## OVERVIEW

We are a China-based ophthalmic pharmaceutical platform company dedicated to identifying, developing and commercializing first- or best-in-class ophthalmic therapies. Our vision is to provide a world-class pharmaceutical total solution to address significant unmet ophthalmic medical needs in China. We believe our platform positions us well to achieve leadership in China ophthalmology, with a significant first-mover advantage over future competitors.

Ophthalmology is a highly specialized area. In China, eye diseases are common, yet treatment rates are low, lagging significantly behind the United States. According to Frost & Sullivan, the Chinese ophthalmic pharmaceutical market is expected to expand from RMB19.4 billion in 2019 to RMB40.8 billion in 2024, at a CAGR of 16.0%. To capture significant under-tapped commercial potential in this emerging market, we have, since our inception, focused on building a platform integrating specialized capabilities in each major functionality involved in an ophthalmic drug's development cycle, from research and development, manufacturing to commercialization.

Leveraging our platform, we have, in less than three years, built a strategically designed ophthalmic drug portfolio that is comprehensive, innovative and validated. As of the Latest Practicable Date, we had 16 drug assets in our portfolio, covering all major front- and back-of-the-eye diseases, making us one of only a few pharmaceutical companies in China with such full coverage, according to Frost & Sullivan. We have four innovative drug candidates in advanced-stage development in China, which we believe will potentially be first- or best-in-class if approved and have significant near-term revenue potential from as early as 2022. Our portfolio includes three of the ten ophthalmic drugs approved by the United States Food and Drug Administration, or the FDA, since 2015 that are not yet available in China in any formulation. Additionally, our portfolio includes three drugs that are in or near the commercial stage.

The following chart summarizes our portfolio as of the Latest Practicable Date:

| | Program | MOA | Classification | Front / Back of the Eye | Indication | Commercial Rights | Licensing Partner | Preclinical | IND Preparation | Phase I/II | Phase III | NDA/BLA |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ADVANCED-STAGE | OT-401 (YUTIQ) | Corticosteroids intravitreal implant | New drug[3] | Back | Chronic NIU-PS* | Greater China | EyePoint Pharmaceuticals | | China: to submit NDA in 1H2022 | | | US Approved (EyePoint) |
| | OT-101 | Atropine | New drug[3] | Front | Myopia | Global | | | Global: Phase III trial expected in 2H2020 in the United States, in 1H2021 in the EU and in mid 2021 in China subject to IND approval from the FDA, EMA and CDE | | ** | |
| | OT-301 (NCX 470) | NO-donating bimatoprost analog | New drug[3] | Front | Glaucoma | Greater China, Korea and 12 countries in Southeast Asia[4] | nicox visible science | | Global: 1st Phase III trial initiated in June 2020 in the United States, 2nd Phase III trial expected in 2H2020 subject to IND approval from the FDA and CDE China: Phase III trials expected in 4Q2020 subject to IND approvals from the CDE | | ** | Phase III US (Nicox) |
| | OT-1001 (ZERVIATE) | Cetirizine | New drug[3] | Front | Allergic conjunctivitis | Greater China and 11 countries of the Southeast Asian region[5] | nicox visible science | | China: Phase III trial expected in 2H2020 | | ** | US Approved (Nicox) |
| NEAR CLINICAL-STAGE | OT-502 (DEXYCU) | Dexamethasone | New drug[3] | Front | Postoperative inflammation | Greater China | EyePoint Pharmaceuticals | | China: Phase III trial expected in 2Q2021 | | ** | US Approved (EyePoint) |
| | OT-202 | Tyrosine kinase inhibitor | New drug[3] | Front | Dry eye | Global | | | China: to submit IND in 1H2021 | | ** | |
| | OT-503 (NCX 4251) | Fluticasone propionate nanocrystals | New drug[3] | Front | Blepharitis | Greater China | nicox visible science | | China: expected Phase II trial in 2Q2021 and Phase III trial in 4Q2022 | | *** | Phase II US completed (Nicox) |
| | OT-701 | Anti-VEGF | Biosimilar | Back | wet AMD* | Greater China | SENJU | | China: to submit IND for Phase I trial in late 2021 and Phase I trial expected in 2Q2022 and Phase III trial expected in 2Q2023 | | | Phase III trial in Japan substantially completed and to submit NDA in Japan (Senju and GTS) |
| COMMERCIAL-STAGE AND NEAR COMMERCIAL-STAGE | Ou Qin[1] | Hyaluronic acid | Generic drug | Front | Dry eye | Mainland China | 汇恩兰德 HUONLAND | | | | | China Approved in July 2019 |
| | Brimonidine tartrate eye drop[2] | Brimonidine tartrate | Generic drug | Front | Glaucoma and ocular hypertension | Mainland China | 汇恩兰德 HUONLAND | | | | | China Approved in July 2016 |
| | 0.5% moxifloxacin eye drop | Moxifloxacin | Generic drug | Front | Bacterial conjunctivitis | Global | | | China: abbreviated NDA submitted in January 2020 | | | |
| PRE CLINICAL STAGE | OT-601-C | Moxifloxacin-dexamethasone sodium phosphate | New drug[3] | Front | Postoperative inflammation | Global | | | China | | ** | |
| | OT-302 | Acetazolamide | Generic drug | Front | Acute glaucoma | Global | | | China | | ** | |
| | OT-1301 | Cyclosporine implant | New drug[3] | Front | Cornea graft rejection | Global | | | China | | ** | |
| | OT-1601 | Stem cells | New drug[3] | Back | Retinitis pigmentosa and dry AMD* | Greater China | SanBio | | China | | ** | |
| | OT-1602 | Stem cells | New drug[3] | Back | Optic neuritis | Greater China | SanBio | | China | | ** | |

In-licensed/acquired  Internally developed

Our Core Product. The Phase III clinical trial in China was approved by the NMPA. The clinical trial registration number is JXHL1900130.

* Chronic NIU-PS refers to chronic non-infectious uveitis affecting the posterior segment of the eye. AMD refers to age-related macular degeneration.

** May not require Phases I and II clinical trials prior to beginning Phase III clinical trials.

*** May not require Phase I clinical trials prior to beginning Phase II clinical trials.

1 We acquired Ou Qin from Huonland and are entitled to all drug registration certificates and data related to Ou Qin. We plan to register ourselves as the MAH of Ou Qin.

2 We are the exclusive sales agent of brimonidine tartrate eye drop in Mainland China. Huonland is the drug registrant and registered manufacturer of brimonidine tartrate eye drop.

3 Referring to drugs classified as class 1 drugs (innovative new drugs), class 2 drugs (improved new drugs) and class 5.1 drugs (original research drugs registered abroad and applying for registration in China) under relevant PRC drug registration laws and regulations.

4 Including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Papua New Guinea, the Philippines, Singapore, Thailand, Timor Leste and Vietnam.

5 Including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Papua New Guinea and Timor Leste.

We have demonstrated strong execution capabilities in every aspect of our operations with a singular focus on delivering innovative world-class products to ophthalmic patients in China. We set out to build a portfolio of innovative drugs comprehensively addressing key ophthalmic diseases and pursued a dual-source innovation strategy through in-licensing/acquisition or internal research and development. At this stage of our rapid development, our portfolio comprises predominantly in-licensed or acquired drug assets. We have established a successful track record of in-licensing innovative ophthalmic drugs from global partners, and believe that we are well positioned to be the "go to" China partner for global ophthalmic pharmaceutical companies. Going forward, we intend to gradually shift our priority to conducting most of our new drug candidate discovery, research and development internally. In clinical drug development, we advance our drug candidates through optimal regulatory pathways toward commercialization in China with maximum efficiency, leveraging our broad regulatory and commercial expertise. In addition, we have made significant progress establishing our own manufacturing and commercialization capabilities. Development has begun on a new facility in Suzhou, which is expected to be larger than any other specialized ophthalmic manufacturing facility in China by capacity when completed (up to 455 million doses annually), according to Frost & Sullivan. We have also established a concrete commercialization plan with high execution visibility, and have been expanding our sales force and drawing up marketing strategies.

Our Company is led by some of the best talent in China ophthalmology with relevant industry experience. Our visionary management team has extensive experience and deep domain expertise in ophthalmic drug research and development, manufacturing and commercialization in China. We believe that their track record will prove a valuable asset for us as we pursue our future success.

We boast top-tier global and Chinese institutional investors and biotech-focused investment funds as our Shareholders, including 6 Dimensions, Boyu, Temasek, General Atlantic, Eight Roads, 3W Partners and Cormorant Asset Management.

## OUR STRENGTHS

### A China-based ophthalmic pharmaceutical total solution platform

We are a China-based ophthalmic pharmaceutical platform company dedicated to identifying, developing and commercializing first- or best-in-class ophthalmic therapies. Ophthalmology is a highly specialized area. Since our inception, we have focused on building a platform integrating innovative drugs, specialized capabilities throughout the drug development cycle and people with specialized knowledge and experience.

- *Portfolio*. Leveraging our platform, we have already built one of the most robust portfolios of innovative ophthalmic drugs in China, according to Frost & Sullivan. See "—Comprehensive, innovative and validated ophthalmic drug portfolio including commercial-ready drugs." Among China-based companies, we have the most patented ophthalmic drugs, according to Frost & Sullivan.

- *Capabilities*. We have set up a full suite of capabilities that we believe position us at the forefront of introducing innovation to this market.

    - *Research and development*. Our research and development team has a full range of capabilities spanning drug discovery, preclinical research and clinical trials. Our team members conducted clinical trials for over seven ophthalmic drugs in China, six of which have been approved in China. As of the Latest Practicable Date, we had one registration clinical trial ongoing and five clinical trials for our pipeline drug candidates that we expected to initiate in the next 12 months. We are developing a state-of-the-art research laboratory, expected to be one of the largest ophthalmic research laboratories in China, which will become the center of our research activities and further strengthen our research and development ability.

    - *Manufacturing*. Our team members constructed and operated what at the time was the largest ophthalmic pharmaceutical plant in China. Development has begun on a new facility in Suzhou, which is expected to be larger than any other specialized ophthalmic manufacturing facility in China by capacity when completed, according to Frost & Sullivan. The facility is designed to be China, EU and U.S. GMP–compliant and capable of manufacturing a full range of ophthalmic formulations with a high degree of automation.

  - *Commercialization*. Our team members have in aggregate successfully commercialized eight ophthalmic drugs in China and globally. As of the Latest Practicable Date, we were already marketing two approved drugs in China and in the process of expanding our sales network significantly.

- *Talent*. Our Company is led by some of the best talent in China ophthalmology with relevant industry experience. Mr. Liu Ye, our executive director and CEO, was the China general manager of two well-known multinational corporations, or MNCs, including Santen, the current ophthalmic pharmaceutical market leader by revenue, according to Frost & Sullivan. At both companies, Mr. Liu demonstrated his ability to lead all departments of a sophisticated pharmaceutical MNC and achieve remarkable growth and market leadership in China. See "—Visionary CEO and management, renowned advisors and industry-leading investors."

Our integrated platform maximizes our chances of successfully executing our business plans. It enables us to identify and address potential scientific, clinical, regulatory, manufacturing and commercialization issues early so that we can constantly assess the status of our portfolio assets and adjust our priorities in allocating resources. As a result, we can stay firmly focused on progressing our most promising drug candidates from stage to stage, and replenish our portfolio continuously with new drugs and drug candidates in which we see potential. We believe that the benefits of our integrated platform will become increasingly evident as we commence sales of our approved drugs and ramp up manufacturing and commercialization capabilities in anticipation of market approval for our advanced-stage drug candidates.

With strategic vision and powerful execution, we have, as a first mover, succeeded in creating a platform in a market surrounded by high entry barriers. We believe our platform can enable us to continue to expand rapidly, capturing market opportunities ahead of competition and bringing much needed relief to Chinese ophthalmic patients.

**Comprehensive, innovative and validated ophthalmic drug portfolio including commercial-ready drugs**

In less than three years, we have built a strategically designed ophthalmic drug portfolio which is comprehensive, innovative and validated, and which is also balanced with commercial-ready drugs.

- *Comprehensive*. As of the Latest Practicable Date, we had 16 drug assets, covering all major front- and back-of-the-eye diseases. According to Frost & Sullivan, we are one of only a few pharmaceutical companies in China with a portfolio that covers all major ophthalmic indications in both the front and the back of the eye, including most of the top ten indications by disease prevalence in China.

- *Innovative and validated*. Our portfolio is truly innovative for the Chinese ophthalmic pharmaceutical market. Among our in-licensed assets, for example, we have three of the ten ophthalmic drugs approved by the FDA in the United States since 2015 that are not yet available in China in any formulation, namely:

  - OT-401 (YUTIQ), an innovative sustained-release intravitreal implant to treat chronic NIU-PS—an indication for which there is no standard of care in China—and the only FDA-approved drug with up to three years of efficacy for the indication;

  - OT-1001 (ZERVIATE), a novel formulation of the antihistamine cetirizine approved by the FDA for the first time for topical application to the eye and the only antihistamine drug approved for treating children aged two years and older; and

  - OT-502 (DEXYCU), a single-dose, sustained-release intraocular injection to treat postoperative (mostly cataract surgery) inflammation, the first and only FDA-approved long-acting intraocular product for the indication.

  We expect all of these drugs to be first- or best-in-class in China if approved. The fact that these therapeutics have been approved by the FDA means that their efficacy and safety have already been validated and development risks for us progressing them through the regulatory pathways in China are substantially reduced.

  In addition, OT-301 (NCX 470), our drug candidate to treat open-angle glaucoma and ocular hypertension, is a new chemical entity designed to release both bimatoprost, an FDA-approved prostaglandin analog, or PGA, and nitric oxide, or NO. We expect the dual mechanism of action to activate two independent aqueous humor outflows, which is expected to be a more effective method to lower intraocular pressure, or IOP.

  Our in-house developed drug candidates are also highly innovative. For example:

  - OT-101 is a low-concentration (0.01%) atropine eye drop to retard, or slow down, the progression of myopia. We are developing a proprietary formulation to address stability issues for low-concentration atropine solutions so that patients can benefit from the myopia-retarding properties of atropine with fewer side effects than high-concentration atropine; and

  - OT-202 is an innovative topical targeted treatment for dry eye. We are investigating a novel mechanism of action to reduce inflammation in dry eye by targeting tyrosine kinases.

- *Commercial-ready*. To balance our development pipeline of clinical- and preclinical-stage drug candidates, we have strategically included in our portfolio rights to three drugs that are commercial-ready or near commercial-ready in China, including:

  - Ou Qin (0.3% Hyaluronic Acid), an NMPA-approved hyaluronic acid eye drop to treat dry eye. It has a unique dosage form (0.3% concentration in 0.8 ml single-dose packaging) and potentially an improved safety profile compared to similar drugs as it is free of preservatives. We launched Ou Qin in April 2020;

  - Brimonidine tartrate eye drop, an NMPA-approved generic eye drop to treat open-angle glaucoma and ocular hypertension. We launched brimonidine tartrate eye drop in March 2020; and

  - 0.5% moxifloxacin eye drop, an moxifloxacin antibiotic eye drop to treat bacterial conjunctivitis. We submitted an abbreviated NDA for 0.5% moxifloxacin eye drop to the NMPA in January 2020 and are expecting approval in the first half of 2021. We plan to launch 0.5% moxifloxacin eye drop rapidly upon approval.

    We expect commercial sales of these products to generate near-term cash flows to help fund our working capital and finance our development pipeline.

**Four advanced-stage, first/best-in-class ophthalmic drug candidates with significant near-term revenue potential**

We have four innovative ophthalmic drug candidates in advanced-stage development in China, namely, OT-401, OT-101, OT-301 and OT-1001. Two in-licensed assets, OT-401 and OT-1001, are the same therapeutics that are already approved by the FDA in the United States. We believe these four drug candidates have potential to be first- or best-in-class addressing unmet medical needs in China and have significant near-term revenue potential for us.

**OT-401 (YUTIQ)**, our Core Product, is an innovative intravitreal implant designed to provide sustained release of a corticosteroid active ingredient for 36 months from a single administration to treat chronic NIU-PS, an indication for which there is no standard of care in China. In the United States, YUTIQ is the first and only FDA-approved uveitis treatment designed to deliver fluocinolone up to 36 months. Uveitis is one of the leading causes of blindness in China and worldwide, as blindness will be the natural course of the disease if it is left untreated, in particular in young adults. According to Frost & Sullivan, NIPU affected 1.4 million people in China in 2019, and is expected to affect 1.8 million people in 2030. We initiated a bridging Phase III trial in China and enrolled the first patient in November 2019. We plan to submit an NDA in the first half of 2022 and commence commercialization in the second half of 2022 upon approval. Considering that (i) there are only three marketed steroid implants indicated for chronic NIU-PS globally and none of these implants are currently available for uveitis patients in China, and (ii) OT-401 is the only steroid implant being evaluated under a Phase III clinical trial in China, OT-401 is expected to be the first and only ocular implant

indicated for chronic NIU-PS in China upon approval, accordingly to Frost & Sullivan. Separately, OT-401 has been approved for treating patients under the Boao Pilot Program and started to generate limited revenue for us since August 2019.

**OT-101** is a low-concentration (0.01%) atropine eye drop developed to retard, or slow down, the progression of myopia in children and adolescents. According to Frost & Sullivan, atropine is the only medication to date that has been demonstrated to be consistently effective and safe in controlling myopic progression. OT-101, as a low-concentration (0.01%) atropine eye drop, is believed to have lower rates of adverse effects compared to high-concentration (0.5-1%) atropine. The instability of low-concentration atropine solutions has long been a technical barrier. We are developing a unique approach to address the stability of low-concentration atropine solutions, so that OT-101 could be a viable product for the treatment of myopia. According to Frost & Sullivan, myopia affected nearly 168.8 million children and adolescents in China in 2019 and is expected to affect 191.4 million in 2030. Subject to IND approval from the CDE, EMA and FDA, we plan to initiate an MRCT Phase III clinical trial in the United States, the EU and China in the second half of 2020, the first half of 2021 and mid 2021, respectively.

**OT-301 (NCX 470)** is a new chemical entity designed to release both bimatoprost, an FDA-approved prostaglandin analog, or PGA, and nitrix oxide, or NO, for the treatment of open-angle glaucoma and ocular hypertension. We expect the dual mechanism of action to activate two independent aqueous humor outflows from the eye, which is expected to be a more effective method to lower IOP. As a novel second-generation NO-donating bimatoprost analog, OT-301 has demonstrated superior efficacy to a PGA monotherapy. According to Frost & Sullivan, glaucoma is currently considered the second-leading cause of irreversible blindness worldwide; the prevalence of glaucoma in China reached 19.6 million in 2019, and the rate of blindness is 38.3%. Subject to IND approval, we and Nicox plan to initiate two Phase III MRCTs of OT-301 (NCX 470) in 2020 and we plan to use data from the global trials to support a NDA submission in China. We plan to initiate Chinese arms of both trials in the fourth quarter of 2020 (having taken impact of the COVID-19 pandemic into consideration), subject to IND approvals from the NMPA.

**OT-1001 (ZERVIATE)** is the first and only FDA-approved topical ocular formulation of the antihistamine cetirizine for the treatment of ocular itching associated with allergic conjunctivitis. OT-1001 is a novel formulation of cetirizine, which is the best-selling antihistamine with a well-characterized systemic efficacy and favorable safety profile. If approved, it will be the only ophthalmic drug in China that is safe for adults as well as children aged two years and older. According to Frost & Sullivan, approximately 250.9 million people suffered from allergic conjunctivitis in China in 2019, with a CAGR of 5.1% from 2015. Frost & Sullivan further estimates that the allergic conjunctivitis patients will reach 308.6 million and 375.9 million in China in 2024 and 2030, respectively. We plan to conduct a confirmatory Phase III clinical trial in China in the second half of 2020 subject to IND approval.

**Strong execution capabilities underlying successful track record of delivering world-class products to ophthalmic patients in China**

We have demonstrated strong execution capabilities in every aspect of our operations with a singular focus on delivering innovative world-class products to ophthalmic patients in China.

In drug portfolio design, we strategical focused on comprehensively covering all major front- and back-of-the-eye diseases, and innovative, in order to maximize the therapeutic impact in China of our portfolio as well as its commercial value. We pursue a dual-source innovation strategy with strict discipline and high speed, following criteria which help ensure that our drug candidates have higher chances of success reaching Chinese patients.

- *In-licensing/Acquisition.* As of the Latest Practicable Date, we had in-licensed or acquired rights to ten drugs and drug candidates, including three that had been approved by the FDA in the United States. Focusing on validated (by which we mean already approved by the FDA or another recognized overseas regulator) first- or best-in-class ophthalmic drugs, we have established a successful in-licensing track record with international partners, including EyePoint, Nicox, Senju, GTS and SanBio.

- *In-house research and development.* As of the Latest Practicable Date, we had developed six drug candidates in house. We focus on improving drug delivery or formulation in addition to investigating novel mechanisms of action. For example, we are developing a unique approach to address stability issues in low-concentration atropine solutions, so that our OT-101 could be a viable product for the treatment of myopia with fewer side effects than higher-concentration atropine.

In clinical drug development, we aim to advance our drug candidates, regardless of whether they are in-licensed/acquired or developed in-house, through optimal regulatory pathways toward commercialization in China with maximum efficiency. As of the Latest Practicable Date, we had advanced four drug candidates to or near the late stage, with visibility of near-term NDA filings and commercial launches. We adopt streamlined registration strategies, including applying for clinical trial waivers, seeking approval for bridging studies in lieu of new trials and enrolling patients under applicable early access programs. For example, with respect to OT-401, our Core Product, we successfully obtained an IND approval from the NMPA to initiate a bridging Phase III trial in China, a mere nine months after we signed the license agreement. By comparison, it typically takes 12 to 18 months to progress from a license agreement to IND approval in China, according to Frost & Sullivan. The Phase III trial began in November 2019, when the first patient was enrolled and dosed, and is currently ongoing.

In addition, we decided at an early stage that we would establish our own manufacturing and commercialization capabilities instead of relying on third-party service providers. We started early and have made significant progress. After only one year since our founding, we signed an investment agreement with the local Suzhou government for a new manufacturing facility, and ground was broken in January 2020. We expect construction to begin in the first half of 2020. We have already started marketing Ou Qin and brimonidine tartrate eye drop, our NMPA-approved drugs. In preparation for our potential additional product launches in the near term, we have established a concrete commercialization plan with high execution visibility, expanded our sales force and drawn up marketing strategies. Where feasible, we have taken advantage of special government policies to not only market our products early, on a pilot basis, but also potentially benefit our clinical development. We promptly took advantage of new policies relating to the Boao Pilot Program issued in 2018 and had YUTIQ® admitted to the program in July 2019 on a fast-track application. We plan to similarly pursue DEXYCU®'s admission to the Boao Pilot Program.

**Visionary CEO and management, renowned advisors and industry-leading investors**

We have a visionary management team with extensive experience and deep domain expertise in ophthalmic drug research and development, manufacturing and commercialization in China.

Mr. Liu Ye, our executive Director and CEO, has over 20 years of experience in leading pharmaceutical companies in China. Prior to joining us, Mr. Liu served as China general manager for Santen, a leading Japanese pharmaceutical company focused only on ophthalmology, from 2014 to 2018. During Mr. Liu's tenure, Santen China established a groundbreaking joint venture with a local partner and made China the largest overseas market for Santen globally. Mr. Liu led the registration of TAPROS and DIQUAS, the only two eye drop products and two of the only seven new ophthalmic drugs approved in China since 2015. He also led the construction of the joint venture's manufacturing plant in Chongqing and the EU GMP certification of Santen China's Suzhou plant, which remains the only plant with such certification in the Chinese ophthalmic pharmaceutical industry to date. Santen is the current market leader in the Chinese ophthalmic pharmaceutical market by revenue, according to Frost & Sullivan. Prior to Santen, Mr. Liu was the China general manager of Eisai, another leading Japanese pharmaceutical company. At Eisai China, Mr. Liu not only achieved remarkable growth in terms of key financial measures, he successfully installed a corporate infrastructure with rules-based, technology-enabled systems and built a robust drug pipeline, both promising long-lasting benefits to the organization.

Other members of our management team also have extensive drug research and development, manufacturing and commercialization experience, including outstanding professional records from leading MNCs. For example:

- Dr. Liu Changdong, our chief scientific officer, has over 13 years of experience as a practicing ophthalmologist and over 35 years of experience in drug research and development and clinical trials in China and the United States. Prior to joining us, Dr. Liu was clinical lead of the global clinical and regulatory affairs department at Alcon Laboratories Inc. in the United States.

- Dr. Chen DongHong, our chief medical officer, has over ten years of experience as a practicing ophthalmologist and 20 years of experience as a clinical research physician in several established ophthalmic pharmaceutical MNCs. Prior to joining us, Dr. Chen was head of clinical development and medical affairs at Alcon Hong Kong, Limited and had overseen over ten clinical trials and obtained two new ophthalmic product approvals in China.

- Dr. Hu Zhaopeng, our chief development officer, has over 15 years of experience in ophthalmic drug research and development, CMC and plant management. Dr. Hu held directorships in clinical development, registration and pharmaceutical development and internal audit at Santen China.

- Mr. Zuo Qinglei, our vice president (commercialization), has over ten years of experience in drug research and development, sales and marketing. Mr. Zuo headed sales and business development at Santen China.

We have assembled a scientific advisory board, or SAB, composed of distinguished members with strong influence in ophthalmology in the United States and China. Professor Richard L. Abbott, president of the SAB, is past president of the American Academy of Ophthalmology, or AAO. He currently serves as secretary for global alliances, chair of international global advisors board and member of senior ophthalmology committee for the AAO. The other three members of the SAB, Profs. Xiaoxin Li, Ke Yao and Xinghuai Sun, are past president, president and president-elect of the Chinese Ophthalmology Society, respectively, each having illustrious achievements in ophthalmology research and clinical practice in China.

We also receive strong endorsement from industry-leading investors who have in-depth understanding of the Chinese pharmaceutical market and vast experience in investing in the biotech sector. We boast top-tier global and Chinese institutional investors and biotech-focused investment funds as our Shareholders, including 6 Dimensions, Boyu, Temasek, General Atlantic, Eight Roads, 3W Partners and Cormorant Asset Management.

## OUR STRATEGIES

### Advance clinical development and commercialization of advanced-stage drug candidates

Leveraging our extensive experience and deep domain expertise in clinical development and drug registration, we plan to rapidly advance the development of the following advanced-stage drug candidates toward commercialization:

- **OT-401 (YUTIQ)**: We obtained an IND approval from the NMPA in August 2019 to initiate a bridging Phase III clinical trial for OT-401 in China for chronic NIU-PS and enrolled the first patient in November 2019. As of the Latest Practicable Date, we had enrolled 29 patients. We plan to continue the Phase III trial, complete the clinical study report of the 12-month follow-up in the first quarter of 2022 and submit an NDA in the first half of 2022. We expect to commence commercialization of OT-401 in China in the second half of 2022 upon approval. We also plan to continue to make commercial sales of OT-401 under the Boao Pilot Program.

- **OT-101 (atropine 0.01%)**: Subject to IND approval from the CDE, EMA and FDA, we plan to initiate an MRCT Phase III clinical trial in the United States, the EU and China in the second half of 2020, the first half of 2021 and mid 2021, respectively. We plan to enroll the first patient in the United States in the second half of 2020 and the first patients in EU in the first half of 2021. We target to apply for marketing approval for OT-101 initially in the EU and China based on the data from the MRCT.

- **OT-301 (NCX 470)**: We and Nicox plan to initiate two Phase III MRCTs for OT-301 (NCX 470) for open-angle glaucoma and ocular hypertension and we plan to use data from the MRCT to support NDA submission in China. We plan to initiate Chinese arms of both trials in the fourth quarter of 2020 (having taken impact of the COVID-19 pandemic into consideration), subject to IND approvals from the NMPA.

- **OT-1001 (ZERVIATE)**: We plan to initiate a confirmatory Phase III clinical trial for OT-1001 in China for ocular itching associated with allergic conjunctivitis in patients two years of age and older in the second half of 2020 subject to IND approval to support our NDA submission in China. We believe that OT-1001 may qualify for expedited review in China by leveraging ZERVIATE's FDA data since it has already been approved by the FDA.

- **OT-502 (DEXYCU)**: Similarly, we plan to discuss with the NMPA to conduct a bridging trial for OT-502 in China for postoperative inflammation associated with cataract surgery, to support an NDA submission in China, leveraging FDA data for DEXYCU. Similar to OT-401, we plan to seek approval to use OT-502 in Hainan under the Boao Pilot Program.

**Commercialize Ou Qin, brimonidine tartrate eye drop and 0.5% moxifloxacin eye drop**

We have strategically included in our portfolio three commercial-/near commercial-stage assets and expect commercial sales from these assets to generate near-term cash flows for us. We will adopt a number of marketing efforts with a view to ramping up sales quickly.

- **Ou Qin (0.3% Hyaluronic Acid)**: Ou Qin was approved by the NMPA in July 2019. We acquired Ou Qin from Huonland and Huonland agreed to transfer all its rights to Ou Qin to us. We launched Ou Qin in April 2020.

- **Brimonidine tartrate eye drop**: Brimonidine tartrate eye drop was approved by the NMPA in July 2016. We launched brimonidine tartrate eye drop in March 2020.

- **0.5% moxifloxacin eye drop**: We submitted an abbreviated NDA to the NMPA for 0.5% moxifloxacin eye drop in January 2020 and expect to receive approval in the first half of 2021. We plan to outsource the manufacturing of 0.5% moxifloxacin eye drop to Huonland.

**Initiate clinical trials for drug candidates with proof of concept**

We plan to continue to develop drug candidates which have proof of concept and advance them to clinical trial stage in the midterm future.

- **OT-202**: We plan to make an IND submission to the NMPA in the first half of 2021 and commence a Phase I clinical trial for OT-202 in the second half of 2021.

- **OT-503 (NCX 4251)**: Our licensing partner Nicox completed a Phase II trial for OT-503 in the United States in December 2019. We plan to commence a Phase II clinical trial in the second quarter of 2021 and a Phase III clinical trial in the fourth quarter of 2022 in China. We believe OT-503 has the potential to be first-in-class in China as there is no treatment solely indicated for blepharitis in China. We may consider pursuing a supplemental indication of dry eye for OT-503 in the future.

- **OT-701 (SJP-0133)**: Senju and GTS did not conduct Phase I and Phase II clinical trials for SJP-0133 as permitted under relevant Japanese laws and regulations. We plan to initiate a Phase I trial in the second quarter of 2022 and a Phase III clinical trial in China in the second quarter of 2023. We believe a Phase II clinical trial is not required for OT-701 as a biosimilar drug.

In addition, we plan to advance our other preclinical candidates, OT-601-C, OT-302, OT-1301, OT-1601 and OT-1602, steadily toward clinical stage.

**Further expand drug portfolio through in-licensing, internal discovery and acquisition**

We plan to continue to replenish our ophthalmic drug portfolio with new drugs in which we see potential. We plan to focus on innovative first- or best-in-class ophthalmic drugs that address unmet medical needs in China and complement our existing portfolio.

We plan to continue to evaluate and pursue in-licensing opportunities that could give us the global or regional rights for such drug candidates. As we continue to advance our existing in-licensed drug candidates toward market approval in China with solid progress, our credibility will further strengthen. We believe we are well positioned to be the "go to" China partner for global ophthalmic pharmaceutical companies.

We also plan to continue to invest in our in-house drug discovery and development efforts. Specifically, we plan to further expand our research and development team and continue to focus on drug delivery and formulation innovation. We plan to establish our research laboratory in Suzhou, which will become the center of our research activities and further strengthen our research and development capabilities.

In addition, we plan to evaluate and acquire commercial-ready drug candidates that may complement our portfolio, and leverage our commercialization infrastructure to expand the breadth of our drug offerings.

