

## Press Cutting

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### **UPDATE: Hutchison Chi-Med Narrows Loss On Sales Boost**

(Adds executive and analyst comment.)

By Jason Douglas  
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LONDON (Dow Jones)--Drug maker Hutchison China MediTech Ltd. (HCM.LN) Thursday reported a narrower net loss for the first six months of 2010 following strong sales of its heart pills in China and organic foods in Hong Kong.

Chief Executive Christian Hogg said the company is confident each of its businesses will continue to grow considerably, due to rising affluence in China and the government's commitment to expand healthcare provision.

The company, which is majority-owned by conglomerate Hutchison Whampoa Ltd. (0013.HK), said it expects to begin late-stage trials of an experimental treatment for ulcerative colitis late this year or early 2011.

It added a partnering deal for the product, called HMPL004, is drawing closer, and Hogg told Dow Jones Newswires the company's aim is to sign up a partner that will be prepared to pay a significant share of the costs of the Phase III clinical trial.

Investec analyst Andrew Jones said news the trial is due to start is a good indicator that a deal may be imminent.

Hutchison China MediTech, known as Chi-Med, reported a net loss of \$1.58 million for the six months to June 30, compared with a loss of \$2.66 million a year earlier. Operating profit increased more than threefold to \$2.28 million.

Revenue increased 29% to \$73.2 million, driven by a 25% rise in sales of its traditional Chinese medicines in China. Sales benefited from price increases and rising sales of pills for angina, said Hogg.

Sales of organic consumer products like snack foods and pasta sauce in Hong Kong more than doubled to \$4.2 million. Chi-Med entered a joint venture with U.S. organic food producer Hain Celestial Group Inc. (HAIN) in October last year that sells Hain's products through Hutchison Whampoa's vast retail network.

Hogg said the joint venture will begin selling organic baby formula in China in the fourth quarter.

Earnings were also aided by higher income from research projects carried out at Chi-Med's drug R&D unit for companies including Eli Lilly & Co. (LLY), Johnson & Johnson (JNJ) and Merck KGaA (MRK.XE).

Chi-Med said results from a mid-stage trial of HMPL-001, an experimental treatment for inflammatory conditions, will be known later this year.

Brokerage Panmure Gordon & Co. said Chi-Med's results were better than its forecasts and raised its target price for the stock to 400 pence from 370 pence.

At 0939 GMT, shares in Chi-Med were down 11 pence or 3.2% at 334 pence, underperforming a 0.3% higher Alternative Investment Market. The stock has gained 67% since the start of the year.

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