



the **Right** Medicine



How Baiyunshan became one of the most trusted TCM brands in southern China By Mark Graham

MODERN PRODUCTION METHODS have helped make a traditional Chinese herb, with a healing history going back several thousand years, one of the 21st century's anti-viral drugs of choice. Ban Lan Gen, one of Hutchison Baiyunshan's most popular products, has been flying off the shelves in recent years, its popularity helped in part by the series of epidemics that have hit Asia, including SARS, bird flu and, more recently, swine flu. People in China are fully aware of the anti-viral properties of Ban Lan Gen, a herb known to be hugely effective in remedying colds and flu; health-conscious consumers have been impressed that the Hutchison Baiyunshan version is produced using ultra-modern agricultural methods and strict quality-control procedures.

The sales figures show impressive growth – single herb Ban Lan Gen granules were up almost 30 per cent on 2008, while Fu Fang Ban Lan Gen granules, made from a formula of mixed herbs, reported an increase of nearly 70 per cent.

"It is the highest quality Ban Lan Gen in China, we have put a lot of work into making sure that is the case," said Christian Hogg, Chief Operating Officer of Hutchison China Meditech Limited (Chi-Med), the Hutchison Baiyunshan holding company. "We have an enormous Ban Lan Gen agricultural operation, with high standards. Also, we are able to systemise the profile of the core ingredients so we can make sure that each batch is consistent. This kind of certification method is unique."

The herb, known as woad root in the West, is cultivated in various regions of northern China. The roots are harvested during the autumn and dried and then processed into granules, which are most commonly consumed dissolved in hot water or tea. The Chinese public certainly thinks that the Hutchison Baiyunshan product is a cut above the rest, as shown by the surging sales.

When serious viruses threatened China in recent years, particularly the southern regions, consumers naturally opted for the most trusted and most tested products made by Hutchison Baiyunshan. "It is an extremely good bacterial anti-viral substance, people take it as preventative against colds and flu, much as westerners would take Vitamin C," explained Mr Hogg. "It helps alleviate symptoms very quickly. The main reason it has grown so much has been these horrendous viruses of the last few years that have been affecting the region, SARS and bird flu."

The company was careful not to be seen to capitalise on the natural epidemics, announcing a price freeze during the height of SARS in 2003.

That, in return, produced a wave of goodwill among the public in China, in addition to a renewed curiosity as to how the company was applying contemporary methods to ancient herbal remedies.

People who want to know more can go and see for themselves at a purpose-built museum in the grounds of the company, which has its base in the southern city of Guangzhou (see sidebar). Alternatively, they can listen to the conclusions of the increasingly large body of Chinese and international medical experts who are convinced of the efficacy of Traditional Chinese Medicine, or TCM.

An example of this has been the work of Professor Zhong Nanshan, President of the Chinese Medical Association, who recently reported on the promising anti-viral properties of Ban Lan Gen to a major United States medical conference organised by the prestigious National Institutes of Health (NIH). NIH officials, who have visited the Hutchison Baiyunshan plant, are collaborating with the company on a one-year study, whereby 50 samples of Ban Lan Gen will be screened and tested.

Getting such a prestigious body to look methodically at TCM compounds is a major breakthrough, one of the first steps in helping it to be recognised by the various medical and drug regulatory drug bodies in the United States and Europe. Currently, most TCM remedies are limited in the curative claims they can make when advertising or marketing in these two major international markets; many can only be sold as health-enhancing products.

Co-operation efforts by Hutchison Baiyunshan with bodies such as the NIH are bound to help in gaining proper certification in future. Millions of people in China do not need that documentation to persuade them; the efficacy of Ban Lan Gen, and other age-old treatments, has been shown over many



Traditional Chinese Medicine has played an important role in China for centuries.

thousands of years, spanning many Chinese dynasties, long before hi-tech laboratories and regulatory bodies came into being.

Having said that, the need to provide systematic proof of any drug's effectiveness is mandatory in the modern world, which is why Hutchison Baiyunshan and its parent company Chi-Med devote significant funding to research and development. Indeed, 14 of Chi-Med's drugs were recently added to the Ministry of Health's official New National Essential Medicines List in China. Contemporary scientific methods are used to test and verify ancient medical theories, carried out in Hutchison Baiyunshan's new facilities which look just like modern chemical drug production factories.

