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ESSENTIAL NEWS FOR BIOTECH & PHARMA

AstraZeneca in deals with Chi-Med, Astellas

Hutchison China MediTech Ltd. (LSE:HCM) jumped 57p (22%) to 320p on Wednesday after partnering with AstraZeneca plc (LSE:AZN; NYSE:AZN) to co-develop and commercialize Hutchison's volitinib, an inhibitor of c-Met receptor tyrosine kinase that is slated to enter Phase I testing for cancer.

The partners will share development costs in China, while AstraZeneca will be responsible for development in the rest of the world. Hutchison will receive \$20 million up front and is eligible for \$120 million in development and first sale milestones. Hutchison is also eligible for additional sales milestones and up to double-digit royalties.

Separately, Astellas Pharma Inc. (Tokyo:4503) subsidiary Prosidion Ltd. granted AstraZeneca an exclusive option to acquire Type II diabetes compounds PSN821 and PSN842, both of which are G protein-coupled receptor 119 (GPR119) agonists.

The exercise of the option is contingent on "successful" results from an ongoing Phase IIa trial of PSN821 and the evaluation of preclinical work. PSN842 is in preclinical testing. Prosidion will receive an option fee. If AstraZeneca exercises the option, Prosidion would receive an upfront payment and be eligible for milestones. Details were not disclosed. In January, Astellas said it was seeking strategic alternatives for Prosidion, including a sale of the subsidiary's assets.