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)

CONTINUING CONNECTED TRANSACTION RELATED TO DIAZEPAM NASAL SPRAY (VALTOCO®)

Asset Assignment Agreements related to Diazepam Nasal Spray (VALTOCO®)

On 28 August 2023, the CMS Parties, each a subsidiary of the Company, and A&B entered into the Asset Assignment Agreements to specify the detailed terms of the transfer and the assignment of all the Assets related to the Product in the Territories to the Group. Under the Asset Assignment Agreements, the Group would pay A&B royalty payments calculated based on the net sales of Diazepam Nasal Spray (VALTOCO®) sold by the Group within the Territories.

Diazepam Nasal Spray (VALTOCO®) is the first nasal spray formulation of diazepam in China, and it is indicated for the acute treatment of intermittent, stereotypic episodes of frequent seizure activity (i.e. seizure clusters, acute repetitive seizures) that are distinct from a patient's usual seizure pattern in patients with epilepsy six years of age and older.

Listing Rules Implications

A&B is a company wholly-owned by Mr. Lam Kong. Mr. Lam Kong is an executive Director and the chairman of the Board, and a controlling shareholder of the Company. Accordingly, A&B is a connected person of the Company, and the payment of Royalty II to A&B under the Asset Assignment Agreements constitutes continuing connected transactions of the Company.

Rule 14A.52 of the Listing Rules stipulates that the period for an agreement for continuing connected transactions must have a fixed period of no more than three years, unless special circumstances justify a longer period based on the nature of the transaction. The Company considers that a long term or indefinite period is customary in the pharmaceutical industry for asset assignment agreements or in-licence agreements similar to the Asset Assignment Agreements, because the parties invest significant time and capital in marketing and promoting the drugs. Accordingly, the Royalty Term of up to 25 years reflects the market practice.

In this regard, the Company has appointed Anglo Chinese as the independent financial adviser as required by Rule 14A.52 of the Listing Rules to explain why the Asset Assignment Agreements require a period longer than three years and to confirm that it is normal business practice for agreements of this type to be of such duration.

* *For identification purposes only*

As the Royalty II payments under the Asset Assignment Agreements are on normal commercial terms or terms better to the Group and the applicable percentage ratios using the Annual Caps are above 0.1% but less than 5% for each year during the Royalty Term, the transactions are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

ASSET ASSIGNMENT AGREEMENTS

As disclosed in the announcement of the Company dated 20 August 2018, the Group and A&B entered into a framework asset transfer agreement under which A&B had agreed to transfer and assign all the Assets related to the Product in mainland China, Hong Kong, Macau and Taiwan to the Group and the Group has agreed to acquire such Assets and assume all the related liabilities. On 20 April 2022, the Group and A&B entered into a second framework asset transfer agreement under which A&B had agreed to transfer and assign all the Assets related to the Product in Singapore to the Group and the Group has agreed to acquire such Assets and assume all the related liabilities.

On 28 August 2023, the CMS T-I Parties, each a wholly-owned subsidiary of the Company, and A&B entered into the Asset Assignment Agreement I to specify the detailed terms of the transfer and the assignment of all the Assets related to the Product in Territory I. On the same date, the CMS T-II Parties, each a subsidiary of the Company, and A&B also entered into the Asset Assignment Agreement II whereby the CMS T-II Parties have agreed the terms on which all the Assets related to the Product in Territory II will be transferred to the CMS T-II Parties. The main terms of the Asset Assignment Agreements are as follows:

Asset Assignment Agreements

Date

28 August 2023

Parties

(1) (a) in the case of the Asset Assignment Agreement I, CMS T-I Parties comprising (i) CMS Bridging and (ii) CMS Macau, each being a wholly-owned subsidiary of the Company; and (b) in the case of the Asset Assignment Agreement II, the CMS T-II Parties comprising (i) CMS Bridging, (ii) Rxilient Biotech, an 82% owned subsidiary of the Company, and (iii) Rxilient Medical, an 82% owned subsidiary of the Company

(2) A&B

A&B is a company wholly-owned by Mr. Lam Kong. Mr. Lam Kong is an executive Director and the chairman of the Board, and a controlling shareholder of the Company. Accordingly, A&B is a connected person of the Company.

