



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 2021 interim results

Net profits HK\$276 million; Interim dividend HK\$0.05/share

Continuous innovation & scientific research;

Whole-industry-chain approach development

Result summary:

- Total revenue HK\$2,443 million, representing a growth of 37.0%;
- Net profits HK\$276 million, representing a growth of 11.6%;
- The Board resolved to pay interim dividend of HK\$0.05 /share

(27 August 2021 – 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 2021.

During the first half of 2021, the Group achieved a revenue of HK\$2,443 million, representing an increase of 37.0% with gross profit margin 60.2%, representing a decrease of 3.8 percentage point compared to the corresponding period of last year. The Group achieved a net profit of HK\$276 million, representing an increase of 11.6% compared to the corresponding period of last year. Amidst the normality under novel coronavirus epidemic domestically and internationally and despite the severe challenges brought by the unexpected outbreak of the epidemic in Shijiazhuang in early 2021, the Group managed to cope well with unfavorable factors arising from the epidemic with its endeavor in production and implementation of various measures to ensure market support. The Group continued to promote its business strategy of scientific research, innovation and structural optimization, increased its effort in promoting the formation of the operation pattern of integrated and collaborative development in relation to the whole industry chain and diversified dosage forms from medical materials, bulk pharmaceuticals to high-end preparations. During the first half year, the Group actively took measures to make new breakthroughs in enhancing the market share of dominant products, and to accelerate the access and growth of new preparation products and common bulk pharmaceuticals. Taking the opportunity brought by National Centralized Procurement as well as provincial and regional Group Purchasing Organization Programme, the Group took various measures to strengthen the market-driven effect brought by the centralized procurement policy to continuously expand the market accessibility of the Group's products.

The Board of directors proposed to pay an interim dividend of HK\$0.05 per share for year 2021, which is unchanged from the corresponding period of last year. The total amount of interim dividend this year to be paid is approximately HK\$151 million.

Amidst the normality under epidemic, the supply and demand in the domestic pharmaceutical market was undergoing a gradual recovery, and the production and sales of the Group's infusion solutions, especially therapeutic infusion products, was showing a steady increase in growth. During the first half year, the sales volume of infusion solutions reached 632 million bottles (bags), representing an increase of 31% compared to the corresponding period of last year. The revenue of infusion solutions reached RMB1,273 million, representing an increase of 19% compared to the corresponding period of last year. Ampoule products have become an important growth driver for the Group's injection segment as it has become increasingly rich in varieties with its production and sales gradually scaled up. During the first half year, the revenue of ampoule products was RMB406 million, representing an increase of 53%, which continued to maintain a rapid growth momentum.

In respect of bulk pharmaceuticals business, the domestic and international market demand was showing a recovery growth. After continuous optimization and improvement of production process, transformation and enhancement of environmental protection treatment capacity, the production capacities of the Group were released rapidly, and the product advantages such as cost and quality were further demonstrated. Solid preparations business segment has been accelerated its cultivation and expansion. Leveraging on tender awarded for National Centralized Procurement, the Group gradually enhanced the sales proportion of solid preparations from year to year. In respect of medical materials, Jiangsu Best New Medical Material Co., Ltd. continued to strengthen the build-up of innovation capability and enhance the supporting capacity of the downstream production chains in medical materials, which facilitate the improvement of production capacity and market coverage. Newly developed multi-layer co-extrusion bioprocessing films for single-use system in liquid dosing, has been put into industrial production and resulted in sales. The product is widely used in the fields of research and development and production of vaccines and biopharmaceuticals. Currently, it is the only domestic manufacturer of bioprocessing films in China that can replace those imported and has broad market development prospects.

Upholding the innovation-driven strategy and based on the cooperation with several universities and scientific research institutes, the Group promoted scientific and technological innovation and accelerated industrialization of scientific and technological achievements by establishing a technology platform of innovative drug research and development integrating production, education and research. Type 1 new drug NP-01, the first innovative drug type of the Group, has completed sample preparation, and its clinical trial research has fully commenced. The Group will continue to push forward the preliminary research on anti-liver fibrosis Type 1 innovative drug AND-9, anti-epileptic compound QO-83 and anti-tumor Type 2 chemical innovative drug Miriplatin. During the first half of the year, a total of 7 production approvals were obtained for various types of products. At present, the Group has submitted a total of 61 new product projects for approval, including 35 items for liquid and solid preparations, 13 products for consistency evaluation and 13 items for bulk pharmaceuticals, facilitating the changes of Group's production and sales structure with the accumulated strength of innovation results. The research results of products for passing the consistency evaluations was convincing. 15 types with 20 product specifications of the Group passed consistency evaluation or were regarded as passing the consistency evaluation.

Looking forward in the second half year, as the global epidemic is still evolving, the overall domestic and international economic situation remains complicated and dynamic. Facing the pressure arising from external factors that may persist and bring new challenges to the Group's production and operation, the Group will continue to keep its composure, uphold its development focus. The Group will also do its best in maintaining the momentum in sustainable and stable development, promote

development by innovation, and improve efficiency by management. Through the combination of the national and provincial Centralized Medicines Procurement, we will strive to do our best in market access. The Group remains its leading position in the infusion market. In respect of the intravenous infusion solutions segment, we will ensure a significant growth of its sales volume as compared to last year and continue to strengthen the proportion in sales of therapeutic and specialized infusion products. At the same time, we will push forward the promotion and usage of bioprocessing films in China, so as to strengthen the Group's position in the industry and product influence in the field of medical materials. On the other hand, with the goal of reducing costs and improving capacity utilization, we will actively cultivate and expand the bulk pharmaceuticals business. Moreover, the Group will adhere to the development idea of "combination of generic and innovative drugs" and will strengthen development of new types of oral preparations, bulk pharmaceuticals and medical materials. Meanwhile, the Group will further develop the development and technology of bioprocessing films and form core advantages of research and development of domestic bioprocessing film production with comprehensive functions, sound system and leading technologies.

Mr. Qu Jiguang, Chairman and CEO of SSY Group Limited said, "As one of the top 100 enterprises in China pharmaceutical industry and the top 30 best industrial enterprises with China pharmaceutical research and development product line, the Group will take full advantage of the market, policy opportunities arising from the positive changes in the domestic pharmaceutical market, we will firmly grasp the initiative of development, maintain the resilience and vitality of innovation and development, overcome difficulties and tackle barriers, assume our mission with courage, and strive for facilitating the quality development of the Group. By virtue of the scale advantages, quality advantages, management advantages and brand advantages accumulated in the industry over the years that continuously stimulate innovation momentum, we firmly believe that we are possible to bring satisfactory returns to our investors with stronger development achievement."

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About SSY Group Limited

SSY Group Limited is one of the leading pharmaceutical manufacturers in China with over 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, which includes finished medicines of mainly intravenous infusion solution and ampoule injection to hospitals and distributors, bulk pharmaceuticals and medical materials. 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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