PegBio Co., Ltd.

派格生物醫藥(杭州)股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2565)

CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to the prospectus issued by PegBio Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") dated May 19, 2025 (the "**Prospectus**") in relation to the proposed use of net proceeds from the initial public offering (the "**IPO**") and listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the interim results announcement of the Company dated August 26, 2026 (the "**2026 Interim Results Announcement**") for the six months ended June 30, 2026. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the 2026 Interim Results Announcement.

USE OF PROCEEDS DISCLOSED IN THE PROSPECTUS

The actual net proceeds received from the Global Offering was approximately HK$231.8 million (equivalent to approximately RMB212.6 million) (after deducting the underwriting commissions and estimated expenses payable by the Company in relation to the Global Offering) ("**Net Proceeds**"). It was disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus that the Company intended to use the Net Proceeds in the following manner:

(i) approximately 50.2% of the Net Proceeds would be used to fund the commercialization and indication expansion of the Core Product PB-119, among which approximately 5.2% of the Net Proceeds would be used for commercialization and post-market studies of PB-119;

(ii) approximately 34.5% of the Net Proceeds would be used to fund further development of the key product PB-718;

(iii) approximately 5.3% of the Net Proceeds would be used to fund ongoing and planned research and development of our other pipeline product candidates;

(iv) approximately 1.0% of the Net Proceeds would be used for business development activities and enhancing our overseas presence; and

(v) approximately 9.0% of the Net Proceeds would be used for our working capital and other general corporate purposes.

PROPOSED CHANGE IN USE OF PROCEEDS

In view of the reasons more particularly set out under the section headed "REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS" in this Announcement, the Board has resolved to reallocate the unutilized Net Proceeds originally allocated for PB-119-related clinical R&D projects (comprising the PB-119 cardiovascular study, the PB-119 in combination with SGLT-2 inhibitor study, the PB-119 in combination with basal insulin study and the PB-119-2 weight loss development) to commercialization of PB-119 and post-market studies.

The following table sets forth the original allocations of the Net Proceeds and the revised allocation of the unutilized Net Proceeds after the proposed change in the use of Net Proceeds (the "**Proposed Change**"):

Use of proceeds	Approximate % of total Net Proceeds *(%)*	Planned allocation of Net Proceeds *(RMB million)*	Utilized Net Proceeds (as at August 31, 2026) *(RMB million)*	Unutilized Net Proceeds (as at August 31, 2026) *(RMB million)*	Revised allocation of the unutilized Net Proceeds following the Proposed Change *(RMB million)*	Expected Time of Fully utilize the Unutilized Net Proceeds
Commercialization and indication expansion of our Core Product PB-119	50.2	106.7	3.0	103.7	103.7	End of 2027
(i) Commercialization, clinical and regulatory cost of PB-119 for the treatment of T2DM.	23.6	50.2	2.9	47.3	103.7	
(a) PB-119 cardiovascular research	7.2	15.3	–	15.3	–	
(b) Research on combination therapy of PB-119 with SGLT-2 inhibitor	5.6	11.9	–	11.9	–	
(c) Research on combination therapy of PB-119 with basal insulin	5.6	11.9	–	11.9	–	
(d) Commercialization of PB-119 and post-marketing studies	5.2	11.1	2.9	8.2	103.7	
(ii) PB-119-2 weight-loss development	26.6	56.6	0.2	56.4	–	
Further development of our key product PB-718	34.5	73.3	21.4	51.9	51.9	End of 2027
Ongoing and planned research and development of our other pipeline product candidates	5.3	11.3	5.2	6.1	6.1	End of 2026
Business development activities and enhancing our overseas presence	1.0	2.1	–	2.0	2.0	End of 2026
Working capital and other general corporate purposes	9.0	19.2	–	–	–	
Total	**100**	**212.6**	**48.9**	**163.7**	**163.7**	

