

## BIOWORLD® INTERNATIONAL

### BioPartnering North America

### **Stomach, Lung, Liver Cancers Key to Pacific Rim Innovation**

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Staff Writer**

VANCOUVER, British Columbia – In the near future, Asian markets of the Pacific Rim region, including China, will contribute 40 percent of overall global pharmaceutical industry growth, which is expected to reach \$156 billion annually by 2014, despite growing price interventions, according to Technology Visions Group LLC partner Robert Kilpatrick, who led a leadership session on Pacific Rim dealmaking at the BioPartnering North America conference.

"China will continue to be the largest and fastest growing market," said Geoff Collett, regional business development director for Europe, Middle East and Africa at AstraZeneca plc. "Asia Pacific is an area of huge diversity, in terms of product registration, pricing and reimbursement."

It's easy to see the opportunities in those areas, but accessing those markets, finding partners and making deals can be daunting for companies that don't have experience in the region.

As a case study, AstraZeneca's licensing, co-development and commercialization agreement for volitinib (HMPL-504) with Hutchison MediPharma Ltd. demonstrates how global companies are connecting with innovation from within Pacific Rim markets, bridging cultures to find business strategies that benefit both sides.

In December 2011, AstraZeneca paid \$20 million up front for rights to the compound, and Hutchison is eligible for up to \$120 million contingent on successful achievement of clinical development and first sale milestones, and is also eligible for future commercial sales milestones and up to double-digit percentage royalties on net sales.

Subsequently, Hutchison began a Phase I trial of HMPL-504, a selective inhibitor of c-Met receptor tyrosine kinase. The trial will evaluate safety, tolerability and maximum dose, with a secondary objective of efficacy against tumors,

including lung and gastric. Patients are selected based on c-Met gene amplification and protein expression.

AstraZeneca's commercial strategy focuses on two health care market segments in China, Collett said. He described those segments as "big city, big hospital" and "broad market."

The big city, big hospital market segment in China is made up of about 4,000 urban hospitals that offer high quality drugs and services.

The broad market includes small hospitals and clinics that serve a majority of people in China – between 800 million and 1 billion people.

"That will change significantly in coming years as more infrastructure is built in rural areas of China," Collett said. And with that growth, opportunities emerge in disease areas that are highly prevalent in Asia, but have not been very prevalent in Western markets.

"As we establish a sustainable commercial base, we are expanding our R&D to new drugs specifically for Asian patients in diseases prevalent in Asia," he said.

Specifically, stomach, lung and liver cancers are widely prevalent in Asia, accounting for nearly half of all cancers. In contrast, breast, colon and prostate cancers are the most common cancers in the U.S. population.

AstraZeneca has invested more than \$700 million in manufacturing, R&D and commercial infrastructure in China since 1992. "AstraZeneca has a wide and deep presence in China," Collett said. And its R&D investment has been largely funneled into an innovation center established to expand its study of diseases prevalent in Asia.

The center's location puts it in the heart of Shanghai's biotech community, giving it access to companies like Hutchison.

By U.S. standards, with 200 employees, Hutchison MediPharma, a subsidiary of Chi-Med, still would be considered a fairly small biotech company. However, within China, Hutchison is one of the country's top tier biotechs.

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Its headquarters in Zhangjiang Hi-Tech Park in Shanghai, China, are a stone's throw from AstraZeneca's Shanghai location.

"When pharma executives visit China, and they pick a biotech company to visit, usually they come to visit us," said May Wang, vice president of Hutchison MediPharma.

From 2002 to 2009, Hutchison drew all of its financial support from Chi-Med. However, in recent years it has begun forming lucrative partnerships with global pharma companies.

Wang said Hutchison has "been quiet, but very active," bringing forward its pipeline assets, including HMPL-004 for ulcerative colitis and Crohn's disease, HMPL-012 for solid tumors, HMPL-013 and its partnered compound with AstraZeneca, HMPL-054.

Wang also said Hutchison has a number of programs partnered with other companies, including Johnson & Johnson, Eli Lilly and Co., Merck KGaA and Procter & Gamble.

Helping to bridge the geographic and cultural distance between East and West, Wang said, is the fact that many of Hutchison's executives speak English, have Western educations and have extensive work experience in Western pharmaceutical companies. "We also have a strong network outside China," Wang added.

Additionally, Wang credited complementary capabilities and expertise, synergistic strategies, the willingness of each partner to understand the other's needs and a quality asset for the success of its partnership with AstraZeneca.

Until recently, China was perceived as having a very large potential patient population for drug marketing, but the country was not seen as a good source of innovation. However, Hutchison is an example of innovation sourced from within China that can be commercialized globally.

Richard Soll, senior vice president and head of corporate alliances for WuXi Apptec Co. Ltd., commented, "I think this is a trend we're going to see. . . . China today is the No. 1 patent producer in the world."

WuXi Apptec is a global contract research organization based in China. "It's a very exciting time to be in China, especially as a foreigner," Soll said. "The deal we're discussing today is evidence of what the future will bring."

Looking into the future, Hutchison's Wang said the "goal is not doing one or two deals with pharmas or one or two other partners. We want to discover and develop our assets for the China market and the global market, so more patients could benefit from our discovery." ■