

## Press Cutting

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# THE TIMES

## **AstraZeneca looks east for supply of new blockbusters**

AstraZeneca is paying \$20m up front for Volitinib Peter Dazeley/Getty Images

AstraZeneca has embarked on a Far Eastern shopping spree to fill up its sparse drugs pipeline by placing a pair of multimillion-pound bets on potential treatments for cancer and diabetes.

A day after suffering twin setbacks as its own medicines faltered in clinical trials, AstraZeneca bought the rights to an oncology medicine, Volitinib, from the healthcare division of China's Hutchison Whampoa in a deal worth up to \$120 million (£76.5 million).

In a second transaction, AstraZeneca took out options on a pair of diabetes pills from Astellas, a Japanese company, for an undisclosed fee.

Britain's second biggest pharmaceuticals company is under pressure to deliver big sellers to replace a collection of reliable earners that are shortly due to lose their patent protection.

An AstraZeneca spokeswoman said: "No company has all the answers within its own labs. Our programme to identify external partners continues in earnest."

The cancer deal is a rare case of a large western pharmaceuticals company buying the rights to a Chinese medical invention. It sent London-listed shares in AstraZeneca's new partner, Hutchison China MedTech, soaring by 24 per cent.

Under the arrangement, AstraZeneca is paying \$20 million up front for Volitinib, a "highly potent and selective" drug that tackles c-Met, a protein involved in a number of cancers including breast, liver, lung and ovarian tumours.

If the drug works in clinical trials and progresses on to the market, Chi-Med will receive milestone payments of a further \$100 million over the next three to five years.

Christian Hogg, the chief executive of Chi-Med, said Volitinib had shown promise in early tests, including animal trials. The transaction is the first big deal to come out of Chi-Med, which is majority owned by Hong Kong's Hutchison Whampoa conglomerate.

"People are beginning to realise that what we've been building here for the last 11 years is really promising and that we've got some valuable things going on," Mr Hogg said.

Chi-Med's original focus was on so-called botanical medicines, derived from plants and often used in traditional Chinese therapies. The company has screened vast numbers of herbs, mushrooms and roots in search of commercially viable drugs. However, the cancer treatment licensed to AstraZeneca is a more conventional chemical compound developed in Chi-Med's Shanghai laboratories.

The licensing deals came a day after AstraZeneca took a \$381 million accounting charge after revealing that advanced drugs for ovarian cancer and depression had failed to deliver impressive results in clinical trials.

Under its tie-up in Japan, AstraZeneca has bought an option to acquire diabetes pills codenamed PSN821 and PSN842 if they show promise in trials due to deliver results in the new year.