



# 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 annual results**

**Net profits up 28% to HK\$786 million with final dividend HK\$0.07/share**  
**Promote scientific research innovation; Optimisation of product mix**

#### **Results summary:**

- Total revenue HK\$5,357 million, representing an increase of 25.7% y-o-y
- Net profits HK\$786 million, representing an increase of 28.4% y-o-y
- The Board resolved to pay final dividend of HK\$0.07 /share

( 29 March 2022 – Hong Kong ) **SSY Group Limited** (“SSY” or the “Company”; Stock Code: 2005.HK) and its subsidiaries (together, the “Group”) presents the annual results of the Company for the year ended 31 December 2021 (“2021” or “the year”).

During the year, the Group achieved a revenue of HK\$5,357 million, representing an increase of 25.7% and the gross profit margin decreased by 4.4 percentage point to 59.2%. The Group achieved net profits of HK\$786 million, representing an increase of 28.4% compared with last year. Faced with the adjustments in the pharmaceutical market and industrial policy amidst the normality under novel coronavirus epidemic, the Group made concerted efforts to overcome the various adverse effects brought by the epidemic and market competition with its endeavor in operation and implementation of various measures to ensure market support. As the Group made strenuous efforts to promote scientific research, innovation and structural optimisation, new products and product types under evaluations have been approved successively. With the accelerated utilisation of the production capacity of main bulk pharmaceuticals and preparations, the Group delivered favourable performance in promoting the integrated development in relation to the whole industry chain and diversified forms from medical materials, bulk pharmaceuticals to high value-added preparations, providing sufficient momentum for the future development of the Group. The Group increased its effort in promoting market development for conventional preparations and main preparations. At the same time, in light of changes in demands from the industrial chain, the Group stepped up efforts in increasing the production and sales of its major bulk pharmaceuticals and medical materials, so as to ensure a continuously and consistently favourable operation performance overall. Taking the opportunity brought by National Centralised Medicines Procurement as well as provincial and regional Group Purchasing Organisation Programme, the Group continuously expanded the market accessibility of its products.

The Board of directors resolved to pay a final dividend of HK\$0.07 per share for year 2021, together with interim dividend HK\$0.05 per share, total dividend for full year of 2021 will be HK\$0.12 per share, representing an increase of 20% from last year.

Amidst the normality under epidemic, the domestic pharmaceutical market restored a stable supply and demand condition. The Group continued to increase its market shares and remained its leading position in the infusion market. In 2021, the sales volume of infusion solutions reached approximately 1,358 million bottles (bags), representing an increase of approximately 13.8% compared to last year. The revenue of infusion solutions reached approximately HK\$3,304 million, representing an increase of 25.3% compared to last year. Ampoule product line has become a powerful boost and new 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 year, the revenue of ampoule products was approximately HK\$1,094 million, representing an increase of approximately 12.6% as compared to last year, which continued to maintain a good growth momentum. In respect of bulk pharmaceuticals business, the Group achieved continuous improvement in sales revenue and substantial increase in sales volume of main products. A number of types of products were granted production approvals, and the product mix has become increasingly diversified. The revenue from bulk pharmaceuticals reached HK\$534 million, representing an increase of 131.9% as compared to last year. Solid preparations business segment recorded a steady increase in production and sales. Leveraging on tender awarded for National Centralised Medicines Procurement of Cefdinir capsule and Prucalopride Succinate tablet, further improve the product accessibility and brand penetration and the market influence expanded to the whole of China. In respect of medical materials, Jiangsu Best New Medical Material stepped up efforts to strengthen the product upgrade and technology advancement of major products, and enhanced the supporting ability of the leading products for production in downstream production chains, which facilitated the enhancement of its 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, which is used to replace those imported bioprocessing films and has broad market development prospects.

