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石四藥集團有限公司 SSY Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2005)

CONTINUING CONNECTED TRANSACTIONS MASTER SALE AND PURCHASE AGREEMENT

THE MASTER SALE AND PURCHASE AGREEMENT

Reference is made to the Company's announcements dated 25 April 2018, 30 September 2019 and 24 April 2020 in relation to the Previous Master S&P Agreement entered into between the Company and Sichuan Kelun and the continuing connected transactions contemplated thereunder.

As the term of the Previous Master S&P Agreement has expired on 31 December 2020, the Company has entered into the Master Sale and Purchase Agreement with Sichuan Kelun on 14 April 2021 (after trading hours) in respect of the Continuing Connected Transactions. Pursuant to the Master Sale and Purchase Agreement, the Group and the Kelun Group agreed to the sale and purchase of the Material A and Material B on a non-exclusive basis.

All relevant percentage ratios in respect of the transaction amounts for the continuing connected transactions in respect of the sale and purchase of the Material A and Material B during the period from 1 January 2021 to the date of this announcement are below 0.1%.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Sichuan Kelun is a beneficial holder of 159,870,000 Shares and is through Kelun International interested in 446,852,000 Shares. By virtue of Sichuan Kelun's interests in an aggregate of 606,722,000 Shares (representing approximately 20.0% of the issued share capital of the Company), it is a substantial shareholder of the Company and therefore a connected person under Chapter 14A of the Listing Rules. The Continuing Connected Transactions under the Master Sale and Purchase Agreement between the Company and Sichuan Kelun (including the proposed annual caps) therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Continuing Connected Transactions under the Master Sale and Purchase Agreement (including the proposed annual caps) is higher than 5% but all are less than 25% on an annual basis, the Master Sale and Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (including the proposed annual caps) is subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all the independent non-executive Directors (namely Mr. Wang Yibing, Mr. Leung Chong Shun and Mr. Chow Kwok Wai) will be formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Continuing Connected Transactions (including the proposed annual caps).

INDEPENDENT FINANCIAL ADVISER

An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the Continuing Connected Transactions (including the proposed annual caps).

GENERAL

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Master Sale and Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (including the proposed annual caps).

As at the date of this announcement, Sichuan Kelun is a beneficial holder of 159,870,000 Shares and is through Kelun International interested in 446,852,000 Shares. Therefore, each of Sichuan Kelun and Kelun International is deemed to have a material interest in the Continuing Connected Transactions and will be required to abstain from voting on the relevant resolutions in relation to the Continuing Connected Transactions under the Master Sale and Purchase Agreement (including the proposed annual caps) at the EGM.

Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Continuing Connected Transactions and is therefore required to abstain from voting at the EGM for the relevant resolutions.

A circular containing, inter alia, (i) details of the Continuing Connected Transactions; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Continuing Connected Transactions; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions; and (iv) a notice convening the EGM is expected to be despatched to the Shareholders on or before 4 May 2021.

INTRODUCTION

Reference is made to the Company's announcements dated 25 April 2018, 30 September 2019 and 24 April 2020 in relation to a master sale and purchase agreement dated 25 April 2018 (the "**Previous Master S&P Agreement**") entered into between the Company and Sichuan Kelun and the continuing connected transactions contemplated thereunder.

As the term of the Previous Master S&P Agreement has expired on 31 December 2020, the Company has entered into the Master Sale and Purchase Agreement with Sichuan Kelun on 14 April 2021 (after trading hours) in respect of the Continuing Connected Transactions.

All relevant percentage ratios in respect of the transaction amounts for the continuing connected transactions in respect of the sale and purchase of the Material A and Material B during the period from 1 January 2021 to the date of this announcement are below 0.1%.

THE MASTER SALE AND PURCHASE AGREEMENT

The principal terms of the Master Sale and Purchase Agreement are set out as follows:

Date

14 April 2021 (after trading hours)

Parties

- (a) the Company
- (b) Sichuan Kelun.

Subject Matter

Pursuant to the basic terms of the Master Sale and Purchase Agreement, the Group and the Kelun Group agreed to the sale and purchase of the Material A and Material B on a non-exclusive basis, subject to the entering into of individual implementation contracts as agreed between members of the Group and that of the Kelun Group.

