



HUTCHISON CHINA MEDITECH LIMITED

## Press Release

### US\$105 million Shanghai land compensation agreement

**London: Wednesday, 9 December 2015:** Hutchison China MediTech Limited (“Chi-Med”) (AIM: HCM) today announces that Shanghai Hutchison Pharmaceuticals Limited (“SHPL”), its 50:50 joint venture with a subsidiary of Shanghai Pharmaceuticals Holding Co., Limited, has today entered into an agreement (the “Agreement”) with the Shanghai government for the surrender of SHPL’s remaining 36 years land-use rights on its approximately 58,000 square metres old factory site at 2098 Zhennan Road, Taopu Town, Putuo District, Shanghai (the “Site”).

The Site is located in an area of Shanghai 12 kilometres from the city centre, which was re-zoned in 2014 from industrial use into usage as a new science and technology, commercial and residential development area called Smart City.

The Agreement signed between SHPL and (i) Land Development Centre of Putuo District of Shanghai Municipality and (ii) Shanghai Taopu Smart City of Science and Technology Development and Construction Company Limited (together the “Acquirers”) provides that SHPL will return the Site to the Acquirers in consideration for cash compensation of approximately US\$105 million (the “Compensation”). Under the Agreement, SHPL will receive the Compensation in three stages over a period of approximately one year as the transaction progresses to completion.

The re-zoning of the Site prompted SHPL to develop plans to build a new factory, 40 kilometres south of Shanghai city centre, in Fengpu District. Due to the strong growth of SHPL which recorded first half sales in 2015 of US\$103.9 million, up nine-fold versus the same period in 2005, the new factory was designed to accommodate an approximately three-fold production capacity increase compared to the old factory. SHPL began construction on this new factory in 2014 and the full transition of production from the old factory to the new factory is expected to complete by mid-2016. The cost of the new factory, expected to total approximately US\$100 million, has already been over 80% incurred and funded to-date through SHPL cash reserves and bank borrowings of US\$38 million as at 30 November 2015.

Christian Hogg, CEO of Chi-Med, said, “This is good news. The move to our new factory in Fengpu has been a major effort for the SHPL team and positions us well for the future with a tripling of production capacity. This modern facility will support continued business expansion and further scale efficiency at SHPL. Meanwhile, we plan to use the cash compensation to pay off debt, retain cash for working capital and look to pay dividends to the shareholders of SHPL.”

**Ends**

## Enquiries

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## About SHPL

SHPL is one of the key companies in the Commercial Platform of Chi-Med which engages in the manufacture and sale of prescription drugs. SHPL operates a commercial organisation of over 1,800 medical sales representatives across about 300 cities and towns in China detailing both its own prescription drug products as well as those of third party companies such as Seroquel<sup>®</sup> (AstraZeneca) and Concor<sup>®</sup> (Merck Serono).

## About Chi-Med

Chi-Med is a China-based, globally-focused healthcare group which researches, develops, manufactures and sells pharmaceuticals and health-related consumer products. Its Innovation Platform focuses on discovering and developing innovative therapeutics in oncology and autoimmune diseases for the global market. Its Commercial Platform manufactures, markets, and distributes prescription drugs and consumer health products in China.

Chi-Med is majority owned by the multinational conglomerate CK Hutchison Holdings Limited (SEHK: 0001). For more information, please visit: [www.chi-med.com](http://www.chi-med.com).

## Forward-Looking Statements

This announcement contains forward-looking statements that reflect Chi-Med's current expectations regarding future events. Forward-looking statements involve risks and uncertainties. Such risks and uncertainties include, among other things, the risk that the land-use rights transaction described above does not proceed to completion or is completed for a different amount of compensation, or the new factory in Fengpu District incurs additional costs or does not begin production as scheduled. Existing and prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Chi-Med undertakes no obligation to update or revise the information contained in this announcement, whether as a result of new information, future events or circumstances or otherwise.