拨康视云™
Cloudbreak Pharma

CLOUDBREAK PHARMA INC.

撥康視雲製藥有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2592)

CHANGE IN THE USE OF PROCEEDS

Reference is made to the prospectus in relation to the global offering (the "**Global Offering**") of Cloudbreak Pharma Inc. (the "**Company**", together with its subsidiaries, the "**Group**") dated 24 June 2025 (the "**Prospectus**") and the annual report of the Company for the year ended 31 December 2025 published on 31 March 2026 (the "**2025 Annual Report**"). Unless otherwise defined herein, terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 2025 Annual Report.

Original Use of Proceeds

As disclosed in the Prospectus and the 2025 Annual Report, the net proceeds from the Global Offering (the "**Net Proceeds**") were approximately HK$524.6 million, which was originally intended for the purposes as set out in the Prospectus and the 2025 Annual Report (the "**Original Use of Proceeds**"):

- HK$327.4 million or approximately 62.4% of the Net Proceeds was allocated for the continuing clinical R&D activities, including costs and expenses of R&D staff and R&D activities, as well as registration filings and post-approval studies of the Core Product, CBT-001;

- HK$144.8 million or approximately 27.6% of the Net Proceeds was allocated for the continuing clinical R&D activities, including costs and expenses of R&D staff and R&D activities, as well as registration filings of the Core Product, CBT- 009;

- HK$28.8 million or approximately 5.5% of the Net Proceeds was allocated for the manufacturing facilities and commercialisation activities; and

- HK$23.6 million or approximately 4.5% of the Net Proceeds was allocated for the working capital and other general corporate purposes.

Change in the Original Use of Proceeds

As at the date of this announcement, the Company has utilised approximately HK$212.0 million or 40.4% of the Net Proceeds according to the Original Use of Proceeds, and the unutilised Net Proceeds (the "**Unutilised Net Proceeds**") amounted to approximately HK$312.6 million or 59.6% of the Net Proceeds.

After careful consideration and detailed evaluation of the Group's operations and business strategies, the Board has resolved to change the Original Use of Proceeds (the "**Revised Use of Proceeds**") as follows:

	Amount allocated under the Original Use of Proceeds *(HK$ million)*	**Amount utilised as at the date of this announcement** *(HK$ million)*	**Amount unutilised as at the date of this announcement** *(HK$ million)*	**Amount of the Unutilised Net Proceeds after reallocation** *(HK$ million)*	**Amount allocated under the Revised Use of Proceeds** *(HK$ million)*
To fund the continuing clinical R&D activities, including costs and expenses of R&D staff and R&D activities, as well as registration filings and post-approval studies of CBT-001 and CBT-004	327.4 (solely for CBT-001)	134.0 (solely for CBT-001)	193.4 (solely for CBT-001)	225.2	359.2
To fund the continuing clinical R&D activities, including costs and expenses of R&D staff and R&D activities, as well as registration filings and post-approval studies of CBT-009, CBT-358 and CBT-277	144.8 (solely for CBT-009)	26.5 (solely for CBT-009)	118.3 (solely for CBT-009)	57.6	84.1
To fund the manufacturing facilities and commercialisation activities	28.8	27.9	0.9	0.9	28.8
Working capital and other general corporate purposes	23.6	23.6	0.0	28.9	52.5

Reasons for and Benefits of the Change in the Use of Proceeds

As disclosed in the Company's announcement dated 19 March 2026 (the "**CBT-009 Update Announcement**") regarding the business update in relation to the investigational new drug ("**IND**") application for CBT-009, the Company believes it might be difficult to include China in the Multi-regional Clinical Trial due to the different regulatory requirements across regions. To avoid subsequent research and development risks and better concentrate the Group's resources, the Company has decided to voluntarily withdraw the current IND application for the possible phase 3 trial of CBT-009 in China. For details, please refer to the CBT-009 Update Announcement.

As such, approximately HK$103.6 million originally allocated to CBT-009 will not be required in the near future. The remaining proceeds originally allocated for CBT-009 will be retained to fund an Investigator Initiated Trial to evaluate the safety and efficacy of CBT-009 eye drop on other indications, which is planned to start in the fourth quarter of 2026.

