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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)

BUSINESS UPDATE
LATEST UPDATE TO THE STATUS OF
COMMERCIALIZATION OF THE PRODUCT

References are made to the announcements made by Innovative Pharmaceutical Biotech Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on 9 January 2018, 15 August 2018 and 14 September 2018 in relation to, among others, the status of the commercialization of the oral insulin product (the “**Product**”). This announcement is made by the Company to keep the shareholders and potential investors of the Company informed of the latest business development of the Group.

LATEST UPDATE TO THE STATUS OF COMMERCIALIZATION OF THE PRODUCT

(1) Engagement of CRO

The board of directors of the Company (the “**Board**”) is pleased to announce that the Group has completed the assessment and finalized the engagement of the contract research organization (“**CRO**”). Fosse Bio-Engineering Development Limited (“**Fosse Bio**”), a subsidiary of the Company, and the CRO have entered into a technical service agreement dated 31 October 2018 pursuant to which Fosse Bio has appointed the CRO to conduct clinical research in relation to the Product. Following the engagement of the CRO, the work related to the engagement of hospitals to conduct the Part B of Phase III clinical trials and the recruitment of supervisors to monitor the progress can be commenced.

Based on the currently available information, the Company expects that the estimated timeline as stated in the announcement of the Company dated 15 August 2018 in relation to the conduct of Part B of phase III clinical trials and the commercialization of the Product and the funding arrangement for the completion of the research and development and commercialization of the Product will remain unchanged and that it is expected that the Product would commence generating revenue for the Group around the mid of 2020.

(2) **Renewal of THU Collaboration Arrangement**

As set out in the previous annual reports of the Company, Fosse Bio and Tsing Hua University (“**THU**”) have entered into the agreements in 1998 (the “**THU Collaboration Arrangement**”) in connection with the research and development of the Product which term has expired in October 2018. On 12 November 2018, the Group has entered into a supplemental agreement with THU to renew the term of the collaboration for another five years to October 2023. Under the THU Collaboration Arrangement, Fosse Bio would be entitled to commercialise the relevant technologies of the Product and to manufacture and sell the Product on an exclusive basis, and THU is entitled to 1.5% of Fosse Bio’s annual sales upon commercialisation of the Product. The Board is of the view that the renewal of the THU Collaboration Arrangement can facilitate the exclusive commercialization of the Product by the Group and is in the interests of the Company and its shareholders as a whole.

Further announcement(s) will be made by the Company to keep shareholders and potential investors informed of its latest development.

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

Hong Kong, 14 November 2018

As at the date of this announcement, the Board comprises Ms. Jiang Nian (chairman & non-executive director), Mr. Gao Yuan Xing (executive director), Mr. Tang Rong (executive director), Ms. Huang He (executive director), Ms. Xiao Yan (non-executive director), Ms. Wu Yanmin (non-executive director), Ms. Chen Weijun (independent non-executive director), Dr. Zhang Zhihong (independent non-executive director) and Mr. Wang Rongliang (independent non-executive director).