

[For Immediate Release]



**The United Laboratories International Holdings Limited
Announces 2014 Annual Results**

**Profit Attributable to Equity Holders Significantly Increased by 13.2 Times
to HK\$681 Million**

**Selling Prices of Intermediate and Bulk Medicine Products Continuously Increased
Satisfactory Sales Performance of the Recombinant Human Insulin Products**

Financial Highlights

(HK\$ million)	For the year ended 31 December		
	2014	2013	Change
Turnover	8,029.8	7,648.4	+ 5.0%
Gross profit	3,228.4	2,637.7	+ 22.4%
EBITDA	1,748.7	1,677.0	+ 4.3%
Profit attributable to equity holders	681.1	48.0	+1,317.8%
Earnings per share (HK cents)			
- Basic	41.86	2.95	+1,319.0%
- Diluted	41.86	2.95	+1,319.0%

(30 March 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 annual results for the year ended 31 December 2014.

During the year under review, the Group recorded a turnover of approximately HK\$8.03 billion, increased by 5.0% compared to 2013. EBITDA was approximately HK\$1.75 billion, up 4.3% y-o-y. Profit attributable to equity holders was approximately HK\$681.1 million, surged 13.2 times and earnings per share amounted to 41.86 HK cents. The increases in profit was mainly attributable to an increase in selling prices of intermediate and bulk medicine products, decrease in unit production costs through new production capacity being steadily released and the production technology of enzymatic bulk amoxicillin being mature of the Inner Mongolian’s plant, thus improved the overall gross profit margin. In addition, The United Laboratories (Chengdu), a wholly-owned subsidiary of the Company, received a financial subsidy of approximately HK\$390.7 million from the Pengzhou Information Technology Bureau for ceasing the operations of Group’s production plant in Chengdu. The Board does not recommend distribution of the final dividend for the year ended 31 December 2014.

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Mr. Tsoi Hoi Shan, Chairman of TUL, said, "In 2014, China's economy reached a new equilibrium which was marked by a gradual slowdown as a result of its ongoing restructuring. Nevertheless, the country's accelerating population ageing triggered off a rise in the local residents' health consciousness, hence the significantly growing demand for health care and drove a rapid growth in the pharmaceutical. The overall operating environment of the Group has been improving. TUL capitalized on its leading position in the industry and earnestly improved its core capacity, drove on the competitive advantages lying on the integrated production business model and sought for opportunities amidst such a changing situation, with a view to realizing consistent growth of business."

For the year under review, segmental turnover (including inter-segment sales) of intermediate products, bulk medicine and finished products were HK\$1.36 billion, HK\$3.94 billion and HK\$2.73 billion, respectively, which represented a decrease of 2.3%, and increases of 13.9% and 8.0% respectively as compared to 2013.

During the year, the Group recorded a consistent increase in sales. As the demand for antibiotics became more stable, the selling price of 6-APA, an intermediate product, grew steadily. The price of corn, a primary raw material of our intermediate product, remained stable during the year, enabling the Group to stabilize the production costs. The 6-APA production line in Chengdu had been integrated into the plant in Inner Mongolia which helped the Group optimize resource allocation to achieve higher cost efficiency.

For finished products, the Group also made smooth progress in promotion and tendering for contracts to supply recombinant human insulin injection products during the year under review, with remarkable sales performance in Shandong, Henan, Liaoning, Jilin and Fujian provinces. In 2014, revenues from the sales of recombinant human insulin products totaled HK\$217 million, and met the annual target set at the beginning of the year. Furthermore, the Group achieved in Hunan province, 40 pharmaceutical products of the group, including recombinant human insulin product and memantine hydrochloride product, which is used for the treatment of Alzheimer's disease were included in the proposed bidding results. As a result, we maintained a good price trend for our main products such as recombinant human insulin product and memantine hydrochloride product.

The Group actively expanded the market for its new memantine hydrochloride, which is used for the treatment of Alzheimer's disease by introducing oral solutions and tablets to satisfy the market's needs. The Group will strive to develop new dosage forms and specifications for memantine hydrochloride so as to capture more market shares and develop relevant new products with increasing sales contributions, thus expanding our business of finished products.

