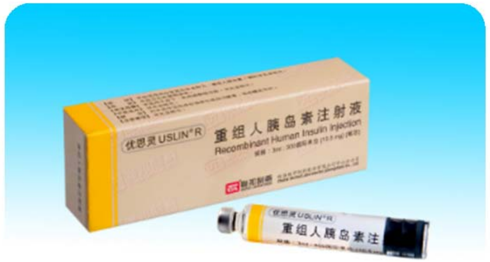
The United Laboratories International Holdings Limited

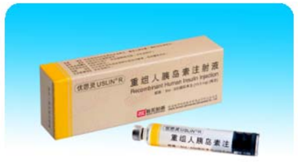
2011 Annual Results Announcement Corporate Presentation

March 2012



Content

Section 1
2011 Annual Results Snapshot

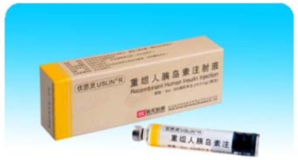
  

2011 Results Snapshot

- **Turnover: -1.5% to HK$6,405.0 million**
  - Intermediate Products : Turnover -0.8%* to HK$2,967.7 million
  - Bulk Medicine: Turnover -1.6%* to HK$3,066.3 million
  - Finished Products : Turnover -0.1%* to HK$1,914.0 million
- **Profit attributable to equity holders: -89.3% to HK$104.3 million**
- **Inner Mongolian plant in full operation:**
  - Annual production capacity of 10,000 tonnes for 6-APA
  - Became the second pharmaceutical enterprise in the world to master the enzymatic processing production of bulk Amoxicillin, and products manufactured under the new process have been launched
- **Successfully launched recombinant human insulin products in 2011**, and began to make revenue contribution. 4 new finished products obtained approval from the SFDA
- **New overseas offices established** in Brazil, India, Dubai, Indonesia, Hamburg Germany
- **Has already entered the rural markets** and the proportion is still on the rise

