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Hutchison MediPharma CEO Christian Hogg On World-Class Innovation In China: An Interview With PharmAsia News

Hutchison MediPharma's CEO Christian Hogg discussed innovation in China and Hutchison's recent deals with multinational companies like Eli Lilly, AstraZeneca and Nestle. He has high expectations for the company's strategy to combine innovation with traditional Chinese medicine.

SHANGHAI – As a pioneer for China's local innovative pharma, **Hutchison MediPharma Ltd.**'s R&D pipeline has caught Big Pharma's attention. The company brought its first compound HMPL-004 to Phase III trials after more than a decade of effort to leverage modern science to discover new drugs from traditional Chinese medicine.

In late 2012, the company formed a joint venture with **Nestle SA** to conduct global Phase III trials for HMPL-004 and co-develop more products from MediPharma's pipeline (*"A Closer Look: Hutchison MediTech TCM Deal With Nestle Reaches Into Pharma Development" — PharmAsia News, Dec. 4, 2012 4:03 PM GMT*).

One year earlier, the company forged a separate partnership with **AstraZeneca PLC** around early stage gastric cancer drug HMPL-504, also known as volitinib. Chi-Med received a $20 million upfront payment and could receive as much as $120 million more if various milestones are reached (*"AstraZeneca Licenses Global Rights To Oncology Compound From China's Hutchison" — PharmAsia News, Dec. 21, 2011 7:20 PM GMT*).

Most recently, the company inked a deal with **Eli Lilly & Co.** in October to co-develop and market a small-molecule drug discovered by Hutchison, HMPL-013 (fruquintinib) for treating a variety of solid tumors in China (*"Lilly, Hutchison In Potential $86.5 Million Deal To Co-Develop Cancer Drug In China" — PharmAsia News, Oct. 9, 2013 11:55 PM GMT*).

Hutchison MediPharma CEO Christian Hogg, who has led the company since 2000, sat down with PharmAsia News' China Bureau at Hutchison's R&D base in Shanghai Zhangjiang Hi-Tech Park to talk about the company's strategy to build world-class capability to discover new treatments for patients sourced from traditional Chinese medicine.

Prior to joining Hutchison China, Hogg spent 10 years with **Procter & Gamble Co.** starting in the U.S. in finance and then brand management in the laundry and cleaning products division. Hogg then moved to China to manage P&G's detergent business followed by a move to Brussels to run P&G's global bleach business.

Source: Hutchison MediPharma

Hutchison MediPharma CEO Christian Hogg

PharmAsia News: First, can you please give us an overview of Hutchison MediPharma?

Christian Hogg: Hutchison MediPharma is a company that was originally established by Hutchison China MediTech, which is a UK-listed company and back in 2000, the idea of developing drugs in China for both China and for the global market was developed by Hutchison. Hutchison funded the company over the last 13, almost 14 years in establishing what we have today.

We have an operation now that has over 200 scientists and staff. We've spent many years developing our own internal pipeline of oncology and immunology drug candidates. We have pretty much fully integrated drug discovery and development capability here. We're now moving a pipeline of seven clinical programs through the clinic. We have another two programs that are late-stage preclinical, so really a very broad pipeline of oncology and immunology therapies that are coming towards the market, hopefully.

PharmAsia News: How did the deal with Eli Lilly come about and what does it mean for Hutchison?

Hogg: Basically we do deals because we have such a big portfolio of drug candidates; it's very expensive and resource intensive to move all of those programs through at the same time. We have to look for partners, really for three reasons. The first reason is purely financial. We

need partners to help us carry the cost of these clinical programs.

The second reason we look for partners is for globalization. We're a Chinese company here in Shanghai. We have great capability in China. Our sister companies also have commercial capability in China, so we're a very strongly focused China operation, but we don't have global capability. That's why we need partners. These discoveries that we have spent so many years working on, if they're going to go global, we need to do that with a partner, so that's the second reason.

The third reason we partner is expertise. We have 200 staff and we think we're very experienced in certain areas of drug discovery and development. But it never hurts to have a global big pharma partner who can then dedicate their resources and their expertise to the program. The Lilly example is a perfect example of why we partner. Eli Lilly is a great company with great resources and great expertise. They will help our program. They will help us make it a program that could potentially have global potential and also, most importantly in the short-term, they will allow us to take fruquintinib into multiple indications in China. If we'd done it on our own, maybe we would have done one or two indications, but with Lilly as a partner, we can go much faster across multiple indications.

PharmAsia News: Why is the deal only for China rights? Is that because Hutchison wants to keep the rights in the other markets?

Hogg: No. Fruquintinib is a China program today, so it's in the clinic in China. It's not in the clinic anywhere else in the world, so it's a China program today, so the license that we have with Lilly really meets the two criteria that I mentioned. I mentioned three criteria, but the deal with Lilly meets two criteria to start with. Number one is financial resources and number two is expertise.

The third one about partnering for globalization will only apply if fruquintinib shows itself as a differentiated and highly appealing global therapy. Obviously the path to a global expansion and global development plan will be with a partner. More than likely, it would be with Lilly, but that only will be determined based on the data in the China trials.

PharmAsia News: It is currently in Phase II trials in China?

Hogg: Yes.

PharmAsia News: Do you have plans to conduct trials in other markets when you get results for the Phase II?

Hogg: Again, all of our development strategy will depend on the clinical data from the Phase II trials. If the Phase II trials are very positive, then really, we will look to maximize the potential of fruquintinib, both in China in other indications, as well as outside of China.

PharmAsia News: Can you share the status of other deals you did with multinationals?

