
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in **China Medical System Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.



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 RE-ELECTION OF THE RETIRING DIRECTORS,
DECLARATION OF FINAL DIVIDEND,
GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company (the “AGM”) to be held at Admiralty & The Peak, Level 3, JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on Thursday, 25 April 2019 at 10:00 a.m. is set out on pages 15 to 19 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk.

Whether or not you are able to attend the AGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

22 March 2019

* For identification purpose only

CONTENTS

DEFINITIONS	1
EXPECTED TIMETABLE	3
LETTER FROM THE BOARD	4
Introduction	5
Re-election of the Retiring Directors	5
Proposed Final Dividend.....	5
Closure of Register of Members	6
General Mandate and Repurchase Mandate.....	6
Annual General Meeting	7
Responsibility Statement	8
Recommendation.....	8
APPENDIX I – DETAILS OF RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED	9
APPENDIX II – EXPLANATORY STATEMENT OF REPURCHASE MANDATE.....	12
NOTICE OF ANNUAL GENERAL MEETING	15

DEFINITIONS

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

“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held at Admiralty & The Peak, Level 3, JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on Thursday, 25 April 2019 at 10:00 a.m., a notice of which is set out on pages 15 to 19 of this circular
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“Company”	China Medical System Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Final Dividend”	the proposed final dividend of RMB0.1434 (equivalent to HK\$0.168) per Share for the year ended 31 December 2018 to Shareholders whose names appear on the Register on the Record Date
“General Mandate”	the general mandate proposed to be granted to the Directors at the AGM to allot, issue and otherwise deal with unissued Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of granting the general mandate
“Group”	the Company and all of its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	Monday, 18 March 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Record Date”	Thursday, 2 May 2019, being the record date for the determination of entitlement of the Shareholders to the Final Dividend

DEFINITIONS

“Register”	the register of members of the Company
“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the aggregate nominal value of the issued share capital of the Company as at the date of granting the repurchase mandate
“RMB”	Renminbi yuan, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with a nominal value of US\$0.005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

EXPECTED TIMETABLE

2019:

Dispatch of this circular and notice of the AGM	Friday, 22 March
Last share registration date in order to qualify for attending and voting at the AGM	4:30 p.m., Wednesday, 17 April
Closure of Register for determination of the entitlement to attend and vote at the AGM (both dates inclusive)	from Thursday, 18 April to Thursday, 25 April
Latest time for lodging forms of proxy for the AGM (in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof)	10:00 a.m., Tuesday, 23 April
Date and time of the AGM	10:00 a.m., Thursday, 25 April
Date of the Poll Results Announcement of the AGM	Thursday, 25 April
Last day of dealings in the Shares on a cum-entitlement basis	Friday, 26 April
First day of dealings in the Shares on an ex-entitlement basis	Monday, 29 April
Latest time for lodging transfer of Shares for registration in order to qualify for the Final Dividend	4:30 p.m., Tuesday, 30 April
Closure of Register	Thursday, 2 May
Record Date for determination of entitlement to the Final Dividend	Thursday, 2 May
Register re-opens	Friday, 3 May
Final Dividend expected to be dispatched	about Thursday, 9 May

Notes:

1. *All dates and time set out in this circular refer to Hong Kong dates and time.*
2. *Dates or deadlines specified in this circular are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate and in accordance with the Listing Rules.*

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Lam Kong (Chairman)

Mr. Chen Hongbing

Ms. Chen Yanling

Registered Office:

Maples Corporate Services Limited

PO Box 309

Ugland House

Grand Cayman, KY1-1104

Cayman Islands

Independent Non-executive Directors:

Mr. Cheung Kam Shing, Terry

Mr. Wu Chi Keung

Mr. Leung Chong Shun

**Headquarters and Principal Place of
Business in Hong Kong:**

Unit 2106, 21/F

Island Place Tower

510 King's Road, North Point

Hong Kong

22 March 2019

To the Shareholders

Dear Sir or Madam,

**PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS,
DECLARATION OF FINAL DIVIDEND,
GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

* For identification purpose only

LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to provide you with (i) the AGM notice; (ii) all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the AGM; and (iii) information relating to the Final Dividend.

At the AGM, resolutions will be proposed to seek approval of the Shareholders for, among other matters, (i) the re-election of the retiring Directors; (ii) the declaration of the Final Dividend; (iii) the grant of the General Mandate to the Directors; (iv) the grant of the Repurchase Mandate to the Directors; and (v) the extension of the General Mandate to include Shares that may be repurchased pursuant to the Repurchase Mandate.

