



HUTCHISON CHINA MEDITECH LTD

**For Immediate Release**

**Hutchison China MediTech Limited ("Chi-Med")  
(AIM: HCM)**

**Related party transaction**

**Chi-Med formalises China Sales and Distribution Arrangements**

**London: Wednesday, 17 January 2007:** Chi-Med today announces that its joint venture China health supplements business, Hutchison Healthcare Limited ("HHL"), has entered into a distribution agreement (the "Agreement") with Hutchison Whampoa (China) Commerce Limited ("HWCCCL") to formalise the existing arrangements pursuant to which HHL supplies, and HWCCCL buys and distributes, Zhi Ling Tong products (the "Products") in various provinces in China. The Agreement, which relates to distribution arrangements previously carried out under an agreement referred to in Chi-Med's Admission Document, is for a term commencing with effect from 4 January 2006 to 31 December 2007 (the "Term").

The aggregate amount of net sales of the Products (less rebate) under the Agreement accumulated up to the end of December 2006 reached RMB16.1 million (approximately US\$2.02 million).

HWCCCL is also appointed as an agent of the Products in various provinces in China during the Term. The Agreement contains typical conditions for a transaction of this type, including rebates, credit line and credit period, as well as the sharing of certain marketing expenses.

HHL is based in Guangzhou, Guangdong Province, China and researches, develops, manufactures and sells Western and Traditional Chinese Medicine ("TCM") health supplement products. Zhi Ling Tong capsules are made from pure docosahexaenoic acid ("DHA"), an Omega-3 fatty acid extracted from algae, and are designed to promote the brain and retinal development of babies and young children. Zhi Ling Tong calcium lactate powder is designed as a calcium supplement for babies and young children.

HWCCCL is an indirect wholly-owned subsidiary of Hutchison Whampoa (China) Limited, which holds an effective interest of approximately 72% of the issued and outstanding securities of Chi-Med. Chi-Med owns an effective interest of approximately 67.97% of the registered capital of HHL. As such, the transaction is classified as a related party transaction under the Rules of the Alternative Investment Market of the London Stock Exchange, on which Chi-Med is admitted to trade. The directors of Chi-Med consider, having consulted Lazard & Co. Limited, Chi-Med's Nominated Adviser, that the terms of the Agreement are fair and reasonable insofar as Chi-Med's shareholders are concerned.

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**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 was admitted to trading on the Alternative Investment Market of the London Stock Exchange in May 2006. Chi-Med is focused on researching, developing, manufacturing, and selling pharmaceuticals, health supplements and other consumer health and personal care products derived from Traditional Chinese Medicine ("TCM") and botanical ingredients. Its overall aim is to draw on the untapped wealth of knowledge and history of usage in the TCM industry to develop products for the global market. Chi-Med has three complementary businesses: drug R&D, China healthcare and consumer products.

Chi-Med engages in the research and development, manufacture and sale of Western and TCM health supplement products through its subsidiary Hutchison Healthcare Limited ("HHL"). Many of the formulations of HHL's supplement products are based on World Health Organisation's recommended daily intake of various active ingredients. HHL's two major products are Nao Ling Tong capsules and Zhi Ling Tong capsules. Nao Ling Tong is made from Omega-3 fatty acids with a high DHA/EPA ratio and is used to improve memory by supplementing DHA levels in the brain. Zhi Ling Tong is made from pure DHA, an Omega-3 fatty acid extracted from algae, and is used to promote the brain and retinal development of babies and young children.

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.