

[For Immediate Release]



**The United Laboratories International Holdings Limited
Announces 2014 Interim Results**

**Profit Attributable to the Owners of the Company
Substantially Increased by 15 Times to Approximately HK\$710 Million
Sustained Growth in Selling Price of Intermediate Products and Bulk Medicine
Satisfactory Sales Performance of Insulin Products**

Financial Highlights

(HK\$ million)	For the six months ended 30 June		
	2014	2013	Change
Revenue	3,701.2	3,745.9	- 1.2%
Gross profit	1,541.0	1,146.8	+ 34.4%
EBITDA	1,283.1	514.2	+ 149.5%
Profit attributable to owners of the Company	709.9	43.0	+1,551.3%
• Staff redundancy and removal costs upon cessation of production and temporary production suspension costs in Chengdu	--	46.1	N/A
• Impairment loss recognized in respect of property, plant and equipment	28.7	93.8	- 69.4%
• Subsidy income	-392.4	--	N/A
• Gain on fair value change of embedded derivative components of convertible bonds	13.0	-54.5	+ 123.9%
Adjusted core business profit	359.2	128.5	+179.8%
Earnings per share (HK cents)			
- Basic	43.64	2.64	+1553.0%
- Diluted	43.64	2.62	+ 1565.6%

(21 August 2014 – 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 six months ended 30 June 2014.

During the period under review, the Group’s turnover amounted to approximately HK\$3,700 million, nearly the same level as year-on-year. EBITDA grew by 149.5% year on year to approximately HK\$1,280 million. Profit attributable to owners of the Company was approximately HK\$710 million, representing a significant increase of over 15 times as compared to the same period in the previous year. Earnings per share were HK43.64 cents. The increase in profit is mainly attributable to the increase in selling prices of intermediate and bulk medicine products. In addition, additional production capacity which was launched into operation in Inner Mongolia and the maturing production technology of enzymatic bulk amoxicillin further decreased cost of production and hence improved overall gross profit. Gross profit margin increased substantially to 41.6%. Moreover, a subsidy of approximately HK\$390 million granted

-Cont'd-

by the Pengzhou Bureau of Science and Information Technology to United Laboratories (Chengdu) Limited, a wholly-owned subsidiary of the Group, during the period for the cessation of the operation of its production plant in Chengdu last year.

Mr. Tsoi Hoi Shan, Chairman of TUL, said, "On the back of the steady progress in its economic development and urbanization together with its aging population, China saw the growth in its demand for healthcare and pharmaceuticals continue unabated, while national policies continue to support the development of pharmaceutical industry. The choice of antibiotic products available to the hospitals and clinics of various administrative levels is limited. As a major manufacturer of such drugs in the country, TUL will be able to achieve a dominant position in the market. During the period, a proportion of backward production capacities ceased production, leading to a more balanced supply-demand relation. In addition, the demand for the Group's intermediate and bulk medicine products was growing and their selling prices were increasing. As a result, the Group recorded a significant improvement in its operating results. During the period under review, TUL capitalized on its leading position in the industry and actively improved its core capabilities. The Group manifested the competitive advantage of its vertically integrated production amid the volatile market. It also actively sought business opportunities in order to realize consistent growth."

During the period, segmental turnover (including inter-segment sales) of intermediate products, bulk medicine and finished products are HK\$500 million, HK\$1,920 million and HK\$1,290 million, respectively.

The Group recorded a consistent increase in product sales during the period. The increase in demand for antibiotics had caused a steady growth in the selling price of 6-APA, the Group's drug intermediate, since the second half of 2013. The selling price of the product maintained the growth momentum during the first half of 2014. The price of corn, the primary raw material of the Group's drug intermediates, remained stable during the period, helping the Group effectively control the production cost. The phase IV of the Group's Inner Mongolia plant had been put into operation. The first four phases of the plant have all been running at almost full capacity. The phase V of the plant commenced trial production at the end of 2013 and gradually commenced commercial production in the first half of this year. The original 6-APA production lines in Chengdu has already been integrated into the production lines in Inner Mongolia. This helps the group optimize the resource allocation to achieve higher cost efficiency.

