

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



The United Laboratories International Holdings Limited

聯邦制藥國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3933)

DISCLOSEABLE TRANSACTION CHANGE OF LAND USE

On 12 March 2014, United Laboratories (Chengdu), a wholly-owned subsidiary of the Company, and the Pengzhou Land Bureau executed the Contracts in relation to the Change of Land Use. The Premium payable by United Laboratories (Chengdu) for the Change of Land Use amounts to RMB484,049,900 (equivalent to approximately HK\$611,597,049).

In light of the cessation of operation of the Group's manufacturing plant located on the Land, the Pengzhou Technology Information Bureau has agreed to grant United Laboratories (Chengdu) the Financial Subsidy in the aggregate amount of RMB311,804,310 (equivalent to approximately HK\$393,964,746).

As one of the applicable percentage ratios in respect of the Change of Land Use calculated in accordance with Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the Change of Land Use constitutes a discloseable transaction for the Company and is therefore subject to the announcement requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

As disclosed in the interim report of the Company for the six months ended 30 June 2013, the Group decided to gradually relocate the production line for its intermediate products, 6-APA and T-octylammonium clavulanate at its Chengdu plant and consolidate it with the production in Inner Mongolia to enhance the scale of production, reduce the cost of production and enhance efficiency.

United Laboratories (Chengdu), a wholly-owned subsidiary of the Company, has applied with the Pengzhou Land Bureau, the Pengzhou Planning and Management Bureau and the Pengzhou People's Government for a change of the land use of the Land from industrial use to commercial and service industry facility and residential uses. United Laboratories (Chengdu) received the letter of approval issued jointly by the Pengzhou Land Bureau and the Pengzhou Planning and Management Bureau dated 12 December 2013 and the letter of approval issued by the Pengzhou People's Government dated 16 December 2013, both approving the Change of Land Use, subject to the execution of the Contracts and payment of the Premium.

United Laboratories (Chengdu) and the relevant government authorities have since then engaged in the negotiation of the terms of the Contracts, including the Premium. They reached in-principle agreement on the key terms of the Contracts on 27 December 2013, subject to formal execution of the Contracts.

On 12 March 2014, United Laboratories (Chengdu) and the Pengzhou Land Bureau executed the Contracts. Principal terms of the Contracts are set out below:

PRINCIPAL TERMS OF THE CONTRACTS

- Date : 27 December 2013
- Parties : (1) United Laboratories (Chengdu), as assignee of the land use right of the Land; and
(2) the Pengzhou Land Bureau, as assignor of the land use right of the Land.
- Information on the Land : The Land, comprising three parcels of land, is situated in South Portion of No. 8 Mu Dan Main Road, Pengzhou City, Chengdu City, Sichuan Province, the PRC (中國四川省成都市彭州市牡丹大道南段8號). The Land has a total site area of approximately 328,984.744 square meters.
- The Land is free from any assignments, leases or encumbrances as at the date of this announcement.
- Permitted usage of the Land : Commercial and service industry facility and residential uses upon the Change of Land Use.
- Premium : The aggregate premium payable for the Change of Land Use is RMB484,049,900 (equivalent to approximately HK\$611,597,049), among which (i) RMB20,312,200 (equivalent to approximately HK\$25,664,465) shall be paid by United Laboratories (Chengdu) in cash within 180 days upon execution of the Contracts; and (ii) RMB463,737,700 (equivalent to approximately HK\$585,932,584) shall be paid by United Laboratories (Chengdu) in cash in three instalments within 180 days upon execution of the Contracts.
- To the best knowledge of the Directors, the Pengzhou Land Bureau and the Pengzhou People's Government have determined the Premium with reference to, among other things, the size of the Land and the estimated variation in the price of the Land upon the Change of Land Use.
- The Premium will be funded by the internal resources of the Group and the Financial Subsidy.