Term

From 14 April 2021 to 31 December 2023

Conditions precedent

The Master Sale and Purchase Agreement and the Continuing Connected Transactions contemplated thereunder is subject to the following conditions:

- (i) the Master Sale and Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (including the proposed annual caps) having been approved by each of the respective empowered bodies, including the board of directors and shareholders, of the parties;
- (ii) the circular in respect of the Continuing Connected Transactions having been approved by the Stock Exchange and despatched to the Shareholders;
- (iii) the Independent Shareholders having approved the Master Sale and Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (including the proposed annual caps) as required under the Listing Rules; and
- (iv) the Continuing Connected Transactions having been approved by the board of directors and shareholder of the Kelun Group, and the related directors or related shareholders having abstained from voting thereon.

The Master Sale and Purchase Agreement would be terminated and lapse in the event that the above conditions are not fulfilled by 31 August 2021.

Payment terms

Payments in respect of the Material A purchased by the Company will be made in cash upon the receipt of the relevant Material A by the Company.

Payment in respect of the Material B purchased by the Kelun Group will be made in cash upon the receipt of the relevant Material B by the Kelun Group.

PRICING POLICIES

The Group's Purchase of the Material A from the Kelun Group

The unit prices of the Material A purchased by the Company are determined based on the prevailing market prices from time to time for the relevant materials of similar quantities and specifications to ensure that such prices and terms for Material A to be offered by the Kelun Group are no less favourable to the Group than those offered by other independent third-party suppliers. Material A comprises bulk drug raw materials in the PRC market. The Group will compare the unit prices of the Material A to be purchased by the Group with the reference unit prices of the Material A as stated in Menet* (米內網), healthoo.com (健康網) or similar portals in future, so as to ensure that the prices at which and terms on which the Material A are offered by the Kelun Group are on prevailing market terms or better, and thus no less favourable to the Group than those offered by other independent third-party suppliers. Menet and healthoo.com are leading integrated professional information service platforms in the PRC focusing on the provision of medical and health information, terminal data and market research services. The Group will also at its best effort obtain price quotation(s) of comparable materials of similar quantities and specifications from independent third-party suppliers for comparison. The Company understands that the Kelun Group may be one of very few suppliers in the PRC by market share of certain pharmaceutical raw materials among Material A used for manufacturing of products of the Group including erythromycin thiocyanate, aseptic bag and subcontracted fat emulsion injection. The Company foresees that on certain occasions it may not be possible for the Group to obtain meaningful contemporaneous price quotations from independent third-party suppliers in the PRC capable of providing the raw materials of similar quantity and quality to the Group, as only a very limited number of suppliers in the PRC possess the capacity to produce a large quantity of materials comparable to the orders of the Material A expected to be made by the Group to the Kelun Group, in which event the reference price(s) as stated in Menet and healthoo.com would be the primary reference for setting the price of the individual order.

A management personnel of the Group authorised to approve such transactions will review and compare the prices and terms in respect of the Material A offered by the Kelun Group to the Group with the reference unit price as quoted on Menet and healthoo.com and/or contemporaneous price quotation(s) obtained from other independent third-party supply(iers) (as applicable) for comparable materials of similar quantities and specifications before entering into individual contracts pursuant to the Master Sale and Purchase Agreement.

In the event that the prices or terms in respect of Material A available to the Group are less favourable than the reference unit price as quoted on Menet and healthoo.com and/or contemporaneous price quotation(s) obtained from other independent third-party supply(iers) (as applicable) for comparable materials of similar quantities and specifications, the Group will not enter into such transactions. The Group will at its best effort further negotiate with the Kelun Group for more favourable terms in order to comply with the pricing principles of the Company disclosed above.

The Kelun Group's Purchase of the Material B from the Group

The unit prices of the Material B purchased by the Kelun Group shall be determined with reference to the prices of relevant comparable materials in the price lists of relevant material adopted by the Company and generally applicable to all customers of the Company at the material time, which will be formulated with reference to the following factors:

- (i) the prices of the corresponding types of the Material B,
- (ii) the Company's production costs;
- (iii) the volume of the purchase orders;
- (iv) the requested packaging requirements; and
- (v) any other factors affecting the Material B's prices.

