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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 Acquisition of Ophthalmic Bispecific Antibody Product Assets

The board (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 on 26 July 2022, the Group through a wholly-owned subsidiary of the Company – an ophthalmology business company (“CMS Ophthalmology”) entered into an Asset Transfer Agreement (the “Agreement”) with Wuhan YZY Biopharma Co., Ltd (“YZY Biopharma”), a biopharmaceutical company, to acquire all the assets related to VEGF/ANG2 tetravalent bispecific antibody for intravitreal injection (the “Bispecific Antibody Product”) in the world (the “Territory”) from YZY Biopharma (the “Acquisition”).

In accordance with the Agreement, the assets related to the Bispecific Antibody Product in the Territory (the “Bispecific Antibody Product Assets”) include but are not limited to (i) all necessary rights and assets to use, develop, register, manufacture, commissioned manufacture, sell, distribute, promote and commercialize the Bispecific Antibody Product in the Territory and (ii) all intellectual property and intellectual property rights relevant to the Bispecific Antibody Product owned or controlled by YZY Biopharma or its affiliates.

INFORMATION ABOUT THE BISPECIFIC ANTIBODY PRODUCT

The Bispecific Antibody Product is a Class 1 Innovative Biological Product with a unique nanobody design for treatment of ocular fundus neovascular diseases, targeting VEGF

(vascular endothelial growth factor) and ANG2 (angiopoietin 2), which effectively inhibits abnormal neovascularization through two different pathways. The Bispecific Antibody Product enjoys the advantages of high affinity, strong inhibitory activity, high preparation concentration, good stability and low dosing frequency. It can reduce the potential risks caused by frequent intravitreal injections that occur to the patients and improve medication compliance of patients, possessing important clinical implications. The Bispecific Antibody Product is currently in the preclinical stage.

Ocular fundus neovascular disease, such as neovascular age-related macular degeneration (nAMD), diabetic macular edema (DME), etc., is one of the main causes of blindness in the elderly. It is estimated that there are approximately 4 million nAMD patients and 5 million DME patients in Mainland China. Intravitreal injection of anti-VEGF drugs is the standard treatment for ocular fundus neovascularization. According to IQVIA, the market size of mainstream anti-VEGF drugs in Mainland China exceeded RMB3.1 billion in the year of 2021. The Bispecific Antibody Product enjoys differentiation advantages of inhibition through two pathways, high preparation concentration and low dosing frequency, thus is expected to have a broader market in China, and will provide a safer and more effective treatment option for patients with ocular fundus neovascularization.

INFORMATION ABOUT YZY BIOPHARMA

YZY Biopharma is a biopharmaceutical company specializing in tumor immunotherapy, focusing on the research, development and industrialization of bispecific antibody drugs. YZY Biopharma currently has more than ten products under research and development, covering tumor, infection, neurodegeneration and other fields, and has established a complete antibody drug development industry chain. For additional information about YZY Biopharma and its products, please visit its official website: www.yzybio.com.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been deeply engaged in the ophthalmology business for years, and has promoted the independent operation of ophthalmology business to improve the operation efficiency and achieve specialized and large-scale development in the ophthalmology field, building China's leading ophthalmic pharmaceutical and device company covering treatment of all ophthalmic diseases.

CMS Ophthalmology actively identifies, develops and commercializes urgently needed ophthalmological diagnosis and treatment solutions and leading innovative products. The

Bispecific Antibody Product will enrich the Group's innovative product pipeline in the ocular fundus diseases treatment field. The Group made further deployment in the ocular fundus diseases treatment channel through the Acquisition, enhancing the competitiveness in and promoting the rapid development of its ophthalmology business.

Having considered the above, the Directors are of the view that the Agreement is on normal commercial terms, and such terms are fair and reasonable and that the Acquisition is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, YZY Biopharma is a third party 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 Acquisition 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 Acquisition are less than 5%, the Acquisition 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, 26 July 2022

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.