CHINA MEDICAL SYSTEM HOLDINGS LIMITED
康哲藥業控股有限公司 *
（於開曼群島註冊成立的有限公司）
（股份代號：867）

Voluntary and Business Update Announcement
Gaining Exclusive License for Ruxolitinib Cream
for the Treatment of Vitiligo and Atopic Dermatitis

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 2 December 2022, the Group through a subsidiary of the Company – a dermatology medical aesthetic company ("CMS Aesthetics") entered into a Collaboration and License Agreement (the "License Agreement") with Incyte (Nasdaq:INCY) ("Incyte"), a global biopharmaceutical company, for topical formulations of ruxolitinib for the treatment of autoimmune and inflammatory dermatology diseases ("Ruxolitinib Cream" or the "Product").

In accordance with the License Agreement, the Group through CMS Aesthetics gained an exclusive license to develop, register and commercialize the Product in Mainland China, Hong Kong Special Administrative Region, Macao Special Administrative Region, Taiwan Region and eleven Southeast Asian countries (Indonesia, Philippines, Vietnam, Thailand, Myanmar, Malaysia, Cambodia, Laos, Singapore, Timor-Leste and Brunei Darussalam) (the "Territory") and a non-exclusive license to manufacture the Product in the Territory. The License Agreement will commence on its effective date and has a royalty term of ten years from the date of the Products' first commercialization in the Territory (the "Royalty Term"). Upon the expiration of the Royalty Term, the License Agreement may be renewed for a period of ten years thereafter (the "Initial Extended Royalty Term") as per certain conditions defined in the License Agreement. Upon the expiration of the Initial Extended Royalty Term, the License Agreement may be extended for a period otherwise agreed by both sides as per certain

** For identification purpose only*

conditions defined in the License Agreement. The Group will make an upfront payment to Incyte and Incyte is eligible to receive additional potential development, regulatory and commercial milestones and royalties on net sales of the Product in the Territory.

RUXOLITINIB CREAM

Ruxolitinib Cream is a topical JAK inhibitor, selectively inhibiting Janus kinase 1 and 2 (JAK1/JAK2), with composition patent, formulation patent and use patent in the main Territory.

Ruxolitinib Cream (Opzelura™) is the first and only topical JAK inhibitor approved by the U.S. Food and Drug Administration (FDA). In July 2022, Ruxolitinib Cream was approved for the topical treatment of patients with nonsegmental vitiligo aged 12 years and older. It is the first and only product approved by the FDA for vitiligo patient repigmentation. Two pivotal clinical studies showed that after 24 weeks of treatment, compared with vehicle (non-medicated cream), the facial and total body repigmentation of patients treated with Ruxolitinib Cream was significantly improved, and 52-week data showed continuous improvement in repigmentation with the extension of treatment.

Previously, Ruxolitinib Cream was approved by the FDA in September 2021 for the topical short-term and non-continuous chronic treatment of mild to moderate atopic dermatitis (AD) in non-immunocompromised adult and pediatric patients 12 years of age and older whose disease is not adequately controlled with topical prescription therapies or when those therapies are not advisable. Two pivotal studies showed that treatment with Ruxolitinib Cream resulted in a significant proportion of patients who achieved the primary efficacy endpoint of clear or almost clear and a significant reduction in pruritus compared to the vehicle group.

Furthermore, Ruxolitinib Cream is being evaluated for other immune-mediated dermatologic diseases such as lichen planus and lichen sclerosus.

Vitiligo is a chronic autoimmune disease characterized by depigmentation of the skin, which results from the loss of pigment-producing cells known as melanocytes. It is estimated that there are approximately 14 million vitiligo patients and 6.5 million in China and the eleven Southeast Asian countries respectively. Non-segmental vitiligo patients account for approximately 85% of them. The existing topical therapies of corticosteroids (TCS) and calcineurin inhibitor (TCI) are used off-label, and have clinical pain points with long-term adverse reactions or limited efficacy.

AD is a chronic, recurrent and inflammatory dermatologic disease, with the main clinical manifestations of dry skin, chronic eczema-like lesions and obvious itching or pruritus, which may seriously affect the quality of life of patients. It is estimated that there are approximately 26 million AD patients in China, of whom about 23 million are mild to moderate; there are approximately 19 million AD patients in the eleven Southeast Asian countries, of whom about 16 million are mild to moderate. Topical drugs are the most basic treatment for AD. Traditional topical medications such as TCS and TCI have clinical pain points with long-term adverse reactions or limited efficacy, therefore novel treatments are urgently needed, especially for those mild to moderate AD patients who do not need systemic treatment.

INCYTE

Incyte is a Wilmington, Delaware-based global biopharmaceutical company focusing on finding solutions for serious unmet medical needs through the discovery, development and commercialization of proprietary therapeutics. Incyte is advancing its pipelines in the therapeutic areas of (i) hematology/oncology and (ii) inflammation/autoimmunity. Incyte's approved products include Opzelura™ (ruxolitinib) Cream, Jakafi® (ruxolitinib), Monjuvi®/Minjuvi®(tafasitamab), Pemazyre® (pemigatinib) and Iclusig® (ponatinib). For further information about Incyte and its products, please visit: https://www.incyte.com/.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LICENSE AGREEMENT

This collaboration will increase the depth of the Group's business in the dermatology field, consisting with the Group's strategy to continuously expand into the dermatology and medical aesthetic field. Ruxolitinib Cream will be synergistic to CMS Aesthetics' current dermatology products, widen CMS Aesthetics' product coverage in skin diseases treatment and strengthen the influence and competitiveness of CMS Aesthetics. Being the first and the only topical JAK inhibitor approved by the FDA, Ruxolitinib Cream is highly innovative. If approved in Greater China and Southeast Asia, it may bring a novel therapeutic option to patients with nonsegmental vitiligo and mild to moderate AD patients in the Territory and will satisfy the clinical need of topical drugs combining safety and efficacy.

The Group has been deeply engaged in the dermatology field for years and accumulated abundant resources of dermatologists, channel networks and promotional teams. Basing on the advantages in clinical development and commercialization, the Group will realize the selling and market coverage of Ruxolitinib Cream in China as soon as possible to potentially benefit more patients. The Group will continue to introduce global innovative products with high

quality multidimensionally, aiming to build CMS Aesthetics into a leading dermatology, medical aesthetic and health management company in China.

This collaboration includes Product rights in the eleven Southeast Asian countries listed above and is consistent with the Group's Southeast Asian business development strategy, enriching the product matrix consistently and progressing the deployment solidly in Southeast Asia. Relying on the core management team with rich experience in specific fields and the ability to deeply set foot in local markets, the Group will speed up the progress of Ruxolitinib Cream's development and registration in Southeast Asia and seek to achieve its commercialization and market coverage as soon as possible to satisfy the huge demand of quality products in the Southeast Asian market. The Group will continue to strengthen and deepen the cooperation with the global biotech and pharmaceutical companies and build a cooperative and mutually beneficial biotech and pharmaceutical ecosystem in the Southeast Asia.

After having considered the above, the Directors believe 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, Incyte 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, 2 December 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.