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
Related to Asset Purchase of Acticor Biotech's Product

China Medical System Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce that the Group through its wholly-owned subsidiary entered into an Asset Transfer and License Agreement (the "**Agreement**") with Acticor Biotech dated 31 July 2018. According to the Agreement, the Group acquired all assets (the "**Assets**") related to Acticor Biotech's product ACT017 and any follow-up products developed on the basis of the same compound of ACT017 (the "**Products**") in China (including Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan), Singapore, Philippines, Republic of Korea, Malaysia and other designated Asian countries (excluding Japan, India and Western Asia countries) (the "**Territory**"), and the Assets include without limitation all the know-how, intellectual property or the right of application for the intellectual property, necessary regulatory approvals, documents, dossiers, data or information exclusive for the Territory and other rights as necessarily required to develop, register, manufacture and commercialize the Products in the Territory. In addition, the Group also acquired all the necessary licenses related to the transaction under the Agreement.

The Group believes that the Products will have broad market prospects after being commercialized in the Territory. Through this cooperation, the Group will accelerate the pace of introducing patented innovative products to accumulate rich pipeline products for future development.

* *For identification purpose only*

About the Product

ACT017 (Phase I clinical trial has been completed in the EU, Phase Ib/II clinical trial is being planned)

ACT017 is a high affinity humanized antibody fragment (Fab) directed against the platelet glycoprotein VI (GPVI) and is being developed for the treatment of the acute phase of ischemic stroke, as an add-on therapy on top of thrombolysis and/or thrombectomy, or as a standalone treatment for patients who are not eligible to thrombolysis. ACT017 works quickly via IV administration, and the possibility of drug accumulation is relatively small for a short half-life. The substance patent of ACT017 has entered into the Chinese national phase via PCT international application and published, which will expire in 2036, if granted.

ACT017 plays an anti-platelet effect through blocking off platelet recruitment, adhesion and aggregation by inhibiting collagen-binding on GPVI and blocking subsequent GPVI-mediated signaling. The mechanism of ACT017 is novel, and it is probably safer than existing antiplatelet agents because of blocking pathological platelet aggregation without inducing detrimental effects on physiologic hemostasis.

The Phase I trial in healthy volunteers of ACT017 was completed in the Netherlands in October 2017. The results showed that the primary endpoint was achieved with no serious adverse event reported at any of the doses tested. The maximum tolerated dose was not reached, although the complete inhibition of collagen-induced platelet aggregation was observed, which proposed the recommended dose for the phase II trial. After fully communicating with the European Medicines Agency (EMA) and receiving its advice, phase Ib/II clinical trial of ACT017 in ischemic stroke will be conducted in several European countries in Q3 2018.

The management and R&D team of Acticor Biotech have rich experience in the pharmaceutical industry. The CEO, Gilles Avenard, M.D., serves as board member or advisor for several biotech companies, and was also involved in the development of several innovative medicines until their registration in Europe and the USA; the COO, Olivier Favre Bulle, Ph.D. in Bioengineering, is specializing in drug development for large and small molecules; the CMO, Yannick Plétan, M.D., is a clinical research expert in the pharmaceutical industry, having previously held leadership positions at Roche, Pfizer, Sanofi and Pierre Fabre and the CFO, Eric Cohen, has strong experience in finance both in pharma and biotech companies. The rich R&D experience of Acticor Biotech's senior management in preclinical, clinical, and regulatory phases will be a strong support for product development.

ACT017 is mainly indicated for ischemic stroke, which accounts for approximately 60%-80% of all strokes. It is estimated that nearly 2 million new strokes occur every year in China, resulting in approximately 1.2-1.6 million patients suffering from ischemic stroke attack for the first time annually. Ischemic stroke is characterized by high morbidity, high disability and high mortality. The core of the treatment in ischemic stroke is to achieve thrombosis recanalization as soon as possible and rescue the ischemic penumbra. Though thrombolytic therapy is the first treatment choice recommended by various guidelines all over the world, it still has problems such as short treatment time window, low rate of vascular recanalization, various contraindications, increasing risk of bleeding, etc. Furthermore, current antiplatelet agents also have the disadvantage of increasing the risk of bleeding. Previous studies have shown that ACT017 can inhibit the collagen-induced platelet aggregation without increasing the risk of bleeding, which gives the candidate potential to increase the efficacy and safety profile in the treatment combined with thrombolysis therapy. Meanwhile, ACT017 is administered intravenously which ensures a rapid drug action. Therefore, when compared with oral antiplatelet drugs such as aspirin and clopidogrel, ACT017 is more suitable to use for in-hospital emergency treatment of ischemic stroke.

Based on the results of previous researches, ACT017 has the potential to overcome the long-standing safety concerns about this kind of drugs in stroke and other serious vascular emergency situations and would become a first class antithrombotic agent.

Risk Warning

There are risks that such Products in the pipeline could not be launched in the market due to the failure of the clinical trials, accordingly shareholders and investors are advised to exercise caution in dealing in the shares and other securities of the Company.

About Acticor Biotech

Acticor Biotech, a France clinical stage biotechnology company, is a spin-off company from INSERM (French National Institute of Health and Medical Research) founded in November 2013, dedicated to developing an innovative treatment in the therapy of acute thrombotic diseases, including ischemic stroke and pulmonary embolism. Acticor Biotech is built upon the expertise and the results of researches conducted by the founders: Dr. Martine Jandrot-Perrus at INSERM Paris and Professor Philippe Billiald at Paris-Sud University. For more information, please visit https://acticor-biotech.com/.

By order of the Board
China Medical System Holdings Limited

Lam Kong
Chairman

Hong Kong, 31 July 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.