[For Immediate Release]

The United Laboratories International Holdings Limited Announces 2013 Interim Results

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Turnover increased to HK$3.75 billion Achieved stable business growth
The recombinant human insulin products to capture a larger market share

Financial Highlights

	For the six months ended 30 June		
(HK$ million)	**2013**	2012	Change
Turnover	**3,745.9**	3,646.5	**+2.7%**
Gross profit	**1,146.8**	1,070.2	**+7.1%**
EBITDA	**610.0**	590.4	**+3.3%**
Profit attributable to equity holders	**43.0**	169.1	**-74.6%**
• Certain plant facilities and intangible assets written off in Chengdu plant	**140.0**	N/A	**N/A**
• Gain on fair value change of derivative components of convertible bonds	**54.5**	102.8	**-47.0%**
Adjusted profit attributable to equity holders after deducting the above two factors	**128.5**	66.3	**+93.5%**
Earnings per share (HK cents) - Basic - Diluted	 **2.64** **2.62**	 11.43 6.98	 **-76.9%** **-62.5%**

(20 August 2013 – Hong Kong) – The United Laboratories International Holdings Limited ("TUL" or the "Group"; Stock code: 3933), one of the leading pharmaceutical product manufacturers in the PRC, announced today its interim results for the six months ended 30 June 2013.

During the period under review, United Laboratories, capitalising on its leading position in the industry, continued to improve its core competencies in order to seek opportunities in a dynamic and complex business environment and achieved stable business growth. During the period under review, the Group recorded a turnover of HK$3,745.9 million, up 2.7% compared to the same period of 2012, EBITDA was HK$610.0 million, up 3.3% year-on-year. Profit attributable to equity holders was approximately HK$43.0 million. After deducting the factors of certain plant facilities written off in Chengdu plant and gain on fair value change of derivative components of convertible bonds, adjusted profit attributable to equity holders reached HK$128.5 million, up 93.5% year-on-year. Basic earnings per share were HK$2.64 cents.

Segment turnover (including inter-segment sales) of bulk medicine and finished products increased by 1.7% and 13.6% respectively, and segment turnover of intermediate products decreased by 6.1% for the six months ended 30 June 2013, as compared with the same period in preceding year. Segment results of bulk medicine and finished products increased by 281.7% and 6.1% respectively and segment results of intermediate products decreased by 99.0% during the period.

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During the period, the Group's product sales saw a stable growth. The selling price of the Group's major intermediate product, 6-APA, bottomed out from the end of 2012 and increased. The selling price for the first half of 2013 remained steady. The selling price of another intermediate project of the Group, 7-ACA, also improved slightly. The decline in the price of corn, a major raw material of the intermediate products, during the period effectively alleviated the pressure on the production costs of intermediate products. In addition, the Group actively carried out research and development on new production processes and strengthened vertical integration where its plant in Inner Mongolia successfully produced Amoxicillin using the enzyme method. The new production lines also commenced production utilising the new production process which effectively coped with the increasing exports and domestic market expansion.

As for finished products, since the launch of the Group's new product, recombinant human insulin, in May 2011, the Group has secured orders from private hospitals, clinics and pharmacies. The biddings at provincial and regional hospitals were carried out as scheduled and achieved periodic development. Driven by the sales volume of the Group's recombinant human insulin products, sales of the Group's finished products grew by 13.6% over the same period of last year. Recombinant human insulin injection and Amoxicillin were included in the "National Essential Medicine Catalogue" at the beginning of the year, which facilitated the Group's marketing and bidding towards various medical institutions nationwide to secure more market share.

As for overseas markets, the Group endeavored to step up its export sales efforts. Business expansion in overseas markets progressed smoothly. Starting from 2013, all pharmaceutical products imported into EU must be produced at plants that are granted with EU or GMP certifications. During the period, the Group fully obtained the EU-CEP certification, US FDA certification, Japan GMP certification and Mexico certification respectively. Capitalizing on the internationally recognized production processes, coupled with the product offerings at highly competitive prices, the Group is confident that the export sales will continue to contribute to the future growth of the Group.

