



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 2020 interim results

Net profits drop 55% to HK\$247 million with interim dividend HK\$0.05/share

Keep composure facing outbreak of the novel coronavirus

Strive to make new innovative breakthroughs

Results summary:

- Total revenue HK\$1,783 million for first half year, representing a decrease of 23.3% y-o-y
- Net profit HK\$247 million, representing a decrease of 54.9% y-o-y
- The Board resolved to pay interim dividend of HK\$0.05 /share, unchanged from last year

(25 August 2020 – 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 2020 (“first half of the year” or the “period”).

During the first half year, the Group achieved a revenue of HK\$1,783 million, representing a decrease of 23.3% and the gross profit margin remained at 64%. The Group achieved a net profit of HK\$247 million, representing a decrease of 54.9% compared to the corresponding period of last year. During the first half year, the operational activities of various sizes of hospitals and various types of clinics in the PRC were severely disrupted by the epidemic and thus the number of patients substantially decreased. The sales volume of the intravenous infusion solutions, being the major products of the Group, dropped considerably. The Group extended sales & marketing and supply services through “cloud services” and other means. During the period, the Group developed new businesses in more than 80 hospitals to further secure and stabilize its market, laying a solid market foundation for the rapid business recovery of the Company after the epidemic.

The Board of directors proposed to pay an interim dividend of HK\$0.05 per share for year 2020, 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.

During the first half of the year, sales volume of intravenous infusion solutions reached approximately 482 million bottles/bags, representing a decrease of approximately 38% year-on-year, of which the proportion of therapeutic infusion solutions among the intravenous infusion solutions increased to 31.6%, representing an increase of 1.1 percentage points year-on-year. The Group increased its effort in promoting the sales of new products in different provinces, among which the online tender of Moxifloxacin Hydrochloride and

Sodium Chloride Injection has been completed in 31 provinces and municipalities and has resulted in sales in 22 provinces, achieving sales of RMB127 million during the first half of year 2020. As a broad-spectrum antiviral drug, the Group's Abidol Hydrochloride capsule has played a positive role in this fight against the epidemic, and was included in "Diagnosis and Treatment Program for Novel Coronavirus Infected Pneumonia", "Guidelines for the Rational Use of Antiviral Drugs in Children with Viral Infectious Respiratory Diseases" and National Medical Insurance Catalogue 2019. Its revenues for the first half year amounted to RMB50.64 million, representing a significant increase of 19 times compared to the corresponding period of last year. Export sales to foreign countries achieved a growth despite the unfavourable market trend, with increases in export revenue of 14.9% and export volume of infusion solution of 15.4% during the first half year as compared to corresponding period of last year. We completed the registration procedures and obtained registration certificates for 26 product specifications overseas, and increased 2 new countries for export.

For both existing and potential markets, the Group further pushed forward the progress of research and development of innovative drugs and generic drugs as well as the consistency evaluation of generic drugs, and achieved results as expected. The Group obtained approvals for production of Doxofylline Injection and Ropivacaine Hydrochloride Injection being two items under newly classified Type 4 chemical drug. In year 2020, it obtained approval for Cefdinir capsule and Prucalopride Succinate tablet, being newly classified Type 4 oral formulation. All of them were regarded as one of the first three enterprises that had passed through consistency evaluation in the PRC. Doxofylline Injection has a new type of packaging in PP ampoule instead of the original glass ampoule for better convenience and safety. Ropivacaine Hydrochloride Injection is a new type of local anesthetic drug being the first one that passed through consistency evaluation. Cefdinir capsule and Prucalopride Succinate tablet were both awarded the first place in the tender results of National Centralised Medicines Procurement. The approval for Rosuvastatin Calcium Tablet, a newly classified Type 4 chemical drug, was also obtained. It is used for treatment of primary hypercholesterolemia or mixed dyslipidemia. In addition, 72 research and development projects were submitted for approval, including clinical trial application of NP-01 under Type I new drug, 4 items under Type 4 chemical drugs, 1 item under Type 3 chemical drugs and 3 items for consistency evaluation.

Regarding development of projects, through product process optimization as well as equipment modification and upgrades, Hebei Guangxiang Pharmaceutical Co., Ltd. is rapidly releasing its production capacity of bulk pharmaceuticals, thus beginning to show the advantage of production cost. The Company has planned for a spin-off and separate listing of its integrated business of bulk pharmaceuticals on a stock exchange in the PRC.

Looking ahead in the second half year, domestic and international economy will be more complex and dynamic. As the novel coronavirus epidemic may become normalised, the pressure arising from external factors may persist and bring new challenges to the Group's operation and sales. Facing numerous uncertainties, the Group will continue to keep its composure, uphold its development focus and do its best in maintaining the momentum in sustainable and stable development of the Group. The Group will promote development by innovation, and improve efficiency by management. The Group will maintain our major

products in the leading position of intravenous infusion solution market. At the same time, the Group will strengthen the marketing efforts of major products, such as therapeutic infusion solution products and small volume injection products, as well as newly approved drug types and will also expand the sales proportion of high-value-added preparation products. On the other hand, the Group will actively utilize the production capacity of bulk pharmaceuticals and improve capacity utilization to lay a solid foundation for the listing in the PRC. Moreover, the Group will continue to make progress on implementation of innovative drug evaluations and consistency evaluations. We will adhere to the new product development idea of “combination of generic and innovative drugs” with development of as injections the basis. At the same time, we will take into consideration of research and development of new types of oral solid preparation, bulk pharmaceuticals and medical materials. At the same time, the Group strives to make new breakthroughs in the research and development of innovative drugs.

Mr. Qu Jiguang, Chairman and CEO of SSY Group Limited said, “We will not be discouraged by the disappointing result in the first half year. We are full of confidence on the future development of the Group. Leveraging on the competitive edges on our scale, quality, lean management and branding in the industry, we will firmly grasp development initiatives, keep innovative vitality and push forward high-quality development of the Group. We will deliver more solid development results to bring satisfactory returns to our investors. I would like to take this opportunity to express our gratitude to our investors and all staff of the Group for their support to the development of the Company.”

– End –

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 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, including OTC drugs, bulk medicine and medical materials, mainly intravenous infusion solution 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.

For more information: iPR Ogilvy & Mather
ssy@iproqilvy.com