



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 2019 interim results
Net profits up 23% to HK\$548 million with interim dividend HK\$0.05/share
Continuously kept leading position in the industry
Dynamics of R&D and bulk pharmaceuticals projects emerged

Results summary:

- Total revenue HK\$2,326 million for first half year, representing an increase of 11.1% year over year
- Net profit HK\$548 million, representing an increase of 23.1% year over year
- The Board resolved to pay an increased interim dividend of HK\$0.05 per share

(26 August 2019 – Hong Kong) **SSY Group Limited** (“SSY” or the “Company”; Stock Code: 2005.HK) and its subsidiaries (together, the “Group”) presents the interim results of the Company for the six months ended 30 June 2019 (“first half of the year” or the “period”).

During the first half of the year, the Group achieved a revenue of HK\$2,326 million, representing an increase of 11.1% compared to the corresponding period of last year, and the gross profit margin increased by 1 percentage point. The net profit was HK\$548 million, representing an increase of 23.1% compared to the corresponding period of last year. During the first half of the year, the Company an emphasis was on the reinforcement of penetration rate in major provincial markets. We completed market development for over 100 new hospitals, focused on adjustments to product mix, improved the sales growth of therapeutic infusion solutions, and ensured that both production and sales of the Company’ s products were vigorous. We continued to be the Company with the fastest growth of production and sales volume in the intravenous infusion solutions industry.

The Board of directors resolved to pay an interim dividend of HK\$0.05 per share for year 2019, which represented an increase compared to last year interim dividend of HK\$0.04 per share. The total amount of interim dividend this year to be paid is HK\$152 million.

During the first half of the year, sales volume of intravenous infusion solutions reached approximately 780 million bottles/bags, representing an increase of approximately 8% year-

on-year, of which the proportion of therapeutic infusion solutions increased to 21.5%, representing an increase of 1.7 percentage points year-on-year. Access to different markets by newly approved products being gradually completed. Of those, the tendering/online tender of Moxifloxacin Sodium Chloride Injection has been completed in 12 provinces and has formed the sales in 16 provinces, achieving a sales of HK\$40,170,000 during the first half of 2019. With progress of market access and development in hospitals in the second half of the year, there will be significant growth in sales. The export sales to foreign countries kept growing steadily with a growth of 13% in volume during the first half of the year year-on-year. We completed the export registration procedures and obtained registration certificates for 20 product specifications in 6 countries, and increased 3 new countries for export. Ampoule products had a fast growth. During the first half of the year, the sales of ampoule products amounted to HK\$151 million, representing a growth of 312% year-on-year. In respect of medical materials, Jiangsu Best obtained 4 sets of registration numbers for medical materials of butyl rubber stopper. As far as the policy for national medical reform was concerned, consistency evaluation for injection was conducted actively.

Technological innovation capabilities have been further enhanced, gradually forming a set of comprehensive, scientific and transparent systems for technical innovation. In the first half of year 2019, reassessment of National Centre for Enterprise Technology, Model Enterprises for National Technology Innovation, National and Local Joint Laboratory and Workstation for Postdoctoral Scientific Research have been started. During the first half of the year, submissions for registration of 60 items were completed, of which 5 items obtained consistency evaluation and 4 items related to raw and auxiliary package assessment. The Company has obtained 14 approvals for production of generic drugs, of which Tirofiban Hydrochloride and Sodium Chloride Injection, a cardiovascular drug clinically used to treat acute coronary syndrome, was viewed as a therapeutical drug of great potential in promoting for clinical use and thus a key product for the Company's performance development. Approval for peritoneal dialysis solution series, combining with the Company's existing hemodialysis product portfolio will bring the Company a nice room for market growth. Hydroxyethyl starch 130 sodium chloride injection will win a place in the markets. Fluconazole tablet 50mg & 150mg passing consistency evaluation, of which that of 150mg specification being the first type passing consistency evaluation in the PRC.

In the aspect of development of projects, the Company's newly-built high-value-added infusion production line for large volume and specification, with GMP certification obtained in May and 20 million bags/year as designed capacity, has already been in production and operation. The phase-one bulk pharmaceuticals project, which was invested and constructed in Bohai new district under Hebei Guangxiang Pharmaceutical Co., Ltd., has been completed and come into trial-run production. It was planned for an on-spot inspection for GMP certification in August 2019.

Looking ahead for the second half of the year, the global economy will be more complicated and dynamic. Facing numerous uncertain factors such as medical payment system, “4+7” centralised procurement and trade conflicts, the Group will keep its composure, keep the progress of implementation of innovative drugs and consistency evaluations, improve continuously the business and product mix. Regarding R&D 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, reinforcing the Company’s technological and product advantages in the intravenous infusion solutions industry of China. We will comprehensively promote the development of new products for therapeutic injections and focus on various fields including treatment of chronic diseases and circulatory systems, emergency anaesthesia therapy, antipyretic and analgesic therapy, as well as the new anti-infective therapy. We expect to obtain approximately 6 production approvals for injection and oral formulation in the second half of this year, gradually create product series in high-end anti-infective, respiratory field and in the field of kidney disease and dialysis. For bulk pharmaceuticals project, it is planned to complete an on-spot inspection for GMP certification in the second half of the year.

Mr. Qu Jiguang, Chairman and CEO of SSY Group Limited said, “We are full of confidence on future development of the Company. Leveraging on competitive edges on our scale, quality and lean management, our development will definitely be strengthened further 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.”

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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.

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