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

Since the publication of the Prospectus, the competitive landscape, product pricing and industry development direction of the metabolic disease drug market in which the Group operates, in particular the GLP-1 related drug market, have undergone relatively rapid changes. With the successive approval for marketing or entry into late-stage clinical development of a number of GLP-1 receptor agonists and multi-target metabolic products, the treatment options available in the diabetes and weight management fields have increased significantly, and market competition has gradually extended from the speed of product launch to multiple dimensions such as efficacy, safety, dosing convenience, patient compliance, patient accessibility, cost-effectiveness and comprehensive metabolic benefits. Meanwhile, certain major domestic GLP-1 and weight management products have successively adjusted their pricing strategies, and the overall market price level and commercialization threshold have also changed. The Board considers that, under the above-mentioned market environment, it is necessary to dynamically optimise the internal allocation of the proceeds relating to PB-119 with reference to the latest development stage, clinical value, market competition landscape, commercialization progress and subsequent funding requirements of the Core Product, and to pool the unutilized Net Proceeds for purposes matching the commercialization-stage demands of PB-119.

In addition, PB-119 (Visepegenatide injection, trade name: Paidakang® (派達康®)) was approved for marketing by the National Medical Products Administration in November 2025 and officially entered the commercialization stage in 2026. In March 2026, the Group entered into a collaboration with Shanghai Tenry Pharmaceutical Co., Ltd. in respect of the commercialization of PB-119 in mainland China, and has since continued to advance medical insurance access, academic promotion, channel development, terminal coverage and patient services for PB-119. As PB-119 transitions from the research and development stage to the commercialization stage, the Group's focus for its subsequent resource allocation has accordingly gradually shifted from pre-marketing registration development to product commercialization, market access, post-marketing studies and lifecycle management. In light of the above changes in the product lifecycle, the Group considers it necessary to reassess the priority of certain clinical projects for additional indications and combination therapies of PB-119 that were originally planned to be pursued concurrently, and, within the PB-119-related uses, to re-pool part of the unutilized Net Proceeds for the commercialization of PB-119 and post-marketing studies, so as to better support the market ramp-up, enhancement of patient accessibility and realisation of long-term value of this Core Product.

Specifically, the Group intends to reallocate the unutilized Net Proceeds originally intended for the PB-119 cardiovascular study, the PB-119 in combination with SGLT-2 inhibitor study, the PB-119 in combination with basal insulin study and the PB-119-2 weight loss development, amounting to approximately RMB15.3 million, RMB11.9 million, RMB11.9 million and RMB56.4 million respectively, and to increase the aggregate amount of approximately RMB95.5 million of unutilized Net Proceeds entirely for the commercialization of PB-119 and post-marketing studies. The above adjustment only involves a reallocation within the PB-119-related uses, and the total amount of proceeds for the PB-119-related uses remains unchanged. It does not involve the transfer of proceeds originally intended for PB-119 to the research and development of other product candidates.

PB-119 Cardiovascular Research (a decrease of approximately RMB15.3 million)

With respect to the PB-119 cardiovascular research, the Board noted that, in recent years, clinical evidence on GLP-1-like drugs in cardiovascular risk management has continued to accumulate, the related treatment concepts and clinical practice have become increasingly mature, and certain marketed products of the same class have already established relatively comprehensive cardiovascular outcomes evidence. At the same time, large-scale cardiovascular outcomes research is generally characterized by large patient populations, long research durations, and high funding requirements. In view of the fact that PB-119 has entered the commercialization stage, the Board, after comprehensively assessing the project's clinical development cycle, funding requirements, relative priority, and expected incremental value, considers that continuing to use the IPO proceeds to advance the research at this stage would be a relatively less efficient use of capital. Accordingly, the Group intends to reallocate all unused Net Proceeds originally earmarked for the project, approximately RMB15.3 million, to PB-119 commercialization and post-market studies. This adjustment will not affect the commercialization of PB-119 for its existing approved indications or the continued accumulation of post-market safety, efficacy, and real-world evidence.

