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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)

The Inclusion of Hirudoid in the Medical Insurance Catalogue

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 20 August 2019, the Group’s product Hirudoid (Mucopolysaccharide Polysulfate Cream) has been included in Class B(乙類) of the National Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance Catalogue (2019) (the “**Medical Insurance Catalogue**”), which shall be officially implemented from 1 January 2020.

Hirudoid is the own product and the main product under dermatology line of the Group, and the only drug product of mucopolysaccharide polysulfate in mainland China. The Group acquired the related assets of Hirudoid in mainland China from DKSH International AG on 25 March 2015. For the six months ended 30 June 2019, the revenue of products under dermatology line increased by 16.5% to RMB86.0 million compared with the same period last year, accounting for 2.5% of the Group’s revenue excluding the effect of the “two-invoice system”.

The Company anticipates that the inclusion in Class B(乙類) of the Medical Insurance Catalogue will be conducive to the increase in market share and the marketing development of Hirudoid in the long run, and will have a positive effect on the growth in sales and the long-term development of the Group.

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

Hong Kong, 20 August 2019

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. Cheung Kam Shing, Terry, Mr. Wu Chi Keung and Mr. Leung Chong Shun as independent non-executive directors.