Assets being acquired

Pursuant to the Asset Assignment Agreements, the CMS Parties have agreed to acquire from A&B, and A&B has agreed to transfer and assign to, the relevant CMS Parties, all the Assets related to the Product in the Territories, being mainland China, Hong Kong, Macau, Taiwan and Singapore. The Product refers to any pharmaceutical preparation, formulation, dosage form, or delivery vehicle, relating to the Diazepam Nasal Spray (VALTOCO®) and/or its line extensions. The Assets include the marketing authorisation, manufacture rights, intellectual property and all commercial information, medical information, know-how and records related to the Product in and for the Territories. Accordingly, the Group will own the exclusive right to promote, distribute, market and sell the Product in the Territories.

Consideration

The Assets were originally acquired by Prime West Global Limited ("**PWG**") from Neurelis pursuant to an asset assignment and exclusive licence agreement (the "**Upstream Agreement**"). In February 2016, A&B entered into an assignment agreement with PWG whereby A&B acquired the Assets for US$5.0 million. In addition, A&B has agreed to assume the liabilities of PWG under the Upstream Agreement, which include the agreement to pay to Neurelis royalty payments of up to US$0.6 per Unit of Diazepam Nasal Spray (VALTOCO®) imported into or sold in the Territories ("**Royalty I**"), subject to such adjustments to reflect the final pricing scheme adopted in the relevant jurisdiction of the Territories.

Pursuant to the Asset Assignment Agreements, the CMS Parties have agreed to pay A&B a royalty payment of 9.0% on the net sales of Diazepam Nasal Spray (VALTOCO®) sold by the Group in the Territories ("**Royalty II**").

Further, the CMS Parties have agreed to assume the liabilities of A&B under the Upstream Agreement. Accordingly, the CMS Parties will be responsible for the payment of any Royalty I due to Neurelis under the Upstream Agreement in relation to the Diazepam Nasal Spray (VALTOCO®) imported into or sold in the Territories.

The above consideration is determined by the Group and A&B after arm's length negotiations taking into account factors including the original acquisition cost of the Product by A&B, the competitiveness of the Product in the Territories, the Group's business plans in the Territories, and the results of clinical trials and status of new drug application of the Product in different jurisdictions within the Territories.

Term

The initial payment term of the Royalty II payments under the Asset Assignment Agreements is fixed for a period ending 31 December 2047 (the "**Royalty Term"**), and the term may be extended for further periods subject to the parties' agreement and compliance with any requirements under the Listing Rules.

As explained in the section "Listing Rules Implications" below, the Royalty II payments under the Asset Assignment Agreements constitute continuing connected transactions of the Company. Rule 14A.52 of the Listing Rules stipulates that the period for an agreement for continuing connected transactions must have a fixed period of no more than three years, unless special circumstances justify a longer period based on the nature of the transaction. The Company considers that a long term or indefinite period is customary in the pharmaceutical industry for asset assignment agreements or in-licence agreements similar to the Asset Assignment Agreements, because the parties invest significant time and capital in marketing and promoting the drugs. Accordingly, the Royalty Term of up to 25 years reflects the market practice.

In this regard, the Company has appointed Anglo Chinese as the independent financial adviser as required by Rule 14A.52 to explain why the Asset Assignment Agreements require a period longer than three years and to confirm that it is normal business practice for agreements of this type to be of such duration.

In assessing the reasons why the Asset Assignment Agreements require a period longer than three years, Anglo Chinese has considered the following factors based on the information provided by the management of the Group as well as publicly available information:

(a) the Group, as the licensee, has to invest significant time and capital in marketing and promoting the licensed drugs. A long-term license agreement, and thus a long royalty term, will provide stability to the Group's sale of the Product and therefore allowing the Group to make continued investments and efforts in commercialisation of the drugs over the course of their lifetimes;

(b) commercialisation of a new and innovative drug can be a slow and expensive process which involves known and unknown risks. Therefore, a longer license term, which typically carries a long royalty term, allows the Company to make strategic plans more effectively, invest in the necessary infrastructure and personnel to support the commercialisation, and as a result maximise the commercial potential of the drugs; and

(c) the arrangement of a long royalty term is, on the one hand, necessary to provide the licensor with sufficient compensation given there are no upfront or milestone payments under the Asset Assignment Agreements, and on the other hand, beneficial to the Group and Shareholders as a whole as there is no immediate cash outflow for the Group but upon actual sales of the Product in the future.

