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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)

PROPOSED SPIN-OFF AND SEPARATE LISTING OF DERMAVON HOLDINGS LIMITED ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The Company proposes to spin-off and separately list the shares of Dermavon, a subsidiary of the Company, on the Main Board of the Stock Exchange. The Proposed Spin-off, if proceeded, is expected to be implemented through a distribution in specie by the Company of all the shares in Dermavon that it holds to the Shareholders in proportion to their respective shareholding in the Company as of a record date to be determined by the Board for the purpose of ascertaining the Shareholders' entitlements.

The separate listing of the shares of Dermavon on the Stock Exchange constitutes a spin-off of Dermavon by the Company under the Practice Note 15 to the Listing Rules. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

In connection with the Proposed Spin-off, on 22 April 2025, Dermavon submitted an application to the Stock Exchange for the listing of, and permission to deal in, the shares of Dermavon on the Main Board of the Stock Exchange by way of introduction. A redacted version of the application proof of the listing document of Dermavon is expected to be available for viewing and downloading on the Stock Exchange's website.

The Company will make further announcements in relation to the Proposed Spin-off as and when appropriate.

As the listing of Dermavon shares is subject to, among other things, the approvals of the relevant authorities, the final decision of the Board and the board of Dermavon, the market and other considerations, the Proposed Spin-off may or may not occur. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

THE PROPOSED SPIN-OFF

The Company proposes to spin-off and separately list the shares of Dermavon, a subsidiary of the Company, on the Main Board of the Stock Exchange. The Proposed Spin-off, if proceeded, is expected to be implemented through a distribution in specie by the Company of all the shares in Dermavon that it holds to the Shareholders in proportion to their respective shareholding in the Company as of a record date to be determined by the Board for the purpose of ascertaining the Shareholders' entitlements.

DERMAVON APPLICATION FOR LISTING

On 22 April 2025, Dermavon submitted an application to the Stock Exchange for the listing of the shares of Dermavon on the Main Board of the Stock Exchange by way of introduction.

THE SPIN-OFF GROUP

Dermavon is an exempted company incorporated in the Cayman Islands with limited liability and is a subsidiary of the Company. As at the date of this announcement, Dermavon is beneficially owned as to 90.8% by the Company and the remaining 9.2% is held by two employee incentive platforms for the benefit of grantees under two employee incentive schemes set up by Dermavon for the purposes of providing incentives or awards to eligible participants for their contribution to the Spin-off Group.

The Spin-off Group is an innovative pharmaceutical company in China specialized in skin health. It operates the Group's skin health business in mainland China. By adopting a unified operation combining the R&D, production, and sales of dermatological prescription products and dermatology-grade skincare products, the Spin-off Group is committed to providing comprehensive skin health solutions, from prevention to treatment and long-term care. The Spin-off Group has developed a diversified and differentiated product portfolio with a comprehensive coverage of major skin diseases with significant unmet clinical needs.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Company believes that the Proposed Spin-off will bring the following commercial benefits to the Retained Group and the Spin-off Group:

- (a) **A new financing platform for the Spin-off Group.** After the Proposed Spin-off, the Spin-off Group will be able to directly raise money from the capital markets and provide funding for its existing operations and future expansion without relying on the Retained Group. This will in turn accelerate the Spin-off Group's expansion and improve the Spin-off Group's operations and financial performance. The shareholders of both the Company and Dermavon will benefit from the potential higher returns.
- (b) **Incentivization of the Spin-off Group's employees.** Dermavon has established two share schemes and part of the objective of such share schemes is to incentivize its employees to contribute to the growth of the Spin-off Group. The separate listing of the Dermavon shares on the Stock Exchange will create additional incentives for employees to support the Spin-off Group's continued growth, which will in turn benefit the shareholders of both the Company and Dermavon.
- (c) **Better focus of the Group's resources.** As Dermavon is expected to be able to conduct fundraising activities independently without reliance on the Retained Group after the Proposed Spin-off, the Retained Group will be able to focus its resources on its core businesses.
- (d) **Independent and improved corporate images.** The Proposed Spin-off will facilitate the Retained Group and the Spin-off Group to build their respective corporate images, thereby enhancing their respective abilities to attract investors and partners, and promoting the further development of their respective businesses. As an independently listed company, Dermavon will also be able to strengthen its reputation and be in a more favourable position when negotiating and soliciting more businesses.
- (e) **Enhanced business profile for the Spin-off Group.** The separate listing of Dermavon will significantly enhance the business profile and market status of the Spin-off Group. As an independently listed entity, Dermavon will be better positioned to negotiate and attract new business opportunities.
- (f) **Improved transparency to investors.** Once listed, Dermavon will be subject to the Listing Rules and is required to disclose operating status and financial conditions on a regular basis. This will improve Dermavon's operational and financial transparency and enable investors to make investment decisions

with greater transparency in its operation performance, financial conditions, management, strategy, and risks and returns.