RE-ELECTION OF THE RETIRING DIRECTORS

Pursuant to Article 16.18 of the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Any Director appointed pursuant to Article 16.2 or Article 16.3 of the Articles of Association shall not be taken into account in determining which Directors are to retire by rotation. A retiring Director shall be eligible for re-election. Accordingly, Ms. Chen Yanling, Mr. Cheung Kam Shing, Terry and Mr. Leung Chong Shun will retire from their offices at the AGM and, being eligible, offer themselves for re-election at the AGM.

At the AGM, separate ordinary resolutions will be proposed for each of the re-elections of Ms. Chen Yanling, Mr. Cheung Kam Shing, Terry and Mr. Leung Chong Shun. Details of these retiring Directors are set out in Appendix I to this circular.

PROPOSED FINAL DIVIDEND

As stated in the announcement issued by the Company dated Monday, 18 March 2019 relating to the annual results of the Group for the year ended 31 December 2018, the Board recommends the payment of the Final Dividend of RMB0.1434 (equivalent to HK\$0.168) per Share for the year ended 31 December 2018 to the Shareholders whose names appear on the Register on the Record Date. The Final Dividend is subject to the Shareholders' approval at the AGM and a resolution will be put to the Shareholders for voting at the AGM.

The last day for dealing in Shares cum entitlements to the Final Dividend will be Friday, 26 April 2019. The Register will be closed on Thursday, 2 May 2019, on which date the registration of transfer of Shares will be suspended.

LETTER FROM THE BOARD

To qualify for the Final Dividend, all transfer forms of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than Tuesday, 30 April 2019 at 4:30 p.m.

Shareholders whose names appear on the Register on the Record Date, i.e. Thursday, 2 May 2019 will be entitled to the Final Dividend. Payment of such Final Dividend in Hong Kong dollars is expected to be made to the Shareholders about Thursday, 9 May 2019 after the Shareholders' approval at the AGM dated on Thursday, 25 April 2019.

CLOSURE OF REGISTER OF MEMBERS

The Register will be closed from Thursday, 18 April 2019 to Thursday, 25 April 2019 (both days inclusive), during which the registration of transfer of Shares will be suspended. In order to qualify for attending and voting at the Annual General Meeting, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 17 April 2019.

The Register will be closed on Thursday, 2 May 2019, on which date no transfer of Shares will be effected. The last day for dealing in the Shares on a cum-entitlement basis will be Friday, 26 April 2019. Shareholders are reminded that in order to qualify for the Final Dividend, all transfers of Shares must be duly completed, accompanied by the relevant share certificates and lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 30 April 2019.

GENERAL MANDATE AND REPURCHASE MANDATE

The existing general mandates to issue and to repurchase Shares will expire at the conclusion of the AGM. It is proposed to seek Shareholders' approval at the AGM to grant the General Mandate and the Repurchase Mandate to the Directors.

General Mandate

At the AGM, an ordinary resolution will be proposed that the Directors be unconditionally granted the General Mandate to allot, issue and otherwise deal with unissued Shares up to a limit equal to 496,081,702, representing 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing such resolution. In addition, an ordinary resolution will also be proposed to authorise the increase in the total number of new Shares which may be allotted and issued under the General Mandate by an additional number representing such number of Shares actually repurchased by the Company under the Repurchase Mandate.

LETTER FROM THE BOARD

Repurchase Mandate

At the AGM, an ordinary resolution will be proposed that the Directors be unconditionally given the Repurchase Mandate to repurchase Shares on the Stock Exchange of up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing such resolution.

An explanatory statement in connection with the Repurchase Mandate is set out in Appendix II to this circular. The explanatory statement contains all the requisite information required under the Listing Rules to be given to the Shareholders to enable them to make an informed decision on whether to vote for or against the resolution approving the Repurchase Mandate.

The General Mandate and the Repurchase Mandate shall continue to be in force during the period from the date of passing of the resolutions for the approval of the General Mandate and the Repurchase Mandate up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or (iii) the revocation or variation of the General Mandate or the Repurchase Mandate (as the case may be) by ordinary resolution of the Shareholders in a general meeting of the Company, whichever occurs first.

