

**FQ&A:****Q1 : Please briefly introduce The United Laboratories (03933HK)?**

**A:** TUL is a comprehensive pharmaceutical group integrating R&D, production and operation of intermediates, bulk medicines (APIs), biological and finished products, also is the largest 6-APA and Amoxicillin bulk medicine supplier in the worldwide. We operate 6 production plants, own several excellent sales teams for APIs and finished products as well as marketing networks situated in China and overseas. TUL has 188 products obtained Drug Registration Approvals and our key antibiotic products such as Amoxicillin Capsules and Ampicillin Capsules ranked No.1 for several consecutive years. All of our production plants for bulk medicines and finished products have obtained cGMP certificates, and a number of products also have passed the inspections by EU COS and US FDA. TUL was the first domestic company got enzymatic amoxicillin CEP certificate granted by EDQM in China. The Group has obtained a number of scientific and technological achievements and our products helped to fill the gap in the domestic market. Insulin Glargine Injection was approved and launched in 2017, followed by the launch of Recombinant Human Insulin in 2011. The Group became the pharmaceutical enterprise of the second and third generation insulin products in China.

**Q2: What is the production capacity and utilization rate?**

**A:** As the end of Dec. 31, 2019, the production capacity and utilization rate were listed as below.

	<b>Designed Capacity</b>	<b>Utilization Rate</b>
<b>Intermediate products (Tonnes)</b>		
6-APA	18,000	70.1%
Penicillin G Potassium First Crystal (in BOU) #	13,333,333 BOU#	48.6%
T-Octylammonium Clavulanate	720	39.4%
<b>Bulk medicine (Tonnes)</b>		
Semi-synthetic penicillins type	20,000	74.3%
Cephalosporins type	1,200	58.3%
$\beta$ -lactamase inhibitor antibiotics type	1,568	76.4%
<b>Finished products (mil)</b>		
Amoxicillin & Ampicillin capsules	1,540	78.5%
Tazobactam sodium and piperacillin sodium for injection	28	76.4%

#It is the market practice to use BOU as the measuring unit of Penicillin G Potassium First Crystal. 1 BOU represents around 0.63kg of this product.

**Q3: What are the Group's advantages in R&D?**

**A:** The Group has 4 R&D bases, over 300 researchers covering the areas of chemical pharmaceutical products, biological products, clinical trials and external cooperation

items. There are now 32 new products under development, 23 new products at the stage of pre-clinical-trial, 3 new products pending for clinical approval, 2 new products at the stage of clinical trial and 4 new products pending for production approval. Series of product include those diabetes, anti-hepatitis B, eye drop series and new drugs.

**Q4: How does the Group’s insulin series make progress?**

**A:** The Group continued to aim at the growth potential of insulin products and regarded the Insulin series as a key product. Since the launch of Insulin series, it achieved a strong sales performance and recorded remarkable sales of RMB696 million in 2018. We hoped Insulin series could have more contribution and higher margin in the following years.

**Q5: What’s the pipeline of the TUL’s therapeutic drugs for diabetes?**

**A:** By June 30, 2019, the related R&D progresses were listed as below.

<b>New products</b>	<b>Main curative effects</b>	<b>R&amp;D progress</b>
Insulin Aspart Injection	For treatment of type I & II diabetes	Pending for production permit
Insulin Aspart 30 Injection	For treatment of type I & II diabetes	Pending for production permit
Liraglutide Injection	For treatment of type II diabetes	Clinical-trial
Insulin Degludec Injection	For treatment of type I & II diabetes	Approval for clinical trial
Insulin Aspart 50 Injection	For treatment of type I & II diabetes	Approval for clinical trial
Insulin Degludec/Insulin Aspart	For treatment of type I & II diabetes	Pre-clinical-trial
Insulin Degludec/Liraglutide	For treatment of type I & II diabetes	Pre-clinical-trial
Semaglutide Injection	For treatment of type II diabetes	Pre-clinical-trial
Ultra Long-acting GLP-1 Analog	For treatment of type II diabetes	Pre-clinical-trial

**Q6: What’s the impact for new medical policies?**

**A:** In the first half of the year, the General Office of the State Council issued the Key Tasks for Deepening the Reform of the Medical and Healthcare System in 2019, including solid promotion of the national organization of centralised drug procurement and use of pilots; adoption of strengthening reserves, centralised purchasing, designated production and other ways to guarantee supply of drugs that are clinically necessary, easy to be in shortage of supply, and have few or no alternatives; improvement of the dynamic adjustment mechanism of the National

Reimbursement Drug List, etc. In particular, the scope of centralised procurement of drugs for 4+7 cities is expected to further expand nationwide, indicating that the concentration of pharmaceutical industry is expected to increase significantly and merger and acquisition, integration, innovation and upgrading will accelerate in China's generic drug industry. The Group will continue to take insulin series as its core strategic products and proactively promote the continued sales growth of this series of products to increase the market share. The Group will continue to improve its management system, continuously enhance its academic professionalism, and closely monitor the policies in the pharmaceutical market, to make advance preparation to respond to industrial changes and achieve comprehensive, balanced and sustainable development. At the same time, the Group will further optimise its product mix, improve the profitability of the intermediate products and bulk medicine business, and adhere to the international development to deepen its development in global key pharmaceutical markets. In the future, the Group will continue to vigorously accelerate the cultivation of innovation and scientific research capabilities, to enhance the competitiveness of its products and capitalise on the industrial transformation to maintain the Group's sustainable growth momentum, hence creating the maximum value for our shareholders, clients and stakeholders.