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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 REDUCTION IN EQUITY INTEREST IN AN ASSOCIATED COMPANY

This announcement is made by the Board of the Company on a voluntary basis.

SERIES B SUBSCRIPTION

The Board is pleased to announce that on 9 October 2020 (after trading hours), among others, the Target Company (an associated company of the Company), the Company, and the Investors entered into the Subscription Agreement, pursuant to which the Target Company shall issue and sell to each Investor and each Investor shall subscribe for and purchase from the Target Company, the Series B Subscription Shares at the aggregate consideration of approximately US\$145 million. The Subscription is jointly led by Hillhouse COFL and TPG Asia (in alphabetical order), co-led by Loyal Valley Capital and other private equity firms, and the majority of shareholders of Series A Preferred Shares also participate in the Subscription.

Closing of the Subscription Agreement is subject to the fulfilment or waiver of certain conditions. If the closing has not taken place on or before 31 January 2021, the Subscription Agreement may be terminated by any of the Investors or the Target Company. Therefore, the Subscription may or may not proceed. Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.

GENERAL INFORMATION OF THE INVESTORS

The Series A Investor A is a company incorporated under the laws of Singapore with limited liability and is engaged in investment holding. As at the date of this announcement, the Series A Investor A holds 167,140 Series A Preferred Shares.

* For identification purposes only

The Series A Investor B is an exempted limited partnership established under the laws of the Cayman Islands and is engaged in investment holding. As at the date of this announcement, the Series A Investor B holds 66,856 Series A Preferred Shares.

The Series A Investor C is a company incorporated under the laws of the BVI with limited liability and is engaged in investment holding. It is an affiliate company of Smart Rocket Limited, which is an existing holder of 66,856 Series A Preferred Shares.

Hillhouse COFL is a company incorporated under the laws of the Cayman Islands with limited liability and is engaged in investment holding.

TPG Asia is a company incorporated under the laws of Singapore with limited liability and is an affiliate of TPG Capital.

Loyal Valley Capital is a company incorporated under the laws of BVI with limited liability and is engaged in investment holding.

The Series B Investor A is a company incorporated under the laws of Hong Kong with limited liability and is engaged in investment holding. It is an affiliate company of Aier Eye Hospital Group Co., Ltd. (愛爾眼科醫院集團股份有限公司), a joint stock limited company incorporated under the laws of the People's Republic of China with its issued shares listed on the Shenzhen Stock Exchange.

The Series B Investor B is the OrbiMed group of entities which are company incorporated under the laws of Bermuda with limited liability and exempted limited partnerships established under the laws of Cayman Islands and are engaged in investment holding.

Lee's Healthcare Fund is an exempted limited partnership established under the laws of Cayman Islands. As at the date of this announcement, the Company has purchased partnership interest in the Lee's Healthcare Fund representing approximately 43.16% of the total capital commitment by all limited partners.

In addition to the Series A Investor A, the Series A Investor B, the Series A Investor C, Hillhouse COFL, TPG Asia, Loyal Valley Capital, the Series B Investor A, the Series B Investor B and Lee's Healthcare Fund, there are 3 other investors participating in the Subscription. Each of such minority investors shall subscribe for and purchase from the Target Company less than 5% Series B Preferred Shares, each representing less than 1.5% in the Target Company after completion of the Subscription (assuming conversion in full of the Preferred Shares).

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, save for Lee's Healthcare Fund as disclosed above, each of the Investors and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

IMPACT OF THE SUBSCRIPTION

Assuming conversion in full of the Preferred Shares, the Company's indirect interest in the Target Company (through Lee's International and Lee's Healthcare Fund) will be reduced from approximately 48.539% to 34.107%. The following table shows the shareholdings of the Target Company (a) as at the date of this announcement and immediately before the closing of the Subscription Agreement; and (b) after completion of the Subscription (in both cases, assuming conversion in full of the Preferred Shares):

Shareholders of the Target Company	<i>As at the date of this announcement and immediately before the closing of the Subscription Agreement</i>		<i>After completion of the Subscription</i>	
	Number of shares in the Target Company	Percentage of the total issued share capital of the Target Company	Number of shares in the Target Company	Percentage of the total issued share capital of the Target Company
Lee's International	345,480 Ordinary Shares	48.539%	345,480 Ordinary Shares	33.575%
Wealthy Chance Fortune Ltd.	32,000 Ordinary Shares	4.496%	32,000 Ordinary Shares	3.110%
Other existing holder of Series A Preferred Shares	33,428 Series A Preferred Shares	4.697%	33,428 Series A Preferred Shares	3.249%
Series A Investor A	167,140 Series A Preferred Shares	23.483%	167,140 Series A Preferred Shares	16.243%
	–	–	10,938 Series B Preferred Shares	1.063%
Series A Investor B	66,856 Series A Preferred Shares	9.393%	66,856 Series A Preferred Shares	6.497%
			16,408 Series B Preferred Shares	1.595%
Smart Rocket Limited	66,856 Series A Preferred Shares	9.393%	66,856 series A Preferred Shares	6.497%

*As at the date of
this announcement and
immediately before the closing of
the Subscription Agreement*