Research on Combination Therapy of PB-119 with SGLT-2 Inhibitor (a decrease of approximately RMB11.9 million)

With respect to the research on combination therapy of PB-119 with SGLT-2 inhibitor, since the original use of proceeds was determined, the treatment pathways for type 2 diabetes have further diversified. As GLP-1-like drugs and SGLT-2 inhibitors have complementary mechanisms of action and clinical benefits, their combined use in clinical practice and physicians' awareness of such use have become increasingly well established. At the same time, the market supply, patient access and clinical use of SGLT-2 inhibitors have continued to expand. Against this backdrop, the incremental product differentiation and commercialization value that could be generated by conducting a stand-alone registrational clinical trials of PB-119 in combination with SGLT-2 inhibitors have declined compared with the original planning stage. Having considered the project's clinical development costs, expected incremental value, competitive landscape and the funding requirements for the commercialization phase of PB-119, the Board considers that prioritizing support for the commercialization of core products and post-market studies at this stage would be more conducive to enhancing the overall efficiency of the use of the relevant funds. Accordingly, the Group intends to reallocate all of the approximately RMB11.9 million in Net Proceeds not yet utilized for this project to the commercialization of PB-119 and post-market studies.

Research on Combination Therapy of PB-119 with Basal Insulin (a decrease of approximately RMB11.9 million)

With respect to the research on combination therapy of PB-119 with basal insulin, in recent years, stratified treatment and intensification treatment pathways for type 2 diabetes patients have continued to improve, the use of GLP-1-like drugs in treatment pathways has continued to move earlier, and the combination of basal insulin and GLP-1-like drugs has become one of the more established intensification treatment options in clinical practice, with multiple related treatment choices also available on the market. Compared with earlier or broader non-insulin treatment settings, basal insulin combination therapy mainly targets a specific patient population requiring further intensified glycemic control, and its use setting is relatively more concentrated. Considering that conducting a further independent registrational clinical trial would still require a relatively long development cycle and additional R&D investment, the Board, after reassessing the project's potential covered population, expected incremental clinical and commercial value, market competition conditions, and resource requirements for the commercialization phase of PB-119, considers that the development priority of the project at the current stage has declined. Accordingly, the Group intends to reallocate all of the approximately RMB11.9 million in unutilized Net Proceeds for this project to the commercialization of PB-119 and post-market studies.

PB-119-2 Weight-Loss Development (a decrease of approximately RMB56.4 million)

With respect to the further development of PB-119 for weight management, since the original use of proceeds was determined, the global and China weight management drug markets have developed at a markedly faster pace and become significantly more competitive. Several GLP-1 single-target and multi-target weight management drugs have received marketing approval or have entered late-stage clinical development. Industry evaluation criteria for weight management products have also gradually moved beyond a sole focus on weight loss to more comprehensive product attributes, including the extent of fat reduction, preservation of lean body mass, muscle function, cardiovascular and hepatic comprehensive metabolic benefits, dosing frequency, and patient convenience. At the same time, price competition among major domestic weight management drugs has continued to intensify, with some marketed products undergoing relatively significant price adjustments, further raising the bar for new entrants in terms of efficacy differentiation and commercialization efficiency.

Meanwhile, since its listing, the Group's follow-on R&D pipeline in weight management and related metabolic diseases has become further enriched. APGP6 is intended to explore the potential differentiated value of improving or preserving lean body mass and muscle function while reducing fat content, while PB-2312 is an innovative multi-target metabolic disease candidate whose therapeutic potential is being explored in weight management, MASH, and other metabolism-related diseases. Both candidates are currently in preclinical or IND-enabling studies. The Group believes that, as competition in weight management increasingly shifts toward differentiated mechanisms, body composition management, and comprehensive metabolic benefits, and given that the Group has established a multi-layered R&D portfolio in weight management and metabolic diseases, the relative priority of continuing to advance the weight management indication of PB-119 on a large scale using IPO proceeds has declined compared with the original planning stage. After comprehensively considering the latest competitive landscape, product pricing environment, the current commercialization stage of PB-119, and the Group's overall product portfolio, the Group intends to no longer use IPO proceeds to advance the weight management indication of PB-119 and to reallocate all of the approximately RMB56.4 million in unutilized Net Proceeds for the project to the commercialization of PB-119 and post-market studies.