* Including inter-segment sales

Section 2
Financial Highlights

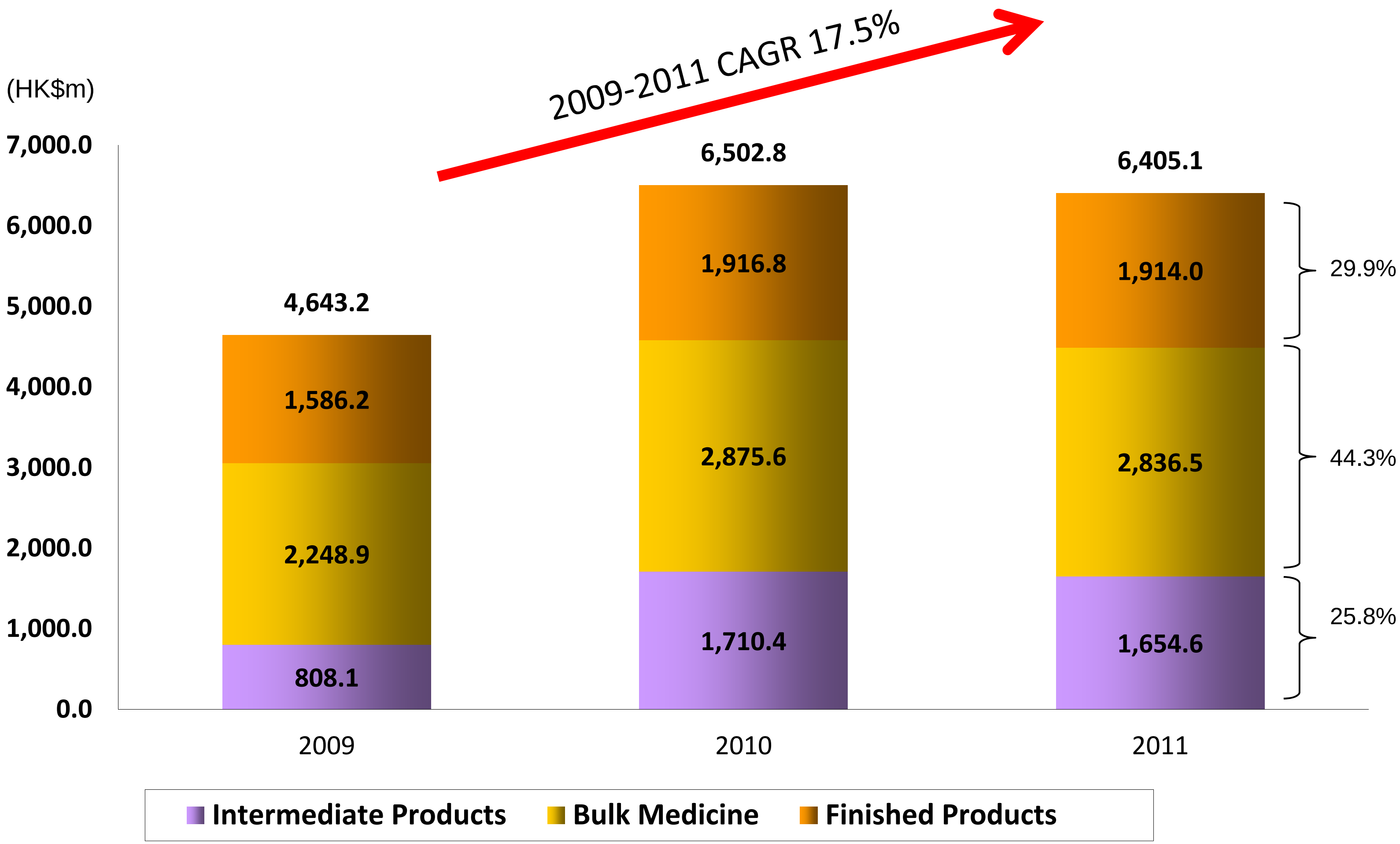





Financial Overview

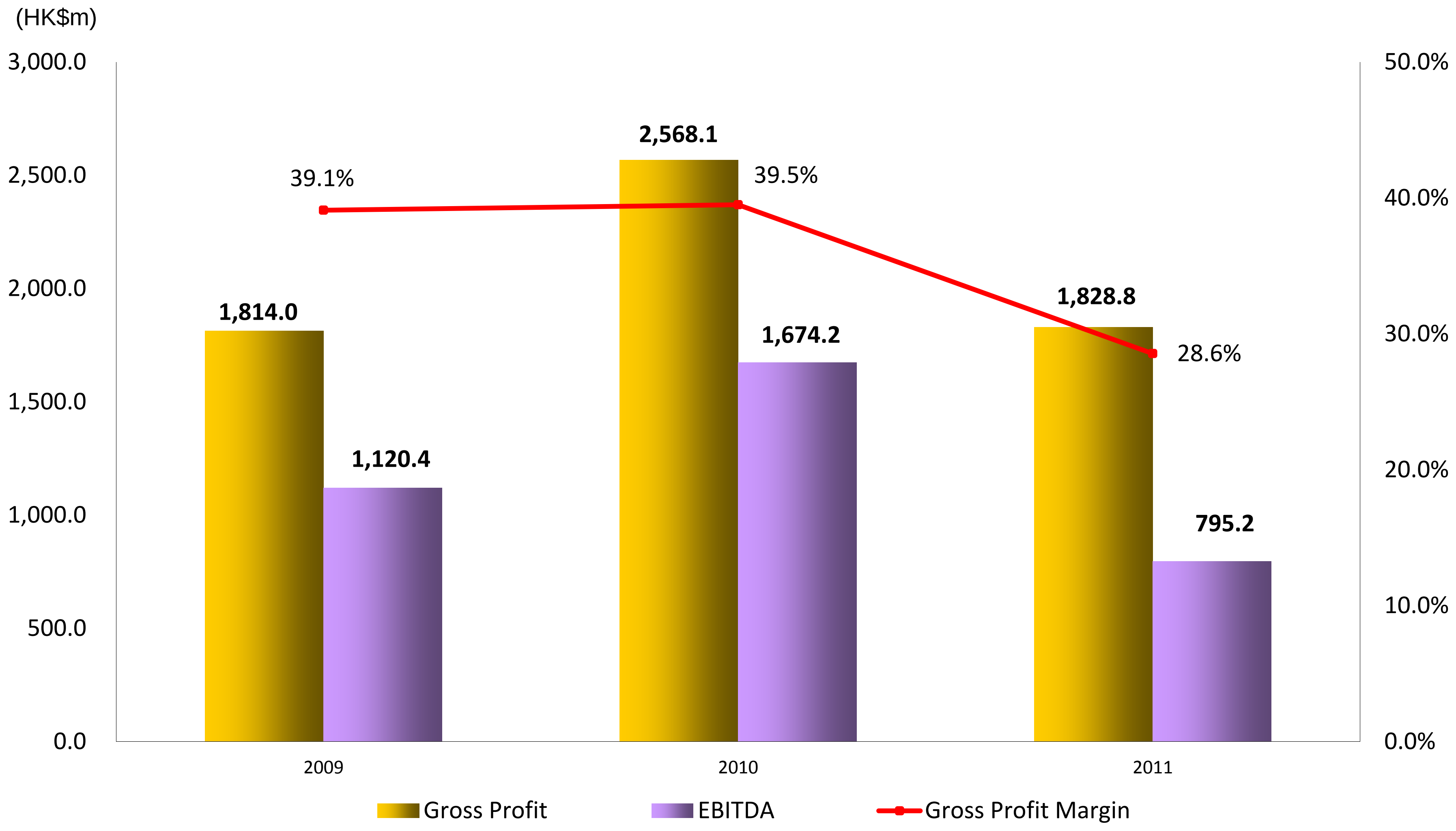
HK$ million	2011	2010	yoy change (2011 v.s. 2010)	2009	yoy change (2010 v.s. 2009)
Revenue	**6,405.0**	**6,502.8**	**-1.5%**	4,643.2	+40.1%
Gross Profit	**1,828.8**	**2,568.1**	**-28.8%**	1,814.0	+41.6%
EBITDA	**795.2**	**1,674.2**	**-52.5%**	1,120.4	+49.4%
Profit Attributable to Equity Holders	**104.3**	**974.2**	**-89.3%**	541.4	+79.9%
EPS (HK cents)					
-Basic	**8.0**	**78.2**	**-89.8%**	45.1	+73.4%
-Diluted	**8.0**	**78.2**	**-89.8%**	45.1	+73.4%