ANNUAL GENERAL MEETING

A notice convening the AGM to be held at Admiralty & The Peak, Level 3, JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on Thursday, 25 April 2019 at 10:00 a.m. is set out on pages 15 to 19 of this circular. A form of proxy for use in connection with the AGM is enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk.

Whether or not you are able to attend the AGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

Consistent with the requirement of Rule 13.39(4) of the Listing Rules, Article 13.6 of the Articles of Association provides that at any general meeting a resolution put to the vote of the meeting shall be decided on a poll. Accordingly, all the resolutions proposed at the AGM will be voted by way of a poll. An announcement will be made by the Company after the AGM on the poll results of the AGM.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors believe that the proposed (i) re-election of the retiring Directors, (ii) declaration of the Final Dividend, (iii) grant of the General Mandate to the Directors, (iv) grant of the Repurchase Mandate to the Directors, and (v) extension of the General Mandate to include Shares that may be repurchased pursuant to the Repurchase Mandate are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully
By Order of the Board
China Medical System Holdings Limited
Lam Kong
Chairman

APPENDIX I – DETAILS OF RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

Details of the Directors who will retire from offices at the AGM and, being eligible, will offer themselves for re-election at the AGM, are set out below:

1. Ms. Chen Yanling

Ms. Chen Yanling, aged 48, is Chief Financial Officer and Vice-president of the Group and was appointed as an executive Director on 18 December 2006. She joined the Group in 1995 and has remained with the Group since then. Ms. Chen is responsible for the Group's financial management, investor relations, government affairs and administration. She holds an EMBA degree and is a senior accountant with extensive experience in financial management. Ms. Chen was awarded the Third Place of 2018 "All-Asia Best CFO (Overall) in Healthcare and Pharmaceutical Industry" by the Institutional Investor magazine in June 2018. From 2012 to 2017, Ms. Chen was awarded the First place of the prize for six consecutive times. Save as disclosed above, Ms. Chen had not been a director in any public company (other than the Company) the securities of which are listed on any securities market in Hong Kong or overseas in the last three years preceding the Latest Practicable Date.

Ms. Chen is currently entitled to a fixed annual Director's emoluments of HK\$216,000 and other fixed annual remuneration of RMB2,316,000 as determined by the Board with reference to her qualifications, duties and responsibilities with the Group and the then prevailing market conditions.

In accordance with the meaning of Part XV of the SFO, as at the Latest Practicable Date, Ms. Chen held 7,246,250 Shares in her own name, representing approximately 0.29% of the entire issued share capital of the Company.

Save as disclosed above, as at the Latest Practicable Date, Ms. Chen did not have any interest nor was she deemed to be interested in any Shares within the meaning of Part XV of the SFO, and Ms. Chen had no relationship with any other Director, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed above, there is no other matter concerning Ms. Chen that needs to be brought to the attention of the Shareholders nor is there other information which is required to be disclosed pursuant to any of the requirements under Rule 13.51(2) of the Listing Rules.

APPENDIX I – DETAILS OF RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

2. Mr. Cheung Kam Shing, Terry

Mr. Cheung Kam Shing, Terry, aged 56, was appointed as an independent non-executive Director of the Company on 18 August 2010. Mr. Cheung has more than 30 years' experience in securities broking, investment banking, fund management, private equity and other financial areas. The companies he worked for after graduating from the University of Hong Kong in 1984 included Sanyo Securities (Asia) Limited, Fidelity International Investment Management Limited, Kerry Securities Limited, Sassoon Securities Limited, and Core-Pacific Yamaichi International (HK) Limited from 1984 to 2000. Mr. Cheung served as Managing Director at Culturecom Holdings Limited (a company listed on the Stock Exchange with stock code 0343) from 2000 to 2005. He later served as Managing Director of Nouveau Investment Group Limited from 2005 to mid-2010. He served as Chief Operating Officer of GreaterChina Professional Services Limited (now known as Asia-Pac Financial Investment Company Limited, a company listed on the Stock Exchange with stock code 8193) from July 2010 to March 2015. Mr. Cheung was an independent non-executive director of Greens Holdings Limited (a company listed on the Stock Exchange with stock code 1318) from December 2014 and subsequently appointed as executive director until October 2015. Mr. Cheung has served as executive director of Pearl Oriental Oil Limited (a company listed on the Stock Exchange with stock code 632) since October 2016 until now.