Furthermore, in considering whether it is normal business practice for agreements of similar nature to the Asset Assignment Agreements to have a term of such duration, Anglo Chinese has:

(a) obtained from the Company and reviewed license agreements of similar nature, which were entered by the Group with independent third parties (the "**Reference License Agreements**") and are used as a reference by the Company in determining the Royalty Term, and noted among all the Reference License Agreements that (i) the shortest possible royalty term is 10 years from the date of the first commercial sale of the relevant licensed product (but the actual royalty term can be longer depending on the expiration of relevant patents and regulatory exclusivity); (ii) the longest royalty term is indefinite; and (iii) other Reference License Agreements in general have a royalty term of 15 or 20 years from the date of the relevant agreement or the date of the first commercial sale of the relevant licensed product; and

(b) reviewed the principal terms of licensing agreements which (i) were announced by pharmaceutical or biotech companies listed on the Stock Exchange with a market capitalisation of more than HK$5 billion as at 12 June 2023, being the date the Group obtained the drug registration certificate in relation to the Product, during the three years preceding 12 June 2023; and (ii) involved the grant or receipt of licensing rights of drugs at post-market stage (the "**Comparable Agreements**"). Anglo Chinese noted that most of the Comparable Agreements do not have a definite agreement term or royalty term stated in the relevant announcement and one has a term of 10 years following the first commercial sale of the licensed product in the territory.

Based on the above considerations, Anglo Chinese is of the opinion that (i) a term of longer than three years is required for the Asset Assignment Agreements; and (ii) it is normal business practice for agreements of this type to be of such duration.

Annual Caps

The following table shows the proposed Annual Caps for the Royalty II payments under the Asset Assignment Agreements:

	RMB '000
For each year during the five-year period ending 31 December 2027	60,000
For each year during the five-year period ending 31 December 2032	100,000
For each year during the remaining period of the Royalty Term	150,000

As the Diazepam Nasal Spray (VALTOCO®) only obtained its New Drug Application (NDA) approval from the National Medical Products Administration of China (NMPA) in June 2023, the Diazepam Nasal Spray (VALTOCO®) has no commercialisation history in China nor in any other parts of the Territories. There are no historical amounts for the sales of the Product in the Territories and the royalties to be paid by the Group.

The Annual Caps for the Royalty II payments under the Asset Assignment Agreements have been determined based on, among other things, the following considerations:

(a) the market size and growth potential of the Product for the acute treatment of intermittent, stereotypic episodes of frequent seizure activity in the epilepsy patient population in China and other markets in the Territories;

(b) the prevalence and incidence of epilepsy and seizure clusters in the Territories, as well as the unmet medical need and treatment gap for this condition, which may affect the demand and adoption of the Product among patients, caregivers, and physicians;

(c) the pricing and reimbursement strategy of the Product in the Territories, taking into account the affordability, accessibility, and value proposition of the Product compared to existing or emerging therapies;

(d) the competitive landscape and positioning of the Product in the Territories, considering the strengths, weaknesses, opportunities, and threats of the Product relative to other products or devices for the acute treatment of seizure clusters, as well as the potential market share and penetration of the Product in the Territories; and

(e) the sales and marketing efforts and resources of the Group in the Territories, including the launch and commercialisation plans, the promotional and educational activities, the distribution and supply chain management, and the post-marketing surveillance and pharmacovigilance of the Product in the Territories.

