

[For Immediate Release]



## The United Laboratories International Holdings Limited Announces 2008 Annual Results

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### Turnover Surge by 44.7% to HK\$3,756 million

*Benefiting from medical reform, strong demand for medicines amidst  
economic downturn*

#### Financial highlights

	For the year ended 31 December	
	<b>2008</b> <b>(HK\$ million)</b>	2007 (HK\$ million)
Turnover	<b>3,755.9</b>	2,594.9
Gross profit	<b>1,429.6</b>	1,205.8
EBITDA	<b>902.9</b>	824.9
Profit attributable to shareholders	<b>430.2</b>	510.5
Earnings per share	<b>35.8 HK cents</b>	48.0 HK cents
Final dividend per share	<b>15.0 HK cents</b>	17.0 HK cents

(8 April 2009 – Hong Kong) – The United Laboratories International Holdings Limited (“TUL” or the “Group”; Stock code: 3933), one of the leading pharmaceutical companies in the PRC, announced today its annual results for the year ended 31 December 2008.

For the year under review, the Group’s turnover increased by around 44.7% to approximately HK\$3,756 million, as compared with that of 2007. Gross profit and EBITDA were approximately HK\$1,430 million and HK\$903 million, representing increases of 18.6% and 9.6%, respectively. Profit attributable to shareholders declined to approximately HK\$430 million when compared to 2007, which was mainly caused by the downward price adjustment of intermediate products and bulk medicine lead by the global financial crisis putting the profit margins under pressure, also the increases in interest, selling and tax expenses. Earnings per share were 35.8 HK cents. The Board of Directors recommended the payment of a final dividend of 15.0 HK cents per share for the year ended 31 December 2008.

Commenting on the Group’s annual results, Mr. Choy Kam Lok, Chairman of TUL, said, “The Group managed to deliver strong overall sales performance despite the occurrence of tremendous changes in the global economy in 2008. During the year, the sales of the Group’s three core products namely intermediate products, bulk medicine and finished products still maintained an upward momentum, among which sales of intermediate products was the most outstanding with about two-fold growth. The commencement of operation of production plant in Inner Mongolia boosted largely the production capacity of intermediate products, enabling the Group to further unleash its strong competitive edges from its vertically integrated operation.”

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On intermediate product front, with the full operation of the first phase of Inner Mongolia production plant at the end of 2007, the production capacity of intermediate products for 2008 increased significantly. Sales of intermediate products surged by about 179.4% to approximately HK\$742 million, accounting for approximately 19.8% of the Group's total sales. Despite the sharp decline in selling prices of intermediate products in the second half of 2008 due to the global economic changes, the Group's intermediate products still managed to make profit during the year.

For the year under review, sales of bulk medicine grew by about 25.7% to approximately HK\$1.71 million, accounting for approximately 45.6% of the Group's total sales. *The Discharge Standards of Water Pollutants for Pharmaceutical Industry Chemical Synthesis Products Category* promulgated on 1 August 2008 raised entry barrier and stepped up market consolidation resulting in reduction or suspension of production by some manufacturers which in turn led to tight market supply. The Group seized the opportunity to expand its production scale, which increased the supply and sales of intermediate products and bulk medicine.

On finished product front, our major products include three antibiotics finished products, namely semi-synthetic penicillin type, cephalosporins type and  $\beta$ -lactamase inhibitors type, and also the non-antibiotics finished products. Benefiting from more extensive coverage of China's medicine insurance, the Group's strong branding and expansion of sales network, the finished product market maintained a rapid growth. During the year, the sales of the Group's finished products recorded a satisfactory growth, posting a year-on-year increase of around 34.6% to approximately HK\$1,301 million which accounted for 34.6% of the Group's total sales. The Group has five individual pricing finished products with selling prices of 30% to 70% higher than the products of the same kind, which demonstrated high quality and reliability of the Group's medicines.

In addition, the Group continued to expand actively in the rural market and international market during the year. The sales growth from rural market was approximately 40% while the turnover of overseas export business grew by about 37.9% as compared to 2007. For the year ended 31 December 2008, the Group had more than 2,200 sales personnel and 25 sales offices spanning across most provinces, autonomous regions and municipal cities in China.

Drug safety is always of the utmost importance to the Group. The Group's Ampicilin bulk medicine has passed the Japanese GMP. Following a COS granted for TUL's Amoxicillin Powder in November 2007, the Group once again obtained the COS in March 2009, and is currently the only pharmaceutical companies in the PRC with the certificates for both types of Amoxicillin products, which is a tribute to TUL's excellent product quality and undoubtedly high safety standards. As for new products, 4 new finished products obtained approval for production in 2008, which further improved our product mix.

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Looking ahead, due to the strong demand in the pharmaceutical market, it is expected that the global pharmaceutical market will continue to maintain an upward trend in 2009 despite the global economy full of uncertainties. Furthermore, bolstered by State Council of China's announcement in the early 2009 regarding RMB850 billion medical and hygienic system reforms for the next three years, which focuses on basic medical protection system and servicing system and targets to expand the proportion of people protected under the system to 90% of the total population, the annual amount insured per capita increased from RMB80 to RMB120. The new medical reform implies that the PRC government will further increase its investment in medical and health and fine tune the medical insurance system with full coverage of all population, indicating that the continuous growth of China's pharmaceutical market offers a valuable opportunity to a pharmaceutical company.

Mr. Choy concluded, "In 2009, the Company will continue to enhance proactively the production effectiveness and utilization rate of each production plant. In addition to the construction of the phase two of Inner Mongolia production plant, the Group will speed up the development progress of our existing production bases and strengthen quality and cost control. While boosting product sales and brand development, the Group will continue to market OTC medicines with greater efforts and enlarge market share of our key products. The Group will establish and upgrade our sales network constantly, with special focus on rural market development, whilst continuing to expand overseas markets. The Group's production plants for finished products and bulk medicine have accredited the title of High-tech Enterprise. As such, we will continue to increase our investment in research and development in order to ensure our growth momentum in the future. We certainly endeavor to be in line with the development of medical reforms and capture the opportunities arising from it in a bid to foster our growth and attain another brilliant performance. The Group will strive to maintain its leading position in the industry. While bringing better returns for its shareholders, the Group is always committed to safeguarding healthcare benefits of the Chinese citizens."

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#### **Company Background**

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 31 December 2008, the Group has a total of 162 products qualified to produce in the PRC and/Hong Kong based on the Drug Registration Approvals in the PRC and Certificates of Drug or Product Registration in Hong Kong, including 40 bulk medicines and 122 finished products.

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