Meanwhile, the Company introduced CBT-358, the latest addition to the Group's product pipeline and a drug candidate from the Semi-fluorinated Alkane ("**SFA+**") technology platform for the treatment of dry eye disease, in 2025, and planned to file an IND application in the United States in the second half of 2026. Nonetheless, as a result of the promising breakthrough that CBT-358 potentially address both aqueous deficiencies and evaporative dry eye, the root causes of the majority of dry eye diseases, the Company has expedited the development timeline of CBT-358, successfully completed the IND-enabling studies much sooner than anticipated and submitted an IND application for CBT-358 to the Food and Drug Administration (the "**FDA**") of the United States on 21 May 2026. For details, please refer to the annual report and the Company's announcement dated 22 May 2026 regarding the business update in relation to the IND application for CBT-358. Further, the Company is in preparation for discussions with the FDA and the IND submission for the clinical trials in the United States in respect of CBT-277, which is a potential combo drug for the treatment of dry eye and is also out of the SFA+ platform, like CBT-009 and CBT-358.

In 2025, the Company completed enrolment in a global, multicentre phase III trial across the United States, China, Australia, India and New Zealand for CBT-001, one of the Core Products. Top-line data from CBT-001, expected in 2026, will support simultaneous commercial filings and could shift the current "surgery-only" treatment paradigm. As for CBT-004, which uses the same proprietary technology platform as CBT-001, the Company successfully concluded the end-of-phase II meeting with the FDA in December 2025. The phase III for CBT-004 design has been finalised, with the potential to become the first targeted drug for this indication.

That being said, there are more urgent funding needs for the ongoing clinical R&D activities, including costs and expenses for R&D staff and activities, as well as registration filings and post-approval studies for CBT-001, CBT-004, CBT-358, and CBT-277. Administrative expenses and other general costs are expected to increase correspondingly.

Taking into account the above, the Board resolved to re-allocate approximately HK$103.6 million originally designated for CBT-009 as follows:

- HK$31.8 million is re-allocated for the continuing clinical R&D activities including costs and expenses of R&D staff and R&D activities as well as registration filings and post-approval studies of CBT-001 and CBT-004;

- HK$42.9 million is re-allocated for the continuing clinical R&D activities including costs and expenses of R&D staff and R&D activities as well as registration filings and post-approval studies of CBT-358 and CBT-277; and

- HK$28.9 million is re-allocated for the working capital and other general corporate purposes.

The Revised Use of Proceeds also integrates the Net Proceeds allocated to (i) CBT-001 and CBT-004 and (ii) CBT-009, CBT-358 and CBT-277, which use the same proprietary technology platform, respectively. It enables the Company to use the Unutilised Net Proceeds more efficiently, as products using the same proprietary technology platform can share R&D achievements and inputs, leading to mutually beneficial synergies.

To the extent that the Net Proceeds are not immediately required for the above purposes or if the Company is unable to put into effect any part of our development plan as intended, it will only hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions).

The Board confirms that there are no material changes in the nature of the business of the Group as set out in the Prospectus and the 2025 Annual Report. The Board considers that the Revised Use of Proceeds is in the best interests of the Group and its shareholders as a whole and will not have any material adverse impact on the Group's operations. If there are any further adjustments on the use of the Unutilised Net Proceeds, the Company will make further announcements as and when appropriate.

INTERNAL CONTROL POLICIES GOVERNING THE USE OF PROCEEDS

Reference is made to the Company's announcement dated 30 March 2026 in relation to the temporary deviation from the use of proceeds and a notifiable transaction (the "**Announcement**"). The Company would like to provide more details on the internal control policies governing the use of proceeds, which the Company believes are sufficient and effective to avoid the recurrence of the incidents as disclosed in the Announcement.

The Investment Policy

Notwithstanding that the Company has established an effective internal control system, upon becoming aware of the Incidents solely caused by human errors, the Company recognised the need to refine the Group's internal control policy for its investment activities (the "**Investment Policy**") to further improve the efficacy and to prevent the recurrence of the Incidents.

The updated Investment Policy currently governs all investment projects of the Company, including cash investments. The Company's investment team will identify appropriate investment opportunities, evaluate the potential risks and returns associated with the Company, report its recommendations to the chairman of the Board, and submit them to the Board for approval. The investment (other than fixed time deposits with a maturity of less than three months at licensed banks) shall be reviewed and approved by the Investment Team, the financial controller of the Company (the "**Financial Controller**"), the chief financial officer of the Company (the "**CFO**"), the chief executive officer of the Company (the "**CEO**") and the Board, where and as appropriate.

