

[For Immediate Release]



**The United Laboratories International Holdings Limited  
Announces 2015 Interim Results**

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**Profit from the core business increased by 4.5% to approximately HK\$374.0 million  
Remarkable sales performance of recombinant human insulin injection products  
Steady growth of overseas sales**

(18 August 2015 – 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 interim results for the six months ended 30 June 2015.

During the Period under review, the Group’s turnover was approximately HK\$4,062.4 million, representing an increase of 9.8% compared to that in the same period in 2014. Gross profit increased by 6.3% year on year to HK\$1,638.1 million. Due to the absence of one-off subsidy income from the local government which the Company obtained in the same period of 2014 and a decrease in fair value of the Group’s investment properties in Chengdu, EBITDA and profit before taxation were approximately HK\$803.4 million and HK\$259.4 million respectively, representing year on year decrease of 37.4% and 67.2%. The profit attributable to owners of the Company decreased by 60.5% year on year to approximately HK\$280.3 million and earnings per share amounted to 17.23 HK cents. However, profit from the core business grew steadily by 4.5% year on year to HK\$374.0 million. The growth is due to the significant increase in utilization rate of the production capacity for an intermediate, 6-APA, which also led to a further decrease in unit production cost. The Board does not recommend payment of an interim dividend for the six months ended 30 June 2015.

Mr. Tsoi Hoi Shan, Chairman of TUL, said, “In the first half of 2015, the global economic growth was uneven with a widening gap between countries with faster and slower economic recoveries. Against this backdrop, China’s economy gradually slowed down as the government pressed ahead with economic reforms, industry consolidation and measures to stimulate the domestic demand. 2015 is the crucial year for an all-round and in-depth reform of the pharmaceutical industry and healthcare system. To match the needs for quality medication and healthcare services that arise from the improving living standard and expanding coverage of medical insurance, the Chinese government continues to enhance the universal medical insurance system and the procurement and delivery of drugs and medical equipment at hospitals. All these make the operating environment favourable and will facilitate and sustain the development of the pharmaceutical industry for the long term and add impetus to the growth of the Company.”

For the period under review, segmental turnover (including inter-segment sales) of intermediate products and finished products were HK\$1,738.7 million and HK\$1,333.1 million, respectively, which represented increases of 33.1% and 3.4% respectively as compared to the corresponding period in 2014. Segmental turnover of bulk medicine was decreased by 13.9% to HK1,906.8 billion.

The Group recorded good progress in sales during the period. As the demand for antibiotics became more stable, the selling price of 6-APA, an intermediate product, remained steady. The price of corn, a primary raw material of our intermediate product, remained stable, enabling the Group to stabilize the production costs. During the Period, the Group’s plant for 6-APA production in Inner Mongolia improved its utilization rate significantly compared with last year and enhanced the economies of scale, which further decreased the production cost. Sales of intermediate products also increased, thus improving the profitability of 6-APA remarkably.

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The Chinese government's policy on healthcare reform has become more concrete and the centralized procurement of pharmaceuticals is poised to materialize nationwide. Presently, a number of provinces have already been centralizing the procurement of pharmaceuticals and the Group made smooth progress in promoting finished products and tendering for supply contracts in some of such provinces. During the first half of 2015, the Group succeeded in tendering for supply contracts in Zhejiang, Hunan, Anhui and Sichuan provinces to supply recombinant human insulin injection products and memantine hydrochloride product, which is used for the treatment of Alzheimer's disease. These marked the further expansion of the Group's market and manifested the advantage of the Group's sales teams in developing its network and services for the grass-roots level medical organizations. In addition, the Group continued to receive purchase orders for the product from private hospitals, clinics of all administrative levels and pharmacies, with remarkable sales performance in Henan, Shandong, Guangdong, Jilin and Heilongjiang provinces. Revenues from the sales of recombinant human insulin products totaled HK\$121.8 million, representing a significant increase of 70.5% compared with that in the same period of last year. The product is expected to remain a major growth driver of the Group in 2015.

