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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

SIHUAN PHARMACEUTICAL'S SUBSIDIARY JILIN

HUISHENG BIOPHARMACEUTICAL CO., LTD.

COMPLETED ROUND A FINANCING SUCCESSFULLY

The board of directors (the “**Board**”) of Sihuan Pharmaceutical Holdings Group Ltd. (the “**Company**” or “**Sihuan Pharmaceutical**”, together with its subsidiaries, the “**Group**”) is pleased to announce that the Group’s non-wholly owned subsidiary, Jilin Huisheng Biopharmaceutical Co., Ltd. (“**Huisheng Biopharmaceutical**”), has successfully completed the first round financing by way of capital increase (the “**Capital Increase**”) from Series A investors consisting of Jiangsu China Life Jiequan Equity Investment Center (L.P.) (the “**China Life Healthcare Fund**” or “**China Life Private Equity Investment**”), Tianjin Grand Flight Yongxuan Enterprise Management Center (L.P.) (the “**Tianjin Grand Flight Yongxuan**”), Tianjin Binhai Grand Flight Jimao Equity Investment Partnership (L.P.) (the “**Tianjin Grand Flight Jimao**”) and Jiaying Tonghe Ginkgo Equity Investment Partnership (L.P.) (the “**Ginkgo Capital**”)(collectively, the “**Four Investors**”).

Pursuant to the Capital Increase agreement, the Four Investors subscribed for the newly issued 33.333333 million shares of Huisheng Biopharmaceutical at a consideration of RMB500 million (equivalent to HK\$618 million). After the completion of the Capital Increase, the registered capital of Huisheng Biopharmaceutical increased to RMB333.333333 million, and the overall post-investment valuation was RMB5 billion, of which the Group’s shareholding in Huisheng Biopharmaceutical was 68.4% and the Four Investors’ shareholding in Huisheng Biopharmaceutical was 10% in total.

About Lead Investor China Life Private Equity Investment

China Life Private Equity Investment is the lead investor in the financing of Huisheng Biopharmaceutical, followed by Tianjin Grand Flight Yongxuan, Tianjin Grand Flight Jimao and Ginkgo Capital. Among them, the lead investor, China Life Private Equity Investment, is a professional private equity investment platform under China Life. With the investment philosophy of “prospect for the future, embrace innovation and create value”, China Life Private Equity Investment has made extensive investment layout in the fields of life science, medical technology, medical services and digital healthcare, and has invested in a number of industry-leading medical and healthcare companies in China.

About Huisheng Biopharmaceutical

Huisheng Biopharmaceutical is a biopharmaceutical company under Sihuan Pharmaceutical, a large domestic pharmaceutical and medical aesthetics group, focusing on the areas of diabetes and complications. After 7 years of construction and development, the company currently has a world-class R&D team of more than 200 people with rich experience in diabetes drug research and development. At present, it has more than 40 products in the whole product pipeline of diabetes and complications, covering a full range of second-, third-, and fourth-generation insulin and analog product pipelines (covering basic, premixed and quick-acting products), innovative drugs with the latest mechanism, such as SGLT-2, GLP-1, DPP-4, and other hypoglycemic drugs and complication drugs of various mechanisms. Huisheng Biopharmaceutical is currently the only biopharmaceutical company in China that has achieved full product coverage in the field of diabetes and related complications, and integrated the whole industrial chain of R&D, production and sales. It is committed to providing full-process, all-round integrated treatment solutions for diabetic patients, serving patients and making health easier.

The proceeds from the Capital Increase are mainly used to meet the normal operational needs of Huisheng Biopharmaceutical, including advancing clinical trials of products under development, purchase of production equipment and replenishment of operating liquidity. The successful completion of the first round of financing of Huisheng Biopharmaceutical reflects the investors’ recognition of the R&D capabilities and industrialization capacity of Huisheng Biopharmaceutical, and their confidence and expectation in the value creation of the company’s full product pipeline in the field of diabetes and complications, as well as its broad market prospect in the future.

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, the Four Investors are third parties independent from the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Therefore, according to Chapter 14A of the Listing Rules, the Capital Increase does not constitute a connected transaction. Besides, as the highest applicable percentage ratios in respect of the Capital Increase according to Rule 14.07 of the Listing Rules is less than 5%, the Capital Increase does not constitute a discloseable transaction under Chapter 14 of the Listing Rules.

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 medical aesthetic and pharmaceutical enterprise led by innovation, with an independent and leading research and development technology platform, a rich global product pipeline, strong product registration capability, a full dosage form production platform with high efficiency and low cost 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, 1 June 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.