

## Hutchison to develop herbal drug with Nestle

Joint venture to make  
medicine based on  
Chinese ingredients,  
with clinical trial soon

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Hutchison Whampoa's pharmaceutical unit has joined forces with Swiss food giant Nestle to develop a new drug, which they said had the potential to be the first Chinese herbal-ingredient-based drug candidate to conduct a large-scale clinical trial for registration in a major disease area.

London's Alternative Investment Market-listed Hutchison China Meditech (Chi-Med), 70.4 per cent owned by Hutchison Whampoa, formed an equally owned joint venture in November last year with Nestle's wholly owned Nestle Health Science to develop nutritional and medicinal products derived from botanical plants.

Last week, the venture said the first patient had been enrolled to begin treatment in a phase-three clinical trial for a botanical-ingredient-based oral drug aimed at treating patients with moderate ulcerative colitis, a disease of the large intestine. The trial is expected to take 24 months.

Chi-Med chief executive Christian Hogg said the firm had spent 13 years identifying 15,000 "molecular level" substances by breaking down some 1,300 herbs, and come up with a "library" of data. The substances are being screened for medical efficacy.

"Back in the early 2000s, there was a lot of talk in Asia about bringing traditional Chinese medicine to the world, but it has taken this long to do it in a scientific and methodical manner," Hogg said. "It is only now that all

this effort is reaching the final stages of registration trial."

Chi-Med started discovery work in 2003 and won approval from the United States Food and Drug Administration in 2005 to go into clinical trial for the oral drug, Hogg said last week.

He would not disclose the amount of money spent so far but said the drug's efficacy and safety had been demonstrated in more than 400 patients. He also declined to divulge the budget for the stage-three trial, which will enrol more than 2,500 patients, mainly in the US and Europe.

However, he said some health-care sector analysts had estimated the drug's total development cost to be in the hundreds of millions of US dollars.

Hogg expected Chi-Med's operating cash flows to be sufficient to fund the project, and the firm has no equity or bond fund-raising plans. He said the amount of cash injected into the joint venture depended on milestones achieved in the clinical trial.

Chi-Med had US\$86 million of cash at the end of last year and generated US\$15.7 million of cash from operating activities last year. Its drug manufacturing business on the mainland last year posted a net profit of US\$15.5 million, which was mostly offset by an underlying net loss of US\$8.7 million on drug research and development and a US\$3.6 million net loss on health product retailing in Europe.

Although Nestle Health Science was set up just over two years ago to venture into medicinal product development for chronic diseases, its chief executive, Luis Cantarell, said it could leverage Nestle's huge resources in developing nutritional products.

Chi-Med has partnered with European pharmaceutical firm AstraZeneca to develop oncology drugs, and with US-based Janssen Pharmaceuticals to work on immunology drugs.



# 15,000

The number of "molecular level" substances Christian Hogg says Chi-Med has identified