The unit prices and other terms of the Group's sales of Material B to the Kelun Group shall be no less favourable than those offered to other independent third-party purchasers by the Group at the material time.

A management personnel of the Group authorised to approve such transactions will review and compare the unit prices of the Material B offered by the Group to the Kelun Group with at least two recent transaction records of comparable materials offered by the Group to independent third-party customers in the price lists of the Group before entering into individual contracts with the Kelun Group under the Master Sale and Purchase Agreement.

In the event that the unit prices of the Material B offered to the Kelun Group by the Group are less favourable to the Group than those offered by the Group to independent third-party customers for comparable materials of similar quality, type and quantity in the price lists of the Group, the Group will not enter into such transactions. The Group will at its best effort further negotiate with the Kelun Group for more favourable terms in order to comply with the pricing principles of the Company disclosed above.

THE PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION

The Historical Annual Caps

The historical annual caps for the maximum transaction amounts paid by (i) the Group to the Kelun Group in respect of the purchase of the Material A by the Group from the Kelun Group; and (ii) the Kelun Group to the Group in respect of the purchase of the Material B by the Kelun Group from the Group under the Previous Master S&P Agreement for the period ended 31 December 2018 and the two financial years ended 31 December 2019 and 31 December 2020 are set out as follows:

Continuing Connected Transactions	Historical Annual Caps		
	For the year/period ended 31 December		
	2018	2019	2020
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Maximum transaction amount to be paid by the Group for the purchase of the Material A from the Kelun Group	15,862,800	75,310,000 <i>(revised on 30 September 2019)</i>	196,520,000 <i>(revised on 24 April 2020)</i>
Maximum transaction amount to be paid by the Kelun Group for the purchase of the Material B from the Group	45,190,000	68,560,000	76,080,000

The Actual Transaction Amounts

The actual transaction amounts paid by (i) the Group to the Kelun Group in respect of the purchase of the Material A by the Group from the Kelun Group; and (ii) the Kelun Group to the Group in respect of the purchase of the Material B by the Kelun Group from the Group under the Previous Master S&P Agreement for the period ended 31 December 2018 and the two financial years ended 31 December 2019 and 31 December 2020 are set out as follows:

Continuing Connected Transactions	Actual Transaction Amounts		
	For the year/period ended 31 December		
	2018	2019	2020
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Actual transaction amount paid by the Group for the purchase of the Material A from the Kelun Group	5,551,000	18,504,000	61,553,000
Actual transaction amount paid by the Kelun Group for the purchase of the Material B from the Group	22,520,000	35,441,000	21,317,000

The Proposed Annual Caps

The proposed annual caps for the maximum transaction amounts to be paid by (i) the Group to the Kelun Group in respect of the purchase of the Material A by the Group from the Kelun Group; and (ii) the Kelun Group to the Group in respect of the purchase of the Material B by the Kelun Group from the Group under the Master Sale and Purchase Agreement for the period ending 31 December 2021 and the two financial years ending 31 December 2022 and 31 December 2023 are set out as follows:

Continuing Connected Transactions	Proposed Annual Caps		
	For the year/period ending 31 December		
	2021	2022	2023
	(RMB)	(RMB)	(RMB)
Maximum transaction amount to be paid by the Group for the purchase of Material A from the Kelun Group	360,500,000	370,000,000	370,000,000
Maximum transaction amount to be paid by the Kelun Group for the purchase of Material B from the Group	48,500,000	54,000,000	58,000,000

The proposed annual caps in respect of the Group's purchase of the Material A from the Kelun Group have been determined with reference to:

- (i) the historical annual caps and actual transaction amounts for the continuing connected transactions under the Previous Master S&P Agreement between the parties for the period/year ended 31 December 2018, 2019 and 2020.
- (ii) the Group's estimated demand for the Material A for the period/years ending 31 December 2021, 2022 and 2023, with reference to the Group's expected production capacities for its end products, existing and expected orders of products from the Group's customers and expected market demands for the Group's products;
- (iii) the Kelun Group's expected production capacities of the Material A and the estimated range and quantity of Material available to the Group from the Kelun Group for the period/years ending 31 December 2021, 2022 and 2023;
- (iv) the expected unit prices of the Material A provided by the Kelun Group with reference to prevailing market prices; and
- (v) estimated buffer for fluctuation of market prices and change in specifications.