**Continue to build commercialization capabilities in anticipation of product launches**

To drive product launches and bring innovative ophthalmic drugs to the Greater China market, we plan to build our own highly focused and specialized commercial team, including dedicated sales teams for each product. We will provide comprehensive and in-depth training to our dedicated sales force, enabling them to educate the ophthalmic community on the benefits of our various therapies. As the number of our commercial-ready drugs continues to increase, we will expand our commercial team to cover a growing number of ophthalmologists and select hospitals in China. For example, we expect to have (i) 50 team members by the end of 2020 to cover over 7,000 ophthalmologists and 300 Grade II and Grade III public hospitals in China; and (ii) 150 team members by the end of 2022 to cover approximately 12,000 ophthalmologists and 1,500 Grade II and Grade III public hospitals in China. We will continue to expand our presence in the market and aim to gain market access to 21 provinces in China by 2020 and 31 provinces by 2021.

Leveraging our deep understanding of and insight in the ophthalmology market in China, we plan to adopt differentiated commercialization approaches for our drug candidates. For example, we plan to launch early access programs in select hospitals for innovative drug candidates such as OT-401 and OT-502, establish a strong brand in the dry eye area and strengthen our connections with ophthalmologists through diversified marketing activities for our commercial-ready product Ou Qin, and utilize our *WeChat* platform "Joyful View (輕鬆視界)" to carry out doctor and patient education and promote the optic nerve protection function of brimonidine tartrate eye drop. See "—Commercialization."

We are also evaluating options for strategic commercial partnerships with industry leading distributors to accelerate commercial ramp-up and maximize market potential of our assets both in China and globally.

**Establish an industry-leading, dedicated ophthalmic pharmaceutical manufacturing facility**

Ground was broken on our dedicated ophthalmic pharmaceutical manufacturing facility in Suzhou, Jiangsu Province in January 2020. We expect construction to begin in the first half of 2020 and trial production to commence in the second half of 2021. The facility is designed to have four production workshops with a total planned capacity of up to 455.0 million doses per year. We plan to use the Suzhou manufacturing facility for the production of all types of ophthalmic drugs, including sterile solutions, gels and suspensions. In addition, we will also be able to manufacture sterile injection packaging. We plan to build highly automated facilities in compliance with GMP requirements of China, the United States and the EU. In addition to manufacturing our ophthalmic drugs in house, we also plan to potentially support licensing partners for their global sales, and aim to become a trusted outsourcing partner for other pharmaceutical partners in China and globally.

**Maximize global value of our drug candidates**

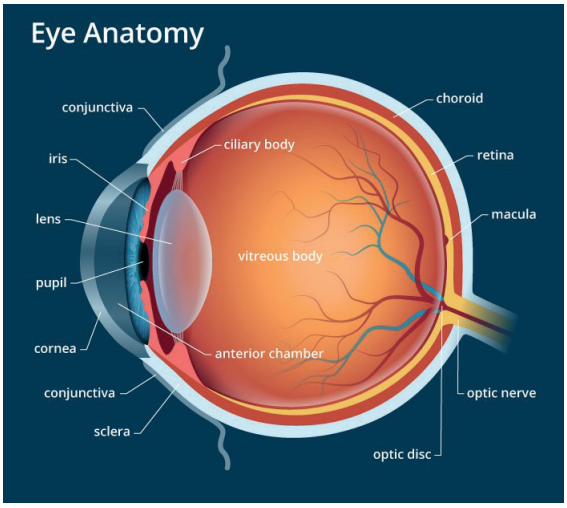
We intend to maximize the global value of our drug candidates, including in-house developed and in-licensed drug candidates. We plan to selectively advance clinical trials and apply for NDAs outside China, and strategically seek global out-licensing opportunities. At the appropriate time, we may seek partnerships in commercialization. For example, we target to initiate an MRCT Phase III clinical trial for our in-house developed drug candidate OT-101 in the United States, the EU and China in the second half of 2020, the first half of 2021 and mid 2021, respectively. We believe OT-101 addresses an area with large unmet medical needs globally, which presents a good opportunity for us to establish our global presence. Further, we plan to commercialize our OT-301 in Korea and Southeast Asia and our OT-1001 in Southeast Asia in addition to China. We have amended our license agreements with Nicox to reflect such expansions.

## THE EYE, EYE DISEASES AND THE CHINESE OPHTHALMIC PHARMACEUTICAL MARKET

The human eye is the organ responsible for vision. Vision is one of the five basic senses of mankind, central to the human experience and fundamental to the many pleasures of life.

Anatomically, the eye is comprised of two principal segments: the anterior, or the front, and the posterior, or the back, divided by the lens. From the front, light enters the eye first through the cornea, a dome-shaped transparent membrane. The cornea is not only a protective cover, it helps with focusing by bending the light to the direction of the pupil, which is the dark opening in the center of the iris. Between the cornea and the iris is a narrow space known as the anterior chamber, which is filled with a fluid called aqueous humor. The iris, a pigmented

muscular curtain, works like the shutter in a camera, dilating (widening) or constricting (narrowing) the aperture, which controls the amount of light allowed to pass through to reach the lens just behind it. The naturally crystalline lens, by changing shape, further focuses light toward the back of the eye. Light travels on from the anterior region through the globe of the eyeball, which is filled with a glass-looking gel called vitreous humor, until it arrives at the retina in the posterior region. The retina is a light-sensitive tissue that lines the back wall of the eye, like a sheet of film. In the center, there is a tiny but specialized area called the macula, which is responsible for detailed, central vision; the rest accounts for peripheral vision. Tightly packed on the retina are various types of photoreceptors, special cells which react to light and send electrical impulses through the optic nerve, located in the very back of the eye, to the visual cortex of the brain. The brain parses the signals and forms an image. This is how we see.




The proper functioning of the eye requires precise coordination of the components involved, in both the anterior and the posterior segments. Disease affecting any component can impair vision and, in the extreme, render a person blind. Examples of major eye diseases include, in the anterior segment, myopia, cataract, glaucoma, dry eye and blepharitis and, in the posterior segment, age-related macular degeneration, or AMD, diabetic macular edema, or DME, and retinal vein occlusion, or RVO. Uveitis, a large group of intra-ocular inflammatory diseases involving the uvea, the middle layer of the three coatings of the eyeball, can affect both the anterior and the posterior segments.

Traditionally, effective drug delivery to treat ophthalmic diseases has challenges in both the front and the back of the eye, due to the unique physiological properties of the organ. Thanks to what are known as blood-ocular barriers, very few substances could enter the eye through blood circulation. As a result, it is difficult for drugs administered systemically—orally or intravenously—to reach intended locations inside the eye with meaningful strength without causing adverse effects to the rest of the body. For front-of-the-eye diseases, eye drops are typically used on the ocular surface directly. Yet such topically applied solutions are often washed away quickly by tears, secreted by the eye either in reaction to irritation or through regular blinking, before active ingredients in desirable quantities could penetrate into the ocular tissues. For back-of-the-eye diseases, physicians often resort to

intravitreal injections, administering drugs directly in the vitreous cavity to the site of the disease. This can be effective but only temporarily so. To maintain effective dosage levels, a single injection is not sufficient and repeated injections are required, which is inconvenient, painful and costly. Repeated intravitreal injections also carry medical risks such as eyeball perforation, endophthalmitis and vitreous or retina hemorrhage. In global ophthalmic therapeutic research and development, drug delivery systems have been an area of focus alongside novel disease pathways.

As a therapeutic area, ophthalmology is highly specialized with unique characteristics. Eye diseases have complex and diverse pathologies, treatment mechanisms and dosing and administration requirements. In China, eye diseases are generally treated by ophthalmologists of finely divided specialties and sub-specialties, such as retinal specialists and corneal specialists. There is a shortage of qualified practitioners, particularly those with sub-specialty skills. In 2018, there were only 30.2 ophthalmologists per million population in China, compared to 51.5 in the United States, according to Frost & Sullivan. From an industry perspective, ophthalmology is a specialty area with high entry barriers, because it requires specialized capabilities in each major functionality involved in a drug's development cycle, from scientific research to drug development, manufacturing and commercialization. In China, as a result, only a limited number of pharmaceutical companies, including MNCs and local ones, develop ophthalmic drugs, and they typically do not focus on ophthalmology only, have small ophthalmic drug pipelines and are not motivated to pursue innovation, according to Frost & Sullivan. Since 2015, only seven new ophthalmic drugs have been approved in China, all of which had been developed and marketed by MNCs outside China (five from the United States and two from Japan) years before, according to Frost & Sullivan.

In China, ophthalmology is an emerging market. Eye diseases are common, yet treatment rates are low, much lower than those in the United States. Treatment options are also limited and outdated, lacking sophistication. For some indications, such as uveitis, there is no standard of care. As living standards in China continue to rise, there is a strong, growing demand for better healthcare not only in treating terminal diseases, like cancer, but also in therapeutic areas that matter greatly to the quality of life, such as ophthalmology. Demand is particularly acute in severe conditions with high rates of blindness, such as uveitis and glaucoma, and widespread disorders affecting large age groups, such as wet AMD for the elderly and myopia for the young. For many indications, due to their chronic nature, treatments are required for long periods of time, resulting in high patient lifetime value. These factors together, viewed in the context of China's population, suggest a tremendous market opportunity. According to Frost & Sullivan, the Chinese ophthalmic pharmaceutical market is expected to expand from RMB19.4 billion in 2019 to RMB40.8 billion in 2024, at a CAGR of 16.0%, and further to RMB116.6 billion in 2030, at a CAGR of 19.1%.

## OUR PORTFOLIO

As of the Latest Practicable Date, we had a portfolio of 16 ophthalmic drug assets, including 4 advanced-stage drug candidates, 4 near clinical-stage drug candidates, 3 commercial-stage and near commercial-stage assets, and 5 other preclinical-stage drug candidates. The following table summarizes our portfolio and the status of each asset as of the Latest Practicable Date:

| | Program | MOA | Classification | Front / Back of the Eye | Indication | Commercial Rights | Licensing Partner | Preclinical | IND Preparation | Phase I/II | Phase III | NDA/BLA |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ADVANCED-STAGE | OT-401 (YUTIQ) | Corticosteroids intravitreal implant | New drug[3] | Back | Chronic NIU-PS* | Greater China | EyePoint Pharmaceuticals | China: to submit NDA in 1H2022 | | | | US Approved (EyePoint) |
| | OT-101 | Atropine | New drug[3] | Front | Myopia | Global | | Global: Phase III trial expected in 2H2020 in the United States, in 1H2021 in the EU and in mid 2021 in China subject to IND approval from the FDA, EMA and CDE | | ** | | |
| | OT-301 (NCX 470) | NO-donating bimatoprost analog | New drug[3] | Front | Glaucoma | Greater China, Korea and 12 countries in Southeast Asia[4] | nicox visible science | Global: 1st Phase III trial initiated in June 2020 in the United States, 2nd Phase III trial expected in 2H2020 subject to IND approval from the FDA and CDE China: Phase III trials expected in 4Q2020 subject to IND approvals from the CDE | | ** | | Phase III US (Nicox) |
| | OT-1001 (ZERVIATE) | Cetirizine | New drug[3] | Front | Allergic conjunctivitis | Greater China and 11 countries of the Southeast Asian region[5] | nicox visible science | China: Phase III trial expected in 2H2020 | | ** | | US Approved (Nicox) |
| NEAR CLINICAL-STAGE | OT-502 (DEXYCU) | Dexamethasone | New drug[3] | Front | Postoperative inflammation | Greater China | EyePoint Pharmaceuticals | China: Phase III trial expected in 2Q2021 | | ** | | US Approved (EyePoint) |
| | OT-202 | Tyrosine kinase inhibitor | New drug[3] | Front | Dry eye | Global | | China: to submit IND in 1H2021 | | ** | | |
| | OT-503 (NCX 4251) | Fluticasone propionate nanocrystals | New drug[3] | Front | Blepharitis | Greater China | nicox visible science | China: expected Phase II trial in 2Q2021 and Phase III trial in 4Q2022 | | *** | | Phase II US completed (Nicox) |
| | OT-701 | Anti-VEGF | Biosimilar | Back | wet AMD* | Greater China | SENJU GENE TECHNO GOING | China: to submit IND for Phase I trial in late 2021 and Phase I trial expected in 2Q2022 and Phase III trial expected in 2Q2023 | | | | Phase III trial in Japan substantially completed and to submit NDA in Japan (Senju and GTS) |
| COMMERCIAL-STAGE AND NEAR COMMERCIAL-STAGE | Ou Qin[1] | Hyaluronic acid | Generic drug | Front | Dry eye | Mainland China | 汇恩兰德 HUONLAND | | | | | China Approved in July 2019 |
| | Brimonidine tartrate eye drop[2] | Brimonidine tartrate | Generic drug | Front | Glaucoma and ocular hypertension | Mainland China | 汇恩兰德 HUONLAND | | | | | China Approved in July 2016 |
| | 0.5% moxifloxacin eye drop | Moxifloxacin | Generic drug | Front | Bacterial conjunctivitis | Global | | China: abbreviated NDA submitted in January 2020 | | | | |
| PRE CLINICAL STAGE | OT-601-C | Moxifloxacin-dexamethasone sodium phosphate | New drug[3] | Front | Postoperative inflammation | Global | | China | | ** | | |
| | OT-302 | Acetazolamide | Generic drug | Front | Acute glaucoma | Global | | China | | ** | | |
| | OT-1301 | Cyclosporine implant | New drug[3] | Front | Cornea graft rejection | Global | | China | | ** | | |
| | OT-1601 | Stem cells | New drug[3] | Back | Retinitis pigmentosa and dry AMD* | Greater China | SanBio | China | | ** | | |
| | OT-1602 | Stem cells | New drug[3] | Back | Optic neuritis | Greater China | SanBio | China | | ** | | |

In-licensed/acquired  Internally developed

Our Core Product. The Phase III clinical trial in China was approved by the NMPA. The clinical trial registration number is JXHL1900130.

* Chronic NIU-PS refers to chronic non-infectious uveitis affecting the posterior segment of the eye. AMD refers to age-related macular degeneration.

** May not require Phases I and II clinical trials prior to beginning Phase III clinical trials.

*** May not require Phase I clinical trials prior to beginning Phase II clinical trials.

1 We acquired Ou Qin from Huonland and are entitled to all drug registration certificates and data related to Ou Qin. We plan to register ourselves as the MAH of Ou Qin.

2 We are the exclusive sales agent of brimonidine tartrate eye drop in Mainland China. Huonland is the drug registrant and registered manufacturer of brimonidine tartrate eye drop.

3 Referring to drugs classified as class 1 drugs (innovative new drugs), class 2 drugs (improved new drugs) and class 5.1 drugs (original research drugs registered abroad and applying for registration in China) under relevant PRC drug registration laws and regulations.

4 Including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Papua New Guinea, the Philippines, Singapore, Thailand, Timor Leste and Vietnam.

5 Including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Papua New Guinea and Timor Leste.

## Advanced-Stage Drug Candidates

We had four innovative ophthalmic drug candidates in or close to Phase III clinical trials in China, namely, OT-401, OT-101, OT-301 and OT-1001. Two in-licensed assets, OT-401 and OT-1001, are the same therapeutics already approved by the FDA in the United States. We believe these four drug candidates have potential to be first- or best-in-class addressing unmet medical needs in China and have significant near-term revenue potential for us.

### *OT-401 (YUTIQ)*

OT-401 (YUTIQ), our Core Product, is an innovative injectable, sustained-release micro-insert for the treatment of chronic NIU-PS. Our licensing partner, EyePoint, received NDA approval from the FDA in October 2018 for YUTIQ (fluocinolone acetonide intravitreal implant) 0.18 mg for the treatment of chronic NIU-PS in the United States. We are developing (including conducting a bridging Phase III clinical trial and seeking regulatory approvals) OT-401 as a potential first-in-class treatment for chronic NIU-PS in China.

YUTIQ is a sterile non-bioerodible intravitreal implant designed to provide sustained release of a total of 0.18 mg of the active ingredient fluocinolone acetonide, or FA, a corticosteroid, at a controlled rate for up to 36 months from a single administration performed in an outpatient visit. To date, YUTIQ is the first and only FDA-approved uveitis treatment designed to deliver fluocinolone for up to 36 months. In China, there is no standard of care for uveitis.

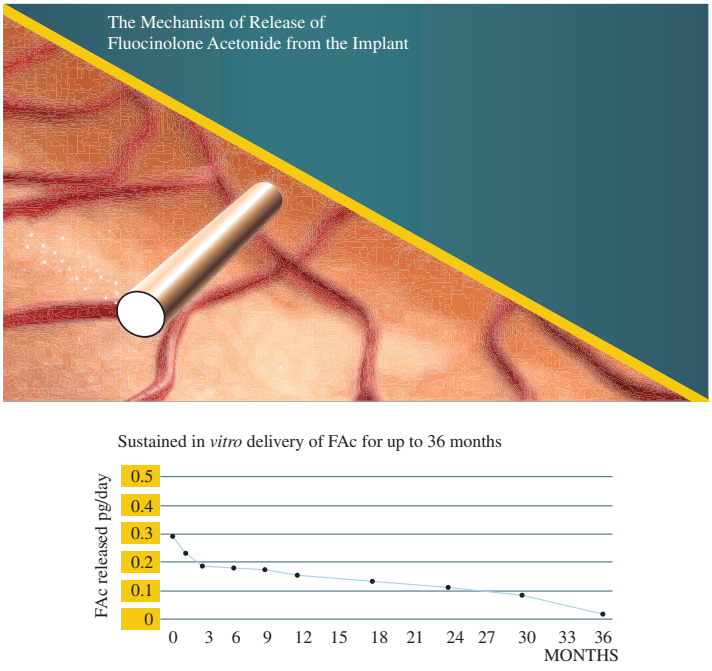
We obtained an IND approval from the NMPA to initiate a bridging Phase III clinical trial in China for OT-401 for the treatment of chronic NIU-PS in August 2019. We initiated the trial and enrolled the first patient in November 2019. The trial is currently ongoing. We plan to complete the clinical study report of a 12-month follow-up in the first quarter of 2022 and make an NDA submission for OT-401 in the first half of 2022.

Separately, we applied for and received approval to use YUTIQ in the Boao Pilot Zone in Hainan Province, taking advantage of favorable government policies to import foreign drugs not yet generally approved in China for urgent medical needs. See "—Boao Pilot Program."

*Mechanism of Action*

Chronic NIU-PS is a chronic, non-infectious inflammatory disease affecting the back of the eye. Corticosteroids are the most effective anti-inflammatory therapy for many chronic inflammatory diseases. Corticosteroids inhibit inflammatory responses to a variety of inciting agents including multiple inflammatory cytokines. They inhibit edema, fibrin deposition, capillary dilation, leukocyte migration, capillary proliferation, fibroblast proliferation, deposition of collagen and scar formation associated with inflammation. Corticosteroids are thought to act by inhibition of the enzyme phospholipase $A_2$ via induction of inhibitory proteins collectively called lipocortins. It is postulated that lipocortins control biosynthesis of potent mediators of inflammation such as prostaglandins and leukotrienes by inhibiting release of the common precursor, arachidonic acid. Arachidonic acid is released from membrane phospholipids by phospholipase $A_2$.

OT-401 is supplied in a sterile single-dose preloaded applicator that can be administered in the hospital and injected with inserter using a 25-gauge needle. The sustained release of the active ingredient FA is based on the Durasert® technology, a controlled, injectable and sustained-release drug delivery technology of EyePoint. Each FA insert pre-loaded in the applicator contains a drug core of 0.18mg of FA within a miniature 3.5mm length x 0.37mm diameter implant. Through Durasert®, OT-401 is able to deliver FA directly to the posterior segment of the eye for up to 36 months. The following diagram illustrates the mechanism of release of OT-401:




*Source: Data from EyePoint.*

*Market Opportunity and Competition*

Uveitis is one of the leading causes of blindness worldwide, as blindness will be the natural course of the disease if it is left untreated, in particular in young adults. According to Frost & Sullivan, uveitis is one of the top ten leading causes of blindness in China. A retrospective study showed that the mean age of onset of blindness is 34 years old and blindness is noted in 25.3% of the patients with NIPU. According to Frost & Sullivan, NIPU affected 1.4 million people in China in 2019 and is expected to affect 1.8 million people in 2030.

Currently, there is no standard of care for uveitis in China. Currently, the mainstay therapy of uveitis generally includes local administration of corticosteroid (topical, intra/peri-ocular or intravitreal) or systemic administration of steroids or immuno-suppressants. Immuno-suppressive therapy is used for patients with severe uveitis who cannot tolerate or do

not respond to systemic corticosteroid therapy. The goal of therapy is to suppress the inflammation in the back of the eye. For a detailed comparison of different corticosteroid regimens, see "Industry Overview—NIPU—Treatment Paradigm and Unmet Medical Needs."

There are significant limitations associated with each of these current therapies and their routes of administration. All corticosteroid therapies, including systemic, are associated with ocular side effects, including cataract development and elevated IOP. Topical corticosteroid delivery in general may not be as effective in the treatment of posterior (or intermediate) uveitis due to its limited intraocular penetration. Intra/Peri-ocular corticosteroid injections are required to be administered frequently. Such repeated and frequent injections have potential risk for globe perforation, orbital fibrosis, endophthalmitis, ptosis and retinal detachment. Further, in China, many patients must travel to receive the frequent, repeated injections, which increases compliance risks and substantially affects the quality of life. In addition, the recurrence rate of uveitis under the current therapies is high.

As of the Latest Practicable Date, there were no marketed competitors for the effective treatment of chronic NIU-PS with similar length of efficacy and favorable safety profile as OT-401 in China, according to Frost & Sullivan. We expect OT-401 will cost in the neighborhood of RMB60,000 for a single-dose administration, which is designed to work for a duration of three years, resulting in an average cost to patients of about RMB20,000 per year. Globally, there are only three marketed steroid implants indicated for chronic NIU-PS. None of these implants are currently available for uveitis patients in China. OT-401 is the only steroid implant being evaluated under a Phase III clinical trial in China. The following table illustrates a comparison of globally marketed steroid implants:

| | Company | FDA Approval Time | Compound | Implantation procedure | Indicated population | Duration of action | Endpoint in clinical study | Treatment Effect (represented by recurrence rates) |
|---|---|---|---|---|---|---|---|---|
| **OT-401** | OcuMension/ Eyepoint | 2018 | Fluoccinolone acetonide 0.18 mg | Preloaded needle applicator that can be administered in the physician's office | Patients aged 18 and older, with chronic noninfectious uveitis affecting posterior segment of the eye | 36 months | Recurrence in the study eye within 6 months following implantation | OT-401 (21.8%): Sham (53.8%) |
| **Retisert** | Bausch & Lomb | 2005 | Fluoccinolone acetonide 0.59 mg | Implanted via pars plana incision and secured by a suture in the sclera in an operating room setting | Patients aged 7 and older, with chronic recurrent non-infectious posterior uveitis | 30 months | Recurrence of uveitis in the study eye within 34 weeks following implantation | Retisert (14%): Sham (40%) |
| **Ozurdex** | Allergan | 2009 | Dexamethasone 0.7 mg | Given intravitreally via injector in an office-based procedure | Patients aged 18 and older, with noninfectious intermediate or posterior uveitis | 6 months | Proportion of patients with vitreous haze score of 0 (no inflammation) at week 8 | Ozerdex (53%); Sham (88%) |

*Source: Frost & Sullivan literature review and analysis, Company Information*

*Advantages*

We believe that OT-401 has the following advantages over current mainstay therapies:

- *Efficacy*. YUTIQ is the only FDA-approved drug with up to three years of efficacy for chronic NIU-PS. Many patients achieved disease control without receiving additional treatment for more than one year. In addition, as demonstrated by the efficacy results from its two Phase III clinical trials, YUTIQ significantly reduced the probability of recurrence of uveitis.

- *Convenience*. OT-401 is injected in one outpatient visit through an intravitreal injection procedure. Patients typically go home on the same day after a 30-minute tonometry following the injection procedure. Compared to current treatments that require high-frequency administration, OT-401 provides sustained control of intraocular inflammation for up to 36 months after one single administration. Chronic NIU-PS is a sight-threatening disease which is highly recurrent and chronic, requiring long-term medical management. OT-401 provides a convenient alternative for patients to avoid multiple costly visits to hospital and improve patient compliance for treatment.

- *Safety*. OT-401 is generally well tolerated among patients. The sustained delivery reduces the need for repeated applications, thereby reducing the risks of patient noncompliance and adverse effects from repeated administrations. OT-401 consists of a miniature 3.5mm x 0.37mm implant, which can be injected using a 25-gauge needle. Due to the small size of the implant and the inserter needle, OT-401 dramatically reduces the common complications that may be caused to the eye globe by intravitreal injection.

*Summary of Clinical Trial Data*

The NDA approval by the FDA for YUTIQ was based on two Phase III clinical trials, PSV-FAI-001 and PSV-FAI-005. Another Phase III trial, PSV-FAI-006, was conducted to evaluate the utilization and safety of the inserter. EyePoint was able to leverage all NDA data for ILUVIEN, a similar intravitreal implant originally developed by EyePoint for DME.

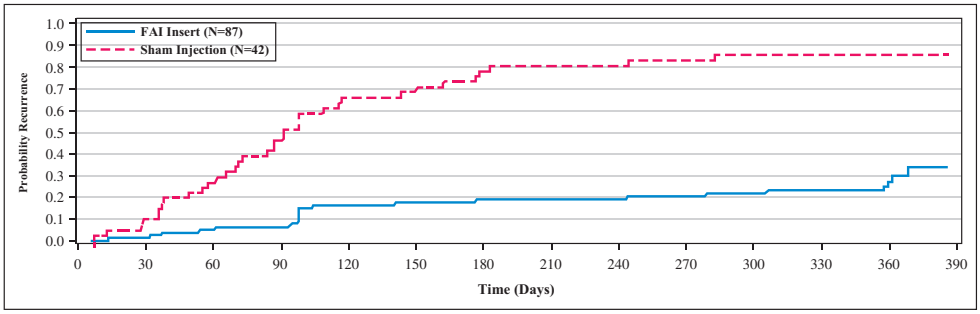
Phase III Clinical Trial (PSV-FAI-001) (Data presented below are primarily based on FDA-approved label, clinical reviews of NDA submission in United States and EyePoint public disclosure)

Overview. PSV-FAI-001 was a multi-national, multi-center, randomized, double-masked, sham-controlled Phase III clinical trial to evaluate the safety and efficacy of YUTIQ for the management of patients with chronic NIU-PS who received previous therapy. Patients were randomized to receive either a sham injection or YUTIQ and were observed for three years following treatment.

Trial Design. This Phase III trial enrolled 129 patients in 16 centers in the United States and 17 centers in countries outside the United States, including India, Israel, the United Kingdom, Germany and Hungary, with 87 eyes treated with YUTIQ and 42 eyes receiving sham injections. The primary efficacy endpoint in this trial was the proportion of patients who experienced recurrence of uveitis within six months of follow-up. The proportion of subject who had a recurrence of uveitis in the study eye within 36 months following treatment is one of the exploratory efficacy endpoints. Recurrence, which was defined as either deterioration in visual acuity or vitreous haze attributable to noninfectious uveitis, or the need for rescue medications, was also assessed at 12 months and 36 months.

Trial Status. This trial was initiated in June 2013 and reached primary completion in October 2016. The study completion date of this trial was in October 2018.

Efficacy Data. This Phase III trial met its primary efficacy endpoint of prevention of recurrence of disease at six months with statistical significance. Recurrence of disease in YUTIQ-treated patients was statistically significantly lower than in sham-treated patients. Recurrence of disease within six months of follow-up was 18.4% in YUTIQ-treated patients, compared to 78.6% in sham-treated patients. Similar efficacy results were achieved through 12-months and 36-month follow-up visits. Recurrence of disease within 12-month follow-up was 27.6% in YUTIQ-treated patients compared to 85.7% in sham-treated patients. Recurrence of disease within 36 months of follow-up was 56.3% in YUTIQ-treated patients compared to 92.9% in sham-treated patients. The proportion of patients requiring assistant treatment with intraocular/periocular steroids for uveitic inflammation was 19.5% in YUTIQ-treated eyes compared to 69.0% in sham-treated eyes. All data were based on the intent-to-treat, or ITT, population.



Safety Data. YUTIQ was generally well tolerated through 6 months, 12 months and 36 months of follow-up. Over the 36-month follow-up period, the duration of study participation was similar between the two treatment groups. The most frequent ocular TEAEs reported in the treated eye were cataract development and elevated IOP in patients treated with YUTIQ, and uveitis, macular edema and elevated IOP in patients treated with sham. IOP-lowering medication were used in 42.5% of YUTIQ-treated eyes and 33.3% of sham-treated eyes, with IOP-lowering surgeries performed in 5.7% of YUTIQ-treated eyes and 11.9% of sham-treated eyes. Cataracts were extracted from 42 patients (48.3%) administered with YUTIQ to phakic (or having lens) eyes and 21 patients (50.0%) administered with sham to phakic eyes. Cataract development and elevated IOP related side effects are well-known adverse effects of ocular steroid treatments. Cataracts are both a side effect of treatment with steroids and a natural consequence of uveitis. There were no TEAEs leading to treatment discontinuation or study discontinuation, or TEAEs leading to YUTIQ insert removal reported through month 36 of the study. One patient in the YUTIQ treatment group experienced an SAE of septic shock with an outcome of death. This event was deemed by the investigator to be unrelated to study treatment. In general, there were no notable differences between the YUTIQ treatment group and the sham treatment group in vital sign results. Overall, no new safety concerns were identified.

Phase III Clinical Trial (PSV-FAI-005) (Data presented below are primarily based on FDA-approved label, clinical reviews of NDA submission in United States and EyePoint public disclosures)

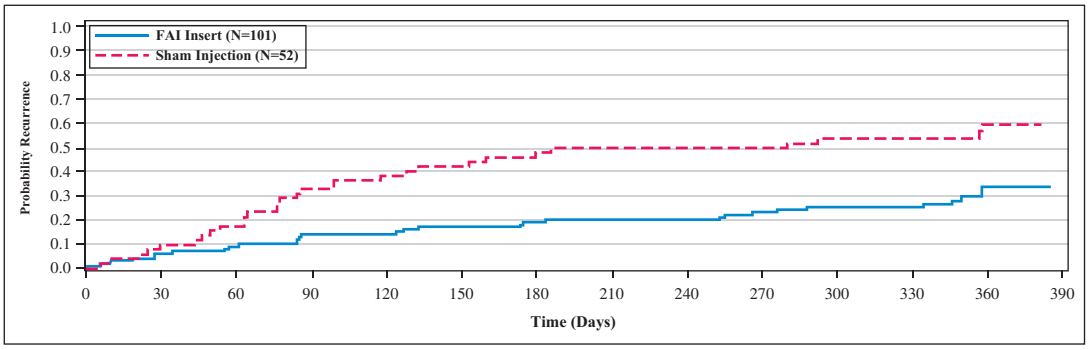
Overview. PSV-FAI-005 was a Phase III, multi-center, randomized, double-masked, sham-controlled study to evaluate the safety and efficacy of YUTIQ for the management of subjects with chronic NIU-PS who received previous therapy. Patients were randomized to receive either a sham injection or YUTIQ and were observed for three years following treatment.

Trial Design. This Phase III trial enrolled 153 patients in 15 centers in India with 101 eyes treated with YUTIQ and 52 eyes receiving sham injections. The primary endpoint in this trial was the proportion of patients who experienced recurrence of uveitis within 6 months of follow-up. Recurrence was defined as either deterioration in visual acuity or vitreous haze attributable to noninfectious uveitis.

Trial Status. This trial was initiated in June 2015 and reached primary completion in April 2017. The study completion date of this trial was in October 2019.

