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石四藥集團有限公司 SSY Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2005)

INSIDE INFORMATION LAND REPURCHASE AGREEMENT

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board announces that the Land Reserve Centre and Shijiazhuang No.4 Pharma (an indirect wholly-owned subsidiary of the Company) entered into the Land Repurchase Agreement on 2 December 2019 in accordance with relevant PRC laws and regulations, pursuant to which the Land Reserve Centre has agreed to repurchase and Shijiazhuang No.4 Pharma has agreed to sell the Land Use Right. Upon the completion of the Land Repurchase Agreement, the state-owned land use right certificate of the Land Parcel held by Shijiazhuang No.4 Pharma shall be cancelled.

THE LAND REPURCHASE AGREEMENT

Date

2 December 2019

Parties

1. Shijiazhuang City Land Reserve Centre* (石家莊市土地儲備中心)
2. Shijiazhuang No.4 Pharma

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Land Reserve Centre and its ultimate beneficial owner is a third party independent of the Company and its connected persons.

Compensation Amount

The parties agreed that Shijiazhuang No.4 Pharma shall, generally and subject to adjustments, be paid 60% of the Public Tendering Price as Compensation for the repurchase of the Land Parcel.

Payment Terms

The Land Reserve Centre shall pay the Compensation to Shijiazhuang No.4 Pharma within 10 working days upon the handover of the Land Parcel to the successful bidder of the Public Tendering.

Financial Effects

The Group expects to have a gain of approximately RMB118 million before tax if and upon successful completion of the Public Tendering. The actual amount of gain is subject to audit and will take into account any costs and expenses incurred relating to the Land Parcel, and accordingly it may be different from the amount above.

FURTHER INFORMATION

In connection with the Land Repurchase Agreement, Shijiazhuang No.4 Pharma has previously engaged the Property Developer to arrange for the possible repurchase of the Land Parcel and development of the Project, and as consideration, Shijiazhuang No.4 Pharma shall be entitled to the Fixed Income. The Property Developer intends to acquire the Land Parcel through Public Tendering and has prepaid the Fixed Income of RMB155 million to Shijiazhuang No.4 Pharma. If the Property Developer obtains the Land Parcel at the Public Tendering and upon the receipt of the Compensation by Shijiazhuang No.4 Pharma, Shijiazhuang No.4 Pharma shall pay the Compensation to the Property Developer.

If the Property Developer is unable to obtain the Land Parcel at the Public Tendering, Shijiazhuang No.4 Pharma shall refund the Fixed Income and all other payments made by the Property Developer (without interest) to the Property Developer within 7 working days from the Public Tendering. Shijiazhuang No.4 Pharma shall then be entitled to retain the Compensation received under the Land Repurchase Agreement.

If the Property Developer does not participate in the Public Tendering of the Land Parcel, Shijiazhuang No.4 Pharma shall have the right to retain the Fixed Income.

Save for the Fixed Income, Shijiazhuang No.4 Pharma shall not participate in the sharing of income or profits from the Project, nor shall it be responsible for the operational losses arising from the Project.

The Property Developer shall be responsible for all the development works of the Project, including but not limited to project development and construction, operational management and sales and marketing. The Property Developer shall be responsible for all the funding and investments into the Project. Upon obtaining the Land Parcel, the Property Developer shall also be solely responsible for the development and operations of the Project.

As all of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the disposal of the Land Parcel are less than 5%, the disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

REASONS FOR ENTERING INTO THE LAND REPURCHASE AGREEMENT

The Land Parcel is largely vacant land near the central region of Shijiazhuang where Shijiazhuang No.4 Pharma's factory was previously located. The Directors believe that the disposal will realise the value of the Land Parcel and will enable the Group to free up capital for its business operations. The Directors consider that the terms of the Land Repurchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The cash proceeds from the disposal will be used as general working capital of the Group. Further development regarding the Land Repurchase Agreement will be announced by the Company as and when appropriate in accordance with the Listing Rules.

The receipt of Compensation by Shijiazhuang No.4 Pharma pursuant to the Land Repurchase Agreement may or may not materialise. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions have the meanings ascribed to them below:

“Board”	the board of Directors
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	SSY Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“Compensation”	60% of the Public Tendering Price to be paid to Shijiazhuang No.4 Pharma as compensation for the repurchase of the Land Parcel
“Director(s)”	the board of Directors of the Company
“Fixed Income”	RMB155 million as the fixed income paid by the Property Developer to Shijiazhuang No.4 Pharma in respect of the Project
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“Land Parcel”	a parcel of land situated at 35 Huitong Road, Yuhua District, Shijiazhuang City* (石家莊市裕華區匯通路35號) with a land area of 24,298.40 square metres, including all buildings and constructions on the land
“Land Reserve Centre”	Shijiazhuang City Land Reserve Centre* (石家莊市土地儲備中心)
“Land Repurchase Agreement”	the state-owned land use right acquisition (repurchase) agreement* (國有土地使用權收購(回)合同) entered into between Shijiazhuang No.4 Pharma and the Land Reserve Centre in respect of the repurchase of the Land Parcel
“Land Use Right”	the land use right in respect of the Land Parcel
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan)
“Project”	the proposed development of the Land Parcel by the Property Developer
“Property Developer”	A limited liability company established under the laws of the PRC located in Shijiazhuang which is principally engaged in property development
“Public Tendering”	the public tendering process in respect of the Land Parcel to be carried out by the Land Reserve Centre upon the completion of the Land Repurchase Agreement
“Public Tendering Price”	the total price for which the Land Parcel is sold in the Public Tendering
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	share(s) with a par value of HK\$0.02 each (or such other nominal amount as shall result from a sub-division or a consolidation of such shares from time to time) in the capital of the Company;
“Shijiazhuang No.4 Pharma”	Shijiazhuang No.4 Pharmaceutical Co., Ltd., an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
Chow Hing Yeung
Company Secretary

Hong Kong, 2 December 2019

As at the date of this announcement, the Board comprises Mr. Qu Jiguang, Mr. Wang Xianjun and Mr. Su Xuejun as executive Directors, Mr. Feng Hao as non-executive Director and Mr. Wang Yibing, Mr. Leung Chong Shun and Mr. Chow Kwok Wai as independent non-executive Directors

** For identification purpose only*