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Hutchmed divests non-core OTC joint venture for $169 M

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Allows focus on China and global clinical development and market launches of key Oncology/Immunology assets



Hutchison China MediTech Limited (HUTCHMED) has announced that it has reached an agreement with GL Mountrose Investment Two Limited, a company controlled and managed by GL Capital Group (GL Capital), to sell its entire indirect interest in Hutchison Whampoa Guangzhou Baiyunshan Chinese Medicine Company Limited (HBYS), a non-core and non-consolidated over-the-counter (OTC) drug joint venture business.

The aggregate amount to be received by HUTCHMED of approximately $169 million in cash represents about 22 times HBYS' adjusted net profit attributable to HUTCHMED equity holders of $7.7 million in 2020. Of the proceeds, approximately $127 million is related to its shareholding in HBYS with the approximately $42 million balance related to distributions of the previously announced land compensation and prior year undistributed profits.

"HUTCHMED's focus is the discovery and development of novel therapies in oncology and immunology. Over the past 20 years, we have invested in establishing one of the leading innovation-driven, global biopharmaceutical companies based in China," said Simon To, Chairman of HUTCHMED. "The sale of our shares in HBYS, and exit from the OTC drug arena, will allow us to focus our organization and resources on our primary aim of accelerating investment in our Oncology/Immunology assets in China and beyond."