

Press Cutting

Client: Hutchison China Meditech

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Hutchison China Medical FY Pretax Loss \$10M Vs \$5.8M

| | 2007 | 2006 |
|---------------------|----------|----------|
| Sales | 65,110 | 50,433 |
| Operating profit | (9,723) | (5,383) |
| Pretax profit | (10,022) | (5,771) |
| EPS basic & diluted | (0.2360) | (0.1475) |
| Final dividend | nil | n/av |
| Total dividend | n/av | n/av |

* Non-recurring loss from discontinued operations -\$5.1 million (2006: -\$2.9 million) includes losses plus one-time provision for closing Nao Ling Tong product line.

* Net loss attributable to equity holders of Chi-Med -\$17.2 million (2006: -\$9.6 million).

China Healthcare Division

* China Healthcare Division sales, on continuing operations, up 28% to \$61.4 million (2006: \$48.1 million), operating profit up 27% to \$6.8 million (2006: \$5.4 million) and net profit after tax attributable to equity holders of Chi-Med up 13% to \$4.5 million (2006: \$4.0 million).

* Due diligence underway on several potential China acquisitions and joint ventures.

Drug R&D Division

* Drug R&D Division spent \$12.4 million in cash during 2007 (2006: \$6.7 million).

* Landmark strategic partnership agreement signed with Eli Lilly and Company.

* Clinical progress on our Group lead drug candidate HMPL-004, positive outcomes in China Phase II study on ulcerative colitis and FDA clearance to expand to global Phase IIb trial.

* Discovery progress. Two novel small molecule compounds in late preclinical development. 72 global patent applications filed by the end of 2007 (2006: 61).

Consumer Products Division

* Sales up 36% to \$2.9 million (2006: \$2.1 million) following further London shop openings.

* Planning to launch Sen consumer products internationally in 2008.

Edited Press Release

LONDON (Dow Jones)--Hutchison China Medical said Wednesday that for the year to Dec. 31 it reported a loss before tax of \$10 million compared with \$5.8 million in the previous year.

Christian Hogg, Chief Executive Officer, said: "It is encouraging to report that to date this year, sales and profit growth rates in the China Healthcare Division are running well ahead of last year as the China pharmaceutical market continues to show robust growth. Furthermore, we have now started

treating patients on our global HMPL-004 Phase IIb trial in UC, and hope to shortly announce Sen's international consumer product launch plans for 2008.

"The Chi-Med Group organisation is currently focused on China acquisitions and, following current due diligence, we expect progress in 2008.

"We remain very confident of the growth prospects for Chi-Med.

"We have made considerable progress across each of our three operating divisions during the last year, in each case improving their underlying performance.

"Our China Healthcare Division is benefiting from buoyant growth in the China pharmaceutical market, and existing operations are now contributing strong profit to the group. We are progressing multiple acquisition opportunities that could start to materialise this year.

"Our Drug R&D Division is exceeding our expectations with breakthrough results in both development and discovery. Our lead drug, HMPL-004, returned exciting Phase II results this year and our team of over 160 scientists and staff have identified multiple novel small molecule compounds. As further validation of the strategy, we signed a landmark co-discovery partnership with Eli Lilly and Company ("Eli Lilly") to add to our existing partnerships with Merck KGaA and Procter & Gamble.

"Our Consumer Product Division, Sen Medicine Company Limited ("Sen"), is demonstrating the attractiveness of its offer, further developing its brand in the U.K. and experiencing encouraging sales growth in 2007. In addition, we are now in late-stage planning to expand its products into luxury retail chains internationally.

"With a strong cash position and continued growth opportunities for each of our divisions, we view 2008 with considerable confidence." [19-03-08 0830GMT]

Edited Press Release

Hutchison China Meditech Chairman Simon To said sales, on a continuing operations basis, of the group grew 29% to \$65.1 million primarily following strong China Healthcare Division performance.

Total consolidated sales of the Group for 2007 were \$69.7 million. Net loss attributable to Chi-Med stakeholders grew to -\$17.2 million behind our increases in R&D and consumer products investment, and a non-recurring loss from discontinuing the product line of the Nao Ling Tong memory supplement.

Chief executive officer Christian Hogg added the group continues to deliver rapid growth.

"This reflected strong organic growth in our China Healthcare Division where sales, on a continuing operations basis, grew 28% to \$61.4m; a fourfold increase in revenues to \$0.9 million in our Drug R&D Division, Hutchison MediPharma Limited ("HMPL"), from its strategic partnerships; and continued rapid growth in our Consumer Products Division where the Sen brand increased sales 36% to \$2.9 million."

He said the China Healthcare Division increased its operating profit to \$4.4 million from \$2.5 million, before non-recurring items.

"However, this understates the performance of its continuing businesses since, in December 2007, we decided to discontinue the loss-making NLT. Excluding this product line, last year, the China Healthcare Division's operating profit was up 27% to \$6.8 million. This highlights the improved platform for growth and profitability with which we have entered the current financial year."

HMPL continues to invest in its strong drug discovery and development programmes and has achieved significant success to date, Hogg said. As expected, therefore, despite the sharp increase in its revenues, its operating loss widened from -\$6.0 million to -\$10.1 million.

Sen too continues to invest, and its operating loss widened from -\$1.1 million to -\$2.1 million reflecting the set-up costs for its planned expansion, an associated write-down of inventory and the unfavourable impact of foreign exchange, he added.

Chi-Med's Drug R&D revenue grew almost four-fold during 2007 to \$0.9 million (2006: \$0.2 million) from payments by Merck KGaA, Procter & Gamble and Eli Lilly. Its operating loss rose to -\$10.1 million (2006: -\$6.0 million) as a result of increased investment in HMPL's discovery organisation and programmes, as well as the cost of clinical trial programmes in the U.S. and China.

"We believe HMPL is now generally accepted as one of the leaders in China's Pharmaceutical drug discovery arena."

During 2007, two novel small molecule compounds were selected for development, HMPL-010 for psoriasis and HMPL-011 for auto-immune diseases, such as rheumatoid arthritis. HMPL-004 is the lead drug candidate of the Group for treating inflammatory bowel diseases in Phase II clinical development. [19-03-08 0849GMT]