PB-119 Commercialization and Post-market Studies (an increase of approximately RMB95.5 million)

Following the marketing approval of PB-119 in November 2025 and its entry into the commercialization phase in 2026, its funding needs have gradually shifted from pre-market registration and development to commercialization and post-market lifecycle management. The Group, together with its commercialization partners, has continued to advance market access, academic promotion, channel development, terminal coverage, and patient services for PB-119, and is continuing to strengthen its market access, medical and marketing support, channel management, and patient service capabilities to support the commercialization of an innovative drug. The Board believes that, with PB-119 as a core product of the Group and now at a critical commercialization stage, further increasing the funds allocated to its commercialization and post-market studies will help support the continued expansion of the product's clinical application and patient accessibility, and will reinforce the realization of PB-119's long-term value following its launch.

The increased proceeds will be used, based on the commercialization progress and actual business needs of PB-119, to support matters including market access, medical and academic promotion support, channel and terminal coverage, patient services, and post-market studies relating to safety, efficacy, real-world evidence, and other lifecycle management. The Board believes that increasing the allocation to PB-119 commercialization and post-market studies by the above aggregate unutilized Net Proceeds of approximately RMB95.5 million aligns with PB-119's actual funding needs following its transition from R&D to commercialization, and will help improve the efficiency with which proceeds relating to the core product are used.

OPINION OF THE BOARD

Having considered the above factors, the Board is of the view that reallocating the aggregate unutilized Net Proceeds of approximately RMB95.5 million from the aforementioned PB-119-related clinical R&D projects to PB-119 commercialization and post-market studies is better aligned with the current product lifecycle stage of PB-119, the latest market environment, and the Group's medium-to-long term development strategy for its core product. This adjustment does not represent a reduction in investment in PB-119; rather, it is an internal reallocation of PB-119-related proceeds among different uses. Following the adjustment, the total proceeds originally planned to be used for PB-119 remain unchanged.

The Board considers that the above change in the use of proceeds will help the Group allocate financial resources relating to its core product more effectively and in a more targeted manner in light of PB-119's latest commercialization progress, the market competitive landscape, and actual post-market funding needs, thereby further advancing market access, commercialization, post-market studies and lifecycle management for PB-119 and enhancing the overall efficiency of the use of proceeds. The Board confirms that the above change will not cause any material change in the nature of the Group's principal business as disclosed in the Prospectus, nor will it have any material adverse effect on the Group's existing business and operations. The Board considers that the above change in the use of proceeds is fair and reasonable and in the best interests of the Company and its shareholders as a whole.

Save for the above change, the other uses of the IPO proceeds remain unchanged. The Group will continue to prudently review the plan for the use of the unutilized proceeds in light of the progress of PB-119 commercialization and post-market studies, market conditions, the regulatory environment and actual business needs, and will make further disclosure in a timely manner in accordance with the applicable Listing Rules and other laws and regulations.

SHAREHOLDER APPROVAL

Pursuant to the Company's Articles of Association, any change in the use of proceeds must be approved by the Shareholders. Accordingly, the Proposed Change in the use of proceeds is conditional upon approval by the Shareholders at an extraordinary general meeting (the "**EGM**") of the Company to be convened. A circular containing, among other things, further information on the Proposed Change in the use of proceeds, together with a notice convening the EGM, will be published and dispatched to the Shareholders (if required) in due course.

Cautionary statement required under Rule 18A.05 of the Listing Rules: We cannot guarantee that we will ultimately be able to successfully commercialize our other products.

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

By Order of the Board
PegBio Co., Ltd.
Michael Min XU
Chairman of the Board,
Executive Director and General Manager

Hong Kong, September 18, 2026

As of the date of this announcement, the board of directors of the Company comprises: (i) Dr. Michael Min XU and Ms. Xiaojun WANG as executive directors; (ii) Dr. Xiangjun ZHOU, Dr. Yuhong XU, Ms. Ting ZHAI and Mr. Hongkai LI as non-executive directors; and (iii) Dr. Jiancun ZHANG, Dr. Yangyang CHEN and Ms. Yik Lam LIAO as independent non-executive directors.