



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 annual results

**Net profit up approx. 43% to HK\$1,123 million; Final dividend HK\$0.08/share
Revenue sets record high; Seize new development opportunities**

Result summary:

- Total revenue HK\$6,434 million, representing a growth of approx. 20%;
- Net profit HK\$1,123 million, representing a growth of approx. 43%;
- The Board resolved to pay final dividend of HK\$0.08 /share

(28 March 2023 – 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 2022 (“2022” or “the year”).

During the year, the Group achieved a revenue of HK\$6,434 million, representing an increase of approximately 20% with the gross profit margin decreased by 3.8 percentage point to 55.4%. The Group achieved net profits of HK\$1,123 million, representing an increase of approximately 43% as compared with last year. In response to the recurring novel coronavirus epidemic outbreak and the further implementation of reform to the National Centralised Medicines Procurement, the Group strengthened the market expansion of dominant preparations and key preparation types. The Group also persistently optimised its product mix, leading to a new progress in market shares and sales volume. The Group made full use of market access opportunities from national centralized medicines procurement, and quickly introduced more solid preparations and small liquid injection products into the market. The bulk pharmaceuticals business achieved scale operation for the first year, and the production industrial chain was further extended. The Group performed a continuously and consistently favourable performance in overall operation. Revenue of the Group has set another record high.

The Board of directors resolved to pay a final dividend of HK\$0.08 per share for year 2022, together with interim dividend HK\$0.06 per share, total dividend for full year of 2022 will be HK\$0.14 per share, representing an increase of approximately 17% from last year.

The Group continued to increase its market shares of the intravenous infusion solution business and solidify its leading position in the market. In 2022, sales volume of infusion solution reached 1,580 million bottles (bags), representing an increase of approximately 16% as compared to last year. Ampoule injections product line has become increasingly rich in varieties with its production and sales gradually scaled up. During the year, sales volume of ampoule products was approximately 160 million, representing an increase of approximately 49% as compared to last year. Solid preparations

business has sped up the upgrading of its product mix and production and sales scale, In line with the national and local centralised medicines procurement policies, the Group made coordinated efforts to secure market supply of tender-awarded products, achieved revenue of HK\$346 million, representing an increase of approximately 62% as compared to last year. Bulk pharmaceuticals business continuous optimised its production process, the premium production capacities were realised. As a vertical integration, the Group acquired Cangzhou Lingang Youyi Chemical Co., Ltd. near the beginning of the year, significantly improving the coordination between upstream and downstream entities of the industrial chain. During the year, revenue of bulk pharmaceuticals was HK\$1,360 million, representing an increase of approximately 155% as compared to last year. Production and sales of medical materials were steady, recorded a revenue of HK\$172 million from external sales during the year. Exports of preparations to foreign countries had a positive trend. The export of preparations recorded a revenue of approximately HK\$149 million, representing an increase of approximately 78% as compared to last year.

By using market demands as the guide and adhering to the principle of “combination of generic and innovative drugs”, the Group maintained its intensity in research and development investment. The Group also made coordinated efforts to push forward the research and development progress of featured generic drugs, bulk pharmaceuticals, innovative drugs, medical materials as well as product types under consistency evaluation. In 2022, research and development of featured generic drugs of the Group ranked top of the peers in the PRC in terms of the number of approvals and applications, a total of 37 national production approvals were obtained for various products, among which four product types including Pentoxifylline Injection, Blonanserin Tablets, Azithromycin for Suspension and Peritoneal Dialysis Solution (Lactate-G1.5%) were the first passing such evaluation in the PRC. In addition, nine bulk pharmaceuticals such as Pentoxifylline and Levornidazole were approved for production, ensuring the supply of bulk pharmaceuticals for preparation production effectively. At present, the Group has products of 38 types with 50 specifications passed the consistency evaluation or been regarded as passing the consistency evaluation. The Group achieved positive progress in the Phase I clinical trial of type I chemical innovative drug NP-01 project. At the same time, type I chemical innovative drug ADN-9 aims to commence Phase I clinical trial in the second half of 2023. The Group has achieved new results in innovation platform construction and talent cultivation, and joined hands with the scientific research team from China Pharmaceutical University, experts from Shenyang Pharmaceutical University and other institutions to carry out research and development of small molecular compounds as well as specialised first generic drugs, pushing the Group’s research & development and innovation towards mid-to-high end.

Looking forward to 2023, following the lifting of the pandemic restrictions, there will be gradual improvement in the economic situation. The Group will continue to enhance technology innovation as well as the resilience of the industrial chain and supply chain, with an aim to facilitate the dual circulation of domestic and international markets, so that the high quality and high-speed development of the Group will be maintained. In 2023, sales volume in the business plan of intravenous infusion is targeted at no less than 1,800 million bottles (bags), representing an increase of approximately over 14% as compared to last year. The Group has started new construction of two production lines of upright soft bag in a timely manner in view of market demands, with additional production capacity of 600 million bags annually. By adopting a vast amount of new technologies and facilities, the production lines will turn to be the most advanced model of intelligent manufacturing and digital transformation in the industry. The Group will improve the sales proportion of therapeutic infusion products, at the same time make full use of its innovation achievements in the research and

development of solid preparations, ampoule injections, lyophilized powder and other types of products. The Group will put its full effort in implementation the tender-awarded products under the seventh round of National Centralised Medicines Procurement, and seize the market opportunities arising from the eighth round of National Centralised Medicines Procurement. The Group will make efforts to strengthen and expand its bulk pharmaceuticals business, and make a greater contribution to the development of the Group. With a focus on the key target of an annual production and sales volume of 7,000 tonnes of caffeine in 2023, the Group will devote more efforts to explore domestic customers while stabilising the overseas customer base. In terms of research and development of new product, efforts will be made to achieve new breakthroughs in accelerating development of specialised generic drugs and innovative drugs. The Group will continue to proactively push forward the upgrade of Jiangsu Best New Medical Material listing to the A-share market of the Beijing Stock Exchange and spinoff listing of bulk pharmaceuticals in the PRC. At the same time, the Group will proactively seek opportunities of acquisition and investment in the pharmaceutical industry.

Mr. Qu Jiguang, Chairman and CEO of SSY said, “By leveraging on its own advantages, the Group will seize new opportunities in the industry development, maintain the resilience and vitality of innovative development, and strive for promoting high quality development of the Group. We firmly believe that, by virtue of our scale, quality, management and brand advantages accumulated in the industry over the years and our continuous stimulation of innovation momentum, we will definitely bring satisfactory returns to our investors with a more solid development performance.”

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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.

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