

[For Immediate Release]



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

**Achieved Turnover of Approximately HK\$6.4 billion
Prices of Intermediate Products and Bulk Medicine Becomes Stable in 2012
Orders of Human Insulin Increases Gradually**

Financial Highlights

	For the year ended 31 December		
(HK\$ million)	2011	2010	YOY Change
Turnover	6,405	6,503	-1.5%
Gross profit	1,829	2,568	-28.8%
EBITDA	795	1,674	-52.5%
Profit attributable to equity holders	104	974	-89.3%
Earnings per share (HK cents)			
- Basic	8.0	78.2	-89.8%
- Diluted	8.6	78.2	-89.0%

(28 March 2012 – 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 annual results for the year ended 31 December 2011.

During the period under review, the Group’s turnover slightly decreased by 1.5% to HK\$6,405 million as compared with 2010. Gross profit and EBITDA were HK\$1,829 million and HK\$795 million respectively. Profit attributable to equity holders decreased to approximately HK\$104 million as compared with 2010. Basic earnings per share were HK\$8.0 cents.

Mr. Choy Kam Lok, Chairman of TUL, said, “In 2011, the Nation has further strengthened the regulation requirements of the industry and the tender of essential drugs everywhere triggering a new round of price cuts, the full implementation by medical units of ‘dual control’ towards Medicare, inflation driven by rising raw material prices, the uncertain global financial markets driven by the European debt crisis, and increasing bank interest rates, all these factors have brought unprecedented challenges for the Group as well as the whole domestic pharmaceutical sector. Leveraging its vertically integrated portfolio of products and manufacturing process, economies of scale and brand reputation, the Group strived to control costs, took adjustment to business development strategy in time, and continued to develop new products and open up new markets in order to further strengthen its market leadership.”

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For the year under review, overall turnover decreased by 1.5%. Segmental turnover (including inter-segment sales) of intermediate products, bulk medicine and finished products decreased 0.8%, 1.6% and 0.1% respectively as compared with last year.

Though the business environment is challenging, the Group actively responded to it. With the production line of intermediate products in the Inner Mongolian plant coming to full operation last year and an annual capacity of 10,000 tones, the contribution of sales of intermediate products to the Group is gradually realized. Furthermore, the Group has been actively developing new production technology, to further strengthen vertical integration. The Inner Mongolia plant's successful production of HPG-Deng salt, a raw material for amoxicillin, and the new capacity has been put into production. This helped the Group to lower its cost and increase production efficiency. Meanwhile, the Group successfully became the second company in the world to master the enzymatic processing production of bulk Amoxicillin. Products manufactured under the new process have been launched. Such production technology is the most advanced in the world. It involves nearly no water pollution and impurities and requires less energy which leads to cost reduction and helps the Group adhere to the State's ever tighter environment protection measures. Therefore, the new production plants will operate based on the new method. It can effectively keep up with the development of the Group's export and domestic sales. The Group now has 6 production plants in Hong Kong and the mainland China, and the utilization rate for overall capacity reached approximately 80% in 2011.

As for new products, China has over 100 million diabetes patients and the market of the main medicine, recombinant human insulin, amounts to RMB6.0 billion, and is growing at an annual rate of 20-30%. The Group aimed at the growth potential of this market, invested a lot on the related product development and sales. Due to the same efficacy between its new products and the imported insulin products, and the fact that its new product's price is more competitive, its sales has been rising steadily – both orders and market share increased gradually since its launch in May 2011. Product quality and production technology of the Group's insulin products received high recognition internationally, and the Group now plans to cooperate with foreign enterprises in this regards. Furthermore, during the reporting year, 4 new finished products obtained approval from the SFDA. There are now 37 new products under development, among which 11 are in the process of patent registration and 8 patents were approved by the government.

The Group focused on exploring the international market during the year, and successfully set up offices in Brazil, India, Dubai, Indonesia, and Hamburg in Germany in order to increase export sales, resulting in a higher proportion of overseas sales in the Group's total sales as compared to that of last year. There is an increasing demand for intermediate products and bulk medicine in the overseas markets, and the Group's products which are very competitively priced have obtained certifications around the world in recent years. The Group is confident that export sales will gradually accelerate and contribute to its future growth.

The Group has adhered to and implemented a prudent financial strategy, through various financing channels, and optimizes the financial structure and consolidates the basis of working capital so that the Group can seize investment opportunities in a timely manner. During the year, the Group issued RMB790 million of convertible bonds for the refinancing of existing debt, capacity expansion and further business expansion in order to maintain the momentum of the Group's future development.

“The 12th Five-Year Plan on biological sector’ announced by the Development and Reform Commission and the highlight of 2012 healthcare work plan issued by the Ministry of Health are favorable to large pharmaceutical companies, and they will be beneficial to the long-term development of the Group. The Group will continue to expand domestic and international sales networks, and enhance penetration in existing markets while actively exploring new markets with potential. In addition, the Group will leverage on its R & D strengths to develop products with high margins and great demand. Recombinant human insulin will continue to be one of the Group’s key products. We will seize the momentum of rapid growth of market demand for human insulin, and invest substantial resources in order to capture greater market share. We also plan to sell the products to overseas markets so as to expand our source of income. Prices of the Group’s intermediate products and bulk medicine have also shown significant growth since the beginning of this year. In particular, prices of 6-APA and amoxicillin increased from approximately RMB158/kg at the end of last year to current level of approximately RMB195/kg. We will ride on our extensive sales network, experienced sales team and high brand awareness to proactively increase overseas sales and accelerate the penetration of the domestic rural and community market. Meanwhile, the Group will focus on the sales promotions of Amoxicillin Capsules and Ampicillin Capsules with bigger strength and new packaging, turning them into new growth drivers of the sales of finished products. Through implementing the above strategies, we believe that we could achieve economies of scale in the changing market and continue to lead the development of the industry,” concluded Mr. Choy.

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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 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. 12 finished products are in the list of the Nation’s Essential Drugs List.

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