Turnover



2009-2011 CAGR 17.5%
(HK$m)
7,000.0
6,000.0
5,000.0
4,000.0
3,000.0
2,000.0
1,000.0
0.0
4,643.2
1,586.2
2,248.9
808.1
6,502.8
1,916.8
2,875.6
1,710.4
6,405.1
1,914.0
2,836.5
1,654.6
29.9%
44.3%
25.8%
2009
2010
2011
Intermediate Products
Bulk Medicine
Finished Products

Gross Profit, EBITDA & Gross Profit Margin

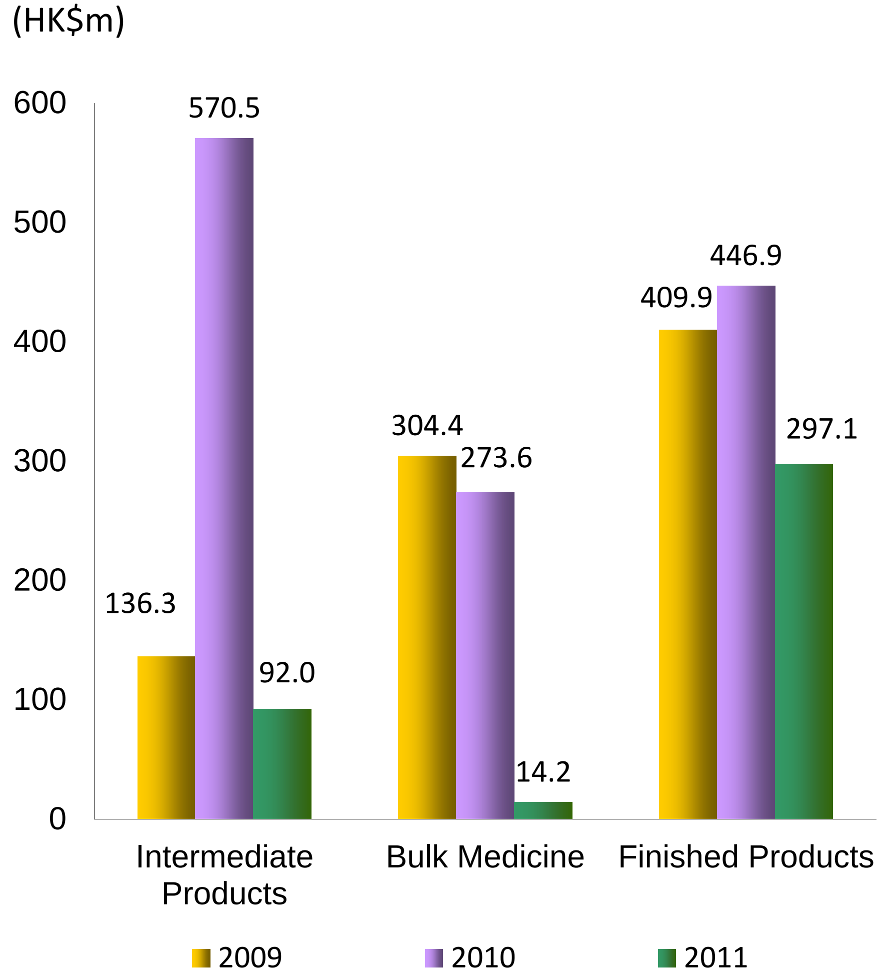


Business Segment Results & Margins

	Segment Margins %		
	2011	2010	2009
Intermediate Products	**3.1**	19.1	6.7
Bulk Medicine	**0.5**	8.8	12.5
Finished Products	**15.5**	23.3	25.8

	Segment Profit %		
	2011	2010	2009
Intermediate Products	**22.8**	44.2	16.0
Bulk Medicine	**3.5**	21.2	35.8
Finished Products	**73.7**	34.6	48.2

Segment Profit



Other Key Financial Indicators

	2011	2010	2009
Trade and bills receivables turnover (days)[1]	116.6	126.3	131.2
Trade and bills payables turnover (days)[2]	125.2	142.3	183.1
Stock turnover (days)[3]	122.7	115.8	114.1
Current ratio[4]	1.03	1.06	0.96
Net Gearing ratio[5]	53.2%	29.4%	54.0%
Cash and cash equivalents (HK$ million)	948.6	464.1	192.5
Total assets (HK$ million)	11,864.9	9,607.9	7,460.0

(1) Calculated as year end trade and bills receivables balance divided by revenue and multiplied by 365

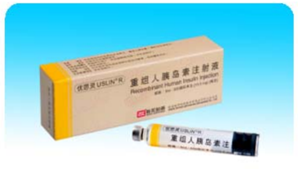
(2) Calculated as year end trade and bills payables balance divided by cost of sales and multiplied by 365

(3) Calculated as year end inventories balance divided by cost of sales and multiplied by 365

(4) Calculated as current assets divided by current liabilities

(5) Calculated as total borrowings and convertible bonds less pledged deposits and cash and bank balances to total equity

Section 3
Business Review



Challenging Operation Environment

Government tightened regulatory policies

- Measure to lower drug price was launched in March 2011, and medical institutions delayed procurement of antibiotics products
- Measure to restrict the use of antibiotics in medical institutions at all levels was launched in April 2011, affecting the demand for high-end antibiotics products

Some healthcare institutions took a wait-and-see attitude and postponed their purchasing plans

Continuous decrease in the prices of intermediate and bulk medicine products

Decline in the finished product prices to a certain extent

Operating costs increased as human insulin was launched

Interest expenses increased

Overall profit margin was affected

TUL's counter strategies

- Maintained the price competitiveness of bulk medicine
- Actively developed new production technology and further strengthened vertical integration in Inner Mongolia production plant to reduce production costs and improve production efficiency
- Focused on the development and sales of recombinant human insulin products
- Further penetrated into the rural market and expanded the sales networks in the overseas markets

Plant Locations

Plant Location	Key Product(s)
Hong Kong	Finished products
Zhongshan	Finished products
Zhuhai	Bulk medicine
Chengdu	Intermediate products
Inner Mongolia	Intermediate products, bulk medicine and finished products
Kaiping	Empty capsule casings

Plant Capacity in 2011

	Designed Capacity (2011)	Utilization Rate	External Sales %
Intermediate products (tonnes)			
• 6-APA	15,600	85	56.3%
• 7-ACA	800	82	42.9%
Bulk medicine (tonnes)			
• Semi-synthetic penicillin type	20,000	49	
• Cephalosporins type	1,200	73	90%
• β- lactamase inhibitor antibiotics type	500	90	
Finished products (mil)			
• Amoxicillin & Ampicillin capsules	1,100	86	
• Amoxicillin granules	161.2	52	100%
• β- lactamase inhibitor antibiotics (bottles)	19.5	70	

