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DJ UPDATE: Hutchison Chi-Med Optimistic About 2011, Drug Trial Eyed

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By Nina Bains

Of DOW JONES NEWSWIRES

LONDON (Dow Jones)-Hutchison China Meditech Ltd (HCM.LN) said Wednesday it's optimistic about 2011, after reporting a narrower full-year pretax loss for last year and ahead of a key trial for its inflammatory bowel disease drug.

The U.K.-listed group, which is majority owned by Hong Kong-based Hutchison Whampoa Limited, said global Phase III trials for its HMPL-004 candidate medicine are set to start in the first half of this year.

Panmure analyst Savvas Neophytou said that announcement "would imply a licensing deal is imminent" for the drug, with Chi-Med already having reported encouraging Phase II results for Crohn's disease and Phase IIb results for Ulcerative Colitis.

Chi-Med said it experienced notably strong performance in its China healthcare business where operating profit rose by 29% on the year, with the over-the-counter drugs business HBYS leading the unit's gains.

Prices on products such as Ban Lan Gen granules and Fu Fang Dan Shen tablets increased 16% and 24% respectively in 2010 to counter herb price increases, according to a company presentation seen by Dow Jones Newswires.

Panmure's Neophytou said Chi-Med's performance was the "most pleasing" aspect of the unit's results as it implied "the company has been able to pass higher raw material prices onto the consumer and this illustrates what a good market it is currently."

Chi-Med said its prescription drugs business expanded at a fast rate last year, with Shanghai Hutchison Pharmaceuticals Limited's main prescription drug She Xiang Bao Xin generating \$30.3 million in sales, an increase of 35%, the presentation showed.

Chi-Med reported a pretax loss of \$2.61 million for the 12 months ended Dec. 31 compared with a deficit of \$5.01 million a year earlier, with revenue rising 21%, hitting \$134.5 million.

According to the presentation, the company aims to continue building market share in its key categories of anti viral, cardio-vascular and infant nutrition.

At 1555 GMT, shares in Hutchison China Meditech traded up 1.0% at 503 pence in a lower London market.

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