



The United Laboratories International Holdings Limited recorded a significant growth in profit for FY2018

**Profit attributable to shareholders increased by 735.3% to RMB682.9 million
Good progress in new product research and development**

Financial Highlights

(RMB mn)	For the year ended 31 December		
	2018	2017	Change
Turnover	7,510.6	6,826.6	+10.0%
Gross profit	3,052.1	2,498.2	+22.2%
EBITDA	1,788.4	1,125.5	+58.9%
Profit attributable to shareholders of the Company	682.9	81.8	+735.3%
Earnings per share (RMB cents)			
- Basic	41.80	5.03	+731.0%
- Diluted	32.27	5.03	+541.6%
Final dividend per share (RMB cents)	6	5	+20.0%

(29 March 2019 – 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 2018 (the “Year”).

In 2018, the Group’s turnover increased by 10.0% to approximately RMB7,510.6 million. The gross profit recorded RMB3,052.1 million and the gross profit margin grew by four percentage points to 40.6%. EBITDA grew by 58.9% to approximately RMB1,788.4 million. Profit attributable to shareholders of the Company was RMB682.9 million (2017: RMB81.8 million). The significant increase in the gross profit for the year 2018 was mainly attributable to a substantial improvement in overall profit margin due to the increase in the selling prices of intermediate products, a gain of approximately RMB230 million generated from the fair value change of embedded derivative components of convertible bonds and a substantial decrease in loss on fair value change on investment properties. Basic earnings per share amounted to RMB41.80 cents. The Board recommends a final dividend of RMB6 cents per share for the year ended 31 December 2018.

In 2018, the PRC pharmaceutical industry entered a new phase of development. During the Year, the government pressed ahead with the comprehensive reform of public hospitals, with its focus on medical insurance, medical treatment and pharmacy. In the advent of this round of reforms, the pharmaceutical industry is expected to become significantly more concentrated. As one of the leading players in the industry that align with the medical reform, the Group will be well-positioned to seize new opportunities for growth.

The Group’s finished products business maintained a stable growth and the insulin series products continued to be the major growth driver. During the Year, a total of 14.9 million vials of recombinant human insulin injections were sold and the Group recorded a sales revenue of RMB574.8 million. The “United Laboratories USLEN” insulin glargine injection recorded a sales revenue of RMB84.1 million during the Year, meeting its sales target. Currently, the Group has won tenders for the supply of insulin

glargine products through bidding in 17 provinces, and the Group will also continue to actively participate in the bidding in other provinces.

The Group's other finished products recorded a satisfactory sales performance as well. During the Year, the revenue from the sales of piperacillin sodium and tazobactam sodium for injection amounted to RMB482.7 million and the revenue from the sales of United Laboratories amoxicillin branded capsules (the amoxicillin capsule) amounted to RMB451.2 million. In addition, memantine hydrochloride series products, the drugs for the treatment of Alzheimer's disease, recorded a sales revenue of RMB44.4 million during the Year.

The Group has been committed to research and development. The Group currently has 38 new products under development, with 29 successfully registered patents and 13 patents undergoing registration, which are expected to further enrich the Group's product reserve. As for the research and development of biological finished products, the Group aims to further increase the offerings of antidiabetic drugs. In particular, the Group has applied for permits for the production of insulin aspart injection and insulin aspart 30 injection. The liraglutide injection was approved for clinical trial in November 2018, and the Group will speed up the clinical trial of such product, which is expected to effectively fill the void in the market for domestic GLP-1 analog upon its launch. In addition, the Group has started the pre-clinical studies of insulin degludec injection, insulin degludec-insulin aspart mixed injection, insulin degludec-liraglutide mixed injection and sernaglutide. With regard to the research and development of chemical finished products, the Group has focused on such product series as antidiabetic drugs, anti-HBV drugs and eye drops, and it intends to diversify into new drugs.

Besides, the Group actively promoted the Consistency Evaluation for generic drugs, and thus differentiated itself in the fierce competition. The Group's amoxicillin capsules (specification: 0.25g) and cefuroxime axetil tablet (specification: 0.25g) passed the Consistency Evaluation in April 2018 and August 2018, respectively. Benefiting from the Consistency Evaluation, the Group expects to further expand its market shares for antibiotic products in different business segments, and further improve the sales of its products and its market competitiveness, thus providing a good start for the smooth development of the Group's subsequent Consistency Evaluation projects.

As a result of the government's continuous supervision of enterprises' compliance with environmental regulations, the prices of 6-APA and amoxicillin only fluctuated within a narrow range at a reasonable level during the Year. United Laboratories (Inner Mongolia) Co., Ltd. (聯邦制藥(內蒙古)有限公司) was included in the "Third Batch of Green Manufacturing List" issued by the Ministry of Industry and Information Technology and won the national "Green Plant" award; Zhuhai United Laboratories Co., Ltd. (珠海聯邦制藥股份有限公司) was accredited as a "new high-tech enterprise in Guangdong Province" once again, which demonstrated the recognition of the government in respect of the Group's operating results, technological innovation results and research and development capability, thereby further improving its brand image and comprehensive influence.

During the Year, approximately US\$8.0 million (equivalent to approximately RMB51 million) worth of convertible bonds issued by the Group on 5 December 2016 have been converted by bondholders. Approximately 12,845,770 ordinary shares were allotted upon conversion. The Group will continue to optimize its financial structure and improve its liquidity to ensure adequate working capital.

Looking forward, **Mr. TSOI Hoi Shan, the Chairman and Executive Director of the Group concluded that,** "The PRC's pharmaceutical industry is at the stage of rapid development while its medical insurance system is further improved as part of the ongoing supply-side reform. The pharmaceutical industry is in

urgent need of restructuring so as to gradually enter a new stage of development. The Group will continue to focus on insulin product series and actively drive the sales growth of this product series. Meanwhile, we will focus on promoting a new key product mix of piperacillin sodium and tazobactam sodium for injection, the United Laboratories amoxicillin branded capsules, the United Laboratories Ampicillin Capsules, the United Laboratories USLIN and the United Laboratories USLEN. In the meantime, the Group will closely monitor the changes in pharmaceutical policy and market, and accelerate the progress of research and development to capture the opportunities in the market.”

“Against the backdrop of consistent tightening of the PRC’s environmental policies, the Group will continue to improve the capacity utilization of the production lines for intermediates and bulk medicines, optimize production costs, and customize the sales and pricing strategies for different products to improve the Group’s profitability. The Group will make continuous efforts to enhance the competitiveness of our products, foster our capability to innovate and carry out scientific and technological researches, and capitalize on the market opportunities arising from the transformation of the pharmaceutical industry to maintain the Group’s growth momentum, thus maximizing the 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. Up to now, 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. The Group has 49 finished products listed in National Insurance Catalogue and 15 are in the list of the National Essential Drug List. The Group is currently a component of the Hang Seng Composite Index Series.

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