THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer and other registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **Befar Group Co., Ltd**, you should at once hand this circular, the enclosed form of proxy to the purchaser or the transferee or to licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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滨化集团
BEFAR GROUP

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)

(1) PROPOSED ELECTION OF AN EXECUTIVE DIRECTOR;
(2) PROPOSED PLAN TO ENGAGE IN FUTURES AND DERIVATIVES HEDGING BUSINESS;
(3) RE-APPOINTMENT OF AUDITOR FOR 2026;
(4) AMENDMENTS TO THE ARTICLES OF ASSOCIATION; AND
(5) NOTICE OF THE 2026 SECOND ESM

Capitalized terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 3 to 10 of this circular.

A notice convening the ESM to be held at 2:30 p.m. on Tuesday, October 27, 2026 at the conference room of the Company, No. 869 Huanghe 5th Road, Bincheng District, Binzhou City, Shandong Province, the PRC is set out on pages ESM-1 to ESM-2 of this circular.

Whether or not you are able to attend the ESM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event by not less than 24 hours before the time appointed for the holding of ESM or any adjournment thereof to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders only). Completion and return of the form of proxy will not preclude you from attending and voting in person at the ESM or at any adjournment thereof should you so wish.

September 29, 2026

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In this circular, unless the context requires otherwise, the expressions below shall have the following meanings:

"A Share(s)"	the ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
"A Shareholder(s)"	holder(s) of A Share(s)
"Articles of Association"	the articles of association of the Company
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Director(s)
"Company"	Befar Group Co., Ltd (濱化集團股份有限公司), a joint stock limited company established in the PRC on May 21, 1998, whose H Shares and A Shares are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 6745) and the Shanghai Stock Exchange (Stock Code: 601678), respectively
"Director(s)"	the director(s) of the Company
"Employee Shareholding Scheme II"	the Phase Two Employee Shareholding Scheme of Befar Group Co., Ltd (濱化集團股份有限公司－第二期員工持股計劃) adopted by the Shareholders in December 2023, the principal terms of which are summarized in Appendix VI to the Prospectus
"Employee Shareholding Scheme III"	the Phase Three Employee Shareholding Scheme of Befar Group Co., Ltd (濱化集團股份有限公司－第三期員工持股計劃) adopted by the Shareholders in April 2026, the principal terms of which are summarized in Appendix VI to the Prospectus
"ESM" or "Extraordinary Shareholders' Meeting"	the 2026 second extraordinary shareholders' meeting of the Company to be held at 2:30 p.m. on Tuesday, October 27, 2026 at the conference room of the Company, No. 869 Huanghe 5th Road, Bincheng District, Binzhou City, Shandong Province, the PRC
"ESM Notice"	a notice convening the ESM as set out on pages ESM-1 to ESM-2 of this circular
"Group"	the Company and its subsidiaries
"H Shareholder(s)"	holder(s) of H Share(s)

"H Share(s)"	overseas listed ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Latest Practicable Date"	September 25, 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing"	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"PRC"	the People's Republic of China, which for the purpose of this circular only, means the PRC (Mainland)
"Prospectus"	the prospectus of the Company dated June 30, 2026
"RMB"	Renminbi, the lawful currency of the PRC
"Shanghai Stock Exchange"	the Shanghai Stock Exchange
"Share(s)"	A Share(s) and/or H Share(s)
"Shareholder(s)"	shareholder(s) of the Company, including holder(s) of A Shares and/or H Shares
"%"	percent

* *For identification purposes only*



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)

Executive Directors:
Mr. Yu Jiang *(Chairman)*
Mr. Dong Hongbo
Dr. Liu Hongan

Non-executive Director:
Mr. Song Shuhua

Independent non-executive Directors:
Mr. Hao Yinping
Ms. Li Haixia
Mr. Wang Qian
Mr. Cao Chunmeng

Registered office and head office:
No. 888 Huanghe 5th Road
Bincheng District
Binzhou City
Shandong Province
The PRC

Principal place of business in Hong Kong:
46/F, Hopewell Centre,
183 Queen's Road East
Wan Chai
Hong Kong