Sales Volume

Types	Products	Sales volume in 2011	Sales volume in 2010	yoy Change (2011 v.s. 2010)
Intermediate products (tonnes)	6-APA	**7,459.3**	7,315.0	**+2.0%**
Intermediate products (tonnes)	7-ACA	**281.5**	285.9	**-1.5%**
Bulk medicine (tonnes)	Semi-synthetic penicillin type	**8,875.5**	8,175.8	**+8.6%**
Bulk medicine (tonnes)	Cephalosporins type	**811.0**	859.8	**-5.7%**
Bulk medicine (tonnes)	β- lactamase inhibitor type	**436.8**	254.5	**+71.6%**
Finished products (million packs)	Amoxicillin/Clavulanate tablets	**4.0**	2.0	**+100.0%**
Finished products (million packs)	Tazobactam sodium and piperacillin sodium for injection (2.25g/4.5g) (packs)	**7.7**	7.3	**+5.5%**
Finished products (million packs)	Amoxicillin capsules (250/500mg)*	**34.3**	37.3	**-8.0%**
Finished products (million packs)	Ampicillin capsules (250/500mg)	**19.6**	21.8	**-10.1%**
Finished products (million packs)	Cefuroxime Axetil Tablet*	**12.8**	7.5	**+70.7%**
Finished products (million packs)	Eye drops*	**6.7**	5.5	**+21.8%**
Finished products (million packs)	Adefovir capsules	**1.1**	1.0	**+10.0%**
Finished products (million packs)	Imipenem cilasttin sodium for injection	**0.52**	0.26	**+98.3%**
Finished products (million packs)	Insulin	**0.275**	N/A	**N/A**

***Listed in Essential Drugs List. Eyes drops and Cephalosporins for injection products partially listed.**

Average External Selling Price

Average External Selling Price	2011	2010	yoy Change
Intermediate products (RMB/kg)			
6-APA	**165.2**	171.4	**-3.6%**
7-ACA	**488.9**	756.8	**-35.4%**
Bulk medicine (RMB/kg)			
Semi-synthetic penicillin type	**165.7**	180.5	**-8.2%**
Cephalosporins type	**721.2**	867.7	**-16.9%**
β- lactamase inhibitor type	**565.8**	890.9	**-36.5%**

*Selling price not including VAT

Individual pricing Approved by the National Development and Reform Commission (NDRC)	Individual pricing	Government ceiling price	Price premium
Finished products (RMB)			
Amoxicillin Granules 125mg x 12 packs	8.4	4.8	+ 75%
Amoxicillin Capsules 250mg x24 tablets	13.7	7.4	+ 85%
Amoxicillin Capsules 500mg x24 tablets	23.3	12.6	+ 85%
Ampicillin Capsules500mg x24 tablets	23.8	-	-
Ampicillin Capsules250mg x24 tablets	14	5.7	+ 146%

Further Vertical Integration

Intermediate products, accounted for 25.8% of total sales

	6-APA（>60%）*	7-ACA	T-octylammonium clavulanate
25.8% of sales (2011)	**23.2%**	**2.6%**	**Nil**

Bulk medicine, accounted for 44.3% of total sales

	Semi-synthetic penicillin type（50-60%）*	Cephalosporins type	β- lactamase inhibitor type
44.3% of sales (2011)	 **27.7%**	 **11.1%**	 **5.5%**

Finished products , accounted for 29.9% of total sales

	Semi-synthetic penicillin antibiotics	Cephalosporins antibiotics	β-lactamase inhibitor antibiotics	Other (including capsule casings)
29.9% of sales (2011)	 **9.8%**	 **5.3%**	 **6.5%**	 **8.3%** 

*Chinese market share

New Products Drive Profit Growth

- **To leverage on R & D strengths to develop products with high margins and great demand**
- **There are now 37 new products under development, and 11 are in the process of patent registration and 8 patents were approved by the government in 2011**
- **Recombinant human insulin will continue to be the Group's key product**
  - Over 100 million diabetes patients in China
  - Market of recombinant human insulin amounts to RMB 6 billion and is growing at an annual rate of 20-30%
  - The Group's new insulin products have received relatively high international recognition in terms of quality and production technology
  - Sales, orders and market shares have been increasing since launch in 1H 2011

New Products	Classification	Main curative effects	Launch Time
Recombinant Human Insulin Injection(重组人胰岛素注射液)	Bio product	For treatment of type I & II diabetes	1H 2011
Premixed Protamine Recombinant Human Insulin Injection(30/70) (精蛋白人胰岛素注射液(30/70))	Bio product	For treatment of type I & II diabetes	1H 2011
Premixed Protamine Recombinant Human Insulin Injection(50/50) (精蛋白人胰岛素注射液(50/50))	Bio product	For treatment of type I & II diabetes	1H 2011

