

[For Immediate Release]



**The United Laboratories International Holdings Limited  
recorded an encouraging growth in 2019  
Finished products revenue up 21.9%**

**Financial Highlights**

(RMB mn)	For the year ended 31 June		
	2019	2018	Change
Revenue	<b>8,392.6</b>	7,510.6	+11.7%
Gross profit	<b>3,621.3</b>	3,052.1	+18.6%
EBITDA	<b>1,798.2</b>	1,788.4	+0.5%
Profit attributable to shareholders of the Company	<b>641.8</b>	682.9	-6.0%
Earnings per share (RMB cents)			
- Basic	<b>39.14</b>	41.80	-6.4%
- Diluted	<b>39.14</b>	32.27	+21.3%
Final dividend per share (RMB cents)	<b>7</b>	6	+16.7%

(31 March 2020 – Hong Kong) The United Laboratories International Holdings Limited (“TUL”, the “Company” or the “Group”; Stock code: 3933), one of the leading pharmaceutical product manufacturers in the PRC, announced today its audited annual results for the year ended 31 December 2019 (the “Year”).

In 2019, the Group’s turnover increased by 11.7% to approximately RMB8,392.6 million. The gross profit recorded RMB3,621.3 million and the gross profit margin grew by 2.5 percentage points to 43.1%. EBITDA grew by 0.5% year-on-year to approximately RMB1,798.2 million. Profit attributable to shareholders of the Company was RMB641.8 million (2018: RMB682.9 million). Basic earnings per share amounted to RMB39.14 cents. The Board recommends a final dividend of RMB7 cents per share for the year ended 31 December 2019.

During the Year, the government forged ahead with the comprehensive reform of public hospitals, coordinating well the three key components, namely, medical insurance, medical care and pharmacy, thus advancing the health care reform and improving the regulation of the sector. In the meantime, the government extended the list of drugs for bulk procurement, adjusted the catalog of medicines covered by the national medical insurance system, and made progress in the consistency evaluation of injection drugs. All this demonstrated the Chinese government’s determination to carry out the reform of the pharmaceutical industry, improve the quality of domestically produced drugs and further the health care reform. The concentration of the pharmaceutical industry is on the rise as the reform continues. The

consolidation and upgrading of China's generic drug industry will also be sped up, facilitating innovation. As one of the leading players in the industry that align with the medical reform, the Group will be well-positioned to seize new opportunities for growth.

For the business of finished products, the insulin series products continued to be the major growth driver. During the Year, a total of 16.83 million vials of recombinant human insulin injections were sold and the Group recorded a sales revenue of RMB687.0 million. The insulin glargine injection recorded a significant year-on-year increase of 158.5% in sales, amounting of 1.61 million vials. Revenue from the sales of the product were RMB222.7 million.

Sales of the Group's other finished products continued to grow steadily. In particular, Piperacillin Sodium and Tazobactam Sodium for Injection (trade name: "聯邦他唑仙") generated sales revenue of RMB694.9 million during the Year, up by 44.0%. The product also topped the sales chart as a single finished product. Revenue from the sales of amoxicillin capsules (trade name: "聯邦阿莫仙") increased by 17.8% to RMB531.5 million. Revenue from the sales of memantine hydrochloride series, a drug that treats moderate and severe Alzheimer's disease, (trade name: "邦得清") grew by 77.3% to RMB78.6 million during the Year.

Revenue of intermediate products business increased by 3.8% to RMB1,280 million while that from its bulk medicine business grew by 6.0% to RMB3,593 million. During the Year, the price of semi-synthetic penicillin bulk medicine fluctuated slightly, and the price of 6-APA gradually decreased to a low level as the industry's production capacity for that product recovered. The Group's bulk medicine business recorded a steady growth in its export sales despite the challenges in the international market for pharmaceuticals and bulk medicine and the slower growth of China's imports and exports. It was because the Group continued to optimize its product mix, further developed the world's key pharmaceutical markets, and pressed on with the internationalization of its business. During the Year, revenue from the export sales of the Group's intermediate products and bulk medicine increased by 23.7% to RMB2,435 million in 2019, enabling the Group to maintain its leadership in the export market for these products from China. The Group was ranked among "China Top Ten Member Exporters of APIs" again by China Chamber of Commerce for Import and Export of Medicines and Health Products.