Mr. Cheung received his bachelor's degree in social sciences from the University of Hong Kong in 1984 and his master's degree in science (financial economics) from the University of London in 1995. Mr. Cheung is the chairman of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration Committee of the Company. Save as disclosed above, Mr. Cheung had not been a director in any public company (other than the Company) the securities of which are listed on any securities market in Hong Kong or overseas in the last three years preceding the Latest Practicable Date.

Mr. Cheung is currently entitled to a fixed annual Director's emoluments of HK\$216,000 as determined by the Board with reference to his qualifications, duties and responsibilities with the Group and the then prevailing market conditions.

As at the Latest Practicable Date, Mr. Cheung did not have any interest nor was he deemed to be interested in any Shares within the meaning of Part XV of the SFO, and had no relationship with any other Director, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed above, there is no other matter concerning Mr. Cheung that needs to be brought to the attention of the Shareholders nor is there other information which is required to be disclosed pursuant to any of the requirements under Rule 13.51(2) of the Listing Rules.

APPENDIX I – DETAILS OF RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

3. Mr. Leung Chong Shun

Mr. Leung Chong Shun, aged 53, was appointed as an independent non-executive Director of the Company on 13 December 2017. Mr. Leung became a practicing lawyer since 1991 and was the Chief Representative of Woo Kwan Lee & Lo Beijing Office. He is currently a Partner of Woo Kwan Lee & Lo. Mr. Leung is familiar with corporate finance, M&A and IPO legal services and has been involved in various listing and acquisition transactions of Chinese H share companies and red chip companies. Mr. Leung is currently an Attesting Officer appointed by the PRC. Mr. Leung was an independent non-executive director of China Communications Construction Company Limited (a company listed on the Stock Exchange with stock code 01800) from January 2011 to November 2017 and China National Materials Company Limited (a company listed on the Stock Exchange with stock code 01893) from July 2007 to April 2018. He is currently an independent non-executive director of SSY Group Limited (formerly known as Lijun International Pharmaceutical (Holding) Co., Ltd., a company listed on the Stock Exchange with stock code 02005), China Coal Energy Company Limited (a company listed on the Stock Exchange with stock code 01898) and Min Xin Holdings Limited (a company listed on the Stock Exchange with stock code 00222).

Mr. Leung graduated from the University of Hong Kong in 1988 and obtained a bachelor's degree in laws with honours. He is qualified as a solicitor in Hong Kong and England. Mr. Leung is the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee of the Company. Save as disclosed above, Mr. Leung had not been a director in any public company (other than the Company) the securities of which are listed on any securities market in Hong Kong or overseas in the last three years preceding the Latest Practicable Date.

Mr. Leung is currently entitled to a fixed annual Director's emoluments of HK\$216,000 as determined by the Board with reference to his qualifications, duties and responsibilities with the Group and the then prevailing market conditions.

As at the Latest Practicable Date, Mr. Leung did not have any interest nor was he deemed to be interested in any Shares within the meaning of Part XV of the SFO, and had no relationship with any other Director, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed above, there is no other matter concerning Mr. Leung that needs to be brought to the attention of the Shareholders nor is there other information which is required to be disclosed pursuant to any of the requirements under Rule 13.51(2) of the Listing Rules.

APPENDIX II – EXPLANATORY STATEMENT OF REPURCHASE MANDATE

This Appendix II serves as an explanatory statement, as required by the Listing Rules, to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution approving the Repurchase Mandate to be proposed at the AGM.

1. Share capital

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,480,408,512 Shares.

Subject to the passing of the proposed ordinary resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company between the Latest Practicable Date and the date of AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 248,040,851 Shares, representing 10% of the issued share capital of the Company as at the date of passing such resolution.

2. Reasons for the repurchases

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that a repurchase of Shares will benefit the Company and the Shareholders as a whole.

3. Funding of repurchases

Repurchases of Shares would be funded entirely from the Company's available cash flow or working capital facilities, which will be made out of funds legally available for such purpose in accordance the applicable laws and regulations of the Cayman Islands, the Listing Rules and the memorandum and Articles of Association of the Company.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and/or gearing position of the Company compared with that as at 31 December 2018, being the date of its latest published audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing levels of the Company which, in the opinion of the Directors, are from time to time appropriate for the Company.

4. Undertaking and disclosure of interests

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will only exercise the powers of the Company to make repurchases under the Repurchase Mandate in accordance with the applicable laws and regulations of the Cayman Islands and the Listing Rules.

