



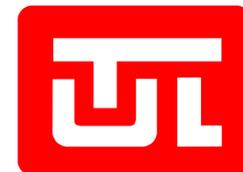
The United Laboratories International Holdings Limited

Interim Results 2008

August 2008



Agenda



1

Major Accomplishments in 1H2008

2

Financial Highlights

3

Business Review

4

Strategies & Outlook

5

Q&A

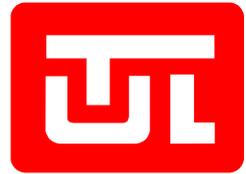


Section 1

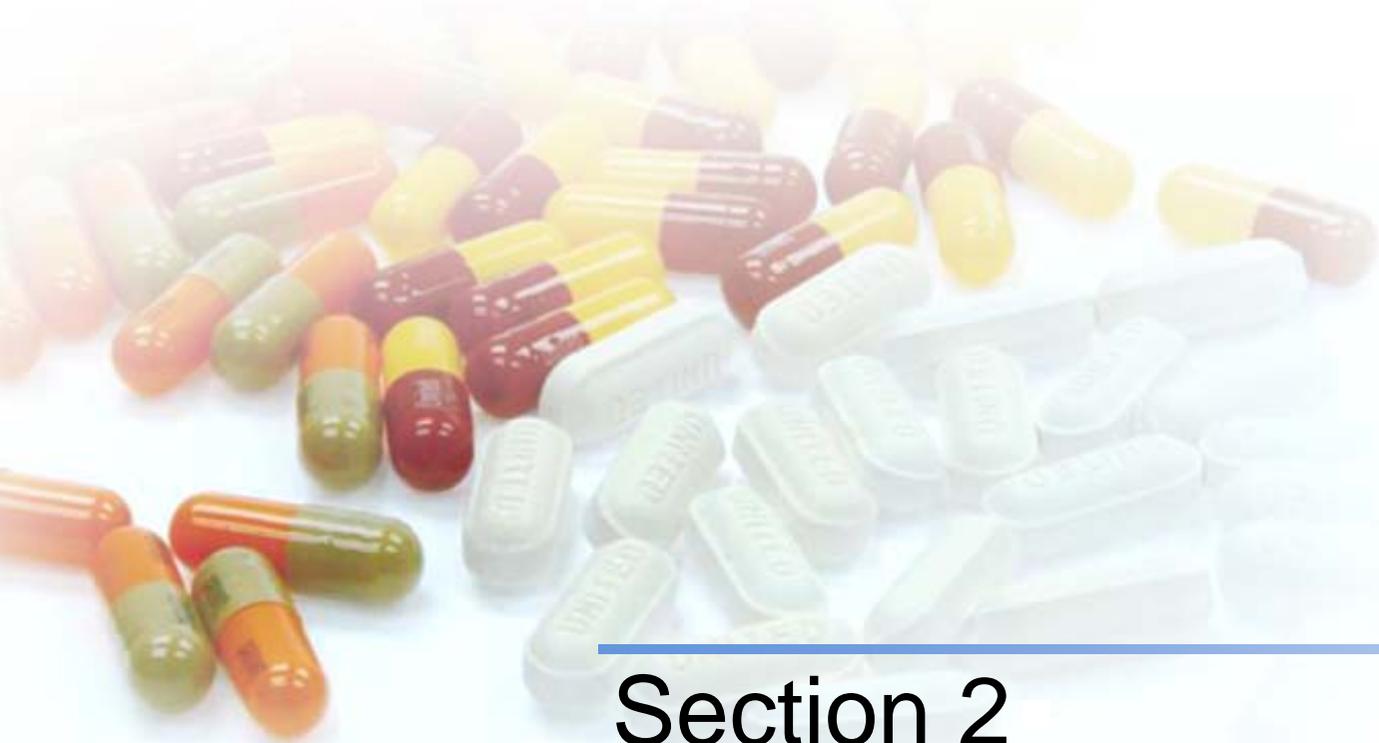
Major Accomplishments in 1H2008



Results Overview



- Impressive results in 1H2008
 - Turnover and net profit surged 62.1% and 72.1% respectively
- Operation of the 6-APA production plant in Inner Mongolia enhanced cost efficiency
- Strong growth of 622.8% in sales of intermediate products due to the expansion of production capacity in Inner Mongolia
- Sales of bulk medicine increased by 28.6% shows the benefits of vertically-integrated product structure
- Sales of finished products increased by 42.7% resulted from the acceleration of medical reform, expansion of the Group's network and steady growth of the market
- 26.5% growth in overseas sales by the opening of high-end overseas market
- Overseas sales of 6-APA increased by 606%