September 29, 2026

To the Shareholders

Dear Sir/Madam,

(1) PROPOSED ELECTION OF AN EXECUTIVE DIRECTOR; (2) PROPOSED PLAN TO ENGAGE IN FUTURES AND DERIVATIVES HEDGING BUSINESS; (3) RE-APPOINTMENT OF AUDITOR FOR 2026; (4) AMENDMENTS TO THE ARTICLES OF ASSOCIATION; AND (5) NOTICE OF THE 2026 SECOND ESM

1. INTRODUCTION

References are made to (1) the announcement of the Company dated August 14, 2026 in relation to the proposed appointment of an executive Director, (2) the overseas regulatory announcement of the Company dated August 14, 2026 in relation to the proposed plan to engage in futures and derivatives hedging business by the Group, (3) the announcement of the Company dated September 29, 2026 in relation to the alignment in preparation of financial reports in accordance with the China Accounting Standards for Business Enterprises, and (4) the announcement of the Company dated September 29, 2026 in relation to amendments to the Articles of Association.

The ESM will be convened by the Company for the Shareholders to consider and approve, among others, the proposed election of an executive Director, the proposed plan to engage in futures and derivatives hedging business by the Group, the proposed re-appointment of auditor by the Company for 2026, and the proposed amendments to the Articles of Association of the Company.

The purpose of this circular is to provide you with further information on the resolutions to be proposed at the ESM to enable you to make informed decisions on whether to vote for or against the resolutions at the ESM and to give the Shareholders the notice of the 2026 Second ESM.

2. PROPOSED ELECTION OF AN EXECUTIVE DIRECTOR

On August 14, 2026, the Board announced that having considered the recommendations made by the nomination committee of the Board after reviewing the qualifications of the candidates for an executive Director in accordance with the Company's nomination policy and the Board diversity policy, the Board resolved to propose the appointment of Mr. Sun Huiqing (孫惠慶) ("**Mr. Sun**") as an executive Director of the sixth session of the Board, with his term commencing from the date of approval by the Shareholders at the ESM and ending on the expiry of the term of the sixth session of the Board. The proposal is hereby submitted to the ESM for consideration and approval by way of ordinary resolution.

The biographical details of Mr. Sun are set out below:

Mr. Sun Huiqing, aged 55, is the Company's vice president. He is primarily responsible for safety management, environmental protection, and emergency management of the Group.

Mr. Sun first joined the Company's predecessor in September 1995 and after the Group was established, he has successively held various positions in the Group since then, including deputy chief engineer, the supervisor and assistant to the president. Mr. Sun has been serving as safety director of the Company since December 2021 and vice president of the Company since April 2023. He has also been serving as an executive director of Binzhou Binhua Safety Consulting Service Co., Ltd.* (濱州濱化安全諮詢服務有限公司), a wholly-owned subsidiary of the Company, since December 2021 and the chairman of the board of directors of Shandong Befar Dongrui Chemical Co., Ltd.* (山東濱化東瑞化工有限責任公司), a non-wholly owned subsidiary of the Company, since January 2026.

Mr. Sun obtained an associate degree in inorganic chemical from Shanghai Institute of Technology (上海應用技術大學) (previously known as Shanghai College of Chemical Technology (上海化工高等專科學校)), and a bachelor's degree in chemical engineering and technology from China University of Petroleum (East China) in July 2011.

Mr. Sun was recognized as the Chief Technician of the Shandong Chemical Industry in 2008 by Shandong Petroleum and Chemical Industry Association. Subsequently, he was also awarded with the title of "National Model Worker of the Petroleum and Chemical Industry" conferred jointly by the Ministry of Human Resources and Social Security of China and the China Petroleum and Chemical Industry (中國石油和化學工業聯合會).

As at the Latest Practicable Date, Mr. Sun is the beneficial owner of 755,360 A Shares of the Company, and he is also interested in 180,000 A Shares as a participant of the Company's Employee Shareholding Scheme II and 1,200,000 A Shares as a participant of the Company's Employee Shareholding Scheme III, both of which are subject to vesting.

