

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

Obtaining Exclusive License for Insulin Products in Southeast Asian Countries

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 15 August 2022, the Group through a subsidiary of the Company – a Southeast Asian business company Rxilient Medical Pte. Ltd. (“Rxilient”) entered into a License, Collaboration and Supply Agreement (the “License Agreement”) with Hefei Tianmai Biotechnology Development Co., Ltd. (“HTBT”), a biopharmaceutical company, for the second-generation insulin series products and the third-generation insulin analogue glargine insulin injection (the “Insulin Products” or the “Products”).

In accordance with the License Agreement, the Group through Rxilient gained an exclusive license to register, market, sell and distribute the Products in the eleven Southeast Asian countries (the “Territory”). The License Agreement will commence on its effective date and continue to be valid until the tenth anniversary of the date of the Products’ first commercialization in the Territory. Upon the expiration of the aforementioned term, the License Agreement may be automatically renewed for every single period of three years thereafter as per certain conditions defined in the License Agreement.

THE INSULIN PRODUCTS

Insulin is the exclusive hormone in the body that lowers blood sugar. The Insulin Products are clinically used to treat diabetes. The Products are derived from Israeli platform technology, produced by genetic engineering technology, and adopts an efficient, environment-friendly and energy-saving active pharmaceutical ingredients (API) production process, which can effectively control their quality and cost. The second-generation insulin series products include mixed protamine human insulin injection (30R), human insulin injection and isophane protamine human insulin injection, all of which have been approved by the China National Medical Products Administration (NMPA) and have been used for many years. The safety and efficacy have been clinically proven. In respect of the third-generation insulin analogue glargine insulin injection, all the pharmaceutical research and clinical trials research required for submission of the marketing application to the NMPA were completed. Its process is stable, the expression level is high, and the pharmaceutical and clinical research shows that it is consistent with the quality of the original product. A wide range of high-quality and affordable Insulin Products can provide patients in Southeast Asia with personalized and differentiated choices.

With the economic development, population growth and favourable policies in Southeast Asia, it is expected that Insulin Products have a foreseeable prospective market in Southeast Asia. According to the International Diabetes Federation (IDF) Diabetes Atlas (10th Edition) and IQVIA data, there were approximately 140 million people with diabetes in Mainland China aged 20-79 in year 2021 and the sales of insulin products was US\$4.8 billion with a market penetration rate of 41%. Within the same period, there were approximately 33.83 million people with diabetes aged 20-79 in four major Southeast Asian markets (Indonesia, Philippines, Thailand and Vietnam) and the sales of insulin products achieved US\$430 million with a market penetration rate of 14%. According to IQVIA data, the total sales of products of European and American pharmaceutical companies currently account for more than 85% of the insulin market of four major Southeast Asian markets (Indonesia, Philippines, Thailand and Vietnam). The Insulin Products with their high quality-price ratio shall embrace huge market potential.

HTBT

HTBT is an innovative high-tech biopharmaceutical enterprise committed to the introduction and absorption of international advanced biotechnology, and the development, production and sales of bio-pharmaceutical products, and its critical manufacture process technology platform is awarded as National Major Scientific and Technological Special Project for “Significant New Drugs Development”. It has built a complete laboratory and a manufacture workshop which complies with EU standards. HTBT’s goal is to become a global-oriented bio-

pharmaceutical center of product development and manufacture, with representative products such as oral insulin enteric-coated capsules, human insulin, insulin analogues and GLP-1 (glucagon-like peptide-1 receptor agonists) and other products, dedicated in providing diabetes chronic disease management services, and being a respected and trusted global diabetes products and services provider. For further information about HTBT and its products, please visit its official website: www.htbt.com.cn.

REASONS FOR AND BENEFITS OF THIS COLLABORATION

To meet the huge demands for high-quality and affordable products in the Southeast Asia, the Group initiated its international development strategy — Southeast Asia business. The Group intends to build an open platform that covers innovative R&D, manufacturing, preparation contract development and manufacturing organization (CDMO), marketing and promotion to promote strategic collaboration with biotech and pharmaceutical companies from Europe, US, Japan and China to jointly develop products, while undertaking the manufacturing and commercialization of the products in the Southeast Asia, striving to build a “bridgehead” in Southeast Asia for global pharmaceutical companies.

This collaboration is an initiative through which the Insulin Products of Mainland China entered the Southeast Asian market, beginning a new chapter in Chinese biopharmaceuticals’ systematic and comprehensive expansion in the Southeast Asian market, and at the same time satisfying the huge unsatisfied clinical demand for the insulin products with high quality-price ratio in the Southeast Asian market. The Group will continue to strengthen and deepen the cooperation with the global biotech and pharmaceutical companies and build a cooperative and mutually beneficial biotech and pharmaceutical ecosystem in the Southeast Asia.

Having considered the above, the Directors are of the view that the License Agreement is on normal commercial terms, and such terms are fair and reasonable and that the License Agreement 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 enquiries, HTBT 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, this transaction does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As this transaction is of a revenue nature in the ordinary and usual course of business of the

Group, this transaction 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, 15 August 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.