

Press Cutting

Client: Chi-Med

Publication: Dow Jones

Date: 6 August 2008

Hutchison China Medi 1H Pretax Losses \$4M Vs \$2.6M

- * Group sales, on continuing operations, up 37% to \$45.9 million (H1, 2007: \$33.4 million)
- * China Healthcare - Sales up 36% to \$43.2 million (H1, 2007: \$31.7 million) and operating profit up 57% to \$7.3 million (H1, 2007: \$4.6 million) on continuing operations
- * Drug R&D - Concrete progress on in-house programmes and Merck KGaA and Eli Lilly collaborations. New Hutchison MediPharma holding company and share incentive scheme
- * Consumer Products - Sales up 51% to \$1.9 million. Like-for-like sales in London shops up 15.1%. New shop openings. New distribution in Marionnaud luxury beauty outlets in France
- * Resulting Group loss to shareholders -\$6.4 million (H1, 2007: -\$5.6 million)
- * Strong net cash. Group cash and cash equivalents \$45.2 million

Edited Press Release

LONDON (Dow Jones)--Hitchison China Meditech Wednesday announced pretax loss of \$4 million for the six months ended to June 30, compared to \$2.6 million last year.

Chairman, Simon To, Wednesday said that it remains very confident about the future prospects of Chi-Med.

While the first half of the year is traditionally the stronger half of the year for the China Healthcare Division, it would expect full year results to reflect sales growth well ahead of last year along with the step change profit improvement it has experienced in the first half, he said.

The Drug R&D and Consumer Products Divisions will progress on similar trends to the first half as it continues its investments on HMPL-004 Phase II trials and the launch of Sen in France, he said. [06-08-08 0754GMT]

Edited Press Release

Hutchison China Meditech said Wednesday sales, on continuing operations, for the six months to 30 June 2008 were \$45.9 million (H1 2007: \$33.4 million), an increase of 37%. This was driven primarily by strong like-for-like growth in the China Healthcare Division.

It added during the period operating profit of the China Healthcare Division grew by 57% to \$7.3 million (H1 2007: \$4.6 million) on a continuing operations basis.

This partially offset the operating loss on drug R&D Division, which as planned, rose 112% to -\$8.0 million (H1 2007: -\$3.8 million) behind the HMPL-004 global phase II ulcerative colitis and Crohn's disease trial investment, said Chi-Med. The operating loss in the Consumer Products Division, which grew 44% to -\$1.2 million (H1 2007: -\$0.8 million), primarily behind expansion in France.

Chi-Med said cash and cash equivalents at the end of June totalled \$45.2 million (H1 2007: \$64.1 million). In addition to this cash balance, Chi-Med has \$17.7 million (H1 2007: \$15.6 million) in bank guaranteed bills receivable that can be redeemed by paying an 5% discount rate, said the company.

The firm said China Healthcare Division has accelerated its growth with sales, on continuing operations, up 36% to \$43.2 million (H1 2007: \$31.7 million) and importantly strong growth has been delivered in all of three China joint ventures.

Hutchison MediPharma, its R&D business, reported an operating loss in line with expectations of \$8.0 million.

The company said it has established a new holding company, owned by Chi-Med, Hutchison MediPharma Holdings, to hold 100% of HMPL.

The firm said HMPL-004, its lead drug candidate for treatment of inflammatory bowel disease, is currently in two clinical studies: a Phase II trial in the U.S. for Crohn's disease ("CD") and a global Phase IIb trial for ulcerative colitis ("UC").

Sen Medicine Company, the company's Consumer Products business, grew sales 51% during the period to \$1.9 million (H1 2007: \$1.3 million). This reflected very strong like-for-like sales growth; the full period effect of three new Sen shop openings; and the initial shipments to Marionnaud, the firm said.

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