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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)

Voluntary and Business Update Announcement

**Business Promotion Delegation Agreement with Asahi Kasei Pharma Corporation for
Elcitonin**

China Medical System Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that based on the non-legally binding strategic cooperation memorandum previously reached by the Group through its wholly-owned subsidiary and Asahi Kasei Pharma Corporation (“**Asahi Kasei Pharma**”), the Group through its wholly-owned subsidiary, signed a Business Promotion Delegation Agreement (the “**Agreement**”) with Asahi Kasei Pharma for its product Elcitonin (Elcatonin Injection) (the “**Product**”) dated 28 June 2018. According to the Agreement, the Group through its wholly-owned subsidiary gains exclusive promotion rights of the Product from Asahi Kasei Pharma in the People’s Republic of China (excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan) (“**China**”), and the promotion activities will start from 1 August 2018.

Under this collaboration, the Group and Asahi Kasei Pharma will be aimed at developing further cooperation on more products.

About the Product

Elcitonin (Elcatonin Injection)

Elcitonin (Elcatonin Injection) is an original synthetic calcitonin derivative developed by Asahi Kasei Pharma, it is a commonly used anti-osteoporosis drug and also recommended by

“Primary Osteoporosis Diagnose and Treatment Guideline (2017)”. Elcitonin has been marketed in China for several years and is included in Class B (乙類) of the National Reimbursement Drug List. With the ageing of the population becoming increasingly serious, the number of osteoporosis patients in China exceeds 70 million, and the anti-osteoporosis drug market in China has huge potential for development.

About Asahi Kasei Pharma

Asahi Kasei Pharma Corporation, headquartered in Tokyo, Japan, is a research-based health care innovator that discovers, develops, manufactures, and markets pharmaceuticals and diagnostic products that address unmet medical needs. Asahi Kasei Pharma is a wholly owned business unit of Asahi Kasei Corporation, a US\$17 billion company that provides innovative, science-based solutions to a diverse range of markets in the Material, Homes, and Health Care business sectors. For more information, please visit <http://www.asahikasei-pharma.co.jp/en/>.

By order of the Board
China Medical System Holdings Limited

Lam Kong
Chairman

Hong Kong, 28 June 2018

As at the date of the announcement, the directors of the Company comprise (i) Mr. Lam Kong, Mr. Chen Hongbing and Ms. Chen Yanling as executive directors; and (ii) Mr. Cheung Kam Shing, Terry, Mr. Wu Chi Keung and Mr. Leung Chong Shun as independent non-executive directors.