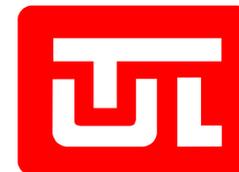


Section 2

Financial Highlights

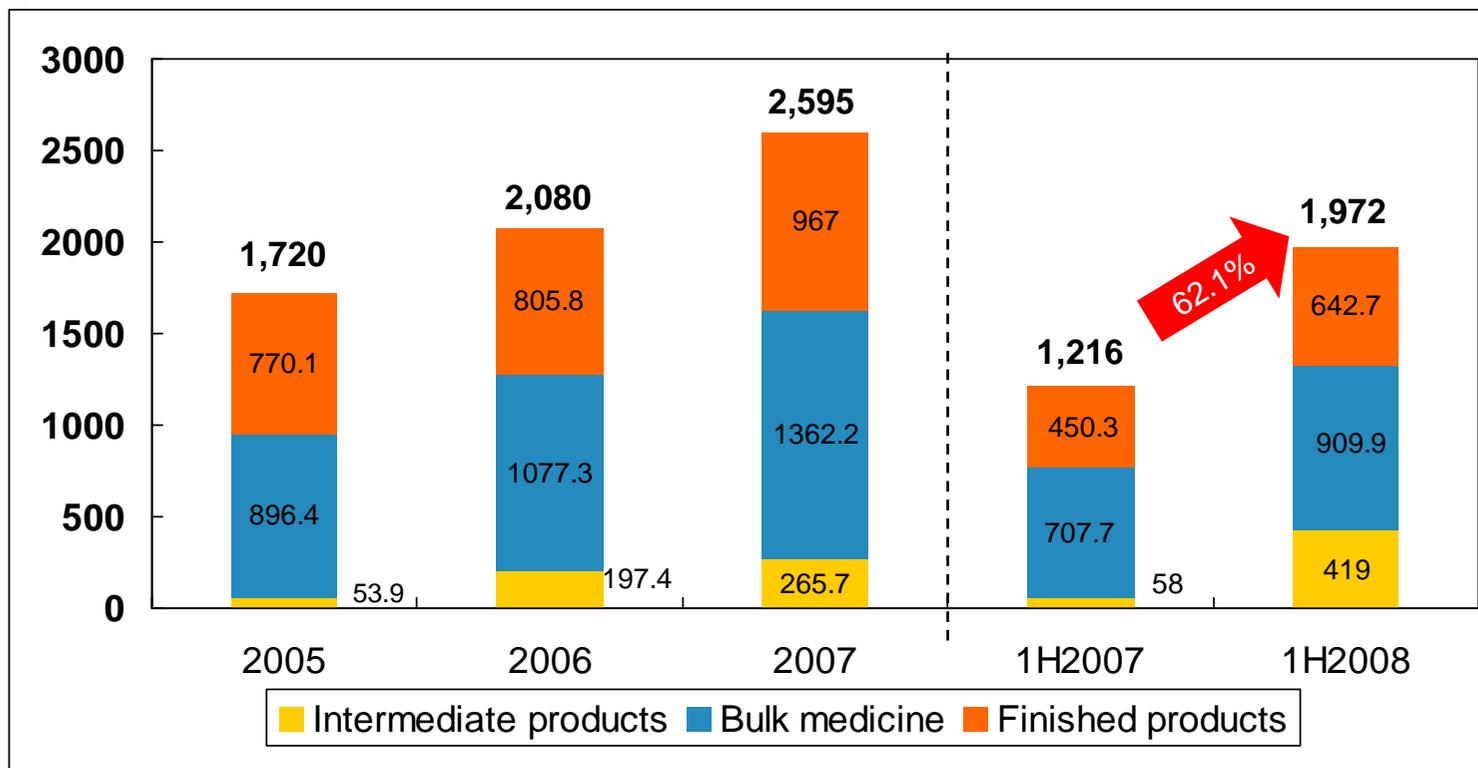


Revenue

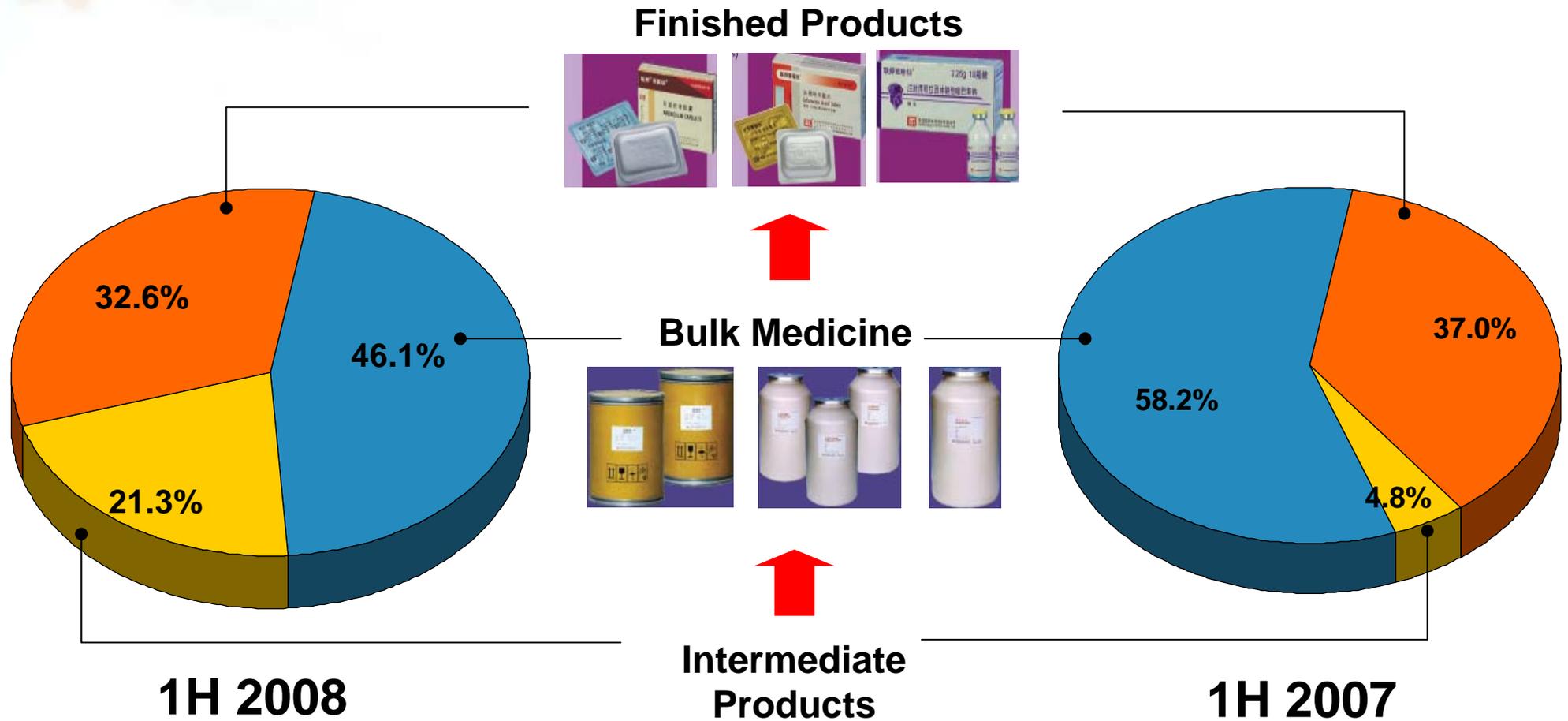
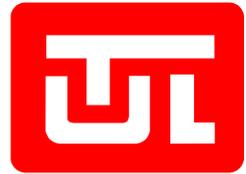


