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## **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 ESTABLISHMENT OF JOINT VENTURE WITH BLUEPHA CO., LTD.**

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 Beijing MeiYan KongJian Technology Co., Ltd. (北京漢顏空間科技有限公司) (“**MeiYan KongJian**”) under the Group and Bluepha Co., Ltd. (“**Bluepha**”) entered into an agreement on 19 January 2022 for the establishment of joint venture to jointly develop PHA microspheres and biomanufacturing-based regenerative medical materials. They will jointly complete the research and development, compliance declaration and subsequent commercial promotion of the products.

PHA is a natural polyester existing in microbial cells, and is a linear polymer connected by the ester bonds formed by the carboxyl group of a hydroxy fatty acid monomer and the hydroxyl groups in the same or different types of hydroxy fatty acid monomers. PHA has good biocompatibility with cells in vivo, the ultimate degradation products of which are carbon dioxide and water, which have no poisonous effect on cells. The cells can grow well on the scaffold comprised of PHA. Therefore, PHA is widely applied in medical field. Due to the special biodegradability, gas isolation, biological histocompatibility, anticoagulant activity, hydrophobicity, optical isomerism and other characteristics of PHA, as an upscale biomedical material, it has distinctive advantages when applied in the medical equipment, histological engineering, drug carrier as well as other fields. The surgical suture, absorbable surgical membrane and other medical equipment comprised of PHA have been approved for launching in the United States by the FDA.

As light medical aesthetics enters the era of regeneration, and given that there are currently only three regenerative injection products in China that meets compliance standards, the market is in urgent need of new materials to offer diversified choices to the customers. Among the existing products, both PLA and PCL require chemical interaction to achieve molecular aggregation and are subject to the risk of chemical interaction agent residue. PHA, a type of intracellular polyester synthesized by microorganisms, is a natural high-molecular polymer, which will be a good choice for light medical aesthetics whether as a new material to enter light medical aesthetics market with large scarcity or for its own safety.

Founded in 2016, Bluepha is a company engaging in molecular and material innovation based on synthetic biology technologies. It is dedicated to designing, developing, manufacturing and selling new types of biomolecule and material and had completed the Series B financing in January 2022, with an aggregate amount of RMB1.5 billion. Bluepha is one of the pioneers on the synthetic biology industrialization in China. Its synthetic biology research and development platform enables the design of a variety of high-performance PHA materials according to users' demands, which is applied to a wide range of industries such as consumer goods, food, medical, agriculture and industry. Bluepha is equipped with abundant technical reserves and intellectual property layout in all links of the PHA-related technology chain (including the preparation process of PHA microsphere lyophilized powder), such as strain research and development, bio-transformation, separation and purification, material modification and others.

As early as in 2004, synthetic biology has long been recognized by MIT Technology Review as one of the top 10 new technologies that will change the world. In respect of its latent and significant development prospects, synthetic biology is regarded as the world-leading "Third Biotechnology Revolution" after the two biotechnology revolutions of the discovery of the DNA double helix structure and the human genome sequencing. For commercial application, the synthetic biology market is expected to grow rapidly at a compound annual growth rate of nearly 30% by 2025.

The strategic cooperation reached between the Group and Bluepha in respect of technology development and commercialized application of PHA microsphere related products for medical aesthetics, and the joint establishment of joint venture provide the Group with a chance to enter the huge blue ocean of synthetic biology in advance, which is a significant step forward in vertical extension from the medical aesthetics industry to the upstream raw materials supply. This will not only help the Group to further improve its product matrix in medical aesthetics field, but also significantly enhance its comprehensive capability in non-surgical medical aesthetics field and strengthen its core competitiveness.

## **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 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.

Sihuan Pharmaceutical has a forward-looking layout in the medical aesthetics field, and entered into an exclusive distribution agreement in China with Hugel Inc., a leading biomedical company in the South Korea, in relation to botulinum toxin Letybo<sup>®</sup> and hyaluronic acid in 2014. Letybo<sup>®</sup> 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 has built 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”.

## **Listing Rules Implications**

As at the date of this Announcement, to the best knowledge, information and belief of the Directors after making all reasonable enquiries, Bluepha and its ultimate beneficial owner(s) are third parties independent from the Company and its connected persons (as defined in the Listing Rules). Therefore, the establishment of joint venture does not constitute a connected transaction under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). In addition, as the highest applicable percentage ratio for matters relating to the establishment of joint venture is less than 5% under Rule 14.07 of the Listing Rules, the establishment of joint venture does not constitute a discloseable transaction under Chapter 14 of the Listing Rules. This Announcement is made by the Company on a voluntary basis.

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, 21 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.*