Efficacy Data. This Phase III trial met its primary efficacy endpoint of prevention of recurrence of disease at 6 months, 12 months and 36 months with statistical significance. Recurrence of disease was 21.8% of YUTIQ-treated patients compared to 53.8% of sham-treated patients through a 6-month follow-up, 32.7% of YUTIQ-treated patients compared to 59.6% of sham-treated patients through a 12-month follow-up and 46.5% of YUTIQ-treated patients compared to 75.0% of sham-treated patients through a 36-month follow-up.

Considerably fewer YUTIQ-treated eyes (8.9%) needed the assistance of adjunctive intraocular/periocular steroids injection for uveitic inflammation, compared to sham-treated eyes (51.9%) through a 36-month follow-up. All data were based on the ITT population.




Safety Data. YUTIQ was generally well tolerated through the 6-month, 12-month and 36-month follow-up. The most frequent ocular events reported in the treated eyes were elevated IOP. Elevated IOP is a well-known side effect of ocular steroid treatments. Mean IOP at 36 months was 14.8 mmHg and 13.4 mmHg in the YUTIQ-treatment eyes and sham-treated eyes, respectively. IOP lowering drops were used in 74.3% of YUTIQ-treated eyes and 73.1% of sham-treated eyes. IOP lowering surgeries were performed in 2.0 % of YUTIQ-treated eyes and in none of the sham-treated eyes. In patients with phakic eyes when enrolled in the study cataracts were extracted from 70.5% of patients administered with YUTIQ and 26.5% of patients administered with sham by the final 36-month time point of the study.

Phase III Clinical Trial (PSV-FAI-006) (Data presented below are primarily based on FDA-approval label, clinical reviews of NDA submission in United States and EyePoint public disclosures)

Overview. PSV-FAI-006 was a Phase III, controlled, multi-center study to evaluate the utilization and safety of the MK II inserter and the safety of the FA intravitreal insert in subjects with chronic NIU-PS. The FA intravitreal insert referred to an injectable intravitreal sustained-release FA delivery system pre-loaded into an injection device. Mk II inserter was a pre-loaded applicator with a 27-gauge needle and Mk I inserter was a pre-loaded applicator with a 25-gauge needle. The MK I inserter was used in the PSV-FAI-001 clinical trial and the MK II was used in the PSV-FAI-005 clinical trial. The MK I is the inserter used in YUTIQ.

Trial Design. A total of six study sites were initiated in the United States. All subjects were to receive the YUTIQ on day 1 of the study, administered using either an Mk I inserter or an Mk II inserter. The primary utilization and safety analyses of the inserters were conducted through Day 7; safety analyses of the FA intravitreal insert were conducted through Day 7 and through Month 12. The primary utilization endpoint was defined as the proportion of intravitreal insertion procedures that were assessed as satisfactory by the investigator. A satisfactory procedure was defined as one receiving a score as very easy, easy or routine, from the investigator.

Trial Status. This trial was initiated in February 2016 and reached primary completion in September 2017. The study completion date of this trial was in December 2017.

Efficacy Data. In total, 38 study eyes from 26 subjects were randomly assigned to treatment, among which 27 study eyes in the Mk II inserter treatment group and 11 study eyes in the Mk I inserter treatment group. The Mk II inserter treatment group had a higher proportion of satisfactory assessments compared with the Mk I inserter treatment group through Day 7 (66.7% and 45.5% in the Mk II inserter and Mk I inserter treatment groups, respectively).

Safety Data. A lower proportion of TEAEs were reported in the Mk II inserter treatment group compared with the Mk I inserter treatment group in the study. Overall, the safety profile of the MK II inserter was generally better than MK I inserter. Among all 26 subject, three (11.5%) subjects experienced a total of five serious non-ocular TEAEs. A serious non-ocular severe TEAE of renal neoplasm was reported in one subject. All other events of tachycardia, pancreatitis, type 2 diabetes mellitus and hypoxia were moderate in severity; one subject experienced pancreatitis and one subject experienced tachycardia, type 2 diabetes mellitus and hypoxia. All events were considered unrelated to the treatment. No subjects experienced TEAEs leading to discontinuation from the study, or AEs leading to death in the study.

*Ongoing Phase III Clinical Trial in China*

Overview. We are conducting a multi-center, randomized, double-blinded, controlled Phase III clinical trial to evaluate the clinical safety and efficacy of OT-401 in subjects with chronic NIU-PS in China. It is a bridging study which is conducted under the ICH-E5 guidance. The primary purpose of the bridging study is to demonstrate that the clinical data in the United States (PSV-FAI-001 and PSV-FAI-005) could be extrapolated to the Chinese population.

Trial Design. The trial consists of three stages: (i) patient screening and selecting (within 30 days before dose); (ii) single dose; and (iii) follow-ups on the 7th day and 28th day after dose, and upon the 2nd, 3rd, 6th, 9th, 12th, 18th, 24th, 30th and 36th month anniversaries of the dose. The trial is expected to enroll 150 patients at 10 clinical sites across China. Enrolled patients will be allocated on a 2:1 ratio for dosage and sham injection. The primary endpoint is the proportion of patients who experienced recurrence of uveitis within six months. The safety profile will be assessed based on systemic adverse events and any ocular adverse events.

Trial Status. As of the Latest Practicable Date, we had recruited a total of 29 patients. Out of the 29 enrolled patients, 23 patients had already received their 7-day follow-up visits, 19 patients had received their 28-day follow-up visits, 12 patients had received their 2-month follow-up visits, 12 patients had received their 3-month follow-up visits and 5 patients had received their 6-month follow-up visits.

Regulatory Communications. In January 2019, we made the pre-IND communication application to the CDE for the proposed Phase III bridging trial for OT-401 in China based on data from the two Phase III clinical trials conducted by EyePoint. We prepared and submitted pre-IND meeting materials in February 2019, in which we made inquiries to the CDE about its level of acceptance of the clinical data collected from the Eyepoint trials and the design of our bridging trial in China.

In May 2019, CDE formally responded to our inquiries in the pre-IND meeting materials and confirmed that: (i) the proposed clinical trial is a Phase III bridging trial and data from this trial may be used to support registration in China; (ii) the proposed clinical trial's design of the safety and efficacy endpoints to be assessed in a 12-month follow-up is generally adequate; and (iii) we may conduct Phase III trial in China on the basis of the clinical data from the two Phase III clinical trials conducted by Eyepoint. Additionally, the necessity and pharmacokinetics of OT-401 can be evaluated in the same Phase III trial. We received IND approval from the NMPA in August 2019.

We also had a formal consultation with the CMDE regarding the document and test requirements for medical device in May 2019. CMDE advised us that the FA intravitreal insert is not a medical device by definition and CMDE will determine whether the preloaded applicator needs to be tested and the testing time during the clinical review stage. We have engaged a third-party institution to conduct transportation environment simulation test for the preloaded applicator. We are not aware of any legal claims or proceedings that may have an adverse influence on our research and development for OT-401. As of the Latest Practicable Date, the NMPA had not raised any material concerns or objections towards the completed Phase III clinical trials in the United States or the ongoing Phase III clinical trial in China, and no material adverse change has occurred with respect to the regulatory review or approval process of OT-401.

*Clinical Development Plan*

We plan to continue the ongoing Phase III trial in China and complete the clinical study report of a 12-month follow-up in the first quarter of 2022. We target to make an NDA submission for OT-401 in the first half of 2022.

*Licensing*

We obtained an exclusive license from EyePoint to import, test, use, sell, develop and commercialize OT-401 in the Greater China region in November 2018. See "—Collaboration and License Arrangements—Collaboration with EyePoint—License of OT-401 (YUTIQ)."

*Boao Pilot Program*

On February 28, 2013, the State Council officially approved the establishment of Boao Lecheng International Medical Tourism Pilot Zone (博鰲樂城國際醫療旅遊先行區), or the Boao Pilot Zone, in Hainan Province, and published nine promotional policies, including a pilot examination and approval mechanism to import drugs not yet approved in China for urgent medial needs, or the Boao Pilot Program. In 2018, the State Council devolved the approval authority to import drugs for urgent medical needs to the Hainan provincial government. In 2019, the Hainan provincial government further delegated the approval authority to the Hainan provincial NMPA, which "shall cooperate with other relevant local authorities," including the Hainan provincial Health Commission and Haikou Customs, to implement a fast-track approval system for imported drugs for urgent medical needs. We promptly took advantage of these new policies and had YUTIQ admitted to the program in July 2019 on a fast-track application.

We received approval from the competent authorities to admit YUTIQ under the Boao Pilot Program in July 2019. As of the Latest Practicable Date, YUTIQ was the first and remained the only ophthalmic drug approved for use in the Boao Pilot Zone and we had enrolled 16 patients, eight of which had received injection under the program. We expect to enroll approximately 50 to 65 eyes (patients), 150 to 180 eyes (patients) and 200 to 250 eyes (patients) for injection of OT-401 under Boao Pilot Program in 2020, 2021 and 2022, respectively. We do not expect the revenue derived under the Boao Pilot Program to be significant, because Boao Pilot Program is a pilot program to import drugs not yet approved in China for urgent medical needs, and therefore the number of enrolled patients is expected to be limited.

*Our R&D Work*

We have independently conducted substantial R&D work for OT-401 and made progress towards its Phase III clinical trial in China and its admission to the Boao Pilot Program:

- *IND preparation and approval*. We have made substantial R&D efforts to obtain the IND approval from the NMPA for conducting Phase III clinical trial in China for OT-401 for the indication of chronic NIU-PS. We successfully obtained an IND approval from the NMPA to initiate a bridging Phase III trial in China, a mere nine months after we signed the license agreement. By comparison, it typically takes 12 to 18 months to progress from a license agreement to IND approval in China, according to Frost & Sullivan. The IND approval is a result of detailed analysis and supporting materials prepared by our in-house R&D team, safety profile and pharmacokinetic characteristics of OT-401, dosing regimen and adverse drug reactions of enrolled patients in previous trials. In particular:

  - We conducted detailed technical analysis of existing product data, uveitis-related clinical guidelines, product quality standards and conduct of equipment tests to support our IND application. Our medical and clinical development

department conducted research on drug development trend of uveitis and reviewed over 200 pieces of literature of uveitis to evaluate the potential unmet medical needs of OT-401 for uveitis patients in China, the innovation and clinical advantage of OT-401 and the prospect of a clinical development of OT-401 in China. Our medical and clinical development team also investigated the therapeutic area and target population, the clinical characteristics of the indication and detailed diagnostic criteria and treatment guidelines in China and globally and limitation of current treatment for uveitis in China.

- We developed a registration strategy for OT-401 in China. Our regulatory affair team arranged communications with CDE and organized consultation meetings with CDE and CMDE regarding Phase III bridging trial for OT-401 and the document and test requirements for medical device (as OT-401 is supplied in an applicator and packaged with an inserter), respectively. See "—Ongoing Phase III Clinical Trial in China—Regulatory Communications." Our regulatory affair team also submitted registration applications and naming applications for generic name of OT-401. Moreover, our regulatory affair team formulated a quality standard of Chinese Pharmacopoeia, carried out import registration inspection and review, established quality standard for inserter and drug container of OT-401, developed transit test, validity test and technical requirement test and developed risk management plan and related documents. Based on relevant regulations and quality standard and equipment tests our regulatory affair team developed, our development team carried out equipment tests, including transit test and risk management plan.

- We developed a clinical protocol matching the characteristics of the onset of uveitis among Chinese population and clinical practice in China with the YUTIQ clinical protocol in the United States for conducting a bridging Phase III clinical trial in China for OT-401. To design and formulate the clinical protocol, we conducted a broad range of clinical trial preparation activities, including formulation of clinical development plan, preparation of clinical study overview, investigator brochure, risk management plan, manual of procedure and patient consent procedure. We held a number of consultation meetings with key opinion leaders and principal investigators in China and United States to fine-tune the study protocol and form a customized plan for the bridging clinical trial in China. We had extensive communication and discussion with EyePoint on the clinical trial designs and clinical trial results of YUTIQ in the United States. We also had discussions with CRO on trial design and details of clinical trial protocol, including inclusion criteria and exclusion criteria, AE and SAE defined by regimen, analysis of subjects, criteria and treatment measures for recurrent uveitis, inflammation control criteria, and setting of ophthalmic examinations during the study. Moreover, our medical and clinical development team developed pharmacokinetic study protocol and conducted pharmacovigilance for OT-401.

As advised by our PRC Legal Advisor, in order to receive NDA approval from the NMPA, a class 5.1 drug requires either both Phase I and III clinical trials or, with an explicit waiver from the CDE, only a Phase III clinical trial. Our R&D efforts helped us obtain from the NMPA a Phase I clinical trial waiver and approval to conduct a bridging Phase III clinical trial for OT-401. According to Frost & Sullivan, our ongoing Phase III clinical trial for OT-401 is the first clinical trial for uveitis implant treatment in China, which is a major breakthrough in the clinical development of uveitis.

- *Ongoing Phase III clinical trial in China*. We conducted a wide variety of independent in-house R&D activities to advance OT-401 from pre-IND to the ongoing Phase III clinical trial with self-generated R&D data, including:

  - Selection of vendors and clinical sites. We rigorously selected vendors and clinical sites for our Phase III clinical trial in China. We selected top-ranking vendors, including a leading CRO, to ensure the quality of our Phase III trial. In selection of clinical sites, our clinical operation team designed a questionnaire on patient epidemiology, inclusion and exclusion criteria, ophthalmic instruments and hospital trial management quality and development process to assess the capability of the clinical sites, and paid on-site visits to each hospital candidates. We carefully selected ten hospitals that best fit our requirements as clinical sites of our Phase III clinical trial.

  - Documentation and system preparation. Our clinical operation team reviewed and approved various clinical documents for the management and implementation of the clinical trial. Many study level plans, such as project communication plan, data management plan, inspection plan, protocol deviation plan, medical inspection plan, research management plan and vendor management plan, were developed to manage the clinical trial. Our clinical operation team also formulated safety related documents, such as safety management plan, investigator manual, clinical trial operation manual, informed consent form, case report, risk management plan, safety data exchange agreement and SAE reconciliation guidelines. We adopted electronic clinical trial management system, an advanced clinical management system to manage daily research and development work, for our Phase III clinical trial for OT-401.

  - Clinical trial personnel training. In order to complete a smooth and high-quality Phase III clinical trial, we designed a hospital training program, covering systematic training at the clinical trial preparation stage as well as after the initiation of clinical trial. For example, we invited experts to provide training sessions to potential investigators in China relating to OT-401's administration and injection in light of its novelty. We have arranged training

for ophthalmologists from ten clinical trial sites in preparation for the Phase III clinical trial. We also conducted training for investigators and sub-investigators at site initiation visit of each clinical site.

- Subject screening and study management. We recruited and enrolled patients for our Phase III clinical trial and recorded and analyzed demographics and clinical characteristic data at baseline and post-operative data from enrolled patients. As of the Latest Practicable Date, out of the 29 enrolled patients, 23 patients had already received their 7-day follow-up visits, 19 patients had received their 28-day follow-up visits, 12 patients had received their 2-month follow-up visits, 12 patients had received their 3-month follow-up visits and 5 patients had received their 6-month follow-up visits. Our clinical operation team also organized a governance meeting to ensure CRO to report clinical operations monthly and held weekly meetings with CRO and site management organization to manage and discuss various issues at project level and hospital level. Our clinical operation team sent monthly reports to all members. For complex issues to be solved, our clinical project manager communicated with CRO and hospitals daily to ensure the trial to proceed efficiently.

- Monthly review of protocol deviation cases. Our medical and clinical development team led the adoption and modification of clinical trial plans of OT-401, managed overall operation and reporting of CRO and provided guidance for daily work and development of CRO. Our medical and clinical development department held monthly meetings with CRO to discuss protocol deviation cases, analyzed the causes and solutions for each case, and provided feedback to clinical supervisors and main researchers to avoid the recurrence of such events.

- Monthly review of medical data. Our medical and clinical development department reviews the medical data with CRO once a month, analyzing screening situation, inclusion and exclusion criteria, follow-up information and safety information of the subjects in combination with the trial plan.

- Real-time communication of AEs. Our clinical operation team communicated with the CRO timely for AEs in clinical trials. Our clinical operation team and medical team discussed the types of AE and complete reports according to the operating procedures timely and analyzed the severity of AEs and the correlation to OT-401. For reported SAEs, CRO pharmacovigilance staff and medical safety staff and our clinical operation team send the inquiry to the investigators. The investigators fill in the follow-up report form with the follow-up information of the subjects.

- Risk management during the COVID-19 outbreak. Suspension of clinical work of researchers and follow-up of subjects due the outbreak of COVID-19 may potentially cause data missing of enrolled patient follow-ups, which may be a major protocol deviation according to our protocol deviation management plan. Our clinical operation team organized a meeting with statistical experts, then developed and launched a risk management plan to provide guidelines and recommendation actions for major protocol deviation caused by the COVID-19 outbreak.

- *Boao Pilot Program*. Under the Boao Pilot Program, injection of OT-401 on each candidate patient must be separately approved using individual data on a patient-by-patient basis by the competent authorities, requiring us to conduct pre-treatment and post-treatment R&D work for each candidate patient:

  - Pre-treatment R&D work. We set up an internal assessment committee, or the Assessment Committee, for injection of OT-401 under the Boao Pilot Program which consists of our clinical experts with ophthalmic experience. The Assessment Committee performs detailed evaluation on each candidate patient based on consultation with ophthalmologists, taking into consideration selection of indications, the patient's symptoms and health conditions. At the same time, we provide training to the ophthalmologists at Boao Super Hospital for injection of OT-401. We will collect clinical data of the patients who already took injections of OT-401. During this process, we actively conduct clinical studies on the target patients to facilitate the applications, including the pre-treatment assessment of the candidate patient and the clinical data of the previous patients who have already completed injections.

  - After-treatment R&D work. For the purpose of facilitating approvals of future cases, we closely follow up with ophthalmologists at Boao Super Hospital for post-treatment clinical data of the patients, including the treatment effect and adverse reactions. The recruitment, enrollment and approval of chronic NIU-PS patients under the Boao Pilot Program are jointly driven by Boao Super Hospital and our Assessment Committee. Qualified "real-world data" collected under the Boao Pilot Program may be recognized by the NMPA under the Guidelines on Using Real-World Evidence to Support Development, Research, and Review of Drugs (Trial) (《真實世界證據支持藥物研發與審評的指導原則(試行)》) as a basis for consideration in the potential NDA approval of OT-401 in the PRC, subject to relevance and reliability test. The reliability test refers to the evaluation of the following four aspects of the "real-world data", namely, the completeness, accuracy, transparency and quality guarantee of the "real-world data." In this regard, the "real-world data" collected under the Boao Pilot Program for OT-401 must satisfy the evaluation of completeness, accuracy, transparency and quality guarantee of the relevant "real-world data," to be formed as real-world evidence which may be admitted as a basis for consideration in the NDA approval in the PRC.

We have primarily engaged in research and development for the purposes of developing OT-401 as we have engaged leading CRO and other service providers and collaborated with select hospitals with respect to the R&D work, ongoing Phase III clinical trial and treatment of patients under the Boao Pilot Program listed above. We plan to fund the ongoing R&D work for OT-401 and its commercialization using the net [**REDACTED**] from the [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]" in this document.

As advised by Frost & Sullivan, our independent R&D work relating to (i) the IND preparation and approval; (ii) the Phase III clinical trial; and (iii) the Boao Pilot Program constitutes R&D progress and self-generated R&D data within the R&D work of a class 5.1 drug, and therefore our Directors are of the view that our R&D work for OT-401 under the Phase III clinical trial and the Boao Pilot Program is far beyond the scope and complexity of a Phase I clinical trial if one were required. Accordingly, the Joint Sponsors are of the view that the Company is eligible for [**REDACTED**] under Chapter 18A of the Listing Rules.

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OT-401 SUCCESSFULLY.**

**OT-101 (Atropine 0.01%)**

OT-101 is a low-concentration atropine 0.01% eye drop developed to retard, or slow down, the progression of myopia in children and adolescents. Atropine has a long history of use in humans for treating various diseases, and has been accepted as an effective drug for myopia. According to Frost & Sullivan, atropine is the only medication to date that has been demonstrated to be consistently effective in retarding myopic progression. Additionally, atropine is the only anticholinergic recommended in Appropriate Technical Guidelines for Prevention and Control of Myopia in Children and Adolescents (兒童青少年近視防控適宜技術指南) issued by the National Health Commission of the PRC. OT-101, as a low-concentration atropine 0.01% eye drop, is believed to have lower rates of adverse effects compared to high-concentration atropine (0.1% or 0.5%). The instability of low-concentration atropine solutions has long been a technical barrier. We have conducted preclinical studies for OT-101 focusing on developing a proprietary formulation to improve its stability. We plan to evaluate OT-101 as a safe and effective myopia-retarding eye drop for children and adolescents in China, the EU and the United States in a MRCT Phase III clinical trial.

***Mechanism of Action***

Although the exact mechanism of action of atropine in controlling the progression of myopia is still unclear, research has suggested that myopia in children may be connected to focusing fatigue, and atropine can control myopia by disabling the focusing mechanism. Atropine is an anticholinergic substance that blocks the action of neurotransmitters in the central and the peripheral nervous systems. Atropine eye drops can dilate the pupil and temporarily paralyze the focusing muscles inside the eye. By relaxing the focusing mechanism, atropine helps relieve focusing fatigue, thereby controlling the progression of myopia. Other theories suggest that atropine may be effective through reducing γ-aminobutyric acid levels or interfering with scleral remodeling.

***Market Opportunity and Competition***

Myopia, or near-sightedness, is a vision condition in which close objects are seen clearly, but objects farther away appear blurred. Myopia is usually caused by an elongation of the eyeball, causing the image to be focused in front of the retina. According to Frost & Sullivan, myopia affected nearly 168.8 million children and adolescents in China in 2019, and is expected to affect 191.4 million children and adolescents in 2030. Myopia tends to increase rapidly between the ages of 5 and 15, and usually stabilizes by the end of the early 20s. Therefore, prevention or control of the progression of myopia is critical for children and adolescents.

While wearing prescription lenses, namely, spectacle eyeglasses or contact lenses, remains the mainstream method of vision correction in myopic children and adolescents, its efficacy in delaying the progression of myopia is limited. Atropine is the only medication to date that has been demonstrated to be consistently effective, and more effective than prescription lenses, in myopia control. According to Frost & Sullivan, based on controlled experiments by *Huang et. al* 2016, after at least one year's treatment, low-concentration atropine was proven to be more effective in slowing down the progression of myopia than bifocal spectacle lens and soft hydrophilic contact lens.

However, low-concentration atropine is unstable, which is the primary reason why it has not yet been widely commercialized despite its effectiveness and safety. At 25ºC and neutral pH, 0.01% atropine remains stable for only 2-8 weeks. We have conducted preclinical studies for OT-101 focusing on developing a proprietary formulation to improve low-concentration atropine's stability.

Globally, there are other four clinical-stage anticholinergic drug candidates for myopia control. All four drug candidates belong to the low-concentration atropine category and three of them have reached Phase III clinical trials:

| Drug Code/ Name | Sponsor | Age Group | Clinical Phase | Regulatory Authority | First Posted Date |
|---|---|---|---|---|---|
| NVK-002 | Nevakar , LLC | 3 - 17 years | III | FDA | 2017/11/22 |
| SYD-101 | Sydnexis , Inc. | 3 - 14 years | III | FDA | 2019/4/18 |
| Atropine 0.01% Ophthalmic Solution | Eyenovia Inc. | 3 - 12 years | III | FDA | 2019/5/8 |
| Atropine 0.01% Eye Drop | Sinqi | 6 – 12 years | III | NMPA | 2020/05/27 |
| DE-127 Ophthalmic Solution | Santen Pharmaceutical Co., Ltd. | 6 - 11 years | II | Singapore HSA | 2017/11/6 |
| OT-101 | Ocumension | 5 -14 years | Pre -clinical | - | N/A |

*Source: NMPA, FDA, Frost & Sullivan Analysis*

In China, there is currently no approved atropine eye drop for myopia control and there is no clinical-stage atropine drug candidate. Only two anticholinergics drug products, tropicamide eye drop and raceanisodamine eye drop, were approved by the NMPA for pseudomyopia treatment in China. The two eye drops, approved around 1990, are relatively outdated and may cause side effects such as allergy, elevated IOP and nausea.

***Advantages***

Compared with other anticholinergic eye drops, we believe OT-101 will have advantages from our proprietary formulation, which addresses stability issues for low-concentration atropine solutions, thereby ensuring the delivery of sufficient effective quantity of atropine within the shelf life of the product. The suitable pH value of OT-101 also improves the comfort of patients in drug administration, and patient compliance is also expected to be improved as a result.

***Selected Independent Clinical Studies***

Efficacy. Atropine has been accepted as an effective drug to control the progression of myopia in children and adolescents. In a five-year clinical study conducted by *Chia et al.*, or the ATOM2 Study, researchers compared the efficacy as well safety of different concentrations of atropine in controlling myopia progression.

In Phase I (the treatment phase), 400 Asian children aged 6 to 12 years with myopia were randomized to receive atropine 0.01%, 0.1% and 0.5% once nightly in both eyes for two years. In Phase II (the washout phase), atropine administration was discontinued and children were monitored for 12 months. In Phase III (the re-treatment phase), children who exhibited myopia progression of -0.50 D or more in at least one eye during the washout phase were re-treated by atropine 0.01% for a further 24 months.

The study shows that, over five years, atropine 0.01% was more effective in slowing down myopia progression compared with higher-concentration (0.1% and 0.5%) atropine. Specifically, although the higher-concentration treatments were shown to be more effective by the end of Phase I, patients treated with higher doses experienced greater rebound effects during Phase II and, consequently, a higher percentage of patients required re-treatment during Phase III. By the end of Phase III, the overall myopia progression and change in axial elongation was the lowest in the atropine 0.01% group (-1.38±0.98 D, 0.75±0.48 mm), compared with the 0.1% (-1.83±1.16 D, 0.85±0.53 mm) and 0.5% (-1.98±1.10 D, 0.87±0.49 mm) groups.

Safety. Atropine eye drops at a concentration of 1% or less are considered safe for both adults and children. After the approval of the use of atropine 1% eye drops in 2014, the FDA released a pediatric postmarketing pharmacovigilance and drug utilization review in 2017. According to the 2017 FDA review, approximately 116,000 patients used atropine eye drops between 2014 and 2017, with only 23 cases of SAEs being reported. The review concluded that there was no evidence for pediatric safety concerns with atropine eye drops.

Although the use of atropine 1% is generally safe, it causes common side effects such as photophobia, blurred vision and allergic conjunctivitis. Such side effects cause inconvenience to the patients' daily life and lead to high drop-out rates of high-concentration atropine treatments. Besides, rebound effect after atropine discontinuation has also been identified, and is particularly notable in patients treated by high-concentration atropine.

As for atropine 0.01%, the study by *Chia et al.* shows that it preserves the myopia attenuating effects while reduces adverse effects commonly caused by high-concentration atropine, such as photophobia and blurred vision. Specifically, atropine 0.01% caused minimal pupil dilation (0.8 mm), minimal loss of accommodation (2-3 D), and no near visual loss compared with higher doses. Another research (*Gong et al.* 2017) indicated that the most frequently reported adverse effects, such as photophobia, blurred vision and allergic conjunctivitis, occur in approximately 6.3%, 2.3% and 2.9% of myopia patients using 0.01% atropine, respectively.

***Our R&D Work***

We have conducted substantial R&D work for OT-101:

- *Market and technical feasibility study*. At the beginning of our development of OT-101, we conducted an in-depth literature review and competitive landscape analysis, and reached the conclusion that OT-101 could be a scientifically and commercially viable drug candidate for myopia control:

  - Our medical and clinical development department conducted an extensive review of medical research literature in the use of low-concentration atropine in myopia control for children and adolescents. Based on our analysis of medical research literature, we further evaluated the prospect of developing a low-concentration atropine drug product from the biopharmaceutics, clinical pharmacology, efficacy and safety perspectives.

  - We also analyzed existing therapies for myopia control and current drug development trends to assess the unmet medical needs for OT-101 from Chinese children and adolescents with myopia. Through our analysis of existing therapies and ongoing research, we also evaluated OT-101's comparative advantages in the Chinese ophthalmic pharmaceutical market.

- *Preclinical studies and tests*. We have made substantial R&D efforts on developing a proprietary formulation to improve the stability of low-concentration atropine solutions:

  - We developed a storage and delivery system to address low-concentration atropine solution's instability. Specifically, we conducted a series of tests in-house of potential alternative formulations for OT-101. On the basis of these screening experiments, we formed our interim conclusion on the formulation approach we would continue to pursue. We further developed the storage and delivery system, and also conducted several rounds of tests on the system's reliability, closure integrity and sterility conditions. We also manufactured drug samples and relevant clinical supplies and tested the drug samples' stability. We streamlined our development process by engaging several leading CROs to assist us in the execution of our tests.

- *Regulatory communications and formulation of the MRCT Phase III clinical trial plan*. Based on our preclinical studies and tests, we formulated a global clinical development plan for the development of OT-101 under the MRCT scheme. MRCTs represent an advance mode of drug development, as they avoid repetitive clinical trials, reduce the time lag of launch in key markets and improve patient access to new and innovative treatments. MRCTs require globally synchronized clinical development plans, clinical trial designs and study protocols, which needs higher R&D capabilities and efforts compared to ordinary clinical trials. We also kept improving the design through our communications and consultations with the regulatory authorities in the relevant countries and regions:

- *Pre-IND meetings and consultations with regulatory authorities*.

  - In October 2018, December 2018 and March 2019, we had pre-IND meetings with the FDA, the MHRA and the EMA and two other regulatory authorities in the EU, respectively. We submitted another pre-IND meeting application to the EMA in April 2020, and obtained a scientific advice letter from the EMA in June 2020. Through our continuous communications with these regulatory authorities, we obtained scientific advice on OT-101's development and clinical trial design, and these authorities demonstrated positive attitudes towards our development of OT-101. We plan to initiate the MRCT Phase III clinical trial in the United States in the second half of 2020 and in the EU in the first half of 2021.

  - In January 2019, we prepared and submitted a pre-IND meeting application to the CDE. We plan to initiate the MRCT Phase III clinical trial in China in mid 2021.

- *Clinical development plan*. Our design of the MRCT Phase III clinical trial considered differences among the trial sites in various countries and regions, such as differences in medical practices, disease prevalence and clinical characteristics of the patients. We also standardized various aspects of the clinical trial protocols, such as the criteria for efficacy evaluation and subject selection.

  - Clinical trial design. We aim to evaluate the efficacy and safety of 0.01% atropine in controlling the progression of myopia in children and adolescents aged between 5 to 14 years of age following two years of treatment. We expect that over 600 subjects will be enrolled and randomized in a 2:1 ratio between an atropine group and a placebo group. The clinical trial is planned to last three years.

  - Preparatory work. We completed a broad range of preparatory work in support of the clinical trial plan, including the preparation of clinical study overview, investigator brochure, risk management plan and pediatric drug development strategy. We also formed a joint working group with the leading CRO to monitor the implementation of our global clinical development strategy. The joint working group is led by our CMO, Dr. Chen DongHong and also includes our medical and clinical development personnel, CMC personnel and regulatory affairs and research personnel and core members from the CRO.

- Further development plan. We plan to submit the IND applications to the relevant regulatory authorities in China, Europe and the United States in the second half of 2020. Subject to IND approval from these authorities, we plan to initiate an MRCT Phase III clinical trial in the United States, the EU and China in the second half of 2020, the first half of 2021 and mid 2021, respectively. We plan to enroll the first patient in the United States in the second half of 2020, and then enroll the first patients in EU and China both in the first half of 2021. We target to apply for marketing approval for OT-101 initially in the EU and China based on data from the MRCT.

