

FOR IMMEDIATE RELEASE

**Kato Pharmaceuticals, Inc. and Lee's Pharmaceutical Holdings Limited
Enter into Exclusive Licensing Agreement to Develop and Commercialize
Resolvine ER in Greater China and South East Asia.**

(LAGUNA HILLS, Calif. and HONG KONG, October 7, 2016) – Kato Pharmaceuticals, Inc. (“Kato”), a privately held pharmaceutical company developing new treatments for diseases of the eye, and Lee's Pharmaceutical Holdings Limited (“Lee's Pharm”, SEHK Stock Code: 950), jointly announced today that Lee's Pharm has licensed, through its wholly-owned subsidiary, Zhaoke Pharmaceutical (HK) Limited, Kato's Resolvine ER, a novel therapeutic formulation for treatment of Diabetic Retinopathy (DR) and other diseases of the eye.

Under the terms of the agreement, Lee's Pharm received exclusive rights to develop and commercialize Resolvine ER in Greater China (including the People's Republic of China, Hong Kong, Macau and Taiwan) and South East Asia, with an option to add South Korea to the contractual territory. In exchange, Kato will receive an upfront licensing fee, potential future milestone payments and tiered royalties on future net sales. Lee's Pharm will pay for the development, approval and commercialization of Resolvine ER in its licensed territories and will focus initially on clinical development of Resolvine ER for the treatment of diabetic retinopathy. The two parties will share results and data. Additionally, Lee's Pharm has also made an equity investment in Kato through Lee's Healthcare Industry Fund L.P.

In the United States, Kato is currently planning Phase II clinical testing of Resolvine ER in patients with moderate stage diabetic retinopathy. “We are honored to partner with Kato to develop Resolvine ER for the Greater China and South East Asia markets. I believe that Resolvine ER could be an exciting alternative for many diabetic retinopathy patients, it again demonstrates our commitment to ophthalmology diseases.” said Dr. Li Xiaoyi, Chief Executive Officer and Executive Director of Lee's Pharm. “

"We are very happy to partner with Lee's Pharm in order to expand and accelerate Resolvine ER development on a global basis. Lee's Pharm has a great track record and we look forward to our collaboration," said Terrance McGovern, President and CEO of Kato.

About Diabetic Retinopathy

Diabetic Retinopathy (DR) is the damage occurs to the retina due to diabetes and can lead to blindness if it is not treated. Recent studies suggest that 35% people with diabetes have DR globally and there are more than 20 million people in China are suffering from DR.

About Kato

Kato is a privately held pharmaceutical company based in Laguna Hills, California, USA. The company is focused on the clinical and commercial development of proprietary medicines for the treatment of diseases of the eye including diabetic macular edema, vitreomacular traction and diabetic retinopathy. Kato is a Fjord Ventures portfolio company.

About Lee's Pharm

Lee's Pharm is a research-based, biopharmaceutical company listed in Hong Kong with over 20 years of operation in China's pharmaceutical industry. It is fully integrated with solid infrastructures in drug development, clinical development, regulatory, manufacturing, sales and marketing in China with global perspectives and currently markets 15 products in China. Lee's Pharm focuses on several key disease areas such as cardiovascular and infectious diseases, dermatology, oncology, gynecology, ophthalmology and others. It has more than 30 products under different development stages stemming from both internal R&D efforts as well as from the recent acquisition of licensing and distribution rights from various U.S., European and Japanese companies. The mission of Lee's Pharm is to become a successful biopharmaceutical group in Asia providing innovative products to fight diseases and improve health and quality of life. Additional information is available at <http://www.leespharm.com>.

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