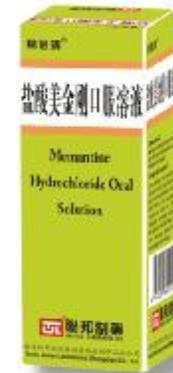


The United Laboratories
International Holdings Limited

2013 Annual Results Announcement Corporate Presentation

March 2014





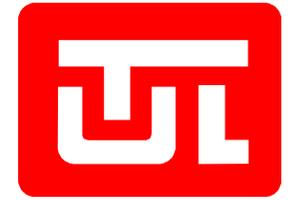
Results Snapshot

Financial Highlights

Business Review

Strategies & Outlook

Q & A



Section1

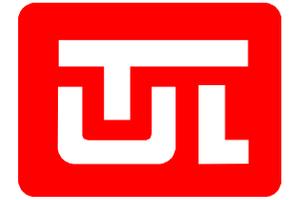
Results Snapshot



2013 Annual Results Snapshot



- u Turnover: +8.9% to HK\$7,648.4 million
- u Profit attributable to equity holders: HK\$48 million; Adjusted core business profit: HK\$402 million
- u Price of 6-APA remained stable
- u Finished products achieved 17.5% growth in turnover
- u Recombinant human insulin products recorded remarkable sales of approx. HK\$120.3 million, achieved the sales target of 2013
- u The first pharmaceutical company in the PRC permitted to produce Memantine Hydrochloride series products
- u Maintained steady growth of overseas sales to HK\$2.7 billion
- u Registrations in overseas markets made progress, obtained EU-CEP certification, US FDA certification, Japan GMP certification and Mexico certification
- u Relocated the production line for 6-APA and clavulanate intermediates in Chengdu plant and consolidated with the production in Inner Mongolia plant to reduce the cost and enhance efficiency
- u Optimized financial structure through various financing channels
 - u Granted with a 3-year loan totally HK\$800 million from China Development Bank Corporation, Hong Kong Branch in Jun 2013
 - u Optimized financial structure through measures such as three-year financing leases to ensure adequate working capital



