

[For immediate Release]



## The United Laboratories International Holdings Limited Announces 2007 Interim Results

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**Profit attributable to shareholders surged 108% to HK\$174 million**  
***Benefited from growth in production capacity and selling price of bulk medicine products, sales of rural market improved***

### Financial highlights

	For the six months ended 30 June		
	2007 (HK\$'000)	2006 (HK\$'000)	Change%
Turnover	<b>1,215,989</b>	948,626	<b>28.2%</b>
EBITDA	<b>348,792</b>	231,962	<b>50.4%</b>
Profit attributable to equity holders of the Company	<b>174,294</b>	83,666	<b>108.3%</b>
Earnings per share (HK cents)	<b>18.8 HK cents</b>	9.3 HK cents	<b>102.2%</b>

(23 September 2007 – Hong Kong) – The United Laboratories International Holdings Limited (“TUL” or the “Group”; Stock code:3933), one of the major manufacturers of antibiotics in the PRC announced its interim results for the six months ended 30 June 2007.

During the period under review, the Group achieved satisfactory performance with strong growth in sales and profit. For the six months ended 30 June 2007, the Group’s turnover amounted to approximately HK\$1,216,000,000, representing a 28.2% increase as compared to the corresponding period of the previous year. Profit attributable to shareholders was about HK\$174,000,000, surged by 108.3% over the same period last year. Earnings per share was 18.8 HK cents, an increase by 102.2% from 9.3 HK cents for the first half of 2006.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2007.

During the period under review, the Group recorded satisfactory results for the first half of 2007. The growth momentum remained strong was mainly attributable to the significant increase in sales and selling price of bulk medicine products as well as strengthened marketing efforts and increased rural market sales. As at 30 June 2007, the Group’s gross profit increased by approximately 55% to approximately HK\$530 million while its gross margin increased from 36.2% to 43.7%. Such an increase was mainly due to the decline in unit cost as a result of the surge in selling price of bulk medicine products and achievement of economies of scale of the Group’s Chengdu plant. Also, net profit margin of the Group rose to 14.3% during the period under review.

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Commenting on the Group's satisfactory interim results, Mr. Choy Kam Lok, Chairman of TUL, said, "We are pleased to report that the Group's first interim results announcement since listing was encouraging. Since there is an increasing elder population in the PRC and people have become more aware of personal healthcare, average expenditure on personal healthcare has increased continuously, thus driven the robust development in the PRC medicine industry. Coupling with the Government's efforts on implementing healthcare system reform and the increased resources investing on medical sector, TUL can maximize its benefits from economies of scale riding on such favourable operating environment."

The Group maintained long and stable business relations with its customers including distributors, hospitals and pharmaceutical outlets, bringing constant growing turnover for the Mainland China market in the period. The overseas sales of the Group accounted for approximately 25% to its total turnover, representing an increase of 62.1% as compared from the same period last year.

TUL is a major antibiotic manufacturer in the PRC with a wide range of products including upstream and downstream products. On bulk medicine front, the sales of semi-synthetic penicillin type increased by 17% as a result of the inadequate supply by the market. On finished product front, the three major antibiotics finished product including semi-synthetic penicillin type, cephalosporins type and  $\beta$ -lactamase inhibitor type reported stable sales during the period under review. Thanks to greater marketing efforts and increasing sale in rural area, individual finished products have reported remarkable sales performance. Sales of Piperacillin Sodium and Tazobactam sodium and Cephalosporins for Injection had increased significantly by 46.5% and 417.1% respectively as compared to the corresponding period last year. Sales of intermediate product front, however, decreased by 45%. That was mainly due to continuous rise in the price of intermediate product, and bulk medicine manufactured by the Group was mainly for self-use purpose, with the aim to better control the production cost of bulk medicine and finished product, and achieved cost effectiveness.

With years of development and efforts, TUL has established strong brand recognition for its high quality antibiotics products in the PRC market, catering to domestic demand. At present, TUL has established an extensive sales and marketing network in the PRC for its antibiotics and other finished products. As at 30 June 2007, TUL has established 24 sales offices, with a sales team of over 1,600 sales representatives, covering all of the provinces, autonomous regions and directly-administrated municipalities in the PRC except the Tibet Autonomous Region and Inner Mongolia Autonomous Region.

In addition, the Group has paid high regard on environmental protection. The Group completed a number of environmental engineering projects during the period. Both Zhuhai bulk medicine production plant and Chengdu intermediate production plant have reached the national environmental standard. All waste water treatment equipment in Chengdu intermediate production plant have also reached national standard. The plants have been in full operation, strengthening the competitiveness of the Group.

Mr. Choy said, "Looking forward, to seize the enormous opportunities arising from increasing demand of intermediate product, the Group has decided to enlarge its manufacturing efficiency in intermediate products, to further utilize the benefits of the vertically integrated production model adopted by the Group. The Group has also decided to set up a production plant in Inner Mongolia for the production of intermediate products in order to cope with the mighty growth of the PRC market expected in the future. In addition, the Group will continue to strengthen its R&D capability and introduce more new products with enormous potential to expand revenue stream of the Group. In September 2007, new product, Adefovir Dipivoxil capsules, was launched and received satisfactory market response. In upcoming months, the Group will also introduce some other new product including Isophane Protamine human insulin injection which is for treatment of type I & II diabetes and two kinds of Penem antibiotics."

Mr. Choy added, "The growing momentum of the medicine industry is expected to continue in the second half of 2007 as the medicine end market remaining robust. With the accelerated medical reform by the Central Government, Chinese medical industry will experience healthy market consolidation with glorious prospects and enormous room for growth. As a result, the Group will capitalize on its existing strengths and by leveraging on its reputable brand, quality and diversified product portfolio, vertically integrated operation, extensive sales network, we will continue to enhance production capacity and equipment, refine production techniques and improve product quality and production effectiveness. The Group will dedicate to reduce operation cost, further optimize product portfolio and maintain strict cost control. The Group strives to enhance production efficiency and profitability with an aim to bring desirable return for our shareholders, consolidating our position as the largest leading antibiotics manufacturer in the PRC."

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#### **Company Background**

Listed on the Stock Exchange of Hong Kong in May 2007, **TUL** is principally engaged in the manufacturing and selling of bulk medicine and intermediate products used to produce antibiotics, and also antibiotics as finished goods. As one of the major manufacturers of antibiotic products in China, the Group also produces and sells, in smaller amounts, cough syrup, anti-allergy medicine as well as empty capsule casings. According to information published by Southern Medical Economic Research Center, the Group ranked amongst the top 20 chemical pharmaceutical industry enterprises in the PRC in 2005 in terms of revenue. As of 31 December 2006, the Group has a total of 127 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 30 types of bulk medicine and 97 finished products.

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