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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)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform Shareholders and potential investors that the Group is expected to record a significant increase in net profit for the six months ended 30 June 2011 as compared to the profit reported for the corresponding period in 2010.

This positive alert announcement is only based on the preliminary review of the management accounts of the Group for the six months ended 30 June 2011, which has not been reviewed nor audited by the auditors of the Company.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Medical System Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Board of directors (the “Board”) of the Company wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that based on the preliminary review of the unaudited management accounts, the

* For indication purpose only

Group is expected to record a significant increase in net profit for the six months ended 30 June 2011 as compared to profit reported for the corresponding period in 2010. The Board believes that such increase is mainly attributable to (i) the continued steady growth of Group's sales and effective cost control; and (ii) the successful acquisition of Great Move Limited ("Great Move") and all its subsidiaries. Tianjin Precede Medical Trade Development Co., Ltd. is the main wholly-owned subsidiary of Great Move, which was a profitable company before merging with the Group and has committed to achieving not less than 150 million Hong Kong Dollars of net profit in 2011.

This positive profit alert announcement is only based on the preliminary review of the unaudited management accounts of the Group for the six months ended 30 June 2011, which has not been reviewed nor audited by the Company's auditors. The interim results of the Group for the six months ended 30 June 2011 will be announced in August 2011.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

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

20 July 2011, Hong Kong

As at the date of this announcement, the board of directors comprises (i) executive directors: Mr. Lam Kong, Mr. Chen Hongbing, Ms. Chen Yanling and Mr. Hui Ki Fat; (ii) non-executive director: Ms. Hou Xiaoxuan; and (iii) independent non-executive directors: Mr. Cheung Kam Shing, Terry, Dr. Peng Huaizheng and Mr. Wu Chi Keung.