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Pharmaceuticals

Chi-Med nears launch of landmark drug

Hutchison unit aims to produce China's first global treatment since the 1970s

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A UK-listed company backed by Li Ka-shing, one of Asia's richest men, says that it is moving closer to producing the first modern drug developed in China for decades in a sign of the country's potential to become a force in the pharmaceuticals industry.

Hutchison China MediTech predicts it will submit its first medicines for regulatory approval next year with several others following behind as the Hong Kong-based company attempts to move beyond traditional Chinese herbal remedies into modern cancer treatments.

Christian Hogg, chief executive, said that Chi-Med was aiming to become China's first large-scale developer of home grown innovative drugs.

China has not developed a drug for the global market since artemisinin for malaria in the 1970s and even that was not adopted widely until its commercialisation by Novartis of Switzerland in the 1990s. "For the past 20 years, China has been a passenger in drug development but that is beginning to change," Mr Hogg told the Financial Times.

Chi-Med is a subsidiary of Mr Li's Hutchison Whampoa group and its holding company is listed on London's junior Aim stock exchange. It has 16 clinical studies under way involving seven experimental medicines for a range of cancers and inflammatory diseases.

Mr Hogg said the two most promising of these were on track to be filed for reg-

ulatory approval in 2016. Fruquintinib, developed in partnership with Eli Lilly of the US, is targeted at colorectal and lung cancer, while savolitinib, co-developed with AstraZeneca of the UK, is aimed at kidney and gastric cancer.

Analysts cautioned that there was no guarantee of success either in clinical trials or in winning share of the fiercely competitive oncology market if approved. But Savvas Neophytou at Panmure Gordon said the company was making faster-than-expected progress. A big increase in research and development investment revealed last week "could shave off up to a year in development time" for fruquintinib, he added.

Pharmaceuticals was identified as one of seven "pillar" industries to be promoted by the Chinese government in its latest five-year plan in 2011. There have been some signs of Chinese generic drug manufacturers shifting towards home-grown innovation while global groups such as Novartis, Pfizer and Johnson & Johnson have opened R&D centres in the country.

But Mr Hogg said that Chi-Med had a head start after more than a decade of work and \$255m of investment. The company has 260 R&D staff, based mainly in Shanghai.

Shares in Chi-Med have gained more than 60 per cent over the past year, giving it a market capitalisation of almost £700m.

Cancer drugs fruquintinib and savolitinib are on track to be filed for regulatory approval in 2016