

Regulatory Story

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Cathay International Holdings Ld - CTI Trading Update
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Dissemination of a Regulatory Announcement that contains inside information according to REGULATION (EU) No 596/2014 (MAR).

Cathay International Holdings Limited

("Cathay", the "Company" or the "Group")

Trading update

Hong Kong, 13 July 2018 - Cathay International Holdings Limited (LSE: CTI.L), an operator and investor in the growing healthcare sector in the People's Republic of China (the "PRC"), provides a trading update for the six months ended 30 June 2018.

The Group's principal subsidiary, Lansen, has been through a period of management change, including the appointment of a new CEO on 1 March 2018, and consequent operational changes in the first half. Lansen is seeking to gradually diversify from being a single core specialty drug product by building a portfolio of products comprised of specialty drugs and pharmaceuticals. Lansen intends to improve its hospital coverage of pharmaceutical products and implement stringent control on expenses in order to upgrade the product structure, income structure and profitability of the pharmaceutical division. As mentioned in the Company's Annual Results statement, regulatory change in the pharmaceutical industry in China, including the two-invoice system, has led to a fall in sales in some product lines towards the end of 2017 and, as expected, this has continued in to 2018. As a result, sales were slower compared with same period in the first quarter of 2017, but sales have accelerated in the second quarter and are expected to continue to do so in the second half.

Natural Dailyhealth, Botai and Haizi are all trading broadly in line with expectations.

The Group's hotel business is trading ahead of expectations with increased occupancy and average room rates.

Overall, the first half is expected to show lower sales and profits than the same period last year, but the full year will be in line with our expectations. Although the management remains confident, as all three business segments have gone through major restructuring and operational changes, there remains possibility of unexpected fluctuation in the performance during the second half.

The results for six months ended 30 June 2018 will be released in late August.

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