Nanjing King-friend Biochemical Pharmaceutical Co., Ltd.

Announcement on the Change in Accounting Policies

Stock Code: 603707   Stock Abbreviation: King-friend Pharma   Announcement No.: 2026-046

The Board of Directors of the Company and all its directors hereby guarantee that the information contained in this announcement contains no false records, misleading statements or material omissions, and assume, individually and jointly, responsibility for the truthfulness, accuracy and completeness of its contents.

Important Notes:

- This change in accounting policies is made in accordance with the relevant provisions of the Notice on Issuing <Interpretation No. 20 of Accounting Standards for Business Enterprises> (Cai Kuai [2026] No. 7) issued by the Ministry of Finance of the People's Republic of China (hereinafter referred to as the "MOF").
- This change in accounting policies is a change made to implement the unified accounting policies of the State. It is not required to be submitted to the Board of Directors or the shareholders' meeting of the Company for deliberation, will not have a material impact on the Company's financial position, operating results and cash flows, and does not involve any circumstance that would harm the interests of the Company and its shareholders.

I. Overview of the Change in Accounting Policies

In accordance with the relevant provisions and requirements of Interpretation No. 20 of Accounting Standards for Business Enterprises issued by the MOF and in light of the Company's actual circumstances, Nanjing King-friend Biochemical Pharmaceutical Co., Ltd. (hereinafter referred to as the "Company") has made a corresponding change to the relevant accounting policies. In accordance with the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and other relevant provisions, this change in accounting policies is not required to be submitted to the Audit Committee of the Board of Directors, the Board of Directors or the shareholders' meeting of the Company for deliberation.

II. Details of the Change in Accounting Policies

(I) Reasons for the Change in Accounting Policies

On June 4, 2026, the MOF issued Interpretation No. 20 of Accounting Standards for Business Enterprises, which sets out provisions on the “assessment of the contractual cash flow characteristics of financial assets” and the “accounting treatment and related disclosures where a currency lacks convertibility”, effective from the date of issuance. For transactions newly arising between January 1, 2026 and the effective date of this Interpretation that fall within the scope of this Interpretation, enterprises shall make adjustments in accordance with this Interpretation.

(II) Accounting Policies Applied before the Change

Prior to this change in accounting policies, the Company applied the Accounting Standards for Business Enterprises — Basic Standard and the various specific accounting standards, the Application Guidance for Accounting Standards for Business Enterprises, the Interpretations of Accounting Standards for Business Enterprises and other relevant provisions issued by the MOF.

(III) Accounting Policies Applied after the Change

Following this change in accounting policies, the Company will apply the requirements of Interpretation No. 20 of Accounting Standards for Business Enterprises issued by the MOF. Apart from the above change in accounting policies, the remaining unchanged parts shall continue to be governed by the Accounting Standards for Business Enterprises — Basic Standard and the various specific accounting standards, the Application Guidance for Accounting Standards for Business Enterprises subsequently issued and revised, the Interpretations of Accounting Standards for Business Enterprises and other relevant provisions issued by the MOF.

(IV) Effective Date of the Change in Accounting Policies

In accordance with the above-mentioned standards and notices issued by the MOF, the Company has applied the above change in accounting policies with effect from January 1, 2026.

III. Impact of the Change in Accounting Policies on the Company

This change in accounting policies is a reasonable change made by the Company in accordance with the relevant provisions of Interpretation No. 20 of Accounting Standards for Business Enterprises issued by the MOF. It complies with the relevant provisions and the Company's actual circumstances. The accounting policies after the change can more objectively and fairly reflect the Company's financial position, operating results and cash flows, and are in the interests of the Company and all its shareholders. This change in accounting policies does not involve any retrospective adjustment to the Company's prior years, has no material impact on the Company's financial position, operating results and cash flows, and does not involve any circumstance that would harm the interests of the Company and all its shareholders.

It is hereby announced.

Board of Directors of Nanjing King-friend Biochemical Pharmaceutical Co., Ltd.

August 28, 2026