Revenue

(HK\$m)

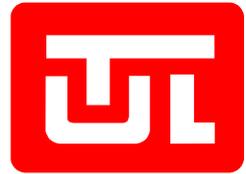


Revenue Breakdown by Products

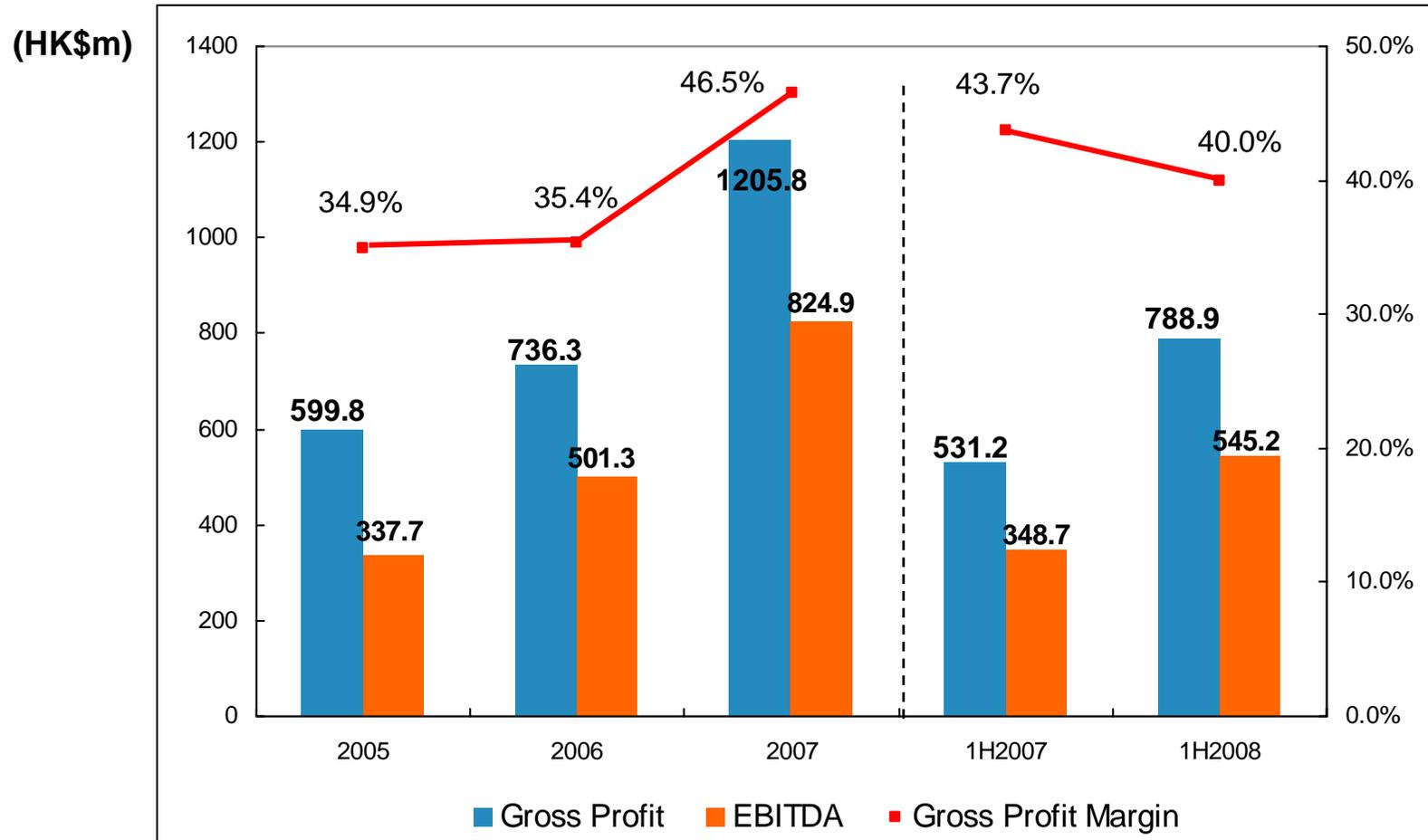


Vertical integration provides TUL with cost efficiency and competitiveness

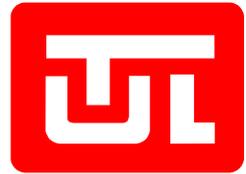
Gross Profit



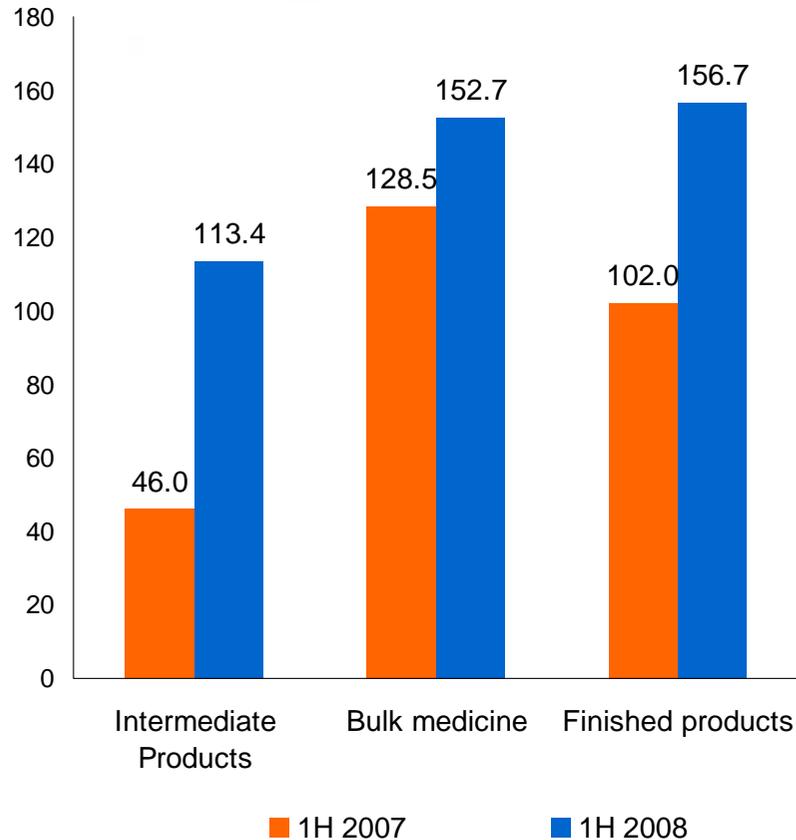
Gross profit, EBITDA and Gross profit margin



