



# 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 2018 interim results**  
**Net profits up 55% to HK\$446 million with interim dividend HK\$0.04/share**  
**Growth in sales volume and price from a better product mix**  
**Continuous achievements from innovations**

**Results summary:**

- Total revenue HK\$2,093 million for first half year, representing an increase of 57.9% year over year
- Net profit HK\$446 million, representing an increase of 54.7% year over year
- The Board resolved to pay an increased interim dividend of HK\$0.04 per share

(27 August 2018 – 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 2018 (“first half of the year” or the “period”).

During the first half of the year, the Group achieved a revenue of HK\$2,093 million, representing an increase of 57.9% compared to the corresponding period of last year, and the gross profit margin increased by 8.2 percentage point. The net profit was HK\$446 million, representing an increase of 54.7% compared to the corresponding period of last year. During the first half of the year, the Company put a greater effort into business development, making full use of its dominances in variety, quality, cost and brand and strengthen its market share. Production and sales of intravenous infusion solutions, the Company’s leading products, were thriving and upright soft bags achieved the most significant growth. The proportion of therapeutic infusion solutions began to rise, promoting the improvement of the Company’s product mix. During the period, as the products further reverted to rational pricing, the prices of different products had growth at varying degrees. Besides, therapeutic infusion solutions contributed to the overall rise in average selling price.

The Board of directors resolved to pay an interim dividend of HK\$0.04 per share for year 2018, which represented an increase compared to last year interim dividend of HK\$0.03 per share. The total amount of interim dividend this year to be paid is HK\$121 million.

During the first half of the year, sales volume of intravenous infusion solutions reached 721 million bottles/bags, representing an increase of 15.0% compared to the corresponding period of last year. Last year, the Group successfully widened its market coverage from northern China region to the whole country. For the first half of this year, the Company further achieved steady development in the market. The number of provinces with sales exceeding RMB50 million further increased to 14 in the first half of this year, laying a market foundation for the Company's future expansion of its new products. Export sales to foreign countries continued to maintain stable growth. Production and sales volume of small liquid injections products in ampoule started to increase rapidly. During the first half of the year, sales volume increased by 92.9% compared to the corresponding period of last year. With more production approvals obtained, production of small liquid injections in ampoules will become one of the new growth points of the Company's results in the future. In respect of medical materials, the Company brought its own technological advantages into full play, putting effort into the business development of high value-added products, among which disposable sterilized rubber stoppers provided for angiography was successfully registered in the United States.

Technological innovation capabilities of the Group have been further enhanced. "Project of Establishment and Application of Soft Bag Infusion Solution Quality Control Technology System" was awarded the First Prize of Hebei Province Science and Technology Progress Award for the year 2017 by the People's Government of Hebei Province, being the only enterprise in the pharmaceutical industry of Hebei Province which received the First Prize for that year. In March 2018, the Group's technology centre was recognized as the National Enterprise Technology Centre. There has been continuous achievements from new innovations. In the first half of the year, the Company was granted approvals for drug production and registration for a total of 9 chemical drugs, among which Hemofiltration Solution and Hemofiltration Basic Replacement Fluid were the crucial products for the Company to enter the hemofiltration market. Large-scale sterile production, Balanced Salt Solution for ophthalmic operations and liquid injection products in polypropylene ampoule relatively less competition in the product market provided better room for market growth. Consistency evaluation of chemical drugs in oral and injection preparations has been making steady progress.

In the aspect of development of projects, new production line for surgical soft bag intravenous infusion solution in sterile package has been completed in the first half of the year, and is expected to commence operation in the fourth quarter of this year. The large-volume soft bag production line is under construction, and is expected to meet the criteria of production in year 2019. The construction of bulk pharmaceuticals project phase one focuses on the production of caffeine. The main building for workshop of phase one has been fully topped out. For the equipment required for production, we have completed the

tender for procurement, and started the installation upon delivery. For the construction of environmental protection facilities, preliminary works of wastewater and exhaust gas treatment have been completed.

Looking ahead for the second half of the year, the pharmaceutical industry will continue to have steady run in general. In terms of intravenous infusion solution industry, upon industry consolidation, the environment in which stronger side always enjoys superiority remains unchanged which fosters the development of leading enterprises. The Company will exert all efforts to capture opportunity by expanding its market share, improving its product mix, to help strengthening the Company's leading position in the intravenous infusion solutions industry. The annual sales target of intravenous infusion solutions is 1,500 million bottles/bags. Sales for new products such as Sodium Acetate Ringer and Ambroxol in upright soft bags will be realized on a large scale, and surgical soft bag products will be launched on the market in batches.

Regarding the research and development of new products, the Company will adhere to the new products development idea of "combining generic drugs and innovative drugs" with injection as the basis. We will comprehensively promote the development of the new products for therapeutic injections and focus on various fields including treatment of chronic diseases and circulatory systems, emergency anesthesia therapy, antipyretic and analgesic therapy, as well as the new anti-infective therapy. We expect to obtain approximately 20 production approvals for injection this year. The company will accelerate the forming of Company's product portfolio in the field of respiratory and kidney disease and dialysis, gradually establishing its leading position in injections in terms of high-end drug delivery system and innovative packaging form. Meanwhile, to seize high-end market, the Company will further optimize the product line of polypropylene plastic ampoules. The Company will work on the linkage commissioning and preparations for trial run of the chemical bulk pharmaceuticals project by end of this year.

**Mr. Qu Jiguang, Chairman and CEO of SSY Group Limited** said, "We are full of confidence on the future development of the Company. Leveraging on the competitive edges on our scale, quality and lean management in the industry, our leading position in the industry of infusion solution products will be further strengthened despite strong market competition. We are committed to bringing satisfactory return 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."

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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 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@iprogilvy.com](mailto:ssy@iprogilvy.com)