Hutchison Baiyunshan also takes a 21st century approach in other areas, ensuring that its patents and trademarks are fully protected and that it sells the products at affordable prices. That socially-responsible approach also extends to encouraging consumers to respect the sell-by date – customers can even replace medicines that have gone beyond the expiry date free of charge. The company also makes corporate donations to worthy causes, such as for SARS research or to help victims of the devastating earthquake in China's Sichuan province.

On a more technical level, the factories have strict sanitary and safety standards. Its four herb-growing sites meet Good Agricultural Practice standards, with no excessive use of pesticides or genetically modified seeds.

It is not just Ban Lan Gen that is enjoying vigorous sales. The company's Fu Fan Dan Shen tablets, used to treat chest conditions and angina, have proved to be strong performers, with sales up 15 per cent in 2008. Kou Yan Qing granules, used for detoxification and treatment of mouth ulcers, and Xiao Yan Li Dan tablets, which help with the proper functioning of the liver and gallbladder, are also selling well.

Overall, Hutchison Baiyunshan's over-the-counter drug sales rose almost 30 per cent in 2008, the kind of growth that has become the norm since Chi-Med took a significant stake in the company five years ago. There are now 1,500 sales and marketing staff covering every city in China with a population of more than one million people.

The company's pioneering work has interested the major global pharmaceutical and food players, who clearly sense that there are business opportunities on the horizon. In October, Chi-Med announced the signing of a joint venture agreement between its subsidiary, Hutchison Organic Holdings Limited, and The Hain Celestial Group, a leading US organic products company, to distribute food products for infants and toddlers. Chi-Med already has partnerships with Merck Serono, Lilly and Johnson and Johnson.

"China is the new frontier for pharmaceuticals in general and we are the pioneers," said Mr Hogg. "At the end of the day, if the drugs pass all the clinical trials, the rewards can be in the hundreds of millions of dollars. It is high risk and needs huge investment in research and development."

To that end, Chi-Med has a facility in the east-coast city of Shanghai, headed by United States-trained scientist Samantha Du. It has been able to lure some of the best scientific talents in the country to conduct research on traditional medicine herbs and compounds. Chi-Med is the first company to conduct such systematic research on such a grand scale.

Breakthroughs can take years, but all the signs so far are positive, with a number of traditional TCM cures at the advanced trial stage. It will only take one positive certification from the American Food and Drug Administration to make the medical world at large sit up and take much more notice of TCM. 

China is the new frontier for pharmaceuticals, and we are the pioneers



Clockwise from above: Today, companies like Baiyunshan take a 21st century approach to the quality of their products; producing medicines at Baiyunshan's headquarters in Guangzhou; various product lines on display; a satisfied customer.





Back to the Future

A museum at the Hutchison Baiyunshan site, which traces the history of Traditional Chinese Medicine (TCM) through the ages, is attracting 200,000 visitors a year.

The 3,600 square metre facility, known as the Shennong Herbal Hall Chinese Medicine Museum, is at the company's headquarters in the southern



Chinese city of Guangzhou, just across the border from Hong Kong. It sets out to educate the public on the theories and culture of TCM which has a history of thousands of years.

"It is a fascinating topic, and we want people to learn more in a more relaxed atmosphere," said company General Manager Li Chuyuan. "It is a great day out, and people will come away very satisfied and enriched, discovering more about their own cultural roots. Everyone knows that China has a long history, and we have focused on one area, traditional medicine, to show just how it has evolved over the years right through to the 21st century."

Mr Li, who has a background in sales, operations and management, also has a Bachelor of Science degree in Chemistry from Zhongshan University. He has overseen the company's rapid growth in the past five years – and introduced novel ideas such as the company museum.

One of the most striking features is a huge embossment, some 99 metres long and 3.3 metres high, that illustrates how Chinese medicines were developed over the centuries through to the 21st century.

The museum's garden, known as "The Eight Diagrams in Chinese Mythology", explains the concept of yin and yang, so important to Chinese medicine and its culture as a whole, where hot is balanced with cold, sweet with sour.

A library has samples of rare herbs, while a garden has rows of herbs that allow people to recognise which plants are of beneficial use for health and which are poisonous.

Visitors can relax in a tea house, while browsing ancient books on remedies, or study a wall chart that shows pictures of healthy exercises from times gone by. A "water pond" feature tells the story of Ge Hong and Bao Gu, two key characters in the history of TCM in the south of China.