Business Segment Results & Margins

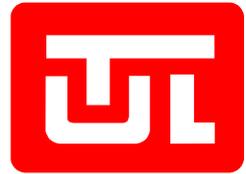


(HK\$m)

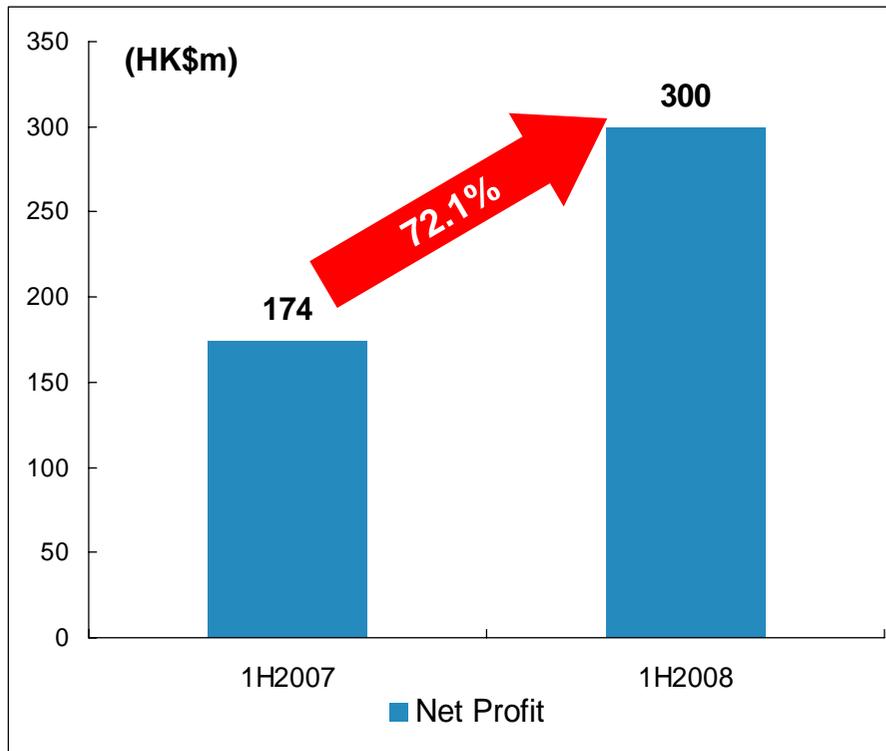


	Margins	
	1H 2008	1H 2007
Intermediate products	13.7%	11.9%
Bulk medicine	14.8%	16.4%
Finished products	24.4%	22.7%

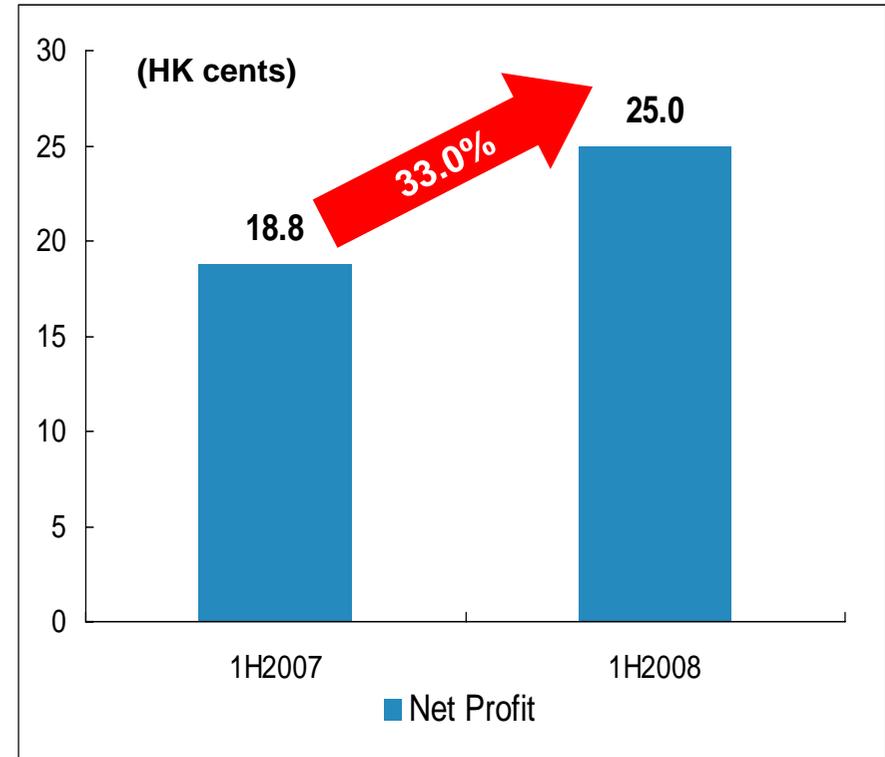
Profit Attributable to Shareholders & EPS



