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INTERVIEW-Hutchison Chi-Med looking to spin-off R&D unit

By Paul Sandle

LONDON, July 29 (Reuters) - China-based pharmaceutical firm Hutchison China Meditech (Chi-Med) said on Thursday it would spin-off its drug R&D unit when market conditions were right and it had data from clinical trials.

"We think it will ultimately become a standalone entity," Chief Executive Christian Hogg said in an interview. "The timeframe is completely dependent on market conditions and the development of the clinical portfolio."

He said that by the beginning of next year, the division would have a Phase III, a Phase II and two or three Phase I trials ongoing. "When you have that kind of portfolio and the market conditions are right you can probably pretty much go."

The company is in late-stage preparation for Phase III trials for its drug HMPL-004, which will treat inflammatory bowel disease, and its inflammation medicine HMPL-011 will report early stage multiple-dose data later this year.

It is working towards a partnering deal for the co-development of HMPL-004, he said.

Most of Chi-Med's revenue comes from its China Healthcare division, which sells over-the-counter and prescription drugs and health food in China, and a consumer goods unit, which has partnered U.S organic food group Hain Organic.

Hogg said the China Healthcare unit, with sales up 25 percent in the first half, was growing faster than the market average of about 20 percent, and the group was looking to expand its consumer goods offer from Hong Kong into other parts of China.

Chi-Med, which is 71 percent owned by Hutchison Whampoa, posted a 29 percent rise in sales in the first half to \$73.2 million and trebled its operating profit to \$2.3 million.