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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)

VOLUNTARY ANNOUNCEMENT

UPDATE ON POSSIBLE SPIN-OFF OF JIANGSU BEST NEW MEDICAL

This announcement is made by the board of directors (the “**Board**”) of SSY Group Limited (the “**Company**”) on a voluntary basis.

Reference is made to the announcement of the Company dated 18 October 2021 (the “**Announcement**”) in relation to a possible spin-off and separate quotation and/or listing of the shares of Jiangsu Best New Medical Material Co., Ltd.* (江蘇博生醫用新材料股份有限公司) (“**Jiangsu Best New Medical**”). Capitalised terms used herein shall have the same meaning as those defined in the Announcement, unless the context requires otherwise.

The Company is progressing on the spin-off of Jiangsu Best New Medical by way of separate quotation of its shares on the “innovative-tier” (創新層) on the National Equities Exchange and Quotations (the “**NEEQ**”), a national securities exchange approved and established by the State Council of the People’s Republic of China (the “**PRC**”) and operated and managed by National Equities Exchange and Quotations Co., Ltd.* (全國中小企業股份轉讓系統有限責任公司) (“**NEEQ Co., Ltd.**”). It is the current intention of the Company to subsequently seek a separate listing of the shares of Jiangsu Best New Medical on the Beijing Stock Exchange, a stock exchange in the PRC established on 3 September 2021 with the approval of the State Council of the PRC targeting to provide an equity trading platform for innovative small-and-medium enterprises in the PRC.

The Company has made an application to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the Possible Spin-off in compliance with Practice Note 15 of the Listing Rules. The Board is pleased to announce that on 10 December 2021, the Listing Committee of the Stock Exchange confirmed that the Company may proceed with the Possible Spin-off.

NO ASSURED ENTITLEMENT TO SHAREHOLDERS

Under paragraph 3(f) of Practice Note 15 of the Listing Rules, listed issuers carrying out spin-offs are required to provide existing shareholders with an assured entitlement to shares in the spun-off entity, either by way of distribution in specie of existing shares or by way of preferred application in any offering of existing or new shares in the spun-off entity.

Qualified investors seeking to invest in the shares of companies quoted on the “innovative-tier” (創新層) of the NEEQ shall fulfill the following requirements:

- (i) institutions having a paid-up registered capital or share capital of RMB2 million or above;
- (ii) partnerships having a paid-up registered capital of RMB2 million or above; and
- (iii) natural person investors:
 - (A) having a daily average of more than RMB2 million worth of assets in securities and capital accounts (excluding the capital and securities financing by the investor through securities margin trading) 10 trading days before application for permission;
 - (B) having more than two years of experience in securities, funds and futures investment, or two years of work experience in design of financial products, investment, risk management and relevant areas, or experience serving as senior management of securities companies, futures companies, fund management companies or its subsidiaries, commercial banks, insurance companies, trust companies, finance companies etc., or registered financial institutions including subsidiaries of securities companies, futures companies, private equity managers etc.; and
 - (C) who have not been prohibited from participating in stock trading of quoted companies under the Securities Law of the PRC.

As advised by the legal adviser of Jiangsu Best New Medical as to the laws of the PRC, upon completion of the Possible Spin-off, foreign natural persons, legal persons and institutions (including residents of the Hong Kong Special Administrative Region of the PRC (“**Hong Kong**”), the Macao Special Administrative Region of the PRC (“**Macao**”) and Taiwan), who are proposing to acquire the shares of Jiangsu Best New Medical through public trading or private placement, are required to satisfy the requirements of qualified investors and the conditions for opening A shares securities accounts.

To qualify for opening such securities accounts, such foreign investors shall be, among others,

- (i) residents of Hong Kong, Macao or Taiwan who work and live in the Mainland China;
- (ii) foreign natural persons working in the PRC and the securities regulatory institution of his/her home country (region) having established a regulatory cooperation mechanism with the China Securities Regulatory Commission; or
- (iii) qualified foreign investors (qualified foreign institutional investors (QFII) and Renminbi qualified foreign institutional investors (RQFII)).

Save for the circumstances above, upon completion of the Possible Spin-off, foreign natural persons, natural persons in Hong Kong, Macao and Taiwan, residents of the PRC holding a PRC passport who have obtained permanent residence visa of foreign countries or regions), foreign institutions, institutions in Hong Kong, Macao and Taiwan, are not qualified for the opening of A shares securities accounts and hence are not allowed to directly acquire the issued shares of or the shares to be issued by Jiangsu Best New Medical.

Given that most of the shares of the Company are held by HKSCC Nominees Limited where the beneficial owners of the shares of the Company are unknown to the Company and most of the remaining shareholders of the Company are non-PRC residents as at the date of this announcement, it would be practically difficult, unduly cumbersome and not feasible for the Company to ascertain whether each and every of its individual shareholders or institutional investors meets the PRC legal requirements as set out above. Accordingly, compliance with paragraph 3(f) of Practice Note 15 of the Listing Rules in relation to the Possible Spin-off will not be feasible.

Having considered that (i) Jiangsu Best New Medical and the Company should comply with the requirements under PRC laws; (ii) Jiangsu Best New Medical will remain a subsidiary of the Company and the results of which will continue to be consolidated into the accounts of the Company upon completion of the Possible Spin-off; (iii) the Possible Spin-off is not expected to be a major transaction for the Company which would require shareholders' approval under the Listing Rules; and (iv) it is not feasible and unduly cumbersome for the Company to provide its shareholders with an assured entitlement of the shares in Jiangsu Best New Medical due to legal restrictions in the PRC set out above, the Board is of the view that the Possible Spin-off and the non-provision of assured entitlements in connection with the Possible Spin-off are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted a waiver from strict compliance with the applicable requirements in relation to the assured entitlement under paragraph 3(f) of Practice Note 15 of the Listing Rules (the "**Waiver**"). The Stock Exchange reserves the right to revoke or modify the Waiver if there are changes to the information provided or circumstances under which the Waiver is granted, of which the Company must promptly notify the Stock Exchange.

GENERAL

As at the date of this announcement, no application for listing or quotation in relation to the Possible Spin-off has been made to NEEQ Co., Ltd. and no final decision has been made as to whether and/or when to proceed with the Possible Spin-off.

The Company will keep its shareholders and potential investors informed by making further announcement(s) in connection with the Possible Spin-off as and when appropriate in compliance with the Listing Rules.

Shareholders of the Company and potential investors should note that the implementation of the Possible Spin-off is subject to, amongst other things, market conditions and approvals from the relevant regulatory authorities (including but not limited to NEEQ Co., Ltd.). There is no assurance as to whether and when the Possible Spin-off will be implemented. Accordingly, shareholders of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.

Any person who is in doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

By order of the Board

Chow Hing Yeung

Executive Director and Company Secretary

Hong Kong, 13 December 2021

As at the date of this announcement, the Board comprises Mr. Qu Jiguang, Mr. Su Xuejun, Mr. Meng Guo and Mr. Chow Hing Yeung 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*