Press Cutting

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Chi-Med mulls independent China development of new drugs
Today
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A surge in partnership income last year has provided Hutchison China Medi-Tech (Chi-Med) with the financial wherewithal to consider bringing several of its in-house molecules to market by itself in China.

The "standout performance" of its drug R&D division, led by Hutchison MediPharma, means that the group can now look at such independent activities for selected pipeline projects. "We will continue to negotiate more collaborations on our broader pipeline as it progresses, but in the longer term we intend to bring our future un-partnered innovations to the market in China ourselves," the London AIM-listed firm said.

Helped by a major licensing deal with Lilly for the VEGF inhibitor fruquintinib (scripintelligence.com, 9 October 2013), revenues at the drug R&D division surged by 327% to $29.5m in calendar 2013, boosted by upfront, milestone and service income. Total third-party cash and equity injections and contractual obligations at the division reached $54.8m, versus just $2.3m in 2012, its annual results show.

Other partnered molecules at what Chi-Med now sees as "China's leading end-to-end oncology and immunology drug R&D operation" include the c-Met inhibitor volitinib with AstraZeneca (Phase II due to start early this year) and the anti-inflammatory HMPL-507 with Janssen (preclinical).

Internal pipeline candidates for possible independent development lie mainly in the oncology field and include the VEGF/FGFR inhibitor sulfatinib and the EGFR inhibitors epitinib and theliatinib, all of which are set to complete Phase I studies in the first half of 2014.

Chi-Med is also due to start clinical trials early this year with a spleen tyrosine kinase inhibitor for rheumatoid arthritis HMPL-523, although in this case it expects the molecule to "become an attractive candidate for global partnership and development."

The broader group already has a commercial infrastructure in place in China by way of its China Healthcare division, which conducts sales activities in China and could feasibly handle any commercialized in-house drugs.

Late last year, Chi-Med also acquired a 51% stake in a Chinese sales operation owned by the huge Sinopharm distribution group. This will carry out distribution and marketing for both Chi-Med products and on a contract basis for external clients (scripintelligence.com, 19 December 2013).

More widely, Chi-Med highlights in its results changes in China's biotech ecosystem that have now "made world-class drug R&D and innovation possible in China," including the China FDA's efforts in "formalizing, communicating, and expediting the new drug registration process in order to meet the public health need."

Total biomedical R&D spending in the country has seen a compound annual growth rate of 33% over the past few years, from around $2bn in 2007 to $8.4bn in 2012, some $2bn of which came from government grants to academia and industry by the end of this period, it notes.

Chi-Med's revenue from continuing operations (excluding joint ventures) was up by 106% to $46.0m, while operating profit rose by 65% to $9.6m and net profit jumped by 63% to $5.9m. The group, majority-owned by the diversified Hong Kong conglomerate Hutchison Whampoa, had cash and equivalents of $46.9m at the end of the year.