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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 – UPDATE ON THE LICENSED-IN AND RESEARCH AND DEVELOPMENT OF AN ONCOLOGY PRODUCT

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 18 January 2018, China Oncology Focus Limited ("**COF**"), a subsidiary of the Group, has been granted the approval for conducting clinical trials for its Recombinant human anti-PD-L1 monoclonal antibody injection ("**ZKAB001**") by the China Food and Drug Administration ("**CFDA**").

ZKAB001 is a fully human immune-oncology anti-PD-L1 monoclonal antibody (mAb), an immune checkpoint inhibitor that binds to the human programmed death-ligand 1 (PD-L1) protein and blocks the interaction of PD-L1 protein with its receptor PD-1, then suppressing the inhibition of PD-1 or PD-L1 signal to T cells and enhancing the killing effect of T cells on tumors. This antibody also kills cancer cells through traditional antibody-dependent cell-mediated cytotoxicity ("**ADCC**"). That is, the antibody variable region (Fv) combining with PD-L1 on cancer cells and the antigen crystal region (Fc) binding to immune cells such as NK cells, enables immune cells to directly kill cancer cells and further strengthens anti-tumor effect of the antibody. The antibody producing-cell strain is licensed-in by the Group from Sorrento Therapeutics, Inc. ("**Sorrento**") in the United States. The research and development team of the Group in Mainland China is responsible for completing relevant technology development, quality research, stability studies, preclinical safety evaluation, pharmacodynamics, pharmacokinetics and other studies required for submitting applications to conduct clinical trials in China. Our team also successfully scale up the production process to 1000L scale.

The Group will forthwith commence the phase I clinical trial of ZKAB001 in different solid tumors. ZKAB001 would be the backbone therapy for future combination therapy with the Group's products. Clinical trial sites and principal investigators in co-operation with the Group over the clinical trial of ZKAB001 include Professor Guo Jun from

Beijing Cancer Hospital (北京腫瘤醫院郭軍教授), Professor Wu Lingying from Cancer Hospital of China Academy of Medical Sciences (中國醫科院腫瘤醫院吳令英教授), Professor Li Guiling from Wuhan Union Hospital (武漢協和醫院李貴玲教授) and Professor Yao Yang from the Sixth People's Hospital of Shanghai Jiao Tong University (上海交通大學附屬第六人民醫院). The trials will be anticipated to use a 3+3 design with 5mg/kg, 10mg/kg and 15mg/kg dosing regimens. Once the Maximum Tolerated Dose ("**MTD**") has been established, additional patients are expected to be recruited in an expanded Phase 1 protocol. Clinical data from these studies could be available by the end of the year 2019, and positive results could lead to conditional approval of the antibody prior to a confirmatory Phase 3 study.

In order to realise the goal of making ZKAB001 become the first anti-PD-L1 monoclonal antibody drug approved for marketing in Mainland China, the Group will use its best endeavours to promote the advancement of clinical research and registration of the antibody at full steam. Meanwhile, the use of ZKAB001 together with other oncology drugs of the Group, including oncolytic viruses, targeted innovative drugs, new chemotherapy drugs, etc., in the clinical studies of combination therapies for different tumor types will be commenced subsequently.

According to the data of IMS Health ("**IMS**"), the global spending on cancer medications amounted to US$100 billion in 2014, much higher than the spending on medications for other diseases, and is expected to rise to US$150 billion in 2020. According to the data of China International Capital Corporation Limited, it is estimated that by 2025, the market size of PD-L1 monoclonal antibody in China will amount to about US$10.7 billion.

COF is an affiliate of Lee's Pharmaceutical Holdings Limited and is a drug development company specialized in oncology disease area. COF is currently developing three assets, namely PD-L1, TG02 and Glufosfamide. PD-L1 is a human monoclonal antibody against programmed cell death 1 ligand 1 and its development is to help cancer patient's own immune system to fight the disease. TG02 is a unique, oral multi-kinase inhibitor and its development will initially focus on the treatment of glioblastoma and hepatocellular carcinoma. Glufosfamide is a third-generation alkylating agent designed for greater specificity and tumor uptake, with reduced systemic toxicities and side effects. It is currently being evaluated in a pivotal Phase 3 international randomized trial, for the second-line treatment of patients with pancreatic cancer. China's part is expected to be initiated by 1H of 2018.

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

Hong Kong, 29 January 2018

* *For identification purpose only*

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.