石四藥集團有限公司
SSY Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2005)

VOLUNTARY ANNOUNCEMENT
UPDATES ON TECHNOLOGY AND PRODUCT DEVELOPMENT

This voluntary announcement is made by SSY Group Limited (the "Company", together with its subsidiaries, the "Group").

TECHNOLOGY COOPERATION AND DEVELOPMENT AGREEMENT

The board of directors (the "Board") of the Company is pleased to announce that Shijiazhuang No. 4 Pharmaceutical Co., Ltd. ("Shijiazhuang No. 4 Pharma"), a wholly-owned subsidiary of the Group, recently entered into a technology cooperation and development agreement (the "Agreement") with Zhengzhou University in Henan Province, the PRC ("Zhengzhou University") in relation to a research and development project of AND-9, an innovative medicine under type 1.1 new drug used for the treatment of liver fibrosis ("AND-9 project").

The research and development of AND-9 project originated from the innovative discovery by Zhengzhou University, with more than 20 applications and approvals of relevant research results for domestic and overseas patents. After a systematic research over more than a decade, the related data indicates that ADN-9, the candidate medicine, has unique biological effect and favorable druggability, supports the in-depth research and development of AND-9 in accordance with type 1.1 under the classification of chemical drug registration.

The medicine for treatment of liver diseases has an immerse market demand. Liver fibrosis is inevitable to the transformation from chronic hepatitis to liver cirrhosis or liver cancer. It is also the last chance of treatment to control the deterioration of hepatitis. Nevertheless, the pathological process of liver fibrosis is extremely complex, which involves various organs and systems. At present, there is no ideal medicine for the clinical treatment of liver fibrosis. Accordingly, the development of medicines to fight against liver fibrosis has a broad market and significant importance.

Pursuant to the Agreement, Shijiazhuang No. 4 Pharma is entitled to the domestic exclusive permit of relevant patent, while overseas permits are shared by both parties to the Agreement. Both parties to the Agreement shall complete the pre-clinical research of AND-9 and its oral solid dosage form under the responsibilities agreed in the Agreement and report to China Food and Drug Administration (CFDA) of the PRC to obtain the Approval for Drug Clinical Trials; Shijiazhuang No. 4 Pharma shall be responsible for organizing the implementation of the clinical trials of AND-9 and its oral solid dosage form, reporting to CFDA and obtaining the New Drug Certificate and the Drug Production Approval. The Approval for Drug Clinical Trials and the New Drug Certificate will be jointly owned by both parties to the Agreement, while the Drug Production Approval will be owned by Shijiazhuang No. 4 Pharma.

Pursuant to the Agreement, the aggregate investment in the research and development of AND-9 project is Renminbi ("RMB") 50 million, which is settled by instalments under respective research phases by Shijiazhuang No.4 Pharma, with detailed arrangements as follows: payment of an aggregate RMB 11 million by Shijiazhuang No.4 Pharma to Zhengzhou University within sixty working days after the signing of the Agreement; a further payment of an aggregate RMB 26 million by Shijiazhuang No.4 Pharma to Zhengzhou University within sixty working days after the grant of the Approval for Drug Clinical Trials; and a further payment of the remaining RMB 13 million in the aggregate to Zhengzhou University within twenty working days after the completion of a total of three phases of clinical trials and obtaining clinical trial reports by Shijiazhuang No. 4 Pharma. In the event that the products of oral solid dosage form of AND-9 are launched eventually, within ten years after the launch, Shijiazhuang No. 4 Pharma shall pay a sales commission to Zhengzhou University at a rate of 2% of sales revenue for every year after the product launch.

The Agreement and the transactions contemplated thereunder do not constitute a notifiable transaction for the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") nor a connected transaction under Chapter 14A of the Listing Rules.

UPDATE ON PRODUCT DEVELOPMENT

The Board of the Company is also pleased to announce that the Group has obtained the approval for production and registration for Ambroxol Hydrochloride and Sodium Chloride Injection (100ml) in upright polypropylene infusion soft bag from the CFDA. Ambroxol Hydrochloride is mainly used for treatment of respiratory diseases. It promotes mucus clearance and eases cough, and is under previous type 6 chemical drug.

This announcement is a voluntary announcement made by the Company to keep the shareholders and potential investors informed of the latest business development of the Group.

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

By order of the Board
Chow Hing Yeung
Company Secretary

Hong Kong, 5 March 2018

As at the date of this announcement, the Board comprises Mr. Qu Jiguang, Mr. Wang Xianjun and Mr. Su Xuejun as executive Directors, Mr. Feng Hao as non-executive Director and Mr. Wang Yibing, Mr. Leung Chong Shun and Mr. Chow Kwok Wai as independent non-executive Directors.