Section 2 Financial Highlights

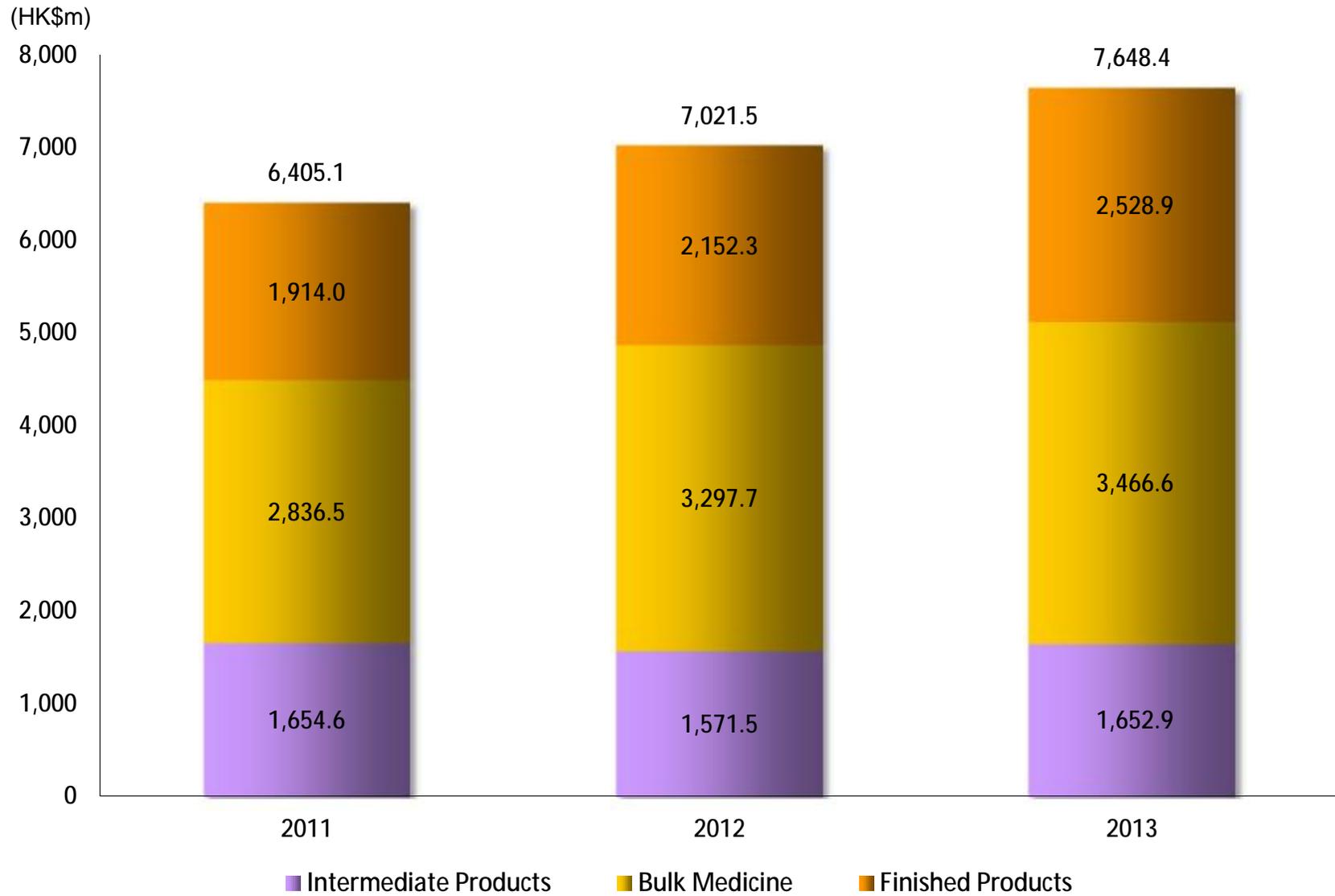


Financial Overview

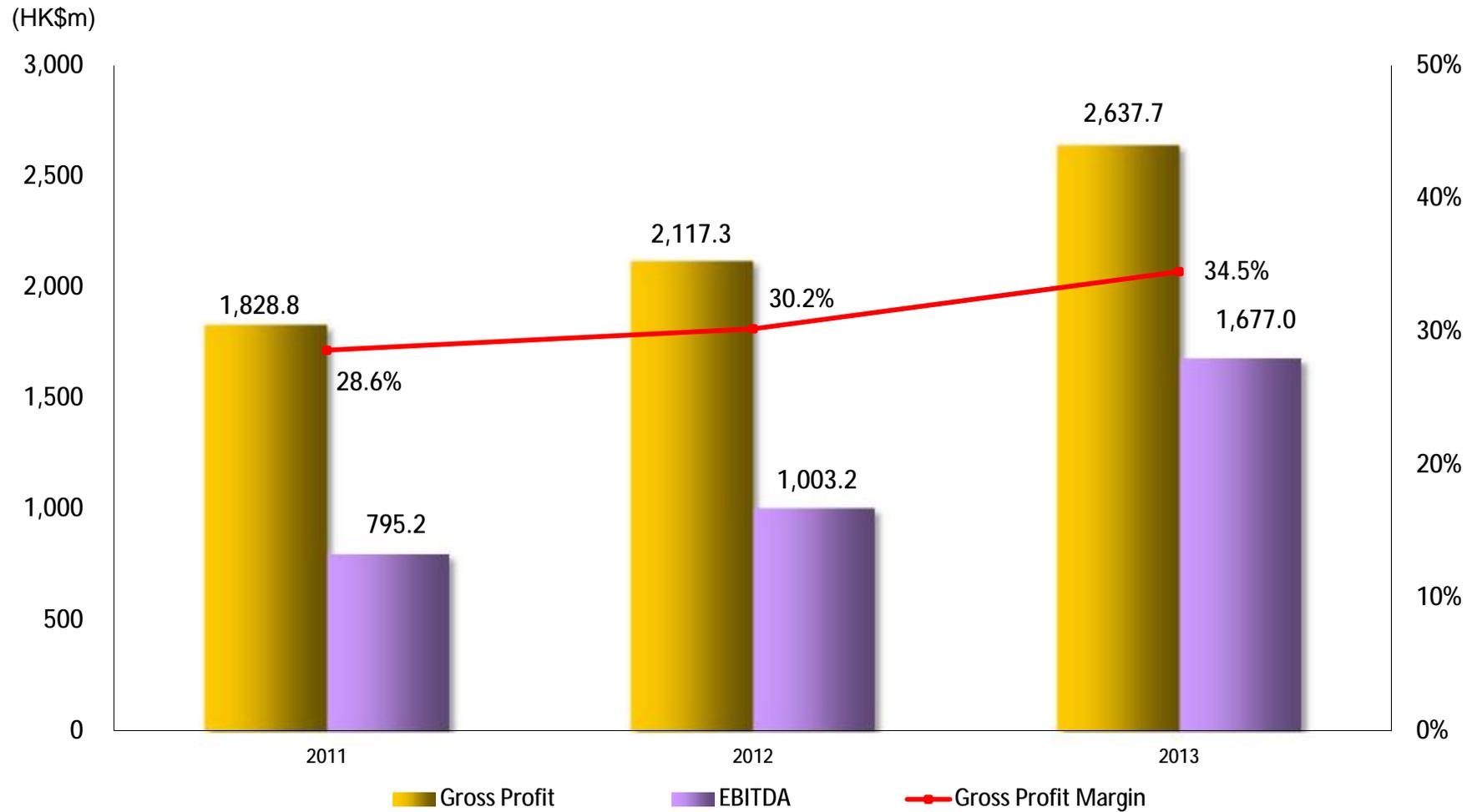


HK\$ million	2013	2012	yoy change
Revenue	7,648.4	7,021.6	+8.9%
Gross Profit	2,637.7	2,117.3	+24.6%
EBITDA	1,677.0	1,003.2	+67.2%
Profit Attributable to Equity Holders	48.0	162.0	-70.3%
✓ Staff redundancy and removal costs upon cessation of production and temporary production suspension costs in Chengdu	187.3	-	-
✓ Impairment loss recognised in respect of property, plant and equipment	808.4	-	-
✓ Fair value change on investment properties	(1,355.3)	-	-
✓ Deferred tax liabilities on fair value change of investment properties	713.2	-	-
✓ Gain on fair value change of derivative components of convertible bonds	0.4	(56.1)	-
<u>Adjusted core business profit</u>	<u>402.0</u>	<u>105.9</u>	<u>279.6%</u>
EPS (HK cents)			
- Basic	2.95	10.7	-72.4%
- Diluted	2.95	10.7	-72.4%

