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吉林省輝南長龍生化藥業股份有限公司
Jilin Province Huinan Changlong Bio-pharmacy Company Limited

(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 8049)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2026

Reference is made to the interim report of Jilin Province Huinan Changlong Bio-pharmacy Company Limited (the "Company", together with its subsidiaries, the "Group") for the six months ended 30 June 2026 published on 14 August 2026 (the "2026 Interim Report"). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the 2026 Interim Report.

To further provide shareholders and potential investors with supplementary information regarding the Group's financial position, use of funds, and corporate governance, the board of directors (the "Board") would like to provide the following supplemental information to the 2026 Interim Report:

1. Business Rationale for Maintaining a Relatively High Cash Level and Specific Plan for Use of Funds

As at 30 June 2026, the Group maintained a relatively high level of cash and bank balances, short-term investments, and financial assets at fair value through profit or loss. This cash position is the result of the continuous accumulation of substantial profits generated from our core business operations over the past two decades since the Group's establishment. It has not been formed within a single financial year, nor is it derived from any financing activities or disposals of core businesses.

The specific business rationales for maintaining these cash reserves are as follows:

1. **Significant capital cyclicality in the pharmaceutical manufacturing industry:** The Company is principally engaged in the production, R&D, and sales of pharmaceutical products. Prices of various raw materials fluctuate, and centralized procurement requires sufficient working capital. Meanwhile, pharmaceutical products are subject to medical insurance settlement policies, resulting in a distinct payment collection cycle. Sufficient cash reserves ensure the stable operation of daily production, procurement, labor, and marketing.
2. **Continuous demand for R&D investment:** Pharmaceutical R&D is characterized by long cycles, heavy investments, and inherent uncertainties. The Company has established long-term plans for new product development, clinical trials of pipeline products, consistency evaluations, and production process upgrades. Sufficient cash reserves ensure that R&D projects steadily advance without financial constraints.
3. **Reserves for production safety and compliance upgrades:** The pharmaceutical industry is subject to strict regulatory oversight. The Company continuously invests in plant maintenance, production equipment iteration, and quality upgrades for safety and environmental protection facilities to ensure ongoing GMP compliance.

4. **Mitigating uncertainties in the macro environment and industry policies:** Domestic pharmaceutical policies undergo dynamic adjustments. Maintaining prudent liquidity reserves helps hedge against potential operational fluctuations and enhances overall risk resilience.
5. **Reserve funds for strategic industrial layout:** The Company remains focused on its core pharmaceutical business while evaluating high-quality upstream and downstream projects and industrial cooperation opportunities. Sufficient liquidity enables the Company to promptly capture strategic investment and market expansion opportunities.

Specific Plan and Estimated Timeline to Utilize Cash on Hand

The Board has formulated a capital utilization plan for the cash on hand in conjunction with the medium- to long-term development strategy. The explicitly allocated funds currently account for approximately 90.0% of the total cash and short-term investments. **T**he following fund allocations and percentages are estimated arrangements based on current planning and do not constitute legally binding commitments. The Company may optimize the pace of fund deployment in due course according to industry policies, operating conditions, and project progress. The specific plans and implementation details are as follows:

- **Maintenance of Basic Production and Operation Costs (Approx. 17.6%):** Reserved as a safety cushion to cope with medical insurance settlement cycles and sudden macro risks. This will be continuously retained on a rolling basis as normalized safety working capital.
- **Strategic Industrial Development and Supply Chain Integration (Approx. 30.2%):** Actively seeking strategic development opportunities and upstream/downstream supply chain integration in the fields of modernization of traditional Chinese medicine and high-end formulations, as well as overseas market expansion. Estimated timeline: 2027 to 2031 (Next 5-year plan).
- **New Drug R&D and Consistency Evaluation Projects (Approx. 15.1%):** To support the critical stage of consistency evaluation and new drug clinical trials advancing for multiple varieties. Estimated timeline: 2027 to 2031, with continuous investment based on the progress of each R&D project.
- **Professional Brand Promotion and Product Evidence-Based Medical Research (Approx. 12.6%):** To continuously consolidate the industry position of the Company's core products, and further enhance product clinical recognition and national brand influence. Estimated timeline: 2027 to 2031.
- **Future Dividend Distribution Reserve (Approx. 7.0%):** In line with the Company's newly adopted dividend policy, this portion of funds may serve as a potential reserve for shareholder returns over the next one to two years. Whether to declare any dividends (including special dividends), as well as the amount and timing of such declarations, will be prudently determined by the Board based on the operating conditions, funding requirements, and regulatory requirements at the relevant time, and do not constitute a commitment to declare dividends. Estimated timeline: 2027 to 2028.
- **Capacity Upgrade & Plant Renovation Projects (Approx. 4.3%):** Based on the calculation of the injection workshop expansion and API production increase plans. Estimated timeline: 2027 to 2030, invested in stages according to project initiation and construction nodes.
- **Renewal of Production & Environmental Protection Equipment, GMP Compliance (Approx. 2.2%):** For routine equipment maintenance, environmental facility upgrades, and equipment replacement cycles. Estimated timeline: 2027 to 2031, continuously amortized and invested annually.
- **Talent Team Building & Professional Training (Approx. 1.0%):** For the systematic construction of the R&D technical team, production and quality control team, compliance management team, and marketing team. Estimated timeline: 2027 to 2029, as a routine annual fixed investment.

The remaining monetary funds (approximately **10.0%**) will be used as a supplementary liquidity reserve to ensure the overall steady operation of the Company.

2. Adoption of Dividend Policy

To further enhance the corporate governance system and in compliance with the disclosure requirements under Paragraph M(a) of Appendix C1 to the GEM Listing Rules, while the Company has consistently distributed special dividends since 2018, the Board has formally resolved to adopt a written Dividend Policy.

Under this policy, the Board will explicitly evaluate the following non-exhaustive factors when determining, recommending, or declaring any dividends:

1. The Group's actual and forecasted financial performance and profitability;

2. Retained earnings and distributable reserves of the Company and its subsidiaries;
3. The Group's gearing ratio level, return on equity, and relevant financial covenants;
4. Any legal or regulatory restrictions and loan covenants imposed by lenders;
5. Expected working capital requirements, capital expenditure plans, and future expansion plans (including R&D investments, market expansion, and strategic development);
6. General economic conditions, business cycles of the Group's core business, and other factors that may impact the Company's business or financial performance.

The Company does not prescribe a predetermined dividend payout ratio. However, the Board will reference historical payout levels and strive to maintain a sustainable and stable return to shareholders, subject to actual profitability and funding needs each year. Details of this Dividend Policy will be strictly included in all future annual reports in accordance with the Corporate Governance Code.

The Board wishes to remind shareholders and potential investors that the declaration, amount, and timing of any dividends (including special dividends) shall be prudently determined by the Board based on the operating conditions, funding requirements, and regulatory requirements at the relevant time, and do not constitute a commitment to declare dividends.

Save as disclosed above, all other information contained in the 2026 Interim Report remains unchanged. This announcement should be read in conjunction with the 2026 Interim Report.

By order of the Board
Jilin Province Huinan Changlong Bio-pharmacy Company Limited
Zhang Yi
Chairman

Jilin Province, the PRC, 10 November 2026

As at the date of this announcement, the Board comprises five executive directors, being Zhang Yi, Xu Xiang Fu, Wang Wei, Chi Chun Hong and Li Ning; and two independent non-executive directors, being Bai Jun Gui and Tian Jie.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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