Hogg: The AstraZeneca deal was a global licensing deal on c-Met inhibitor (volitinib). Now that program has been in Phase I in Australia for over a year and also started Phase I in China in the middle of this year, so in the middle of 2013. We've got a great deal of information that has been compiled on volitinib. Both AstraZeneca and Hutchison MediPharma are very optimistic about volitinib. It's moving very rapidly. We would hope that we would be able to complete and report the Phase I studies next year, early next year. From that, if they're positive, we will move it very quickly into Phase II. There's really not much more to say other than we remain very positive about that program and it's moving very quickly.

With regards to our other partners, we have Nestle Health Science where we have a global Phase III trial on inflammatory bowel disease on ulcerative colitis. That global Phase III trial started enrolling patients earlier this year in April of 2013. It's progressing very rapidly. It's the first ever botanical medicine coming out of China to be registered as a global pharmaceutical that we know of.

That program is a very exciting program because I think what makes us proud about that program is that this is an idea and a substance that has a history of use in traditional Chinese medicine. We're trying to be pioneers in bringing that to the global market, which is very challenging with all the global regulatory environments, but the Phase IIb data on HMPL-004, which is that particular drug candidate, was very good. We are optimistic about the Phase III program and both Nestle and Hutchison MediPharma are investing huge resources in pushing that program through registration trials. Our hope is we will succeed.

PharmAsia News: Hutchison is developing some compounds that are based on the research of traditional Chinese medicine. Could you please share Hutchison's experience with TCM for our readers?

Hogg: TCM, primarily botanicals, botanical medicine in China, represents between 30 and 40% of all pharmaceutical sales in China. It is a fundamental part of daily life in China, so what we did 13-14 years ago is we started to try to screen traditional Chinese medicine and the botanical medicines – the plants used in Chinese medicine – for activity in the field of immunology, primarily looking for anti-inflammatory products.

We compiled a library of over 1,200 plants and we spent 10 years-plus breaking down those plants almost on a molecular level to understand the core chemical constituents of these plants. Then, taking many of these substances and running them through preclinical animal models and preclinical cell-line assays to identify if these substances did have efficacy, we've built a very large library now of well over 50,000 substances derived from Chinese herbal medicine. HMPL-004 is the first program that is now in Phase III global registration trials, but the potential for us to develop many more botanical-based pharmaceuticals is high because we have spent the last 12-13 years studying this.

Actually, our joint venture with Nestle is not just about progressing this lead drug candidate. That joint venture, a big part of it is further research on the botanical side to come up with further drug candidates and to build what we would call an innovation engine of botanical drug products.

PharmAsia News: Are you looking for manufacturing expansion?

Hogg: Absolutely, yes. Hutchison MediPharma has really spent the last 12-13 years in evolving. The first years were spent building a discovery engine that has been very productive. The last two or three years have been very much spent building a clinical regulatory operation that can manage seven clinical programs at the same time across multiple indications and therapeutic areas in multiple countries. We have Australia, we have China, we have global trials with Nestle, and we are managing high complexity on the clinical regulatory side, so the first stage of development was to build a discovery platform. The second stage was to build the clinical regulatory platform and as our drug candidates get closer to the market, now we start to build our manufacturing platform.

We are beginning to build formulation facilities. We have one formulation facility we're building in Suzhou at the moment. We have the intention to build manufacturing operations in Guangxi province around the botanical product. We are really moving very rapidly now towards manufacturing.

Then, at some point in the future, the last stage will be commercial. Now, what you have to remember is that Hutchison MediPharma is part of Hutchison China MediTech Ltd. **Hutchison China MediTech** is a company that has several other companies, one of which is Hutchison Baiyunshan, which is our over-the-counter drug operation in Guangzhou. One is Shanghai Hutchison Pharmaceuticals, which has the Shang Yao brand in Shanghai. These two companies have almost 3,000 salespeople, so we have a lot of commercial know-how that can help Hutchison MediPharma in the future.

PharmAsia News: Do you see any strategy shift in the future?

Hogg: Our strategy for Hutchison MediPharma is to become a fully integrated China pharmaceutical company. We fully intend to discover and then, to develop drug candidates and ultimately bring them to market in China. Now, you have to be practical as a company evolves. You can't do it all on day one on your own. As we've developed, as the company has developed, we have got partners to help finance the company and to help us with expertise bringing programs through, but I think looking forward, maybe five years, eight years from now, we would do less partnering and we would bring more of our products to market ourselves. But at this stage and for the last five years and for probably the next five years, this is a period where partnerships are very important to us. It's an opportunity for foreign companies to work with us in China and globally.

PharmAsia News: Are you planning an IPO, or maybe someday a spin off from the parent company?

Hogg: Hutchison China MediTech is already a listed company in London. The concept of an IPO [for] Hutchison MediPharma, we don't rule it out, but at the same time, the complexity and the distraction for our organization to IPO MediPharma would be significant, so we would only do it if there was a real benefit. I think for us, we're focused much more on our pipeline and building value and moving our pipeline as quickly as possible. But we can consider all alternatives for financing, whether it's IPO or investors coming in at the Hutchison MediPharma level, which we've done in the past. Mitsui is a good example. Mitsui invested in Hutchison MediPharma three years ago and holds a share in MediPharma, so there are many ways which Hutchison MediPharma can build value, and then realize that value. It doesn't need to just be IPO.

I think the big picture of what we're trying to do here is most important. More important than IPOs, more important than partnerships, the big reason we are doing this is to bring very important therapies to the market in China to meet major unmet medical needs and to show companies and people around the world that actually, world-class pharmaceutical innovation can happen in China. This is what we're doing and I think it's a long process. This takes many years. It takes great financial support from our investors over that time, but I think the reason why we're doing what we're doing is to bring really meaningful therapies to the market in China, to the people of China.

By Jialing Dai