Revenue



Gross Profit, EBITDA & Gross Profit Margin



Business Segment Results & Margins



Profit Breakdown by Segment

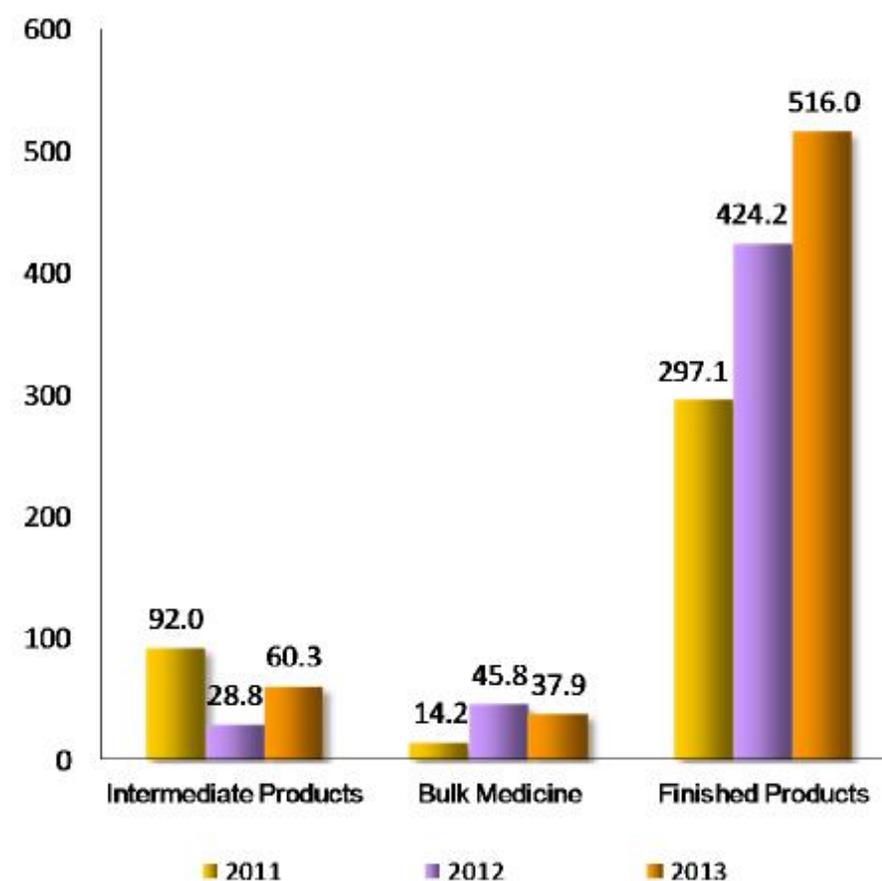
	2013	2012	2011
Intermediate Products	9.8%	5.8%	22.8%
Bulk Medicine	6.2%	9.2%	3.5%
Finished Products	84.0%	85.0%	73.7%
Total	100%	100%	100%

Segment Margins

	2013	2012	2011
Intermediate Products	1.8%	1.0%	3.1%
Bulk Medicine	1.0%	1.3%	0.5%
Finished Products	20.4%	19.7%	15.5%

Segment Profit

(HK\$m)



Other Key Financial Indicators



	As at 31 Dec 2013	As at 31 Dec 2012
Trade and bills receivables turnover (days) ⁽¹⁾	131.0	113.5
Trade and bills payables turnover (days) ⁽²⁾	141.2	134.6
Stock turnover (days) ⁽³⁾	92.6	135
Current ratio ⁽⁴⁾	0.66	0.74
Net Gearing ratio ⁽⁵⁾	88.6%	76.1%
Cash and cash equivalents (HK\$ million)	1,080.7	646.1
Total assets (HK\$ million)	19,600.2	16,141.7

	For the year ended 31 Dec 2013	For the year ended 31 Dec 2012
Net cash from operating activities (HK\$ million)	1,479.5	590.8

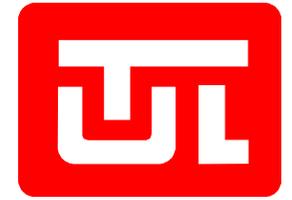
(1) Calculated as year end trade and bills receivables balance divided by revenue and multiplied by 365

(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, obligations under finance leases and convertible bonds less pledged bank deposits and cash and bank balances to total equity



