



石四藥集團有限公司

SSY Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 2005)

SSY Group Limited announces 2018 annual results

Net profits up 37% to HK\$912 million with final dividend HK\$0.05/share

Results reaching historic high; Continuous achievements from innovations

Results summary:

- Total revenue HK\$4,181 million, representing an increase of 35.9% year-on-year
- Net profit HK\$912 million, representing an increase of 37.2% year-on-year
- Gross profit HK\$2,606 million, gross profit margin up to 62.3%
- The Board propose an increased final dividend of HK\$0.05 per share

(13 March 2019 – Hong Kong) **SSY Group Limited** (“SSY” or the “Company”; Stock Code: 2005.HK) and its subsidiaries (together, the “Group”) presents the annual results of the Company for the year ended 31 December 2018 (“2018” or the “year”).

During the year, the Group achieved a revenue of HK\$4,181 million, representing an increase of 35.9% and the gross profit margin increased by 3.6 percentage point compared to last year. The net profit was HK\$912 million, representing an increase of 37.2% compared with last year. The Company put a greater effort into business development, making full use of its dominances in variety, quality, cost and brand as well as coordinating the development of end market. The Company also attracted sales and marketing professionals to expand the clinical business development team, strengthen its after-sales services and its market share. Production and sales of intravenous infusion solutions, the Company's leading products, were thriving. During the year, sales volume reached 1,460 million bottles/bags and upright soft bags achieved the most significant growth. The proportion of sales of therapeutic infusion solutions began to rise, becoming the main driver for the improvement of product mix.

The Board of directors proposed to pay a final dividend of HK\$0.05 per share for year 2018, together with interim dividend HK\$0.04 per share, total dividend HK\$0.09 per share for whole year of 2018. The total amount of dividend this year to be paid is HK\$271 million, which represented an increase of 31.7% compared to last year.

In 2018, sales volume of intravenous infusion solutions reached 1,460 million bottles/bags, representing an increase of 12.5% compared to last year. The number of major provincial markets with annual sales exceeding RMB100 million increased to 14, laying a market foundation for the Company's future expansion of its new products. In addition to maintaining sustained growth in the domestic market, the Group also

steadily accelerated its international business. During the year, foreign trade sales amounted to RMB114 million, representing an increase of 20.7%. Production and sales volume of small liquid injections products in ampoule started to increase rapidly. In 2018, the sales exceeded RMB100 million for the first time, representing a year-on year increase of 7.5 times. With more production approvals obtained, production of small liquid injections in ampoule will be realized on a large scale, and become one of the new growth points of the Company's results.

Technological innovation capabilities of the Group have been further enhanced. In 2018, the Company was successively recognized by the National Development and Reform Commission and other ministries/commissions as the National Enterprise Technology Centre and by the Ministry of Industry and Information Technology and the Ministry of Finance as the National Technology Innovation Enterprise. There have been continuous achievements from new innovations. During the year, a total of 48 registrations were completed, the Company was granted approval for generic drug production and registration for a total of 15 drugs, among which Moxifloxacin Hydrochloride and Sodium Chloride Injection, the first new antibiotic product approved in China for use in soft bag packaging, was included in the China National Essential Drug List and will quickly become a leading product for the growth of the Company's being performance. In addition, Hemofiltration Solution and Hemofiltration Basic Replacement Fluid, being the second in China approved for hemodialysis, will be two crucial products for the Company to enter the hemofiltration market with plenty of room for market growth. Balanced Salt Solution (Irrigating) was used in ophthalmic operations for irrigating and rinsing, and was the first generic product in the domestic market. The 4 liquid injection products in polypropylene ampoule for small volume intravenous infusion, including Ambroxol, potassium chloride and sodium chloride further enriched the Company's product lines in polypropylene ampoule packaging.

In the aspect of development of projects, the Company constructed the new production line for surgical soft bag intravenous infusion solution in sterile package, and obtained the GMP certification to commence operation during the year. The production line dedicated for large-volume soft bag infusion is under construction, and is expected to be ready for production in May 2019. By speeding up the construction of pharmaceutical research & development platform and support projects for pilot-run and industrialized production, they will be ready to use in year 2019. The bulk pharmaceuticals project phase one focuses on the production of chemical bulk pharmaceuticals such as caffeine. The overall construction progress of the project has entered the final stage, and the project is expected to be ready for trial run in April 2019.

Looking ahead for year 2019, under the immensely complex economic conditions in China and numerous potential adverse factors, the overall performance of pharmaceutical industry may be affected by uncertainties in relation to more policy changes brought by "4+7" centralized procurement. In terms of intravenous infusion solution industry, upon industry consolidation, it is expected the environment in which stronger side always enjoys superiority remains unchanged, which fosters the development of leading enterprises. The Company will exert all efforts to capture the historic growth opportunity by expanding its market share, improving its product mix, boosting the sales of approved new products and raising the proportions of the therapeutic infusion solutions in production and sales. These helps strengthening the

Company's leading position in the intravenous infusion solutions industry. The annual sales target of intravenous infusion solutions is more than 1,600 million bottles/bags. Sales for new therapeutic products such as Moxifloxacin Hydrochloride Sodium Chloride Injection, Sodium Acetate Ringer and Ambroxol in upright soft bags will be realized on a large scale, developing the sales scale of these therapeutic infusion products to reach the level of RMB100 million, and become the main driving force for the growth of the Company's result.

Regarding the research and development of new products, the Company will adhere to the new products development idea of "combining generic drugs and innovative drugs" with injection as the basis. Besides, we will comprehensively promote the development of the new products for therapeutic injections, and focus on various fields including treatment of chronic diseases and circulatory systems, emergency anesthesia therapy, antipyretic and analgesic therapy, as well as the new anti-infective therapy. We expect to obtain approximately 11 production approvals for injection this year. The company will accelerate the forming of Company's product portfolio in the field of respiratory and kidney disease and dialysis, gradually establishing its leading position in injections in terms of high-end drug delivery system and innovative packaging form. We will also put strenuous efforts in the development of innovative drugs which are not yet meeting clinical criteria, explore the market in the area of new respiratory, gradually entered the children's oral medication market. Meanwhile, the submission of certification materials for the FDA of the United States will be completed within the year, to make preparation of development into the international market.

Mr. Qu Jiguang, Chairman and CEO of SSY Group Limited said, "We are full of confidence on the future development of the Company. Leveraging on the competitive edges on our scale, quality and lean management in the industry, our leading position in the industry of infusion solution products will be further strengthened despite strong market competition. We are committed to bringing satisfactory return to our investors. I would like to take this opportunity to express our gratitude to our investors and all staff of the Group for their support to the development of the Company."

– End –

About SSY Group Limited

SSY Group Limited is one of the leading pharmaceutical manufacturers in China with nearly 7 decades of operation history and a well-established brand name. The Group went public on the Hong Kong Stock Exchange in December 2005 with stock code 2005. The group has become a component stock of Morgan Stanley Capital International Index (MSCI) China Index from June 2018. The Group is principally engaged in the research, development, manufacture and sale of a wide range of pharmaceutical products, including OTC drugs, bulk medicine and medical materials, mainly intravenous infusion solution to hospital and distributors. The manufacturing plants of the Group locates in Hebei Province and Jiangsu Province in China, its products take leading position in the high-end hospital market in China.

For more information: iPR Ogilvy & Mather

ssy@iprogilvy.com