As at the Latest Practicable Date, save as disclosed above, Mr. Sun has confirmed that: (i) he does not have any relationship with any Directors, senior management or substantial Shareholders or controlling Shareholders of the Company or its subsidiaries; (ii) he does not hold any other position in the Company or its subsidiaries and did not hold any directorship or supervisorship in any other companies listed in Hong Kong or overseas in the last three years nor any other major appointments and professional qualifications; (iii) he does not have or is not deemed to have any interests in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance; and (iv) there is no other matter with respect to his appointment that needs to be brought to the attention of the Shareholders or the Stock Exchange or that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Subject to the approval of the appointment of Mr. Sun at the ESM, the Company will enter into a service contract with Mr. Sun for a term commencing from the date of the approval of the appointment of Mr. Sun at the ESM and ending on the expiry of the term of the sixth session of the Board, provided that his term of office will not exceed three years, and Mr. Sun is eligible for re-election at Shareholders' meeting upon the expiry of his term of office in accordance with the Articles of Association. Mr. Sun will not receive Director's emolument for his position as an executive Director.

The above resolution has been considered and approved by the Board, and is hereby submitted to the ESM for consideration.

3. PROPOSED PLAN TO ENGAGE IN FUTURES AND DERIVATIVES HEDGING BUSINESS

At the Board meeting of the Company held on August 14, 2026, the Board approved the resolution regarding the proposed plan to engage in the futures and derivatives hedging business for 12 months upon approval by the Shareholders at the ESM. An ordinary resolution will be proposed at the ESM for the Shareholders to consider and approve the resolution to engage in futures and derivatives hedging business by the Group.

(I) Overview of the futures and derivatives hedging business

The details of the futures and derivatives hedging business to be carried out by the Group are set out in Appendix I of this circular.

(II) Implications under the Listing Rules of the Shanghai Stock Exchange

Engaging in futures and derivatives hedging business by the Group and the transactions contemplated thereunder have reached the level where consideration at a general meeting is required under the Listing Rules of the Shanghai Stock Exchange, and are therefore subject to consideration at a general meeting in accordance with the Listing Rules of the Shangahi Stock Exchange.

(III) Implications under the Listing Rules

Engaging in futures and derivatives hedging business by the Group and the transactions contemplated thereunder do not constitute discloseable transactions or connected transactions under Chapter 14 and/or 14A of the Listing Rules, and are therefore not subject to the reporting, announcement or other requirements under Chapter 14 and/or 14A of the Listing Rules.

4. RE-APPOINTMENT OF AUDITOR FOR 2026

An ordinary resolution will be proposed at the ESM to consider and approve the re-appointment of auditor for 2026. For details, please refer to the announcement of the Company dated September 29, 2026.

Given the substantial convergence between the China Accounting Standards for Business Enterprises ("**CAS**") and IFRS Accounting Standards, the Company intends to adopt CAS on a uniform basis for the preparation of its financial statements and disclosure of related financial information commencing with the results of the Group for the year ending December 31, 2026. The adoption of the CAS for the preparation of financial reports and disclosure of related financial information on a uniform basis will not have any material impact on the results or financial position of the Company. Following the Company's successful listing on the Stock Exchange on July 10, 2026, the Company's overseas auditor, KPMG has completed all its engagements and its term of appointment has accordingly ended. KPMG confirmed that there are no matters in connection with its retirement that need to be brought to the attention of Shareholders. The Company also confirmed that there was no disagreement or unresolved matters between the Company and KPMG, and there are no matters in connection with the retirement of KPMG that need to be brought to the attention of Shareholders. As the Company will uniformly adopt the CAS for the preparation of its financial reports, and the Company's domestic financial reporting auditor, KPMG Huazhen LLP ("**KPMG Huazhen**") has been recognized by the Ministry of Finance of the PRC and the China Securities Regulatory Commission as qualified to provide audit services to Chinese mainland-incorporated issuers listed in Hong Kong, the Company will not make a separate appointment of an overseas accounting firm. Instead, KPMG Huazhen will assume the joint responsibility for auditing the financial reports of the Company's A Shares and H Shares and the provision of the internal control audit services to the Company.

The Audit Committee has reviewed this matter and is of the opinion that: the Company's adoption of the CAS on a uniform basis for the preparation of financial statements is conducive to improving the efficiency of information disclosure and will not have any material adverse impact on the authenticity and accuracy of the financial reports or on investors' decision-making. The members of the Audit Committee have unanimously agreed that the Company shall adopt the CAS on a uniform basis to prepare its financial statements and will no longer separately appoint an overseas financial report auditing firm. Following a thorough assessment and review of the professional competence, investor protection capabilities, independence, and integrity of KPMG Huazhen, the Audit Committee is of the view that KPMG Huazhen possesses the requisite qualifications and demonstrates strong professional competence and investor protection capabilities, maintains no record of integrity issues that would adversely affect the performance of its professional duties, and is competent to be engaged as the auditor of the Company.