As the Proposed Spin-off is expected to be effected by a distribution in specie by the Company of all of the Dermavon shares held by it, the existing Shareholders will continue to enjoy the benefits from the future development and growth of both the Retained Group and the Spin-off Group.

ASSURED ENTITLEMENT AND FURTHER ANNOUNCEMENTS

The Board will give due regard to the interests of the Shareholders by providing the Shareholders with an assured entitlement to the Dermavon shares through a distribution in specie by the Company of all of the Dermavon shares held by it to the Shareholders (which exclude the Dermavon shares held by the two employee incentive platforms). The Company does not plan to carry out any offering of new Dermavon shares in the Proposed Spin-off. Details of the assured entitlement under the Proposed Spin-off have not yet been finalised. The Company will make further announcements in this regard as and when appropriate.

INFORMATION OF THE GROUP

The Company is incorporated in the Cayman Islands with limited liability and the Shares of the Company have been listed on the Main Board of the Stock Exchange since September 2010.

CMS is a platform company linking pharmaceutical innovation and commercialization, with strong product lifecycle management capabilities. Upholding a “patient-oriented” operation philosophy, the Group is rooted in China’s pharmaceutical market while maintaining a broader vision across Asia, dedicated to providing competitive products and services to address unmet healthcare needs.

The Group adheres to a clinical demand-oriented innovation strategy, focusing on the deployment and development of global first-in-class (FIC) and best-in-class (BIC) innovative products. Leveraging its unique product identification capabilities, efficient clinical development and commercialization capabilities, and strong financial support, CMS has established a competitive R&D system. This system facilitates the continuous transformation of scientific research outcomes into clinical practice. As of 31 December 2024, the Group’s differentiated innovation pipeline has expanded to approximately 40 products, with five innovative drugs (covering six indications) already approved for marketing in China and swiftly entering clinical applications.

Focused on specialty therapeutic areas such as cardio-cerebrovascular, central nervous system, gastroenterology and ophthalmology, with its mature commercialization system and extensive academic resources, the Group has gained leading academic and market positions for its major marketed products. Meanwhile, CMS continues to refine its business in Southeast Asia, which comprehensively covers “R&D, manufacturing, and commercialization”, empowering global pharmaceutical companies to enter the Southeast Asian market.

LISTING RULES IMPLICATIONS

The separate listing of the Dermavon shares on the Main Board of the Stock Exchange constitutes a spin-off of Dermavon by the Company under Practice Note 15 to the Listing Rules. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

Following completion of the Proposed Spin-off, the Company will not retain any interest in Dermavon and Dermavon will cease to be a subsidiary of the Company.

As the Proposed Spin-off will be implemented by a distribution in specie by the Company of all of the Dermavon shares it holds alone, and the Dermavon shares will be listed on the Stock Exchange, the Proposed Spin-off does not constitute a notifiable transaction of the Company for the purpose of Chapter 14 of the Listing Rules, and no shareholders’ approval of the Company is required for the Proposed Spin-off under the Listing Rules.

GENERAL

A redacted version of the application proof of the listing document of Dermavon is expected to be available for viewing and downloading on the Stock Exchange's website at <http://www.hkexnews.hk>. The redacted version of the application proof of the listing document of Dermavon contains, among other things, certain business and financial information relating to the Spin-off Group. Shareholders should note that the redacted version of the Application Proof is in draft form and the information contained in it is subject to change which may be material.

The Company will make further announcements in relation to the Proposed Spin-off as and when appropriate.

As the listing of Dermavon shares is subject to, among other things, the approvals of the relevant authorities, the final decision of the Board and the board of Dermavon, market and other considerations, the Proposed Spin-off may or may not occur. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Company” or “CMS”	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
“Dermavon”	Dermavon Holdings Limited, a company incorporated in the Cayman Islands with limited liability and a subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Spin-off”	the proposed spin-off and separate listing of Dermavon shares on the Main Board of the Stock Exchange
“Retained Group”	the Company and its subsidiaries (excluding the Spin-off Group)
“Share(s)”	ordinary shares of par value of US\$0.005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Spin-off Group”	Dermavon and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”

has the meaning ascribed to it under the Listing Rules

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

Hong Kong, 22 April 2025

As at the date of the announcement, the directors of the Company comprise (i) Mr. Lam Kong and Ms. Chen Yanling as executive directors; (ii) Mr. Chen Hongbing as a non-executive director; and (iii) Mr. Leung Chong Shun, Ms. Luo Laura Ying and Mr. Fung Ching Simon as independent non-executive directors.