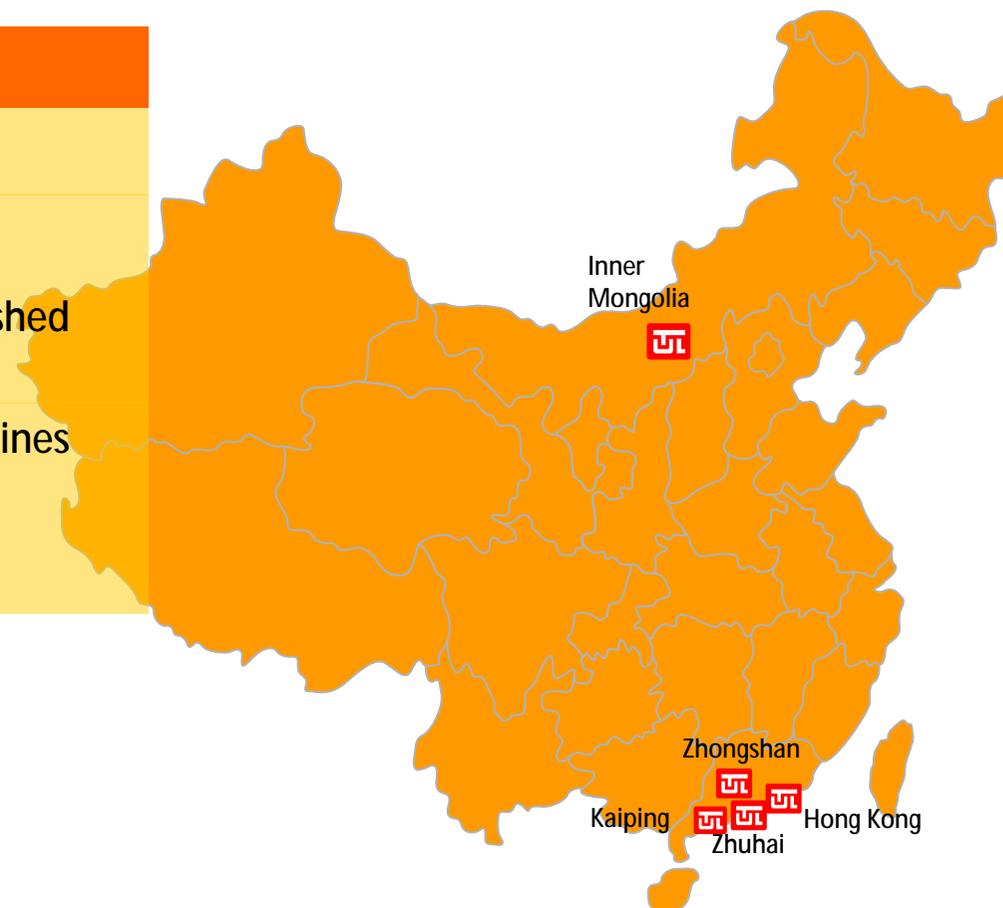
Section 3 Business Review



Plant Locations



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



**Chengdu Plant ceased production in the 2H of 2013*

Plant Capacity in 2013



	Designed Capacity	Utilization Rate	External Sales%
<i>Intermediate products (tonnes)</i>			
• 6-APA	21,000	71.8%	54.9%
• 7-ACA*	400	68.7%	57.8%
<i>Bulk medicine (tonnes)</i>			
• Semi-synthetic penicillins type	20,000	72.4%	82.7%
• Cephalosporins type	1,200	43.3%	72.8%
• β - lactamase inhibitor antibiotics type	800	30%	242.6%
<i>Finished products (mil)</i>			
• Amoxicillin & Ampicillin capsules	1,540	78.2%	100%
• Amoxicillin granules	161.2	58.0%	100%
• β - lactamase inhibitor antibiotics (bottles)	19.5	70.0%	100%

*Production of 7-ACA had been ceased in 2H2013

Sales Volume



Types=	Products	Sales volume in 2013	Sales volume in 2012	yoy change
Intermediate products (tonnes)	6-APA	8,274.8	7,361.3	+12.4%
	7-ACA*	158.9	367.4	-56.8%
Bulk medicine (tonnes)	Semi-synthetic penicillins type	11,970.6	10,822.2	+10.6%
	Cephalosporins type	378.4	783.1	-51.7%
	β - lactamase inhibitors type	582.2	562.1	+3.6%
Finished products (million packs)	Tazobactam sodium and piperacillin sodium for injection (2.25g/4.5g) (bottles)	12.1	9.7	+24.7%
	Amoxicillin capsules (250/500mg)#	43.2	39.7	+8.8%
	Ampicillin capsules (250/500mg)	22.0	20.8	+5.8%
	Cefuroxime axetil tablet#	13.3	11.1	+19.8%
	Eye drops#	8.3	7.7	+7.8%
	Ibuprofen capsules	6.3	5.2	+21.2%
	Adefovir capsules	1.5	1.2	+25.0%
	Imipenem and cilasttin sodium for injection	1.0	0.7	+42.9%
	Insulin	2.5	1.2	+108.3%
VC effervescent tablets	1.3	0.4	+225.0%	

