



石四藥集團有限公司

SSY Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 2005)

SSY announces 2022 interim results **Net profit HK\$570 million; Interim dividend HK\$0.06/share** **Seize development opportunities; Enhance competitive strength**

Result summary:

- Total revenue HK\$3,405 million, representing a growth of 39.4%;
- Net profit HK\$570 million, representing a growth of 106.8%;
- The Board resolved to pay interim dividend of HK\$0.06 /share

(29 August 2022 – 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 2022.

During the first half of 2022, the Group achieved a revenue of HK\$3,405 million, representing an increase of 39.4% compared to corresponding period of last year (“1H2021”) with gross profit margin 57.0%, representing a decrease of 3.2 percentage point compared to 1H2021. The Group achieved a net profit of HK\$570 million, representing an increase of 106.8% compared to 1H2021.

Faced with pressure from continuous impacts of the epidemic, shrinking market demands and supply shock, the Group seized the development opportunities arising from changes in the industrial landscape and policy support, and implemented a series of measures to improve quality and enhance efficiency of its main business segments including preparations, bulk pharmaceuticals and medical materials, so as to maintain good growth momentum. Focusing on the dual circulation of domestic and international markets development pattern, the Group concentrated its efforts on market development for dominant preparations and key types of preparation products, and explored the domestic and overseas markets for its bulk pharmaceuticals and medical materials products. The Group also proactively optimised its product mix and placed great emphasis on the marketing of new featured products, leading to a new growth in market shares and sales volume.

The Board of directors proposed to pay an interim dividend of HK\$0.06 per share for year 2022, which increased by 20% as compared to 1H2021. The total amount of interim dividend this year to be paid is approximately HK\$179 million.

Amidst the normality under epidemic, the domestic pharmaceutical market witnessed a stable rigid demand. The Group continued to increase the market shares of the intravenous infusion solution and continuously solidified its leading position in the market. During the first half year, the sales volume of infusion solutions reached 754 million bottles (bags), representing an increase of 19.3% compared to 1H2021. Revenue of infusion solutions reached HK\$1,834 million, representing an increase of 20% compared to 1H2021. Ampoule products delivered a remarkable market performance and have become a new support for the development of the Group's injection segment. During the first half year, the revenue of ampoule products was HK\$511 million, representing an increase of 4.7% compared to 1H2021, which maintained a good growth momentum. Solid preparations business segment delivered a steady and positive sales performance. In line with the national and local centralised procurement policies, the Group made coordinated efforts to secure market supply of tender-awarded products to promote and expand the market of new products. During the first half year, the revenue reached HK\$145 million, representing an increase of 71% compared to 1H2021. Bulk pharmaceuticals business achieved a boost in both production and sales. After continuous optimization of production process, the premium production capacities were realised rapidly. In particular, as a vertical integration, the Group acquired Cangzhou Lingang Youyi Chemical Co., Ltd. at the beginning of the year, significantly improving the coordination between upstream and downstream entities of the industrial chain. During the first half of the year, revenue of bulk pharmaceuticals reached HK\$777 million, representing an increase of 214.6% as compared to 1H2021. The Group achieved a growth jump in production and sale of medical materials. In the first half of the year, revenue from external customers of the Group recorded HK\$90.55 million, representing an increase of 12.5% compared to 1H2021.

By using market demands as the guide and adhering to the strategy of “combination of generic and innovative drugs”, the Group made continuous and coordinated efforts to push forward the research and development of featured generic drugs, bulk pharmaceuticals, innovative drugs, medical materials as well as product types under consistency evaluation. The Group kept solidifying and expanding its strength in the research and development of featured generic drugs. During the first half of the year, a total of 22 production approvals were obtained, including 14 types of infusion products and 8 types of bulk pharmaceuticals, with the number of approvals obtained exceeding that of the whole year of 2021. So far, a total of 26 product types with 35 specifications of the Group have passed or were regarded as passing the national consistency evaluations regarding the quality and efficacy of generic drugs. During the period, 124 products of various types were also submitted by the Group to the Center for Drug Evaluation of the National Medical Products Administration for approval, including 100 preparation products (including products for consistency evaluation) and 24 types of bulk pharmaceuticals. The Group achieved positive progress in the Phase 1 clinical trial of the Type I innovative drug NP-01 project, and were stepping up efforts in the preparation of application materials for Phase 1 clinical trial for the innovative drug including ADN- 9, aiming to apply within the year. In addition, the bioprocessing film project of Jiangsu Best New Medical Material Co. Ltd. with an annual production capacity of 20 million square meters has completed construction and was ready for production on July 2022, providing a solid foundation for overall improvement of market supply capacity.

Looking forward to the second half of 2022, economic situation may remain severe and complicated amidst the normality under global epidemic. The Group will actively seize development opportunities and will make effort to facilitate the dual circulation of domestic and international markets in order to secure preemptive opportunities for development. On the preparations business, the Group will have an in-depth and a better systematic analysis on national and local centralized procurement policies, and will seize the market opportunities arising from the eighth round of National Centralised Medicines Procurement, with an aim to expand the market share and influence of its products passing the consistency evaluation. On the bulk pharmaceuticals business, the Group will proactively facilitate the domestic and international markets, and make efforts to strengthen and expand its bulk pharmaceuticals business, aiming to make a greater contribution to the development of the Group. In terms of research and development, the research and development of specialised generic drugs remains the focus of the Group's research and development work for the moment. Facing the increasingly intensified competition in the research and development of generic drugs, the Company will leverage on the cooperation mechanism with universities and scientific research institutes, and explore more high quality research projects. The Group will continue to push forward proactively the spinoff listing of bulk pharmaceuticals segment in the PRC. At the same time, the Group will proactively seek opportunities of acquisition and investment in the pharmaceutical industry in order to increase the return on investment.

Mr. Qu Jiguang, Chairman and CEO of SSY said, "Facing the risks and challenges in the post-pandemic era, the Group will seize new opportunities for development in the industry. We will maintain the resilience and vitality of innovative development, and strive for facilitating the quality development of the Group. We firmly believe that, by virtue of the scale, quality, management and brand advantages accumulated in the industry over the years and the continuous innovation momentum released by the Group, we will strive to create new high record again in year 2022 in terms of production, sales and profit, and will bring satisfactory returns to our investors with a stronger result of development."

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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 is principally engaged in the research, development, manufacturing and selling of a wide range of pharmaceutical products, including 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, and its pharmaceutical products has leading position in the high-end hospital market in China.

For more information: iPR Ogilvy
ssy@iprogilvy.com