Lee's Pharmaceutical Holdings Limited
李氏大藥廠控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 950)

VOLUNTARY ANNOUNCEMENT – UPDATE ON THE IN-LICENSING AND RESEARCH AND DEVELOPMENT OF OPHTHALMOLOGY PRODUCTS

This announcement is made by the board of directors (the "**Board**") of Lee's Pharmaceutical Holdings Limited (the "**Company**", together with its subsidiaries as the "**Group**") on a voluntary basis.

The Board of the Company is pleased to announce that on 4 May 2020, Zhaoke (HK) Ophthalmology Pharmaceutical Limited ("**ZKO**"), an indirect non-wholly owned subsidiary of the Company, and IACTA Pharmaceuticals, Inc. ("**IACTA**"), a U.S.-based ophthalmology-focused pharmaceutical company developing drugs with novel mechanisms of action that treat diseases in areas of significant unmet medical need, entered into a binding letter of intent ("**Letter**") for exclusive rights to develop, manufacture and commercialise IC-265 and IC-270 in China and other countries of Southeast Asia (the "**Territory**"). Both parties plan to collaborate in the world-wide development of IC-265 and IC-270 by creating a joint development committee to oversee and steer the development of these assets ("**In-licensing Arrangement**").

IC-265, currently in the Phase II development in U.S. for the treatment of dry eye, is a proprietary, highly selective and potent Syk kinase inhibitor with broad anti-inflammatory and anti-allergic effects. Since Syk is the critical starting point in the activation of the inflammatory or immune cascade in the eye, the Syk kinase inhibitor is able to block multiple downstream signaling pathways leading to different ophthalmic ailments, including dry eye.

The global prevalence of dry eye is estimated to be around 344 million and the estimated size of the global market is about US$7.7 billion by 2025. The incidence rate of dry eye in China is between 21% to 30%. It is similar to that in other Asian countries and higher than that in Europe and the U.S.. It is especially high in the northwestern regions of China such as Shaanxi, Qinghai, Xinjiang where the incidence rate can reach 59%. The high incidence rates represent a significant commercial opportunity in China and the surrounding Asian markets that are further fueled by the popularity of smartphones and computers.

* *For identification purpose only*

IC-270 is a fixed dose combination of IC-265 and an anti-histamine agent for the treatment of inflammatory ophthalmic diseases including allergic conjunctivitis. ZKO believes that this unique combination will simultaneously address multiple key inflammatory symptoms in the eye in a fashion unattainable by current therapies. ZKO will be spearheading its clinical development activities (and those of IC-265) required for regulatory approval in the Territory.

The Board affirms that the collaboration between IACTA and ZKO as designated by the Letter will be highly synergistic and mutually beneficial as it leverages on the complementary strengths, resources and expertise of each party.

The In-licensing Arrangement is subject to, among other things, the signing of the binding transaction agreement(s). Both IACTA and ZKO intend to complete the transaction by the third quarter of 2020.

ABOUT IACTA PHARMACEUTICALS, INC.

IACTA is a California based ophthalmologic pharmaceutical company led by former executives from one of the leading eye care companies in the world, Allergan. IACTA currently has six products in development for major market opportunities. IACTA has two lead products, IC 265, for dry eye, and IC 270, for allergic conjunctivitis, both of which are targeted for completion of Phase II clinical studies in 2021. Additional information on IACTA is available at www.iactapharma.com.

ABOUT ZHAOKE (HK) OPHTHALMOLOGY PHARMACEUTICAL LIMITED

ZKO is a wholly owned subsidiary of China Ophthalmology Focus Limited ("**COPFL**"), which is an indirect non-wholly owned subsidiary of the Company. ZKO mainly focuses on licensing potential ophthalmology products from the rest of the world and introduce them as accessible and affordable therapies to patients suffering from ophthalmic diseases in China.

COPFL is an indirect non-wholly owned subsidiary of the Company. Its Series A fund raising of USD50 million in June 2019 was contributed by reputable investors including Coyote Investment Pte. Ltd., Panacea Venture Healthcare Fund I, L.P., Smart Rocket Ltd., and Vertex Profit International Ltd. COPFL specialises in the development, manufacturing and marketing of ophthalmic drugs. It has built up a state-of-the-art development and production facility in Nansha, Guangzhou through its 100% subsidiary Zhaoke (Guangzhou) Ophthalmology Pharmaceutical Limited. The facility supports the in-house development and future commercialisation of over 21 proprietary products and difficult to manufacture generics (ranged from pre-clinical to registration stage) for the Chinese and ASEAN markets. Its portfolio is diversified in having both small molecules and biologics, and having both novel and generic medicines, covering different ophthalmic indications from dry eye, glaucoma to wAMD, diabetic retinopathy to corneal and inflammatory diseases. It is currently the only modern facility in China that is recognised as being designed and built for ophthalmic drugs according to all applicable standards, namely China National Medical Products

Administration, Pharmaceutical Inspection Co-operation Scheme (PIC/S), European Medicines Evaluation Agency, Japan Pharmaceutical and Food Safety Bureau and U.S. Food and Drug Administration (FDA).

By order of the Board of
Lee's Pharmaceutical Holdings Limited
Lee Siu Fong
Chairman

Hong Kong, 8 May 2020

As at the date of this announcement, Ms. Lee Siu Fong (Chairman), Ms. Leelalertsuphakun Wanee and Dr. Li Xiaoyi are executive directors of the Company, Mr. Simon Miles Ball is a non-executive director of the Company, Dr. Chan Yau Ching, Bob, Mr. Lam Yat Cheong and Dr. Tsim Wah Keung, Karl are independent non-executive directors of the Company.