*After completion
of the Subscription*

Shareholders of the Target Company	Number of shares in the Target Company	Percentage of the total issued share capital of the Target Company	Number of shares in the Target Company	Percentage of the total issued share capital of the Target Company
Series A Investor C	–	–	10,938 Series B Preferred Shares	1.063%
Hillhouse COFL	–	–	76,568 Series B Preferred Shares	7.441%
TPG Asia	–	–	76,568 Series B Preferred Shares	7.441%
Loyal Valley Capital	–	–	41,565 Series B Preferred Shares	4.039%
Series B Investor A	–	–	30,627 Series B Preferred Shares	2.977%
Series B Investor B	–	–	27,346 Series B Preferred Shares	2.658%
Lee’s Healthcare Fund	–	–	5,469 Series B Preferred Shares	0.532%
Other holders of Series B Preferred Shares	–	–	20,783 Series B Preferred Shares	2.020%
TOTAL		100.000%		100.000%

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms and expressions have the following meaning:

“Board”	board of Directors
“BVI”	the British Virgin Islands
“Company”	Lee’s Pharmaceutical Holdings Limited, a company incorporated in the Cayman Islands with limited liability with its issued shares listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Hillhouse COFL”	COFL Holdings Limited, an affiliate company of Hillhouse Capital incorporated under the laws of the Cayman Islands with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Investors”	the Series A Investor A, the Series A Investor B, Series A Investor C, Hillhouse COFL, TPG Asia, Loyal Valley Capital, the Series B Investor A, the Series B Investor B, Lee’s Healthcare Fund and other minority investors
“Lee’s Healthcare Fund”	Lee’s Healthcare Industry Fund L.P., an exempted limited partnership established under the laws of Cayman Islands
“Lee’s International”	Lee’s Pharmaceutical International Limited, a company incorporated under the laws of the BVI with limited liability, and a wholly owned subsidiary of the Company
“Loyal Valley Capital”	Innovative Team Holdings Limited, an indirect wholly owned subsidiary of Golden Valley Global Ltd. incorporated under the laws of BVI with limited liability
“Ordinary Shares”	the ordinary shares in the share capital of the Target Company with par value of US\$0.0001 per share

“PRC”	People’s Republic of China, and for the purpose of this announcement shall not include Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Preferred Shares”	the Series A Preferred Shares and the Series B Preferred Shares
“Series A Investor A”	Coyote Investment Pte. Ltd., a company incorporated under the laws of Singapore with limited liability
“Series A Investor B”	Panacea Venture Healthcare Fund I, L.P., an exempted limited partnership established under the laws of the Cayman Islands
“Series A Investor C”	Bio Success Investments Limited, a company incorporated under the laws of the BVI with limited liability
“Series A Preferred Shares”	the series A preferred shares in the share capital of the Target Company with par value of US\$0.0001 per share with the rights and privileges as set forth in the amended and restated memorandum and articles of association of the Target Company
“Series B Investor A”	AIER EYE INTERNATIONAL (HONG KONG) LIMITED, a company incorporated under the laws of Hong Kong with limited liability
“Series B Investor B”	the OrbiMed group of entities including, Orbimed Partners Master Fund Limited, OrbiMed Genesis Master Fund, L.P. and OrbiMed New Horizons Master Fund, L.P., which are company incorporated under the laws of Bermuda with limited liability and exempted limited partnerships established under the laws of Cayman Islands
“Series B Preferred Shares”	the series B preferred shares in the share capital of the Target Company with par value of US\$0.0001 per share with the rights and privileges as set forth in the amended and restated memorandum and articles of association of the Target Company

“Series B Subscription Shares” an aggregate of 317,210 Series B Preferred Shares to be subscribed by the Investors under the Subscription Agreement in the following manner:

Party	Number of Series B Preferred Shares to be subscribed
Series A Investor A	10,938
Series A Investor B	16,408
Series A Investor C	10,938
Hillhouse COFL	76,568
TPG Asia	76,568
Loyal Valley Capital	41,565
Series B Investor A	30,627
Series B Investor B	27,346
Lee’s Healthcare Fund	5,469
Other minority investors	20,783
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TOTAL	<u><u>317,210</u></u>

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“Subscription” the subscription for the Series B Preferred Shares by the Investors pursuant to the terms of the Subscription Agreement

“Subscription Agreement” the series B preferred share subscription agreement dated 9 October 2020 and entered into by, among others, the Target Company, the Company, Lee’s International and the Investors for the subscription and issuance of the Series B Subscription Shares pursuant to the terms and conditions set forth therein

“Target Company” Zhaoke Ophthalmology Limited (formerly known as China Ophthalmology Focus Limited), a company initially incorporated under the laws of the BVI with limited liability and subsequently registered by way of continuation in the Cayman Islands

“TPG Asia” TPG Asia VII SF Pte. Ltd., a company incorporated under the laws of Singapore with limited liability

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent

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

Hong Kong, 11 October 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.

In this announcement, US\$ has been converted to HK\$ at the rate of approximately US\$1 = HK\$7.8 for illustrative purpose only. No representation is made that any amounts in US\$ or HK\$ have been, could have been, or could be converted at the above rate or at any other rates or at all.