ABOUT THE PRODUCT

On 7 June 2023, the NDA of Diazepam Nasal Spray (VALTOCO®) received approval from the NMPA. Diazepam Nasal Spray (VALTOCO®) is the first nasal spray formulation of diazepam in China, and it is indicated for the acute treatment of intermittent, stereotypic episodes of frequent seizure activity (i.e. seizure clusters, acute repetitive seizures) that are distinct from a patient's usual seizure pattern in patients with epilepsy six years of age and older. The Company obtained the drug registration certificate from NMPA for the Diazepam Nasal Spray (VALTOCO®) on 12 June 2023.

Diazepam Nasal Spray (VALTOCO®) is a proprietary formulation of diazepam administered through the nasal mucosa, via a unique combination of Vitamin E-based solvents and Intravail® absorption enhancer. Intravail® transmucosal absorption enhancement technology enables the non-invasive delivery of a broad range of proteins, peptides and small-molecule drugs. Diazepam Nasal Spray (VALTOCO®) is the first drug approved in China for the treatment of seizure clusters. It can be administered intranasally at the appropriate time by patients or their caregivers under prescription from a doctor and guidance from a medical staff. This can meet current clinical needs of domestic epilepsy patients with cluster seizures who lack accessible and convenient treatment options which can be administered at anytime and anywhere, and can provide better treatment options for patients with recurrent epilepsy. The active pharmaceutical ingredient of Diazepam Nasal Spray (VALTOCO®) is diazepam, belonging to the class of benzodiazepines, which are the first-choice drugs for the treatment of seizure clusters. Diazepam Nasal Spray (VALTOCO®) has high bioavailability, outstanding absorbability, tolerance and reliability, and has the differentiated advantage of seizure rescue with the characteristic of convenience and optimisation through intranasal administration. There is a pending patent claiming composition and use in China. The results of Diazepam Nasal Spray (VALTOCO®)'s US related clinical trial showed that 87% of seizure cluster episodes used a single dose of Diazepam Nasal Spray (VALTOCO®) over a 24-hour period. A post hoc analysis of these data showed Diazepam Nasal Spray (VALTOCO®) had a rapid onset of action with the median time from administration of Diazepam Nasal Spray (VALTOCO®) to seizure cessation of 4 minutes. Further analyses showed that using Diazepam Nasal Spray (VALTOCO®) as intermittent rescue therapy significantly improves the quality of life of epileptic patients and may reflect a beneficial effect in increasing time between seizure clusters.

Diazepam Nasal Spray (VALTOCO®) has also been approved for marketing in the United States of America.

According to the clinical diagnosis and treatment guidelines epilepsy volume (revision in 2023), seizure clusters/acute repetitive seizures are defined as ⩾3 seizures/24h for adults, ⩾3 seizures/12h for children, ⩽ 8h between each seizures, and the consciousness returning to normal level between the two seizures. Seizure clusters are common in certain epilepsy syndromes, menstrual seizures, and drug-refractory epilepsy. If not treated in time, some will develop into status epilepticus, endangering the lives of patients. In recent years, domestic and foreign scholars have paid more attention to the prevalence of active epilepsy, that is, the ratio of the number of epileptic seizures occurring in a certain period of time (1 or 2 years) to the average population in the same period. The prevalence of active epilepsy in China is 4.6‰ and the annual incidence rate is about 30 in 100,000 people. According to this estimation, there are about 6.4 million active epilepsy patients in China, and about 0.3 million new cases reported each year. However, due to a lack of proper awareness towards epilepsy and limited medical resources, the current treatment gap, which is the proportion of patients who do not receive regular treatment, for patients with active epilepsy in China is 49.8%. Based on this, it is estimated that about 3 million patients with active epilepsy in China have not received appropriate treatment. Seizures in patients with active epilepsy are diverse, with seizure clusters being a sudden clinical event. At present, there is still a lack of epidemiological research on seizure clusters in China. According to overseas studies, the rate of outpatient incidence of seizure clusters is about 15% and therefore it is estimated that nearly 500,000 patients with active epilepsy receiving regular treatment still have seizure clusters.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company is dedicated to providing competitive products and services to meet unmet healthcare needs. The Company brings the Diazepam Nasal Spray (VALTOCO®) to the Territories and in particular the Chinese market, which currently lacks an effective and rapid treatment option for acute repetitive seizures. The Company expects that the addition of Diazepam Nasal Spray (VALTOCO®) and the transactions under the Asset Assignment Agreements will enhance the Group's product portfolio and create long-term value for its Shareholders.