*Production of 7-ACA had been ceased in 2H2013

#Listed in Essential Drugs List. Eyes drops partially listed.



Average External Selling Price

Average External Selling Price#	2013	2012	y-o-y change
Intermediate products (RMB/kg)			
6-APA	142.8	145.9	-2.1%
7-ACA*	427.1	412.5	+3.5%
Bulk medicine (RMB/kg)			
Amoxicillin Trihydrate	162.3	155.8	+4.2%
Cephalosporins type	658.9	652.5	+1.0%
β - lactamase inhibitors type	797.1	753.2	+5.8%

*Production of 7-ACA had been ceased in 2H2013

#Selling price not including VAT and export tax

Individual pricing approved by 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 x 24 tablets	13.7	7.4	+85%
Amoxicillin Capsules 500mg x 24 tablets	23.3	12.6	+85%
Ampicillin Capsules 500mg x 24 tablets	23.8	-	-
Ampicillin Capsules 250mg x 24 tablets	14.0	5.7	+146%

Fully Vertical Integration



Intermediate products, accounted for 21.6% of total external sales in 2013

6-APA (>60%#)	7-ACA*	T-Octylammonium Clavulanate
20.0%	1.6%	Nil

Bulk medicine, accounted for 45.3% of total external sales in 2013

Semi-synthetic penicillins type (50-60%#)	Cephalosporins type	β - lactamase inhibitors type
 33.4%	 4.3% 	7.6%

Finished products , accounted for 33.1% of total external sales in 2013

Semi-synthetic penicillins antibiotics	Cephalosporins antibiotics	β -lactamase inhibitors antibiotics	Other (including capsule casings)
10.5% 	5.0% 	8.2% 	9.4% 

*Production of 7-ACA had been ceased in 2H2013

#Chinese market share

New Product Development



- u 44 new products were under development, in which 7 in the process of patent registration and 13 patents approved by the government by the end of 2013

- u 25 new products at the stage of pre-clinical-trials
- u 5 new products at the stage of clinical trials
- u 14 new products pending for production approval
- u Series of product include those anti-diabetes, anti-cancer, epilepsy and anti-hepatitis B, as well as antibiotics series

- u To leverage on R & D strengths to develop products with high margins and great demand

Chemical pharmaceutical R&D Department

- approx. 110 R&D personnel
- 36 types of chemical drugs at different R&D stages

Biological R&D Department

- approx. 90 R&D personnel
- 8 types of biological drugs at different R&D stages

Clinical Department

- approx. 20 clinical inspectors
- responsible for the Company's clinical trials of new products

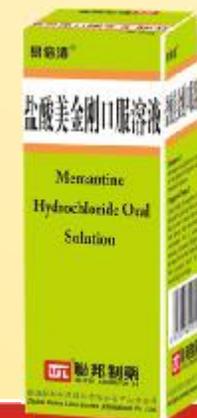
External Cooperation

- working with local and foreign well-known universities, research institutes and laboratories

New Product Development (Cont'd)



- u Recombinant human insulin will continue to be the Group's key product
- u Insulin products received relatively high international recognition in terms of quality and production technology
- u Included in the "National Essential Drug List" 《国家基本药物目录》 (2012 version) in May 2013
- u Obtained orders from public and private hospitals, clinics and pharmacies, outstanding sales performance from Shandong, Henan and Liaoning
- u Contributing approx. HK\$120.3 million to the Group's revenue
- u Insulin Glargine (甘精胰岛素): pending for the production permit
- u Insulin Aspart (门冬胰岛素): clinical trials in progress
- u Other Insulin series products are at the stage of pre-clinical-trials
- u The first pharmaceutical company in the PRC permitted to produce Memantine Hydrochloride series products
- u A new drug for the treatment of Alzheimer's disease
- u The grant of approval for drug registration by China FDA in Jul 2013 with respect to the bulk medicine, oral solutions and tablet of Memantine hydrochloride