The Group actively promoted the memantine hydrochloride product, which is used for the treatment of Alzheimer's disease, during the period. This product is now available for sales in 19 provinces in China and the Group won the tenders for contracts to supply the product in seven provinces or municipalities, including Shandong, Chongqing and Hubei. In addition, the Group continued to develop new specifications and dosage forms of the product series in order to further expand its market shares and gradually increase the product series' contribution to sales. For other new products, the Group launched the new Vitamin C effervescent tablets of blackcurrant flavour in March 2015 on top of the original orange flavour, providing more choices for the market. To capitalize on the emerging era of healthcare and concept of "Internet +", United Laboratories launched its official online flagship store on various e-commerce platforms such as Suning, JD.com and yhd.com so as to promote and market its corporate brand and quality products. The Group also plans to expand this online sales business model gradually in the future and further increase its market penetration.

The Group has been endeavoring in its pharmaceutical researches. For researches on bio-pharmaceutical products, the Group now has its insulin glargine (third-generation insulin) production facilities inspected by the relevant authorities in its application for production permit, which it expected to obtain this year. Clinical trial of 30 insulin aspart (another third-generation insulin) injection products was completed successfully at the end of 2014, and the Group is now preparing to apply for the approval for production of such products, which will enhance the Group's insulin product line. At the same time, the Group has various bio-pharmaceutical products in the pipeline of research and development, including insulin detemir, insulin degludec and liraglutide, which will be used in treatment for diabetes.

For researches on chemical-pharmaceutical products, the Group's has received the production approval and new-medicine certification from China Food and Drug Administration for its levetiracetam raw material and finished product in May 2015, which is classified under class 3.1 of State Class New Medicine and is used for the treatment for epilepsy. United Laboratories has become the fourth company in China to be approved to manufacture such product. Levetiracetam tablets are suitable for both adults and children (aged four or above) who suffer from epilepsy. It has been proven to be an effective and safe drug in clinical trials. The Group believes the approval for production of Levetiracetam tablets would bring considerable economic benefits to the Group, as well as medical benefits to more patients with epilepsy. Besides, the Group is also conducting researches on new anti-HIV and anti-HBV medicines, which will further diversify the product line.

Overseas sales progressed smoothly and brought satisfactory contribution to the revenue as the Group leveraged its internationally recognized production capabilities and the significant price advantage of its products. During the Period, overseas sales of the Group amounted to HK\$1,405.8 million, contributing to 34.6% of its total sales. United Laboratories is awarded the honourable title of "2014 Leading Exporter of Pharmaceutical Primary Raw Materials" by China Chamber of Commerce of Medicines & Health Products Importers & Exporters. Since 2013, all drugs imported into the EU must be produced by factories with EU or GMP certification. The Group has already obtained EU-CEP certification, FDA certification, official certification from Mexico and GMP certification from Japan and certification from Russia and India.

As its financial strategy, the Group seized market opportunities and optimized the financial structure during the Period through a number of measures. For instance, it took out a three-year finance lease to ensure adequate working capital. In January 2015, the Company as borrower entered into two additional facility agreements with China Development Bank Corporation Hong Kong Branch for a HK\$300 million guaranteed term-loan facility and a HK\$300 million unsecured term-loan facility respectively. In addition, the Group and AYERS Alliance Securities (HK) Limited entered into a placing agreement in January 2015, pursuant to which the Company established a bond issue programme for the issuance from time to time, of bonds with a term of three years in an aggregate principal amount of up to HK\$1 billion. The purpose of establishing the bond issue programme is to enhance the Company's flexibility and efficiency in raising fund or capital management. As at 30 June 2015, the cumulative amount of proceeds from the bond issue programme reached HK\$109.1 million.

Looking forward, Chairman Tsoi concluded, "Following the Chinese government continues to devote substantial resources to support the pharmaceutical industry, which of a total of RMB400 billion will be budgeted for the seven major medical system projects before 2020 with an average annual investment of RMB50 billion. As one of the top players in the industry, the Group shall be able to benefit from the consistent growth in medical expenses and the accelerating consolidation of the industry. Looking ahead, the Group shall continue to implement its existing business development strategies by making good use of its research and cost advantages to develop new products with high gross margin and demand, as well as sales of over-the-counter (OTC) products, Chinese patent medicine and health products in retail chain stores. The Group will persistently invest substantial resources to expand the recombinant human insulin products' market shares by winning more tenders for supply contracts in different provinces. Meanwhile, the Group will continue to explore and increase the sales in overseas markets, aiming to achieving better growths in both domestic and overseas markets to create greater values to the Group, and contributing more revenue."

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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 30 June 2015, 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, and 41 were listed in Insurance Catalogue. 26 finished products are in the list of the Nation's Essential Drugs List. TUL is now one of the constituent stocks of The Hang Seng Composite Index Series.

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