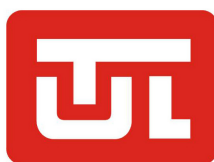


[For Immediate Release]



**The United Laboratories International Holdings Limited  
Announces 2008 Interim Results**

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**Turnover and Profit Attributable to Shareholders surge by  
over 60% and 70% respectively**

*Benefiting from rapid growth of China's pharmaceutical market and  
strong demand for medicines*

**Financial highlights**

	For the six months ended 30 June		
	<b>2008 (HK\$ million)</b>	2007 (HK\$ million)	<b>Change</b>
Turnover	<b>1,971.7</b>	1,216.0	<b>+62.1%</b>
Gross profit	<b>788.9</b>	531.2	<b>+48.5%</b>
EBITDA	<b>545.3</b>	348.8	<b>+56.3%</b>
Profit attributable to shareholders	<b>300.0</b>	174.3	<b>+72.1%</b>
Earnings per share	<b>25.0 HK cents</b>	18.8 HK cents	<b>+33.0%</b>

(17 August 2008 – Hong Kong) – The United Laboratories International Holdings Limited ("TUL" or the "Group"; Stock code: 3933), one of the leading manufacturers of antibiotics in the PRC, announced today its interim results for the six months ended 30 June 2008.

For the six months ended 30 June 2008, the Group's turnover increased by 62.1% to HK\$1.97 billion, as compared with the same period in the preceding year. The Group's profit attributable to shareholders was approximately HK\$300 million, representing an increase of 72.1%, as compared with the same period in the preceding year. Earnings per share were 25 HK cents, an increase of 33% as compared to the same period last year. The Board of Directors did not recommend the payment of an interim dividend.

During the period, the Group's results exhibited strong performance, mainly attributable to the rapid growth of the pharmaceutical market in the PRC and the strong demand for quality medicines, as well as further expansion of the Group's production capacity of bulk medicine and intermediate products to fulfill market demand. Furthermore, the Group strengthened the development of high-end overseas market, contributing to the robust growth of its export business.

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For the six months ended 30 June 2008, the Group's gross profit increased by approximately 48.5% to approximately HK\$789 million while its overall gross profit margin slightly dropped to 40.0% (1H2007: 43.7%). This is mainly due to the price increase of raw materials affected by inflation, oil price hike and environmental protection issues in China in the first half of the year. However, with the gradual commencement of operation of production plant in Inner Mongolia, the Group was able to optimize its strengths in economy of scale and vertical integration. Coupled with well-established internal management, the unit cost dropped, and therefore, the net profit margin rose to 15.2% (1H2007: 14.3%).

Commenting on the Group's excellent interim results, Mr. Choy Kam Lok, Chairman of TUL, said, "With the ageing population and increasing healthcare awareness of people as well as the acceleration of medical reforms in the PRC, there is a huge demand for quality pharmaceutical products. The Group enlarged its market presence and coverage in the urban and rural areas of the PRC during the first half of 2008, which further expanded its market share and fuelled the evident growth in sales of intermediate products and finished products, thus driving the growth of our results."

On intermediate product front, with the full operation of the first phase Inner Mongolia production plant during the period, the production of intermediate products in the first half of 2008 increased significantly with sales of HK\$419 million (excluding the Group's internal sales), which rocketed by 622.8% and accounted for about 21.3% of the Group's total sales. This does not only offered the Group a stable supply of raw materials, thus further reducing the production cost, but also enabled the Group to expand its scale of sales both domestically and internationally. The segmental results of intermediate products also grew remarkably by approximately 146.6% to HK\$113 million.

Regarding bulk medicines, market supply was tight as certain bulk medicine and intermediate product manufacturers in the PRC were forced to decrease or cease production due to environmental protection issues. The Group seized the opportunity to expand its production scale, which increased the sales in the first half of the year at a steady pace. For the period, the sales of the Group's bulk medicines grew by approximately 28.6% to HK\$910 million (excluding the Group's internal sales), accounting for approximately 46.1% of its total sales. The segmental results also rose by about 18.8% to HK\$153 million.

On finished product front, three major antibiotics finished products manufactured by the Group are semi-synthetic penicillin type, cephalosporins type and  $\beta$ -lactamase inhibitors type. Benefiting from the Group's strong branding, extensive coverage of China's medicine insurance and expansion of sales network, the finished product market maintained a rapid growth. For the period, the sales of the Group's finished products recorded a satisfactory growth, posting a year-on-year increase of 42.7% to HK\$643 million, accounted for 32.5% of the Group's total sales. Its segmental results rose noticeably by approximately 53.6% to HK\$157 million. As at 30 June 2008, the Group had over 2,200 sales representatives and 25 sales offices covering all provinces, autonomous regions and municipalities across China except Tibet and Inner Mongolia.

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In addition, the Group continued to expand actively in the international market during the period. The turnover of overseas exports business grew by about 26.5% as compared to the same period of last year, accounted for 19.5% of the Group's sales. Upon the granting of the amoxicillin bulk medicine COS from the EDQM of the European Union, the Group has successfully opened up its market in Europe, and has become the only Chinese manufacturer who obtained both the amoxicillin bulk medicine COS and the GMP certificate issued by the European Union. This has strengthened the Group's competitiveness in the overseas market.

Looking ahead to the second half of 2008, with the PRC government's strengthening the environmental protection measures which have raised the entry barrier for the pharmaceutical industry and eliminated enterprises with obsolete equipment and poor standard management, it is believed that the profitability of the entire industry and the profit margins of products will be enhanced. Furthermore, with the increase in affordability for healthcare services, the demand for medicines is expected to grow continually. It is anticipated that the markets of intermediate products, bulk medicines and finished products will continue to grow rapidly. The Group will strive to obtain approval for its two new products in the second half of the year. Meanwhile, in view of growing overseas demand for semi-synthetic penicillin and cephalosporins, the Group will continue to develop mid to high-end overseas markets, expand the sales of intermediate products to countries like India and increase the Group's international market share. Regarding production capacity, the second phase of expansion for the Group's production plant in Inner Mongolia is well underway, which occupies an area of approximately 1.3 million square metres. The second phase of the Inner Mongolia production plant will be mainly used for expanding the production capacity of intermediate products and finished products, which is expected to be completed in mid-2009.

Mr. Choy added, "In view of the acceleration of medical reforms in the PRC, more capital are being injected into medical insurance, and the government's subsidies for grassroots level hospitals and the implementation of the basic medicine system, it is believed that the pharmaceutical manufacturers will benefit from it. The Group controls its production costs effectively through a vertically-integrated production structure. With the commencement of full production at the Inner Mongolia production plant, it will help to increase production volume, reduce production cost, enhance our competitiveness and maximize production efficiency. The Group is confident of its ability to maintain the first half year's robust growth in the second half of the year and generate remarkable results once again. The Group will strive to maintain its leading position in the industry. While bringing better returns for its shareholders, the Group will endeavor to safeguard 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 major manufacturers of antibiotic products in China and principally engaged in the manufacturing and selling of bulk medicine and intermediate products used to produce antibiotics, and also antibiotics as finished goods. The Group also produces and sells, in smaller amounts, cough syrup, anti-allergy medicine as well as empty capsule casings. As of 30 June 2008, the Group has a total of 156 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 36 bulk medicines and 120 finished products.

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