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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 Gaining Exclusive License for BMI Botulinum Toxin Product

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 7 October 2022, the Group through a subsidiary of the Company – a dermatology medical aesthetic company (“CMS Aesthetics”) entered into a License, Collaboration and Distribution Agreement (the “License Agreement”) with BMI KOREA CO., LTD. (“BMI”), a South Korean company, for the type A botulinum toxin 100 units vacuum dried powder for solution for injection (the “BMI Botulinum Toxin Product” or the “Product”).

In accordance with the License Agreement, the Group through CMS Aesthetics gained an exclusive license to develop, register, import and commercialize the BMI Botulinum Toxin Product in Mainland China, Hong Kong Special Administrative Region and Macao Special Administrative Region. The License Agreement will commence on its effective date and continue to be valid until the tenth anniversary of the first marketing authorization approval date of the Product in Mainland China. Upon the expiration of the aforementioned term, the License Agreement may automatically be renewed for every single period of five years thereafter unless otherwise agreed.

THE BMI BOTULINUM TOXIN PRODUCT

The BMI Botulinum Toxin Product is developed to temporarily improve moderate to severe glabellar lines associated with corrugator and/or procerus muscle activity in adults aged 19 to 65. The Phase III clinical trial conducted in South Korea demonstrated that the BMI Botulinum Toxin Product has comparable efficacy and safety to Botox®. The Biologics License Application (BLA) for the Marketing Approval of the Product has been submitted to the Ministry of Food and Drug Safety (MFDS) of South Korea in July 2022. Botulinum toxin is a safe and effective medical aesthetic material which is widely used in integrative anti-aging solutions. Type A botulinum toxin products are manufactured with mature technology and enjoy a good market acceptance.

The market of botulinum toxin products in China is promising. According to Frost & Sullivan statistics, the market size of botulinum toxin products in Mainland China reached approximately RMB3.9 billion in 2020 with a compound annual growth rate (CAGR) of 26.9% from 2016 to 2020. The market size of botulinum toxin products in Mainland China is expected to reach RMB11.4 billion and RMB29.6 billion in 2025 and 2030 respectively with a CAGR of 21.1% from year 2025 to 2030.

BMI

BMI, based in Jeju Island, South Korea, was founded in 2005. It engages in the development and production of pharmaceuticals, medical devices and medical aesthetic products. BMI started exporting its products to the United States, several European countries and Asian countries since 2007. Its Jeju plant and Osong plant have acquired GMP certification. For further information about BMI and its products, please visit its official website: <https://bmikr.co.kr>.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LICENSE AGREEMENT

This collaboration consists with the Group's strategy to continuously expand into the medical aesthetic field. The botulinum toxin product is a mainstream and core product in light medical aesthetic (non-surgery medical aesthetic) field and has become one of the most popular light medical aesthetics products among consumers in China. The introduction of the BMI Botulinum Toxin Product fills the blank of botulinum toxin product in the Group, compacts the Group's business foundation in the light medical aesthetic field and makes the Group's medical aesthetic product matrix more diversified. The BMI Botulinum Toxin Product will synergize with the Group's other medical aesthetic products such as Vmonalisa hyaluronic acid, providing comprehensive solutions to satisfy the needs of youth and beauty of the Chinese customers who love and seek for beauty.

The market of the botulinum toxin products in Mainland China is still in the rapid growth stage with fast product introduction. Relying on the increasingly mature medical aesthetic sales and promotion system, the Group will build a continuous first-class competitiveness for the BMI Botulinum Toxin Product and achieve its selling and rapid growth in Mainland China.

The Group will continue to leverage global resources and introduce the advanced international medical aesthetic products into China, aiming to build CMS Aesthetics into a leading dermatology, medical aesthetic and health management company in China.

Having considered the above, the Directors are of the view that the License Agreement is on normal commercial terms and such terms are fair and reasonable and that the License Agreement 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 enquiries, BMI is a third party 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, 7 October 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.