During the investment period, the CFO and the Financial Controller will supervise the finance staff in the continual review of the accounting entries for each investment. The Company's investment team will be responsible for monitoring the performance of all ongoing investments purchased under the updated Investment Policy and shall report to the Board on a quarterly basis.

For any of the transactions that may fall under the notifiable transactions contemplated under Chapter 14 of the Listing Rules, the Company shall consult with the Company Secretary, its external legal advisers, compliance advisers, and auditors to ensure compliance with the disclosure and approval requirements under the relevant Listing Rules in advance.

Board Approval on the Future Use of the Net Proceeds

To ensure the Net Proceeds are utilised strictly in accordance with the Revised Use of Proceeds stated in this announcement, all expenditure of the raised funds must be authorised by the Board and align with the Revised Use of Proceeds. The Board shall consider and approve a detailed budget covering all relevant expenditure items and estimated amounts for a specific period (the "**Periodic Budget**"), based on, among other things, (i) the financial position and utilisation status of the Net Proceeds; (ii) the business necessity and operational rationality of each expenditure item; and (iii) the implementation feasibility and progress matching of the corresponding project for all expenditure items as presented and report by the responsible finance staff members of the Company.

The Company shall, upon joint written confirmation and authorisation of the CEO and at least one executive Director, make payments strictly in accordance with the Periodic Budget, within its scope and limit. The Financial Controller shall consolidate and analyse actual budget utilisation data; compile detailed budget execution reports covering budget implementation progress, actual cumulative expenditure amounts, and project progress-matching reports; and present the actual budget utilisation status to the executive Directors for their review on a periodic basis. After the review and endorsement by the executive Directors, the Financial Controller shall submit the formal budget utilisation status report to the Board for review.

For the payments that will exceed the Periodic Budget, the Company shall promptly prepare a complete supplemental approval application, which shall include (i) a reasonable, comprehensive and detailed written explanation for the additional budget, (ii) a written confirmation that the relevant expenditure remains in line with the Revised Use of Proceeds, (iii) complete supporting documents proving the necessity of the expenditure and (iv) a formal request for the Board's approval, and promptly submit such application to the Board for review, consideration and approval before processing such payments.

That being said, in strict implementation of the Company's aforesaid internal control principles, all expenditures derived from the Net Proceeds shall be subject to prior written authorisation and formal approval by the Board of the Periodic Budget and shall, in all circumstances, be fully aligned with the Revised Use of Proceeds as disclosed in this announcement.

Nevertheless, as disclosed in the Prospectus, the Use of Proceeds represents the Company's intentions based upon its then plans and business conditions. The amounts and timing of the Company's actual expenditures and the extent of clinical development may vary significantly depending on numerous factors, as explicitly set forth in the Prospectus, including the progress of its drug development programmes, the status of and results from pre-clinical studies and any ongoing clinical trials or clinical trials the Company may commence in the future, as well as any collaborations that it may enter into with third parties for our drug candidates and any unforeseen cash needs. If there is any proposed change in the Revised Use of Proceeds due to the contingencies disclosed in the Prospectus, the Company will convene a Board meeting at which the responsible staff members shall explain the reasons for such proposed change and justify the necessity and rationality of the new allocation of the Net Proceeds at the Board meeting for the Board to consider and approve. After the Board approves the proposed change in the Use of Proceeds, the Company will make an appropriate announcement on a timely basis.

By order of the Board
Cloudbreak Pharma Inc.
Dr. NI, Jinsong
Chairman, Executive Director and Chief Executive Officer

Hong Kong, 22 May 2026

As at the date of this announcement, the Board comprises: (i) Dr. Ni Jinsong, Mr. Dinh Son Van, Dr. Yang Rong as executive Directors; (ii) Dr. Li Jun Zhi, Mr. Cao Xu and Mr. Xia Zhidong as non-executive Directors; and (iii) Ms. Nie Sijiang, Mr. Ma Yiu Ho Peter and Mr. Lee Alex Jao Jang as independent non-executive Directors.

* *For identification purposes only*