



HUTCHISON CHINA MEDITECH LTD

**For Immediate Release**

**17 July 2006**

## **Hutchison China MediTech Limited (“Chi-Med”) (AIM: HCM)**

### **Trading Update**

Hutchison China MediTech Limited (“Chi-Med”) today issues a trading update reporting that revenues for the first six months of 2006 are estimated at US\$ 32 million, an increase of 86% versus the US\$ 17 million the same period in 2005. Full interim results for the six months ended 30 June 2006 are expected in August.

#### **China Healthcare Business**

The sales of Hutchison Whampoa Guangzhou Baiyunshan Chinese Medicine Company Limited (“Hutchison Baiyunshan”) have grown more rapidly than expected in 2006 driven by demand for Ban Lan Gen granules, an OTC anti-viral, which has become increasingly popular due to consumer concerns over avian flu as well as a particularly severe flu season in South China. Hutchison Baiyunshan has also benefitted from strong 2006 sales of Fu Fang Dan Shen tablets for angina as distribution in secondary towns and rural China deepens and highly effective public relations and marketing programmes have driven consumption.

Shanghai Hutchison Pharmaceuticals Limited (“Shanghai Hutchison Pharmaceuticals”) is maintaining sales versus 2005 despite two recent State Food and Drug Administration (“SFDA”) policy shifts that are expected to negatively impact operations in the short-term. Firstly, the China SFDA recently began to limit the sale of Shanghai Hutchison Pharmaceuticals' third largest product Sheng Mai injection, an immune-modulator, to emergency use only. Secondly, China's Central Government recently announced an all out ban on the use of hospital medical representatives, thereby leading all ethical drug firms to re-consider their commercial strategy. Fortunately, Shanghai Hutchison Pharmaceuticals is adapting fast and the performance of its top two products She Xiang Bao Xin pills, for heart disease, and Dan Ning tablets, for gallbladder inflammation, is well ahead of 2005.

Hutchison Healthcare Limited (“Hutchison Healthcare”) has had a disappointing peak examination season on Nao Ling Tong capsules (“NLT”), the memory supplement. After sales growth of 78% and 64% on NLT in 2004 and 2005, Hutchison Healthcare's rapid expansion has led to diluted executional effectiveness in NLT's schools-focused marketing programme and ultimately has led to flat NLT sales in 2006. Hutchison Healthcare will launch two important new initiatives behind the NLT brand and schools channel in the second half of 2006.

During the first half of 2006 the Chi-Med Management Team has continued in the identification, approach, and negotiation of M&A deals on target healthcare companies in China to broaden our operations in the fast growth industry. Discussions are currently underway with several targets, some of which are large-scale.

### **Drug Research & Development Business**

Hutchison MediPharma Limited ("Hutchison MediPharma") has evolved during the past two years from a botanical drug focused company into a highly sophisticated and productive single molecular entity discovery operation.

During the first six months of 2006, Hutchison MediPharma continued to build new *in vitro* assay platforms (to a total of 42) and *in vivo* models (a total of 58) in the oncology and auto-immune areas. Hutchison MediPharma's 82-person research team performed thousands of assays in screening substances, most of which were single entities either synthesized or isolated from botanical and Traditional Chinese Medicine sources by Hutchison MediPharma. This screening identified over 150 hits, which in turn has led to four lead candidates and five qualified hits in the fields of oncology and auto-immune diseases.

On the development side, Hutchison MediPharma is progressing well. Clinical trials on HMPL-002, a cancer product, in the United States (head & neck cancer) and China (non-small cell lung cancer) progress to plan. As recently announced, the US Food and Drug Administration has allowed Hutchison MediPharma to amend the HMPL-002 protocol to include its use in combination with platinum-based chemoradiotherapy versus the previous plan of radiotherapy alone.

Clinical trials on HMPL-004, an inflammatory bowel disease product, in the United States (Crohn's disease) and China (ulcerative colitis) are ahead of recruitment targets with lower than anticipated dropout rates.

### **Consumer Products Business**

Sen Medicine Company Limited ("Sen") sales are on track to increase over three-fold in 2006 compared to the same period in 2005 and same store sales (for stores open more than one year) increased 21% during the first half of 2006 compared to the same period in 2005. The May 2006 launch of a range of high-end Sen skin care products has been well received and represents a good opportunity to broaden distribution to third party retailers.

**End**

### **Enquiries**

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## **About Chi-Med**

Chi-Med is the holding company of a pharmaceutical and healthcare group based primarily in China and is listed on the Alternative Investment Market of the London Stock Exchange plc.

Chi-Med is majority owned by Hutchison Whampoa Limited, an international corporation listed on the Main Board of The Stock Exchange of Hong Kong Limited.