENT ON THE COMPANY

The provision for impairment made by the Company for the first half of 2026 resulted in a decrease of total profit in the consolidated financial statements by RMB40,410,500. The provision for impairment of the Company is made in accordance with the relevant requirements of the Accounting Standards for Business Enterprises, and is based on the principle of prudence, which fairly reflects the asset position of the Company and is in line with the actual situation of the Company.

By order of the Board
Befar Group Co., Ltd
Mr. Yu Jiang
Chairman of the Board and Executive Director

Hong Kong, August 27, 2026

As of the date of this announcement, the Board comprises: (i) Mr. Yu Jiang, Mr. Dong Hongbo and Dr. Liu Hongan as executive Directors; (ii) Mr. Song Shuhua as non-executive Director; and (iii) Mr. Hao Yinping, Ms. Li Haixia, Mr. Wang Qian and Mr. Cao Chunmeng as independent non-executive Directors.