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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

Four Products including Innovative Drugs VALTOCO and ILUMETRI Have Been Newly Included or Continued to be Included in the National Reimbursement Drug List

China Medical System Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to announce that according to a notice issued by National Healthcare Security Administration and the Ministry of Human Resources and Social Security of the People’s Republic of China on 13 December 2023, innovative drugs Diazepam Nasal Spray (VALTOCO) and Tildrakizumab Injection (ILUMETRI) and rare disease drug Tetrabenazine Tablets have been newly included in category B of China’s National Reimbursement Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (2023 Version) (the “National Reimbursement Drug List”) and Recombinant Human Brain Natriuretic Peptide for Injection (XinHuoSu) has continued to be included in category B of the National Reimbursement Drug List, which shall be officially implemented from 1 January 2024. In addition, innovative drug Methotrexate Injection (Metoject) indicated for psoriasis approved in March 2023 has been included in category A of the National Reimbursement Drug List.

Basic Information of the Products

VALTOCO (Diazepam Nasal Spray)

VALTOCO has been approved for marketing in China in June 2023. It is the first nasal spray formulation of diazepam in China and the first drug approved in China for the treatment of seizure clusters. VALTOCO 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 6 years of age and older.

VALTOCO is a proprietary formulation of diazepam administered through the nasal mucosa with high bioavailability, outstanding absorbability, tolerance and reliability. VALTOCO has 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. VALTOCO is administered intranasally. Under prescription from a doctor and guidance from medical staff, VALTOCO can be administered anytime and anywhere with a rapid onset of action. It has the differentiated advantages of seizure rescue and convenient administration, meeting the current clinical need of acute treatment of domestic epilepsy patients with cluster seizures.

The Group was assigned the relevant assets of VALTOCO for the exclusive use of such assets in the Territory (mainland China, Hong Kong, Macau, Taiwan, and Singapore) from A&B (HK) Company Limited through an asset assignment and exclusive license agreement with Neurelis, Inc., a U.S. company.

ILUMETRI (Tildrakizumab Injection)

ILUMETRI has been approved for marketing in China in May 2023. It is indicated for the treatment of adults with moderate-to-severe plaque psoriasis who are candidates for systemic therapy or phototherapy. ILUMETRI is a humanized IgG1/κ monoclonal antibody designed to selectively bind to the p19 subunit of interleukin-23 (IL-23) and inhibit its interaction with the IL-23 receptor, leading to inhibition of the release of pro-inflammatory cytokines and chemokines.

The results of the extended study of Phase III clinical trial in China demonstrated that the primary efficacy assessment indicator PASI 75 response rate continued to increase over treatment time. The PASI 75 response rate reached a high level after 28 weeks of treatment with ILUMETRI and maintained at 91.3% at week 52, and ILUMETRI showed good long-term safety and tolerance. ILUMETRI only requires 4 administrations per year over maintenance period, which may result in higher patient compliance.

The Group obtained an exclusive license for ILUMETRI from Sun Pharmaceutical Industries Ltd. in June 2019.

Tetrabenazine Tablets

Tetrabenazine Tablets has been approved for marketing in China in May 2023. It is indicated for the treatment of Huntington's disease. Tetrabenazine tablets, as a first-line drug for Huntington's disease, is expected to provide another more accessible and affordable drug option for patients with the rare disease.

The Group obtained an exclusive license for Tetrabenazine Tablets from Sun Pharmaceutical Industries Ltd. in August 2019.

XinHuoSu (Recombinant Human Brain Natriuretic Peptide for Injection)

XinHuoSu is the only Recombinant Human Brain Natriuretic Peptide (rhBNP) medicine available in the Chinese market and is indicated for the treatment of acute decompensated heart failure. XinHuoSu can quickly ease the symptoms and signs of heart failure in patients with heart failure and improve the quality of life of patients. It has been recommended by multiple authoritative guidelines and consensus.

XinHuoSu is owned and manufactured by a wholly-owned subsidiary of Tibet Rhodiola Pharmaceutical Holding Company (a company listed on the Shanghai Stock Exchange with stock code: 600211) (the "Tibet Pharmaceutical"). The Group holds approximately 37.36% of the shares of Tibet Pharmaceutical. The Group obtained the exclusive sale and distribution right of XinHuoSu from Tibet Pharmaceutical in March 2008.

Impacts on the Company

The Group actively responds to national policies to promote innovative products to be included in the National Reimbursement Drug List. Up to now, three innovative drugs that have been approved for marketing (VALTOCO, ILUMETRI and Metoject) have all been included in the National Reimbursement Drug List, further improving the accessibility and affordability of the drugs and allowing innovative products to benefit more patients. At the same time, the new/continued inclusion of the four products in the National Reimbursement Drug List will be conducive to promoting the market coverage of the products and building professional brand power, and will have a positive effect on the Group's business development.

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, 13 December 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.