As for production capacity, during the period, the Group re-examined its production lines to enhance production and reduce the cost of production and increase the competitiveness of the Group's products. Following the completion and commencement of operation of the Group's Inner Mongolia plant, its low cost of production generated tremendous benefits to the Group. Accordingly, the Group decided to gradually relocate the production line for its intermediate product, 6-APA, in Chengdu plant and consolidate with the production in Inner Mongolia plant to reduce the cost of production and enhance efficiency.

In terms of financial strategies, the Group effectively captured the market opportunities and successfully optimised the financial structure to increase working capital. The Group and China Development Bank Corporation, Hong Kong Branch entered into a loan agreement pursuant to which the Group is granted with a three-year loan in the sum of approximately HK$800 million with the net proceeds mainly used for business expansion and repayment of bank loans.

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Looking forward to the second half of the year, the medical reforms in China will continue to evolve. The PRC government has announced that it will continue to allocate resources to support the pharmaceutical sector, especially the domestic industry leaders. The Group is confident that, with such policies, it will take a more favourable position in the market, driving its business to the next level. The number of drugs covered in the latest "National Essential Medicine Catalogue" has increased to 520 drugs, of which 317 drugs are chemical/biological drugs. The Catalogue also includes the insulin and Amoxicillin products of the Group. The Catalogue took effect on 1 May 2013. The Group was able to capitalise on the opportunities early on and penetrated into the rural market and primary medical institutions. It is expected that the introduction of new catalogue will increase the sales volume of the relevant products, thus driving continuous business growth.

As to new product development, the Group has completed the clinical test for the third generation insulin earlier and is under the approval process now. According to the plan, the production of such drug will be increased considerably in coming two years and will become a growth driver of the Group by then. In addition, following the grant of approval for drug registration by China Food and Drug Administration on 16 July 2013 with respect to the raw materials, oral solutions and tablets of Memantine hydrochloride, a new drug developing by the Group for the treatment of Alzheimer's disease, the Group has become the first manufacturer in China that is granted approval for Memantine hydrochloride series products, which will help further expand the business of finished products of the Group. The Group continues to promote the research and development of new products. Currently there are 44 new products under development. As at the date hereof, 8 patent registrations have been approved, while 11 others are under the approval process.

As to new production capacity, the construction of power station in Inner Mongolia plant invested by the Group has been completed and trial tests and fine tuning are being carried out for phase IV of Inner Mongolia plant. It is expected that mass production will commence officially in the second half of the year. Phase V of Inner Mongolia plant will complete construction by the end of the year. It is expected that it will generate new production capacity of 6-APA and T-octylammonium clavulanate to the Group by the end of the year. The expansion of Inner Mongolia plant further reduce the cost of production and enhance production efficiency, which can effectively cope with the increasing exports sales and domestic market expansion.

Mr. Tsoi Hoi Shan, Chairman of TUL, said, "The Group will continue to implement effective business growth strategies. The Group will endeavor to expand sales network, increase its penetration into the rural and community markets in China and devote efforts to expand overseas sales, while actively explore new markets with growth potentials. The Group strives to develop high gross profit margin and high demand products capitalizing on its research and development strengths. At the same time, the Group will continue to focus on recombinant human insulin as its key product and allocate abundant resources to acquire larger market share. The quality and production technology of recombinant human insulin are internationally recognized. Looking ahead, the Group will study the feasibility to market such product overseas. The Group will strengthen the marketing efforts of the large-size new packing Amoxicillin and Ampicillin, promoting such sales to be the new point of growth for the sales of finished products. Through enhancing its overall competitiveness, the Group is confident that it can benefit from economies of scale and capture the market opportunities to maintain the momentum of sustainable development of the Group, thus maximizing the value for its shareholders, customers and 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 manufacturing and selling of medicines, and the bulk and intermediate products used to produce finished goods. As of 31 December 2012, the Group has a total of 184 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. 80 were in production, and 34 were listed in Insurance Catalogue. 17 finished products are in the list of the Nation's Essential Drugs List.

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