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 25 June 2020, Zhaoke (Hong Kong) Ophthalmology Pharmaceutical Limited ("**ZKO**"), a subsidiary of the Company, and PanOptica, Inc. ("**PAN**"), a US-based ophthalmology-focused pharmaceutical company developing a topical eye drop for the treatment of sight-threatening eye diseases caused by abnormal or leaky blood vessels, entered into a binding letter of intent ("**Letter**") for exclusive rights to develop, manufacture and commercialise PAN-90806 in China, Hong Kong, Macau, South Korea and other countries of Southeast Asia (the "**Territory**"). Both parties plan to collaborate in the world-wide development of PAN-90806 in wet age-related macular degeneration ("**wAMD**"), and also potentially in other neovascular eye diseases, like diabetic retinopathy ("**In-licensing Arrangement**").

wAMD is the most common cause of blindness in developed countries and accounts for 8.7% of all blindness worldwide. Its vision loss is caused by abnormal blood vessel growth (angiogenesis) and fluid buildup in the back of the eye. Essentially all current treatments of wAMD target the angiogenesis factor – vascular endothelial growth factor ("**VEGF**") and are administered via intravitreal injection ("**IVT**"). However, IVT can cause complications and discomfort for patients and create extra burden for caretakers to escort them for the procedure, resulting in low adherence, loss of follow-up and unnecessary deterioration of the disease. Recently developed therapies attempt to overcome this issue by having a lower frequency of IVT administration (from once a month to once every few months). However, the IVT procedure remains a key hurdle in the management of this chronic progressive disease. Through its unique administration as an eye drop, PAN-90806 from PAN represents a potential breakthrough in the treatment of wAMD.

* *For identification purpose only*

PAN-90806 is a once-daily topically applied small molecule VEGF receptor 2 tyrosine kinase inhibitor and blocks angiogenesis and vascular leakage. A specially designed patented formulation allows PAN-90806 to reach the back of the eye via the choriocapillaris circulation for its therapeutic effects while reducing its effective concentration in the front of the eye to avoid potential off-target adverse effects. At least two clinical trials have been conducted in the US and both showed signs of therapeutic efficacies of PAN-90806 as indicated by improvement in visual acuity and reduction in retinal thickness. A bridging Phase II trial is being planned in China to confirm and extend these results.

The Company believes that PAN-90806 represents a potential game changer in the management of wAMD. VEGF inhibition has been demonstrated to be efficacious in the treatment of wAMD in multiple clinical trials. An eye drop formulation will provide a non-invasive, more convenient and easier to adhere alternative to combat this debilitating disease either alone or in combination with other IVT therapies to reduce their frequency of administration. VEGF inhibition is the cornerstone of treatment, and alternatives to life-long IVT injections are a significant unmet need in optimising safety, convenience, patient access, and ultimately clinical outcomes for patients with these devastating conditions.

The Board affirms that the collaboration between PAN 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 PAN and ZKO intend to complete the transaction by the third quarter of 2020.

ABOUT PANOPTICA, INC.

PAN is a private, clinical-stage biopharmaceutical company focused on developing a topical eye drop for the treatment of sight-threatening eye diseases caused by abnormal or leaky blood vessels. These neovascular eye diseases include wAMD, the leading cause of blindness in the western world, and diabetic retinopathy. PAN is backed by highly credible venture companies, including Third Rock Ventures and founding investor SV Health Investors.

ABOUT ZHAOKE (HONG KONG) 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, 2 July 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.