The Group continued to step up its research on and development of bio-pharmaceutical products. For instance, it has applied to the relevant authorities for pre-approval inspection of its registered production site for insulin glargine (third generation insulin), and it is expected that the Group will obtain a permit for insulin glargine (third generation insulin) production, which may be able to start during 2015. Clinical trial of 30 insulin aspart (third generation insulin) injection products was completed successfully at the end of 2014, and we are currently preparing to apply for the approval for production of such products, which will enhance the Group's insulin product line.

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Besides, the Group's new medicine, levetiracetam, which is classified under class 3.1 of State Class New Medicine and is used for the treatment of epilepsy, successfully passed inspection of registered production site for the drug at the beginning of 2015. It is expected that TUL will become the fourth company in China to be approved to manufacture such product, and more patients will benefit from this. The Group is currently developing 56 new products. As at 31 December 2014, 2 production approval documents and 2 documents for clinical trials have been obtained, 16 patents have been granted, while 9 patent applications are currently under review.

As for overseas sales, the Group focused on expanding its export sales and the overseas business progressed smoothly with export sales continuing to bring satisfactory contributions to the Group. 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. Leveraging our internationally approved production capabilities and products possessing significant price advantage, oversea sales of the Group amounted to HK\$2.6 billion during the year, contributing to 32.7% of the Group's sales. Export sales of the Group with a promising prospect are expected to be the driver for future profitability.

For the new production capacities, the plant in Inner Mongolia has gradually released its production capacity. Not only does the expansion of production capacity lower the production cost and raise efficiency, it is expected to meet the needs of the future development by enabling the production to keep up with the rate of expansion of both the overseas and domestic markets. Overall gross profit of the Group will be improved due to the further decrease in production costs which results from the gradual release of production capacity of the plant in Inner Mongolia. This enables us to drive on the advantages lying in the production efficiency of integrated production, and its production technology of enzymatic bulk amoxicillin being mature. In March of 2014, United Laboratories (Chengdu) Limited, a wholly-owned subsidiary of the Group and the Pengzhou Land Bureau signed a contract that allowed the former to convert a piece of industrial land to commercial and residential uses and to a space for the facilities of the service sector. The Group believes that the value of the land will be significantly enhanced after the change of its use.

As its 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 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. Besides, 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.

Looking forward, Chairman Tsoi concluded, "The Chinese government has confirmed it will continue to devote substantial resources to support the pharmaceutical industry, with increasingly stringent regulation which will accelerate the pharmaceutical industry's consolidation. As one of the top players in the industry with competitive advantage, TUL is set to benefit from the industry. In the future, the Group shall continue to implement its existing business development strategies. We will enhance our business presence in the rural markets and grass-roots level medical organizations in China by making good use of our advantage in competitive pricing as well as the extensive sales networks.

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“We will also make great efforts to increase overseas sales, and actively explore new markets with potential for growth. The Group will continue to bring its competitive advantages in research and development into play to develop products with high margins and demand. At the same time, the recombinant human insulin products will remain the key product of the Group, and it will invest substantial resources to expand such products’ variety and increase market shares with more tenders. We will consider promoting the sales of related products to overseas markets as the Group’s recombinant human insulin products have met the international standards in terms of quality and production technology. Also, the Group will focus on expanding the sales of over-the-counter (OTC) products, Chinese medicine and health products with the aim of driving the growth in sales of finished products.

Leveraging on TUL’s advantages in economies of scale, we are confident that we will be able to seize market opportunities, cultivate our innovation ability more quickly, and reinforce our scientific research capability by capitalizing on China’s industrial transformation and upgrade. These initiatives will help sustain the Group’s growth momentum, hence creating the highest value for our shareholders, clients and stakeholders.”

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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 41 were listed in Insurance Catalogue. 26 finished products are in the list of the Nation’s Essential Drugs List.

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