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Hutchison China Meditech soars after AstraZeneca link-up

By Darshini Shah | Wed, 21/12/2011 - 10:06

Hutchison China Meditech (HCM) has entered into an agreement with pharmaceutical giant AstraZeneca (AZN) to license, co-develop and commercialise volitinib (HMPL-504), a drug used for the treatment of cancer.

"Volitinib represents a highly attractive global opportunity for AstraZeneca as we seek to develop and commercialise novel, targeted cancer therapies," said Susan Galbraith, head of oncology innovative medicines at AstraZeneca.

The news follows hot on the heels of AstraZeneca's announcement on Tuesday that its drug olaparib, which would have been used to treat ovarian cancer, would not progress into Phase III development.

Under the terms of the agreement, the development costs for volitinib in China will be shared between HCM and AstraZeneca. For the rest of the world, AstraZeneca will lead and pay for the drug's development.

An initial cash payment of \$20 million (12.7 million) is payable by AstraZeneca to HCM upon the signing of the agreement. In addition, HCM will receive up to \$120 million "contingent upon the successful achievement of clinical development and first sale milestones".

The agreement also contains possible significant future commercial sale milestones and up to double-digit percentage royalties on net sales, said the company.

Shares in HCM surged almost 20% on the news.