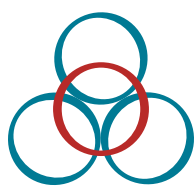


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四环医药

SihuanPharm

Sihuan Pharmaceutical Holdings Group Ltd.

四環醫藥控股集團有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 0460)

VOLUNTARY ANNOUNCEMENT

EXCLUSIVE DISTRIBUTION AGREEMENT IN RELATION TO GOLDEN MICRONEEDLE WITH VIOL KOREA

The board of directors (the “**Board**”) of Sihuan Pharmaceutical Holdings Group Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that, the Group’s MeiYan KongJian has recently reached an exclusive distribution agreement in relation to SYLFIRM X™ (golden microneedle) product (the “**Product**”) with VIOL Co., Ltd. of South Korea (“**VIOL Korea**”), and obtained the exclusive distribution rights for the Product in mainland China, Hong Kong and Macau. The term of the agreement will be ten years from the date on which the Product is granted local registration approvals (including but not limited to the approval from the National Medical Products Administration), and the Product is launched in such regions the first time.

The Product is a combination of microneedle and radio frequency (RF) therapy, which delivers RF energy to the dermis using ultrafine microneedles, and is used for the invasive therapy to improve wrinkles and acne scars by creating thermal coagulation zone in target tissue of face. The microneedle system is a bipolar non-insulating electrode system, which covers all the dermis with a uniform electric field using bipolar non-insulating microneedle electrode, and can be used for the safe treatment of a large skin area accurately at one time without causing bleeding.

The Product is a new generation of the golden microneedle products which targets at the treatment for skin problems ranging from superficial to deep levels. Therapeutic usages include facial and body tightening and lifting, stretch marks, acne scars, telangiectasis, chloasma, pigmented lesions, vasculopathy, hair regrowth and other efficacy, with greater advantages compared with other marketed RF microneedle products. It is the first RF microneedle instrument with double-wave function (continuous wave and impulse wave) in the world and has obtained the authentication from U. S. Food & Drug Administration (FDA) and KFDA in South Korea.

Founded in 2009, VIOL Korea is dedicated to the research and production of medical devices in combination with biotechnology and electronics. It launched three brands, namely SYLFIRM X™, O media™ and Scarlet S™ since 2015. With its outstanding technical strength, VIOL Korea's products have been distributed in 45 countries and widely recognized worldwide, of which the golden microneedle of SYLFIRM X™ is the latest generation of products.

China's RF medical aesthetics equipment market is experiencing a period of rapid growth. From 2016 to 2019, the market size of the licensed RF medical aesthetics equipment has increased from approximately RMB2.8 billion to approximately RMB4.6 billion, with a compound annual growth rate of approximately 17.1%. The three types of product corresponding to the Thermage (熱瑪吉), Thermolift (熱提拉) and golden microneedle projects have taken the majority of the RF medical aesthetics equipment market. At present, among China's domestic golden microneedle projects, three imported products (mainly from Israel and South Korea) account for approximately 70% of the market. The new technology iterations brought by SYLFIRM X™ will bring greater appeal to Chinese medical aesthetics institutions and beauty enthusiasts.

The exclusive distribution of SYLFIRM X™ golden microneedle not only enriches and expands the product portfolio of the Group's medical aesthetics platform, but also reflects the enhanced diversification and internationalization of the Group's product layout strategy.

About MeiYan KongJian

MeiYan KongJian is a medical aesthetics subsidiary of Sihuan Pharmaceutical, a large pharmaceutical and medical aesthetics group company in China. Focusing on the high-growth and low penetration PRC medical aesthetics market experiencing explosive growth, MeiYan KongJian has successfully established a "one-stop" new medical aesthetics platform in China and is dedicated to building a leading company featuring with full medical aesthetics product matrix in China by leveraging the rigour and innovation of pharmaceutical companies through globalized layout and localized production, comprehensive and professional medical aesthetics product matrix, strong product R&D and registration capabilities as well as diversified marketing channel ability.

The Group has a forward-looking layout in the medical aesthetics field, and entered into an exclusive distribution agreement with Hugel Inc., a leading biomedical company in the South Korea, in relation to botulinum toxin Letybo® and hyaluronic acid in 2014. Letybo® has been successfully approved for marketing in China as the first botulinum toxin product imported from the South Korea in October 2020. After years of development, MeiYan KongJian builds the complete product matrix across medical aesthetics value chain with "self-development + BD" dual engine drivers. Taking the coverage of the whole life cycle of beauty enthusiasts as the starting point, its product layout covers a variety of high-quality medical aesthetics products, including the filling, shaping, supporting, supplementing, optoelectronic device, body sculpturing, skin care and others. MeiYan KongJian is equipped with strong in-house R&D and technology transformation capabilities, and its current R&D pipelines has more than ten self-developed class III medical aesthetics products and tens of class II medical aesthetics products. Besides, MeiYan KongJian has established the Meiyen Laboratory in Los Angeles, the United States, to conduct innovative technology introduction, independent research and development of new generation medical aesthetics products and biomaterial, and the technology transformation and manufacture in China. Leveraging the global resources of Sihuan Pharmaceutical, the parent company, MeiYan KongJian

has strong product registration, manufacture and sales capabilities and is able to quickly accelerate the launch of new products. At present, MeiYan KongJian has completed the construction of three domestic manufacture bases with a gross floor area of 16,000 square meters. It has currently planned for 9 production lines equipped with optimized quality management system and is able to implement effective risk management in the whole life cycle of products. Most members in the sales team of MeiYan KongJian come from multinational medical aesthetics and pharmaceutical enterprises with rich sales experience for medical aesthetics products. They work closely with tens of agents with the sales network covering more than 200 cities and 2,200 medical aesthetics institutions nationwide.

About Sihuan Pharmaceutical

Founded in 2001 and listed on the Main Board of The Stock Exchange of Hong Kong Limited in 2010, Sihuan Pharmaceutical is an international pharmaceutical and medical aesthetics company led by innovation, with a leading independent production and research and development technology platform, rich global product pipelines and a mature and excellent sales system. Adhering to the overall strategic goal for the “full promotion of a two-wheel drive strategy of its medical aesthetics and biopharmaceutical businesses”, Sihuan Pharmaceutical endeavors to “build itself into a leading medical aesthetics and biopharmaceutical company in China”.

This announcement is being made by the Group on a voluntary basis to update the investing public on the Group’s latest business development, and does not constitute, and is not intended to be, an advertisement regarding the use of any medicine, surgical appliance, treatment or orally consumed product.

By order of the Board
Sihuan Pharmaceutical Holdings Group Ltd.
Dr. Che Fengsheng
Chairman and Executive Director

Hong Kong, 10 January 2022

As at the date of this announcement, the executive directors of the Company are Dr. Che Fengsheng (Chairman), Dr. Guo Weicheng (Deputy Chairman and Chief Executive Officer), Dr. Zhang Jionglong, Mr. Choi Yiau Chong and Ms. Chen Yanling; and the independent non-executive directors of the Company are Mr. Patrick Sun, Mr. Tsang Wah Kwong and Dr. Zhu Xun.