It is estimated that the overall fees payable to KPMG Huazhen for the provision of audit services to the Company for 2026 are estimated to be approximately RMB2 million, exclusive of tax, comprising, amongst others, financial report audit fees of approximately RMB1.55 million and internal control audit fees of approximately RMB0.45 million. The above fee is determined after taking into account, among other factors, the Company's business scale, industry, and the complexity of accounting treatments, as well as the number of audit personnel required for the annual report audit, the amount of work involved, and KPMG Huazhen's fee schedule. The above estimated fees are based on the assumptions that there will be no significant changes in the Company's operations, accounting policies or regulatory environment during 2026, and that the Company will provide sufficient assistance and information in a timely manner as required for the audit. Unless there is a material change in the basis or assumptions for determining the fees, the final audit and review fees should not materially deviate from the aforesaid estimated amounts. The Company will make further disclosure in due course if there is any material change. If subsequent changes in the scope or content of the audit and review services result in an actual need to increase the fees, it is proposed that the shareholders' meeting authorise the Board to determine the fees based on the actual scope of services.

The Company will propose an ordinary resolution at the ESM to approve the aforesaid re-appointment of the domestic auditor and to authorise the Board to determine the relevant fees based on the actual scope of services.

5. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated September 29, 2026 in relation to the amendments to the Articles of Association.

The Company issued 352,126,000 H Shares for its Listing on July 10, 2026. No over-allotment option was granted and no stabilization activities were carried out in connection with the Listing. Upon the completion of the Listing, the total number of issued Shares of the Company is 2,408,962,276 Shares (including 2,056,836,276 A Shares and 352,126,000 H Shares) with a par value of RMB1.00 per Share. Therefore, the Company increased its registered capital from RMB2,056,836,276 to RMB2,408,962,276, and the Board has passed a resolution to make amendments to the related provisions of the Articles of Association.

Details of the amendments to the Articles of Association are as follows:

No.	Before amendment	After amendment
1	**Article 3** …… The Company, upon filing with the CSRC on [•], conducted its initial public offering in Hong Kong of [•] foreign-listed foreign capital shares (hereinafter referred to as "H Shares"), and the aforesaid H Shares were listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Stock Exchange"; together with the Shanghai Stock Exchange, collectively referred to as the "Stock Exchanges") on [•].	**Article 3** …… The Company, upon filing with the CSRC on ~~[•]~~ **April 17, 2026**, conducted its initial public offering in Hong Kong of ~~[•]~~ **352,126,000** foreign-listed foreign capital shares (hereinafter referred to as the "H Shares"), and the aforesaid H Shares were listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Stock Exchange"; together with the Shanghai Stock Exchange, collectively referred to as the "Stock Exchanges") on ~~[•]~~ **July 10, 2026**.
2	**Article 6** The registered capital of the Company is RMB[•].	**Article 6** The registered capital of the Company is RMB~~[•]~~ **2,408,962,276**.
3	**Article 20** The total number of shares of the Company is [•] shares, all of which are ordinary shares, including [•] A ordinary shares, representing [•]% of the total share capital of the Company, and [•] H ordinary shares, representing [•]% of the total share capital of the Company.	**Article 20** The total number of shares of the Company is ~~[•]~~ **2,408,962,276** shares, all of which are ordinary shares, including ~~[•]~~ **2,056,836,276** A ordinary shares, ~~representing [•]% of the total share capital of the Company,~~ and ~~[•]~~ **352,126,000** H ordinary shares~~, representing [•]% of the total share capital of the Company~~.
4	**Article 208** Subject to the consideration and approval at the Shareholders' meeting, the Articles of Association shall come into effect and be implemented from the date when the H Shares issued by the Company are filed with the CSRC and listed on the Hong Kong Stock Exchange.	**Article 208** Subject to the consideration and approval at the Shareholders' meeting, the Articles of Association shall come into effect and be implemented from the date **of such consideration and approval** ~~when the H Shares issued by the Company are filed with the CSRC and listed on the Hong Kong Stock Exchange~~.