Mr. Lam Kong as the Group's founder and Chairman has always wanted to expand the Group's product pipeline with innovative products in development, but also wanted to ensure that the Group was not unsystematically exposed to the high risks that inevitably associated with the development of new drugs or biotech products. Since the listing of the Shares on the Stock Exchange up until September 2017, the Group had focused on selling and marketing launched products in China and had not acquired any rights to products in early stages of development. During this period, Mr. Lam Kong invested in promising projects or start-ups with potential products for the Chinese market and concurrently, through A&B, obtained the rights to these potential products with the aim that A&B would eventually transfer them to the Group at a later stage when they were more mature and ready for clinical trials or approval. This way, the Group could access potential products without being exposed to significant costs and risks during the development phase of the drugs when the drugs are subject to a high degree of uncertainty, and only A&B would bear the risk of failure. Diazepam Nasal Spray (VALTOCO®) is one of such products initially acquired by Mr. Lam Kong through his wholly-owned company A&B in February 2016, when it was still at the pre-clinical stage. He took on the risks of investing in the Diazepam Nasal Spray (VALTOCO®) until it reached an advanced stage of development in 2018, when he agreed to transfer it to the Group. To help secure the Product, Mr. Lam Kong also made certain investments in the equity of Neurelis at various points in time throughout the development phase of the Product.

The Directors (including all the independent non-executive Directors) consider that the terms of the Asset Assignment Agreements are fair and reasonable, and the transactions thereunder are made on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole.

Except Mr. Lam Kong, none of the Directors had any material interest in the Asset Assignment Agreements. Mr. Lam Kong had abstained from voting on the Board resolutions approving the Asset Assignment Agreements.

INFORMATION OF THE PARTIES

the Group

The Company is a platform company linking pharmaceutical innovation and commercialisation with strong product lifecycle management capability, dedicated to providing competitive products and services to meet unmet healthcare needs. In 2022, the Group generated a turnover of RMB9,150 million; in the case that all medicines were directly sold by the Group, the turnover reached RMB10,498 million. Profit for the year reached RMB3,276 million.

The Group focuses on developing first- or best-in-class innovative products, and it has made the layout of about 30 differentiated pipeline products with strong market potential, among which 3 were approved for marketing in China. The Group specialises in specialty therapeutic areas, where it has developed proven commercialisation capabilities, extensive networks and expert resources, resulting in leading academic and market positions for its major marketed products. Deeply rooted in its advantageous specialty therapeutic areas while expanding its business boundaries, the Group enhances its competitive edge in cardio-cerebrovascular/gastroenterology business, and independently operated dermatology and medical aesthetic business, and ophthalmology business, to enhance the scale and efficiency. The Group also expanded into the Southeast Asian market to create new opportunities to further foster its long-term growth.

A&B

A&B is an investment holding company incorporated in Hong Kong and is wholly-owned by Mr. Lam Kong.

Neurelis

Neurelis is a commercial-stage neuroscience company focused on the development and commercialisation of therapeutics for the treatment of epilepsy and orphan neurologic disorders characterised by high unmet medical need. Diazepam Nasal Spray (VALTOCO®) is Neurelis' lead product under the brand "VALTOCO®" and has been approved for marketing by the Food and Drug Administration of the United States in 2020. Neurelis leverages its proprietary formulation technology, Intravail®, to enhance the bioavailability and tolerability of drugs that are poorly absorbed or cause adverse effects when delivered orally or by injection. For more information about Neurelis and its products, please visit: https://www.neurelis.com.

As at the date of this announcement, the Company owns 5.8% of the issued share capital of Neurelis. Other equity holders of Neurelis include A&B, PWG and LYZZ Capital Fund II, L.P. ("**LYZZ II**") which together own about 50% of the issued share capital of Neurelis as at the date of this announcement. LYZZ II is a fund managed by a general partner who is a third party independent of the Company. Mr. Lam Kong is a limited partner of LYZZ II and indirectly holds 17.8% interest in LYZZ II.