- Term : The term of the land use right for commercial and service industry facility use is 40 years.
- The term of the land use right for residential use is 70 years.
- Development: : United Laboratories (Chengdu) is required to commence the development of the Land within one year upon execution of the Contracts.
- If United Laboratories (Chengdu) fails to commence the development of the Land within one year upon execution of the Contracts, the Pengzhou Land Bureau will be entitled to impose a penalty for idle land on United Laboratories (Chengdu) in the amount of less than 20% of the Premium.
- If United Laboratories (Chengdu) fails to commence the development of the Land within two years upon execution of the Contracts (other than as a result of any force majeure event or any action undertaken by any government authority or the delay in completion of any necessary preparatory work for the development of the Land), the Pengzhou Land Bureau will be entitled to revoke the grant of the land use right of the Land without compensation.

FINANCIAL SUBSIDY

In light of the cessation of operation of the Group's manufacturing plant located on the Land, the Pengzhou Technology Information Bureau has agreed to grant United Laboratories (Chengdu) the Financial Subsidy in the aggregate amount of RMB311,804,310 (equivalent to approximately HK\$393,964,746).

FINANCIAL IMPACT OF THE CHANGE OF LAND USE

Taking into account the amount of the Premium to be paid by, and the Financial Subsidy to be received by, United Laboratories (Chengdu), the net cash outlay of the Group in respect of the Change of Land Use will be approximately RMB172,245,000 (equivalent to approximately HK\$217,631,558).

It is currently expected that the buildings and facilities at the manufacturing plant situated on the Land with carrying value of approximately RMB749,413,000 (equivalent to approximately HK\$946,883,326) will be subject to a substantial write down of approximately RMB633,712,000 (equivalent to HK\$800,695,112).

The net book value of the Land measured at cost as at 31 December 2013 is approximately RMB22,537,000 (equivalent to HK\$28,475,500). The Company has engaged Roma Appraisals Limited, an independent valuer, to undertake the valuation of the Land immediately before and after the Change of Land Use. According to the valuation of Roma Appraisals Limited, the market value of the Land as at 31 December 2013 immediately before the Change of Land Use is approximately RMB272,500,000 (equivalent to HK\$344,303,750). The market value of

the Land as at 31 December 2013 immediately after the Change of Land Use is approximately RMB1,819,000,000 (equivalent to HK\$2,298,306,500). An unaudited net reserve of approximately RMB95,000,000 (equivalent to HK\$120,032,500) and an unaudited fair value gain of approximately RMB503,000,000 (equivalent to HK\$635,540,500), both net of related stamp duties, levies, expected land appreciation and income taxes immediately before and after the Change of Land Use, is expected to be recognised in the Company's consolidated financial statements for the year ended 31 December 2013.

The Directors are of the view that the Change of Land Use will not have any material adverse impact on the financial position and the financial performance of the Group.

REASONS FOR AND BENEFITS OF THE CHANGE OF LAND USE

In order to enhance the scale of production, reduce the cost of production and enhance efficiency, the Group decided to gradually relocate the production line for its intermediate products, 6-APA and T-octylammonium clavulanate at its Chengdu plant and consolidate it with the production in Inner Mongolia.

With respect to the Land on which the Chengdu plant situates, the value of the Land, the Directors believe, would be significantly enhanced after the Change of Land Use.

Currently, the Company has no specific plan in developing the Land. However, the Company will take into consideration different factors including the then market conditions before finalizing any plan for the development of the Land.

The Directors believe that the Contracts are on normal commercial terms and are fair and reasonable and the Change of Land Use is in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE GROUP AND THE PENGZHOU LAND BUREAU

The Company is an investment holding company and through its subsidiaries is principally engaged in the manufacturing and sale of pharmaceutical products.