As to the business of finished products, the Group's recombinant human insulin products continued to receive orders from private hospitals, clinics and pharmacies during the period, with remarkable sales performance in Shandong, Henan, Liaoning, Fujian and Hubei. During the period, income from the sales of insulin products was encouraging with approximately HK\$71.4 million.

In its overseas sales, the Group focused on expanding its export business. It made steady progress in overseas sales expansion which resulted in export sales of HK\$1,380 million, representing an increasing proportion to the overall turnover of approximately 37.3%. Since 2013, all drugs imported into the European Union (EU) have to be produced by factories with EU or GMP certification. The Group has already obtained the Certificate of Suitability of Monographs of the European Pharmacopoeia (CEP) from the EU, certification by the United States Food and Drug Administration, GMP (good manufacturing practice) certification from Japan and official certification from Mexico. With internationally approved production capabilities and competitively priced products, the Group is confident that its growing export sales will continue to generate satisfactory revenues for the Group.

-Cont'd-

The Group continued to strengthen its research and development of finished products. In 2012, clinical trials for insulin glargine (third generation insulin) were completed, pending for the production permit since early 2013. Clinical trials of insulin aspart (third generation insulin) is underway, further enriching the Group's insulin product line. Moreover, the Group has developed bulk medicine, oral solutions and tablets of memantine hydrochloride, which is used in treating Alzheimer's disease. On 16 July 2013, the China Food and Drug Administration issued the registration documents for the drug, making TUL the first manufacturer in China to receive government approval to replicate memantine hydrochloride products. This drug has started sales in 13 provinces or municipals in China, and successfully won the bid from the hospitals in Shandong, Chongqing and Hubei. For biapenem, the new generation of carbapenem broad-spectrum antibiotics, obtained drug-registration certificate in June 2014 and it has been actively launched to the market. The Group is one of the top five manufacturers of biapenem in the domestic market.

The Group is currently developing 43 new products. As at 30 June 2014, 13 patents were granted, while seven are currently under review.

As to the new production capacities, the phase V of the Group's plant in Inner Mongolia has already been completed and gradually commenced production in the first half of this year. The expansion of production capacity of the plant will reduce production cost and raise efficiency. It is also expected that the added production capacity will be able to meet the needs of future development and match the expansion of both the export and domestic markets. In March of 2014, United Laboratories (Chengdu) Limited, a wholly-owned subsidiary of the Group and the Pengzhou Land Bureau signed a contract that allowed the former to convert a piece of industrial land to commercial and residential uses and to a space for the facilities of the service sector. The Group believes that the value of the land will be significantly enhanced after the change of its use.

Looking forward, Chairman Tsoi, concluded, "In the future, the Group shall continue to implement its existing business development strategies, expand its sales networks, increase the market penetration of its products in domestic rural and communal markets, put great efforts to increase overseas sales, and actively explore new markets with growth potential. The Group will continue to bring its cutting edge in research and development into play to develop products with high margin and in great demand. The Group will invest more resources to expand its market share in the insulin products series, being the major development direction. The Group will focus on driving the sales of amoxicillin and ampicillin to further enlarge its market share. The Group will further expand the market share of memantine hydrochloride in large-scale hospitals and proactively participate in tender bidding. The Group will also enhance the research and development and sale of special medicine products, OTC products and Chinese medical health products, developing a diversified product portfolio. Leveraging its advantages of economies of scale, the Group is confident of capturing market opportunities and maintaining its growth momentum. This will create the highest value for its shareholders, clients and stakeholders."

-End-

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 2014, 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, and 41 were listed in Insurance Catalogue. 26 finished products are in the list of the Nation's Essential Drugs List.

**For further enquiries, please contact:
iPR Ogilvy Ltd.**

Callis Lau / Tina Law / Eva Lee / Candy Tam

Tel: (852) 2136 6952 / 2136 6181 / 3920 7648 / 3920 7626

email: tul@iprogilvy.com