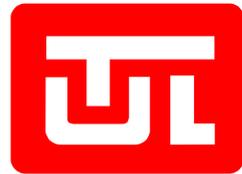
Profit Attributable to Shareholders



EPS



Other Key Financial Indicators



	As at 30 Jun 2008	As at 31 Dec 2007
Trade and bills receivable turnover (days)	111.6	114.4
Trade and bills payable turnover (days)	167.9	160.1
Current ratio	1.07	1.27
Gearing ratio ⁽¹⁾	35.1%	29.0%
Cash and cash equivalents (HK\$ '000)	285,910	401,262
Total assets (HK\$ '000)	6,095,901	4,750,088

(1) Gearing ratios are calculated by dividing total debts by total assets and multiplying the quotient by 100

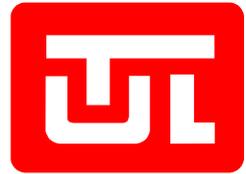


Section 3

Business review

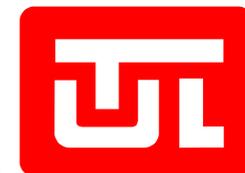


Plant Location

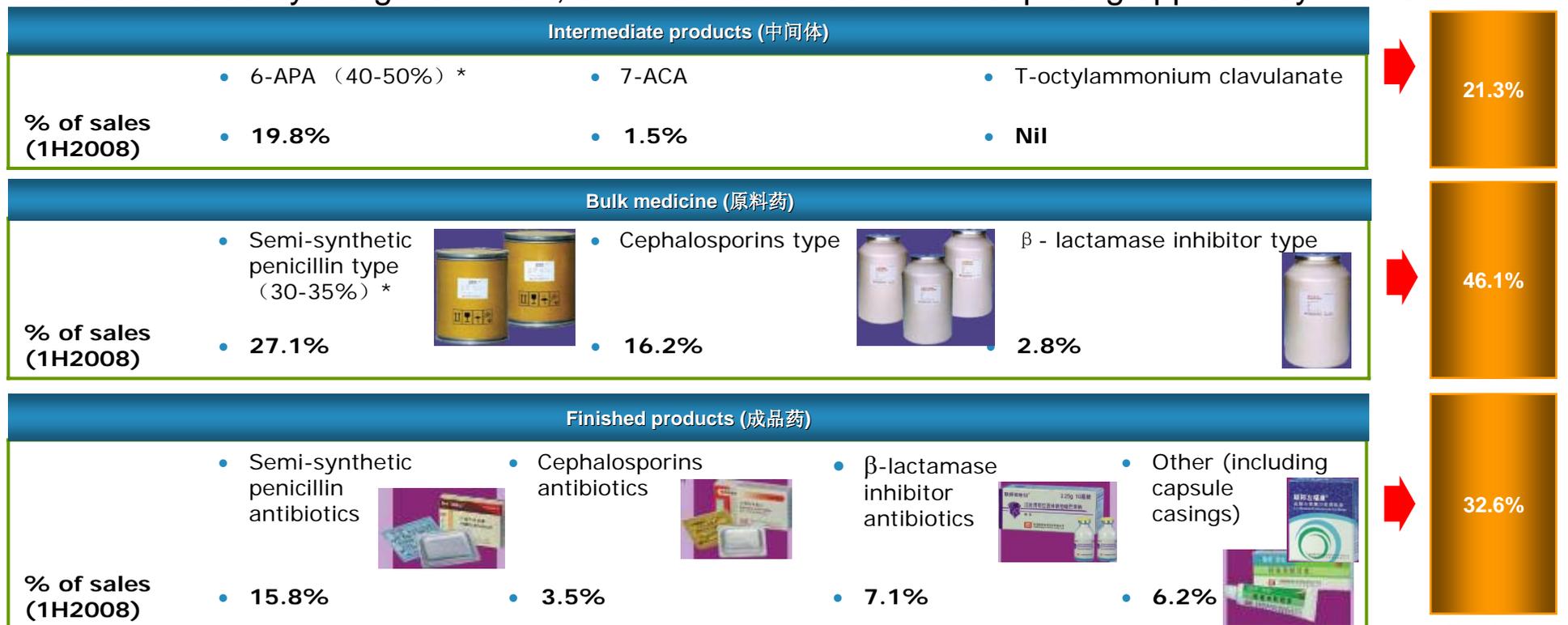


TUL has the largest 6-APA upstream plants in China

Further Vertical Integration



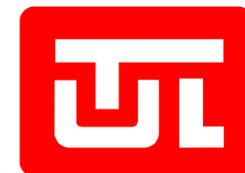
- Full operation of 6-APA production of the Inner Mongolia and Chengdu plant further enhanced the production capacity and achieved better economies of scales
- As at 30 June 2008, a total of 156 bulk medicine and finished products obtained Drug Registration Approvals & Certificate of Drug/Production Registration in the PRC/HK. 74 were in production, and 33 were listed in Insurance Catalogue
- The prices for Intermediates and bulk medicines are the market price. Price for finished products are controlled by the government, 5 of them obtained individual pricing approval by NDRC.



Total: 100%
14

*: Market share in China.