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OT-101 SUCCESSFULLY.**

**OT-301 (NCX 470)**

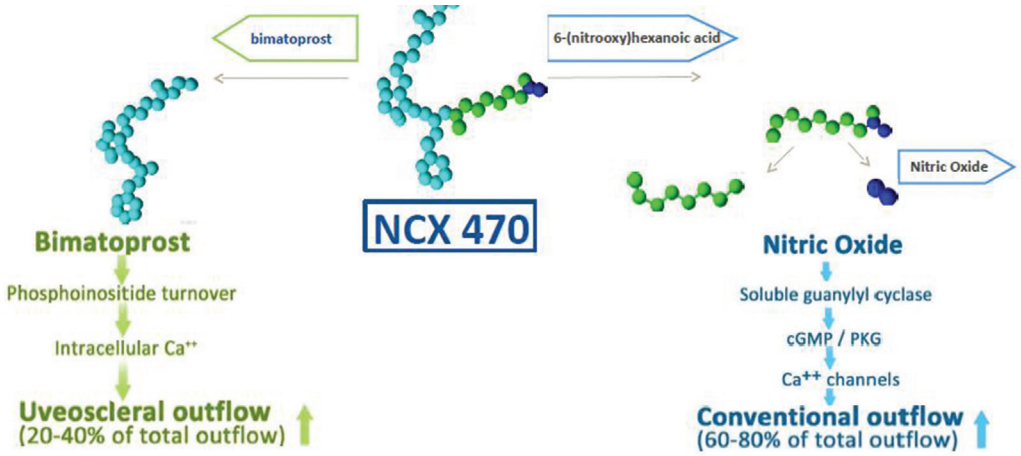
OT-301 (NCX 470) is a first-in-class, second-generation nitric oxide (NO)-donating bimatoprost analog, intended to lower IOP in open-angle glaucoma and ocular hypertension. Its dual mechanism of action allows activation of both the primary and secondary aqueous humor outflows of the eye, leading to a greater IOP-lowering effect.

OT-301 (NCX 470) demonstrated a superior IOP-lowering treatment effect compared with latanoprost, the most widely prescribed first-line therapy for glaucoma and ocular hypertension in China, in its Phase II trial which was completed in August 2019, sponsored by our licensing partner Nicox. By adding NO-mediated efficacy to bimatoprost, which is considered the most efficacious prostaglandin analog, or PGA, approved to date, OT-301 (NCX 470) is a potential best-in-class treatment drug candidate for lowering IOP in glaucoma and ocular hypertension patients.

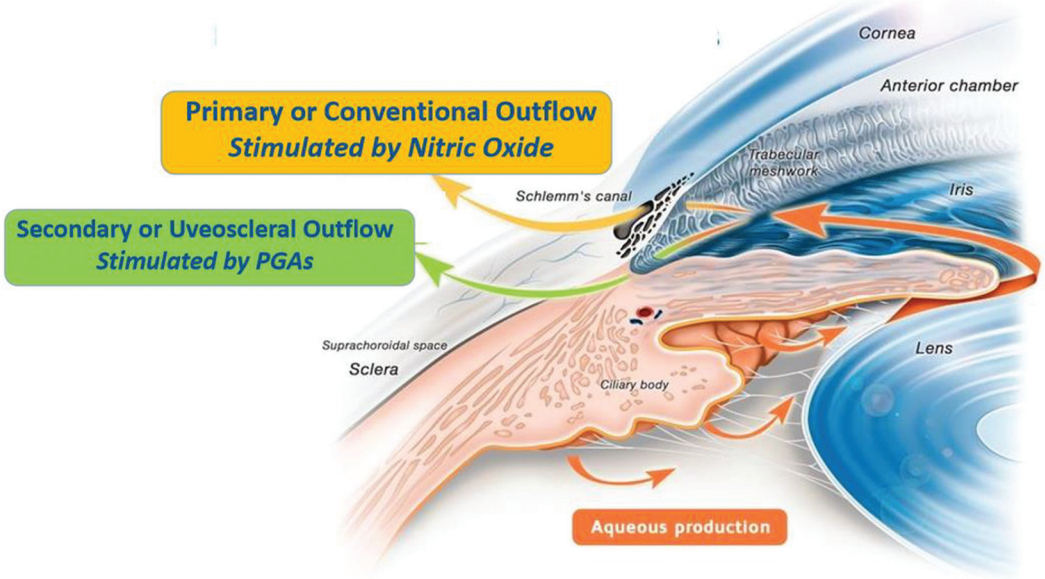
We and Nicox intend to initiate two Phase III multi-regional clinical trials, or MRCTs, of OT-301 (NCX 470), both of which aim to evaluate the safety and efficacy of NCX 470 in subjects with open-angle glaucoma or ocular hypertension. In particular, these Phase III clinical trials will aim to demonstrate that NCX 470 is non-inferior and superior to latanoprost ophthalmic solution 0.005%, as well as to demonstrate that it is well-tolerated when administered for a period planned to be up to 12 months. We and Nicox plan to initiate Phase III clinical trials as U.S. Chinese Phase III MRCT in 2020 subject to IND approvals.

***Mechanism of Action***

OT-301 (NCX 470) is a single molecule designed to activate both the primary and secondary aqueous humor outflows when it separates into: (i) bimatoprost, which converts into bimatoprost acid, the active ingredient in LUMIGAN, which is a PGA approved for the reduction of elevated IOP in open-angle glaucoma or ocular hypertension, and (ii) 6-(nitrooxy)-hexanoic acid that ultimately releases NO. The following diagram illustrates the activation of aqueous humor outflows by OT-301:




Bimatoprost and NO lower IOP by concomitantly activating two independent mechanisms: (i) the uveoscleral outflow, which is primarily stimulated by bimatoprost, and (ii) the trabecular conventional outflow, which is primarily stimulated by NO. The following diagram illustrates the dual mechanism of action of OT-301:



### *Market Opportunity and Competition*

Glaucoma is a group of eye diseases that damage the optic nerve and lead to vision loss and eventually blindness if not treated. According to Frost & Sullivan, glaucoma is currently considered a top ten leading cause of irreversible blindness in China and the prevalence of glaucoma in China reached 19.6 million in 2019, and the rate of blindness is 38.3%. Glaucoma can be primarily divided into two types, open-angle glaucoma and angle-closure glaucoma, based on whether the anterior chamber angle, which is where the majority of ocular fluid outflow, is open or closed. In contrast to angle-closure glaucoma where patients experience obvious symptoms and signs, individuals with open-angle glaucoma rarely experience symptoms. Thus, open-angle glaucoma is poorly diagnosed and generally detected incidentally during comprehensive ophthalmic examination or at a relatively late stage where the risk of irreversible visual loss is high. Frost & Sullivan estimates that 8.6 million adults in China had open-angle glaucoma in 2019 and this number is expected to increase to 11.8 million by 2030.

Open-angle glaucoma is frequently linked to abnormally high IOP due to blockage or malfunction of the eye's aqueous humor drainage system in the front of the eye. Many drugs have been developed and approved for lowering IOP for patients with open-angle glaucoma, although no currently approved therapies directly enhance both the primary and secondary aqueous humor outflows of the eye. Topical PGAs are considered the mainstream treatments due to their efficacy and safety in lowering IOP. Currently available PGA medications in China include PGA monotherapy eye drops and fixed-dose combination PGA eye drops. The PGA monotherapy eye drops are composed of one type of PGA, while the fixed-combination eye drops combine PGAs and other active ingredients in a single dosage form. Fixed-dose combination PGA eye drops usually result in more adverse effects than PGA monotherapy eye drops and have potential teratogenic risks. Under medical guidelines, the PGA monotherapy eye drops are recommended as first-line therapy, the fixed-combination eye drops are only used in patients with progression or who have failed to achieve the target IOP. The following table sets forth competing PGA eye drops approved by the NMPA:

| Generic Name | Representative Product | | Number of Other Manufacturers | Earliest NMPA Approval Time | NRDL Inclusion | Price per Unit (RMB) |
|---|---|---|---|---|---|---|
| | Brand Name | Manufacturer | | | | |
| **PGA Monotherapy Eye Drops** | | | | | | |
| Latanoprost | Xalatan® | Pfizer | 5 | 1999 | √ | 53.3 |
| Travoprost | Travatan® | Novartis | 1 | 2004 | √ | 67.3 |
| Bimatoprost | Lumigan® | Allergan | 0 | 2005 | √ | 47.6 |
| Tafluprost | Tapros® | Santen | 0 | 2015 | √ | 29.9 |
| **Fixed-dose Combination PGA Eye Drops** | | | | | | |
| Latanoprost/Timolol Maleate | Xalacom® | Pfizer | 1 | 2008 | × | 78.1 |
| Bimatoprost/Timolol Maleate | Ganfort® | Allergan | 0 | 2013 | × | 50.0 |
| Travoprost/Timolol Maleate | DuoTrav® | Novartis | 0 | 2014 | × | 74.3 |

*Source: Frost & Sullivan Analysis*

***Advantages***

Compared to available competing drugs, we believe that OT-301 has the following advantages:

- Efficacy. PGA monotherapy eye drops are recommended as first-line therapy under medical guidelines in the United States and the EU. Compared to available PGA eye drops, OT-301 employs a dual mechanism of action, which allows activation of both the primary and secondary aqueous humor outflows of the eye, leading to a greater IOP-lowering effect. As a novel second-generation NO-donating bimatoprost analog, OT-301 adds NO-mediated efficacy to bimatoprost, which is marketed under the brand name LUMIGAN and considered the most efficacious PGA among those approved to date according to Frost & Sullivan. In its completed Phase II clinical trial, NCX 470 demonstrated both statistical non-inferiority and superiority over latanoprost (0.005% concentration), the most widely prescribed first-line therapy for glaucoma and ocular hypertension in China, with greater IOP reduction from baseline of up to 1.4 mmHg (0.065% concentration).

- Safety. Compared to current fixed-dose combination PGA eye drops, for example, PGA in combination of another molecule such as beta blocker or Rho kinase inhibitor, OT-301 has less side effects. In its completed Phase II clinical trial, NCX 470 was well tolerated when dosed once daily for 28 days in patients with open-angle glaucoma or ocular hypertension. There were no treatment-related SAEs and no evidence of treatment-related systemic side effects reported in the completed Phase II clinical trial.

The following table sets forth a comparison of OT-301 and other PGAs:

| | OT-301 (NCX 470) | VYZULTA (Latanoprostene Bunod 0.024%) | Lumigan (Bimatoprost 0.01%) | Travatan Z (Travoprost 0.004%) | XALATAN (Latanoprost 0.005%) | TAPROS (Tafluprost 0.0015%) |
|---|---|---|---|---|---|---|
| **Reduction in Mean IOP** | 7.6-9.8 mmHg | 7.0-9.0 mmHg | ≤7.5 mmHg | 7.0-8.0 mmHg | 6.0-8.0 mmHg | 6.0-8.0 mmHg |
| **Patient Mean Baseline IOP** | 26.8 mmHg | 26.7 mmHg | 23.5 mmHg | 25.0-27.0 mmHg | 24.0-25.0 mmHg | 23.0-26.0 mmHg |
| **Typical Adverse Events (Incidence≥5%)** | Conjunctival hyperemia (16.8%) | Conjunctival hyperemia (6%) | Conjunctival hyperemia (25%-45%); ocular pruritus (>10%) | Conjunctival hyperemia (30%-50%); decreased visual acuity, foreign body sensation, pain and pruritus (5%-10%) | Blurred vision, burning and stinging, conjunctival hyperemia, foreign body sensation, increased pigmentation of the iris, punctate epithelial keratopathy (5-15%) | Conjunctival hyperemia (4%-20%); ocular stinging and irritation (7%); allergic conjunctivitis (5%) |

*Source:* Frost & Sullivan Analysis

*Note:* These clinical data are collected from different medical publications, not head-to-head research. As a result, these data are only for reference and may not be directly comparable.

### *Summary of Clinical Trial Data*

*Phase II Clinical Trial (NCX-470-17001) in the United States (Based on Published Nicox 2019 Annual Report)*

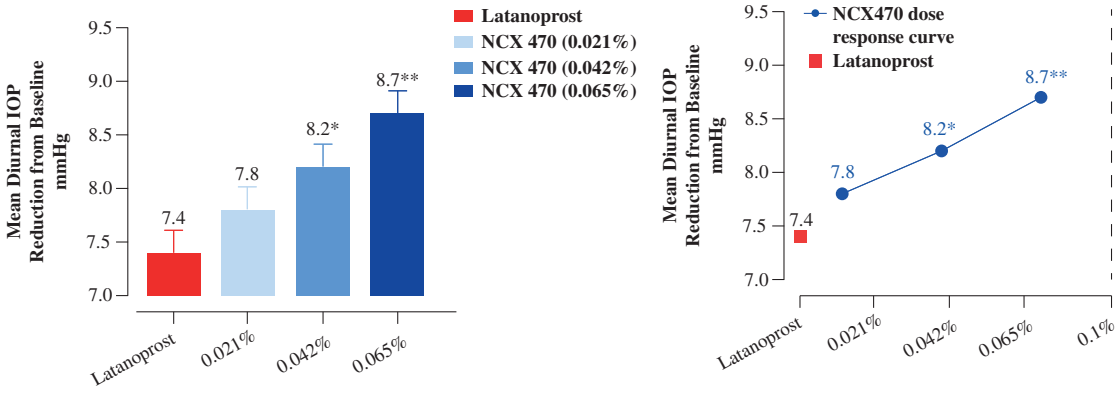
Overview. This Phase II clinical trial was a randomized, double-masked, multi-center, active-controlled, parallel-group, dose-response study to evaluate the efficacy and safety of NCX 470 ophthalmic solution (three doses: 0.021%, 0.042% and 0.065% concentration) compared to latanoprost ophthalmic solution (0.005% concentration) in patients with open-angle glaucoma or ocular hypertension. This trial was sponsored by Nicox.

Trial Design. This clinical trial was a head-to-head comparison of once-daily administration of three different doses of NCX 470 compared to latanoprost, which is the most widely prescribed first-line therapy for glaucoma and ocular hypertension in China. Three different concentrations of NCX 470 ophthalmic solution (0.021%, 0.042% and 0.065%) were compared to latanoprost 0.005% concentration ophthalmic solution. The primary efficacy endpoint of the study was the mean reduction in diurnal, or daytime, IOP after 28-day treatment, while the overall objective was to identify the appropriate dose of NCX 470 to be advanced into Phase III clinical trials. This trial enrolled 433 randomized patients in 25 clinical sites across the United States.

Trial Status. This trial was initiated in August 2018 and was completed in August 2019.

Efficacy Data. The 0.065% concentration of NCX 470 was the most efficacious IOP-lowering dose, while all concentrations of NCX 470 (0.021%, 0.042% and 0.065%) achieved positive results from this Phase II clinical trial by meeting the pre-specified primary end-point of non-inferiority to latanoprost for reduction from baseline in mean diurnal IOP at the 28 day visit. In addition, NCX 470 demonstrated both statistical non-inferiority and superiority over latanoprost (0.005% concentration), with greater IOP reduction from baseline in time-matched IOPs at three time points at the 28 day visit. Mean diurnal IOP reduction from baseline in mean diurnal IOP at day 28 was 7.8 mmHg (from 6.7 to 8.8 mmHg) for the 0.021% dose of NCX 470, 8.2 mmHg (from 7.6 to 8.9 mmHg) for the 0.042% dose of NCX 470, and 8.7 mmHg (from 7.8 to 9.8 mmHg) for the 0.065% dose of NCX 470, compared to 7.4 mmHg (from 6.3 to 8.8 mmHg) for latanoprost. In pre-specified secondary analysis for reduction from baseline in mean diurnal IOP, NCX 470 (0.065%) met the secondary efficacy endpoint of statistical superiority to latanoprost at day 7 and day 14, in addition to day 28. In pre-specified secondary efficacy analyses, the 0.065% dose of NCX 470 demonstrated statistical superiority in IOP lowering as a reduction from baseline at all three time points on day 28 compared with latanoprost, with the difference reaching up to 1.4 mmHg. At day 28, compared with the mean of 7.4 mmHg for the latanoprost group, 44% of patients dosed with NCX 470 (0.065%) had a 1 mmHg or greater mean diurnal IOP reduction from baseline, 37% of patients had a 2 mmHg or greater reduction, 27% had a 3 mmHg or greater reduction, 16% had a 4 mmHg or greater reduction, and 12% had a 5 mmHg or greater reduction. A dose-dependent IOP reduction from baseline in mean diurnal IOP at the 28 day visit showed improved IOP lowering with each incremental concentration of NCX 470 tested, thus setting the stage for potentially further IOP lowering at a higher dose. The following diagrams illustrate that NCX 470 demonstrated a dose-dependent response with mid and top doses with statistical superiority over latanoprost (0.005% concentration) in mean diurnal IOP:

**Dose Response in Mean Diurnal IOP**
**0.021%, 0.042%, 0.065% NCX 470 vs. Latanoprost**




*Notes:*

* p<0.05

** p=0.0009

*Source: Data from Nicox.*

Safety Data. NCX 470 was well-tolerated when dosed once daily for 28 days in patients with open-angle glaucoma or ocular hypertension. Only three out of the 433 patients in the trial discontinued due to an AE. The majority of adverse events in the clinical trial were mild. The most frequent TEAE was conjunctival hyperemia in 16.8% of patients who were dosed with NCX 470 0.065% compared with 6.5% of patients who were dosed with latanoprost. No subject experienced a treatment-related SAE or fatal AE related to NCX 470 and there is no evidence of treatment-related systemic side effects.

***Clinical Development Plan***

We and our licensing partner Nicox plan to initiate two Phase III MRCTs of OT-301 (NCX 470) in 2020. These two Phase III clinical trials are both aiming to evaluate the safety and efficacy of NCX 470 in subjects with open-angle glaucoma or ocular hypertension. In particular, these Phase III clinical trials will aim to demonstrate that NCX 470 of 0.065% or 0.1% concentration is non-inferior and superior to latanoprost ophthalmic solution 0.005%, as well as to demonstrate that it is well-tolerated when administered for a period planned to be up to 12 months. The first Phase III clinical trial, or the Mont Blanc trial, was initiated in the United States first by Nicox in June 2020. The second Phase III clinical trial, or the Denali trial, is expected to be initiated in the second half of 2020. We will jointly manage and equally fund the Denali trial with Nicox and manage trials conducted in clinical sites in China and oversee the US arm of the Denali trial. Subject to IND approvals from the NMPA, we plan to initiate Chinese arms of both trials in the fourth quarter of 2020 (having taken impact of the COVID-19 pandemic into consideration). We may use data from both trials to support our NDA submission in China in the future.

***Licensing***

We obtained an exclusive license from Nicox to develop, make, have made, import, export, use, distribute, market, promote, offer for sale and sell (or otherwise commercialize) OT-301 in the Greater China region in December 2018 and successfully extended such right to Korea and 12 countries in Southeast Asia pursuant to an amendment entered into in March 2020. See "—Collaboration and License Arrangements—Collaboration with Nicox—License of OT-301 (NCX 470)."

***Our R&D Work***

We plan to initiate two Phase III MRCTs of OT-301 (NCX 470) in 2020 in conjunction with our licensing partner Nicox, to evaluate the safety and efficacy of NCX 470 in subjects with open-angle glaucoma or ocular hypertension. MRCTs represent an advance mode of drug development, as they avoid repetitive clinical trials, reduce the time lag of launch in key markets and improve patient access to new and innovative treatments. MRCTs require globally synchronized clinical development plans, clinical trial designs and study protocols, which needs higher R&D capabilities and efforts compared to ordinary clinical trials.

We will manage and lead the trials conducted in clinical sites in China in the first Phase III MRCT, or the Mont Blanc trial. We will jointly manage and equally fund the second Phase III MRCT, or the Denali trial, with Nicox and manage trials conducted in clinical sites in China and oversee the US arm of the Denali trial. We jointly developed the globally synchronized clinical development plans, clinical trial designs and study protocol that meets the requirements in China and the United States with Nicox. We may use data from both MRCTs to support our NDA submission in China in the future. We have made substantial R&D efforts:

- *IND preparation for the first Phase III MRCT to be initiated in China.*

  - We reviewed medical research literature and conducted detailed analysis of existing product data, glaucoma-related clinical guidelines, product quality standards, key safety and efficacy data from completed clinical trials of NCX 470 in the United States, prospect of clinical development of OT-301 in China and experts' consensus on diagnosis and treatment of primary glaucoma in China. We developed a globally synchronized MRCT clinical development plan and registration strategy with Nicox.

  - We developed a clinical development plan and finished preparation of medical materials required for the IND application, including clinical study information summary, clinical development plan, clinical study overview, statistical analysis plan, investigator brochure, patient consent procedure and risk management plan. During the preparation of the clinical development plan, we and Nicox held a summit meeting to discuss the clinical development plan, clinical and pre-clinical data and registration strategy in China and the United States. To formulate a clinical development plan and clinical trial design that meet the ethical requirements, clinical practice and regulatory and registration requirements in China and the United States, we organized multiple rounds of communications with the CDE and participated in fortnightly research meetings with Nicox. Nicox initiated the Mont Blanc trial in the United States in June 2020. We plan to submit an IND application to initiate the first Phase III MRCT of OT-301 in China in the third quarter of 2020.

- *Pre-IND preparation for the second Phase III MRCT to be initiated in China.* We finished preparation of medical materials required for the pre-IND meeting application, including summary of clinical development plan, consultation meeting application, clinical study overview and investigator brochure. Same as our IND preparation for the first Phase III MRCT in China, we organized communications with the CDE and participated in meetings with Nicox, in order to formulate a clinical development plan and clinical trial design that meet the ethical requirements, clinical practice and regulatory and registration requirements in China and the United States. We filed a pre-IND consultation application in April 2020. We plan to submit an IND application to initiate the second Phase III MRCT of OT-301 in China in the third quarter of 2020.

- *Clinical trial preparation.* We conducted a broad range of clinical trial preparation activities. We have selected a leading principal investigator and in the process of selecting other principal investigators and clinical sites. We are in the process of vetting and selecting third-party service providers that we may need for our clinical trials, such as CROs, site management organizations and drug suppliers for relabeling and repackaging clinical samples from Nicox. We plan to engage top-ranking vendors with MRCT experience to assist us in executing our Phase III MRCTs. In addition, in order to ensure consistency in trial operation and understanding of evaluation and assessment standard of safety and efficacy data, we plan to organize training sessions to potential investigators in China, covering clinical trial design, clinical development plan, standard operating procedures and trial recording protocol.

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OT-301 SUCCESSFULLY.**

**OT-1001 (ZERVIATE)**

OT-1001 (ZERVIATE) is an antihistamine cetirizine eye drop for the treatment of ocular itching associated with allergic conjunctivitis. ZERVIATE is a novel formulation of cetirizine approved by the FDA for the first time for topical application to the eye and the only marketed cetirizine eye drop globally, according to Frost & Sullivan. Cetirizine has a well-characterized systemic efficacy and favorable safety profile with worldwide exposure as the best-selling antihistamine resulting from 20 years of oral use, according to Frost & Sullivan. Benefiting from the favorable safety profile, ZERVIATE is developed as the only ophthalmic drug in China that is safe for adults as well as children aged two years and older.

Our licensing partner, Nicox, received NDA approval from the FDA in May 2017 for ZERVIATE (cetirizine ophthalmic solution at 0.24% concentration) for the treatment of ocular itching associated with allergic conjunctivitis in patients two years of age and older in the United States.

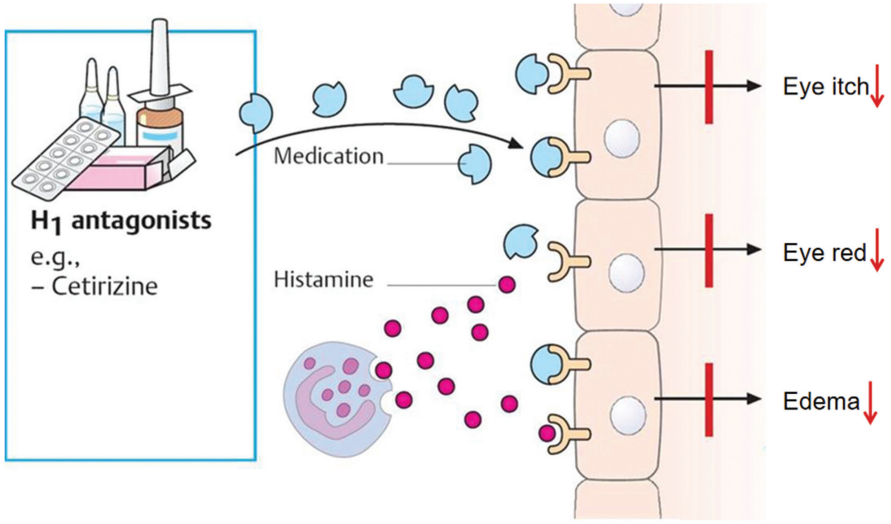
We are evaluating OT-1001 for the same indication in China and plan to conduct confirmatory Phase III clinical trial in China in the second half of 2020 subject to IND approval.

***Mechanism of Action***

ZERVIATE, an antihistamine, is a potent and highly selective histamine-1, or H1, receptor antagonist with anti-allergic properties. Its effects are mediated via selective inhibition of H1 receptors. Cetirizine is the second generation of antihistamines that combines to histamine receptor to reduce swelling, itching and vasodilation with better safety and efficacy. The allergic reaction occurs in two distinct phases. The first phase, sensitization, occurs when allergen is processed by antigen-presenting cells, which enables B-cell proliferation and differentiation through Th2 cell activation and interleukin-4 cytokine release.

Immunoglobulin E (IgE) antibodies secreted from plasma cells bind to mast cells, sensitizing those mast cells to future exposure to allergen. The second phase of the allergic response occurs with the penetration of allergen into the conjunctival epithelium, binding to mast cell bound IgE, causing degranulation and release of preformed inflammatory mediators including histamine and various pro-inflammatory mediators including prostaglandins, leukotrienes, cytokines and interleukins.

Histamine contributes chiefly to the acute signs and symptoms of the allergic reaction (itching, hyperemia, tearing) by binding to H1 receptors on neurons. The selective inhibition of H1 receptors by cetirizine reduces these acute signs and symptoms. The following diagram illustrates the mechanism of action of OT-1001:




***Market Opportunity and Competition***

Allergic conjunctivitis occurs when an allergic reaction causes conjunctivitis. Allergic reaction appears due to exposure to environmental allergens, such as animal dander, grass and weed pollens, dust mites and mold. Conjunctivitis is an inflammation of the thin layer of tissue that lines the white surface of the eye and the inner surface of the eyelids. It is a common eye disease, especially in children, and may affect one or both eyes. Seasonal allergic conjunctivitis is the most common allergic disease affecting the eye, with prevalence of approximately 15% to 20% of the population worldwide. The principal symptom of seasonal allergic conjunctivitis is ocular itching. Other signs and symptoms may include eye redness, excessive watering, itchy burning eyes, discharge, blurred vision and increased sensitivity to light. According to Frost & Sullivan, approximately 250.9 million people suffered from allergic conjunctivitis in China in 2019, with a CAGR of 5.1% from 2015. Frost & Sullivan further estimates that the allergic conjunctivitis patients will reach 308.6 million and 375.9 million in China in 2024 and 2030, respectively.

Currently, mainstream primary therapies of allergic conjunctivitis involve the use of anti-allergic therapeutic agents such as antihistamine, mast cell stabilizers and multiple-action anti-allergic agents. Most primary therapies are topical use eye drops. Compared to mast cell stabilizers, antihistamines has much faster onset time. Cetirizine has a well-characterized systemic efficacy and favorable safety profile with worldwide exposure as the best-selling antihistamine resulting from 20 years of oral use. The ophthalmic anti-allergic drug market in China totaled approximately RMB1.1 billion in 2019, according to Frost & Sullivan. The following table sets forth the comparison of marketed primary therapy eye drops for allergic conjunctivitis in China.

| Category | Generic Name | Brand Name | Dosage | NRDL Inclusion | Itching Score Change (3 min post-CAC, placebo baseline) | Age Group | Onset time | Duration time |
|---|---|---|---|---|---|---|---|---|
| Antihistamines | Emedastine | 埃美丁/ Emadine | 1 drop each affected eye up to 4 times daily | √ | -1.3 | ≥3 years old | 30 minutes | 4 to 8 hours |
| Mast cell stabilizers | Pemirolast | 研立雙/ Alegysal | 1 or 2 drops in each affected eye 4 times daily | x | -1.3 | ≥3 years old | N.A | N.A. |
| | Cromoglycate | N.A | 1 drop each affected eye 4 to 6 times daily | √ | N.A | ≥4 years old | 2 to 3 days | N.A. |
| Double effect agents | Ketotifen | 貝卡明/ Beikamin | 1 drop every 8 to 12 hours | √ | -1.43 | ≥3 years old | 15 minutes | 8 to 12 hours |
| | Olopatadine | 帕坦洛/ Patanol | 1 drop in each eye twice daily at an interval of 6 to 8 hours | √ | -1.43 | ≥3 years old | <30 minutes | 8 hours |
| | Azelastine | 愛賽平/ AZEP | 1 drop each affected eye twice daily | √ | -0.85 | ≥4 years old | 3 minutes | 8 hours |

*Source: Frost & Sullivan literature review and analysis*

*Notes*:

1. Onset time is the duration of time it takes for a drug's effects to come to prominence upon administration.

2. Duration time is the length of time that particular drug is effective.

3. These clinical data are collected from different medical publications, not head-to-head research. As a result, these data are only for reference and may not be directly comparable.

Allergic conjunctivitis is high incidence eye disease which seriously endangering the quality of life and health, especially for patients aged three and younger. A cohort study confirmed that children with allergic conjunctivitis had a higher incidence and subsequent risk of myopia compared to those without allergic conjunctivitis (*EBioMedicine 28 (2018): 274-286*). OT-1001's safety and effectiveness have been established in pediatric patients aged two years and older. We believe OT-1001 has the potential to be first-in-class topical ocular formulation for the treatment of ocular itching associated with allergic conjunctivitis with a wider patient coverage compared to currently marketed therapies.

