

[For Immediate Release]



The United Laboratories International Holdings Limited Recorded a turnaround with profit in 2017 interim results

Maintained outstanding sales performance of recombinant human insulin injection products
Officially launched insulin glargine injection to drive sales growth in the future

Financial Highlights

	For the six months ended 30 June		
(RMB mn)	2017	2016	Change
Turnover	3,339.8	2,964.1	+12.7%
Gross profit	1,182.4	1,084.3	+9.0%
EBITDA	677.7	558.7	+21.3%
Profit/(loss) attributable to shareholders of the Company	109.1	(13.5)	N/A
Earnings (loss) per share (RMB cents) - Basic - Diluted	6.71 3.31	(0.83) (0.83)	N/A N/A

(24 August 2017 – 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 2017 (the “Period”).

In the first half of 2017, the Group’s turnover was approximately RMB3.34 billion (1H2016: RMB2.96 billion). EBITDA was approximately RMB677.7 million (1H2016: RMB560 million). the Group recorded a turnaround with profit, mainly because of a number of factors: increased utilization rate of the capacity for the production of intermediate products and bulk drugs medicine products which can best be represented by 6-APA, decreased production cost, and year-on-year increase in the sales volume of such products. Profit attributable to owners of the Company was RMB109.1 million (1H2016: loss attributable to owners of the Company was RMB13.5 million). Basic earnings per share amounted to RMB6.71.

The Group’s finished product business segment recorded stable performance. Insulin products remained a major growth driver for the Group. During the period, revenue from the Group’s recombinant human insulin products amounted to approximately RMB168 million and sales volume reached 4.4 million vials. Currently, the Group has won the tenders for recombinant human insulin products in more than 20 provinces of the country. It also received purchase orders for the products from the medium-sized and large hospitals, OTC market, essential drug market and rural areas, with remarkable sales performance in Anhui, Guangdong, Shandong, Henan and Jilin provinces. Moreover, the Group has obtained approval for the production of insulin glargine injection. The approved specifications of the drug include pre-filled cartridge and disposable injection cartridge. The Insulin glargine injection was launched into the market in May under the brand United Laboratories USLEN and RMB4.4 million was recorded in the sales of that product during the Period. Presently, the Group has won the tenders for insulin glargine products in Fujian, Chongqing, Heilongjiang, Henan and Guangdong (that is, the Company has either been approved to sell the product or it has been notified online by an announcement about its success in the bids for the tenders), and it continues to actively bid for tenders in other provinces. On the other hand, sales of

antibiotics remained satisfactory. 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.

The Group has been putting unrelenting effort into the research and development of pharmaceuticals and is currently developing 39 new products. Up until now, 23 patents have been granted. Its applications for 18 patents are currently under review. These developments will help the Group build up a reserve of promising 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, Insulin aspart 30 Injection and Insulin aspart Injection has successfully completed the clinical trial, and is currently under the process of declaration of production preparation. The Group is the first enterprise to imitate the insulin detemir and was approved clinically in 2016. 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 focused on a series of diabetes drugs, anti-cancer drugs, anti-hepatitis B drugs and high-end antibiotics products.

As its financial strategy, the Group continued to seize market opportunities to optimize the financial structure during the Period to ensure adequate working capital. A wholly-owned subsidiary of the Company, Zhuhai United Laboratories Company Limited, issued the corporate bonds with principal amount of RMB1.1 billion with a term of three years (extendable to five years) in March, 2016. The proceeds from the bond issues will be used for repayment of bank loans and as general working capital. As of 30 June of 2017, the Group's net current assets amounted to RMB156 million (As of 31 December 2016: net current liabilities amounted to RMB968 million). The gearing ratio maintained at a healthy level of 55.0%.

Looking forward, Mr. Tsoi Hoi Shan, Chairman of TUL, concluded, "As the government presses on with a series policies on the reform of the pharmaceutical industry, we believe that the industry will be able to sustain its healthy development. There is huge potential for the development of China's pharmaceutical industry in the future. Insulin products will remain the key products of the Group in the future. The insulin products, of which insulin glargine as representative, will accelerate the development of the Group. We will continue to develop drugs that treat diabetes, including insulin aspart, insulin detemir and liraglutide, etc. We will enhance the pipeline of insulin products and hope to enhance the quality of locally produced drugs so as to benefit more patients suffering from diabetes in China."

"Moreover, the Group will endeavour to launch different types and specifications of chemical pharmaceutical products to boost sales and profit. For intermediate products and bulk medicine products, selling prices of various products, of which 6-APA is representative, is gradually recovered to a reasonable standard. The Group is optimistic about the business of intermediate products and bulk medicine products. The Group will continue to enhance capacity utilization and lower the production cost to improve profitability. With continuous efforts in enhancing our competitiveness, we are confident that we can seize the market opportunities which arise from the industry's transformation and upgrade. The Group will endeavor to enhance its innovation and R&D capabilities and sustain momentum in its sustainable growth to create the highest value for our shareholders, clients and stakeholders."

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. Up to now, 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 49 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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