

[For Immediate Release]



**The United Laboratories International Holdings Limited  
Announces 2012 Interim Results**

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**Turnover increased to HK\$3.65 billion  
Prices of Intermediate Products and Bulk Medicine Becomes Stable  
Overseas Sales Surges 35.7%**

**Financial Highlights**

(HK\$ million)	For the six months ended 30 June		
	2012	2011	YOY Change
Turnover	<b>3,646.5</b>	3,373.9	<b>+8.1%</b>
Gross profit	<b>1,070.2</b>	1,199.5	<b>-10.8%</b>
EBITDA	<b>590.4</b>	659.3	<b>-10.5%</b>
Profit attributable to equity holders	<b>169.1</b>	307.7	<b>-45.0%</b>
Earnings per share (HK cents)			
- Basic	<b>11.4</b>	21.7	<b>-47.5%</b>
- Diluted	<b>7.0</b>	21.7	<b>-67.7%</b>

(23 August 2012 – Hong Kong) – The United Laboratories International Holdings Limited (“TUL” or the “Group”; Stock code: 3933), one of the leading manufacturers of antibiotics in the PRC, announced today its interim results for the six months ended 30 June 2012.

During the period under review, the Group recorded a turnover of HK\$3,646.5 million. Gross profit and EBITDA were HK\$1,070.2 million and HK\$590.4 million respectively. Profit attributable to equity holders was approximately HK\$169.1 million. Basic earnings per share were HK\$11.4 cents. Gross profit, EBITDA and profit attributable to equity holders recorded year-on-year decrease, but, represented significant improvement when compared with numbers of the second half last year. It indicates that the worst is over for the Group, and its results have started picking up since the first half of the year.

Mr. Choy Kam Lok, Chairman of TUL, said, “In the first half of 2012, the macro economy and the government policies over the industry remained uncertain, however, the operating environment of the domestic pharmaceutical industry has improved, along with increasing market demand driven by an aging population and stabilizing government policies for medicine. TUL continued to maintain leadership of the industry by further enhancing the core competitiveness of the enterprise. In addition, TUL had full grasp of market pulse, timely adjusted business development strategy and constantly developed new products and markets, to position itself for business opportunities amidst changing market conditions and ensure the steady development of business.”

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With more well-defined government policies at the beginning of this year, drug-purchasing of all levels of medical institutions returned to normal, and the market demand for antibiotics rose gradually, with the price of 7-ACA stabilizing. At the same time, the price of 6-APA also gradually recovered following the stabilization of market supply and demand; the average price of the first half of 2012 was up 15% from the low prices last year. For the period under review, segmental turnover of intermediate products, bulk medicine and finished products recorded HK\$815.3 million, HK\$1,766.1 million and HK\$1,065.0 million respectively. Sales amount and sale volume of each business segment recorded an increase compared to the second half of last year.

In order to deal with the uncertainties of the domestic market, the Group speeded up the expansion of overseas markets starting from last year, by establishing offices in Brazil, India, Dubai, Indonesia and Hamburg in Germany. The European market overseen by the Hamburg office and the Asia Pacific market by the Indonesian office recorded significant growth, resulting in largely increased overseas sales of 35.7% to over HK\$1,305.1 million in the first half of 2012 and a higher proportion of overseas sales in the Group's total sales as compared to the corresponding period of last year. With the continuous increase in demand for intermediates and bulk medicines from the overseas markets, the fact that our products are offered at highly reasonable prices, and that our products have continuously received certifications from all over the world in recent years, we are confident that our export sales will gradually increase and accordingly contribute to the future growth of the Group, and at the same time, helps disperse our operational risks.

Facing the challenges brought about by last year's industry policies, the Group stepped up the adjustment of product mix. It continued to aim at the growth potential of recombinant human insulin, and had made substantial investments in the development and distribution of relevant products. As its new product had the same efficacy as that of imported ones and that the price was competitive, since the launch of recombinant human insulin in May 2011, the Group has consistently received orders from private hospitals, clinics and pharmacies and the bidding working in provincial hospitals has been rolled out. The Group is confident that the recombinant human insulin will reach a certain operational scale in two to three years, as it takes time to roll out provincial bidding. At present, the business development of the Group's human insulin is still at the initial stage, the sales in the period under review reached approximately HK\$20 million. The management was satisfied with the results so far, and hoped this medicine could have more contribution and higher margin in the following two years. Furthermore, the Group continued to promote the development of new products, and 42 new products being developed, and 9 patent registrations have been approved so far, while another 8 patent registrations are subject to approval.

In the period under review, the Group also actively developed and adopted new production technology to further strengthen its vertical integration and the Inner Mongolia plant succeeded in producing enzymatic amoxicillin, which is expected to further cut production cost and improved efficiency. The newly-built production capacity was also put into operation, effectively matching with the pace of developing the export and domestic distribution markets.

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Looking forward, the Group will continue to expand its sales networks, domestic and abroad, and will accelerate the penetration of domestic rural markets. It will also actively explore new markets with growth potential. Moreover, the Group will continue to bring its cutting edge in R&D into play to develop products of high margins and demand. The recombinant human insulin products will remain a key product of the Group and we will accelerate growth momentum of the human insulin by investing substantial resources to capture greater market share. The Group's new insulin products have received relatively high international recognition in terms of quality and production technology and it will consider expanding these products to overseas markets. Meanwhile, the Group will 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.

“Leveraging on the positive factors such as improving living standards in the PRC, increasing incidence of chronic diseases as a result of rising urbanization, accelerating of aging of population and rising demand for medical services under the implementation of medical reform, it is expected that China's prescription drug market will grow at a compound annual growth rate of 20%. Moreover, the analysis report released by the Ministry of Commerce earlier pointed out that, in the next five years, the global pharmaceutical market will maintain growth of 8% annually. All these indicate that there are huge rooms for development in both domestic and overseas markets for the pharmaceutical industry. We believe, in the short term, the Chinese medicine industry will see both opportunities and challenges, and in the long term, the industry prospects remain optimistic. Through enhancing its competitiveness, the Group is confident to grasp market opportunities and achieve economies of scale, leading the industry in steady development and ensuring sustainable development momentum of the Group, creating maximum value for shareholders and stakeholders, and striving for best quality for customers,” concluded Mr. Choy.

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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 30 June 2012, the Group has a total of 184 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. 80 were in production, and 34 were listed in Insurance Catalogue. 12 finished products are in the list of the Nation's Essential Drugs List.

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