Apart from the abovementioned amendments, all other contents of the original Articles of Association remain unchanged. The proposal is hereby submitted to the ESM for consideration and approval by way of special resolution.

Upon approval by the Shareholders, the Company will complete the industrial and commercial registration, filing and other relevant procedures for the aforesaid amendments to the Articles of Association with the relevant government and regulatory authorities of the People's Republic of China in accordance with applicable laws and regulations. The final version of the Articles of Association shall be subject to the content approved by the market supervision and administration authority. In the event of any discrepancy between the Chinese version and the English version of the Articles of Association, the Chinese version shall prevail.

6. ESM

The ESM will be held at the conference room of the Company, No. 869 Huanghe 5th Road, Bincheng District, Binzhou City, Shandong Province, the PRC on Tuesday, October 27, 2026 at 2:30 p.m. for the purpose of considering, and if thought fit, approving, among others, the proposed election of an executive Director, the proposed plan to engage in futures and derivatives hedging business by the Group, the proposed re-appointment of auditor for 2026, and the proposed amendments to the Articles of Association. A notice of the ESM is set out on pages ESM-1 to ESM-2 of this circular.

A form of proxy for use at the ESM is enclosed. Whether or not you intend to attend the ESM, you are requested to complete and return the enclosed form of proxy (for use at the ESM) in accordance with the instructions printed thereon to the H Share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders only) as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the ESM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the ESM or at any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders to be taken at the ESM shall be taken by poll. An announcement of the poll results will be made by the Company after the ESM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

To the best of the Directors' knowledge, information and belief, as at the Latest Practicable Date, no Shareholder is required to abstain from voting on the resolutions to be proposed at the ESM.

7. CLOSURE OF REGISTER OF MEMBERS

For determining the H Shareholders who are entitled to attend and vote at the ESM, the H share register of members of the Company will be closed from Thursday, October 22, 2026 to Tuesday, October 27, 2026, both days inclusive, during which period no transfer of the H Shares will be effected. The H Shareholders whose names appear in the register of members of the Company on Wednesday, October 21, 2026 are entitled to attend and vote at the ESM. In order to qualify for the entitlement to attend and vote at the ESM, all transfer documents accompanied by relevant share certificates must be lodged with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than at 4:30 p.m. on Wednesday, October 21, 2026.

8. RECOMMENDATION

The Directors are of the view that the resolutions in respect of the proposed election of an executive Director, the proposed plan to engage in futures and derivatives hedging business by the Group, the proposed re-appointment of auditor for 2026, and the proposed amendments to the Articles of Association are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the ESM.

9. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in appendix I to this circular.

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

RESOLUTION ON ENGAGING IN FUTURES AND DERIVATIVES HEDGING BUSINESS

Important Information:

- **Major details of the transactions**

Purpose of transactions	☐Obtain investment returns ☑Hedging (Contract category: ☑Commodities; ☑Foreign exchange; ☐Others:_____) ☐Others:_____	
Transaction types	Bulk commodities related to the daily operations of the Company such as sodium hydroxide, propylene, liquefied petroleum gas (LPG), methanol and platinum, as well as foreign exchange	
Transaction amount	Maximum trading margin and premium estimated to be utilized (Unit: RMB'0,000)	20,000
	Maximum contract value estimated to be held on any trading day (Unit: RMB'0,000)	200,000
Source of funds	☑Self-owned funds ☐Borrowed funds ☐Others:_____	
Transaction period	Valid for 12 months from the date of consideration and approval by the shareholders' meeting of the Company. If the duration of a single transaction exceeds the authorization period, the authorization period will be automatically extended until the termination of such transaction.	

- **Consideration procedures performed and to be performed**

This matter has been considered and approved at the 19th meeting of the sixth session of the Board of Directors of the Company, and is subject to consideration and approval by the shareholders' meeting.

- **Special risk warning**

The Company conducts futures and derivatives hedging business not for speculative purposes; however, engaging in futures and derivatives hedging transactions may still be subject to market risks, capital risks, technical risks, operational risks, default risks, etc. The Company will actively implement risk control measures, operate prudently, and guard against relevant risks. Investors are advised to pay attention to investment risks.