*Advantages*

OT-1001 is a novel formulation of cetirizine developed and approved for the first time for topical application to the eye. It is also the only marketed cetirizine eye drop globally, the only cetirizine eye drop under development in China and the only antihistamine product that can be used to treat children aged two years and older. Compared to emedastine, the other second generation antihistamine, cetirizine has a wider patient coverage, shorter onset time, longer duration time as well as less dosing frequency, according to Frost & Sullivan. The following table sets forth comparison of marketed antihistamine eye drops.

| Item | Cetirizine | Emedastine |
|---|---|---|
| **Approval Status** | FDA (2017) | FDA (1997), NMPA (2002) |
| **Patients age** | ≥2 years | ≥3 years |
| **Dosage** | Twice daily | Up to 4 times daily |
| **Onset time** | 15 minutes | 30 minutes |
| **Duration time** | 8 hours | 4-8 hours |
| **Adverse events** | Ocular hyperemia<br>Instillation site pain<br>Visual acuity reduced | Headache<br>Hyperemia<br>Abnormal dreams, etc. |
| **AE Rate** | 1% to 7% | Up to 11% |

*Source:* Frost & Sullivan Analysis

***Summary of Clinical Trial Data (data presented below are based on FDA approved label and clinical reviews of NDA submission in the United States)***

Seven clinical trials evaluating several formulations of cetirizine ophthalmic solution of 0.24% were conducted. The following table sets forth a summary of the seven clinical trials:

| Type of Study | Study ID | Dosage Regimen | Test Product(s); Number of subjects | Healthy Subjects or Diagnosis of Patients | Duration of Treatment |
|---|---|---|---|---|---|
| Efficacy and Safety | 11-100-0004 | Once a day | Cetirizine<br>0.05% = 25<br>0.10% = 26<br>0.24% = 25<br>Vehicle = 25 | History of allergic conjunctivitis | Six weeks |
| Efficacy and Safety | 11-100-0012 | Day 0 and Day 14 | Cetirizine<br>0.24% = 46<br>Vehicle = 45 | Positive history of ocular allergies | Approximately five weeks |

| Type of Study | Study ID | Dosage Regimen | Test Product(s); Number of subjects | Healthy Subjects or Diagnosis of Patients | Duration of Treatment |
|---|---|---|---|---|---|
| Safety and Comfort | 11-100-0013 | Single dose | Formulation 1: Cetirizine 0.17% = 16 0.24% = 15 Formulation 2: Cetirizine 0.24% = 15 Pataday® = 14 | Best corrected visual acuity of 0.7 logMAR or better in each eye | One day |
| Efficacy and Safety | 12-100-0006 | Day 0 and Day 14 | Cetirizine 0.24% = 50 Vehicle = 50 | Positive history of ocular allergy | Approximately five weeks |
| Efficacy and Safety | 13-100-0002 | Day 0 and Day 14 | Cetirizine 0.24% = 51 Vehicle = 50 | Positive history of ocular allergy | Approximately five weeks |
| Safety | 14-100-0006 | Twice-daily dosing | Cetirizine 0.24% = 341 Vehicle = 171 | Healthy adult and pediatric subject (2 years of age and older) with a history of atopic disease (including allergic conjunctivitis) | Approximately six weeks |
| Pharmacokinetic and Safety | 14-100-0007 | Twice-daily dosing | Cetirizine 0.24% = 11 | Healthy adult | Screening and one week bid dosing |

*Efficacy Data*

Various formulations and concentrations of cetirizine were tested during the clinical trials and a final formulation at a concentration of 0.24% was selected because of its favorable balance of efficacy and comfort. The efficacy of ZERVIATE was established in three Phase III trials (two multi-center clinical trials 11-100-0012 and 13-100-0002 and one single-center clinical trial 12-100-0006) that were randomized, double-masked, placebo-controlled clinical trials in patients with a history of allergic conjunctivitis, using the Conjunctival Allergan Challenge, or CAC, a model to evaluate ocular symptoms of allergic conjunctivitis. Patients were evaluated with an ocular itching severity score ranging from 0 (no itching) to 4 (incapacitating itch) at several time points after CAC administration. These three clinical trials were almost identical in design except for the timing of duration-of-action evaluation. ZERVIATE demonstrated statistically and clinically significantly less ocular itching compared to all vehicle groups at 15 minutes and 8 hours after treatment. The safety and effectiveness of ZERVIATE has been established in pediatric patients, including those between two and three years of age, in clinical trial 14-100-0006.

The following table sets forth the mean ocular itching severity scores after ocular administration of an antigen using the CAC model in ITT population:

| Study ID | Treatment Arm | No. Enrolled/ Completed | CAC (time post-instillation) | Mean Score (SD) Time post-CAC 3 min | 5 min | 7 min | Treatment difference (95% CI)[1] Time post-CAC 3 min | 5 min | 7 min |
|---|---|---|---|---|---|---|---|---|---|
| 11-100-0012 | Cetirizine 0.24% | 46/44 | 15 min | 0.71 | 1.01 | 1.00 | -1.47 | -1.31 | -1.10 |
| | Vehicle | 45/45 | | 2.18 | 2.31 | 2.10 | (-1.82, -1.12)* | (-1.66, -0.95)* | (-1.48, -0.72)* |
| | Cetirizine 0.24% | 46/44 | 16 hours | 1.71 | 1.88 | 1.76 | -0.64 | -0.62 | -0.46 |
| | Vehicle | 45/45 | | 2.34 | 2.50 | 2.22 | (-0.95, -0.33)* | (-0.95, -0.29)* | (-0.84, -0.08)* |
| 12-100-0006 | Cetirizine 0.24% | 50/49 | 15 min | 1.00 | 1.18 | 1.11 | -1.38 | -1.25 | -1.00 |
| | Vehicle | 50/47 | | 2.38 | 2.43 | 2.11 | (-1.72, -1.05)* | (-1.58, -0.91)* | (-1.35, -0.65)* |
| | Cetirizine 0.24% | 50/49 | 8 hours | 1.76 | 1.85 | 1.54 | -0.93 | -0.89 | -0.99 |
| | Vehicle | 50/47 | | 2.69 | 2.74 | 2.53 | (-1.26, -0.61)* | (-1.24, -0.54)* | (-1.40, -0.59)* |
| 13-100-0002 | Cetirizine 0.24% | 51/43 | 15 min | 1.01 | 1.17 | 1.15 | -1.53 | -1.34 | -1.07 |
| | Vehicle | 50/44 | | 2.54 | 2.51 | 2.23 | (-1.92, -1.15)* | (-1.71, -0.97)* | (-1.46, -0.69)* |
| | Cetirizine 0.24% | 51/43 | 8 hours | 1.94 | 2.03 | 2.94 | -0.92 | -0.90 | -0.84 |
| | Vehicle | 50/44 | | 2.86 | 1.82 | 2.66 | (-1.25, -0.58)* | (-1.23, -0.57)* | (-1.21, -0.48)* |

*Note:*

1 Treatment difference values shown are the group mean active minus the group mean vehicle at each post-CAC time point.

*Safety Data*

The safety profile of cetirizine ophthalmic solution of 0.24% concentration was similar across studies. In seven clinical trials, patients with allergic conjunctivitis or those at risk of developing allergic conjunctivitis received one drop of either cetirizine or vehicle in one or both eyes. The most commonly reported adverse reactions were ocular hyperemia, instillation site pain and reduction in visual acuity.

In seven clinical trials, a total of 92 adverse events were reported out of the 880 randomized subjects, of which 69 were ocular adverse events. No deaths occurred in any of the studies. In Phase III clinical trial 14-100-0006, long-term safety data on the use of cetirizine ophthalmic solution of 0.24% concentration in pediatric patients of two years of age and older with a history of atopic disease (including allergic conjunctivitis) were evaluated. Cetirizine ophthalmic solution of 0.24% concentration was proved to be safe and well-tolerated in subjects two years of age and older.

***Clinical Development Plan***

We plan to conduct a confirmatory Phase III clinical trial in China in the second half of 2020 subject to IND approval. We plan to obtain ethics committee approval of the first clinical site in the second half of 2020. We expect that OT-1001 may qualify for special expedited review and approval program in China by leveraging ZERVIATE's FDA data since it has already been approved by the FDA.

***Licensing***

We obtained an exclusive license from Nicox to develop, make, have made, import, export, use, distribute, market, promote, offer for sale and sell (or otherwise commercialize) ZERVIATE in the Greater China region in March 2019 and extended our exclusive rights to 11 countries in Southeast Asia in March 2020. See "—Collaboration and License Arrangements—Collaboration with Nicox—License of OT-1001 (ZERVIATE)."

***Our R&D Work***

We have made substantial R&D efforts to prepare for the confirmatory Phase III clinical trial for OT-1001 to be initiated in China:

- *IND preparation.*

  - We reviewed medical research literature and conducted detailed analysis of existing product data, allergic conjunctivitis-related clinical guidelines and product quality standards to support our IND application for OT-1001 in China. Our medical and clinical development department conducted research on drug development trends of allergic conjunctivitis and reviewed related medical literature to evaluate the potential unmet medical needs of OT-1001 for allergic conjunctivitis patients in China, the innovation and clinical advantages of OT-1001 and the prospect of a clinical development of OT-1001 in China. We filed an application to the CDE to list OT-1001 (ZERVIATE) as an urgently needed clinical drug.

  - To provide sufficient clinical evidence for future NDA approval of OT-1001 in China, we evaluated current therapies for treatments of allergic conjunctivitis, demographic data of Chinese population with allergic conjunctivitis and efficacy and safety profiles of marketed drugs for allergic conjunctivitis. Based on the symptoms and clinical characteristics of the Chinese patient population, in order to satisfy ethical, compliance and practical considerations and registration requirements in China, we analyzed different clinical pathways and decided to conduct a confirmatory Phase III clinical trial for OT-1001 in China. This confirmatory Phase III clinical trial is expected to be the key research supporting the marketing of OT-1001. We believe the sufficient, well-designed and controlled study design of this confirmatory clinical trial will enable us to obtain conclusive clinical evidence and to conduct a high-standard clinical trial with a favorable risk-benefit ratio.

- We invited leading experts in China to attend discussions on trial design and details of clinical trial protocol, including inclusion criteria and exclusion criteria, AE and SAE defined by regimen, analysis of subjects, control criteria and treatment measures for allergic conjunctivitis and setting of ophthalmic examinations during the study. We organized multiple rounds of technical consultations with the CDE and participated in fortnightly regulatory CMC meetings and clinical meetings with Nicox. As a result of our proactive communications with the CDE, the CDE agreed with our clinical trial design and clinical development plan of the confirmatory Phase III clinical trial for OT-1001 in China.

- In addition, we developed a clinical development plan and a clinical protocol matching the characteristics of the onset of allergic conjunctivitis among the Chinese population and clinical practices in China. We finished preparation of medical materials required for the IND application, including clinical study information summary, clinical development plan, clinical study overview, statistical management plan, statistical analysis plan, data management plan, investigator brochure, patient consent procedure, clinical risk management plan and medical literature review. Based on technical consultations with the CDE, we optimized our clinical trial design and clinical development plan in China to in line with current clinical practices in China. We filed a pre-IND consultation application to CDE in April 2020.

- *Clinical trial preparation.* We conducted a broad range of clinical trial preparation activities. We selected an insurance vendor for our clinical trial. We are in the process of screening and selecting third-party service providers that we may need for our clinical trial, such as CROs, site management organizations and drug suppliers for relabeling and repackaging clinical samples from Nicox. We will only consider top-ranking vendors with proven abilities to execute our clinical development plan in an efficient and high-quality manner. Our regulatory affairs and research team formulated a clinical sample supply plan and worked with Nicox on relevant matters including selection of manufacturing plants, selection of packaging materials and formulation of quality standards for clinical samples. We have selected a leading principal investigator and other 14 principal investigators in 15 GCP certified clinical centers. We are also conducting feasibility studies for these candidate hospitals to evaluate their suitability as potential clinical sites of our clinical trial. We plan to organize training sessions, including protocol trainings and indication trainings, to potential investigators and CROs.

## WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OT-1001 SUCCESSFULLY.

### Near Clinical-Stage Drug Candidates

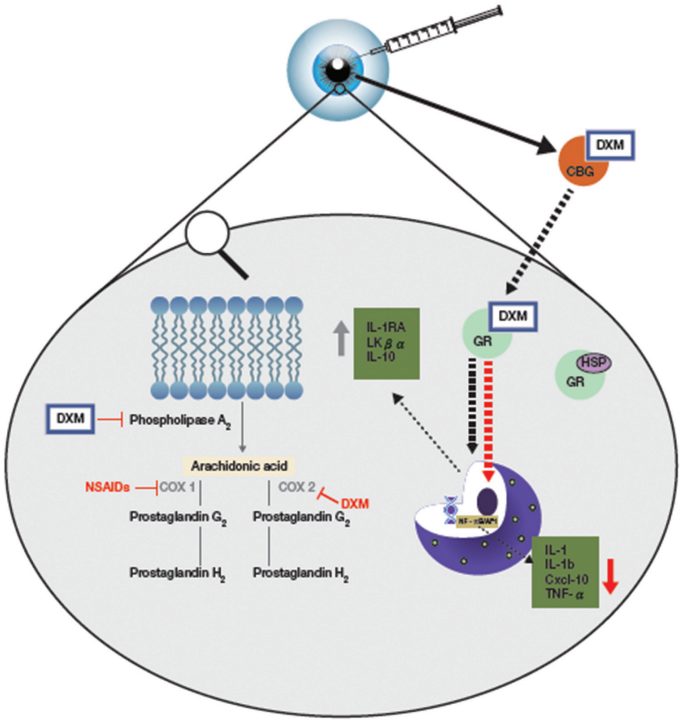
#### *OT-502 (DEXYCU®)*

OT-502 (DEXYCU®) is a single-dose, sustained-release solution of dexamethasone, a corticosteroid, for the treatment of postoperative inflammation. To date, DEXYCU® is the first and only FDA-approved, single-dose, sustained-release intracameral steroid for the treatment of postoperative inflammation. Icon Biosciences, Inc., or Icon, which was acquired by our licensing partner EyePoint, received NDA approval from the FDA in February 2018 for DEXYCU (dexamethasone intraocular suspension) 9% for the treatment of postoperative inflammation in the United States. Icon has licensed the patents and a patent application relating to DEXYCU to EyePoint, and EyePoint has sublicensed such patents and patent application to us. See "—Intellectual Property." DEXYCU was launched in the United States in March 2019. We are developing OT-502 as a potential first-in-class treatment for postoperative inflammation associated with cataract surgery in China. We plan to discuss with the NMPA to conduct a bridging Phase III trial for OT-502, which is expected to commence in the second quarter of 2021, to support our NDA submission in China.

*Mechanism of Action*

OT-502 is a 0.005 mL 9% dexamethasone intraocular suspension administered as a single dose directly into the surgical site at the end of ocular surgery. It dispenses a biodegradable sustained-release formulation of dexamethasone in the posterior chamber directly behind the iris at the end of ocular surgery.

Dexamethasone is a corticosteroid, which has been shown to suppress inflammation by inhibiting multiple inflammatory cytokines resulting in decreased edema, fibrin deposition, capillary leakage and migration of inflammatory cells. The following diagram illustrates the mechanism of action of dexamethasone in the treatment of postoperative inflammation:




Utilizing the drug delivery platform Verisome®, OT-502 provides a steady release of dexamethasone for up to 22 days post-injection to suppress postoperative inflammation. With a single injection, anti-inflammatory efficacy begins as early as day 1 and continues through day 30. The solution of dexamethasone is injected into the ocular chamber via a small gauge cannula. When the drug is injected into the ocular chamber, it coalesces into a single spherical dose that settles behind the iris in the inferior portion of the posterior chamber. Shrinkage of the sphere over time reflects the release of the active agent. When the sphere is no longer visible, the entire drug has been released, and no inactive ingredient remains in the eye. Administered as a single injection at the end of surgery, OT-502 benefits patients by eliminating non-compliance and dosing errors associated with the current practice of dispensing multiple daily self-administered eye drops. This mode of delivery also enables an ophthalmologist to easily assess the status of therapy by observing the drug-containing system within the eye.

*Market Opportunity and Competition*

According to Frost & Sullivan, approximately 4.3 million cataract surgeries were performed in 2019 in China, and a large number of Chinese patients have risk to develop postoperative inflammation as a result of cataract surgery. The current standard of care in

China for treating postoperative inflammation is primarily a combination of steroid, antibiotic and non-steroidal eye drops. The steroid eye drop is a complicated treatment regimen, requiring up to 70 eye drops over three to four weeks on a tapered dosing schedule. Further, cataract surgery patients are often elderly and can have compromised cognitive function, osteoarthritis in their hands and poor eyesight due to the cataract surgery. These complexities can lead to poor compliance due to failing to administer eye drops according to the prescribed schedule, or administering an eye drop but failing to have it go into the eye, and/or not finishing the treatment regimen. The following table sets forth a comparison of corticosteroid eye drops marketed in China:

| Generic Name | Representative Product | | Number of Other Manufacturers | Earliest NMPA Approval Time | NRDL Inclusion |
|---|---|---|---|---|---|
| | Brand Name | Manufacturer | | | |
| **Corticosteroid Eye Drops** | | | | | |
| Dexamethasone sodium phosphate | N.A. | Wuha Wujing Medicine | 13 | 1982 | √ |
| Fluorometholone | FML® | Allergan | 2 | 1999 | √ |
| Prednisolone | PredForte® | Allergan | 0 | 2003 | √ |

*Source: NMPA, Frost & Sullivan Analysis*

*Advantages*

We believe OT-502 may significantly reduce inconvenience and non-compliance caused by the complicated treatment regimen currently available. Administered as a single injection at the conclusion of surgery, OT-502 benefits patients by eliminating non-compliance and dosing errors associated with the current practice of dispensing multiple daily self-administered eye drops. This mode of delivery also enables an ophthalmologist to easily assess the status of therapy by observing the drug-containing system within the eye.

*Summary of Clinical Trial Data (data presented below are primarily based on FDA-approved label)*

DEXYCU's NDA approval from the FDA for was primarily based on the efficacy and safety data obtained from the following Phase III clinical trial:

Phase III Clinical Trial (NCT02006888) in the United States

Overview. NCT02006888, conducted by Icon, was a double-masked randomized Phase III clinical trial of 394 patients. This trial aimed to evaluate the safety and efficacy of 9% dexamethasone intraocular suspension in treating postoperative ocular inflammation.

Trial Design. In this clinical trial, patients received an intraocular dose of 342 mcg (0.003 mL) (n=158) or 517 mcg (0.005 mL) (n=156) of DEXYCU or placebo (n=80) administered by a physician at the end of cataract surgery. The primary efficacy endpoint in the clinical trial was anterior chamber cell clearing (ACC=0) in the study eye on the eighth day following surgery.

Trial Status. This trial was initiated in January 2014 and completed in October 2014.

Efficacy Data. The percentage of patients meeting the primary efficacy endpoint was 20% in the placebo group, while 57% and 60% met the primary efficacy endpoint in the 342 mcg and 517 mcg treatment groups, respectively. In addition, the percentage of patients receiving rescue medication of ocular steroid or a nonsteroidal anti-inflammatory drug was significantly lower at day one, three, eight, 15 and 30 in the 342 mcg and 517 mcg treatment groups versus placebo. The following table sets forth proportion of subjects with clearing of the anterior chamber cells by visit:

| | Treatments | | | Difference and 97.5% CI | |
|---|---|---|---|---|---|
| Visits | Placebo N=80 | DEX342 N=158 | DEX517 N=156 | DEX342 vs Placebo | DEX517 vs Placebo |
| Day 1 | 7 (9%) | 17(11%) | 24(15%) | 2% (-7%,11%) | 7% (-3%,16%) |
| Day 3 | 13(16%) | 60(38%) | 44(28%) | 22% (9%,34%) | 12% (0%,24%) |
| Day 8 | 16(20%) | 90(57%) | 94(60%) | 37%(24%,50%) | 40%(27%,54%) |
| Day 15 | 21(26%) | 83(52%) | 91(58%) | 26%(12%,40%) | 32%(18%,46%) |
| Day 30 | 28(35%) | 113(72%) | 103(66%) | 36%(22%,51%) | 31%(16%,46%) |

*Note:* Subjects who received rescue medication were treated as failure.

The following table sets forth proportion of subjects receiving rescue medications:

| | Number (Percent) of Patients Receiving Rescue Medication, and 95% CI | | |
|---|---|---|---|
| Visits | Placebo N=80 | DEX342 N=158 | DEX517 N=156 |
| Day 1 | 10 (13%); 6%, 22% | 9 (6%); 3%, 10% | 10 (6%); 3%, 12% |
| Day 3 | 30 (38%); 27%, 49% | 9 (6%); 3%, 10% | 16 (10%); 6%, 16% |
| Day 8 | 40 (50%); 39%, 61% | 12 (8%); 4%, 13% | 16 (10%); 6%, 16% |
| Day 15 | 43 (54%); 42%, 65% | 22 (14%); 9%, 20% | 26 (17%); 11%, 24% |
| Day 30 | 43 (54%); 42%, 65% | 25 (16%); 10%, 22% | 31 (20%); 14%, 27% |

*Note:* Subjects who received an ocular corticosteroid or nonsteroidal anti-inflammatory drugs in study eye.

Safety Data. The percentage of patients who reported at least one AE in the study eye or both eyes was 63.8% in the placebo group, while the percentage in the 342 mcg and 517 mcg treatment groups was 50% and 46.2%, respectively. Only one SAE (corneal decomposition) was reported in the 342 mcg treatment group. The most frequently reported AEs in both treatment groups were increased IOP, eye pain, dry eye and corneal edema. The following table summarizes major AEs in the trial:

| | | **Treatments** | |
|---|---|---|---|
| | **Placebo** | **DEX342** | **DEX517** |
| **Adverse Event** | **N=80** | **N=158** | **N=156** |
| At least on AE in study eye or both eyes | 51 (63.8%) | 79 (50.0%) | 72 (46.2%) |
| At least one Serious AE | 0 (0.0%) | 1 (0.6%) | 0 (0.0%) |
| Intraocular pressure increased | 7 (8.8%) | 18 (11.4%) | 21 (13.5%) |
| Eye pain | 7 (8.8%) | 16 (10.1%) | 4 (2.6%) |
| Dry eye | 0 (0.0%) | 12 (7.6%) | 6 (3.8%) |
| Corneal edema | 8 (10.0%) | 10 (6.3%) | 12 (7.7%) |

*Clinical Development Plan and Our R&D Work*

We have made substantial R&D efforts on further developing OT-502:

- *Research and pre-IND meeting application.* Our medical and clinical department conducted an extensive review of medical research literature on existing therapies for the treatment of postoperative inflammation, and assessed OT-502's comparative advantages in the Chinese market. We also studied the development and registration progress of similarly in-licensed drugs, and formulated the development and registration plan for OT-502. We believe that we may be able to leverage the FDA data from EyePoint to support our NDA submission.

  By April 2020, we had completed a wide range of preparatory work corresponding to the development and registration plan. For example, we conducted a feasibility study for clinical trials in China and designed a bridging Phase III clinical trial. We also prepared the investigator brochure, risk management plan and data management plan. We submitted a pre-IND meeting application to the CDE in May 2020. Our regulatory affair team may further arrange communications with CDE regarding Phase III bridging clinical trial and communications with CMDE regarding document and test requirements for medical device (as OT-502 may be packaged with an injection device).

- *Design of the bridging Phase III clinical trial.* We plan to commence the bridging Phase III clinical trial in the second quarter of 2021 to support our NDA submission in China. The Phase III trial aims to evaluate the efficacy and safety of OT-502 for the treatment of postoperative inflammation, and is expected to be a double-masked, randomized, parallel and multi-center trial. We plan to enroll over 280 subjects and randomized them in an approximately 2:1 ratio between the treatment group and placebo group. We and EyePoint formed a joint steering committee, led by CMOs and heads of the regulatory affairs department from both companies, to facilitate the implementation of the clinical trial plan.

- *Real-world study under the Boao Pilot Program.* Similar to OT-401, we plan to enroll patients in Hainan in a real-world study under the Boao Pilot Program to use OT-502 upon approval from the competent authorities. Our medical and clinical department analyzed the feasibility for the real-world study, and prepared a research proposal, development plan and feasibility study report for the application for conducting the real-world study in Boao. We target to enroll the first patient under the Boao Pilot Program in December 2020. We believe that the real-world data to be obtained under the Boao Pilot Program could be leveraged to facilitate our clinical development and to support our NDA application. Subject to relevance and reliability test, the real-world data may be used to form real-world evidence which may be used as a basis for consideration in the NDA approval in the PRC. The reliability test refers to the evaluation of the following four aspects of the real-world data, namely, the completeness, accuracy, transparency and quality guarantee of the "real-world data". In this regard, the real-world data to be collected under the Boao Pilot Program for OT-502 must satisfy the evaluation of completeness, accuracy, transparency and quality guarantee of the relevant real-world data, to be formed as real-world evidence which may be admitted as a basis for consideration in the NDA approval in the PRC. We do not expect the revenue to be derived under the Boao Pilot Program to be significant, because Boao Pilot Program is a pilot program to import drugs not yet approved in China for urgent medical needs, and therefore the number of enrolled patients is expected to be limited.

*Licensing*

We obtained an exclusive license from EyePoint to import, test, use, sell, develop and commercialize OT-502 in the Greater China region in January 2020. See "—Collaboration and License Arrangements—Collaboration with EyePoint—License of DEXYCU." Icon has licensed the patents and a patent application relating to DEXYCU to EyePoint, and EyePoint has sublicensed such patents and patent application to us. See "—Intellectual Property."

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OT-502 SUCCESSFULLY.**

**OT-202**

OT-202 is an innovative eye drop developed internally for the treatment of dry eye. It innovatively targets tyrosine kinases, which couples immune cell receptors to intracellular signaling pathways that lead to the initiation of inflammatory responses. OT-202 inhibits the activity of tyrosine kinases, thereby controlling the eye inflammations and relieving dry eye symptoms. We plan to make an IND submission to the NMPA in the first half of 2021 and commence a Phase I clinical trial in China for OT-202 in the second half of 2021.

***Mechanism of Action***

Various studies indicate that both tear film hyperosmolarity and ocular surface inflammation play pivotal roles in the initiation and progression of dry eye. The core mechanism of dry eye mainly begins with the low lacrimal flow or high evaporation driven by many factors and diseases, which results in the state of tear hyperosmolarity. Such hyperosmolarity causes damage to the surface epithelium by activating a cascade of inflammatory events at the ocular surface and releasing inflammatory mediators into the tears. Epithelial damage involves cell death by apoptosis, a loss of goblet cells, and disturbance of mucin expression, leading to tear film instability. This instability exacerbates ocular surface hyperosmolarity and completes the vicious spiral of the dry eye mechanism. The crux of the treatment is to break down the vicious inflammatory spiral. Tyrosine kinases are key mediators to cytokine production and ocular surface stress. As a result, inhibitors of tyrosine kinases are expected to reduce inflammation in dry eye.

***Market Opportunity and Competition***

Dry eye is an ocular surface multifactorial disease, which is an inflammatory reaction caused by changes in the ocular surface epithelia related to reduced tear quantity and ocular surface sensitivity. Managing eye inflammation has been proven helpful to patients with dry eye.

Dry eye has become a common eye condition in modern society. Due to increased use of electronic devices, the number of dry eye patients is expected to grow continuously. According to Frost & Sullivan, the number of dry eye patients in China grew to 234.9 million in 2019 from 210.7 million in 2015, representing a CAGR of 2.7%. It is estimated that the number of patients may reach 256.2 million and 272.8 million in 2024 and 2030, respectively.

There are a few types of drugs to treat dry eye, which we intend to cover broadly. OTC artificial tears are commonly used, which cannot cure the disease but can relieve symptoms. We believe our Ou Qin will be a competitive new product in this category in China. See "—Commercial-Stage and Near Commercial-Stage Assets—Ou Qin (0.3% Hyaluronic Acid)." For more severe dry eye disease, prescription eye drops containing anti-inflammatory

corticosteroids or immune-modulating drug ingredients such as cyclosporine are used. Our OT-503 and OT-1301 are based on such mechanisms of action, respectively, and we may consider extending their indications to include dry eye in the future. See "—OT-503 (NCX 4251)" and "—Other Preclinical-Stage Drug Candidates—OT-1301." Finally, there are novel therapeutics that seek to reduce inflammation through new pathways. OT-202 is such an innovative drug which targets to inhibit the activity of tyrosine kinases, an enzyme contributing to the initiation of eye inflammations. According to Frost & Sullivan, there was no competing drug of OT-202 as of the Latest Practicable Date. We expect that OT-202 will create synergy with Ou Qin.

***Clinical Development Plan and our R&D Work***

We engaged WuXi AppTec Co., Ltd., a China-based global pharmaceutical company, to conduct preclinical research for OT-202. We formulated the development plan of OT-202, and closely monitored and supervised our CRO in the implementation and execution of the tasks designated to them.

In particular, we synthesized and selected chemical compounds that may be suitable tyrosine kinases inhibitors. We completed over 60 experiments for selecting the optimal crystal form and over 20 experiments for selecting the optimal molecule form. For the selected chemical compounds, we analyzed their chemical characteristics, pharmacological characteristics and stability.

Additionally, we performed several experiments for formulation screening, and selected several emulsions and suspensions for further development. We manufactured drug samples to evaluate the selected chemical compounds' suitability for mass production. We also conducted several preclinical animal tests to preliminarily evaluate the safety and efficacy of the selected chemical compounds.

We plan to make an IND submission to the NMPA in the first half of 2021 and commence a Phase I clinical trial in China for OT-202 in the second half of 2021.

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OT-202 SUCCESSFULLY.**

**OT-503 (NCX 4251)**

OT-503, an ophthalmic suspension of fluticasone propionate nanocrystals, is an innovative targeted topical treatment for acute exacerbations of blepharitis. Our licensing partner Nicox had completed a Phase II trial in the United States in December 2019. We plan to commence a Phase II clinical trial in the second quarter of 2021 and a Phase III clinical trial in the fourth quarter of 2022 in China. We believe OT-503 has the potential to be first-in-class in China as there is no treatment solely indicated for blepharitis in China.

### *Mechanism of Action*

Blepharitis is one of the most common eye diseases characterized by eyelid inflammation, which is usually caused by bacteria, demodex, scalp dandruff or problems with certain eyelid oil glands. OT-503 is a sterile preserved topical ocular suspension of fluticasone propionate nanocrystals. Fluticasone propionate is a highly potent, selective and lipophilic corticosteroid with high affinity for the glucocorticoid receptor. Corticosteroids are thought to act by the induction of certain types of inhibitory proteins which control the biosynthesis of important mediators of inflammation, such as prostaglandins and leukotrienes, by inhibiting the release of their common precursor, arachidonic acid. OT-503 is directly applied to inflamed area of the eyelid margin by an eyelid applicator.

### *Market Opportunity and Competition*

Blepharitis is recognized to have a significant impact on ocular comfort and quality of life. Symptoms of blepharitis including burning, itchiness, gritty feeling in the eyes, contact lens intolerance, photophobia, redness, swelling and crusting of the eyelid margins. While generally not sight-threatening, blepharitis can induce permanent eyelid margin alternations, such as eyelid scarring, loss of eyelashes and in-turning of eyelashes. According to Frost & Sullivan, blepharitis affected 94.5 million patients in 2019, accounting for nearly 6.8% of the population in China.

There is currently no FDA- or NMPA-approved prescription product solely indicated for blepharitis. Topical or systemic administration of antibiotics and topical administration of anti-inflammation drugs are common treatments for blepharitis. Several corticosteroid eye drops have been approved by the NMPA for the treatment of steroid-responsive inflammatory ocular conditions. Compared with drugs applied directly to the eyelid margin, however, corticosteroid eye drops have the limitations of causing increased IOP. See "—Advantages." The following table sets forth the marketed topical corticosteroid drugs for blepharitis in China:

| Category | Generic Name | Representative Product | | Number of Other Manufacturers | Earliest NMPA Approval Time | NRDL Inclusion | Price per ml (RMB) |
|---|---|---|---|---|---|---|---|
| | | Brand Name | Manufacturer | | | | |
| **Topical Corticosteroid Drugs** | | | | | | | |
| Monotherapy Drug | Dexamethasone Sodium Phosphate | N.A | Baiyunshan | 12 | 1982 | √ | 4.7 |
| | Fluorometholone | FML | Allergan | 2 | 1999 | √ | 3.4 |
| | Hydrocortisone | N.A | Wujing Medicine | 9 | 1981 | X | 0.1 |
| | Loteprednol | Lotemax | Bausch & Lomb | 0 | 2007 | X | 14.0 |
| | Prednisolone | Pred Forte | Allergan | 0 | 1999 | X | 5.8 |
| Fixed-dose Combination Drug | Dexamethasone/Tobramycin | Tobradex | Novartis | 8 | 2001 | √ | 2.4 |
| | Fluorometholone/Gentamicin | Infectoflam | Novartis | 1 | 1999 | X | 5.8 |
| | Loteprednol/Tobramycin | Sai Le | Bausch & Lomb | 0 | 2012 | X | 20.4 |

*Source: NMPA, Frost & Sullivan Analysis*

As of the Latest Practicable Date, there was no drug solely indicated for blepharitis competing with OT-503 in China.