The proposed annual caps in respect of the Group's sale of the Material B to the Kelun Group have been determined with reference to:

- (i) the historical annual caps and actual transaction amounts for the continuing connected transactions under the Previous Master S&P Agreement between the parties for the period/year ended 31 December 2018, 2019 and 2020;
- (ii) the Kelun Group's estimated demand for the Material B for the period/years ending 31 December 2021, 2022 and 2023, with reference to its expected production capacities for its end products, existing and expected orders of products and expected market demands for the Kelun Group's products;
- (iii) the Group's expected production capacities of the Material B for the period/years ending 31 December 2021, 2022 and 2023;
- (iv) the expected unit prices of the Material B provided by the Group with reference to prices of comparable materials in the price lists of the Group and relevant market prices; and
- (v) estimated buffer for fluctuation of market prices and change in specifications.

Shareholders and potential investors of the Company should note that the above proposed annual caps are not intended, and do not purport, to be an indication of the Group's future performance or profitability. Shareholders or potential investors of the Company should not rely on the proposed annual caps in deciding how or whether or not to deal in the Shares.

INFORMATION ON THE MATERIALS TO BE PURCHASED/SOLD UNDER THE MASTER SALE AND PURCHASE AGREEMENT

The Material A to be purchased by the Group from the Kelun Group under the Master Sale and Purchase Agreement includes pharmaceutical materials used for manufacturing of products of the Group including but not limited to erythromycin thiocyanate, aseptic bag and subcontracted fat emulsion injection.

The Material B to be purchased by the Kelun Group from the Group under the Master Sale and Purchase Agreement includes pharmaceutical materials including but not limited to co-extrusion films, synthetic polyisoprene liners and various types of bulk drugs.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

It is in the interests of the Company to purchase materials from the Kelun Group as the prices are more competitive compared to the prices offered by other independent third-party suppliers. The Master Sale and Purchase Agreement does not limit the types of materials or products to be purchased by the Company from the Kelun Group or by the Kelun Group from the Company. From 2020, the Kelun Group, owing to recent changes to its production scale, has been able to provide

larger quantities of materials to the Company. As at the date of this announcement, the Company understands that the Kelun Group is the largest supplier by market share in the PRC for the raw materials (in particular erythromycin thiocyanate) required to produce the Group's products (i.e. azithromycin). The Master Sale and Purchase Agreement and the proposed annual caps for the Company's purchases from the Kelun Group for the Material A has the benefit of enhancing stable and reliable supply of relevant materials necessary for the manufacturing of products of the Company at favourable and competitive prices under the current market conditions. It has been the Group's business plan to expand its production and sales of its azithromycin, which require increased supplies of erythromycin thiocyanate. In line with such business plan, the Group has revised the annual cap for the Material A on 24 April 2020. However, in light of the outbreak of the COVID-19 pandemic in 2020, the market condition and sales of the Group have generally been affected. As the COVID-19 pandemic has generally been under control in the PRC, and in view of the gradual recovery of the economy after the implementation of effective hygienic and public health measures in the PRC, the Group is optimistic about the implementation of its business plan. Therefore, the Board considers that the entering into of the Master Sale and Purchase Agreement and the Continuing Connected Transactions contemplated thereunder is in line with the business strategy of the Company and will benefit the future development of the Company and enhance business expansion.

On the other hand, the Board is of the view that the sale of pharmaceutical materials including but not limited to co-extrusion films, synthetic polyisoprene liners and various types of bulk drugs to the Kelun Group will also provide a secure source of revenue for the Group and contribute to the implementation of the Group's sale plan. With the abovementioned pricing policies and internal control measures disclosed below, the Company considers that the sale of the Material B to the Kelun Group facilitates and supports the growth of the core business of the Group, and enables the Group to fully leverage on their advantages and to achieve better operating performance.

