

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 5 production plants, own several excellent sales teams for APIs and finished products as well as marketing networks situated in China and overseas. TUL has 184 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 GMP 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. The new drug Memantine Hydrochloride series for treatment of Alzheimer's Disease was launched in 2013, followed by the launch of Recombinant Human Insulin series in 2011.

Q2: What is the production capacity and utilization rate?

A: As the end of Dec. 31, 2014, the production capacity and utilization rate were listed as below.

	Designed Capacity	Utilization Rate
Intermediate products (Tonnes)		
6-APA	21,000	72.7%
T-Octylammonium Clavulanate	720	44.4%
Bulk medicine (Tonnes)		
Semi-synthetic penicillins type	20,000	64.2%
Cephalosporins type	1,200	90.3%
β -lactamase inhibitor antibiotics type	1,568	79.0%
Finished products (mil)		
Amoxicillin & Ampicillin capsules	1,540	82.5%
Amoxicillin granules	161.2	62.8%
β -lactamase inhibitor antibiotics	143.2	89.1%

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 52 new products under development, and 18 patent registrations have been approved, while another 9 patent are subject to approval.

Q4: How does the Group's Recombinant Human Insulin 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 Recombinant Human Insulin in May 2011, it achieved sales doubling year by year with a strong sales performance. Reviewing the proposed bidding results for each regulation R, N, 30R and 50R of USLIN series, they respectively have won tenders in 18, 24, 19 and 17 provinces and municipalities by Jun. 1, 2015. The Group's Recombinant Human Insulin recorded remarkable sales of HK\$216.8 million, and 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 Jun. 30, 2015, the related R&D progresses were listed as below.

New products	Main curative effects	R&D progress
Insulin Glargine Injection	For treatment of type I & II diabetes	Pending for production permit
Insulin Aspart Injection	For treatment of type I & II diabetes	Clinical trial finished
Insulin Detemir Injection	For treatment of type I & II diabetes	Pending for clinical permit
Insulin Degludec Injection	For treatment of type I & II diabetes	Pre-clinical-trial
Liraglutide Injection	For treatment of type II diabetes	Pre-clinical-trial
Sitagliptin Phosphate Tablets	For treatment of type II diabetes	Pre-clinical-trial
Premixed Protamine Recombinant Human Insulin Injection (40/60)	For treatment of type I & II diabetes	Pre-clinical-trial

Q6: What's the impact for new medical policies?

A: After the Fourth Plenary Session of the 18th Central Committee of the Communist Party of China, new medical reform, guided by the banner of marketization, is carried out steadily with a more defined focus. Auxiliary work is adjusted continuously and new policies are introduced, so as to support new medical reform. Important adjustments were also made to the national pharmaceutical policy, an important component of new medical reform in the past years. In the future, the Group shall continue to implement its existing business development strategies. We will expand sales of finished products to open up the markets in medium and large-scale hospitals, essential drugs market, OTC and rural areas as well as put great efforts to increase overseas sales, and actively explore new markets with growth potentials. The Group will continue to bring its cutting edge in research and development into play to develop products with high margin and demand. Currently, we have 56 new products being developed, and 18 patent registrations have been approved, while

another 6 patent are subject to approval. The Insulin series will remain a key product of the Group and invest substantial resources to capture a larger market share. We will consider promoting the sales of related products to overseas markets as the Group's Insulin series have reached international standards in terms of quality and technology. Through enhancing the Group's competitiveness, we are confident that we can seize market opportunities, accelerate the cultivation of innovation ability and reinforce our research ability by taking advantage of the great opportunity of industrial transformation and upgrading, and ensure sustainable development momentum of the Group, creating maximum value for shareholders and stakeholders, and striving for best quality for customers.

Q7: Please briefly introduce the Group's bond issue programme established in Jan. 2015?

A: The Group established a bond issue programme in Jan. 2015, of which with a term of three years in an aggregate principal amount of up to HK\$1,000,000,000 with the interest rate of 6%. The purpose of establishing the programme is to enhance the Group's flexibility and efficiency for future funding or capital management. The Group proposes to use the net proceeds of the bonds for the general working capital, mainly used for paying the Group's short-term loans. By Oct. 31, 2015, the total principal bond issued was HK\$136,200,000.