

[For Immediate Release]



TUL Announces Initial Public Offering

Raise HK\$675 million to HK\$825 million for Business Expansion to Capture the Future Growth of Pharmaceutical Industry in China

3 June 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, announces today the offering details of its listing on the Main Board of the Stock Exchange of Hong Kong Limited (“SEHK”).

TUL will initially offer a total of 300,000,000 shares, which represent 25% of the Group’s enlarged share capital immediately after completion of the Share Offer and the Capitalization Issue. International Placing will account for 270,000,000 shares, or 90% of the offering size, and the remaining 30,000,000 shares, or 10%, will be offered by way of Hong Kong Public Offer. There will be an Over-allotment Option of 45,000,000 shares, representing 15% of the Share Offer. Offer price ranges from HK\$2.25 to HK\$2.75 per share.

The net proceeds of the Share Offer, based on the mid-point price of HK\$2.50 per share and upon deducting commission and related expenses, are estimated to amount to approximately HK\$672,200,000. The amount of proceeds raised will be mainly used for expansion and upgrading of production facilities, market development and expansion of sales and marketing network, setting up additional research and development facilities as well as repayment of loan facilities.

The Hong Kong Public Offer will open on Monday, 4 June 2007 and close at 12:00 noon on Thursday, 7 June 2007. The offer price will be set on Friday, 8 June 2007 and the allotment results will be published on Thursday, 14 June 2007. Dealing of the shares on the SEHK is expected to commence on Friday, 15 June 2007.

The Hongkong and Shanghai Banking Corporation Limited is the Sole Global Coordinator, Bookrunner, Lead Manager and Sponsor of the Global Offering.

TUL is principally engaged in the manufacture and sale of antibiotics finished products and the bulk medicine and intermediate products used to produce them. As one of the major manufacturers of antibiotics in the PRC, the Group also produces and sells smaller amounts of cough syrup, anti-allergy medicine as well as capsule casings. According to information published by Southern Medical Economic Research Centre, the Group ranked amongst the top 20 chemical pharmaceutical industry enterprises in the PRC in 2005 in terms of revenue.

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To meet the growing demand for its products, the Group operates five plants in Zhuhai, Zhongshan and Kaiping in Guangdong and Chengdu in Sichuan as well as Hong Kong, with a total site area of about 720,000 square metres. In particular, the Group's production workshops for bulk medicine and finished products in production have all obtained GMP or similar certification.

The Group has a vertically integrated production operation, which enables it to undertake the upstream production of intermediate products, the mid-stream processing of intermediate products into bulk medicine as well as the downstream production of antibiotics finished products from bulk medicine. The Group believes that such vertical integration provides the Group with more flexibility to expand its production as well as better control over product quality and production costs. Currently, the Group mainly produces three categories of antibiotics finished products, namely semi-synthetic penicillin, cephalosporins and β -lactamase inhibitors.

As at 31 December 2006, TUL has a total of 127 products qualified to produce in the PRC and/or Hong Kong based on the Drug Registration Approvals in the PRC and Certificates of Drug/Product Registration in Hong Kong, including 30 bulk medicines and 97 finished products. Most of the Group's finished products, including its best selling amoxicillin capsules, are listed in the government's insurance catalogue. This means that patients can receive partial reimbursement of such drugs' costs. The Group also held Certificates of New Medicine in respect of 11 of its finished products with unexpired protection period. By leveraging on the high product quality, excellent services and extensive sales network spanning nationwide, TUL has consolidated its leading market position in China. As at the end of 2006, three types of the Group's antibiotics finished products ranked number one in the PRC in terms of market share in a sample of 257 hospitals in the PRC.

With over ten years of development, TUL has established strong brand recognition for its high quality antibiotics products in the PRC market, catering to domestic demand. In addition, TUL has 24 sales offices and established an extensive sales and marketing network in the PRC for its antibiotics and other finished products that cover 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 also sells its products, mainly intermediate products and bulk medicine, to overseas markets. Some of its international customers include DSM, HELM, Daewoong and Indukern. As of 31 December 2006, the Group derived about 21.4% of its sales from overseas customers.

