INNOVATIVE PHARMACEUTICAL BIOTECH LIMITED
領航醫藥及生物科技有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 399)

PROFIT WARNING
AND
BUSINESS UPDATE

This announcement is made by Innovative Pharmaceutical Biotech Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the "**Board**") of directors of the Company wishes to inform shareholders (the "**Shareholders**") and potential investors of the Company that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 March 2025 (the "**Year**") and information currently available to the Board, the Group is expected to record a net loss for the Year in the range between HK$550 million to HK$600 million as compared to the net profit of approximately of HK$98.7 million recorded for the year ended 31 March 2024.

The expected loss is primarily attributable to a significant impairment loss in the range between HK$250 million to HK$350 million on an intangible asset associated with the in-process research and development of the oral insulin product (the "**Product**") and the effective interest expense on convertible bonds of approximately HK$259 million.

Latest update for the commercialization of the Product

The Group is conducting the Part B of phase III clinical trial (the "**Clinical Trial**") of the Product and the enrolment of the first batch of patient for the Clinical Trial testing has been commenced in July 2020. The enrolment of patients will be an ongoing process.

Originally, the Group planned to commercialize the Product in the first quarter of 2026. To adhere to this commercialization schedule, the Group implemented a series of measures, including evaluating and optimizing clinical trial procedures, engaging new hospitals to participate in the Clinical Trial, and increasing the sample size at existing Clinical Trial sites. However, onboarding new hospitals involves complex and time-consuming processes for the engagement, which have limited the effectiveness of these efforts. Moreover, increasing the sample size at current hospitals has also proven challenging due to changes in patient behavior following the COVID-19 pandemic.

In light of the above, the Group has not been able to fully implement all the necessary measures. After prudent consideration by management and based on the current circumstances, the commercialization timeline for the commercialization of the Product is expected to be postponed to the third quarter of 2028.

Set out below is the tentative timetable for commercialization of the Product based on the latest information available:

Event/action/milestone	**Expected Completion Date**
The execution of clinical trial testing	Early of second quarter of 2027
The data and outcome analysis	Second quarter of 2027
The preparation of the outcome report	Third quarter of 2027
The entering into of an agreement in respect of the production arrangement	Third quarter of 2027
The sourcing of raw materials from various suppliers for production of the Product	Third quarter of 2027
Possible marketing activities or pre-sales preparation work	Third quarter of 2027
The submission of the clinical trial report to NMPA	Late of third quarter of 2027

Event/action/milestone	Expected Completion Date
The application for the new medicine certificates	Late of third quarter of 2027
The obtaining of the new medicine certificates	Mid first quarter of 2028
The application for the manufacturing permit	Mid first quarter of 2028
The obtaining of the manufacturing permit	Second quarter of 2028
The Product is launched in the market and available for sale at selected hospital	Third quarter of 2028

Impairment assessment of the intangible asset

During the Year, the management of the Company conducted a comprehensive review of the impairment assessment for the intangible asset and concluded that significant impairment loss is considered necessary, which involved the following consideration:

— The delay of commercialisation of the Product as explained in the section "Latest update for the commercialisation of the Product";

— The sub-contractor arrangement for manufacturing of Product. In previous cash flow forecast for the intangible asset, the management of the Company planned to build its own factory to manufacture the Product. However, given the careful consideration for the liquidity position of the Group, the management of the Company updated its plans to align with the liquidity position of the Group to engage external sub-contractor to manufacture of the Product to save the start-up cost at the time of commercialisation of the Product. As the result, such arrangement would affect the overall margin of the Product;

— For the purpose of interest and benefit to the Shareholders as a whole and ascertain the value of the intangible assets, the Group expected to commit to invest not less than HK$12 million annually in funding for the Product, starting from April 2025, either through internal or external funding, as research and development expenses for the Product, the substantial shareholder of the Company agreed to provide a capital supporting arrangement to the Company that if the commercialisation of the Product has not been successfully complete by the third quarter of 2028, the substantial shareholder will undertake to provide a capital support to the Company to an amount equivalent to the difference between (a) the consideration at which the intangible asset could be sold in future or the carrying value of the intangible asset as at 31 March 2025; and (b) the carrying value of the intangible asset as at 30 September 2028, if appropriate.

Based on the latest assessment, the commercialisation of the Product is now anticipated to be further delayed to the third quarter of 2028. Consequently, an impairment loss in range between HK$250 million to HK$350 million is expected to be recognised in relation to the Group's intangible asset based on the consideration of impairment assessment as explained above.

The Company is still in the process of finalising its consolidated financial results for the Year. The information contained in this announcement is a preliminary assessment made by the Board based on the unaudited management accounts of the Group and other information currently available, which has not been reviewed or audited by the Company's auditors or audit committee and may be subject to adjustments.

The Group's annual results for the Year are expected to be announced by the end of June 2025. Shareholders and potential investors are advised to read the annual results announcement carefully for further information.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Innovative Pharmaceutical Biotech Limited
Tang Rong
Executive Director

Hong Kong, 23 June 2025

As at the date of this announcement, the Board comprises Dr. Yeung Yung (Chairman and executive Director), Mr. Gao Yuan Xing (executive Director), Mr. Tang Rong (executive Director), Ms. Qi Shujuan (executive Director), Dr. Long Fan (executive Director), Dr. Wu Ming (executive Director), Mr. Zhang Shen (executive Director), Mr. Zhang Yi (non-executive Director), Ms. Chen Weijun (independent non-executive Director), Mr. Wang Rongliang (independent non-executive Director), Mr. Chen Jinzhong (independent non-executive Director), Dr. Xia Tingkang, Tim (independent non-executive Director), and Ms. Sun Sizheng (independent non-executive Director).