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
Signing an Exclusive License Agreement for
EyeOP1® Glaucoma Treatment Device

The board (the "Board") of directors (the "Directors") of China Medical System Holdings Limited (the "Company", together with its subsidiaries, the "Group") is pleased to announce that on 12 August 2022, the Group through certain subsidiaries of the Company (i) entered into a License, Collaboration and Distribution Agreement (the "License Agreement") with EYE TECH CARE ("ETC"), a medical company of France, for EyeOP1® ultrasound glaucoma treatment device (the "EyeOP1® Glaucoma Treatment Device" or the "Product") and (ii) made equity investment and acquired approximately 33.4% equity interest in ETC (the "Equity Investment").

In accordance with the Licence Agreement, the Group through its subsidiaries gained an exclusive license to import, export, develop, register, manufacture (subject to the terms and conditions as set out in the License Agreement) and commercialize the Product in Mainland China, Hong Kong Special Administrative Region, Macao Special Administrative Region, Taiwan Region and the eleven Southeast Asian countries (the "Territory"). The License Agreement will commence on its effective date and continue to be valid for a period of thirty years. Upon the expiration of the aforementioned term, the License Agreement may be automatically renewed for every single period of five years thereafter as per certain conditions defined in the License Agreement.

**For identification purpose only*

THE EyeOP1® GLAUCOMA TREATMENT DEVICE

The EyeOP1® Glaucoma Treatment Device was approved by the China National Medical Products Administration (NMPA) in 2017 as a Class III medical device for the treatment of glaucoma patients whose intraocular pressure cannot be controlled by drugs and surgery. It also obtained market-approval in certain European, Southeast Asian, Middle Eastern countries and Mexico. The Product is composed of a sterile treatment probe and the main control unit. Its core technology is high-intensity focused ultrasound (HIFU), which has the characteristics of precise targeting of the ciliary epithelial area and precise temperature control. Thereby, it gently coagulates ciliary epithelial cells, reduces aqueous humor production and decreases intraocular pressure to achieve the purpose of treating glaucoma. The surgical method of the Product is called Ultrasound Cyclo Plasty (UCP), which is a simple, fast, non-invasive and safe treatment method. The treatment process can be controlled within 5 minutes, reducing the pain and recovery time of patients. UCP has treated more than 20,000 patients worldwide, with an average reduction in intraocular pressure of 30% to 35% within 12 months after surgery and a success rate of 70% to 80% within 12 to 18 months after surgery. After repeated treatment, the success rate increased to more than 85%. UCP has good tolerance and safety.

Glaucoma is the primary irreversible cause for blindness in the world. Pathologically increased intraocular pressure is a major risk factor for glaucoma. Reducing intraocular pressure is the primary goal of treatment. According to the Guidelines for Glaucoma in China (2020) (《中國青光眼指南(2020年)》), It was estimated that the number of glaucoma patients in mainland China reached 21 million in 2020. At present, there are many surgical methods for reducing intraocular pressure, including laser surgery, filtering surgery, implantation of drainage devices, cyclophotocoagulation, etc., but each has the disadvantages of high recurrence rate, obvious surgical side effects or complicated operation. The EyeOP1® Glaucoma Treatment Device is suitable for various types of glaucoma. It has the advantages of non-invasiveness, convenience, safety and effectivity for reduction of intraocular pressure. It is expected to become a preferred surgical treatment for patients with moderate to severe glaucoma.

ETC

ETC, based in Lyon, France, was founded in 2008 by experts in the field of therapeutic ultrasound, in partnership with the French National Institute of Health and Medical Research (INSERM). ETC is committed to applying therapeutic ultrasound technology to treatment of glaucoma. ETC has been developing and marketing the EyeOP1® Glaucoma Treatment

Device for the non-invasive UCP treatment of this eye disease. For additional information about ETC and its products, please visit its official website: https://eyetechcare.com.

REASONS FOR AND BENEFITS OF THIS COLLABORATION

CMS Ophthalmology continues to identify, develop and commercialize urgently needed ophthalmological diagnosis and treatment solutions and leading innovative products to build China's leading ophthalmic pharmaceutical and device company with comprehensive coverage of ophthalmic diseases.

The Group's ophthalmology product matrix expands from the prescription medicine to devices and consumables through this collaboration, representing a significant development in building a leading ophthalmic pharmaceutical and device company. Riding on the advantages of high safety, convenience, non-invasiveness and effectivity, the EyeOP1® Glaucoma Treatment Device will provide a novel and high-quality treatment option for glaucoma patients in China and Southeast Asian countries. The Product is also expected to promote structural changes in the market of glaucoma treatment products and become another major innovation area with huge market potential in the field of ophthalmology devices following the intraocular lens (IOL) and the orthokeratology lens (Ortho-K Lens).

The EyeOP1® Glaucoma Treatment Device has been approved in Mainland China. Based on the Group's strong academic promotion capability, extensive ophthalmology expert resources and wide sales and promotion networks, the Group can expand the EyeOP1® Glaucoma Treatment Device's market coverage rapidly which can benefit more glaucoma patients in China and make a positive impact on the Group's financial results.

Besides, the Product has been approved in certain Southeast Asian countries. The Southeast Asian business company in the Group will take over the commercialization of the EyeOP1® Glaucoma Treatment Device in Southeast Asia fast to satisfy the clinical needs of the glaucoma patients in Southeast Asia for a safe and high-quality treatment method and promote the development of the Group's business in Southeast Asia.

The Group will continue to intensify its deployment in the ophthalmic pharmaceutical and device field and enhance the comprehensive competitiveness of its ophthalmology business, aiming to become an important participant in the ophthalmology field.

Having considered the above, the Directors are of the view that the agreements for this collaboration are on normal commercial terms, and such terms are fair and reasonable and that this collaboration is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, ETC and the related parties in the Equity Investment are third parties independent of the Company and its connected persons (as defined in the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")). Therefore, this transaction does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As all relevant applicable percentage ratios (as defined in the Listing Rules) of this transaction are less than 5%, this transaction does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

This announcement is made on a voluntary basis by the Company and aims to inform potential investors and shareholders of the Company of the latest business developments of the Group.

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

Hong Kong, 12 August 2022

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. Leung Chong Shun, Ms. Luo Laura Ying and Mr. Fung Ching Simon as independent non-executive directors.