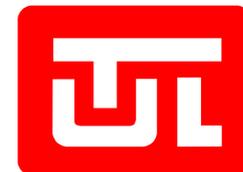
Growing External Sales Volume of Group's Products



Types	Products	Sales volume in 1H 2008	Sales volume in 1H 2007	yoy growth	External Sales %
Intermediate products (tonnes)	6-APA	1,457.2	215.2	577.1%	50%
Bulk medicine (tonnes)	Semi-synthetic penicillin type	1,766.8	1,442.0	22.5%	
	Cephalosporins type	353.4	306	15.5%	85-90%
	β - lactamase inhibitor type	52.6	32.5	61.8%	
Finished products	Amoxicillin granules (packs)	2,409.4	1,709	41%	
	Tazobactam sodium and piperacillin sodium for injection (2.25g) (packs)	1,684.1	1,172.9	43.6%	
	Amoxicillin capsules (250/500mg)	16,043.2	12,529	28%	
	Ampicillin capsules (250/500mg)	10,250	9,080	13%	100%
	Cefuroxime Axetil Tablet	1,258.2	652.5	92.8%	
	Ibuprofen capsules (300mg)	4,779	1,586	201%	
	Eye drops	3696	1924	92.1%	
	Adefovir capsules	171.2	-	--	



Average Selling Price



	1H2008	1H2007	yoy Change
<i>Intermediate products (RMB/kg)</i>			
• 6-APA	252.4	269.4	-6%
<i>Bulk medicine (RMB/kg)</i>			
• Semi-synthetic penicillin type	273.1	290.9	-6%
• Cephalosporins type	811.7	836.5	-3%
• β - lactamase inhibitor type	954.0	980.3	-2.7%

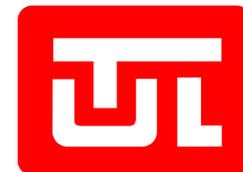
* All prices were excluding VAT

Benefits from Individual Pricing



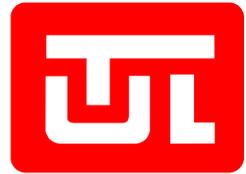
	TUL Individual pricing	Government ceiling price	Price Premium
<i>Finished products</i>			
• Amoxicillin Granules 125mg x 12 packs	10.2	8.0	+27%
• Amoxicillin Capsules 250mg x 24 tablets	15.7	9.0	+74%
• Amoxicillin Capsules 500mg x 24 tablets	27.4	15.8	+73%
• Ampicillin Capsules 250mg x 24 tablets	15.6	9.0	+73%
• Ampicillin Capsules 500mg x 24 tablets	26.5	-	-

Expanding Production Capacity



	1H2008	
	Designed Capacity	Utilization Rate
<i>Intermediate products (tonnes)</i>		
• 6-APA	4,250	65%
<i>Bulk medicine (tonnes)</i>		
• Semi-synthetic penicillin type	2,376	98%
• Cephalosporins type	331	74%
<i>Finished products</i>		
• Amoxicillin & Ampicillin capsules	560 mil	93%
• Amoxicillin granules	46 mil	87%
• β - lactamase inhibitor antibiotics (bottle)	5.24 mil	86%

Well-established Brands of Finished Products



Branded Finished Products



Amoxicillin Capsules

- Market share of 64% in 2007, ranked 1st for 4 consecutive years
- Performed bioequivalence test in USA with patent drug, got the same effectiveness
- 4 years shelf life, 2 years more than other market players
- Obtained individual pricing approval from NDRC, listed in Insurance catalogue

- Market share of +90% in 2007, ranked 1st for 4 consecutive years
- The first brand in the market
- Obtained individual pricing approval from NDRC



Ampicillin Capsules



Piperacillin sodium/
Tazabactam sodium
for injection

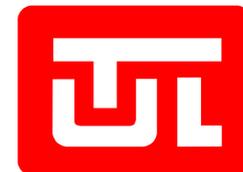


Amoxicillin
sodium/clavulanate
potassium for injection

- Market share of 20-25% in 2007, top 2 in the market*
- Kept high growth of sales since launched
- Listed in Insurance catalogue

*Source: Chinese pharmaceutical Association

Extensive Sales and Distribution Network



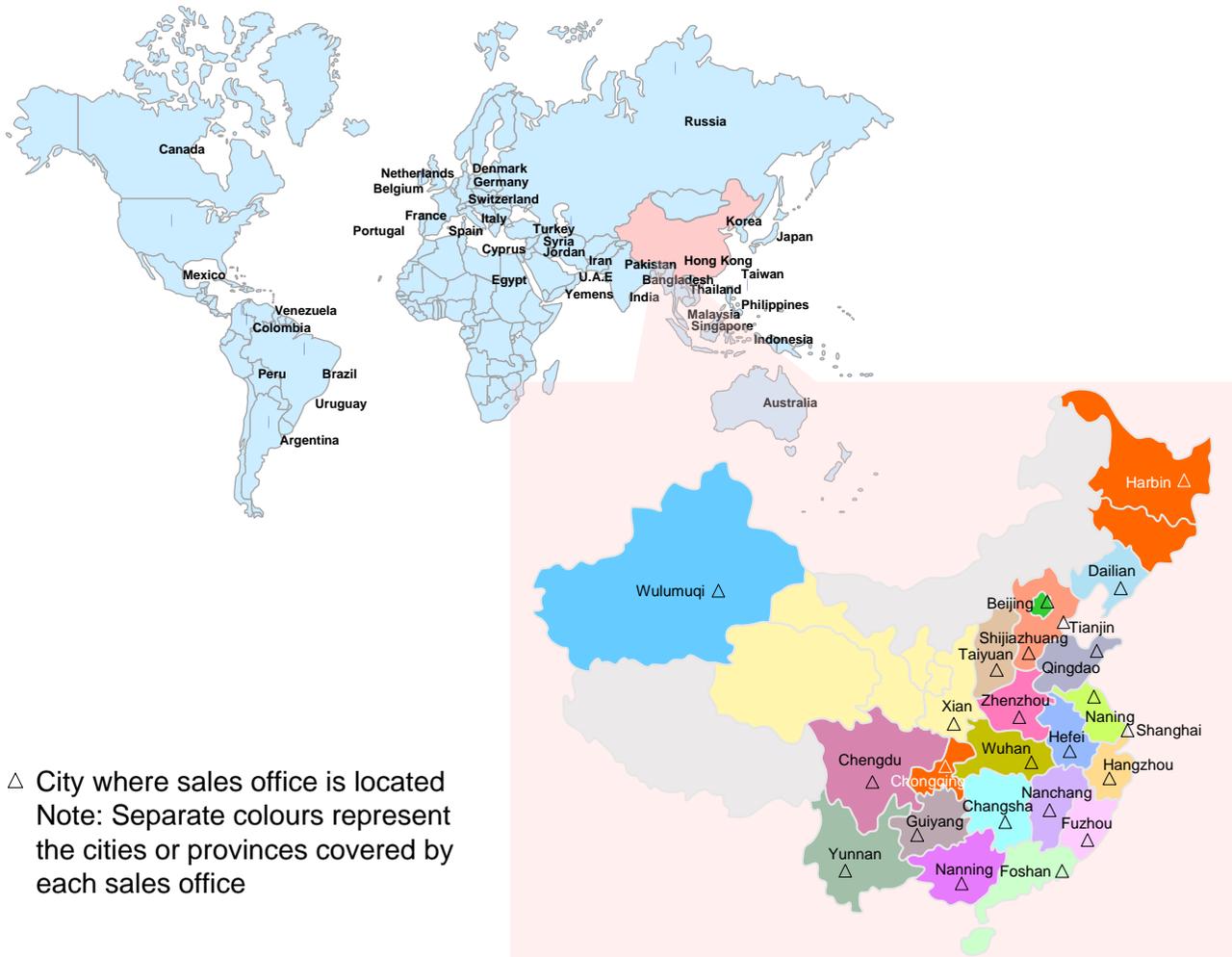
Success in the development of sales in PRC and the overseas markets