The Group is committed to research and development and is developing 29 new products which can further enrich its portfolio of finished products. In particular, the Group has applied for the permit of the production of insulin aspart injection and insulin aspart 30 injection. It had also conducted a clinical trial of liraglutide injection. In September 2019, the Group also obtained an approval for the clinical trial of insulin degludec injection. With the improving facilities for research and development of biological technology, the Group will continue to develop products related to internal secretion and the treatment of autoimmune disease. With regard to the research and development of chemical pharmaceuticals, the Group remains focused on a series of anti-HBV drugs and eye drops, and will continue to expand into the fields of new drugs.

Upholding the concept of sustainable development, the Group always put environment first. It kept on increasing investment in environmental protection with advanced technologies and enhanced environmental management in line with the national strategy of environmental protection. The United Laboratories (Inner Mongolia) Co., Ltd. (聯邦制藥(內蒙古)有限公司) piloted its project of “Reusing Reclaimed Water” at the end of 2019, aiming for zero discharge of sewage at its factory in the future. In the meantime, The United Laboratories (Inner Mongolia) Co., Ltd. successfully passed the European Union GMP on-site inspection, and won opportunities for the Group to develop the competitive European market. In addition, Zhuhai United Laboratories Co., Ltd. (珠海聯邦制藥股份有限公司) was included in the Fourth Batch of the Green Manufacturers List issued by the Ministry of Industry and Information Technology and won the national “Green Plant” award, which demonstrated the government’s recognition of the Group’s environmental protection efforts, and therefore further improved the Group’s brand image and overall influence.

With regard to financial management, the Group continued to adjust the financial structure and improve its liquidity during the Year, thus ensuring that there was adequate working capital. The Company’s indirect wholly owned subsidiary The United Laboratories (Inner Mongolia) Co., Ltd. entered into a facility agreement dated 23 September 2019 with China Development Bank Hong Kong Branch for a HK\$300 million loan facility. In addition, on 8 November 2019, the Company entered into a syndicated loan agreement for a three-year dual currency term loan facility of a sum equivalent to a maximum of HK\$2 billion. The Group has been gradually receiving the funds under this loan agreement, which are mainly used to repay the bank loans and replenish its liquidity. The Group has fully repaid corporate bonds issued in China with a total principal amount of RMB1.1 billion in February 2020. During the year, the Group also recorded a gain of RMB200.4 million on disposal of a subsidiary, United Laboratories (Chengdu) Limited.

Due to the special role assumed by pharmaceutical industry under this novel coronavirus outbreak, pharmaceutical companies are exposed to both opportunities and challenges. The Group has organized employees to resume work efficiently and orderly. At present, the Group has brought all production lines back into full operations, with stability and a healthy liquidity position.

Looking forward, **Mr. TSOI Hoi Shan, the Chairman of the Group** concluded that, “Although China’s economic outlook is clouded by uncertainties, the country’s pharmaceutical industry is expected to continue its transformation that can result in its improvement and usher in a stage of high-quality development. Insulin series products will continue to be of strategic importance to the Group’s business development, and as such, the Group will strive for growth in the sales of the products and their larger share of the market. In addition, the Group will pursue all-round, balanced and sustainable development of products, market, and sales team by building up the platform for academic exchanges and improving the management system. As the competition in the market becomes less intense, prices of such major products as intermediate products and bulk medicine can stabilize and then rebound in 2020. In the future, the industries of intermediate products, bulk medicine and finished products will coordinate their

development more closely. The Group will continue to optimize its product mix and give full play to its vertical integration model. The Group will closely follow the state policies on the pharmaceutical industry, environmental protection, economic development and trade so as to actively seize opportunities in both the market and industry. It will also improve its overall competitive strength by cultivating its capabilities for innovation, research and development. Only then can the Group sustain the momentum of its development and therefore create greater returns to shareholders and benefits for clients and other stakeholders.”

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#### **Company Information**

Listed on the Stock Exchange of Hong Kong in June 2007, TUL is one of the leading pharmaceutical companies in China, principally engaged in the R&D, manufacturing and selling of finished products, bulk medicines and intermediate products. Up to now, the Group has a total of 188 products qualified to produce in the PRC and/or Hong Kong based on the Drug Registration Approvals in the PRC and Certificates of Drug or Product Registration in Hong Kong, 84 were in production. The Group has 42 finished products listed in National Insurance Drug List and 15 are in the list of the National Essential Drug List. The Group is currently a component of the Hang Seng Composite Index Series.

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