

[For Immediate Release]



**The United Laboratories International Holdings Limited
Announces 2016 Interim Results**

**Remarkable sales performance of recombinant human insulin injection products
Encouraging results of a new round tendering in supply contracts
Laying a solid foundation in the market**

(26 August 2016 – 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 unaudited interim results for the six months ended 30 June 2016 (the “Period”).

During the Period, the Group’s turnover was approximately HK\$3,504 million (2015: HK\$4,062 million) and EBITDA was approximately HK\$661 million (2015: HK\$803 million) respectively. The Group recorded a loss attributable to owners of approximately HK\$15 million (2015: profit attributable to owners HK\$280 million), mainly because both 6-APA, a main intermediate product, and Amoxicillin, a main bulk medicine product, recorded decreases in both sales and product prices. The decreased production led to an increase in unit cost of production and a significant decrease in the gross profit. The Board does not recommend payment of interim dividend per share for the six months ended 30 June 2016.

Mr. Tsoi Hoi Shan, Chairman of TUL, said, “In the first half of 2016, investors were worried about the global economic conditions. Although economic growth of China remained stable, the ratio of debt to gross domestic product was increasing. The measure to drive economic growth with credit yielded mixed results. Industrial enterprises are facing unprecedented challenges in production and operation due to changes in the market and policy environment. The pharmaceutical industry saw its overall growth slow down as it was undergoing consolidation at the bottom of the market.”

In the aspect of finished products, the Group actively coped with the changes to the pharmaceutical procurement practices across China, namely the changes in the new policies on tendering for supply contracts and the adjustments to the prices of drugs. The Group continued to make smooth progress in promoting finished products and tendering for supply contracts and the sales continued to grow. During the Period, revenue from the sales of recombinant human insulin products was approximately HK\$200 million, representing an increase of 53.4% compared with that in the same period in 2015. Since a new round of procurement of pharmaceutical products was launched across the nation through open bidding, the Group had satisfactory results in winning tenders.

Moreover, the Group also won tenders for its recombinant human insulin products through bidding in various provinces, including Anhui, Sichuan, Hubei and Fujian provinces in a new round of procurement. We continued to receive purchase orders for the products from the medium and large-scale hospitals, essential drug market, OTC market and rural areas, with remarkable sales performance in Anhui, Shandong, Henan, Guangdong and Jilin provinces. We expect to cover more provinces in the second half of 2016. It will also deploy its competent sales team to increase the market penetration of its quality products and services in the grass-roots level medical institutions. The product is expected to remain a major growth driver for the Group in 2016 with its profitability rising further.

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Revenue from the sales of our key product, “TUL Amoxicillin” Capsules, was approximately HK\$270 million, representing an increase of 3.0% compared with that in the same period in 2015. Revenue from the sales of Piperacillin Sodium and Tazobactam Sodium for Injection remained stable at HK\$230 million during the Period. As to other antibiotics products, revenue from the sales of Biapenem-based high-end antibiotics products continued to grow and increased by 37.7% year on year to HK\$77 million.

The Group has been putting unrelenting effort into the research and development of pharmaceuticals and is currently developing 44 new products. During the first half of 2016, the Group obtained three approvals for clinical trials. Presently, the Group has been granted 21 patents. Its applications for nine patents are currently under review. These developments will help the Group build up a reserve of potential finished products in the pipeline.

As to research and development of bio-pharmaceutical products, the Group’s insulin product line will be further enhanced. Currently, the Group’s insulin glargine (third-generation insulin) has completed a “three-in-one” inspection (production plant on-site inspection, production plant on-site sampling and technology assessment) by the relevant authorities. Clinical trial of insulin aspart (another third-generation insulin) injection products was completed successfully and the Group is now preparing to apply for the approval for production of such products. TUL is the first China-based generic drug producer to have produced the third-generation insulin detemir, and obtained approval for conducting clinical trials of such product recently. At the same time, the Group has been conducting research and development of various bio-pharmaceutical products, including insulin degludec and liraglutide, which will enter the market progressively and benefit more patients with diabetes in China.

As to research and development of chemical-pharmaceutical products, the Group received approvals for conducting clinical trials of three drugs during the Period, including Tadalafil Tablet, which is used for treatment of male erectile dysfunction, benign prostatic hyperplasia and pulmonary hypertension; and anti-cancer drugs Imatinib Mesylate tablets and capsules. The Group will commence the clinical trials progressively.

During the Period, overseas sales of the Group was HK\$960 million, accounting for 27.5% of the Groups’ sales. The overseas sales decreased mainly because the Group’s 6-APA exports to India decreased and that the Group reduced its chemical bulk amoxicillin production capacity to make way for the enhancement of environmentally facilities at its factory in Zhuhai. As a result, the supply of the Group’s chemical bulk amoxicillin decreased.

As its financial strategy, the Group continued to seize market opportunities and optimized the financial structure during the Period to ensure adequate working capital. In order to keep up with the changes in the global economy, the Group adopted a prudent financial strategy by maintaining the balance in the ratio between onshore and offshore borrowings and good communications with all the parties.

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Looking forward, **Mr. Tsoi** concluded, “The Chinese government will adopt a new version of the National Medical Insurance Drugs Catalogue this year while pressing ahead with the reform of the country’s medical and healthcare system and the evaluation of the consistency of generic drugs’ quality and efficacy. We believe the future of the pharmaceutical industry will be full of opportunities and challenges. In the future, the Group will continue to bring its cutting edge in research and development into play to develop products with high margin and demand. Insulin products will remain the key product of the Group, as we will keep enriching the product line and we hope that the third-generation of Insulin Glargin will be approved for production during the year. The Group will keep an eye on all favorable policies related to pharmaceuticals for critical diseases such as diabetes and invest more resources in the related fields so that we can win the tenders in more provinces and expand its shares of the markets for insulin and other products. In addition, the Group will also actively boost sales of OTC drugs at chain stores enrich the OTC product line and strengthen cross-region cooperation with large pharmacy chains in China. In addition, The United Animal Healthcare (Inner Mongolia) Co., Ltd. has obtained permit to produce 32 veterinary drugs and 7 mixed feed additive products and planned to introduce such products to the market in 2016. With continuous efforts in enhancing our competitiveness, we are confident that we can seize the market opportunities, accelerate the cultivation of innovation ability and reinforce our scientific research ability by taking advantage of the great opportunity of industrial transformation and upgrading, and maintain the Group’s sustainable growth momentum, hence creating the highest value for our shareholders, clients and stakeholders.”

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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 2016, 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. The Group has 46 finished products listed in National Insurance Catalogue and 26 are in the list of the National Essential Drug List. The Group is currently a component of the Hang Seng Composite Index Series.

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