

[For Immediate Release]



**The United Laboratories International Holdings Limited
Announces 2011 Interim Results**

Turnover Increased 9.6% to Approximately HK\$3.37 billion

*Challenging Operating Environment
Human Insulin as Future Growth Driver*

Financial Highlights

(HK\$ million)	For the six months ended 30 June		
	2011	2010	YOY Change
Turnover	3,373.9	3,079.1	+9.6%
Gross profit	1,199.5	1,249.3	-4.0%
EBITDA	659.3	820.5	-19.6%
Profit attributable to equity holders	307.7	483.9	-36.4%
Earnings per share (HK cents)	23.6	39.8	-40.7%
Interim dividend per share (HK cents)	3	12	-75.0%

(1 September 2011 – Hong Kong) – The United Laboratories International Holdings Limited (“TUL” or the “Group”; Stock code: 3933), one of the leading manufacturers of antibiotics in the PRC, announced today its interim results for the six months ended 30 June 2011.

During the period under review, the Group’s turnover increased by 9.6% to HK\$3,373.9 million as compared with the same period in 2010. Gross profit and EBITDA were HK\$1,199.5 million and HK\$659.3 million respectively. Profit attributable to equity holders decreased to approximately HK\$307.7 million as compared with the same period in 2010. With the tightening regulatory measures by the PRC government, rising price of raw materials, uncertainties of financial market, hiking interest rates and increasing selling expenses, the business environment in the first half of 2011 was challenging. These affected the Group’s profit margin. Earnings per share were HK\$23.6 cents. The Board of Directors recommended the payment of an interim dividend of HK\$3 cents per share for the six months ended 30 June 2011.

Commenting on the results of the first half of 2011, Mr. Choy Kam Lok, Chairman of TUL, said, “The industry witnessed tremendous changes for the first half of this year. Market uncertainties emerged as the PRC government launched numerous measures to restrict drug use and regulate drug prices, affecting the industry chain of the pharmaceutical industry. Regulatory measures, coupled with rising price of raw materials, made the business environment a truly challenging one. Despite influencing by various negative factors, leveraging the Group’s leading industry position, vertically integrated portfolio of products and manufacturing process, economies of scale and brand reputation, the Group strived to control costs and open up new markets, further strengthening our market leadership. Driven by sales gain in intermediate products, bulk medicine and finished products, the Group’s turnover grew steadily during the period.”

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For the period under review, segmental turnover (including inter-segment sales) of intermediate products, bulk medicine and finished products gained 19.1% to HK\$1,655.1 million, 1.7% to HK\$1,577.5 million and 10.1% to HK\$994.3 million respectively.

For intermediate products, the PRC government strengthened its regulatory measures towards the pharmaceutical industry, including reduction in prices of medicines and restricted uses of antibiotics medicines in medical institutions at all levels. These measures temporarily affected antibiotics producers, especially those with high-end antibiotics portfolio. 7-ACA, as a major raw material for high-end antibiotics, saw significant decline in its average selling price as the market demand for high-end antibiotics declined. The price drop did not have a big impact on the revenue of intermediate products as 7-ACA only accounted for about one-fourth of the Group's revenue contribution. Meanwhile, the average selling price of 6-APA, the other intermediate products of the Group, remained stable during the period. The overall turnover of intermediate products grew slightly thanks to the increasing sales of 6-APA.

For bulk medicine, with the launch of numerous regulatory measures, the market adopted a wait and see attitude, which affected the overall demand for bulk medicine. To better cope with market changes, the Group focused on controlling the production cost while increasing the production efficiency, ensuring the quality and price competitiveness of our bulk medicine. As an industry leader, the Group actively engaged in the development of new production processes. For the period, the Group successfully became the second company in the world to master enzyme processing production of bulk Amoxicillin. Products manufactured under the new process have been launched, significantly reducing the production cost while boosting the production efficiency. This pricing flexibility and competitiveness help the Group to maintain a leading position in the industry. In addition, new capacity has also been upgraded with the new production process, which could serve the demand driven by the expansion of overseas and domestic markets.

For finished products, the Group recorded a healthy growth in the first quarter of this year, yet the sales slowed down in the second quarter with the announcement of price regulating measure on antibiotic products such as Amoxicillin and Ampicillin on March 28. In addition, the PRC government announced new measure in April restricting uses of antibiotics medicines in medical institutions at all levels. Due to the lack of clear guidelines, medical institutions delayed the procurement of antibiotics, causing the sales of antibiotics to further slowdown in the second quarter. As the price reduction of the Group's finished products is moderate, the revenue of the finished products was not severely affected.

The Group successfully launched 3 new human insulin products for the first half of this year, including Recombinant Human Insulin Injection, Premixed Protamine Recombinant Human Insulin Injection (30/70) and Premixed Protamine Recombinant Human Insulin Injection (50/50). These products are comparable with imported insulin products in terms of effectiveness, and have already secured orders and sales with competitive pricing. Also, the tendering progress of the new human insulin products in district hospitals in various provinces was expanding smoothly. According to a market research, China has over 100 million diabetes patients and the demand for recombinant human insulin products is huge, with an annual growth rate of 20-30%. This will be one of the Group's future growth engines.

For overseas sales, the Group has been focusing on expanding internationally, and has successfully established offices in Brazil, India, Dubai, Indonesia and Hamburg of Germany in a bid to boost sales and expand overseas sales to improve the Group's profit.

Mr. Choy concluded, "Looking ahead, we are cautiously optimistic with the second half of 2011. Despite the PRC government has launched numerous measures to restrict uses of antibiotics medicines at all levels, 60% of the Group's products were not affected. We expect when these measures are well defined, sales of our products will gradually recover. We will continue to leverage the Group's R&D strengths to develop new products with high margin and high demand. Currently, 36 finished products are under development, with 5 of them granted approval, and 3 other patents in application process. Recombinant Human insulin will be the Group's key product. The Group will ride on the growing demand for human insulin by investing considerable resources to capture greater market share. In addition, the Group will devote to increasing the sales of intermediate products and bulk medicine in overseas market, while penetrate further into rural and local markets. With solid foundation, vertical integration, economies of scale and the well established TUL brand, we are confident of overcoming challenges and delivering the best returns for our equity holders."

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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 2011, the Group has a total of 182 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. 12 finished products are in the list of the Nation's Essential Drugs List.

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