CHINA MEDICAL SYSTEM HOLDINGS LIMITED
康哲藥業控股有限公司*

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 867)

POSITIVE PROFIT ALERT

This announcement is made by China Medical System Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions under Part XIVA of the Securities and Future Ordinance (Chapter 571, Laws of Hong Kong) (the "**SFO**").

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that based on the preliminary review of the unaudited management accounts, the consolidated net profit of the Group for the year ended 31 December 2014 is expected to increase significantly (an increase of approximately 60% as compared to the net profit reported for the corresponding period in 2013).

Reference is made to the announcements of the Company dated 29 October 2014 and 11 November 2014 in relation to the acquisition of shares in 西藏諾迪康藥業股份有限公司 (Tibet Rhodiola Pharmaceutical Holdings Co., Ltd.*) ("**Tibet Pharmaceutical**") (the "**Announcements**"). According to the Announcements, as at 10 November 2014 (the "**Acquisition Date**"), the Group holds 26.611% of the total shares issued by Tibet Pharmaceutical and the long-term investment in shareholding of Tibet Pharmaceutical changed to the Group's interest in an associate from the available-for-sale investments.

**For identification purpose only*

Therefore, the Group shall calculate the fair value of the available-for-sale investments generated by the change of the share price of Tibet Pharmaceutical into the one-off profit of the Group in 2014. The Board considers that this significant increase is principally attributable to said one-off profit，while the Group's ordinary course of business maintains steady growth in 2014.

This positive profit alert announcement is only based on the preliminary review of the unaudited management accounts of the Group for the year ended 31 December 2014, which has not been reviewed nor audited by the Company's auditors. Further details of the Group's performance will be disclosed as and when the annual results of the Group for the year ended 31 December 2014 are announced.

Shareholders and potential investors shall exercise extreme caution when dealing in the shares of the Company.

By order of the Board
China Medical System Holdings Limited
Chairman
Lam Kong

13 February 2015, Hong Kong

As at the date of this announcement, the board of directors comprises (i) executive directors: Mr. Lam Kong, Mr. Chen Hongbing, Ms. Chen Yanling; (ii) independent non-executive directors: Mr. Cheung Kam Shing, Terry, Mr. Huang Ming and Mr. Wu Chi Keung.