

[For Immediate Release]



**The United Laboratories International Holdings Limited
Announces 2012 Annual Results**

Turnover increased to HK\$7.02 billion
Gross profit and profit attributable to equity holders increased significantly
Overall business performance improved
Sales and R&D progress of human insulin products better than expected

Financial Highlights

	For the year ended 31 December		
(HK\$ million)	2012	2011	Change
Turnover	7,022	6,405	+ 9.6%
Gross profit	2,117	1,829	+ 15.8%
EBITDA	1,003	795	+ 26.2%
Profit attributable to equity holders	162	104	+ 55.3%
Earnings per share (HK cents)			
- Basic	10.7	7.4	+ 44.6%
- Diluted	10.7	7.4	+ 44.6%

(28 March 2013 – 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 2012.

During the period under review, the Group recorded a turnover of approximately HK\$7.02 billion, increased 9.6% compared to 2011. Gross profit and EBITDA were approximately HK\$2.12 billion and HK\$1 billion respectively, increased 15.8% and 26.2% y-o-y. Profit attributable to equity holders was approximately HK\$162 million, up 55.3% y-o-y. Basic earnings per share were 10.7 HK cents. The Board does not recommend distribution of the final dividend for the year ended December 31, 2012.

Mr. Choy Kam Lok, Chairman of TUL, said, “2012 was a year full of challenges and opportunities. The global economy was not yet out of the financial crisis, and a recovery on global trade was not yet even in sight. However, with national health policies becoming more stable, medical institutions, which had taken a wait-and-see stance previously, began to restock their medicine cabinets with new drugs. Market demand for antibiotics gradually picked up. In addition, some industry players were forced to stop production due to high production costs and continuous losses. Against the backdrop of a rise in demand and weaker competitors, manufacturers regained over drug pricing, thereby improving TUL’s overall business performance. As inventory pressures of the industry eased, prices of the Group’s major intermediate products, such as 6-APA, bottomed out starting from the end of

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the year, while prices of 7-ACA began to stabilize. TUL capitalized on its leading position in the pharmaceutical industry and continued to develop new products and explore new markets in response to the need of the market, seizing business opportunities in the ever-changing market landscape.”

For the year under review, segmental turnover (including inter-segment sales) of intermediate products, bulk medicine and finished products reached HK\$2.15 billion, HK\$3.30 billion and HK\$2.15 billion, increased 12.5%, 16.3% and decreased 5.0% respectively as compared to the previous year.

With appropriate adjustments made on business strategies and product mix, the development of the Group's three core products, namely intermediate products, bulk medicines and finished products, saw stable development. Sales of bulk medicine, such as “Tazobactam sodium and piperacillin sodium for Injection”, “Uslin” and “Amoxicillin / Clavulanate Tablets”, saw a significant improvement during the year as compared with the previous year, while the utilization and capacity of the manufacturing facilities continued to expand. The Group actively developed and adopted new production technologies to further strengthen its vertical integration, which included the success in producing enzymatic amoxicillin in the Inner Mongolia plant. The enzymatic amoxicillin products saw a rapid growth compared to 2011, and it gradually gained recognition in the market. The newly built production capacity was also put into operation, effectively matching with the pace of expansion of exports as well as domestic markets.

In the drugs development pipeline, the Group continued to make investments in the development and distribution of the recombinant human insulin products. As the new product has the same level of efficacy with that of imported alternatives, the price of the product was competitive. As a result, since the launch of the product in May 2011, the Group has consistently received orders from hospitals, clinics and pharmacies. Tendering exercises were also carried out as planned in local hospitals in different provinces. Sales in the year under review reached approximately HK \$ 5.9 million, which was better than the expectations of the management. By December 2012, the Group had completed clinical trials of the third-generation insulin, which is applying for a production permit. Based on the current progress, it is believed that the market for the drug will reach a certain scale in the next two years. At that time, profit margin will be significantly improved. Furthermore, the Group continued to devote a significant portion of resources to the research and development of new products. There are about 47 types of new drugs in the pipeline. So far, a total of 10 patent registrations have been approved, while 5 other patent registrations are subject to approval.

The Group continued to intensify efforts to expand sales to overseas markets. The Group's overseas offices in Brazil, India, Dubai, Indonesia, Hamburg and Germany were all up and running in 2011. As a result, sales in these overseas markets expanded significantly by 23.7% to HK\$2.48 billion, which contributed a substantially larger portion of revenue to the Group compared with 2011. As demand from overseas markets for intermediates and bulk medicines continued to increase, while its products are in fact offered at much more competitive prices and the Group's products have been obtaining certifications from different countries around the world in recent years. The Group is confident that its export sales will soon register a rapid growth, which drives its future growth.

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In terms of financial strategy, in order to meet the need of our business development, as well as to seize more market opportunities in an effective manner, the Group optimized its financial structure through various financing channels during the year to ensure the sufficiency of working capital. The Group raised gross proceeds of approximately HK\$700 million by way of a rights issue at a price of HK\$2.21 per share in March 2012, which was met with a very positive response. This proves that shareholders generally support and recognise the Group's overall development strategy and investment value. At the same time, Zhuhai United Laboratories Co., Ltd., a wholly-owned subsidiary of the Company incorporated in the PRC, had a RMB600 million one-year bond issue. The net proceeds from the bond issue is used for procurement of raw materials, promotion of new products, expansion of sales network, business development and repayment of bank loans. Stable and healthy financial standings and sufficient operation capital are the driving force for the Group's sustainable development.

Mr. Choy Kam Lok, Chairman of TUL, said, "China's healthcare system reform continues. The latest National Essential Drugs List was announced in March this year, in which the number of types of drugs covered increased significantly to 520 from 307 before, including the insulin and amoxicillin products of the Group. As we have already gained first-mover advantages by penetrating into rural markets and primary healthcare institutions, it is expected that the new List will help improve the sales of the relevant products and thereby continue to drive our business. In addition, the development project of an internal use power plant in Inner Mongolia has been completed. It is expected that the fourth and the fifth phases of the plant will be put into operation in the second half of the year. This will increase the capacity by 10,000 tonnes, which will in turn reduce production costs, improve production efficiency and match the pace of expansion of exports and domestic markets. We believe that the industry has already gone through the most difficult time, and in front of us is an enormous market in both China and abroad. In 2013, the Group will continue to employ proven effective business development strategies, including: to continue to expand our sales networks, domestic and abroad, and to accelerate the penetration of domestic rural markets. We will also actively explore new markets with growth potentials; to continue to bring our edges in R&D into play in order to develop high-margin and in-demand products; the recombinant human insulin products to remain a key product of the Group and accelerate the growth momentum of the products by committing substantial resources to gain greater market share; to consider expanding the new insulin products, which have received relatively high international recognition in terms of quality and production technology, to existing overseas markets; to 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. The Group is confident to grasp more market opportunities and achieve economies of scale, ensuring sustainable development momentum of the Group, creating maximum value for shareholders and stakeholders, and striving for best quality for customers."

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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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