The Pengzhou Land Bureau, a PRC Governmental Body (as defined in Rule 19A.04 of the Listing Rules), is responsible for the administration of land and mineral resources in Pengzhou City, Sichuan Province, the PRC. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Pengzhou Land Bureau is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios in respect of the Change of Land Use calculated in accordance with Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the Change of Land Use constitutes a discloseable transaction for the Company and is therefore subject to the announcement requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	The United Laboratories International Holdings 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
“Change of Land Use”	change of permitted use of the Land from industrial use to commercial and service industry facility and residential uses contemplated under the Contracts
“Contracts”	the State-owned Land Use Right Assignment Contracts (Variation Agreements) (《國有土地使用權出讓合同》變更協議) with respect to the Change of Land Use
“Directors”	the directors of the Company
“Financial Subsidy”	the financial subsidy in the aggregate amount of RMB311,804,310 (equivalent to approximately HK\$393,964,746) agreed to be granted by the Pengzhou Technology Information Bureau to United Laboratories (Chengdu)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“Land”	three parcels of land, comprising Land 1, Land 2 and Land 3, with a total site area of approximately 328,984.744 square meters
“Land 1”	a parcel of land (with the Land Certificate No.: Peng Guo Yong (2003) No. 35-2234 《彭國用 (2003) 第35-2234號》) situated in South Portion of No. 8 Mu Dan Main Road, Pengzhou City, Chengdu City, Sichuan Province, the PRC (中國四川省成都市彭州市牡丹大道南段8號) with a site area of approximately 315,029.561 square meters
“Land 2”	a parcel of land (with the Land Certificate No.: Peng Guo Yong (2003) No. 35-2233 《彭國用 (2003) 第35-2233號》) situated in South Portion of No. 8 Mu Dan Main Road, Pengzhou City, Chengdu City, Sichuan Province, the PRC (中國四川省成都市彭州市牡丹大道南段8號) with a site area of approximately 9,055.424 square meters

“Land 3”	a parcel of land (with the Land Certificate No.: Peng Guo Yong (2007) No. 35-2859 《彭國用 (2007) 第35-2859號》) situated in South Portion of No. 8 Mu Dan Main Road, Pengzhou City, Chengdu City, Sichuan Province, the PRC (中國四川省成都市彭州市牡丹大道南段8號) with a site area of approximately 4,899.759 square meters
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Pengzhou Technology Information Bureau”	The Industrial and Scientific Technology Information Bureau of Pengzhou City (彭州市工業和科學技術信息化局)
“Pengzhou Land Bureau”	The Bureau of Land and Resources of Pengzhou City (彭州市國土資源局)
“Pengzhou People’s Government”	The Pengzhou Municipal People’s Government (彭州市人民政府)
“Pengzhou Planning and Management Bureau”	The Planning and Management Bureau of Pengzhou City (彭州規劃管理局)
“PRC”	the People’s Republic of China (which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan)
“Premium”	RMB484,049,900 (equivalent to approximately HK\$611,597,049), to be paid by United Laboratories (Chengdu) to the Pengzhou People’s Government for the Change of Land Use pursuant to the Contracts
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United Laboratories (Chengdu)”	United Laboratories (Chengdu) Limited (聯邦製藥(成都)有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company

If there is any inconsistency between the official Chinese name of the PRC government authorities or the PRC entities mentioned in this announcement and their English translation, the Chinese version shall prevail. English translations of official Chinese names are for identification purpose only.

Unless otherwise specified, the conversion of Renminbi into Hong Kong dollars is based on the exchange rate of RMB1=HK\$1.2635. The conversion is for the purpose of illustration only and does not constitute a representation that the amounts in question have been, could have been or could be converted at the above rates or any other rates at all.

By Order of the Board
The United Laboratories International Holdings Limited
Tsoi Hoi Shan
Chairman

Hong Kong, 17 March 2014

As at the date of this announcement, the Board comprises Mr. Tsoi Hoi Shan, Mr. Leung Wing Hon, Ms. Zou Xian Hong, Ms. Zhu Su Yan, Mr. Fang Yu Ping and Ms. Choy Siu Chit as executive directors; and Mr. Chong Peng Oon, Mr. Huang Bao Guang, Mr. Song Ming and Ms. Fu Xiao Nan as independent non-executive directors.