None of the Directors nor, to the best of their knowledge having made all reasonable inquiries, any of their close associates (as defined in the Listing Rules) has any present intention to sell Shares to the Company under the Repurchase Mandate if the same is approved by the Shareholders.

APPENDIX II – EXPLANATORY STATEMENT OF REPURCHASE MANDATE

No core connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company nor have they undertaken not to do so in the event that the Repurchase Mandate is approved by the Shareholders.

5. Effect of Takeovers Code

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Directors exercising the powers of the Company to repurchase Shares under the Repurchase Mandate, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. As a result, a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of such Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. As at the Latest Practicable Date, Treasure Sea Limited, a company wholly owned by Mr. Lam Kong (the Chairman of the Company) held 1,090,344,000 Shares, representing approximately 43.96% of the entire issued share capital of the Company. On the assumption that the Company will not issue and allot further Shares from the Latest Practicable Date up to the date of Annual General Meeting and that the Repurchase Mandate were exercised in full, Treasure Sea Limited's shareholding in the Company would be increased to approximately 48.84% of the issued share capital of the Company. On the basis of the current shareholding of Treasure Sea Limited, an exercise of the repurchase mandate in full will result in Treasure Sea Limited becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

6. Share prices

The highest and lowest prices at which the Shares have been traded on the Stock Exchange of each of the previous twelve months preceding the Latest Practicable Date (from 1 March 2018 up to the Latest Practicable Date) were as follows:

		Per Share	
		Highest price	Lowest price
		HK\$	HK\$
2018	March	19. 16	15. 32
	April	19. 70	17. 40
	May	20. 00	17. 50
	June	19. 36	15. 08
	July	16. 10	13. 30
	August	14. 70	12. 60
	September	13. 40	9. 50
	October	11. 40	8. 50
	November	10. 90	8. 40
	December	9. 20	7. 00
2019	January	8. 20	6. 30
	February	9. 20	7. 70
	March (up to the Latest Practicable Date)	8. 70	7. 62

APPENDIX II – EXPLANATORY STATEMENT OF REPURCHASE MANDATE

7. Share repurchase made by the Company

Up to the Latest Practicable Date, the Company and its subsidiary had repurchased a total of 6,839,000 Shares on the Stock Exchange in the six months preceding the Latest Practicable Date, details of which are as follows:

Date of Repurchase	Number of Shares Repurchased	Price per Share (HK\$)		Aggregate Consideration Paid (HK\$)
		Highest Price	Lowest Price	
11 October 2018	1,122,000	8.90	8.78	9,960,300
12 October 2018	150,000	9.10	9.07	1,364,800
15 October 2018	150,000	9.27	9.24	1,389,810
16 October 2018	500,000	9.12	9.03	4,542,680
18 October 2018	500,000	9.00	8.90	4,479,210
19 October 2018	500,000	9.18	9.16	4,589,840
23 October 2018	500,000	9.09	8.93	4,504,150
25 October 2018	500,000	9.10	8.97	4,525,610
26 October 2018	500,000	8.86	8.75	4,418,130
14 November 2018	500,000	9.20	9.12	4,576,230
30 November 2018	800,000	8.52	8.52	6,816,000
7 December 2018	1,117,000	7.80	7.64	8,617,200

Save as disclosed above, up to the Latest Practicable Date, the Company and its subsidiary had not repurchased any of its Shares on the Stock Exchange or otherwise in the six months preceding the Latest Practicable Date.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the **“AGM”**) of China Medical System Holdings Limited (the **“Company”**, together with its subsidiaries, the **“Group”**) will be held at Admiralty & The Peak, Level 3, JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on Thursday, 25 April 2019 at 10:00 a.m. to transact the following business:

1. To review, consider and adopt the audited consolidated financial statements of the Group, the reports of the directors of the Company (the **“Director”**) and the auditors of the Company for the year ended 31 December 2018;
2. To approve the recommended Final Dividend of RMB0.1434 (equivalent to HK\$0.168) per Share for the year ended 31 December 2018;
3.
 - (a) To re-elect Ms. Chen Yanling as executive Director;
 - (b) To re-elect Mr. Cheung Kam Shing, Terry as independent non-executive Director;
 - (c) To re-elect Mr. Leung Chong Shun as independent non-executive Director; and
 - (d) To authorise the board of Directors (the **“Board”**) to fix the Directors' remuneration.
4. To re-appoint Deloitte Touche Tohmatsu as auditors of the Company and to authorise the Board to fix their remuneration;