Extensive Sales and Distribution Network

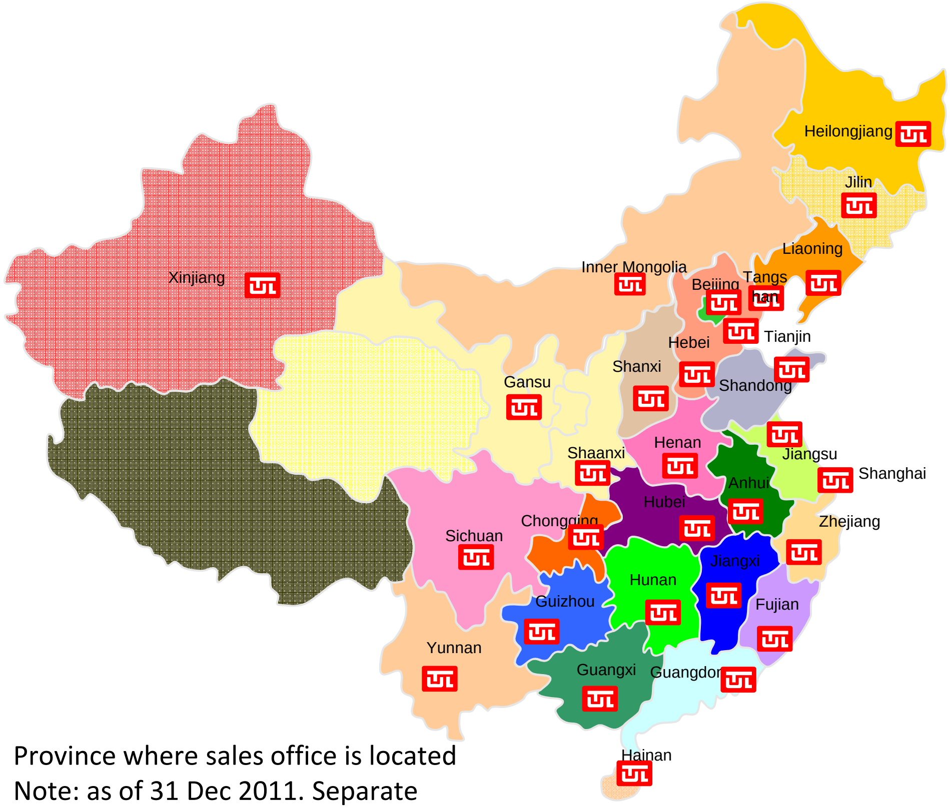
Further penetrated into domestic rural market and expanded the sales networks in the overseas markets

Domestic Market

- Around 2,700 sales staff in 28 sales offices of finished products as at 31 December 2011
- Over 1,000 distributors, 80 of them are top class distributors
- Successfully entered the rural market, and the proportion is still on the rise

Overseas Markets

- Focused on exploring the international market during 2011, and successfully set up offices in Brazil, India, Dubai, Indonesia, and Hamburg in Germany
- Accounted for 31.3% of the Group total sales in 2011
- Sales of products to Europe, India, Hong Kong, Middle East, South America, other Asian regions and other regions



Province where sales office is located
Note: as of 31 Dec 2011. Separate colours represent the cities or provinces covered by each sales office

Diversified Customer Base Attributable to Quality Products

Domestic Customer

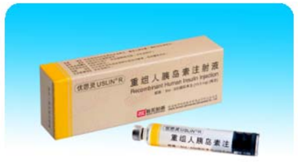
International Customers

Stable and long term relationships with renowned domestic and international customers

Long-term Contract Proportion

	2009	2010	**2011**
Finished Products	75-85%	75-85%	**75-85%**
Intermediates and Bulk Medicine	30-40%	35-45%	**35-45%**

Section 4
Strategies & Outlook



Business Outlook

According to a report issued by the World Bank, the GDP percentage of the health care industry in China is approximately 5%, far below the global average of 10%

Offering huge room for the development of the industry

"The 12th Five-Year Plan on biological sector" announced by the Development and Reform indicates that the central government will invest more than RMB40 billion in the biological industry in the next five years

Giving great support to the local pharmaceutical companies and encouraging research and innovation

The Ministry of Health issued a highlight of 2012 healthcare work plan in February 2012, stating that the state will expand the scope of implementation of the Essential drug system, aiming at improving the medical system in rural areas

Beneficial to industry players like TUL which have already entered the rural market

The government further tightened the environment protection measures of the industry

Favourable to largepharmaceutical enterprises with advanced production technologies

Business Development Strategies

Continue to increase production capacity and improve cost competitiveness

Continue to increase our sales and presence in strategic locations outside the PRC

Potential growth from recombinant human insulin products

Section 5
Q & A Session