Mr. Choy Kam Lok, Chairman of TUL, said, "The increasing income and health awareness in China, as well as the aging population, boosted the demand for basic medicine. These, commensurate with government policies relating to the pharmaceutical industry, contributed a favorable landscape for long-term and robust development of the industry. The development focuses of those policies lie on enhancing the overall health level of the population, improving the condition of medical services in rural area and strengthening the structure for social medical insurance. Furthermore, the increasing population in China being included in social medical insurance scheme also provided solid fundamentals for TUL's future development."

The net proceeds of the share offer, after deducting commissions and related expenses and based on the mid-point price of HK\$2.50 per share, are estimated to amount to approximately HK\$672,200,000. The Group intends to apply the net proceeds as follows:

- approximately HK\$294,000,000 for expansion and upgrading of the Group's production facilities;
- approximately HK\$106,900,000 for market development and expansion of the Group's sales and marketing network;
- approximately HK\$73,500,000 for strengthening the Group's research and development capabilities by setting up additional research and development facilities;
- approximately HK\$180,400,000 for the partial repayment of two of the Group's outstanding loan facilities due in September 2007 at an interest rate of 5.76% per annum and due in December 2007 at an interest of 6.12% per annum; and
- the balance of approximately HK\$17,400,000 as general working capital of the Group.

Looking ahead, TUL will enlarge its market share in urban areas and expand its market coverage in rural areas to take advantage of the recent favourable PRC government policy such as increasing insurance coverage (for details please refer to Appendix 1 or p.9 – p.11 of the prospectus). The Group will further strengthen its sales and distribution networks, as well as improve its product quality and customer service. Meanwhile, the Group will expand its product ranges to capture additional market shares with the promising new drugs pipeline. At present, the Group has 26 drugs at various stages of development. Several finished products are expected to obtain Drug Registration Approval during the second half of 2007 include two penem drugs, a heptatis B capsule, and a human insulin injection for diabetes. The Group will endeavor to maximize the benefits of the recently commissioned Chengdu plant by adjusting its product mix and production capacity to capture the favourable pricing such as intermediate products, 6-APA.

Mr. Choy concluded, "The Global Offering marks an important milestone for TUL and will further strengthen the Group's financial position. We are confident that TUL is well-positioned to develop its competitive edges, achieve remarkable performance and generate fruitful returns to investors, and strive to be the leading and the largest antibiotics manufacturer in the PRC offering a wide spectrum of high quality products."

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The United Laboratories International Holdings Limited Fact Sheet at a Glance

| | | |
|-----------------------------------|---|---|
| Offering Size | : | 300,000,000 Shares <i>(Subject to the Over-allotment Option of additionally 45,000,000 Share)</i> |
| Offering Structure | | |
| ♦ Hong Kong Public Offer | : | 30,000,000 Shares <i>(Subject to adjustment)</i> |
| ♦ International Placing | : | 270,000,000 Shares <i>(Subject to adjustment and the Over-allotment Option)</i> |
| Issue Price | : | HK\$2.25 to HK\$2.75 per share |
| Market Capitalization | : | HK\$2,700 million to HK\$3,300 million <i>(Assume Over-allotment Option not exercised)</i> |
| 2006 Price-Earning Ratio | | 15.5x – 19.0x |
| Public Offer Period | : | From 9am 4 June to 12 noon on 7 June 2007 |
| Announcement of Allotment Results | : | 14 June 2007 |
| Listing Date | : | 15 June 2007 |
| Stock code | : | 3933 |

Track Record

The results highlights of the Group for the three years ended 31 December 2006 are as follows:

| | For the year ended 31 December | | |
|---------------------------------------|--------------------------------|-----------|-----------|
| | 2004 | 2005 | 2006 |
| | HK\$ '000 | HK\$ '000 | HK\$ '000 |
| Turnover | 1,200,104 | 1,720,442 | 2,080,479 |
| Gross Profit | 398,548 | 599,760 | 736,299 |
| EBITDA | 282,235 | 337,703 | 501,260 |
| Profit before taxation | 176,276 | 175,471 | 221,778 |
| Profit attributable to equity holders | 132,111 | 116,566 | 173,838 |