

[For Immediate Release]



**The United Laboratories International Holdings Limited  
Announces 2013 Annual Results**

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**Turnover Increased to HK\$7.65 Billion  
Continued to Achieve Stable Business Growth  
Outstanding Sales Performance of the Recombinant Human Insulin Products**

**Financial Highlights**

(HK\$ million)	For the year ended 31 December		
	2013	2012	Change
Turnover	7,648.4	7,021.6	+8.9%
Gross profit	2,637.7	2,117.3	+24.6%
EBITDA	1,677.0	1,003.2	+67.2%
Profit attributable to equity holders	48.0	162.0	-70.3%
• Staff redundancy and removal costs upon cessation of production and temporary production suspension costs in Chengdu	187.3	N/A	N/A
• Impairment loss recognized in respect of property, plant and equipment	808.4	N/A	N/A
• Fair value change on investment properties	(1,355.3)	N/A	N/A
• Deferred tax liabilities on fair value change of investment properties	713.2	N/A	N/A
• Gain on fair value change of embedded derivative components of convertible bonds	0.4	(56.1)	N/A
<b>Adjusted core business profit</b>	<b>402.0</b>	<b>105.9</b>	<b>+279.6%</b>
Earnings per share (HK cents)			
- Basic	2.95	10.7	-72.4%
- Diluted	2.95	10.7	-72.4%

(28 March 2014 – 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 annual results for the year ended 31 December 2013.

During the year under review, the Group recorded a turnover of approximately HK\$7.65 billion, increased 8.9% compared to 2012. EBITDA was approximately HK\$1.68 billion, up 67.2% y-o-y. Profit attributable to equity holders was approximately HK\$48 million. After deducting the write-off of all production facilities located in Chengdu factory and other related costs, the decrease in gain on fair value change of embedded derivative components of convertible bonds and other factors, adjusted core business profit reached HK\$402 million, grew almost 2.8 times year-on-year. Basic earnings per share were 2.95 HK cents. The Board does not recommend distribution of the final dividend for the year ended December 31, 2013.

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Mr. Tsoi Hoi Shan, Chairman of TUL, said, "In 2013, with the steady development of medical policies in China, overall inventory decreased. Though anti-corruption measures implemented by the government in the second half of the year impacted a proportion of pharmaceutical companies which relied on hospital channels. Due to limited choices in antibiotic products available to various levels of hospitals and clinics, the demand for antibiotics remained stable. In addition, a proportion of obsolete production capacities ceased production, leading to stable supply and demand in the market and improvement in the overall business environment of the Group. TUL, capitalizing 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."

For the year under review, segmental turnover (including inter-segment sales) of intermediate products, bulk medicine and finished products increased 18.5%, 7.4% and 17.5% respectively as compared to the previous year.

During the year, the Group recorded consistent increase in sales. As the demand for antibiotics became more stable, the selling price of 6-APA, the Group's intermediate product, rebounded from the bottom as prices grew steadily since the second half of 2013 and maintained its increasing trend in the beginning of 2014. The price of corn, the primary raw material of our intermediate product, remained stable during the year, effectively controlling production cost of products.

For finished products, the Group's recombinant human insulin products was officially included in the Essential Drugs List (2012 edition) in May 2013, which accelerated the Group's promotion and bidding work in various levels of medical institutions across the country. During the year, the Group received orders from public and private hospitals, clinics and pharmacies, with sales being especially prominent in Shandong, Henan and Liaoning province. Sales income from recombinant human insulin products successfully achieved sales targets set at the beginning of the year, bringing encouraging results.

In the drugs development pipeline, the Group continued to strengthen its research and development of finished products. In 2012, clinical trials for insulin glargine (third generation insulin) were completed and pending for the production permit in early 2013. Clinical trials for insulin aspart, a third generation insulin, is underway, which further optimizes the Group's insulin product line. Also, the Group is developing raw materials, oral solutions and tablets for new memantine hydrochloride, which is used in treating Alzheimer's disease. On 16 July 2013, the China Food and Drug Administration issued the registration documents for the drug, making United Laboratories the first manufacturer in China to receive approval documents to replicate memantine hydrochloride products, thus further expanding the finished products business. The Group possesses a strong sales team of nearly 3,000 employees, effectively shortening the time for a product to enter the market and also provides the strongest driving force for the Group's new products on the market. The Group is currently developing 44 new products. As at 31 December 2013, 13 patents have been granted while 7 are currently under review.