***Advantages***

OT-503 is expected to be more effective than other available treatments because fluticasone propionate, the active ingredient in OT-503, has a strong affinity for the glucocorticoid receptor. For example, fluticasone propionate's affinity for the glucocorticoid receptor is approximately ten times greater than dexamethasone, a corticosteroid commonly used in ophthalmology. Although fluticasone propionate has not previously been approved in a topical formulation for use in ophthalmology, its potent anti-inflammatory properties have been approved in numerous drug products over the past 20 years for the treatment of various indications including dermatology, rhinitis and asthma.

Furthermore, OT-503 is directly applied to the inflamed or infected area of the eyelid margin by an eyelid applicator. Compared with eye drops with similar ingredients, the direct application is expected to minimize potential penetration of fluticasone into the intraocular tissues and into trabecular meshwork, which may lead to damaging side effects such as IOP increases found with current topical steroids.

***Summary of Clinical Trial Data***

**Phase II Clinical Trial (NCT03926026) in the United States (based on top-line results data in published Nicox 2019 annual report)**

Overview. NCT03926026, or the Danube trial, conducted by Nicox, was a double-masked, randomized Phase II clinical trial of 36 patients. This trial aimed to evaluate the safety and tolerability of NCX 4251 in treating acute exacerbations of blepharitis, and also aimed to select the dose of NCX 4251 for future development.

Trial Design. In this clinical trial, a total of 36 enrolled patients received NCX 4251 once daily (n=10), NCX 4251 twice daily (n=10), placebo once daily (n=5) or placebo twice daily (n=11) for a 14-day dosing period followed by a 14-day safety evaluation period.

Trial Status. This trial was initiated in March 2019 and completed in December 2019.

Safety Data. Both once-daily and twice-daily doses of NCX 4251 were well tolerated. There were no serious AEs, no treatment related systemic AEs and no elevation of IOP.

Efficacy Data. Although the trial did not aim to evaluate the efficacy of NCX 4251, there was a statistically significant reduction in eyelid redness, eyelid debris and eyelid discomfort by the end of the 14-day dosing period ($p = 0.047$ for study eyes and $p = 0.025$ for combined eyes and non-study eyes).

***Clinical Development Plan and Our R&D Work***

Our licensing partner Nicox had announced in April 2020 that a positive meeting was held with the FDA in which next trial designs were discussed. We understand that Nicox has selected NCX 4251 0.1% once daily treatment to advance into a larger Phase IIb clinical trial, subject to financial arrangements being secured.

Based on an in-depth technical analysis of OT-503's ingredients and formulation, we evaluated the comparative advantages of OT-503 in the Chinese market and formulated our registration plan. In accordance with the registration plan, we organized technical materials provided by Nicox pursuant to the relevant registration regulations in China. We also adjusted our registration plan by closely monitoring NCX 4251's progress in research and development and regulatory registration in the United States.

We further analyzed the efficacy and safety data in Nicox's Phase II clinical trial, and formulated our clinical trial plan in China. We plan to commence a Phase II clinical trial in the second quarter of 2021, and a Phase III clinical trial in the fourth quarter of 2022 in China. The Phase II clinical trial aims to evaluate the safety and tolerance of OT-503 for the treatment of acute exacerbation of blepharitis and to select the optimal dosage. The Phase II clinical trial is expected to be a double-masked, randomized, parallel, multi-center and dose-escalation trial.

***Licensing***

We obtained an exclusive license from Nicox to develop, make, have made, import, export, use, distribute, market, promote, offer for sale and sell the product for the prevention and treatment with topical application of blepharitis in the Greater China region in June 2019. See "—Collaboration and License Arrangements—Collaboration with Nicox—License of OT-503 (NCX 4251)."

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OT-503 SUCCESSFULLY.**

**OT-701 (SJP-0133)**

OT-701 is an intravitreal ranibizumab injection for the treatment of wet age-related macular degeneration, or wet AMD. Ranibizumab was developed by Genentech, Inc., or Genentech, and was approved by the FDA in 2006 and sold under the brand name Lucentis. Senju and GTS are developing SJP-0133 as a biosimilar to Lucentis. We understand that Senju and GTS have substantially completed a Phase III clinical trial for SJP-0133 in Japan to investigate the comparability of SJP-0133 and Lucentis, and expect to submit an NDA in Japan in due course in 2020. We plan to initiate a Phase I clinical trial in China in the second quarter of 2022.

***Background of Reference Drug***

Ranibizumab was developed by Genentech. It initially received FDA approval under the brand name of Lucentis for the treatment of wet AMD in 2006. Since then it has also been approved for the treatment of diabetic macular edema, or DME, retinal vein occlusion, or RVO, and myopic choroidal neovascularization, or mCNV. Lucentis was launched in China for the treatment of wet AMD, RVO, DME and mCNV in 2011. Core patents for ranibizumab have expired or are expiring in the near future, including 2020 in the United States and 2020 to 2021 in China. In 2019, sales of Lucentis in China amounted to RMB11.8 billion according to Frost & Sullivan. Ranibizumab was added to the NRDL in 2017.

***Mechanism of Action***

Overexpression of vascular endothelial growth factor, or VEGF, in ocular tissues is central to the pathogenesis and clinical manifestations of wet AMD. VEGF is a protein that stimulates the formation of new blood vessels. In wet AMD, fluid that exits from blood vessels causes swelling, or edema, of the retina and, if left untreated, loss of vision. This loss of vision can be reversed if treated early with an anti-VEGF agent to suppress VEGF signaling. To reach effective ocular tissue concentrations, these agents must be injected into the vitreous cavity. These injections must occur at regular intervals in order to maintain anti-VEGF effects. Ranibizumab is a recombinant humanized IgG1 monoclonal antibody fragment that binds to and inhibits VEGF factor A, or VEGF-A. Through binding to VEGF-A, ranibizumab interrupts the interaction of VEGF with its receptors, and thus prevents the subsequent growth of new blood vessels.

***Market Opportunity and Competition***

Wet AMD is a chronic and progressive disease of the central portion of the retina, called the macula, which is responsible for sharp central vision and color perception. It is caused by abnormal blood vessels that grow underneath the retina and leak blood and fluid into the macula, causing visual distortion and acute vision loss, which can be permanent. According to Frost & Sullivan, the number of wet AMD patients reached approximately 3.6 million in China in 2019 and this number is expected to grow to 4.8 million by 2030 as a result of the accelerating aging population and overuse of eyes on electronic products.

According to Frost & Sullivan, anti-VEGF drugs are currently the most important therapy for the treatment of wet AMD. Before anti-VEGF biologics entered the market, there were no specific therapies for patients with wet AMD. Following the approval of ranibizumab in 2011 in China, anti-VEGF biologics became a new option for wet AMD patients in China, and the rate of vision loss caused by wet AMD has been decreasing since then. The market size of anti-VEGF biologics for retinal diseases in China, which consisted of three marketed drugs, Lucentis®, Langmu® and Eylea®, was RMB2.6 billion in 2019, according to Frost & Sullivan. As a result of the launch of biosimilars, the market is expected to reach RMB13.5 billion in 2024 and RMB44.5 billion in 2030, according to the same source. Additionally, as the PRC patents for aflibercept and ranibizumab will expire between 2020 and 2021, many biosimilar

drugs are under development and are expected to launch within the next two to three years. See "Industry Overview—Retinal Diseases—Treatment Paradigm and Unmet Medical Needs" for a list of clinical-stage anti-VEGF biologics indicated for retinal diseases in China.

We believe the market for ranibizumab will continue to expand after ranibizumab drugs were included in the NRDL in China in 2017. For example, the unit price of Lucentis was RMB9,725 when it first entered the China market, and it was reduced to RMB3,950 after inclusion in the NRDL. As Lucentis became more affordable, more medical practitioners and patients have become familiar with ranibizumab. However, Lucentis, as well as other ranibizumab drugs, is still expensive. OT-701 is a comparable but more affordable ranibizumab drug. Comparability study conducted by Senju and GTS indicated there is no toxicological or pharmacokinetic difference between OT-701 and Lucentis and OT-701 shows similar pharmacological effects. We believe that, as medical practitioners and patients become more familiar with ranibizumab, their demand for OT-701 will increase as well.

We plan to compete with other ranibizumab developers primarily based on our focus on product quality, manufacturing cost efficiency and reliability of supply, while maintaining sound cost control measures.

***Clinical Development Plan and Our R&D Work***

Senju and GTS did not conduct Phase I and Phase II clinical trials for SJP-0133 as permitted under relevant Japanese laws and regulations. We understand that Senju and GTS have substantially completed a Phase III clinical trial for SJP-0133 in Japan to investigate the comparability of SJP-0133 and Lucentis and to evaluate the safety of SJP-0133 and expects to submit an NDA in Japan in due course in 2020. We are undergoing dossier preparation based on materials provided by Senju and plan to submit an IND for the Phase I clinical trial in China in late 2021, and initiate the Phase I clinical trial in the second quarter of 2022. We believe a Phase II clinical trial is not required for OT-701 as a biosimilar drug.

We plan to initiate a Phase III clinical trial in the second quarter of 2023 to evaluate the safety and efficacy of OT-701 and its comparability to Lucentis. We have formulated a clinical trial plan based on our analysis of the clinical trial data in Japan, differences in clinical characteristics between Chinese and Japanese patient populations, and the use of Lucentis in China. This trial is expected to last for one year, and is planned to be double-masked, randomized, parallel and multi-center. We plan to enroll 200 subjects and randomize them in a 1:1 ratio between the OT-701 group and the Lucentis group.

***Licensing***

We obtained an exclusive license from Senju and GTS to develop and commercialize a biosimilar drug of ranibizumab in the Greater China region. See "—Collaboration and License Arrangements—Collaboration with Senju and GTS—License of OT-701."

## WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OT-701 SUCCESSFULLY.

### Commercial-Stage and Near Commercial-Stage Assets

#### *Ou Qin (0.3% Hyaluronic Acid)*

Ou Qin is an NMPA-approved sodium hyaluronic 0.3% eye drop for the treatment of dry eye. Hyaluronic acid is naturally produced by the human body to keep tissues well lubricated and moist. Compared with similar drugs, Ou Qin has a unique dosage form (0.3% concentration in 0.8 ml single-dose packaging). In addition, Ou Qin has a potentially better safety profile because it does not contain preservatives and therefore has no corneal toxicity.

*Market Opportunity and Competition*

Dry eye is an ocular surface multifactorial disease, which is an inflammatory reaction caused by changes in the ocular surface epithelia related to reduced tear quantity and ocular surface sensitivity. Dry eye has become a common eye condition in modern society, and due to increased use of electronic devices, the number of dry eye patients is expected to grow continuously. See "—OT-202—Market Opportunity and Competition."

Artificial tears is the first-line treatment of dry eye. Ou Qin is a 0.3% hyaluronic acid artificial tear eye drop, and it has the following features:

- *Hyaluronic acid.* Hyaluronic acid is naturally produced by the human body to keep tissues well lubricated and moist. When used in eye drops, hyaluronic acid's strong viscoelastic properties prolong the adhesion of the tear film layer. According to Frost & Sullivan, hyaluronic acid eye drops had a 66.7% market share in China's artificial tears market in 2019, which was the largest among all types of artificial tears.

- *High viscosity.* High viscosity artificial tears are more gel-like and can provide longer-lasting lubrication and are recommended for long-term or frequent use by moderate to severe dry eye patients.

- *No preservatives.* In addition, Ou Qin has a better safety profile because it does not contain preservatives and therefore has no corneal toxicity.

- *0.8 ml single-dose packaging*. Ou Qin uses a 0.8 ml single-dose packaging, with a re-sealable cap, which lowers the risk of contamination through multiple uses throughout a day and is also easy to use and convenient to carry.

The following table sets forth a comparison of hyaluronic acid eye drops marketed in China:

| Specification | | | Representative Product | | Number of Other Manufacturers | Earliest NMPA Approval Time | NRDL Inclusion | Price per ml (RMB) |
|---|---|---|---|---|---|---|---|---|
| | | | Brand Name | Manufacturer | | | | |
| Hyaluronic Acid | | | | | | | | |
| 0.1% | Mono-dosage | 0.4ml | 愛麗/Hialid | 參天/Santen | 3 | 2003 | √ | 8.6 |
| | | 0.8ml | 潤麗/Run li | 博士倫/SBausch & Lomb | 0 | 2005 | √ | 4.7 |
| 0.1% | Multi-dosage | 5ml | 愛麗/Hialid | 參天/Santen | 11 | 2000 | √ | 4.5 |
| | | 7ml | 聯邦亮晶晶/Liangjingjing | 珠海聯邦製藥/United Laboratories | 0 | 2004 | √ | 6.9 |
| | | 10ml | 海露/Hocysan | URSAPHARM | 0 | 2003 | √ | 5.7 |
| 0.3% | Mono-dosage | 0.4ml | 愛麗/Hialid | 參天/Santen | 2 | 2000 | √ | 12.2 |
| | | 0.8ml | 歐沁/Ou Qin | 匯恩蘭德/歐康維視 Huonland/OcuMension | 0 | 2019 | √ | 10.0 |
| 0.3% | Multi-dosage | 5ml | 愛麗/Hialid | 參天/Santen | 0 | 2008 | √ | 7.4 |

*Source: NMPA, Frost & Sullivan Analysis*

*Marketing Plan*

Ou Qin was approved by the NMPA in July 2019. We acquired Ou Qin from Huonland, and prior to the completion of the transfer of all the rights to Ou Qin from Huonland to us, we are the exclusive sales agent for Huonland in China. See "—Collaboration and License Arrangements—Collaboration with Huonland—Acquisition of Ou Qin."

We launched Ou Qin in April 2020. We plan to establish a strong brand in the dry eye area and strengthen our connections with ophthalmologists through diversified marketing activities, such as sponsoring dry eye-related national and regional conferences, and hosting case-sharing projects and webinars. We also plan to further our collaboration with eye hospitals and assist in the establishment of dry eye clinics in such hospitals.

## WE MAY NOT BE ABLE TO ULTIMATELY MARKET OU QIN SUCCESSFULLY.

### Brimonidine Tartrate Eye Drop

Brimonidine tartrate eye drop is an NMPA-approved 5 mL 10 mg brimonidine tartrate eye drop for the treatment of open-angle glaucoma and ocular hypertension. Brimonidine tartrate is an alpha-2 adrenergic receptor agonist, which may lower intraocular pressure by reducing aqueous humor formation and enhancing uveoscleral outflow. Brimonidine tartrate also has a good safety profile with minimal side effects and adverse events and has benefits of protecting cardio-pulmonary function.

#### *Market Opportunity and Competition*

Glaucoma is a group of eye diseases that are usually characterized by progressive structural and functional changes of the optic nerve, leading to a typical appearance of the optic disc and visual field damage if untreated. See "—OT-301 (NCX 470)—Market Opportunity and Competition." There are several types of glaucoma, and brimonidine tartrate eye drop is indicated for the treatment of open-angle glaucoma. Open-angle glaucoma is characterized by progressive peripheral visual field loss followed by central field loss, and is also usually accompanied by elevated intraocular pressure.

The following table sets forth competing brimonidine tartrate eye drops marketed in China:

| Category | | Representative Product | | Number of Other Manufacturers | Earliest NMPA Approval Time | NRDL Inclusion | Bidding Price of per ml (RMB) |
|---|---|---|---|---|---|---|---|
| | | Brand Name | Manufacturer | | | | |
| 0.15% | 5ml:7.5mg | 阿法根 /Alphagan | 艾爾建/Allergan | 0 | 2009 | √ | 14.6 |
| | 10ml:15mg | 阿法根 /Alphagan | 艾爾建/Allergan | 0 | 2009 | √ | x |
| 0.2% | 5ml:10mg | 阿法根 /Alphagan | 艾爾建/Allergan | 3 | 2005 | √ | 6.9 |
| | | – | 匯恩蘭德 /Huonland | | 2016 | √ | |

*Source: NMPA, Frost & Sullivan Analysis*

Both OT-301 and brimonidine tartrate eye drop, our drug candidates for the treatment of glaucoma, target the group of ophthalmologists specialized in the treatment of glaucoma, allowing us to establish our presence in the glaucoma drug market efficiently.

#### *Marketing Plan*

We are the exclusive sales agent of brimonidine tartrate eye drop in China for Huonland, which remains the drug registrant and registered manufacturer of brimonidine tartrate eye drop. See "—Collaboration and License Arrangements—Collaboration with Huonland—Exclusive

Sales of Brimonidine Tartrate Eye Drop." Brimonidine tartrate eye drop was approved by the NMPA in July 2016. We launched brimonidine tartrate eye drop in March 2020. We utilize our *WeChat* platform "Joyful View (輕鬆視界)" to carry out doctor and patient education and promote the optic nerve protection function of brimonidine tartrate eye drop. For instance, we held a webinar on glaucoma treatment hosted by an eminent ophthalmologist on the Joyful View platform in March 2020. We also plan to host or sponsor academic conferences introducing brimonidine tartrate's efficacy in treating glaucoma. Specifically, we intend to promote the effectiveness of brimonidine tartrate eye drop when it is used in combination with prostaglandin analogs or beta-blockers.

**WE MAY NOT BE ABLE TO ULTIMATELY MARKET BRIMONIDINE TARTRATE EYE DROP SUCCESSFULLY.**

**0.5% Moxifloxacin Eye Drop**

0.5% moxifloxacin eye drop is a 0.6 mL 0.5% moxifloxacin eye drop for the treatment of bacterial conjunctivitis. We are developing 0.5% moxifloxacin eye drop as a generic to Vigamox, which was developed by Alcon and approved by the FDA in 2003 and the NMPA in 2018. 0.5% moxifloxacin eye drop is one of the fourth-generation quinolones with better efficacy compared with drugs of earlier generations as it blocks the activity of both types of enzymes that are essential in certain species of bacteria's DNA replication. For example, compared with Levofloxacin eye drop which is widely used in China, 0.5% moxifloxacin eye drop has a lower bacteria resistance rate. In addition, 0.5% moxifloxacin eye drop uses a 0.6 mL single-dose packaging which can effectively lower the risk of contamination. A single-dose packaging is easier for patients' self-administration and is more convenient to carry, which is expected to improve compliance.

***Background of Reference Drug***

Vigamox was developed by Alcon. It initially received FDA approval for the treatment of bacterial conjunctivitis in 2003, and has thereafter received regulatory approvals for commercial sales in over 50 countries and regions all over the world. Vigamox was approved for commercial sales by the NMPA in December 2018, and is distributed by Novartis in China. Vigamox is not patented in China. In 2019, sales of Vigamox in China amounted to RMB5.9 million according to Frost & Sullivan.

***Mechanism of Action***

Moxifloxacin is a fluoroquinolone antibiotic. It inhibits the activity of both types of enzymes, DNA gyrase and topoisomerase IV, which are essential in certain species of bacteria's DNA replication, transcription, repair and recombination, thereby killing such bacterial species and relieving bacterial conjunctivitis.

### *Market Opportunity and Competition*

Bacterial conjunctivitis is a common eye disease characterized by the inflammation of the conjunctiva, the transparent mucous membrane which covers the white part of the eye. It is caused by bacteria infections through various sources of contamination. According to Frost & Sullivan, the number of bacterial conjunctivitis patients reached approximately 29.4 million in China in 2019.

Levofloxacin, a third-generation quinolone, is currently a widely used antibiotic eye drop in China. But due to its prevalence in clinical use, high bacteria resistance rate has been identified. We believe there is a broad market for newer and more effective antibiotic eye drops. 0.5% moxifloxacin eye drop belongs to the fourth generation of quinolones with better efficacy compared with drugs of earlier generations. It has a broad spectrum of activity and elevated tissue concentration. Specifically, 0.5% moxifloxacin eye drop has lower bacteria resistance rate compared with Levofloxacin. Additionally, moxifloxacin is generally recognized as safe to all age groups. The NMPA approved its use to all age groups, including infants, in December 2018. The following table sets forth a comparison of marketed fluoroquinolones eye drops marketed in China:

| Generic Name | | Representative Product | | Number of Other Manufacturers | Earliest NMPA Approval Time | NRDL Inclusion | Price per ml (RMB) |
|---|---|---|---|---|---|---|---|
| | | Brand Name | Manufacturer | | | | |
| **Fluoroquinolones Eye Drops** | | | | | | | |
| 3rd generation fluoroquinolones | Levofloxacin | Cravit® | Santen | 19 | 2004 | √ | 6.1 |
| 4th generation fluoroquinolones | Gatifloxacin | Zhuning® | Anhui Shuangke Pharmaceutical | 8 | 2005 | √ | 3.1 |
| | Moxifloxacin hydrochloride | Vigamox® | Novartis | 0 | 2018 | √ | 10.2 |

*Source: NMPA, Frost & Sullivan Analysis*

0.5% moxifloxacin eye drop also uses single-dose packaging. Single-dose packaging is easier for patients' self-administration and is more convenient to carry, which is expected to improve compliance. Additionally, we plan to compete with other moxifloxacin eye drop developers by our focus on product quality, reliability of supply and sound cost control measures.

### *Development and Marketing Plan*

We made an abbreviated NDA submission to the NMPA for 0.5% moxifloxacin eye drop in January 2020 and expect to receive approval in the first half of 2021. 0.5% moxifloxacin eye drop is developed as a Class 4 generic drug, which refers to domestic drugs that imitate innovative drugs that have been marketed within China. We are not required to conduct clinical trials for 0.5% moxifloxacin eye drop but are only required to conduct a comparability study

instead. We engaged Huonland to conduct the comparability study, and we plan to outsource the manufacturing of 0.5% moxifloxacin eye drop to Huonland. We plan to focus our resources on rapidly delivering 0.5% moxifloxacin eye drop to patients upon such approval.

For the commercialization of 0.5% moxifloxacin eye drop, we plan to cooperate with the Chinese Ophthalmological Society to provide training about bacterial conjunctivitis to ophthalmologists, especially those who practice in China's rural areas. We believe the market in China's rural areas has a strong growth potential because many rural patients bacterial conjunctivitis are not treated due to limited awareness of the treatment for bacterial conjunctivitis.

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET 0.5% MOXIFLOXACIN EYE DROP SUCCESSFULLY.**

**Other Preclinical-Stage Drug Candidates**

**OT-601-C** is a moxifloxacin-dexamethasone sodium phosphate eye drop for the treatment of postoperative inflammation. OT-601-C includes both the antibiotic moxifloxacin and the anti-inflammatory dexamethasone. Moxifloxacin has a broad spectrum of action and high tissue concentration. It also has lower bacteria resistance rate than certain commonly used antibiotic drugs, such as tobramycin.

**OT-302** is an acetazolamide injection for the treatment of acute glaucoma and for reducing high intraocular pressure prior to anti-glaucoma surgeries and other intraocular surgeries. Acetazolamide is a potent carbonic anhydrase inhibitor which effectively controls the secretion of aqueous humor.

**OT-1301** is a cyclosporine implant used to prevent transplant rejection after keratoplasty, or corneal transplant surgery. It is implanted into the anterior chamber angle at the end of keratoplasty. We may also consider investigating the effect of OT-1301 on treating dry eye.

**OT-1601 and OT-1602** are stem cell therapies that we plan to develop with SanBio pursuant to our development and commercialization agreement for the treatment of retinitis pigmentosa and dry AMD in the former case and acute optic neuritis in the latter case. See "—Collaboration and License Arrangements—Collaboration with SanBio."

## COLLABORATION AND LICENSE ARRANGEMENTS

### Collaboration with EyePoint

#### *License of OT-401 (YUTIQ)*

In November 2018, we entered into an exclusive license agreement, or the OT-401 License Agreement, with EyePoint Pharmaceuticals, Inc., or EyePoint, for OT-401. Under the OT-401 License Agreement, EyePoint has granted us exclusive rights under certain patents, know-how and trademarks to import, test, use, sell, develop and commercialize YUTIQ, the FA intravitreal insert utilizing EyePoint's proprietary Durasert® technology, for the treatment of chronic NIU-PS, in the Greater China region. Pursuant to a related supply and quality agreement, EyePoint will be the exclusive supplier of OT-401 to meet our clinical development and commercialization needs of OT-401 in the Greater China region. Our right to manufacture OT-401 is limited to the right to package and label the finished product supplied by EyePoint under such supply and quality agreement for sale in the Greater China region. EyePoint has also retained the right to manufacture OT-401 in the Greater China region for commercialization outside of the Greater China region and to use or license certain of its intellectual property to develop and commercialize products other than OT-401. In the event of a major supply chain failure on the part of EyePoint that continues for a specified period of time, EyePoint and the Company agree to jointly work to appoint a third-party manufacturer to supply OT-401 and to execute a technology transfer agreement at commercially reasonable terms to transfer the relevant manufacturing technology (not patent) to us to allow manufacture by such third party. If EyePoint unilaterally decides to discontinue manufacturing of OT-401, then the parties agree to immediately execute a technology transfer agreement at commercially reasonable terms to allow the Company the right to arrange for a third-party manufacturer to manufacture OT-401. For risks relating to license agreements with EyePoint, please refer to the section headed "Risk Factors—Risks Relating to Our Intellectual Property Rights—Our rights to develop and commercialize our drug candidates are subject, in part, to the terms and conditions of licenses granted to us by licensing partners" in this document. EyePoint is a listed Company (NASDAQ: EYPT) with a market capitalization of US$110.5 million as of the Latest Practicable Date and a biopharmaceutical company committed to developing and commercializing innovative ophthalmic products for the treatment of eye diseases. EyePoint has developed five FDA-approved treatments in ophthalmology. We have maintained a business relationship with EyePoint since November 2018.

We granted EyePoint an exclusive, royalty-free, perpetual, assignable and sub-licensable license under all intellectual property that we develop pursuant to our activities under the OT-401 License Agreement to commercialize OT-401 outside of the Greater China region. Under the OT-401 License Agreement, we may not directly or indirectly research, develop or commercialize any product for the treatment of chronic NIU-PS in the Greater China region other than OT-401.

We paid a one-time upfront payment of US$1.75 million to EyePoint and will be obligated to pay up to an additional US$7.25 million upon our achievement of certain future prescribed development and regulatory milestones and US$3 million upon our achievement of certain commercial sales-based milestones. In addition, we are obligated to pay EyePoint a mid-single digit percentage royalty on our net sales of OT-401. In August 2019, we paid US$1.0 million in development milestone payment to EyePoint triggered by the approval of the IND for OT-401 in China. The IND allows the importation of finished product into China for use in its initiated clinical trial to support regulatory approval for the treatment of chronic NIU-PS. EyePoint will be our exclusive supplier of OT-401. It will provide OT-401 at a fixed unit price, subject to certain adjustments for the volume of supply and market conditions. EyePoint must use commercially reasonable efforts to meet our supply requirements.

Under the OT-401 License Agreement, we must use commercially reasonable efforts to develop and commercialize OT-401 in the Greater China region and are responsible for all costs and expenses associated with development, regulatory and commercial activities for OT-401 in the Greater China region, including any additional technical assistance requested, other than a fixed number of hours of technical assistance support to be provided at no cost by EyePoint. We have a first right of negotiation for an additional exclusive license to EyePoint's shorter-duration line extension candidate for this indication in the Greater China region.

Under the OT-401 License Agreement, we and EyePoint formed a joint steering committee with equal representation from each party to oversee and review the development and commercialization of OT-401 in the treatment of chronic NIU-PS in the Greater China region. The OT-401 License Agreement and the related supply and quality agreement will continue to be in full force and effect on a jurisdiction-by-jurisdiction basis in the Greater China region until the date of the last commercial sale of OT-401 in each jurisdiction. We are entitled to terminate the OT-401 License Agreement at any time for any or no reason, upon 90 days' prior written notice to EyePoint. EyePoint is entitled to terminate the OT-401 License Agreement upon 30 days' prior written notice to us if we, or our affiliate or any third party assisted by us challenge any patent owned or controlled by EyePoint relating to OT-401. We or EyePoint may terminate the OT-401 License Agreement upon 60 days' prior written notice upon the other party's uncured material breach of the agreement or upon 30 day's prior notice if the other party experiences certain insolvency-related events. A material breach by us would primarily refer to our failure to use commercially reasonable efforts to develop and obtain regulatory approval for and commercialize the licensed product in the licensed territory, and failure to make milestone and royalty payments when due. If a material breach has not been cured within 60 days after receipt of written notice of such breach from the non-breaching party, it would constitute an "uncured" breach. Upon termination of the OT-401 License Agreement, the license granted to us with respect to OT-401 will terminate immediately. The risk of terminating the OT-401 License Agreement due to breaches is low because licensing is a mutually beneficial business model, as we are incentivized by our self interest to diligently develop and commercialize the licensed drug candidates in the licensed territories, and, if we succeed, the licensor will receive their compensation in the form of milestone and royalty payments.

We will own any inventions created or conceived solely by our employees, agents, or independent contractors and EyePoint will own any inventions created or conceived solely by its employees, agents or independent contractors in their respective activities under the OT-401 License Agreement. EyePoint controls the prosecution, maintenance and enforcement of the patents it licenses to us under the OT-401 License Agreement. If EyePoint determines not to maintain any such patents, we can elect to obligate them to continue maintenance at our cost. If EyePoint elects not to enforce any such patents in the Greater China region, we may elect to do so at our own expense.

The licensing arrangements of OT-401 were reached after arm's-length negotiations between EyePoint and us, which are in line with industry norms, according to Frost & Sullivan.

We also received a special approval by the competent PRC authorities to market OT-401 in Boao Pilot Zone. In March 2019, we entered into a Memorandum of Understanding with EyePoint, pursuant to which EyePoint is obliged to supply YUTIQ for the Boao Pilot Zone use.

***License of DEXYCU***

In January 2020, we entered into an exclusive license agreement, or the DEXYCU License Agreement, with EyePoint for DEXYCU. Under the DEXYCU License Agreement, EyePoint granted us exclusive rights under certain patents, know-how and trademarks to import, test, use, sell, develop and commercialize DEXYCU for the treatment of postoperative inflammation after ocular surgery in the Greater China region. Pursuant to a related supply and quality agreement, EyePoint will be the exclusive supplier of DEXYCU to meet our clinical development and commercialization needs of DEXYCU in the Greater China region. Our right to manufacture DEXYCU is limited to the right to package and label the finished product supplied by EyePoint under such supply and quality agreement for sale in the Greater China region. EyePoint has also retained the right to manufacture DEXYCU in the Greater China region for commercialization outside of the Greater China region and to use or license certain of its intellectual property to develop and commercialize products other than DEXYCU. In the event of a major supply chain failure on the part of EyePoint that continues for a specified period of time, EyePoint and the Company agree to jointly work to appoint a third-party manufacturer to supply DEXYCU and to execute a technology transfer agreement at commercially reasonable terms to transfer the relevant manufacturing technology (not patent) to us to allow manufacture by such third party. If EyePoint unilaterally decides to discontinue manufacturing of DEXYCU, then the parties agree to immediately execute a technology transfer agreement at commercially reasonable terms to allow the Company the right to arrange for a third-party manufacturer to manufacture DEXYCU.

We granted EyePoint an exclusive, royalty-free, perpetual, assignable and sub-licensable license under all intellectual property that we develop pursuant to our activities under the DEXYCU License Agreement to commercialize DEXYCU outside of the Greater China region. Under the DEXYCU License Agreement, we may not directly or indirectly research, develop or commercialize any injectable or sustained-release steroid product for the treatment of postoperative inflammation after ocular surgery in the Greater China region other than DEXYCU.

Under the terms of the DEXYCU License Agreement, EyePoint is entitled to receive an upfront payment of US$2.0 million. In addition, EyePoint is entitled to receive up to approximately US$12.0 million potential milestone payments, including up to US$6.0 million upon our achievement of certain development and regulatory milestones and US$6.0 million upon our achievement of certain commercial milestones. In addition, we are obligated to pay EyePoint a mid-single digit percentage royalty on our net sales of DEXYCU. EyePoint will be our exclusive supplier of DEXYCU. It will provide DEXYCU at a fixed unit price, subject to certain adjustments for market conditions. EyePoint must use commercially reasonable efforts to meet our supply requirements.

