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### **Chi-Med losses down on strong Chinese healthcare sales**

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The diversified health products group Hutchison China MediTech ( Chi-Med) saw its group revenues rise by 21% to \$134.5 million in calendar 2010, boosted by 18% growth to \$120.1 million for its mainstay China Healthcare division.

The overall operating loss for the London AIM-listed holding group was down by 52% to \$2.2 million, helped by a 29% rise in operating profit, to \$16.8 million, at the division, which markets OTCs, prescription drugs and nutritional supplements in China. Prescription sales through the division's 50%-owned SHPL joint venture were 31% higher at \$35.6 million, led by cardiovascular.

Chi-Med, which is majority-owned by Hong Kong's Hutchison Whampoa group, reported an overall net loss attributable to shareholders of \$6.9 million, a fall of 22%, and the group ended the year with \$45.3 million in cash and equivalents, up from \$41.8 million the previous year.

Its Shanghai-based drug R&D division, Hutchison MediPharma, saw its operating loss rise by 24% to \$12.4 million on increased R&D activities, while revenues were down by 15% to \$4.1 million. The operation raised \$20.1 million in private placements late last year, which it is using to support its pipeline, and Chi-Med is aiming over the mid-term for the division to become self-sustaining, possibly through an IPO on Nasdaq.

Its portfolio currently includes five candidates in clinical trials, led by the anti-inflammatory HMPL-004, which is expected to enter a global Phase III trial for ulcerative colitis in the first half of this year. Partnering discussions for a possible co-development alliance are continuing, the firm said.

Behind this are several oncology and anti-inflammatory molecules, including the cytokine modulator HMPL-011 and sulfatinib. Preparations are underway to begin a Phase II trial in China with the former, which has potential in rheumatoid arthritis and multiple sclerosis, while a Phase I trial with sulfatinib has already started in China. The small molecule VEGFR/FGFR inhibitor acts to inhibit angiogenesis and is being investigated in a range of cancer indications.

Chi-Med noted that another oncology molecule, fruquintinib (HMPL-013) - a small molecule VEGF receptor inhibitor - had just entered Phase I development in China, and that HMPL-813, an EGFR inhibitor, should enter clinical development there in the first half.