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## Lilly in £30m Chinese medicine deal

CHINESE medicine specialist Hutchison Chi-Med has signed a ground-breaking deal worth up to \$60million (£30million) initially with US pharmaceuticals giant Eli Lilly, it will announce today.

The Aim-listed minnow and Lilly will co-develop drugs focused initially on compounds that could prove effective in treating cancers and inflammation.

Chi-Med will be responsible for identifying and selecting potential drug candidates, while Lilly will take

them on and develop them. Lilly will give Chi-Med an upfront payment, annual research and development fees and "milestone payments" of between \$20million and \$29million per drug candidate. At the moment, the deal concerns two such candidates. Full details were not disclosed.

If they are successfully developed into commercial drugs, Lilly will also pay Chi-Med royalties.

Chi-Med is backed by Far-Eastern industrial conglomerate Hutchison Whampoa.

Based in China, it is focused on discovering what works in traditional Chinese medicine and developing drugs from the findings.

From Lilly's perspective, the company's research and development is cheap compared with that of research companies in the west.

Chi-Med's chief scientific officer Dr Samantha Du said: "We have built a strong drug discovery and development platform focused on oncology and auto-immune diseases."