Based on the above, the Directors (other than the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Adviser) consider that the Continuing Connected Transactions are in the ordinary and usual course of business of the Group and are on normal commercial terms, and that the terms of the Continuing Connected Transactions (including the proposed annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As Mr. Feng Hao, a non-executive Director of the Company, is the deputy general manager and the secretary to the board of directors of Sichuan Kelun, he is deemed or may be perceived to have a material interest in the Continuing Connected Transactions contemplated under the Master Sale and Purchase Agreement (including the proposed annual caps). Accordingly, Mr. Feng Hao has abstained from voting on the resolution of the Board in connection with the Master Sale and Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (including the proposed annual caps).

Save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, none of the other Directors have material interest in the Continuing Connected Transactions contemplated under the Master Sale and Purchase Agreement (including the proposed annual caps).

INTERNAL CONTROL MEASURES FOR THE CONTINUING CONNECTED TRANSACTIONS

In order to ensure that the pricing policies as contained in the Master Sale and Purchase Agreement and the proposed annual caps are complied with, the Company has adopted the following internal control measures:

- (i) for the purchase of Material A, the Group will keep track of the reference unit prices of the Material A as stated in Menet* (米內網), healthoo.com (健康網) or similar portals in future and at its best effort obtain contemporaneous price quotation(s) from independent third-party supplier(s) for comparable materials of similar type, quantities and quality, for the purpose of ensuring that the prices and terms for the Material A to be offered by Kelun Group to the Company will be based on prevailing market terms and no less favourable to the Company than those offered by other independent third-party suppliers to the Company; and
- (ii) for the sale of Material B by the Company, relevant personnel of the Company will keep track of the transaction records on the sale of materials to other independent third-party purchasers for the purpose of ensuring that the prices and terms for the Material B will be comparable to, or no less favourable than the fair market prices and terms for Material B or similar materials offered to independent third-party purchasers by the Group. The Group maintains price lists containing historical selling prices of Material B and relevant terms and conditions of such transactions. The information in the price lists is obtained in the course of the Group's operations, including information in respect of transactions entered into by different divisions/departments of the Group. The Company will continue to develop and maintain the price lists so as to include pricing information in relation to materials sold by the Group in the future. Designated personnel of the Group is responsible for the maintenance of the price lists, and the price lists are generally updated as soon as practicable after the materialisation or consummation of a sales transaction. A management personnel of the Group is designated to monitor and supervise the maintenance of the price lists to ensure that up-to-date records are properly kept. The Company will also conduct random checks on the price lists so as to ensure that effective and sound internal control measures are in place so that Continuing connected Transactions in respect of the sale of the Material B to the Kelun Group are conducted on a fair and reasonable basis.

The relevant business units and departments of Group will regularly monitor and review the prices of and terms under which the relevant Material are offered to or purchased from the Kelun Group in order to ensure that the Continuing Connected Transactions are conducted on normal commercial terms, in accordance with the proposed annual caps set by the Company, and the terms are no less favourable to the Group than those available to independent third parties. The Company will designate specific personnel from the internal control department to monitor the Continuing Connected Transactions under the Master Sale and Purchase Agreement and any irregularities in respect of the Continuing Connected Transactions will be reported to the senior management of the Group in a timely manner. The Group will also conduct regular internal checks on a quarterly basis to ensure that the internal control measures in respect of the Continuing Connected Transactions under the Master Sale and Purchase Agreement remain intact and effective.

The Company's external auditors will review the Continuing Connected Transactions under the Master Sale and Purchase Agreement annually to check and confirm (among others) whether the pricing policies have been adhered to, whether the Continuing Connected Transactions were conducted in accordance with the Master Sale and Purchase Agreement and whether the relevant proposed annual caps have been exceeded.

The independent non-executive Directors will review the Continuing Connected Transactions under the Master Sale and Purchase Agreement annually to check and confirm whether such Continuing Connected Transactions have been conducted in the ordinary and usual course of business of the Company, on normal commercial terms, in accordance with the Master Sale and Purchase Agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such Continuing Connected Transactions are conducted in accordance with the pricing policies set out in the Master Sale and Purchase Agreement.

INFORMATION OF THE PARTIES

Information on the Company

The Group is principally engaged in the research, development, manufacturing and selling of a wide range of finished medicines, bulk pharmaceuticals products and medical materials.