PWG

PWG is a company incorporated in the British Virgin Islands and wholly-owned by LYZZ Capital Healthcare Fund I, L.P. ("**LYZZ I**"). LYZZ I is a fund managed by a general partner who is a third party independent of the Company. Mr. Lam Kong is a limited partner of LYZZ I and indirectly holds 25.3% interest in LYZZ I.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Lam Kong is interested in approximately 46.39% of the issued share capital of the Company and is a controlling shareholder of the Company. A&B is a company wholly-owned by Mr. Lam Kong. Accordingly, A&B is an associate of Mr. Lam Kong and a connected person of the Company and the payments of Royalty II to A&B under the Asset Assignment Agreements constitute continuing connected transactions of the Company. As the Royalty II payments under the Asset Assignment Agreements are on normal commercial terms or terms better to the Group and the applicable percentage ratios using the Annual Caps are above 0.1% but less than 5% for each year during the Royalty Term, the transactions are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing

Rules, but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context requires otherwise:

"A&B"	A&B (HK) Company Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by Mr. Lam Kong
"Anglo Chinese"	Anglo Chinese Corporate Finance, Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company for the purpose of Rule 14A.52 of the Listing Rules in relation to the Asset Assignment Agreements
"Annual Caps"	the annual caps of the payment of Royalty II pursuant to the Asset Assignment Agreements
"Asset Assignment Agreement I"	the asset assignment agreement entered into between A&B and the CMS T-I Parties dated 28 August 2023 in relation to the transfer of all the Assets related to the Product in Territory I
"Asset Assignment Agreement II"	the asset assignment agreement entered into between A&B and the CMS T-II Parties dated 28 August 2023 in relation to the transfer of all the Assets related to the Product in Territory II
"Asset Assignment Agreements"	the Asset Assignment Agreement I and the Asset Assignment Agreement II
"Assets"	the Assets related to the Product and include the marketing authorisation, manufacture rights, intellectual property and all commercial information, medical information, know-how and records related to the Product in and for Territory I and/or Territory II (as the case may be)
"Board"	the board of Directors
"CMS Bridging"	CMS Bridging Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"CMS Macau"	CMS International Development and Management Limited, a company incorporated in Macau with limited liability and a wholly-owned subsidiary of the Company
"CMS Parties"	the CMS T-I Parties and CMS T-II Parties
"CMS T-I Parties"	CMS Bridging and CMS Macau
"CMS T-II Parties"	CMS Bridging, Rxilient Biotech and Rxilient Medical

"Company"	China Medical System Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Macau"	the Macau Special Administrative Region of the PRC
"Neurelis"	Neurelis, Inc., a company incorporated in Delaware
"PRC" or "China"	the People's Republic of China
"Product"	any pharmaceutical preparation, formulation, dosage form, or delivery vehicle relating to the Diazepam Nasal Spray (VALTOCO®) and/or its line extensions
"Royalty Term"	the period starting from 28 August 2023 and ending on 31 December 2047
"RMB"	Renminbi, the lawful currency of the PRC
"Rxilient Biotech"	Rxilient Biotech Pte. Ltd., a company incorporated in Singapore with limited liability and an 82% owned subsidiary of the Company
"Rxilient Medical"	Rxilient Medical Pte. Ltd., a company incorporated in Singapore with limited liability and an 82% owned subsidiary of the Company
"Shares"	ordinary shares of par value of US$0.005 each in the share capital of the Company
"Shareholders"	holders of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Territories"	Territory I and Territory II
"Territory I"	mainland China, Hong Kong and Macau
"Territory II"	Taiwan and Singapore
"Unit"	in the context of Royalty I for Diazepam Nasal Spray (VALTOCO®)
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent

In this announcement, the terms "associate", "connected person", "controlling shareholder" and "subsidiary" have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

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

Hong Kong, 28 August 2023

As at the date of this announcement, the Directors 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.