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Nestlé eyes potential of Chinese traditional medicines

Nestlé has signed a new joint venture with a company to develop and market new medicines and nutritional products based on plants.

The new 50/50 joint venture with **Chi-Med** is to be called Nutrition Science Partners Limited ('NSP'). The deal is another major strategic move by the Swiss food and nutrition giant to help it break into the China and other emerging markets, which have a deep-seated cultural trust in botanical medicine, which has been studied for millennia in China.

Earlier this year Nestlé bought Pfizer's infant nutrition unit for \$11.9 billion, which will be another key component of its drive for growth in emerging markets.

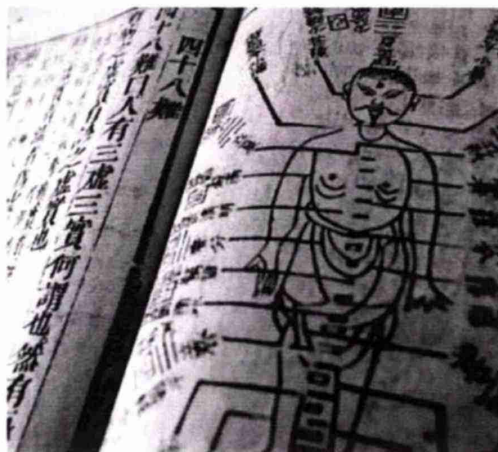
Nestlé is one of the first major western companies to invest in the field, but earlier this year GSK announced its own new traditional Chinese medicine (TCM) research unit in China. The new joint venture will focus on gastrointestinal indications, and may in the future expand into the metabolic disease and brain health areas.

Luis Cantarell, president and chief executive of Nestlé's Health Science division said: "This JV provides Nestlé Health Science with an opportunity to develop and commercialise truly innovative and scientifically validated botanical based nutrition solutions for personalised healthcare in gastrointestinal health."

"Whilst Nestlé Health Science will bring unique competencies in nutritional sciences, diagnostics and commercial capabilities, Chi-Med will provide their best-in-class Traditional Chinese Medicine library and discovery platform, which will be the basis of the firm's future GI pipeline. The lead candidate HMPL-004 addresses key unmet GI needs for inflammatory bowel disease patients."

Christian Hogg, chief executive of Chi-Med, said: "Chi-Med has invested for many years in developing novel medicines for the global market derived from proven botanical sources. We are today a leading company in the world in this field. We are confident that by harnessing the resources of our two groups, we will succeed in bringing a stream of novel botanical medicines and nutritional products to market and in-so-doing build significant value for patients and for our shareholders."

Chi-Med's botanical library contains over 1,500 purified natural products and over 50,000



Firms like Nestlé and GSK believe traditional Chinese medicines could become major products across the world

extracts/fractions derived from more than 1,200 different medicinal plants.

NSP will also progress HMPL-004, a novel, oral therapy for Inflammatory Bowel Disease developed by Hutchison MediPharma and derived from a botanical extract, through Phase III trials for ulcerative colitis and Crohn's disease. The clinical efficacy and safety of HMPL-004 in the treatment of IBD has already been demonstrated in over 400 patients, including successful Phase IIb trials completed by HMP in North America and Europe.

The Phase III programme for HMPL-004 is scheduled to start in early 2013. It will be conducted primarily in the US and Europe and is expected, in total, to enrol over 2,700 patients suffering from ulcerative colitis and Crohn's disease.

GSK - integrating tradition with science

In September GSK announced it is to open a new research unit in China to explore traditional Chinese medicine (TCM).

GSK is the first of the big pharma companies to actively invest in TCM on this scale. The new unit - Innovative TCM - will aim to "transform TCM from an experience-based practice to evidence-based medicines through innovation and differentiation."

Recent estimates for China's state healthcare spending on TCM is \$1.5 billion (RMB 8 billion), representing just under 7% of overall

healthcare spending. "Traditional Chinese medicine is a well-established system of medical practice developed through thousands of years of empirical testing and refinement of herbal mixtures, and relies generally on clinical experience," said Zang Jingwu, senior vice president and head of R&D China, told to China Daily earlier this year.

"Western medicines, on the other hand, are generally target-based small molecules or biologics, and their approvals for clinical use are based on clinical evidence of safety and efficacy by staged clinical trials."

Jingwu notes that marketing TCM is challenging in part because of difficulties in explaining the mechanisms by which they work, in addition to challenges around extracting effective compounds from the complex formulas sometimes used in TCM.

Zang's R&D team has already moved five novel neurological candidates into clinical trials for GSK, and any TCM therapies that might make similar progress would be aimed at a global market, not just a Chinese one.

Zang says he sees products the company produced would differ from established TCM remedies in that they could provide clinical data obtained through more 'Western' clinical trials.

Zang told the Shanghai Daily that the research team's goal is to integrate existing TCM knowledge of disease and treatment with modern R&D techniques.