Under the DEXYCU License Agreement, we must use commercially reasonable efforts to develop and commercialize DEXYCU in the Greater China region and are responsible for all costs and expenses associated with development, regulatory and commercial activities for DEXYCU in the Greater China region, including any additional technical assistance requested, other than a fixed number of hours of technical assistance support to be provided at no cost by EyePoint.

Under the DEXYCU License Agreement, we and EyePoint formed a joint steering committee with equal representation from each party to oversee and review the development and commercialization of DEXYCU in the treatment of postoperative inflammation after ocular surgery in Greater China region. The DEXYCU License Agreement and the related supply and quality agreement will continue in full force and effect on a jurisdiction-by-jurisdiction basis in the Greater China region until the date of the last commercial sale of DEXYCU in each jurisdiction. We are entitled to terminate the DEXYCU License Agreement at any time for any or no reason, upon 90 days' prior written notice to EyePoint. EyePoint is entitled to terminate the DEXYCU License Agreement upon 30 days' prior written notice to us if we challenge any patent owned or controlled by EyePoint relating to DEXYCU. We or EyePoint may terminate the DEXYCU License Agreement upon 60 days' prior written notice upon the other party's uncured material breach of the DEXYCU License Agreement or upon 30 day's prior notice if the other party experiences certain insolvency-related events. Upon termination of the DEXYCU License Agreement, the license granted to us with respect to DEXYCU will terminate immediately.

We will own any inventions created or conceived solely by our employees, agents, or independent contractors and EyePoint will own any inventions created or conceived solely by its employees, agents, or independent contractors in their respective activities under the DEXYCU License Agreement. We and EyePoint will jointly own any inventions created or conceived jointly. EyePoint controls the prosecution, maintenance and enforcement of the

patents it licenses to us under the DEXYCU License Agreement. If EyePoint determines not to maintain any such patents, we can elect to obligate them to continue maintenance at our cost. If EyePoint elects not to enforce any such patents in the Greater China region, we may elect to do so at our own expense.

**Collaboration with Nicox**

***License of OT-301 (NCX 470)***

In December 2018, we entered into an exclusive license agreement, or, as amended in March 2020, the NCX 470 License Agreement, with Nicox S.A., or Nicox, for any pharmaceutical formulation based on or including the proprietary compound of NCX 470 or any derivatives of NCX 470 or structurally similar analogs of bimatoprost having a NO donating moiety. Under the NCX 470 License Agreement, Nicox granted us exclusive rights under certain patents and know-how to develop, make, have made, import, export, use, distribute, market, promote, offer for sale and sell NCX 470 in the Greater China region, Korea and another 12 countries in Southeast Asia for the prevention and treatment of all human ophthalmic diseases, including glaucoma. Nicox shall transfer the relevant manufacturing technology (not patent) to us (or a mutually agreed upon CMO) to enable us to commercially manufacture NCX 470 in the licensed territory. Following such technology transfer, we shall be responsible for manufacturing and supplying NCX 470 for the licensed territory at our own expense. We also retain all rights to enter into agreements with any CMO, subcontractor, distributor or other third-party partner for the exploitation of NCX 470 in the licensed territory, subject to compliance and diligence requirements. Nicox is a Euronext-listed (Euronext Paris: FR0013018124, COX), international ophthalmology company with a market capitalization of US$161.9 million as of the Latest Practicable Date. Nicox has two FDA-approved ophthalmology products. We have maintain a business relationship with Nicox since December 2018. Under the NCX 470 License Agreement, we may not in-license or commercialize any products that directly compete with NCX 470 in the licensed territory.

Under the NCX 470 License Agreement, Nicox is entitled to receive a one-time upfront payment of €3 million and a further €15.0 million immediately after signing the first amendment of the NCX 470 License Agreement. No further milestones will be due from us to Nicox. Nicox is also entitled to receive tiered royalties ranging from 6% to 12% of net sales of NCX 470 in the Licensed Territory.

Under the NCX 470 License Agreement, we must use commercially reasonable efforts to develop and commercialize NCX 470 in the licensed territory. We will jointly manage and equally fund a second Phase III clinical trial of NCX 470, namely the Denali Phase III clinical trial, in the United States and China or in the EU and China with Nicox. If the joint trial does not occur, Nicox may refund some or the significant majority of our €15.0 million payment to us and under certain circumstances, the original development and regulatory milestones and certain commercial milestones that we were originally obliged to pay to Nicox would again apply.

Under the NCX 470 License Agreement, we and Nicox formed a joint governance committee with equal representation to help coordinate the transfer of information between the parties and facilitate the development of NCX 470 in the licensed territory. The NCX 470 License Agreement will continue in full force and effect on a jurisdiction-by-jurisdiction basis until the date of the last commercial sale of NCX 470 in each jurisdiction. We are entitled to terminate the NCX 470 License Agreement at any time without cause upon 30 days' prior written notice to Nicox. In the event of either party's uncured material breach of the NCX 470 License Agreement, the non-breaching party may terminate the agreement upon 60 days' written notice to the breaching party. Either party may terminate the NCX 470 License Agreement upon 30 days' written notice to the other party, if the other party experiences certain insolvency-related events. Upon termination of the NCX 470 License Agreement, the license granted to us with respect to NCX 470 will terminate upon our exhaustion of our inventories of NCX 470 that exists at the effective date of such termination.

Under the NCX 470 License Agreement, each party will remain the sole owner of its pre-existing intellectual property rights. We will own any inventions created or conceived solely by our employees and Nicox will own any inventions created or conceived solely by its employees in their respective activities under the NCX 470 License Agreement. We and Nicox will jointly own any inventions created or conceived jointly. We grant Nicox an exclusive, non-transferable, fully paid up license under the joint inventions to develop, make, have made, import, export, use, distribute, market, promote, offer for sale and sell NCX 470 outside the licensed territory. Nicox has the option to obtain an exclusive license under our sole inventions arising from our activities under the NCX 470 License Agreement. Such license would be granted outside of the licensed territory if exercised during the term of the NCX 470 License Agreement and worldwide if exercised after termination of the NCX 470 License Agreement. If Nicox exercises such option, we are entitled to a royalty of 2% of net sales of NCX 470 until such time as there are no remaining valid patent claims covering such inventions.

Nicox controls the prosecution, maintenance and enforcement of the patents it licenses to us under the NCX 470 License Agreement. Nicox is required to use commercially reasonable efforts to maintain the patents licensed to us pursuant to the NCX 470 License Agreement. If Nicox elects not to enforce any such patents in the licensed territory, we may elect to do so at our own expense. Under the NCX 470 License Agreement, neither we nor Nicox may assign or transfer the agreement or any interest or right or obligation under the agreement without the other party's prior written consent, except in the event of change of control. However, we or Nicox may assign rights and obligations under the NCX 470 License Agreement to an affiliate or to a transferee or acquirer of, or successor to, its assets or securities in the event of a merger, sale of stock, sale of assets or other transaction without prior consent of the other party, provided that the obligations and agreements under the NCX 470 License Agreement remain in effect.

***License of OT-1001 (ZERVIATE)***

In March 2019, we entered into an exclusive license agreement, or, as amended in March 2020, the ZERVIATE License Agreement, with Nicox for cetirizine ophthalmic solution 0.24% (ZERVIATE), which term includes any similar cetirizine ophthalmic solution product developed further to the information and data provided under the ZERVIATE License Agreement. Under the ZERVIATE License Agreement, Nicox granted us exclusive rights under certain know-how to develop, make, have made, import, export, use, distribute, market, promote, offer for sale and sell ZERVIATE for the prevention and treatment of ocular allergies, including the treatment of ocular itching associated with allergic conjunctivitis or such similar indication, in the Greater China region and 11 countries in the Southeast Asian region. Nicox also granted us exclusive rights to use the ZERVIATE trademark in China in connection with ZERVIATE. Under the ZERVIATE License Agreement, we may not in-license or commercialize any product that directly competes with ZERVIATE or any other anti-histamine eye drop product in the licensed territory during the term of the ZERVIATE License Agreement and for three years thereafter. Nicox shall transfer the relevant manufacturing technology (not patent) to us (or a mutually agreed upon CMO) to enable us to commercially manufacture ZERVIATE in the licensed territory. Following such technology transfer, we shall be responsible for manufacturing and supplying ZERVIATE for the licensed territory at our own expense. We also retain all rights to enter into agreements with any CMO, subcontractor, distributor or other third-party partner for the exploitation of ZERVIATE in the licensed territory, subject to compliance and diligence requirements.

Under the ZERVIATE License Agreement, Nicox is entitled to receive development and sales milestone payments from us of up to approximately US$19 million. Nicox is also entitled to receive tiered royalties ranging from 5% to 9% of net sales of ZERVIATE in the licensed territory.

Under the ZERVIATE License Agreement, we must use commercially reasonable efforts to develop and commercialize ZERVIATE in the licensed territory and are responsible for all associated costs and expenses.

Under the ZERVIATE License Agreement, we and Nicox formed a joint governance committee with equal representation to help coordinate the transfer of information between the parties and facilitate the development of ZERVIATE in the licensed territory. The ZERVIATE License Agreement will continue to be in full force and effect on a jurisdiction-by-jurisdiction basis until the date of the last commercial sale of ZERVIATE in each jurisdiction. We are entitled to terminate the ZERVIATE License Agreement at any time without cause upon 30 days' prior written notice to Nicox and payment of a €1 million termination fee. In the event of either party's uncured material breach of the ZERVIATE License Agreement, the non-breaching party may terminate the agreement upon 60 days' written notice to the breaching party. Either party may terminate the agreement upon 30 days' written notice to the other party,

if the other party experiences certain insolvency-related events. Upon termination of the ZERVIATE License Agreement, the license granted to us with respect to ZERVIATE will terminate upon our exhaustion of our inventories of ZERVIATE that exists at the effective date of such termination.

Under the ZERVIATE License Agreement, each party will remain the sole owner of its pre-existing intellectual property rights. We will own any inventions created or conceived solely by our employees and Nicox will own any inventions created or conceived solely by its employees in their respective activities under the ZERVIATE License Agreement. We and Nicox will jointly own any inventions created or conceived jointly. We grant Nicox an exclusive, non-transferable, fully paid up license under the joint inventions to develop, make, have made, import, export, use, distribute, market, promote, offer for sale and sell ZERVIATE outside the licensed territory. Nicox has the option to obtain an exclusive license under our sole inventions arising from our activities under the ZERVIATE License Agreement. Such license would be granted outside of the licensed territory if exercised during the term of the ZERVIATE License Agreement and worldwide if exercised after termination of the ZERVIATE License Agreement. If Nicox exercises such option, we are entitled to a royalty of 3% of net sales of ZERVIATE until the earlier of ten years from our first commercial sale of ZERVIATE and the time at which there are no valid patent claims covering such inventions. Under the ZERVIATE License Agreement, neither we nor Nicox may assign or transfer the agreement or any interest or right or obligation under the agreement without the other party's prior written consent, except in the event of change of control. However, we or Nicox may assign rights and obligations under the ZERVIATE License Agreement to an affiliate or to a transferee or acquirer of, or successor to, its assets or securities in the event of a merger, sale of stock, sale of assets or other transaction without prior consent of the other party, provided that the obligations and agreements under the ZERVIATE License Agreement remain in effect.

***License of OT-503 (NCX 4251)***

In June 2019, we entered into an exclusive license agreement, or the NCX 4251 License Agreement, with Nicox for the proprietary pharmaceutical formulation of NCX 4251, which term includes any other fluticasone propionate containing formulation covered by Nicox intellectual property and know-how developed under the agreement. Under the NCX 4251 License Agreement, Nicox granted us exclusive rights to develop, make, have made, import, export, use, distribute, market, promote, offer for sale and sell the NCX 4251 for the prevention and treatment of blepharitis with topical application in the Greater China region. Under the NCX 4251 License Agreement, we may not develop, in-license or commercialize in the Greater China region any products that contain fluticasone or that is used for the prevention and treatment of blepharitis and is applied by an eyelid applicator or equivalent directly to the eyelid margin. Nicox shall transfer the relevant manufacturing technology (not patent) to us (or a mutually agreed upon CMO) to enable us to commercially manufacture NCX 4251 in the licensed territory. Following such technology transfer, we shall be responsible for manufacturing and supplying NCX 4251 for the licensed territory at our own expenses. We also

retain all rights to enter into agreements with any CMO, subcontractor, distributor or other third-party partner for the exploitation of NCX 4251 in the licensed territory, subject to compliance and diligence requirements.

Under the NCX 4251 License Agreement, Nicox is entitled to receive an upfront payment of approximately US$2.3 million and additional development and sales milestones of up US$11.3 million. Under the NCX 4251 License Agreement, Nicox is also entitled to receive tiered royalties ranging from 5% to 10% of net sales of NCX 4251 in the Greater China region.

Under the NCX 4251 License Agreement, we must use commercially reasonable efforts to develop and commercialize NCX 4251 in the Greater China region. We are responsible, at our own cost, for all development activities necessary for the approval of NCX 4251 in the Greater China region, overseen by a joint governance committee comprising equal representation from each party to help to coordinate the transfer of information between the parties and facilitate the development of the NCX 4251 in the Greater China region.

The NCX 4251 License Agreement will continue to be in full force and effect on a jurisdiction-by-jurisdiction basis until the date of the last commercial sale of NCX 4251 in each jurisdiction. We are entitled to terminate the NCX 4251 License Agreement at any time without cause upon 30 days' prior written notice to Nicox. In the event of either party's uncured material breach of the NCX 4251 License Agreement, the non-breaching party may terminate the agreement upon 60 days' written notice to the breaching party. Either party may terminate the agreement upon 30 days' written notice to the other party, if the other party experiences certain insolvency-related events. Upon termination of the NCX 4251 License Agreement, the license granted to us with respect to NCX 4251 will terminate upon our exhaustion of our inventories of NCX 4251 that exists at the effective date of such termination.

Under the NCX 4251 License Agreement, each party will remain the sole owner of its pre-existing intellectual property rights. We will own any inventions created or conceived solely by our employees and Nicox will own any inventions created or conceived solely by its employees in their respective activities under the NCX 4251 License Agreement. We and Nicox will jointly own any inventions created or conceived jointly. We grant Nicox an exclusive, non-transferable, fully paid up license under the joint inventions to develop, make, have made, import, export, use, distribute, market, promote, offer for sale and sell NCX 4251 outside the Greater China region. Nicox has the option to obtain an exclusive license under our sole inventions arising from our activities under the NCX 4251 License Agreement. Such license would be granted outside of the Greater China region if exercised during the term of the NCX 4251 License Agreement and worldwide if exercised after termination of the NCX 4251 License Agreement. If Nicox exercises such option, we are entitled to a royalty of 2% of net sales of NCX 4251 until such time as there are no remaining valid patent claims covering such inventions.

Nicox controls the prosecution, maintenance and enforcement of the patents it licenses to us under the NCX 4251 License Agreement. Nicox is required to use commercially reasonable efforts to maintain the patents licensed to us pursuant to the NCX 4251 License Agreement. If

Nicox elects not to enforce any such patents in the Greater China region, we may elect to do so at our own expense. Under the NCX 4251 License Agreement, neither we nor Nicox may assign or transfer the agreement or any interest or right or obligation under the agreement without the other party's prior written consent, except in the event of change of control. However, we or Nicox may assign rights and obligations under the NCX 4251 License Agreement to an affiliate or to a transferee or acquirer of, or successor to, its assets or securities in the event of a merger, sale of stock, sale of assets or other transaction without prior consent of the other party, provided that the obligations and agreements under the NCX 4251 License Agreement remain in effect.

**Collaboration with Senju and GTS**

***License of OT-701***

In January 2019, we entered into an exclusive license agreement, or the OT-701 License Agreement, with Senju Pharmaceutical Co., Ltd., or Senju, and Gene Techno Science Co., Ltd., or GTS, as licensors. Under the OT-701 License Agreement, the licensors granted us exclusive rights to develop and commercialize products containing ranibizumab as a biosimilar to Lucentis® under the licensed data in the Greater China region. We were granted rights to manufacture OT-701 in the licensed territory under the OT-701 License Agreement. Senju is a global international pharmaceutical company based in Japan and primarily engaged in manufacturing and sales of pharmaceutical products, including eye drops and contact lens cleaners. GTS is a Tokyo Stock Exchange–listed Company (TYO: 4584) with a market capitalization of approximately JPY23.2 billion as of the Latest Practicable Date, primarily engaged in the development of biopharmaceuticals including biosimilar, new biologics and regenerative medicines. We have maintained a business relationship with Senju and GTS since January 2019. Under the OT-701 License Agreement, we may not develop or commercialize any products utilizing ranibizumab made by any third party other than GTS.

Under the OT-701 License Agreement, the licensors are entitled to receive from us a one-time upfront fee and certain additional milestone payments associated with regulatory progress and commercial sales of OT-701. The licensors are also entitled to receive single digit percentage tiered royalties on net sales of OT-701 in the Greater China region. We have commenced the discussion with the licensors for a separate supply agreement with respect to the active ingredient of OT-701 and the unpackaged product.

Under the OT-701 License Agreement, we must use commercially reasonable efforts to obtain marketing authorizations for OT-701 in the Greater China region and are responsible for all costs and expenses associated with development, regulatory and commercial activities for OT-701 in the Greater China region. The OT-701 License Agreement will continue in full force and effect for so long as we continue to develop, manufacture, market or sell OT-701 in the Greater China region. The OT-701 License Agreement may be terminated upon party's uncured material breach of the OT-701 License Agreement or party's experience of certain insolvency-related events.

## Collaboration with Huonland

### *Acquisition of Ou Qin*

In December 2019, we entered into a hyaluronic acid eye drop technology transfer agreement, or the Ou Qin Acquisition Agreement, with Beijing Huonland Pharmaceutical Co., Ltd., or Huonland. Huonland is an ophthalmic drug manufacturing company with a registered capital of RMB88.67333 million based in China, primarily engaged in development, production and sales of ophthalmology products. We have maintained a business relationship with Huonland since January 2019. Pursuant the Ou Qin Acquisition Agreement, Huonland agreed to transfer all its rights to 0.8 mL dose hyaluronic acid eye drop of 0.3% concentration, which we have internally named Ou Qin, to us, and prior to the completion of such transfer, grant us an exclusive sales right in China. We are entitled to receive service fee derived from the sales of Ou Qin prior to the completion of the transfer. Under the Ou Qin Acquisition Agreement, we are entitled to all drug registration certificates and data related to Ou Qin and a service fee. Huonland is entitled to an acquisition fee of up to RMB25.0 million. The Ou Qin Acquisition Agreement will continue in full force and effect until the date on which Huonland is not designated to manufacture and supply Ou Qin by us. In March 2020, we entered into a commissioned manufacturing agreement, or the Ou Qin Manufacturing Agreement, with Huonland. Pursuant to the Ou Qin Manufacturing Agreement, after the completion of the transfer of rights of Ou Qin, we agreed to engage Huonland for manufacturing and supply of Ou Qin in China for a term of five year commencing from March 2020. We are entitled to terminate the Ou Qin Manufacturing Agreement immediately if Huonland experiences a change of control or being disqualified to fufill the obligations under the Ou Qin Manufacturing Agreement or upon 60 days' prior written notice at any time without cause. We or Huonland may terminate the Ou Qin Manufacturing Agreement immediately upon written notice upon the other party's uncured material breach of the Ou Qin Manufacturing Agreement or if the other party experiences certain insolvency-related events.

### *Exclusive Sales of Brimonidine Tartrate Eye Drop*

In February 2020, we entered into an exclusive sales agency agreement, or the brimonidine tartrate eye drop Sales Agency Agreement, with Huonland. Pursuant to the brimonidine tartrate eye drop Sales Agency Agreement, Huonland agreed to (i) grant us an exclusive sales right to its brimonidine tartrate eye drops in China for a term of five years commencing from March 2020, (ii) manufacture and supply brimonidine tartrate eye drop to us during the agreed term, and (iii) pay us an amount equal to the difference between the price we charge distributors and agreed supply price we paid to Huonland as our service fee. Upon expiry of the agreement, so long as we have not had a breach, we have priority rights to renew the agreement and remain as the exclusive sales agent of this product in China. Brimonidine tartrate eye drop received its NDA approval in China in 2016.

***Manufacture of 0.5% Moxifloxacin Eye Drop***

In January 2019, we entered into a manufacturing outsourcing agreement, or the 0.5% moxifloxacin eye drop Manufacturing Agreement, with Huonland. Pursuant to the 0.5% moxifloxacin eye drop Manufacturing Agreement upon obtaining the NDA approval, we, the MAH of 0.5% moxifloxacin eye drop, agreed to (i) outsource the manufacturing of 0.5% moxifloxacin eye drop, a moxifloxacin antibiotic eye drop, to Huonland, the production approval holder, for a term of at least five years commencing from the date we received NDA approval for 0.5% moxifloxacin eye drop, and (ii) pay Huonland a commission fee for the manufacturing service. We are entitled to change the manufacturer of 0.5% moxifloxacin eye drop as a MAH upon expiration of the 0.5% moxifloxacin eye drop Manufacturing Agreement.

**Collaboration with SanBio**

In March 2020, we entered into a collaboration and license agreement with SanBio Co. Ltd., or SanBio. SanBio is a Tokyo Stock Exchange-listed company (TYO: 4592), with a market capitalization of JPY92.4 billion as of the Latest Practicable Date, primarily engaged in development, production and sales of regenerative cell drugs. We have maintained a business relationship with SanBio since March 2020. Under the agreement, SanBio will grant us an exclusive, non-sub-licensable and non-transferrable license to research, develop and commercialize two stem cell therapies in the Greater China region for ophthalmic indications. SanBio and we plan to jointly develop the products in the preclinical phase. We will fund an initial investment of US$6 million for the preclinical and manufacturing process development, and the remaining preclinical and manufacturing process development costs will be equally shared by both parties. We will be responsible for clinical development and commercialization activities conducted in the Greater China region and bear all associated costs. SanBio retains all rights for ophthalmic indications for the rest of the world and all rights for non-ophthalmic indications globally. Under the agreement, SanBio is entitled to up to US$71 million in milestone payments upon the achievement of certain development, regulatory and sales milestone events. In addition, SanBio is entitled to receive tiered royalties ranging from single digit to low teens as a percentage of annual net sales in the Great China region. The agreement will continue in full force and effect on a jurisdiction-by-jurisdiction and product-by-product basis in the Greater China region until the latest of the expiration of the licensed patents, expiration of regulatory exclusivity, launch of a competing generic product or ten years after commercial launch of such licensed product in each jurisdiction. SanBio is entitled to terminate the SanBio Collaboration Agreement immediately if we directly or indirectly challenge any patent owned or controlled by SanBio relating to the licensed products. We or SanBio may terminate the SanBio Collaboration Agreement upon 30 days' prior written notice upon the other party's uncured material breach of the SanBio Collaboration Agreement or immediately upon notice if the other party experiences certain insolvency-related events. Upon our termination of the SanBio Collaboration Agreement for SanBio's material breach or insolvency, we will retain the license granted to us. Upon other termination of the SanBio Collaboration Agreement, the license granted to us will terminate.

## RESEARCH AND DEVELOPMENT

We are dedicated to building and growing fully integrated research and development capabilities as an internal engine to power our agenda of identifying, developing and commercializing the most innovative and best-in-class therapies for ophthalmic patients in China.

Our executive director and CEO, Mr. Liu Ye, our chief scientific officer, Dr. Liu Changdong, our chief medical officer, Dr. Chen DongHong and our chief development officer, Dr. Hu Zhaopeng, oversee our research and development activities.

Our research and development team has a full suite of capabilities from drug discovery, preclinical research to clinical trials. Specifically, our research and development team conducts feasibility studies for potential drug candidates, analyzes the availability of alternative treatments in China, characterizes drug candidates' critical attributes, and designs and executes clinical trials. Our market-driven research and development efforts focus on drug candidates that address unmet demands in the broad and growing ophthalmic pharmaceutical market in China.

In addition to our internal research and development efforts, we also collaborate with external research partners, such as leading CROs, academic institutions and industrial partners, to jointly investigate new drugs and conduct clinical trials. We entered into research and development contracts with several industry-leading CROs. See "—Collaboration with CROs." We believe our well-rounded research and development capabilities will help us to achieve our goal of providing world-class total solutions to advance eye health in China.

In 2018 and 2019, our research and development expenses were RMB40.7 million and RMB99.5 million, respectively.

### Drug Discovery and Preclinical Research

Our research and development process begins with drug discovery. Limited by the slow progress in scientific research on the pathogenesis of eye diseases and disorders, the drug discovery efforts of ophthalmic pharmaceutical companies worldwide primarily focus on developing new formulations and new dosage forms that possess advantages over currently approved drug products rather than discovering new targets or new mechanisms of action. We pursue a dual-source innovation strategy through in-licensing/acquisition or internal research and development. Through in-licensing and acquisitions, we are committed to finding best-in-class therapies internationally that address Chinese patients' unmet medical needs. Specifically, in the selection of licensing partners, we primarily focus on those specialized ophthalmic pharmaceutical companies with comprehensive drug portfolios, advanced innovation capabilities and established industry reputation. Based on our deep domain expertise and broad international connections, we conduct meticulous research on the latest developments in global ophthalmology across all major indications and therapies to identify the best assets that we believe would suit the unmet medical needs and unique characteristics

of Chinese patients. We also research the regulatory pathways for obtaining clinical trial approvals and marketing approvals in China. On the other hand, through internal research and development, we also identify innovative therapeutic concepts and study them for potential in-house development. Going forward, we intend to gradually shift our priority to conducting most of our new drug candidate discovery, research and development internally, and we will allocate our internal resources accordingly.

As of December 31, 2019, our research and development team had 15 members, including 5 members holding M.D. or Ph.D. degrees and 7 members holding master's degrees. Members of our research and development team have multidisciplinary backgrounds. They have extensive expertise in ophthalmology, pharmacology, toxicology, traditional medicine and chemistry. In addition, four members of our research and development team have over ten years of experience in ophthalmology.

We have a streamlined drug selection process. Various departments and teams interact closely and cooperate seamlessly in this process:

- *Evaluation of commercial value.* Our business development department begins the search for potential drug candidates by evaluating target drugs' commercial value. It pays close attention to those drugs for diseases with a large patient population but limited alternative treatments in China. A target drug's cost-effectiveness and ease-of-use are also important factors being considered. Our business development department is led by Mr. Zuo Qinglei, our vice president (commercialization). Mr. Zuo has over ten years of experience in the pharmaceutical industry, over five years of experience in the ophthalmic pharmaceutical industry, and is experienced in establishing collaborative relationship with external parties and identifying potential development or licensed-in targets.

- *Assessment of scientific feasibility.* Our scientific affairs department evaluates a potential drug candidate's development prospects from scientific perspectives. It is primarily responsible for high-level, early-stage assessments of a potential drug candidate's critical quality attributes, and analyzing its potential advantages compared to currently approved alternative treatments. Our scientific affairs department is led by Dr. Liu Changdong, our chief scientific officer. Dr. Liu has over 13 years of experience as a practicing ophthalmologist in leading hospitals in China and over 35 years of experience in clinical development of ophthalmic drug in China and the United States. Our SAB, a panel of eminent ophthalmologists with strong influence in China and the United States, also advises our assessments of drug candidates' scientific feasibility.

- *Pre-planning of clinical trials and manufacturing.* Our medical and clinical development department and CMC team also participate early in the drug selection stage. They try to identify potential obstacles in the clinical development and manufacturing stages and evaluate the likelihood of successful clinical trials and commercial production.

- *Final decision.* Based on the results of cross-departmental assessment, our senior management and our SAB make a final decision on whether to continue the development of a potential drug candidate.

To further enhance our research capability, we are developing a state-of-the-art research laboratory within the manufacturing facility in Suzhou, which is expected to be one of the largest ophthalmic laboratories in China. The laboratory and ancillary office areas have a gross floor area of approximately 8,100 square meters. We plan to install state-of-the-art equipment in our laboratory to enhance our research and development capabilities. The laboratory is expected to commence operation in September 2021 with approximately 20 dedicated research and development personnel. We plan to conduct research activities on development of innovative and generic ophthalmic drugs such as sterile solutions, gels and suspensions, nano or micro emulsions.

The laboratory also plans to focus its research on the development of innovative formulations. Traditional formulations have several limitations. For topically applied eye drops, tears usually wash away a substantial portion of the medication, limiting the penetration of the medication into eye tissues. For injections, they achieve effective, but often transient, dosage levels in the eye, which require repeated injections and may cause pains, swellings and bleedings. Specifically, the laboratory plans to develop the following innovative formulation systems to address the limitations of traditional formulations:

- *Sustained drug release system*. The sustained drug release system utilizes intraocular implants that release drugs in a controlled manner through several weeks or months. The system allows for a consistently effective dosage level in a prolonged period, and consequently eliminates the need for repetitive eye drop administrations or injections.

- *Muco-adhesive drug delivery system.* Mucosa is the membrane that covers the inside surface of organs. It plays an important role in drug delivery because drug particles must penetrate mucosa to be absorbed. Muco-adhesion refers to the adhesion between two materials, at least one of which is a mucosal surface. Drugs can be developed into muco-adhesive dosage forms to enable prolonged retention at the site of application and a more rapid onset of action. As a result, muco-adhesive drug delivery contributes to a controlled rate of drug release, a long-lasting effective dosage level and an improved bioavailability.

**Clinical Development**

Our medical and clinical development department is comprised of personnel with extensive research expertise and rich practical experience. As of the Latest Practicable Date, we had nine clinical development personnel. Two of them hold M.D. or Ph.D. degrees and five of them hold a master's degree. In addition, two members of the team have practiced as ophthalmologists for over ten years and two members have clinical development experience in leading multinational pharmaceutical companies.

Our medical and clinical development department is led by our chief medical officer, Dr. Chen DongHong. Dr. Chen has over ten years of experience as a practicing ophthalmologist and over 20 years of experience as a clinical research physician in several established educational institutions and multinational ophthalmic companies in China and the United States. Dr. Chen has led more than ten clinical trials of ophthalmic drugs and devices, and has led the development of two novel ophthalmic drugs. We also have a strong clinical operation team led by Ms. Yu Xiang, who has over 12 years' experience in clinical operation. Ms. Yu has been in charge of over ten clinical trials, including clinical trials for two ophthalmic drugs, in several MNCs in China. Our clinical project manager, Ms. Zou Xiaojuan, also has over ten years' clinical operation experience and has participated in over eight clinical trials in several domestic and multinational companies. We believe our clinical development personnel's global research expertise and local practical experience will enable us to better apply the latest advances in ophthalmology to address Chinese patients' medical needs.

Each of our clinical development project is led by a project leader who formulates the clinical development plan, designs the trial protocol and oversees the trial execution. We employ adaptive clinical trial design to achieve efficiency in drug development and potentially accelerate approvals for our drug candidates. We also have a streamlined, parallel decision-making process with predefined go and no-go criteria. To maximize trial efficiency, we strategically select trial sites to fully utilize available subjects and to enhance the trials' cost-effectiveness and global compatibility.

**Research and Development for In-licensed Drug Candidates**

We promptly commence research and development activities after in-licensing drug candidates from our licensing partners. We design the clinical trials to be implemented in China and proactively communicate with relevant regulatory authorities for obtaining the IND approvals. We also engage third-party service providers, such as CROs and clinical research coordinators to manage the day-to-day execution of clinical trials under the close supervision and management of our research and development team. We set up standards of project management and clinical operations, and give detailed instructions and guidance to such third-parties. Additionally, we invite leading experts in relevant areas and arrange training sessions for potential investigators in preparation for the clinical trials.