For overseas sales, the Group focused on expanding its export business. Overseas sales expansion progressed smoothly as export sales was HK\$2.7 billion, maintaining stability. 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 from the EU, FDA certification from the US, GMP certification from Japan and official certification from Mexico. With internationally approved production capabilities and products possessing significant price advantage, the Group is confident that export sales will continue to bring satisfactory contributions to the Group.

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In addition, “TUL” trademark which held by Zhuhai United Laboratories Co., Ltd. has been recognized as China Well-known Trademark by the State Administration for Industry and Commerce of the People's Republic of China. At the same time, two well-known trademarks “TUL” and “Amoxicillin” held by TUL can also obtain the appropriate protection in the International community according to the relevant international conventions.

As for new production capacity, Phase IV of the Group's Inner Mongolia plant commenced production during the year and reached 60% capacity by the end of 2013, while partial capacity of phase V of the Inner Mongolia plant was underwent trial productions by the end of 2013. Not only does the expansion of production capacity of the Inner Mongolia plant lower production cost and raise efficiency, it is also expected that planned production can meet future development needs to effectively accommodate the rate of expansion of the export and domestic markets. With the first three phases of the Inner Mongolia plant nearing full capacity and the Group actively researching and implementing enzymatic amoxicillin production technologies in new production capacities, vertical integration is further strengthened, thus effectively lowering production cost. The re-allocation plan of the Chengdu 6-APA production line was successfully completed and has already been integrated into the Inner Mongolia factories which help the group in optimizing resource allocation to achieve higher cost efficiency.

For financial strategy, the Group seized market opportunities and optimized the financial structure during the year through measures such as three-year financing leases to ensure adequate working capital. In June 2013, the Group entered into an agreement with the China Development Bank Hong Kong Branch and was granted a loan of HK\$800million over a period of years. The net proceeds will mainly be used in business expansion and repaying bank loans. In October 2013, Zhuhai United Laboratories Co., Ltd., a wholly-owned subsidiary of the Group, issued the second tranche of one-year corporate bonds with principal up to RMB600 million.

Looking forward, Chairman Tsoi, concluded, “The government has already stated it will continue to input more resources to support medical industries, especially leading domestic industries. It is expected that United Laboratories will benefit from such policies and further increase market shares. The Essential Drugs List (2012 edition) implemented on 1 May 2013 increases drug coverage to 520 types, which includes the Group's insulin and amoxicillin products. Leveraging on competitive prices and an extensive sales network, the Group has already taken an early advantage and penetrated the rural market and grass-roots level medical organizations. The new drugs list will further enhance the sales of related products.

“As one of the few players which can meet the most stringent standards while capable to maintain stable production and increase output, TUL will continue to implement its existing business development strategies. The Group will endeavor to expand sales network, strengthen its penetration into domestic rural and community markets, put great efforts to increase overseas sales, and actively explore new markets with growth potentials.

Meanwhile, the Group will continue to focus on recombinant human insulin as its key product and allocate abundant resources to strive for more tenders in order to capture larger market share. The Group will also study the feasibility to market recombinant human insulin product overseas as our quality and production technology of such insulin products have reached international standards. In addition, the Group will strengthen its marketing efforts of the large-size new packing Amoxicillin and Ampicillin, promoting such sales to be the new growth engine for finished products, as well as to expand the sale of special medicine products, OTC products, Chinese medicine and health products. We believe that there is huge potential for market development in both China and abroad, as such we are fully confident with the prospects of our business.”

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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 2013, 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 34 were listed in Insurance Catalogue. 19 finished products are in the list of the Nation's Essential Drugs List.

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