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 RESEARCH AND DEVELOPMENT OF AN INVESTIGATIONAL OPHTHALMOLOGY PRODUCT OF AN ASSOCIATED COMPANY OF THE GROUP

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 Zhaoke Ophthalmology Limited ("**ZKO**"), an associated company of the Group, successfully recruited its first patient dosed with Cyclosporine A (CsA) Ophthalmic Gel, a drug for the treatment of keratoconjunctivitis sicca (dry eye) in a Phase III clinical trial in China on 27 November 2020.

The purpose of the Phase III, Multicenter, Randomised, Double-Blind, Efficacy and Safety Study of Cyclosporine A Ophthalmic Gel Compared with Placebo in Subjects with Moderate to Severe Dry Eye Disease (COSMOS; clinicaltrials.gov registration No.: NCT04541888) is to evaluate the efficacy and safety of CsA Ophthalmic Gel for the treatment of keratoconjunctivitis sicca. The previous Phase II study results indicated that 0.05% CsA Ophthalmic Gel (q.d.) had efficacy and safety profiles similar to those of Restasis (0.05% CsA, b.i.d.).

The design of this Phase III clinical trial is a result of consultation with China Center for Drug Evaluation following the successful completion of a Phase II study. This trial involves 41 clinical trial centers and will enrol a total of 644 patients in China. Patients with moderate to severe dry eye disease are randomised to receive either (i) CsA Ophthalmic Gel once every night or (ii) placebo once every night for 84 days. The primary endpoint is inferior fluorescein corneal staining score (ICSS) at the end of treatment (Day 84±3). Secondary endpoints include both signs and symptoms of dry eye disease. Safety parameters will also be monitored in the trial.

* *For identification purpose only*

CsA Ophthalmic Gel is an innovative hydrogel formulation as opposed to the oil-based emulsion formulation in Restasis. The hydrogel formulation has been shown in preclinical studies to greatly improve the exposure of CsA in the tear and ocular surface tissues as compared to Restasis. CsA Ophthalmic Gel's one dose every night regimen is expected to significantly improve patients' quality of life and have better treatment compliance compared to Restasis' twice-daily dosing regimen by relieving the patients from having to experience potential drug-related transient discomfort in the eye during the day.

According to 2013 Consensus in the Diagnosis and Treatment of Dry Eye Disease (Chin. J. Ophthalmol. (2013) 49:73) and 2017 TFOS DEWS II Management and Therapy Report (The Ocular Surface (2017) 15:575), CsA is recommended for the treatment of moderate to severe dry eye with inflammation.

ABOUT CYCLOSPORINE A (CsA) OPHTHALMIC GEL

CsA is a natural cyclic polypeptide immunosuppressant. It acts as a calcineurin inhibitor and suppresses T lymphocytes from releasing pro-inflammatory cytokines. The CsA Ophthalmic Gel developed by ZKO is a proprietary product shown to possess pharmacokinetics profile superior to that of the emulsion formulation (Restasis) in preclinical studies. In a Phase II head-to-head comparative trial, CsA Ophthalmic Gel displayed efficacy and safety profile at least similar to those of Restasis (b.i.d.) with only once a day dosing. It is currently under Phase III development for the treatment of moderate to severe keratoconjunctivitis sicca (dry eye) in China.

ABOUT ZHAOKE OPHTHALMOLOGY LIMITED

ZKO is an associated company of the Group. It finished its Series A fund raising of US$50 million in June 2019 contributed by reputable investors including Coyote Investment Pte. Ltd., Panacea Venture Healthcare Fund I, L.P., Smart Rocket Ltd., and Vertex Profit International Ltd. ZKO has also entered into a subscription agreement on 9 October 2020 for its Series B shares ("**the Subscription**") 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. It 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 20 proprietary products and difficult to manufacture generics (ranged from pre-clinical to registration stage) for the Chinese and ASEAN markets.

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). ZKO's 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, myopia to wAMD, diabetic retinopathy to corneal and inflammatory diseases.

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

Hong Kong, 30 November 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.