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Chi-Med: a prescription for success

Overlooked in last week's crop of corporate results were full-year numbers from Hutchison China MediTech. Who they? Chi-Med is the creation of Asian billionaire Li Ka-Shing, of Hutchison Whampoa fame. It is an attempt to build a Chinese pharmaceutical company, and progress to date has been impressive. Back in 2009, you could have bought the Aim-listed shares at 50p. The share price today is £13.85, up 15% since last week.

About half the company's value can be attributed to a division that sells and distributes over-the-counter medicines. The more exciting part is drug research and development, where chief executive Christian Hogg predicts Chi-Med will make its first new drug application next year. There are two contenders, both in cancer - one being developed with Eli Lilly, the other with AstraZeneca.

In total, Chi-Med has seven drug candidates in clinical trials, not all in oncology. It's a high-risk business, of course, but seven shots at developing medicines that might each be capable of \$1bn in annual sales makes Chi-Med an intriguing prospect. Success on any would make the current market value of £720m look cheap, even after the strong run.