Information on the Kelun Group

Sichuan Kelun is a substantial shareholder of the Company. The Kelun Group is principally engaged in the research, development, manufacturing and selling of various pharmaceutical products and materials. The ultimate beneficial owner of Sichuan Kelun is Mr. Liu Gexin (劉革新).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Sichuan Kelun is a beneficial holder of 159,870,000 Shares and is through Kelun International interested in 446,852,000 Shares. By virtue of Sichuan Kelun's interests in an aggregate of 606,722,000 Shares (representing approximately 20.0% of the issued share capital of the Company), it is a substantial shareholder of the Company and therefore a connected person under Chapter 14A of the Listing Rules. The Continuing Connected Transactions under the Master Sale and Purchase Agreement between the Company and Sichuan Kelun (including the proposed annual caps) therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Continuing Connected Transactions under the Master Sale and Purchase Agreement (including the proposed annual caps) is higher than 5% but all are less than 25% on an annual basis, the Master Sale and Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (including the

annual caps) is subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all the independent non-executive Directors (namely Mr. Wang Yibing, Mr. Leung Chong Shun and Mr. Chow Kwok Wai) will be formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Continuing Connected Transactions (including the proposed annual caps).

INDEPENDENT FINANCIAL ADVISER

An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the Continuing Connected Transactions (including the proposed annual caps).

GENERAL

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Master Sale and Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (including the proposed annual caps).

As at the date of this announcement, Sichuan Kelun is a beneficial holder of 159,870,000 Shares and is through Kelun International interested in 446,852,000 Shares. Therefore, each of Sichuan Kelun and Kelun International is deemed to have a material interest in the Continuing Connected Transactions and will be required to abstain from voting on the relevant resolutions in relation to the Continuing Connected Transactions under the Master Sale and Purchase Agreement (including the proposed annual caps) at the EGM.

Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Continuing Connected Transactions and is therefore required to abstain from voting at the EGM for the relevant resolutions.

A circular containing, inter alia, (i) details of the Continuing Connected Transactions; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Continuing Connected Transactions; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions; and (iv) a notice convening the EGM is expected to be despatched to the Shareholders on or before 4 May 2021.

DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“Board”	the board of Directors
“Company”	SSY Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under Master Sale and Purchase Agreement
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be held for the Independent Shareholders to consider, and if thought fit, approve the Master Sale and Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (including the proposed annual caps)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent Board committee of the Company comprising of all the independent non-executive Directors (namely Mr. Wang Yibing, Mr. Leung Chong Shun and Mr. Chow Kwok Wai) to be formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Continuing Connected Transactions (including the proposed annual caps)
“Independent Financial Adviser”	an independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders on the Continuing Connected Transactions (including the proposed annual caps)

“Kelun International”	Kelun International Development Co., Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Sichuan Kelun. As at the date of this announcement, it holds 446,852,000 Shares, representing approximately 14.76% of the issued share capital of the Company
“Kelun Group”	Sichuan Kelun, together with its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Sale and Purchase Agreement”	the master sale and purchase agreement dated 14 April 2021 entered into between the Company and Sichuan Kelun for the sale and purchase of the Material A and Material B
“Material A”	pharmaceutical materials used for manufacturing of products of the Company and its subsidiaries including but not limited to erythromycin thiocyanate, aseptic bag and subcontracted fat emulsion injection
“Material B”	pharmaceutical materials including but not limited to co-extrusion films, synthetic polyisoprene liners and various types of bulk drugs
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	the ordinary share(s) of HK\$0.02 each of the Company
“Shareholders”	holders of the Shares
“Sichuan Kelun”	四川科倫藥業股份有限公司 (Sichuan Kelun Pharmaceutical Company Limited*), a limited liability company established in the PRC and a substantial shareholder of the Company by virtue of its interest in an aggregate of 606,722,000 Shares (representing approximately 20.0% of the issued share capital of the Company)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

“subsidiary(ies)” has the meaning ascribed to it under the Listing Rules

“%” per cent.

By Order of the Board
Chow Hing Yeung
Company Secretary

Hong Kong, 14 April 2021

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.

* *for identification purpose only*