Pipeline



New Products	Classification	Main curative effects
Insulin Glargine Injection 第三代甘精胰岛素注射液（长效）	Bio product	For treatment of type I & II diabetes
Insulin Aspart Injection 第三代门冬胰岛素注射液（超速效）	Bio product	For treatment of type I & II diabetes
Insulin Detemir Injection 第三代地特胰岛素注射液（长效）	Bio product	For treatment of type I & II diabetes
Biapenem for Injection 注射用比阿培南	Chemical product	Anti-infection
Levetiracetam Tablets 左乙拉西坦片	Chemical product	Antiepileptic

Extensive Sales and Distribution Network



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

Domestic Market

- U Around 3,000 sales staff in 28 sales offices of finished products as at 31 Dec 2013
- U Over 1,000 distributors, 80 of them are top class distributors
- U Further penetrated into the rural market, and the proportion is still on the rise
- U Expand the sales of OTC products, Chinese medicine products and healthcare products in chain store pharmacies

Overseas Markets

- U Accounted for 35.4% of the Group total sales in 2013, 8.9% y-o-y growth
- U Sales of bulk products to Europe, India, Africa, Middle East, South America and other Asian regions
- U 6 European CEP certificates, 12 Bulk Medicines and 1 finished Product received the FDA approval from US, 1 API got Japanese GMP, 2 official approval from Mexico



*Provinces where sales office are located
Note: as of 31 Dec 2013. Separate colours represent the cities or provinces covered by each sales office*



Environmental Protection

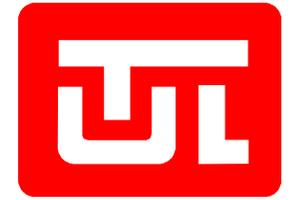
- u Pay high attention on environmental protection work and implement in-depth control on pollutants including waste water, waste gas and waste residue generated during production
- u Dedicated to invest on environmental protection facilities to upgrade equipment and technology
- u Waste water treatment system designed by the State Pharmaceutical Wastewater Center and the Pharmaceutical Professional Planning and Design Institute
- u Implement real-time online monitoring by networking with the Environmental Protection Bureau
- u Winning a number of national / regional recognitions / awards

Sewage Facilities



Recognitions





Section 4 Strategies & Outlook



Business Outlook



Government continue to devote more resources to support the pharmaceutical industry

Latest National Essential Drugs List announced in May 2013

- Types of drugs covered increased significantly to 520
- 317 are chemical/biological drugs, including the insulin and amoxicillin products of the Group



TUL has already gained first-mover advantages by penetrating into rural markets and primary healthcare institutions

The new List will help improve the sales of the relevant products

Partial capacity of phase V of Inner Mongolia plant commenced trial production by the end of 2013



Further lower production cost and enhance efficiency

Planned capacity sufficient for future development

In line with the expansion plan of export and domestic markets

Business Development Strategies



Continue to expand domestic and overseas sales networks and accelerate the penetration of domestic rural markets. Actively explore new markets with growth potentials

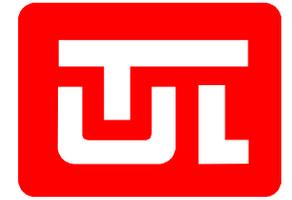
Continue to bring our edges in R&D into play in order to develop high-margin and in-demand products

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

Consider expanding the new insulin products, which have received relatively high international recognition in terms of quality and production technology, to overseas markets

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

Actively expand the sale of special medicine products, OTC products, Chinese medicine and health products



Section5

Q & A Session