I. OVERVIEW OF THE TRANSACTIONS

(I) Purpose of transactions

The principal business of the Company comprises the production, processing and sale of organic and inorganic chemical products. Its main products include sodium hydroxide, propylene oxide, methyl tert-butyl ether and propylene, and its raw materials include liquefied petroleum gas (LPG), methanol and platinum. In order to hedge against the fluctuation risks of product and raw material prices as well as exchange rates, and to make full use of the hedging functions of the futures and derivatives market, the Company plans to conduct hedging business on raw materials, products and foreign exchange related to its production and operations in accordance with its principal business production and operation plans, by comprehensively taking into account factors such as procurement and sales scale and expected effectiveness of the hedging business, so as to promote the stable development of its principal business.

(II) Transaction amount

The margin proposed to be committed by the Company for conducting the futures and derivatives hedging business shall not exceed RMB200 million, and the maximum contract value held on any trading day shall not exceed RMB2 billion. The aforementioned limits may be utilized on a revolving basis within the authorization period.

(III) Source of funds

The source of funds shall be the Company's self-owned funds, without involving proceeds raised from fund-raising activities.

(IV) Mode of transactions

1. Transaction types: Bulk commodities related to the daily operations of the Company such as sodium hydroxide, propylene, liquefied petroleum gas (LPG), methanol and platinum, as well as foreign exchange.

2. Trading instruments: Financial instruments such as futures and derivatives.

3. Trading venues: Domestic and overseas financial institutions approved by regulatory authorities and possessing relevant business operational qualifications.

(V) Transaction period

Valid for 12 months from the date of consideration and approval by the shareholders' meeting of the Company. If the duration of a single transaction exceeds the authorization period, the authorization period will be automatically extended until the termination of such transaction.

II. CONSIDERATION PROCEDURES

The Company convened the 19th meeting of the sixth session of the Board of Directors on 14 August 2026, at which the "Resolution on Conducting Futures and Derivatives Hedging Business" was considered and approved, agreeing that the Company shall conduct futures and derivatives hedging business in accordance with its actual operational needs. Such resolution is subject to consideration and approval by the shareholders' meeting of the Company.

III. RISK ANALYSIS AND RISK CONTROL MEASURES FOR THE TRANSACTIONS

(I) Risk analysis

The Company's hedging operations through futures and derivatives can mitigate the impact of fluctuations in product and raw material prices as well as exchange rates on the Company, which is conducive to the normal business operations of the Company; however, certain risks may also exist, details of which are as follows:

1. Market risk: Substantial market price fluctuations in futures and derivatives, or inactive trading due to poor liquidity, may generate price fluctuation risks and result in hedging losses;

2. Capital risk: Certain trading venues implement a daily mark-to-market settlement system for trading margins, which may entail certain capital liquidity risks. When market prices fluctuate drastically, there may be a risk of forced liquidation due to insufficient margin and failure to make margin calls in a timely manner;

3. Technical risk: Uncontrollable or unforeseeable system, network or communication failures may result in the abnormal operation of the trading system, causing issues such as delays, interruptions or data errors in trading instructions, thereby bringing about corresponding risks;

4. Operational risk: Erroneous orders caused by traders' subjective judgments or improper operations may cause losses to the Company; and

5. Default risk: In the event of a default by a counterparty, it may fail to pay hedging gains to the Company as agreed, thereby rendering the Company unable to hedge its actual losses.

(II) Risk control measures

1. The Company has formulated the "*Management System for Futures and Derivatives Hedging Business*", which clearly stipulates the approval limits, organizational setup and responsibilities, authorization management, execution processes and risk handling procedures for hedging business. Throughout the entire hedging operation process, all business transactions will be executed in strict compliance with the aforementioned system;

2. The Company has established a sound organizational structure comprising a hedging leading group, management group, execution group, risk control group and supervision group, equipped with professional personnel in investment decision-making, business operation and risk control, clearly defined the responsibilities of relevant personnel, and established trading, communication and information service facility systems that meet requirements;

3. The Company will allocate funds for hedging business in a reasonable manner, strictly control the capital scale of hedging, plan and utilize margin reasonably, and formulate and implement strict stop-loss mechanisms;

4. The Company will continuously strengthen the training of business personnel to enhance their professional skills and operational capability, and strengthen their awareness of risk management and risk prevention; and

5. The Company will choose to cooperate with brokerage firms with good credit standing and strong operational strength to avoid credit risks.