## COLLABORATION WITH CROs

To scale up our clinical trials and enhance trial efficiency, we engage industry-leading CROs to manage, conduct and support our preclinical research and clinical trials. For example, we engaged Ora, one of the world's largest ophthalmic CROs, to conduct preclinical and clinical due diligence for OT-401. We also engaged IQVIA, a leading global human data science company, to conduct Phase III clinical trials for OT-401. We engaged a subsidiary of WuXi AppTec to provide clinical research coordination services for the clinical trials of OT-401, which mainly included site management, patient recruiting and arranging patient follow-up visits. For OT-1001, we engaged another subsidiary of WuXi AppTec to implement and manage the clinical trials.

We select CROs based on various factors, such as professional qualifications, research experience, industry reputation, adequacy of clinical trial equipment and data management system. We choose CROs based on their ability to facilitate site selection, timely recruit patients and conduct complex clinical trials efficiently. We generally enter into a general service agreement with a CRO for clinical trial management services under which we execute separate work orders for each clinical development project. To ensure the performance of these CROs in a manner that complies with our protocols and applicable laws, which in turn protects the integrity and authenticity of the data from our trials and studies, we closely supervise these CROs.

Below is a summary of the key terms of an agreement that we typically enter into with our CROs:

- *Services*. The CRO provides us with services such as the design, implementation and management of a clinical development project as specified in the general service agreement or a work order. Specifically, such services usually include preparing study reference manuals, organizing training meetings for investigators, site identification and administration, data collection, coding and analysis.

- *Term*. The CRO is required to perform its services within the prescribed time limit set out in each work order.

- *Payments*. We are required to make payments to the CRO in accordance with the payment schedule by stages according to the achievement of each development milestone.

- *Intellectual property rights.* We typically own all intellectual property rights arising from the clinical trials.

- *Risk allocation*. The CRO should indemnify us for losses caused by its negligence, recklessness, intentional misconduct or material breach of the general service agreement or the work order.

We believe our ability to conduct large, high-quality clinical trials enables us to shorten the time required for drug development by generating the requisite data reliably and efficiently.

## CMC

Our CMC team is primarily responsible for process development, drug characterization, laboratory management and other preclinical, clinical and manufacturing support. As of December 31, 2019, our CMC team had two members, holding a Ph.D. and a master's degree, respectively, and having an average of over ten years' CMC experience. Our CMC team serves the following functions:

- *Preclinical support and laboratory management*. Seamlessly integrated into our drug discovery and development process, our CMC team supports, supervises and guides our CROs. It also identifies, at an early stage, characteristics of a drug candidate that may impede clinical trials or commercial production. Our CMC team also manages the construction of our laboratory, and is expected to supervise the laboratory's operation after the construction is completed.

- *Clinical support*. During the clinical trial stage, our CMC team manages clinical trial supplies by monitoring and providing guidance to our suppliers in order to ensure product quality and best-practice supply chain operations.

- *Process development and quality control for manufacturing*. Prior to commercial production, our CMC team is responsible for developing full-scale industrial manufacturing processes. Our CMC team is also expected to enforce quality control measures, such as raw material testing, drug substance specification and product quality assessment.

We also engage industry leading CROs to assist in the CMC process for developing some of our drug candidates, such as OT-101 and OT-601-C. The CROs mainly provide consulting services for planning and managing the CMC process.

## MANUFACTURING

As of the Latest Practicable Date, we had not produced drug products by ourselves. Pursuant to the Ou Qin Acquisition Agreement, Huonland agreed to transfer all its rights to Ou Qin to us, and grant us the exclusive sales right to Ou Qin in China before such transfer is completed. Additionally, Huonland agreed to manufacture and supply Ou Qin to us before the transfer is completed. After the transfer is completed, we will engage Huonland as our CMO for Ou Qin. Pursuant to the Brimonidine Tartrate Eye Drop Sales Agency Agreement, we were granted the exclusive sales right to brimonidine tartrate eye drop in China, and Huonland agreed to manufacture and supply brimonidine tartrate eye drop to us. See "—Collaboration and License Arrangements—Collaboration with Huonland." We do not foresee any major difficulties in finding alternative manufacturers if any of the current manufacturers' production suspends.

We are developing our own manufacturing capability. Development has begun on a new facility in Suzhou and we expect the facility to begin trial production in September 2021. The manufacturing facility is expected to occupy a site area of approximately 30,000 sq.m.

We have strategically selected Suzhou as the site of the Suzhou manufacturing facility. Suzhou is one of national centers of life science industries and the Suzhou government has implemented various favorable policies to foster the growth of innovative pharmaceutical companies. Benefiting from such favorable policies, we cooperate with the Suzhou government in developing our manufacturing facility. See "Waivers from Compliance with the Listing Rules and Exemption from the Companies (Winding Up and Miscellaneous Provisions) Ordinance—Waiver and Exemption in respect of Accounting and Disclosure Requirements for Acquisitions of Subsidiaries and Businesses Conducted after the Track Record Period" for details of our cooperation agreement with the Suzhou government.

The Suzhou manufacturing facility is planned to have four production workshops with a total planned capacity of up to 455.0 million doses per year. The four production shops are intended for the manufacturing of general ophthalmic drugs, hormonal ophthalmic drugs, ophthalmic ointment and ophthalmic devices. Once completed, our Suzhou manufacturing facility is expected to have a larger manufacturing capacity compared to existing ophthalmology-specialized pharmaceutical manufacturing facilities in China. Our Suzhou manufacturing facility is designed to be capable of producing most of our key assets, including OT-401. We plan to use the Suzhou manufacturing facility to produce drugs that we have the manufacturing rights, including potentially OT-301, OT-1001 and OT-503.

The Suzhou manufacturing facility is designed in compliance with GMP standards of China, the United States and the EU. The production lines are specifically designed for the production of ophthalmic drugs, including sterile solutions, gels and suspensions. The production lines are also highly automated, and we expect that fewer than 130 workers will be needed when the production lines operate at full capacity. We plan to hold and operate the Suzhou manufacturing facility under a pharmaceutical manufacturing license to be issued by the Jiangsu branch of NMPA.

In addition, the Suzhou manufacturing facility may benefit from its proximity to our key suppliers. For example, two established eye-drop bottle manufacturers, which are renowned for product design and quality and long-term suppliers for reputable MNCs, are adjacent to the Suzhou manufacturing facility. We plan to directly procure eye-drop bottles from them, thus effectively reducing transaction and transportation costs.

Operating the Suzhou own manufacturing facility allows us to eliminate costs for engaging third-party manufacturers and to reduce transaction costs. We are also better positioned to implement quality control measures and produce consistently high-quality products on a large scale.

## COMMERCIALIZATION

The commercialization of our drug candidates is critical to our future success. As of the Latest Practicable Date, we had a commercialization team of 46 employees. In anticipation of the launch of our late-stage drug candidates, we are expanding our sales team and plan to have about 100 members across China by 2021.

Our commercialization strategies focus on building our brand and increasing our market coverage. We aim to gain access to the markets of 31 provinces and municipalities by 2021 and to introduce our products to over 12,000 ophthalmologists in over 1,500 Grade II and Grade III hospitals in China by 2022.

To achieve these goals, we have implemented diversified commercialization strategies. In addition to in-person visits to hospitals and clinics, we also regularly sponsor or host academic conferences in ophthalmology. We are also in the process of launching early-access programs in ten hospitals which allow patients who have exhausted all currently approved drugs to use our drugs that are currently under development. In addition to promoting our drug products in public hospitals, we also partner with established private hospitals, which are rapidly growing in China and are receiving increasing patient acceptance. We also established our *WeChat* platform "Joyful View (輕鬆視界)" to introduce eye diseases and disorders and our corresponding drug products.

Specifically, we launched brimonidine tartrate eye drop and Ou Qin in March and April 2020, respectively. For brimonidine tartrate eye drop, we utilize the Joyful View platform to carry out doctor and patient education and promote the optic nerve protection function of brimonidine tartrate eye drop. In March 2020, we held a webinar on glaucoma treatment hosted by an eminent ophthalmologist on the Joyful View platform. We also plan to host or sponsor academic conferences introducing brimonidine tartrate's efficacy in treating glaucoma. For Ou Qin, we also plant to establish a strong brand in the dry eye area and strengthen our connections with ophthalmologists by sponsoring dry eye-related national and regional conferences, and hosting case-sharing projects and webinars. We also plan to further our collaboration with eye hospitals and assist in the establishment of dry eye clinics in such hospitals. We believe these physician-and patient-oriented commercialization strategies will fuel our business growth and help us build our brand name in China.

## SUPPLIERS

During the Track Record Period, our suppliers primarily consisted of (i) licensors from which we obtained intellectual property rights in respect of our in-licensed drug candidates; and (ii) CROs, who provide third-party contracting services for research and development; (iii) suppliers of other materials for research and development activities, machines and equipment. We select our suppliers by considering their product quality, industry reputation and

compliance with relevant regulations and industry standards. During the Track Record Period, we did not procure raw materials or equipment for commercial manufacturing because the construction of the Suzhou manufacturing facility had not been commenced as of December 31, 2019.

In 2018 and 2019, our purchases from our five largest suppliers in the aggregate accounted for 56.5% and 92.8% of our total purchases, respectively, and purchases from our largest supplier alone accounted for 21.7% and 55.4% of our total purchases, respectively. During the Track Record Period, we had a small number of suppliers. See "Risk Factors—Risks Relating to Our Reliance on Third Parties—We had a limited number of suppliers during the Track Record Period."

The following table sets forth details of our top five suppliers for the period ended December 31, 2018:

| Rank | Supplier | Commencement of business relationship | Credit term (days) | Payment method | Purchase amount *(RMB'000)* | Percentage of total purchases *(%)* | Location |
|---|---|---|---|---|---|---|---|
| 1 | A (a licensing partner) | December 2018 | 5-60 | Cash payment | 22,990.8 | 55.4 | France |
| 2 | B (a licensing partner) | November 2018 | 30-45 | Cash payment | 11,656.9 | 28.1 | United States |
| 3 | C (a CRO) | March 2018 | 30 | Cash payment | 1,781.1 | 4.3 | United States |
| 4 | D (a CRO) | November 2018 | 30 | Cash payment | 1,398.8 | 3.4 | United States |
| 5 | E (a workforce solutions provider) | April 2018 | 3-30 | Cash payment | 690.7 | 1.7 | PRC |

The following table sets forth details of our top five suppliers for the year ended December 31, 2019:

| Rank | Supplier | Commencement of business relationship | Credit term (days) | Payment method | Purchase amount *(RMB'000)* | Percentage of total purchases *(%)* | Location |
|---|---|---|---|---|---|---|---|
| 1 | F (a product transferor and a CMO) | January 2019 | 30 | Cash payment | 25,637.5 | 21.7 | PRC |
| 2 | A (a licensing partner) | December 2018 | 5-60 | Cash payment | 15,614.5 | 13.2 | France |
| 3 | G (a CRO) | November 2019 | 30 | Cash payment | 10,000.0 | 8.4 | PRC |
| 4 | H (a CRO) | March 2019 | 30 | Cash payment | 8,479.1 | 7.2 | PRC |
| 5 | B (a licensing partner) | November 2018 | 30-45 | Cash payment | 7,157.3 | 6.0 | United States |

To the best of our knowledge, all of our five largest suppliers during the Track Record Period are Independent Third Parties. None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest suppliers during the Track Record Period.

In addition, we believe that adequate alternative sources for such supplies exist and we have developed alternative sourcing strategies for these supplies. We will establish necessary relationships with alternative sources based on supply continuity risk assessment. Other than the agreements with certain CROs, we order supplies and services on a purchase order basis and do not enter into long-term dedicated capacity or minimum supply arrangements.

## CUSTOMER

During the Track Record Period, we had only one customer, the designated procurement agent for Boao Super Hospital, where patients were injected. We selected such customer because it was the exclusive supplier for Boao Super Hospital. We had entered into definitive contract for the sales of OT-401 with such customer during the Track Record Period. We sold OT-401 (YUTIQ) to this customer in the Boao Pilot Zone in Hainan Province, taking advantage of favorable policies to import foreign drugs not yet approved in China for urgent medical needs. For details, see "—Our Portfolio—Advanced-Stage Drug Candidates—OT-401 (YUTIQ)—Boao Pilot Program."

We only started recognizing revenue from OT-401 after the approval for admission under the Boao Pilot Program in July 2019. During the Track Record Period, we generated a limited revenue of RMB0.2 million in 2019 only from the sales of OT-401.

To the best of our knowledge, our only customer during the Track Record Period is an Independent Third Party. None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in such customer during the Track Record Period.

## COMPETITION

The ophthalmic pharmaceutical industry is highly competitive and is characterized by extensive research efforts. See "Industry Overview—Overview of China's Ophthalmic Drug Market—Competitive Landscape of the Ophthalmic Drug Market in China." We believe our comprehensive, innovative and validated ophthalmic drug portfolio, fully integrated research and development platform, specialized manufacturing and commercialization capabilities provide us with strong competitive advantages. We face potential competition from many different entities, including pharmaceutical and biopharmaceutical companies, academic institutions and public and private research institutions. Any drug candidates that we successfully develop and commercialize will compete with existing drugs and new drugs that may become available in the future.

Many of the companies we are competing against or against which we may compete in the future have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved drugs than we do. Mergers and acquisitions in the pharmaceutical and biopharmaceutical industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies or products complementary to, or necessary for, our research and development.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize drugs that are safer or more effective, have fewer or less severe side effects, are more convenient, or are less expensive than any drugs that we or our collaborators may develop. Our competitors also may obtain FDA, NMPA or other regulatory approval for their drugs earlier than we obtain approval for ours, which could result in our competitors establishing a strong market position before we or our collaborators are able to enter the market. The key competitive factors affecting the success of all of our drug candidates, if approved, are likely to be their efficacy, safety, convenience and price.

## INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. We maintain social welfare insurance for our employees in accordance with relevant PRC laws and regulations, and we also maintain commercial insurance for our employees. We maintain insurance for adverse effects in clinical trials, and we do not maintain product liability insurance.

## EMPLOYEES

The following table sets forth a breakdown of our employees by function as of December 31, 2019:

| Function | Number | Percentage of total employees |
|---|---|---|
| Commercial | 14 | 34.1% |
| Regulatory affairs and research | 6 | 14.6% |
| Medical and clinical development | 7 | 17.1% |
| Human resource and administrative | 5 | 12.2% |
| Manufacturing | 3 | 7.3% |
| Scientific affairs | 2 | 4.9% |
| Finance | 2 | 4.9% |
| Management | 1 | 2.4% |
| Legal | 1 | 2.4% |
| | 41 | 100.0% |

As of the Latest Practicable Date, all of our employees were located in the PRC. In anticipation of the launch of our late-stage drug candidates, we plan to expand our commercial team to about 100 employees by 2021. We also plan to expand our manufacturing team to about 40 employees by 2021 to support the construction and operation of the Suzhou manufacturing facility. We also had six non-employee advisors as of December 31, 2019, who were mainly external experts providing scientific or business advice to us.

### Employment Agreements with Key Management and Research Staff

We enter into standard confidentiality and employment agreements with our key management and research staff. The contracts with our key management personnel typically include a standard non-compete agreement that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for two years after the termination of his or her employment. Employees also sign acknowledgments regarding assignment of inventions and discoveries made during the course of his or her employment. We believe that we maintain a good working relationship with our employees and we have not experienced any significant labor disputes or any significant difficulty in recruiting staff for our operations. None of our employees are currently represented by labor unions.

### Training and Development

We provide formal and comprehensive company-level and department-level training to our new employees, followed by on-the-job training. We also provide training and development programs to our employees from time-to-time to ensure their awareness and compliance with our various policies and procedures. Some of the training is conducted jointly by departments serving different functions but working with or supporting each other in our day-to-day operations.

### Employee Benefits

Our employees' remuneration comprises salaries, bonuses, employee provident fund and social security contributions and other welfare payments. In accordance with the relevant laws and regulations, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees. As of the Latest Practicable Date, we had complied with all statutory social security insurance fund and housing fund obligations in all material aspects.

## LAND AND PROPERTIES

As of the Latest Practicable Date, we did not own any properties and we leased a number of properties with an aggregate gross floor area of approximately 3,051 sq.m. in Shanghai, Suzhou, Hangzhou and Beijing for various functions.

## INTELLECTUAL PROPERTY

Intellectual property rights are important to the success of our business. Our future commercial success depends, in part, on our ability to obtain and maintain patent and other intellectual property and proprietary protection for commercially important technologies, inventions and know-how related to our business, properly practice and enforce our in-licensed patents, prosecute, maintain and enforce patents that we current own or may own in the future, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the intellectual property rights of third parties.

As of the Latest Practicable Date, we owned one PRC patent and had filed one PRC patent application and one patent application under the PCT. Additionally, there were also 12 granted PRC patents, 10 filed PRC patent applications and 1 filed PCT application by our strategic partners in connection with our clinical and preclinical drug candidates as of the Latest Practicable Date:

| Product | Application No. | Title of Invention | Jurisdiction | Patent status | Applicant | Patent expiration | Our market commercial rights |
|---|---|---|---|---|---|---|---|
| **OT-401** | CN200480040139.3 | Injectable sustained release implant having a bioerodible matrix core and a bioerodible skin | Mainland China | Effective | EyePoint Pharmaceuticals US, Inc.[1] | October 26, 2024 | Greater China |
| **OT-101** | PCT/FR2019/052487 | Dispositif de connexion temporaire de deux recipients (Device for temporarily connecting two containers) | PCT Application | Pending, international Phase[2], expected to be approved between 2026 to 2027 | Coradin SAS | October 18, 2039 | Global |
| **OT-301** | CN200980127115.4 | NO donating prostamides | Mainland China | Effective | NICOX S.A. | May 11, 2029 | Greater China, Korea and 12 countries in Southeast Asia[3] |
| | CN201910622356.1 | Ophthalmic compositions comprising NO releasing prostamide | Mainland China | Pending, expected to be approved between 2025 to 2026 | NICOX S.A. | July 10, 2039 | |
| **OT-502** | CN200580039775.9 | Conveniently implantable sustained release drug compositions | Mainland China | Effective | Ramscor, Inc.[4] | September 27, 2025 | Greater China |
| | CN201010169341.3 | Conveniently implantable sustained release drug compositions | Mainland China | Effective | Ramscor, Inc.[4] | September 27, 2025 | |
| | CN201480041856.1 | Use of sustained release dexamethasone in post-cataract surgery inflammation | Mainland China | Effective | Icon Bioscience, Inc.[5] | May 23, 2034 | |
| | CN201910639315.3 | Dexamethasone unit dosage form, kit and use in post-cataract surgery inflammation | Mainland China | Pending, expected to be approved between 2024 to 2025 | Icon Bioscience, Inc.[5] | May 23, 2034 | |
| | CN201280020478.X | Dose guides for injection syringe | Mainland China | Effective | Icon Bioscience, Inc.[5] | April 25, 2032 | |

| Product | Application No. | Title of Invention | Jurisdiction | Patent status | Applicant | Patent expiration | Our market commercial rights |
|---|---|---|---|---|---|---|---|
| **OT-202** | PCT/CN2020/076414 | 1H-pyrazole derivatives as a certain targeted inhibitor of tyrosine kinases and the use thereof | PCT Application | Pending, international Phase[2], expected to be approved between 2026 to 2027 | Suzhou Ocumension Biotech Co., Ltd. | February 24, 2040 | Global |
| **OT-503** | CN201380030423.1 | Preparations of hydrophobic therapeutic agents, methods of manufacture and use thereof | Mainland China | Effective | Nicox Ophthalmics Inc. | May 6, 2033 | Greater China |
| | CN201711181360.6 | Preparations of hydrophobic therapeutic agents, methods of manufacture and use thereof | Mainland China | Pending, expected to be approved between 2021 to 2022 | Nicox Ophthalmics Inc. | May 6, 2033 | |
| **OT-1301** | CN200610068571.4 | Slow-release drugs implanted in the eye | Mainland China | Effective | Suzhou Ocumension Biotech Co., Ltd. | August 23, 2026 | Global |
| **OT-1601 and OT-1602** | CN03805596.1 | Method of inducing differentiation of bone marrow stromal cells to neural cells or skeletal muscle cells by introduction of NOTCH gene | Mainland China | Effective | SanBio, Inc. | February 6, 2023 | Greater China |
| | CN200910147488.X | Method of inducing differentiation of bone marrow stromal cells to neural cells or skeletal muscle cells by introduction of NOTCH gene | Mainland China | Effective | SanBio, Inc. | February 6, 2023 | |
| | CN200580010978.5 | Cells exhibiting neuronal progenitor cell characteristics | Mainland China | Effective | SanBio, Inc. | April 7, 2025 | |

| Product | Application No. | Title of Invention | Jurisdiction | Patent status | Applicant | Patent expiration | Our market commercial rights |
|---|---|---|---|---|---|---|---|
| | CN200880103528.4 | Methods and compositions for treating neural degeneration | Mainland China | Effective | SanBio, Inc. | August 14, 2028 | |
| | CN200980115902.7 | Neural regenerating cells with alterations in DNA methylation | Mainland China | Effective | SanBio, Inc. | April 30, 2029 | |
| | CN201280024630.1 | Methods and compositions for modulating peripheral immune function | Mainland China | Effective | SanBio, Inc. | April 6, 2032 | |
| | CN201611001568.0 | Methods and compositions for modulating peripheral immune function | Mainland China | Pending, expected to be approved between 2021 to 2022 | SanBio, Inc. | April 6, 2032 | |
| | CN201710902138.4 | Neurogenic and gliogenic factors and assays therefor | Mainland China | Pending, expected to be approved between 2022 to 2023 | SanBio, Inc. | August 20, 2032 | |
| | CN201380025599.8 | Methods and compositions for treatment of traumatic brain injury and for modulation of migration of neurogenic cells | Mainland China | Effective | SanBio, Inc.; University of South Florida | March 13, 2033 | |
| | CN201910165600.6 | Methods and compositions for treatment of traumatic brain injury and for modulation of migration of neurogenic cells | Mainland China | Pending, expected to be approved between 2025 to 2026 | SanBio, Inc.; University of South Florida | March 13, 2033 | |
| | CN201680020284.8 | Methods and compositions for stimulation of cell proliferation and provision of biologically active mixtures of FGF2 isoforms | Mainland China | Pending, expected to be approved between 2022 to 2023 | SanBio, Inc. | April 1, 2036 | |
| | CN201780081485.3 | Cell delivery system and methods of operation thereof | Mainland China | Pending, expected to be approved between 2023 to 2024 | SanBio, Inc. | December 22, 2037 | |

| Product | Application No. | Title of Invention | Jurisdiction | Patent status | Applicant | Patent expiration | Our market commercial rights |
|---|---|---|---|---|---|---|---|
| | CN201580065072.7 | Induction medium and methods for stem cell culture and therapy | Mainland China | Pending, expected to be approved between 2022 to 2023 | SanBio, Inc. | September 24, 2035 | |
| | CN201780034143.6 | Medium, methods, cells and secreted factors for stem cell culture and therapy | Mainland China | Pending, expected to be approved between 2024 to 2025 | SanBio, Inc. | March 30, 2037 | |
| | CN202030126171.5 | Bottle | Mainland China | Pending, expected to be approved in 2020 | Suzhou Ocumension Biotech Co., Ltd. | April 3, 2030 | Global |

*Notes:*

1 EyePoint Pharmaceuticals US, Inc. licenses this patent to EyePoint who sublicenses it to us under the OT-401 License Agreement. Under the OT-401 License Agreement, neither we nor EyePoint may make an assignment of the agreement without the other party's prior written consent, except to an affiliate or in the event of a change of control. In any event, any permitted assignment will be binding on the successors of the assigning party. Further, under the OT-401 License Agreement, if EyePoint determines not to maintain any such patents, we can elect to obligate them to continue maintenance at our cost. If EyePoint elects not to enforce any such patents in the Greater China region, we may elect to do so at our own expense. See "—Collaboration and License Arrangements—Collaboration with EyePoint—License of OT-401 (YUTIQ)."

2 These PCT applications were filed to the World Intellectual Property Organization, or the WIPO, under the Patent Cooperation Treaty, or the PCT, and were in the international phase as of the Latest Practicable Date. The international phase is normally considered to be the period between the filing date and 30 months since the priority date, the date of filing the first patent application. During the international phase, the WIPO conducts formality examination, international searches and other review procedures for the applications. To obtain patent rights in certain jurisdictions, applicants need to apply the relevant application to enter the national phase of such jurisdictions before the end of the international phase.

3 Including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Papua New Guinea, Timor Leste and Vietnam.

4 Ramscor, Inc. licenses these patents to Icon Bioscience, Inc. who sublicenses the patents to EyePoint, and EyePoint sublicenses the patents to us under the Dexycu License Agreement.

5 Icon Bioscience, Inc. licenses these patents and patent application to EyePoint who sublicenses the patents and patent application to us under the Dexycu License Agreement.

The term of individual patents depends on the legal term for patents in the jurisdictions in which they are granted. In most jurisdictions, the patent term for inventions is generally 20 years from the earliest claimed filing date of a non-provisional patent application in the applicable jurisdiction.

We may rely, in some circumstances, on trade secret and/or confidential information to protect aspects of our technology. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with our consultants, scientific advisors, contractors, and invention assignment arrangements with our employees. We have entered into confidentiality agreements with our senior management and certain key members of our research and development team and other employees who have access to trade secrets or confidential information about our business. Our standard employment contract, which we enter into with each of our employees, contains an assignment clause, under which employees assign to us the rights to all inventions, technology, know-how and trade secrets derived during the course of such employee's work. The contracts with our key management personnel typically include a standard non-compete agreement. However, these agreements may not provide sufficient protection of our trade secrets and/or confidential information.

We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. Despite any measures taken to protect our data and intellectual property, unauthorized parties may attempt to or successfully gain access to and use information that we regard as proprietary. See "Risk Factors—Risks Relating to Our Intellectual Property Rights."

We conduct our business under the tradename "OcuMension" ("歐康維視"). As of the Latest Practicable Date, we had registered 30 trademarks in the PRC, 9 trademarks in Hong Kong and 21 trademarks in Taiwan, and we were also the registered owner of one domain name.

We enter into collaboration agreements and other relationships with pharmaceutical companies and other industry participants to leverage our intellectual property and gain access to the intellectual property of others. See "—Collaboration and License Arrangements." We have registered "优施莹," the Chinese trademark of YUTIQ, in the PRC. For all the other in-licensed products in our portfolio, we will also register their Chinese trademarks when they are commercialized in China.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any proceedings in respect of, and we had not received notice of any claims of infringement of, any intellectual property rights that may be threatened or pending, in which we may be a claimant or a respondent.

## LEGAL PROCEEDINGS AND COMPLIANCE

As of the Latest Practicable Date, we had not been a party to any actual or threatened material legal or administrative proceedings, and our Directors had not been involved in any such proceedings. We are committed to maintaining the highest standards of compliance with the laws and regulations applicable to our business. However, we may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business.

## SOCIAL, HEALTH, WORK SAFETY AND ENVIRONMENTAL MATTERS

In respect of social responsibilities, we have entered into employment contracts with our employees in accordance with the applicable PRC laws and regulations. We hire employees based on their merits and it is our corporate policy to offer equal opportunities to our employees regardless of gender, age, race, religion or any other social or personal characteristics.

We strive to operate our facilities in a manner that protects the environment and the health and safety of our employees and communities. We have implemented company-wide environmental, health and safety (EHS) policies and operating procedures relating to waste treatment, process safety management, worker health and safety requirements and emergency planning and response. We established various guidelines governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. We ensure such guidelines are strictly enforced for the disposal of laboratory materials and wastes.

Our EHS function is responsible for monitoring and enforcing the compliance of our operations with environment, health and safety laws and regulations. This responsibility is executed through formulation and implementation of EHS policies and procedures, EHS audits and incident response planning. We have not had any significant workplace accidents in the history of our Company.

## PERMITS, LICENSES AND OTHER APPROVALS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations.

| Company name | Qualification | Status |
|---|---|---|
| Ocumension Shanghai | Business license | Effective until May 2048 |
| Ocumension Suzhou | Business license | Effective until February 2050 |
| Ocumension Zhejiang | Business License | Effective until May 2040 |

## RISK MANAGEMENT AND INTERNAL CONTROL

### Risk Management

We recognize that risk management is critical to the success of our business operation. Key operational risks faced by us include changes in the general market conditions and the regulatory environment of the PRC and global pharmaceutical markets, our ability to develop, manufacture and commercialize our drug candidates, and our ability to compete with other ophthalmic pharmaceutical companies. See "Risk Factors." We also face various market risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business. See "Financial Information—Market and Other Financial Risks—Market Risks."

We have adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis. Our senior management, and ultimately our Directors, supervise the implementation of our risk management policies. Risks identified by management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Group and reported to our Directors.

The following key principles outline our Group's approach to risk management and internal control:

Our senior management oversees and manages the overall risks associated with our business operations, including (i) reviewing and approving our risk management policy to ensure that it is consistent with our corporate objectives; (ii) monitoring the most significant risks associated with our business operations and our management's handling of such risks; and (iii) ensuring the appropriate application of our risk management framework across our Group.

Our legal department is responsible for developing and implementing our risk management policy and carrying out our day-to-day risk management practice, such as assessing risks on key business operations, advising risk responses and optimizing risk management policies. In order to formalize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) continuously monitor the key risks relating to their operation or function; (iv) implement appropriate risk responses where necessary; and (v) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

We believe that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

## Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. We have engaged an internal control consultant to perform certain agreed-upon procedures in connection with the internal control during the period from February 2020 to April 2020 of our Company and our major operating subsidiaries and to report factual findings on our Group's entity-level controls and internal controls of various processes, including financial reporting and disclosure controls, sales and sales proceeds management, procurement, accounts payable and payment, fixed assets, human resources and payroll management, cash and treasury management, inventory management, general controls of IT system, tax management, insurance management, IP management, research and development and intangible assets, and sales expenses management. As of the Latest Practicable Date, there were no material outstanding issues relating to our Group's internal control.

During the Track Record Period, we regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding our business operation and we provide periodic training about these measures and procedures to our employees as part of our employee training program. We also constantly monitor the implementation of these measures and procedures.

- We maintain strict codes of conduct for our sales and marketing personnel. For example, we formulated detailed guidelines for promoting our drug products. Our sales and marketing personnel are not allowed to promote drugs for unapproved uses or patient populations, and they are required to avoid using terms or phrases which may exaggerate the effectiveness of our drugs or mislead the patients. Additionally, our sales and marketing personnel are required to make detailed records of any payments made for business purposes and must submit receipts to our accounting department. We also enforce strict restrictions on sponsoring scientific and educational activities, and we establish review and internal approval procedures for proposals of such sponsorships. Furthermore, our sales and marketing personnel are trained to identify potential conflicts of interests in business interactions with suppliers, medical professional, patients, government officers and other external parties. Our sales and marketing personnel are required to report to their immediate or higher-level supervisors when any potential conflict of interests is identified. The supervisors are required to report to the legal department or our senior management if any material conflict of interests is identified.

- We provide various training programs to keep our employees updated of relevant laws, regulations and policies. Our new employees are required to attend compliance training programs soon after on-boarding, and must pass tests which examine their understanding of the compliance issues addressed by the training programs. Our employees are also required to regularly attend further onsite and online training sessions to keep them informed of the recent updates in the relevant laws and regulations. We also establish a consultation platform answering questions from our employees in relation to compliance issues.

- Our Directors (who are responsible for monitoring the corporate governance of our Group) with help from our compliance advisor, will also periodically review our compliance status with all relevant laws and regulations after the [**REDACTED**].

- We plan to establish an audit committee upon the [**REDACTED**], which will (i) make recommendations to our Directors on the appointment and removal of external auditors; and (ii) review the financial statements and render advice in respect of financial reporting as well as oversee internal control procedures of our Group.