Sales inside the PRC

- Over 2,200 sales staff in 25 sales offices as at 30 June 2008
- Over 1,000 distributors, 80 of them are top class distributors

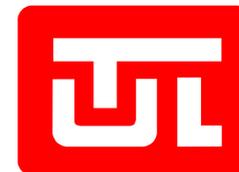
Overseas Markets

- Accounted for 19.5% of the Group total sales in 1H2008
- Sales of intermediate products and bulk medicine to India, Europe and other countries



△ City where sales office is located
Note: Separate colours represent the cities or provinces covered by each sales office

Diversified Customer Base Attributable to Quality Products



Customers

Domestic Customers



International Customers



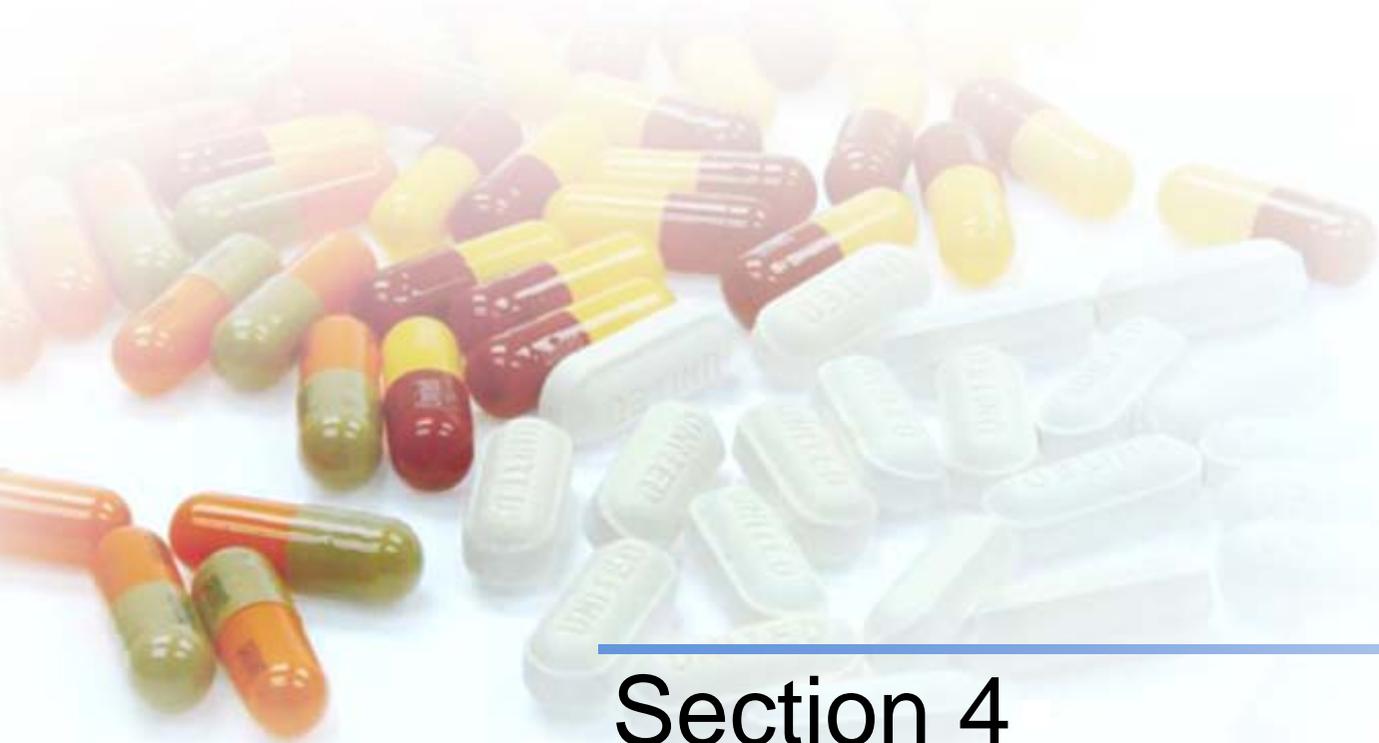
Long-term Contract Proportion

	2007	2008	2009
Finished Products	70-80%	72-82%	75-85%
Intermediates and Bulk Medicines	10-20%	20-30%	30-40%

*: new customers in 2008.

