

Press Release

Joint Venture with C & O Pharmaceutical Technology (Holdings) Limited, a leading Full Function Pharmaceutical Group in China

Princeton, New Jersey – 17 March 2008 – XenoBiotic Laboratories, Inc. (XBL), a New Jersey based contract research organization (CRO), today announced that XBL has entered into a Joint Venture Structure Agreement with **C & O Pharmaceutical Technology (Holdings) Limited** (“C&O” or the “Group”), a Singapore Mainboard-listed and a well established and integrated pharmaceutical group in China, through its Changao Investment (BVI) Limited (“C&O BVI”), a wholly-owned subsidiary of the Group, for the establishment of a US Good Laboratory Practice compliant laboratory in Nanjing, PRC and for the operation of a contract research organisation (“CRO”) in Nanjing and Shanghai that specialised in various preclinical and clinical supporting pharmaceutical and biotech research services.

Under the agreement, C&O BVI agreed to subscribe 37.5% of the share capital of the joint venture at a consideration of US\$4.8 million to be satisfied in cash. The investment will be funded by C & O internal resources. XBL will own 62.5% of the share capital of the joint venture at a consideration of US\$2.4 million to be satisfied in cash plus the contribution of technology know how for the establishment of US Good Laboratory Practices (GLPs) laboratory.

The Joint Venture will be in operation by the end of CY2008 and start to generate revenue in CY2009. It will initially focus on Drug Metabolism (DM) Studies, Pharmacokinetic (PK) and Toxicokinetic (TK) Studies, Bioanalytical Studies, Clinical Metabolism Studies, Product Analytical Studies and Radiotracer platform technology.

“Expanding our CRO service in China is part of our long term strategic growth plan. We are excited to team up with C&O to be our partner in China as we have similar operating principles and style and C&O’s network in China will be extremely helpful for the Joint Venture to establish its CRO services rapidly.” said Dr. Jinn Wu, President and CEO of XBL.

Global R&D expenditures for both pharmaceutical and biotechnology companies have grown from US\$47.6 billion in 2004 to US\$55.2 billion in 2006, according to PhRMA¹. Meanwhile, pharmaceutical companies have increased their outsourcing expenditures in drug discovery dramatically over the last decade. The percentage that pharmaceutical companies spend on R&D outsourcing has increased from 10% of total US pharmaceutical industry R&D spending in 1997 to 33% in 2005, and is expected to grow to 41% by 2009. The market for outsourced drug discovery is expected to grow at an annual rate of 15% from US\$4.1 billion in 2005 to US\$7.2 billion in 2009.² Both the size and growth potential of the global CRO market is huge.

About C & O Pharmaceutical Technology (Holdings) Limited

Listed on the Mainboard of the Singapore Exchange in October 2005, C&O is an established and integrated pharmaceutical group in China. Its business model spans the entire value chain in the pharmaceutical industry, from research and development, to manufacturing, as well as marketing and distribution of C&O branded and third party pharmaceutical products via an extensive distribution network covering over 3,000 distributors and 300,000 clinics, pharmacies and hospitals across all parts of China.

The Group’s product portfolio comprises of C&O branded products, imported pharmaceutical and healthcare products (to which C&O has exclusive distribution rights), and third party pharmaceutical products manufactured by other companies. Most of C&O’s products are included in the National Health Insurance Scheme, focusing primarily on anti-infection and gastrointestinal drugs, drugs for aging adults, as well as other specialised drugs.

With a solid and fully integrated operating platform supported by complementary business units, the Group offers one-stop solutions to other pharmaceutical companies in China and overseas with its Contract Research (“CRO”) and Contract Manufacturing (“CMO”) services, as well as product registration and distribution services through its extensive network. For more information on C&O, please visit <http://www.changao.com>

¹ The Pharmaceutical Research and Manufacturers of America

² Source: Kalorama Information



About XenoBiotic Laboratories, Inc.

Established in 1987 in New Jersey, US, XenoBiotic Laboratories, Inc. (XBL) is a contract research organization (CRO) providing scientific research, development and consulting services to pharmaceutical, biotech, agrochemical and other chemical industries. XBL specializes in all aspects of drug metabolism, pharmacokinetics, organic and analytical chemistry, and quantitative bioanalytical analysis for both clinical and preclinical development programs. XBL has established a strong track record of providing sponsors with critical drug and metabolism data packages for their product registration and approval by the various regulatory agencies worldwide.

XBL has a 44,500 ft² research centre in a 4.5-acre industrial park located in Central New Jersey, the heart of the Pharmaceutical Industry. Currently, XBL employs 64 staff including 20 Ph.D. scientists. The facility is a state-of-the-art research laboratory capable of conducting pharmaceutical and agrochemical R&D projects under GLP (21 CFR 58 and 40 CFR 160). In addition, XBL has a full range of Federal licenses and permits from the Nuclear Regulatory Commission (NRC), the Department of Enforcement Agency (DEA), the US Department of Agriculture (USDA) and the FDA. XBL has established an in-house AAALAC accredited (since 1996) vivarium facility in which preclinical rodent (mouse and rat) and dog DMPK studies are conducted. In addition, XBL is an industry leader in the conduct of clinical drug metabolism studies with radiolabeled drug candidates and has full capabilities in drug metabolite structural investigation and metabolite pathway elucidation. For more information on XBL, please visit <http://www.xbl.com>

CONTACT INFORMATION

XenoBiotic Laboratories, Inc.

Jinn Wu, Ph.D
President and CEO
107 Morgan Lane
Plainsboro, NJ 08536

609-799-2295 (Office)
609-799-7497 (fax)
www.xbl.com
wujinn@xbl.com