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
Equity investment in and Establishment of a Joint Venture with Trinomab

The Board of Directors (the "Directors") of China Medical System Holdings Limited (the "Company", together with its subsidiaries, the "Group") is pleased to announce that the Group through its wholly-owned subsidiary signed certain agreements for strategic collaboration with an innovative biopharmaceutical company Trinomab Biotech Co., Ltd. (珠海泰諾麥博生物技術有限公司, the English name is for identification purpose) ("Trinomab" or the "Investment Target") recently and pursuant to which the Group will make equity investment in and establish a joint venture with Trinomab (the "Collaboration"). The Collaboration initiates a new model for the Group's industrial investment in innovative biopharmaceutical companies.

EQUITY INVESTMENT

Pursuant to the relevant investment agreement, the Group will make equity investment in Trinomab and subscribe for its newly issued shares (the "Equity Investment") after fulfilling the relevant conditions agreed. Upon the completion of the Equity Investment, the Group will hold approximately 6.00% equity interests of Trinomab.

ABOUT THE INVESTMENT TARGET

Established in 2015, Trinomab was jointly founded by the worldwide known expert Dr. Liao Huaxin and the entrepreneur Mr. Zheng Weihong. Trinomab's core technology is the fourth-

** For identification purpose only*

generation antibody technology platform "HitmAb®", which is dedicated to the development of original and efficient natural fully human monoclonal antibodies with independent intellectual property rights, suitable for infectious diseases, autoimmune diseases and malignant tumors, etc. The biggest feature of the natural fully human monoclonal antibodies developed by HitmAb® is its high safety, having broad spectrum to foreign pathogens and strong affinity with pathogen targets, which can solve the problem of anti-drug antibody (ADA) reaction in the clinical use of antibody drugs developed by traditional technologies.

Based on the HitmAb® platform, Trinomab has developed more than 20 new native natural fully human monoclonal antibodies, including those against infectious diseases (such as rabies virus, tetanus toxin, cytomegalovirus, respiratory syncytial virus, varicella-zoster virus novel coronavirus, etc.) and cancers, among which, certain antibody products are in the process of rapid industrialization.

ESTABLISHMENT OF A JOINT VENTURE

Pursuant to the relevant joint venture collaboration agreement, the Group will establish a joint venture (the "Joint Venture") with Trinomab. The Group will make capital contribution in cash in the Joint Venture, while Trinomab will make capital contribution using the rights and interests regarding Mainland China, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan (the "Greater China") in the related technologies of the specific products agreed by the relevant agreements including its product Fully Human Hlα Antibody of Trinomab (as defined below) (the "Collaborative Products") as intangible assets. The Group and Trinomab will each own 50% of the equity interest of the Joint Venture. The Joint Venture will entrust the Group to be responsible for the clinical development and commercialization of all Collaborative Products in the Greater China, and will entrust Trinomab to be responsible for the production of all Collaborative Products.

NEW FULLY HUMAN ANTI-STAPHYLOCOCCUS AUREUS ALPHA-HEMOLYSIN ANTIBODY

The fully human anti-Staphylococcus Aureus (SA) alpha-hemolysin antibody (Fully Human Hlα Antibody of Trinomab) is a natural fully human antibody against SA infection, developed via Trinomab's patented platform HitmAb®. It is currently in the preclinical stage. Fully Human Hlα Antibody of Trinomab neutralizes the alpha-hemolysin (Hlα) released by SA to avoid Immune downregulation to B cells and to improve immune response. Fully Human Hlα Antibody of Trinomab is developed to prevent disease progression in high-risk groups for SA colonization and treat pneumonia, bacteremia, and toxic shock caused by SA, especially MRSA.

SA is a widespread pathogen that causes Hospital- and Community-related infections, especially the super-bacteria MRSA with multiple and highly drug resistance, has become a serious threat to human health and caused a severe clinical problem. Especially in the intensive care unit, SA infection brings serious physical harm to patients, mainly acute severe pneumonia and sepsis, and are mostly due to many toxic factors, including various secreted toxins SA produces, which accelerate the disease progression. Currently, there are no Hlα antibody drug launched in the world. Antibiotics are commonly used clinically for the treatment of SA infection in severe and high-risk patients with SA colonization, but drug resistance and adverse reactions are the main risks of existing treatments. Although a certain degree of curative effect may be obtained after long-term treatment, there are still problems such as long hospitalization time, high fatality rate and high medical expenditure. Especially, there are urgent clinical needs for MRSA infection patients.

Fully Human Hlα Antibody of Trinomab has good safety and the preclinical studies have shown good Hlα toxin neutralizing activity. It is expected to solve the problems of high mortality, resistance to treatment (including methicillin-sensitive SA (MSSA) and MRSA), and side effects from SA infection, to meet clinical needs and provide patients with greater benefits.

In addition to the above, in accordance with the conditions agreed in the relevant strategic collaboration agreement, the Group will negotiate with Trinomab to promote the priority collaboration between the two parties on other specific products other than the Collaborative Products.

REASONS FOR AND BENEFITS OF THE EQUITY INVESTMENT AND THE ESTABLISHEMENT OF THE JOINT VENTURE

With the mission of "providing competitive products and services to meet China's unmet medical needs", the Group actively explores strategic collaboration with domestic and foreign innovative pharmaceuticals R&D companies. The Equity Investment and the Establishment of the Joint Venture can combine the Group's comprehensive strengths in pharmaceutical clinical development and commercialization with Trinomab's fourth-generation antibody technology natural and fully human monoclonal antibody R&D integrated technology platform HitmAb®, achieving combination of complementary advantages and strong alliance to accelerate the promotion of the Joint Venture's innovative pharmaceutical R&D, marketing and successful commercialization to meet the unmet clinical needs of Chinese patients. The Collaboration will

have a positive impact on the continuous operation of the Group and will further help the Group develop and cultivate more innovative products with potential.

The board of Directors believes that the signing of the relevant agreements and the implementation of the Collaboration are in the overall interests of the Company and the shareholders of the Company.

LISTING RULES IMPLICATIONS

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, the Trinomab and its ultimate beneficial owner are third parties 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, the Collaboration 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 the Collaboration are less than 5%, the Collaboration 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, 18 April 2021

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. Wu Chi Keung, Mr. Leung Chong Shun and Ms. Luo, Laura Ying as independent non-executive Directors.