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

5. To consider and, if thought fit, pass the following resolution as ordinary resolution:

THAT

- (a) subject to paragraph (c) of this Resolution, pursuant to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as defined in paragraph (d) of this Resolution) of all the powers of the Company to allot, issue and deal with unissued Shares with a nominal value of US\$0.005 each in the share capital of the Company (the “**Shares**”) and to make or grant offers, agreements and options, warrants and other securities to subscribe for or convertible into Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options, warrants and other securities to subscribe for or convertible into Shares which might require the exercise of such powers after the end of the Relevant Period;
 - (c) the aggregate nominal amount of share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to:
 - (i) a rights issue, which means an offer of Shares or an offer of warrants, options or other securities giving the right to subscribe for Shares, open for a period fixed by the Directors to holders of Shares on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of Shares (or, where appropriate, such other securities) as at that date (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong applicable to the Company);
 - (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or options to subscribe for, or rights to acquire, Shares;
 - (iii) any scrip dividend or similar arrangements providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the memorandum and Articles of Association of the Company; or
 - (iv) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any other securities which are convertible into Shares, **shall not exceed the aggregate o**
- (1) 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this Resolution; and

NOTICE OF ANNUAL GENERAL MEETING

- (2) provided that Resolutions No. 6 and No. 7 below are passed, the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10% of the aggregate nominal amount of the issued share capital of the Company on the date of the passing of this Resolution), and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly; and
- (d) for the purpose of this Resolution, **"Relevant Period"** means the period from the passing of this Resolution until the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws of the Cayman Islands to be held; or
 - (iii) the revocation or variation of the authority given to the Directors under this Resolution by an ordinary resolution of the Shareholders in a general meeting of the Company.
6. To consider and, if thought fit, pass the following resolution as ordinary resolution:

THAT

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as defined in paragraph (c) of this Resolution) of all powers of the Company to repurchase Shares on the Stock Exchange or any other exchange on which the Shares may be listed and recognised for this purpose by the Stock Exchange and the Securities and Futures Commission of Hong Kong under the Code on Share Buy-backs, subject to and in accordance with all applicable laws and the requirements of the Listing Rules or of any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the Shares which may be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this Resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution, **"Relevant Period"** means the period from the passing of this Resolution until the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws of the Cayman Islands to be held; or
 - (iii) the revocation or variation of the authority given to the Directors under this Resolution by an ordinary resolution of the Shareholders in a general meeting of the Company.

NOTICE OF ANNUAL GENERAL MEETING

7. To consider and, if thought fit, pass the following resolution as ordinary resolution:

THAT

subject to the Resolutions No. 5 and No. 6 above being duly passed, the unconditional General Mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with unissued Shares pursuant to Resolution No. 5 above be and is hereby extended by the addition to the aggregate nominal amount of the share capital which may be allotted, issued and otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with by the Directors pursuant to such General Mandate an amount representing the aggregate nominal amount of the Shares repurchased by the Company since the granting of the said General Mandate pursuant to the exercise by the Directors of the powers of the Company to repurchase such Shares under the authority granted pursuant to Resolution No. 6 above provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this Resolution.

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

Hong Kong, 22 March 2019

As at the date of this notice, the Directors of the Company are (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.

Notes:

1. The register of members of the Company will be closed from Thursday, 18 April 2019 to Thursday, 25 April 2019 (both days inclusive), during which the registration of transfer of Shares will be suspended. In order to qualify for attending and voting at the Annual General Meeting, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 17 April 2019.
2. The register of members of the Company will be closed on Thursday, 2 May 2019, on which date the registration of transfer of Shares will be suspended. To qualify for the Final Dividend, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 30 April 2019.
3. A Shareholder entitled to attend and vote at the AGM (or at any adjournment thereof) is entitled to appoint one or more proxies to attend and, subject to the provisions of the Articles of Association of the Company, to vote on his/her behalf. A proxy need not be a Shareholder but must be present in person at the AGM (or at any adjournment thereof) to represent the shareholder. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
4. A form of proxy for use at the AGM is enclosed. Such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk. Whether or not a shareholder is able to attend the AGM, he/she is requested to complete the form of proxy in accordance with the instructions printed thereon and return the same together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof.
5. Completion and return of a form of proxy will not preclude a Shareholder from attending and voting in person at the AGM or any adjournment thereof should he so wish.