Upholding the innovation-driven strategy, with the positive result from innovation achievements, the Group's product portfolio was increasingly enriched and improved. Type 1 new drug NP-01, the first innovative drug type of the Group, has entered into the research of Phase I clinical trial. The Group has stepped up efforts to push forward the preliminary research on anti-liver fibrosis Type 1 innovative drug ADN-9, anti-epileptic compound QO-83, self-developed anti-pulmonary hypertension Type 1 innovative drug and anti-tumor Type 2 chemical innovative drug Miriplatin. During the year, 63 projects were applied for national production approval by the Group, including 39 new types of liquid and solid preparations and 13 bulk pharmaceuticals. During the year, a total of 20 national production approvals were obtained and 7 product specifications have passed the consistency evaluations. From January to March of 2022, there are another 5 products which passed the consistency evaluation. Currently, 20 types with 28 product specifications of the Group have passed consistency evaluation or have been regarded as passing the consistency evaluation, which

played a stronger facilitation and stimulation role in consolidating and expanding market shares. The construction project of bioprocessing film of Jiangsu Best began as scheduled. The new product, 7-layer bioprocessing barrier films of 1.6 metres width, has been put into trial production by the end of 2021, and samples were provided to customers for testing. Together with the second production line for 7-layer bioprocessing barrier films which is targeted to commence trial production in June 2022, the annual production capacity of bioprocessing films will increase by 20 million square metres, thus enhancing the Group's ability in market supply. Application for listing on the National Equities Exchange and Quotations in respect of the medical materials segment has been accepted, and follow-up works are in progress orderly. In addition, in light of the current development of the industry, the Group completed the acquisition of 6.1% of the equity interest in Cisen Pharmaceutical in a timely manner in 2021, which is expected to bring long-term return and new development opportunity for the Group. The Group has acquired as a vertical integration of the whole of the equity interest in Cangzhou Lingang Youyi Chemical in March 2022. The completion of the acquisition provided important supports and guarantees for the enhancement of stable supply for the caffeine production chain, optimisation of production costs and achievement of the goal of an annual production of 7,000 tonnes of caffeine.

Looking ahead in 2022, the economic situation will remain complicated and dynamic amidst the normality under global pandemic. Facing the combined pressure arising from external factors that may persist and bring new challenges to the Group's production and operation, the Group will push forward the supply-side structural reform and strive to achieve more solid operating results. By focusing on its core injection business of injections, the Group will further develop its existing market and make continuous effort to explore new markets, with an aim to establish a new development landscape. The Group will make an in-depth and better systematic analysis on the national and local centralised procurement policies. Capitalizing on the radiation and driving effects of the Group Purchasing Organisation Programme, the Group will strive to expand the proportion of high value-added products in terms of production and sales volume, maintain its leading position in the market. In addition, the Group will proactively push forward the industrialisation and marketisation of the solid preparation products that were recently approved and aim to expand and strengthen its solid preparation segment. At the same time, the Group will push forward the promotion and usage of bioprocessing films in China, strive to strengthen its industry position 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. The Group will proactively construct and develop an innovative high-energy ecosystem, explore the advantages of convergence of technology, talents and capital to continuously improve the levels and grades of innovation development. Adhering to the strategy of "combination of generic and innovative drugs", the Group will make concerted effort to enhance the efficiency in the research and development of its advantageous products in generic drugs, innovative drugs, bulk pharmaceuticals and medical materials, accumulating strength for the sustainable development of the Group. The Group will continue to proactively push forward the spin-off listing of its medical materials segment and bulk pharmaceuticals segment on the domestic market. At the same time, the Group will actively seek opportunities of merger and acquisition as well as investment in the

pharmaceutical industry.

**Mr. Qu Jiguang, Chairman and CEO of SSY Group Limited** said, “Facing the persistent risks and challenges in the post-pandemic era, the pharmaceutical industry will be confronted with the greatest changes in this century. Self-developed innovation driven by market demand, the integration and collaboration based on controllable supply chain, and the enhanced efficiency brought by the trend of digital transformation will become the important drivers for the progress and breakthroughs of the overall industry and the Group. While accelerating the optimisation of industrial structure, improvement of sales of product and construction progress of infrastructure projects, the Group will expedite the progress of spin-off listing of the medical materials segment and bulk pharmaceuticals segment, and strive for a win-win situation in the product and capital market. 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 firmly believe that we will be able to create new high record in terms of production output, sales and profit in 2022, and 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, manufacture and sale of a wide range of pharmaceutical products, including OTC drugs, bulk medicine and medical materials, mainly intravenous infusion solution and ampoule injection 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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