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
Establishment of Joint Venture by Rxilient and Junshi Biosciences to Jointly Develop and Commercialize Toripalimab in Multiple Countries in Southeast Asia

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 27 March 2023, the Group through the Company's Southeast Asian business ("Rxilient") companies Rxilient Biotech Pte. Ltd. ("Rxilient Biotech") and Excellmab Pte. Ltd. ("Excellmab") entered into a Shareholders' Agreement (the "Shareholders' Agreement") with Shanghai Junshi Biosciences Co., Ltd.* (上海君實生物醫藥科技股份有限公司, "Junshi Biosciences"), pursuant to which Junshi Biosciences will subscribe for the shares newly issued by Excellmab in a non-monetary manner to obtain 40% equity interest. Subject to the fulfillment of the conditions precedent agreed under the Shareholders' Agreement, Junshi Biosciences will substantially perform its capital contribution obligations and plans to enter into an Exclusive License Agreement (the "License Agreement") with Excellmab in accordance with the text agreed upon by the parties at the time of entering into the Shareholders' Agreement, granting Excellmab the exclusive license and other related rights to develop and commercialize intravenous toripalimab (the "Product") in Thailand, Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines and Vietnam (the "Territory") (together with the signing of the Shareholders' Agreement, the "Collaboration").

SHAREHOLDERS' AGREEMENT

Pursuant to the Shareholders' Agreement, Rxilient Biotech will subscribe for the newly issued shares of Excellmab for US$4,999,999, and Junshi Biosciences will pay the subscription amount under the

** For identification purpose only*

Shareholders' Agreement by way of granting Excellmab with the relevant rights under the License Agreement. Upon completion, Excellmab will be owned as to 60% by Rxilient Biotech and 40% by Junshi Biosciences. Excellmab will be responsible for the development, medical affairs, finished product production and commercialization of the relevant products within the Territory. The profits available for distribution by Excellmab will be distributed in accordance with the respective shareholding ratio of the parties.

LICENSE AGREEMENT

Pursuant to the License Agreement, Excellmab will obtain an exclusive license and other related rights to develop and commercialize the intravenous toripalimab (including any human oncology indications approved and to be aproved by applicable regulatory authorities) in the Territory. Excellmab will pay to Junshi Biosciences a total of up to approximately US$4.52 million milestone fees, plus certain percentage royalties based on the net sales of the Product in the Territory. Excellmab will also obtain a right of first negotiation for the commercialization of four other products under research as stipulated in the License Agreement in the Territory.

TORIPALIMAB

Toripalimab Injection is the first China-orginated anti-PD-1 monoclonal antibody approved for marketing in China, and has won the "Chinese Patent Gold Award (中國專利金獎)", the top award in China's patent field. Up to now, there are six approved indications for toripalimab in China and three of which have been included in the National Reimbursement Drug List (the "NRDL") (2022 Edition). Toripalimab is the only anti-PD-1 monoclonal antibody included in the NRDL for the treatment of melanoma.

Toripalimab has been granted two Breakthrough Therapies, one Fast Track, one Priority Review and five Orphan Drug Designations by the U.S. Food and Drug Administration (FDA) in the areas of mucosal melanoma, nasopharyngeal carcinoma (NPC), soft tissue sarcoma, esophageal cancer and small cell lung cancer. The Biologics License Application (BLA) for toripalimab, in combination with gemcitabine/gisplatin, for the first-line treatment of patients with advanced recurrent or metastatic NPC and toripalimab monotherapy for the second-line or above treatment of recurrent or metastatic NPC after platinum-containing chemotherapy is under review by the FDA. Toripalimab has the potential to become the first anti-PD-1 monoclonal antibody product approved by the FDA in the field of innovative drugs in China.

According to IQVIA data, the sales revenue of PD-1 and PDL-1 products from large pharmaceutical companies in Europe and the United States that have been launched in the five major countries in the Territory (the Philippines, Indonesia, Malaysia, Thailand, and Vietnam) in 2022 was US$120 million, a 36% increase from 2021. The market potential is enormous.

JUNSHI BIOSCIENCES

Founded in December 2012, Junshi Biosciences (688180.SH, 01877.HK) is an innovation-driven biopharmaceutical company dedicated to the discovery, development and commercialization of innovative therapeutics. The company has established a diversified R&D pipeline comprising over 50 drug candidates, with five therapeutic focus areas covering cancer, autoimmune, metabolic, neurological, and infectious diseases. For further information about Junshi Biosciences and its products, please visit: www.junshipharma.com.

REASONS FOR AND BENEFITS OF THE COLLABORATION

Focusing on unmet clinical needs in the Southeast Asian market, and independently operated by a professional and experienced local team, Rxilient continues to strengthen and deepen the cooperation with the global biotech and pharmaceutical companies and quickly deploy high-quality products from Europe, America, Japan and China to build a cooperative and mutually beneficial biotech and pharmaceutical ecosystem in the Southeast Asia.

Through the Collaboration, Rxilient will introduce toripalimab, one of the key Chinese innovative drugs going overseas, into Southeast Asian markets, which is expected to realize the commercialization of Chinese anti-PD-1 monoclonal antibody product in Southeast Asian countries for the first time. Through a cooperation model of establishing a joint venture, the advantages of the Group's drug registration and commercialization and the strong R&D capabilities of Junshi Biosciences can be combined to achieve complementary advantages and strong alliances. Relying on the platform of the joint venture, Rxilient also plans to conduct in-depth collaboration with Junshi Biosciences to introduce more high-quality innovative drugs into the Southeast Asian market to achieve joint and long-term development between the two parties.

Having considered the above, the Directors are of the view that the related agreements are on normal commercial terms, and such terms are fair and reasonable and that the 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 enquiries, Junshi Biosciences 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, the Collaboration 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 the Collaboration are less than 5%, the Collaboration 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, 28 March 2023

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.