IV. IMPACT OF THE TRANSACTIONS ON THE COMPANY AND RELEVANT ACCOUNTING TREATMENT

The Company conducts hedging business based on its daily operational needs and not for speculative purposes. By virtue of the risk hedging functions of the futures and derivatives market, the Company utilizes hedging tools to mitigate risks associated with fluctuations in product and raw material prices as well as exchange rates, which is conducive to enhancing the stability of its operating results.

The Company will perform corresponding accounting treatment for the proposed hedging business in accordance with relevant regulations including the "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments" and the "Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments".

Whether the hedging business meets the criteria for application of Accounting Standards for Business Enterprises No. 24 – Hedge Accounting	☐Yes ☑No
Proposed to adopt hedge accounting for recognition and measurement	☐Yes ☑No

Announcement is hereby given.

The Board of Directors of
Befar Group Co., Ltd

August 14, 2026

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)

NOTICE OF EXTRAORDINARY SHAREHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the extraordinary shareholders' meeting (the "**ESM**") of Befar Group Co., Ltd (the "**Company**") will be held at 2:30 p.m. on Tuesday, October 27, 2026 (or any adjournment thereof) at the conference room of the Company, No. 869 Huanghe 5th Road, Bincheng District, Binzhou City, Shandong Province, the PRC to consider and, if thought fit, approve the following resolutions.

Unless otherwise defined, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated September 29, 2026.

ORDINARY RESOLUTIONS

1. To consider and approve the election of Mr. SUN Huiqing (孫惠慶) as an executive Director for the sixth session of the Board.

2. To consider and approve the resolution on engaging in futures and derivatives hedging business by the Group.

3. To consider and approve the resolution in relation to the re-appointment of auditor for 2026.

SPECIAL RESOLUTION

4. To consider and approve the resolution regarding the proposed amendments to the Articles of Association.

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

Hong Kong
September 29, 2026

Notes:

1. For the purpose of holding the ESM, the register of H Shares members of the Company (the "**Register of Members**") will be closed from Thursday, October 22, 2026 to Tuesday, October 27, 2026 (both days inclusive), during which no transfer of H Shares of the Company will be registered. H Shareholders whose names appear on the Register of Members at the close of business on Wednesday, October 21, 2026 are entitled to attend and vote at the ESM after completing the registration procedures. In order to be entitled to attend and vote at the ESM, all duly completed transfer documents accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, the H share registrar of the Company, not later than at 4:30 p.m. on Wednesday, October 21, 2026. The record date and arrangements in respect of the A Shareholders of the Company who are entitled to attend the ESM will be determined and announced separately in the PRC.

2. The address of Computershare Hong Kong Investor Services Limited, the share registrar (for share transfer) for the H shares of the Company is as follows:

   Shops 1712-1716
   17th Floor Hopewell Centre 183 Queen's Road East
   Wanchai
   Hong Kong

3. Each H Shareholder who has the right to attend and vote at the ESM is entitled to appoint in writing one or more proxies, whether a Shareholder or not, to attend and vote on his/her behalf at the ESM.

4. The form of proxy must be in writing under the hand of the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a legal person, must either be executed under its common seal or under the hand of a legal representative or other attorney duly authorised to sign the same. If the form of proxy is signed by an attorney authorised by the Shareholder, the power of attorney authorising signature or other documents of authorisation must be notarially certified.

5. To be valid, for H Shareholders, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the ESM or any adjournment thereof.

6. If a proxy attends the ESM on behalf of a Shareholder, he/she should produce his/her identity card and the form of proxy signed by the Shareholder or his/her attorney, which specifies the date of its issuance. If a Shareholder is a legal person and appoints its legal representative to attend the ESM, such legal representative should produce his/her identity card and valid documents evidencing his/her capacity as such legal representative. If a legal person Shareholder appoints a company representative other than its legal representative to attend the ESM, such representative should produce his/her identity card and an authorisation instrument affixed with the seal of that Shareholder (which is a legal person) and duly signed by its legal representative.

7. The ESM is estimated to last for an hour. Shareholders who attend the ESM in person or by proxy shall bear their own transportation and accommodation expenses.

As at the date of this notice, 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.