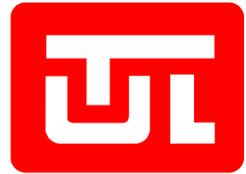
- Closely monitors the performance of its environmental facilities to ensure compliance with national and local regulatory standards
- TUL invested RMB270 million for the establishment of modern waste water treatment facilities at both Chengdu & Inner Mongolia intermediate production plants
- The Discharge Standards of Water Pollutants for Pharmaceutical Industry Chemical Synthesis Products category promulgated on 1 Aug 2008 raised the entry barrier and will enhance profitability and profit margins of the industry





Section 4 Strategies & Outlook

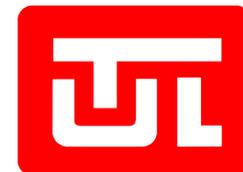




Prospect of pharmaceutical market

- **Medical reform**
 - More capital on medical insurance
 - Increase subsidies for grassroots level hospitals
 - Implementation of the basic medicine system
- **Environmental protection measures**
 - Raise industry entry barrier and accelerated market consolidation
 - Eliminate enterprises with obsolete equipments and substandard management
 - Enhance the profitability and profit margins
- **Demand for medicines**
 - Increase affordability for healthcare services
 - Antibiotics as main profit generator
 - Growing demand for Semi-synthetic penicillin and Cephalosporins

Growth Momentum



New Products

Product	Classification	Main curative effects	Expected time for obtaining drug registration approval
Isophane protamine human insulin injection (精蛋白人胰島素注射液)	Bio product	For treatment of type I & II diabetes	2H2008
Imipenem cilastatin sodium for injection (注射用亞胺培南西司他丁鈉)	Carbapenems antibiotics	For treatment of various types of infection	2H2008
Cefepime hydrochloride for injection (注射用鹽酸頭孢吡肟)	Cephoalsporins antibacterial agents	For treatment of respiratory system infection, urinary system infection and other infections	Obtained approval

Domestic Collaboration

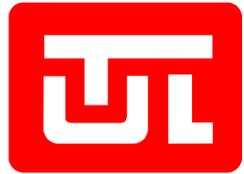


中国医药集团科技研发中心
四川抗菌素工业研究所(有限公司)

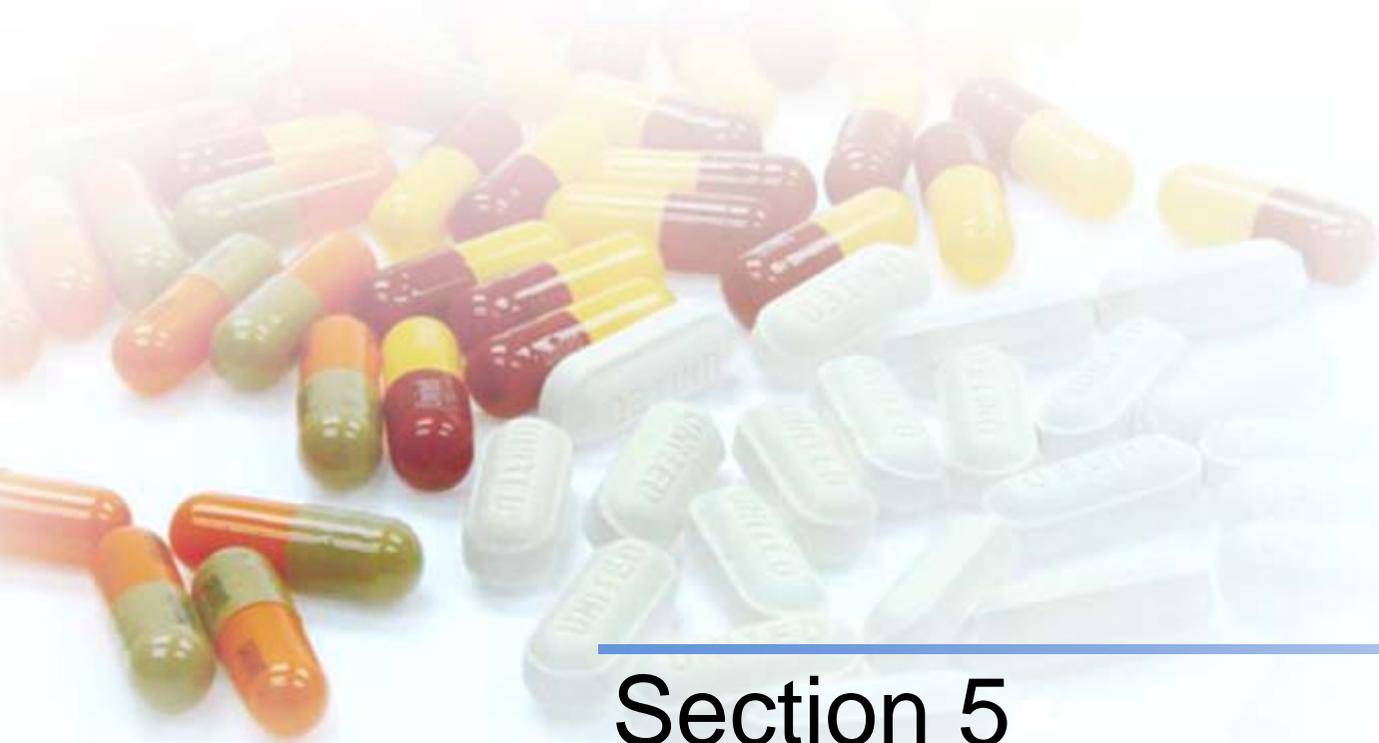


25 finished products under development at various stages
1 patent got approval and other 5 paten under applying

Prospect for 2H2008



- **Strengthen sales of finished products**
- **Further develop co-operation with hospitals**
- **Enhance network coverage in rural area**
- **Strengthen promotion of OTC and specialties products**
- **Prepare for new products launch**
- **Expand production plant**
- **Benefit from vertically-integrated production structure**



Section 5

Q & A Session

