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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 of an Anti-Ischemic Stroke Class 1 Innovative Drug

China Medical System Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to announce that on 24 August 2023, the Group through a wholly-owned subsidiary of the Company entered into a Collaboration Agreement (the “Agreement”) with Nanjing NeuroDawn Pharmaceutical Co. Ltd. (“NeuroDawn Pharmaceutical”), an innovation and R&D-driven new drug company, for anti-ischemic stroke brain cytoprotectant and class 1 innovative drug Y-3 injection (“Y-3 injection” or the “Product”).

In accordance with the Agreement, the Group gained an exclusive promotion right of the Product in Mainland China, Hong Kong Special Administrative Region and Macao Special Administrative Region. The term of the Agreement is permanent.

Y-3 INJECTION

Y-3 Injection is a Class 1 innovative drug - small molecule compound, which is used to alleviate neurological symptoms and dysfunction of daily activities caused by acute ischemic stroke. The mechanism of action of the Product is to dissociate PSD-95 and nNOS coupling and activate $\alpha 2$ -GABA_A receptors. With dual-target intervention at the same time and its clear mechanism of action, the Product is conducive to exerting brain cytoprotection effects. Meanwhile, the Product has a rapid anti-depression and anti-anxiety function, and is expected to become the first new type of brain cytoprotectant that treats both stroke and post-stroke

depression. The Product has compound and formulation patents in China. The Phase I clinical trial of the Product in China has been completed in January 2023 and the results showed a good overall safety. The Product is currently in the Phase II clinical trial in China.

Stroke is a major non-communicable disease that seriously endangers the health of Chinese people. The overall lifetime risk of stroke in China is 39.9%, ranking the first in the world. The number of new cases of ischemic stroke in China was approximately 2.87 million in 2019, and the incidence rate substantially increased by 226.5% from 1990 to 2019, with a large patient population. Stroke has the characteristics of high disability rate and heavy economic burden. There is an urgent clinical need for evidence-based drugs to reduce family and social burdens. Y-3 Injection has significant potential value in improving the long-term neurological function and overall prognosis of stroke patients and therefore has a broad market prospect.

NEURODAWN PHARMACEUTICAL

NeuroDawn Pharmaceutical, based in Nanjing, China, is an innovation and R&D-driven new drug company, focusing on the research and development of new drugs for central nervous system (CNS) diseases. NeuroDawn Pharmaceutical has established a comprehensive internal R&D platform, including chemical synthesis, biological screening, CMC (chemistry, manufacturing and control) development, DMPK (drug metabolism and pharmacokinetics) research, in vivo pharmacology research, toxicology research and clinical research, etc. In addition, NeuroDawn Pharmaceutical has integrated clinical resources for neurological diseases in China and established close collaboration with more than one hundred leading hospitals in China to provide comprehensive and complete technical services and professional guidance for clinical studies. For further information about NeuroDawn Pharmaceutical and its products, please visit its official website: <https://www.neurodawn.cn/>.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Group has been deeply engaged in the cardio-cerebrovascular / central nervous system therapeutic fields and continuously consolidating its competitiveness and influence in these prevailing specialty therapeutic fields. Y-3 Injection will enrich and optimize the Group's product pipeline in the cardio-cerebrovascular / central nervous system therapeutic fields, and will synergize with the Group's existing products XinHuoSu (recombinant human brain natriuretic peptide for injection), VALTOCO (diazepam nasal spray) and Deanxit (flupentixol and melitracen tablets), etc. Relying on the Group's successful commercialization experience in the cardio-cerebrovascular (including central nervous system) business line and the compliant and efficient commercialization and operation systems, if Y-3 Injection, a class 1

innovative drug in the central nervous system therapeutic field, is approved, it will bring new treatment options to ischemic stroke patients in China, meet the clinical needs of drug with both safety and efficacy, improve disease diagnosis/treatment and operational practices and thus benefit the patients. The Product is expected to have positive influence on the Group's financial results.

Having considered the above, the directors of the Company (the "Directors") are of the view that the Agreement is on normal commercial terms and such terms are fair and reasonable and that the 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, NeuroDawn Pharmaceutical 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, 24 August 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.